

Berkeley Seminar on Envisioning Real Utopias

October 2007

SESSION 3, OCTOBER 19.

THINKING ABOUT ALTERNATIVES, AND THE SOCIALIST COMPASS

[Note: for this session I have prepared a slightly edited transcript of the seminar discussion rather than just a summary of the issues we explored. This has not been carefully proofread, so there are lots of typos.]

Erik: The two chapters we are discussing today are really the pivot of the whole book. Chapters 1-3 are setups to motivate the analysis of these chapters, and the rest of the book consists of explorations of consequences of these chapters, especially chapter 4. That is why the book is called “Envisioning Real Utopias” which is the topic of chapter 4. This anchors the whole project.

In writing chapter 4, which has gone through many iterations, there is a tension in the exposition between how much I want to make this a chapter in general social theory that will parry all of the objections of sophisticated sociologists. For example, the concept of civil society is a grossly underdeveloped concept – almost a black box concept. So I had to decide how much work I wanted to do to give this concept more texture, to answer objections as opposed to the “getting on with business” form of a discussion. I opted more for that style – feeling that I didn’t want to burden the book with a lot of what would seem to more politically oriented readers to be pointless fine distinctions. This is an interesting intellectual dilemma we all face. We think of this as a dilemma posed by the nature of the audience but it is really more of a methodological dilemma about the nature of theory and about the purpose of concepts. We can think of clarifying concepts as part of the process of getting the reader and writer to agree on the use of language in order to get on to the important business of developing theories of how the world works. If you think of it this way, then you want to avoid getting stuck endlessly clarifying concepts rather than using them. I make the distinction between concept formation and theory construction, and that is what is in play here. Theda Skocpol once accused me of packing my bags for a trip I never took, which is a criticism also raised against Parsons, and there is a grain of truth in this because of my preoccupation sometimes with concepts. So, in any case, I decided here to develop the concepts and clarify them sufficiently so that readers would know what I was talking about when I talked about the economy, civil society, the state and so on, but not sufficiently to parry all of the objections that could be raised. My natural impulse, my intellectual soul is more in the other direction.

So, let’s start with one of the interrogations.

Abagil: I would like to talk about the issue of the distinctions among the state, civil society and the economy and especially the separation between civil society and the economy. Erik mentions that it is difficult to separate the economic sphere. But isn’t the separation of the economy and civil society a feature of capitalism and isn’t this kind of a myth to perpetuate the idea of a “separate” economy.

Erik: First some very general comments on this as a problem. Any language that uses words like spheres and levels and domains involves metaphors. It is not the case that there is a physical space in which civil society takes place and another where the economy take place. No matter how physically separate are spaces – factories are places after all. But social life is not partitioned this way. Laws which regulate labor processes penetrate the factory – so this is the power of the state inside of an economic organization. These are always simultaneously occurring interpenetrated activities. So, even in capitalism where there is a lot of “differentiation” relative to other kinds of societies, these are not really well bounded “spaces”.

As I have formulated this I have emphasized the s/e/c distinction as the bases for different kinds of power which are never just fused. It is never the case that the ability to get to do this by persuading them is the same as bribing them or coercing them. These are the slogans for the three forms of power – civil society power = persuasion; economic power = bribing people through use of material resources; state power = coercing people. These are three ways to get people to do something within social contexts. These three kinds of power reflect different kinds of resources/capacities we have available to accomplish things in the world. Civil society is the sphere of persuasive action rather than bribed action or coercive action. I am using these three types of power to describe governance/control of economic practices – the production and distributions of good and services to satisfy our needs and wants. The concern here is economic activity and the analysis is in terms of the forms of power that organize it.

Camping trip example: On a camping trip with friends you are engaged in economic activity as you pitch the tent, catch the fish, cook the dinner. On the camping trip you are almost entire organize these activities through social power – the ability to persuade people to engage in voluntary collective action. It would be pretty weird to bribe people to do things on the camping trip: I’ll pay you \$5 to clean up after dinner. That would be a gross violation of the economic system of a camping trip – which are really like pure communism: to each according to need from each according to ability. The strongest people are going to do the heavy lifting. This is a completely communist economy – and the state has withered away, and economic power as withered away. The person who brought the stove does not confer power on that person. I am meandering here – this is a random walk: this is Marx’s vision of the moral core of communism – society is like a long term friendly camping trip. This is also the argument of G.A. Cohen’s marvelous essay, “Basic to Socialist Basics”.

So, rather than mainly think of these as spheres think of them as forms of power and then the problem for transcending capitalism is how to think about the ways we can reconfigure these forms of power over economic activities in ways that make the social empowerment form of power the predominant one. I don’t think it is possible to abolish state power or economic power – unlike in the camping trip – I do think these can be subordinated.

Does this power based way of distinguishing civil society and economy make sense? This is not the typical way of framing these problems. Usually it is activities that

are used to distinguish these spheres – the economy is where you engage in economic activities. Here I am emphasizing the forms of power associated with these activities.

Ofer: There is something about this distinction which is not so clear. Economic and State power is very clear, but social power seems like a kind of catch-all that includes a lot of different things. Somehow saying “persuading people” doesn’t capture the kinds of power that are exercised in civil society. There is power from status, from gender orders, from racial orders – where do these fit? Even on a camping trip there might be a gender division of labor that divides what people do even though there is no economic or state power. This does not seem like it is really because of persuasion.

Erik: Or is it? Let’s think about this: what does it mean to divide up on a camping trip with the women cooking and the men fishing. One thing it could mean is that people have a set of beliefs and preferences that are the result of all sorts of things in the past, a set of dispositions which are there, and when someone says OK let’s organize the work and Mary why don’t you cook and she says she because this corresponds to her identity and dispositions, then we could say that she is easy to persuade because of the cultural forms of gender that have shaped her beliefs and preferences. These background facts of gender explain the preferences, but the process of coordination is based on persuasion.

Now let’s change it and suppose Mary says she would rather fish. Now we have a persuasion problem and the issue is how is this resolved. If people then try to ridicule her idea and pressure her through symbolic means to cook anyway, then they are using a particular kind of persuasive device. This may not be reasonable; it may play off identities and anxieties. These would be manipulative strategies. If the guys decided to physically enforce their preferences then they are acting like a kind of shadow state on the camping trip, which would change its character.

Ofer: I am asking if there are institutional structures that reinforce these beliefs and dispositions – so that the persuasion occurs in the context of a structure that has shaped people in specific ways, so it isn’t persuasion which is explaining things.

Erik: I would agree with this, but you are tracing back how you explain persuasive power, just as we would trace back state power in various ways. It may be that the state power depends upon legitimacy which is rooted in persuasive power, but it is still the coercive capacity which renders it “state” power. Behind every form of power the others are lurking as part of the process that explains the formation and development of a given type of power. After all this is what we think about the ultimate capacity of power rooted in voluntary association to transform state and economic power.

Ofer: State and Economic power have very clear forms of institution and institutional structure backing them. So I am throwing out some of the institutional structures that back social power. “Persuasion” seems to pure and deliberative, but the social power is not really like that, that make “persuasion” tilt in specific direction.

Erik: That is very interesting.

Lina: I wanted to say something about the camping: it is premised that we are going out together for a short time with friends, but if we extend this to a long time with lots of people in the real social world then it is a very different thing, then there must be some kind of leader or institutional arrangement to divide the people to do what they need to

do. And in these situations we also need to produce what we need, so that poses more problems and there is more fighting over resources.

Another problem: we have been talking about persuasive power in civil society, but people can be coerced by having pressure put on them, like in the gender and fishing example in the camping. That is not really “voluntary” when a person is made to feel bad for violating a norm. This is not what we have in mind for social power.

Erik: Part of what you are questioning here is the term “voluntary.” In the camping example when gender norms are invoked coercively to get people to do something they don’t want to do – which is different from gender norms internalized as identity – then the distinction between persuasion and coercion (here: symbolic coercion) begins to collapse. These actions do not seem to satisfy my voluntary cooperation when symbolic coercion is involved. I don’t know really how to include that here. I don’t have a good way of incorporating this here in my analysis. (Discussion continues a bit here).

Jorge: In the discussion of voluntary associations I think the key idea is that participation is voluntary, NOT that they lack internally coercive mechanisms. Voluntary associations can be coercive. For instance in a co-op if people don’t do their tasks they are sanctioned in some ways, if you are in a party and don’t pay your dues you are kicked out.

Erik: and certainly there are moral sanctions also.

Jennifer: One way of thinking about the coercion in voluntary associations is linked to decision-making – you agree to abide decisions that are made within the rules of the association.

Jorge: So there is not so much difference between a voluntary association in civil society and a very democratic state.

Erik: But I think that is because a very democratic state is precisely one in which state power is subordinated to social power. So while the state power is still distinct from social power it is subordinated to voluntary association.

Jorge: There are a lot of voluntary associations which are not so democratic.

Erik: so the key thing that makes a VA voluntary is the ease of exit and entry. If you have to join it then it is much more like a state – a compulsory organization. States can be fragmentary that have this kind of coercive capacity. The Mafia with a protection racket is like that. They are forced into a compulsory organization without voluntary association.

Adam: To what extent should we think of civil society and voluntary association in terms of “organizations” as opposed to some more abstract idea? More like Habermas’ public sphere. Are these mainly voluntary participation in organizations which are the basis of power?

Erik: I include networks and communities in the idea of voluntary association, not just bounded organizations. Networks enhance the capacity to mobilize people for collective action. Organizations are another. These are all bases for social power in the sense I use. Social networks are capacity enhancing – this is the object of the social capital literature. These associations are directed at the state sometimes, at economic power sometimes, and sometimes towards civil society itself, accomplishing something people want to

accomplish. A parent teachers Association is a voluntary association in civil society oriented to affecting the state in a particular if limited way: the state produces education; a PTA is a collective action association to influence various aspects of the delivery of that service at the micro-level of a specific school.

Jorge: What about a private school?

Erik: A private nonprofit school is a voluntary association organized to produce a kind of service. Often they are closely connected to economic power – through endowments, through high tuitions from rich parents which give the school a capacity to act – so then they would be a hybrid form combining civil society association and economic power. This shows that there is no guarantee that the social economy or social empowerment actually pushes against capitalism and capitalist power.

Lina: It will always be necessary to have coercive elements won't it?

Erik: Yes – all conceivable complex forms of economic organization will involve all three forms of power. And it was true even in the most statist economies that social power and economic power mattered – economic power enabled bargaining to occur “behind the backs” of the planners. The kind of social socialism I am talking about requires a state that organizes rules in such a way as to enhance the space and potential of social power. But this is not the same as the withering away of the state.

Jorge: I am referring to the coercive power of voluntary associations over their members, not just the coercive power of the state. I think that civil associations have coercion and this is good. The issue is how the coercive rules are created and how are they enforced. In a coop without rules or with rules not enforced, that is a disaster.

Erik: One view is that when you have a co-op that is set and creates rules which allow them to kick people out, then in effect what they are creating is a form of state power which they bind themselves to follow. This kind of power is typically backed by the state: the state backs the property rights of the housing coop, so if someone refuses to leave when kicked out the state will follow up and expel the person. The by-laws of the housing coop is backed by the larger state. What prevents a person from refusing to leave if they are told to? They become trespassers. So the coercive capacity of the association is state-like, but subordinated to their social power.

Jorge: I think it isn't so good to associate these coercive elements with “the state”

Erik: So, there are two ways of talking about this: 1) that these coercive rules within voluntary association constitute a state-like form of power within the association, but subordinated to social power; 2) these are political structures of the association, but not “state” forms.

Jennifer: One of the key differences between the factory and the co-op is the way in which the coercive rules are set up – in one it is subordinated to economic power and in the other to social power.

Lina: since we need state power, the most important thing is how to subordinate state power to social power. You have talked about capitalism and the way the state is founded on the capitalist economy – that is the economic foundation for the state. So if we want to subordinate state power to social power we have to find an economic system which will

force the state to be subordinated to social power. We need to know the economic basis for this new configuration. How does the civil society based economy work to subordinate state power to social power?

Erik: This is a nice way of putting it and a different way of formulating these problems from the way I did in my chapter. Chapters 5 and 6 – social empowerment and the state and social empowerment and the economy – basically treat these as separate dimensions of subordination of power to civil society. What you are suggesting in a way is that the subordination of the state to civil society is contingent upon how effective are the arrangements for subordinating economic power to social power. That is the economic/social reorganization is a necessary conditions for the reorganization of state/social relations. In capitalism the state is dependent upon economic power. If we want to make the state dependent upon social power we have to break this capitalist form of dependence of the state, and the only way to do that is to make economic power dependent on social power. That is a nice formulation. In my five pathways I do not give any privileged status to one or another, but perhaps some are more important than others because some have the effect of weakening capitalist power – and that may be the pivot for shifting the accountability forms for state power. What I call social capitalism and social economy which I find especially attractive at the present time and they are the ones which may most directly affect the character and weight of economic power itself. These are the ways of reducing the hold of economic power on the state, and thus may increase the limits of possibility for the subordination of state power.

Adam: Once the state is subordinated to state power, what do you see it as doing aside from enforcing the rules? Is it responsible for ensuring the expansion or reproduction of social power.

Erik: note that some of my pathways work through the state. Statist socialism remains important as one of the core ways in which social empowerment works. The state needs to engage in a wide range of economic activities – education, health, many other things. I am skeptical that the state is the best way to produce restaurants or bicycles or ordinary consumer commodities, but who knows.

Adam: I am thinking more about its reproductive role in reconstituting social power.

Erik: If by reproductive role you mean that through democratic processes the state makes it easier for socially empowered forms of collective to occur, then I think this is a central thing that the state will do. One of my favorite examples of this is the Quebec social economy – which we will discuss when we look at chapter 6 – in which a cooperative sector is protected from incursion by capitalist firms. And this has allowed these eldercare and childcare cooperatives to grow over time and remain stable.

Adam: But has this enhanced social power in general?

Erik: That I don't know – I don't know what have been the spillover effects of strengthening the cooperatives within these specific carework activities may have been. I suspect that this has strengthened the more diffuse capacity for collective action and solidarity in civil society, but I am not sure. I don't know if we can trace the effects on the general social power capacity of these communities, but I am vulnerable to wishful thinking as anyone.

Let's turn to the question about markets that we skipped earlier. I am reading a book by Pat Devbine on *Planning and democracy* and Michael Albert's work on *Parecon* (participatory economics). Both of these books take a very strong stance against markets. They both argue that the ideal is for comprehensive democratic planning. Levine calls it negotiated coordination, Albert calls it participatory economics. They both argue that markets as such are destructive of democratic social empowerment. Levine allows for a little bit of market process – he distinguishes between market exchange and market *forces*. What he rejects is market forces: the pressures and constraints imposed on people by market activity. Market exchange is OK so long as it does not generate market pressure. Albert is even more strident on this score and does not even want market exchange to occur. I honestly do not know what they are really talking about. I do not see how you can avoid market activities which have effects on subsequent actions – market exchange and market forces seem inevitable. I think market feedback and market processes will have to figure in any complex coordination process.

And I don't see why this is inherently a bad thing. I think there is nothing wrong with markets if these solve problems. We need to figure out how much time and effort we want to place in conscious, deliberate, democratic planning and how much we want to muddle through with less consciously coordinated forms of interaction. I do not believe that markets are like cancer – that if you do not completely eradicate them that they will destroy are so potent in engendering selfishness and inequality that they would destroy any process of enhanced social empowerment. That is an extreme psychological hypothesis about the vulnerability of our subjectivity to being shaped in particular ways by market incentives and an unrealistic sociological hypothesis about our capacity to build organizations for conscious deliberation and democratic negotiation. Markets just would not plausibly have that kind of power.

Adam: What degree of markets are needed to foreclose centralizing tendencies?

Erik: Markets have some advantages over other ways of producing things. One of the advantages is that it reduces the load on the systems for conscious, deliberate coordination of activities. Conscious deliberative coordination is very costly in terms of time and effort, a very costly activity. Oscar Wilde said that the problem of socialism is that it takes up too many evenings. The more you want to coordinate everything the harder it is and the more effort needed to resolve conflicts of interests, work out compromises, sift information, etc. I feel that the ideal is this: It would be good to have a big a role for markets as possible – for productive activities that are uncoordinated through higher level deliberation and therefore not a burden on the institutions of collective democratic decision-making – to have as much market activity as you can *that is consistent with the reproduction of our collective democratic control over the overall shape of the economic system, its distributional effects and its development*. I think this is a pragmatic question, not a principled one. If it were true that even a little market activity would destroy the reproducibility of a radical democratic egalitarian society, then I would say that is sad but we will have to accept this load of endless meetings because it is the only way we can preserve enough equality to meet the conditions of just society. This could be a tragic situation, since this load of meetings itself could be a drag on flourishing. My view then on markets, democracy, social empowerment is just pragmatic: it would be nice if we did not need to coordinate lots of things, if people could just let

people form associations and do their thing and then just after the fact correct for imbalances and maldistributions. That would be nice.

Zachery: How would this play out in practice? How would state involvement remedy the asymmetrical effects of markets on distribution?

Erik: We already know that you can do a lot of redistribution ex post through taxation and transfers. It is not the case that all capitalist societies produce the same amount of inequality. They differ because of two kinds of state policies: those that allow for power of labor which redistributes within the market through wage setting and state designed redistribution through the social wage and welfare. There may be problems with such interventions, but we know that this is possible and that they are pretty effective. The question is whether this is good enough and whether we could do better than this by reducing the role of markets. If there were no costs then there would be no problem, but the fact is that trying to plan everything in a coordinated way under conditions of contingency and complexity this can generate huge deadweight losses doing unnecessary coordination. By unnecessary I mean that human welfare and conditions of justice would not be harmed by leaving some coordination to the market and then, after the fact, counteracting the resulting inequalities.

Ofer: A clarification – are markets and capitalism distinct, the same, or what?

Erik: I distinguish them. Capitalism has private ownership and markets. We can imagine various forms of social ownership with markets. Imagine that all firms are run by worker cooperatives. The society owns the means of production enforced by the state, but allows individual coops to run specific units of that production. Workers form associations that propose production projects and gain access – through leases of one sort or another – to productive capacity and then run those firms and produce for the market. They get a license to run some of the productive resources in the economy. They produce for a market, people buy their stuff or not. They have a rate of profit, but they do not own the means of production and therefore they do not have any specific right to those profits, to the surplus which they generate. They retain some of the profits for reinvestment and incentives, but the society owns the surplus. This is collective ownership licensed to particular groups that have delegated control over specific units.

Adam: I am with you in seeing markets as coordination mechanisms that can be embedded in different structures. But it is not just how much markets, but how they play a role. Private labor markets would seem more problematic than markets to coordinate factor inputs among coops.

Erik: I would almost think the opposite – the one thing we would want is labor markets so that people can quit jobs and seek jobs and get hired by organizations. The employment contract may be different – getting hired may be more like becoming a member of the organization, leading to cooperative rights rather than employment rights.

Ofer: But labor markets also involve the restriction on getting hired because your skills are not wanted by an employer. This could keep you out of jobs.

Erik: Right. So in a radical democratic egalitarian economic system that is committed to fostering the conditions of equal access to the material and social conditions for human flourishing, ordinary labor markets could not be the only way that people get access to

socially productive and meaningful work. There would need to be other institutional mechanisms that link people to such work. You would want economic organizations to be able to refuse members and to fire people, because this may be important for the good functioning of those organizations, but on the other hand you do not want anyone's life chances and access to conditions to flourish to be contingent upon economically framed decisions.

Adam: So the problem with labor markets is only when organizations hire people only on the basis of minimizing labor costs.

Erik: I would say the problem is when the only criterion for hiring people is economic. What we want is a heterogeneous environment of work organization and settings with different principles and criteria. You want a heterogeneous set of institutions that connect people to meaningful activity, but it would still be the case that a lot of this would look like a labor market.

Zachery: How could this heterogeneity not be enforced by the state? How would you eliminate competition among co-ops. You seem to suggest that there would be a naturally occurring and reproduced heterogeneity.

Erik: No. By heterogeneity I mean that some employment settings will be created by coops, some by cities, some by communities, some by national states, and some by capitalist firms. In my hybridization framework does not a priori rule out the persistence of capitalist firms. I am skeptical that in a socially just socialist world capitalist firms would have much of a role, but this is a hypothesis. As I have said, I do not have any strong objection to capitalist relations between consenting adults. I think that if it is truly consenting in that the egalitarian background conditions under which people decide how they want to live their lives satisfy the conditions of a just society and these conditions are reproducible, then if people want to engage in capitalism, then this is OK – again, so long as this is not corrosive of the egalitarian relations. The only issue here would be the potential side effects on social empowerment. As I said I am skeptical of capitalism outside of niches. This may sound weird, but I am not actually opposed to exploitation *so long as it does not undermine the conditions of people having broadly equal access to the necessary social and material means to live a flourishing life*. If that was really true and someone sees a highflying small firm that seems cool and they want to work for it even knowing that they will be exploited because they will contribute more value to the product than they receive in wages, well then I don't think this is really a problem. To me that is not a big problem. It is only a problem if it has corrosive effects on the rest of the society.

Kate: But wouldn't this be corrosive? How could this really exist without undermining equality?

Erik: That is why I have the proviso about side effects. You have to have rules in place that prevent capitalism having such corrosive effects. Once firms became a given size they had to be turned into coops or something. One would insist on that even if it generated disincentives because of a concern with these wider negative social externalities which are costly for the society and not captured by the usual productivity/incentive arguments.

Think of the problem this way: I am dogmatic about my values and commitment to an democratic egalitarian concept of justice, but I am pragmatic in my view of institutional configurations. That is an acknowledgement of the limits of my knowledge about how the world works. I do not know how the world would work in the kind of world I want and thus I cannot say in advance whether a small dose of capitalism would be a bad thing. I can imagine that a democratically organized society could come to the conclusion that we need more risk-taking of a particular sort and that the way to do this is to allow capitalist entrepreneurship within limits, so we will allow capitalism between consenting adults with constraints. Risk taking is a problem for democratic decision-making and community economic structures. Collective decision-makers may have trouble calibrating risks and devoting funds for it; they may be too risk-averse. It may be better to let people do this on their own risking their own resources.

Adam: So capitalists would take the risks, innovate with the new products, and then they would be constrained.

Erik: Right – they take the risks, innovate the cool new products. They would live better than risk averse people – that is one of the pay-offs of successful risk-taking. But this is against the background of everyone having equal access to the necessary social and material means to live a flourishing life. Successful entrepreneurs will be able to go to better restaurants more frequently. They will have more resources and having a higher standard of living. But this could be a good decision: we allow this modest inequality to emerge because it has a good consequence, better levels of risk taking.

Lina: [paraphrased] Wouldn't a worker coop if it is successful get the profits and invest it and then get richer and this would generate more inequalities?

Erik: But remember, the workers don't *own* the unit of production, the factor. They run the factory, but do not own it. The question is where do the profits go. Accumulation of capital comes from making a profit and then accumulating it. Is the surplus owned by the society or by the immediate producers of the surplus. You can have a coop who do not own the surplus they generate. It is owned by the broader community, and then part of that surplus gets reallocated to that unit, according to standards set by the community. This is like universities and grants. Whenever a faculty gets a grant there is overhead – usually something like 40% that goes to the University. This is a “surplus” – a cost above and beyond what is needed to produce and reproduce the research. This goes to the university which then reallocates it to departments. Departments which generate lots of overhead get more back, but the overhead basically is used to cross-subsidize those departments which don't generate grants.

Lina: So if some coops generate more profits than others then those workers will get higher salaries than others but most of the profits will go to the community for other purposes? Who is regulating this?

Erik: That is what the democratic process decides – the planning process. This is no different than the problem of taxation. Taxation is an appropriation by the state of part of the surplus and allocated for various purposes. A society is socialist to the extent that the social surplus is allocated on the basis of democratic power and priorities.

Lina: Now we are entering a knowledge society where knowledge is owned by individuals, not collectively, so how do we do this for knowledge?

Erik: I think knowledge is even easier to imagine in socialist ways because while knowledge is produced individually it is easy to share collectively. If there is one thing we know about motivations, the production of knowledge is not highly dependent on material incentives. Patents are one of the big scams of capitalism. It is not true that you need to patent knowledge – create private property rights in knowledge – in order to get people to produce knowledge. Look at Open Source and Wikipedia. A knowledge economy is one that can be social-ized more easily than a material-based economy I think. This is one of the things which make me more optimistic about the prospects for social empowerment.