

Erik Olin Wright

Real Utopias in and beyond Capitalism:
Taking the "Social" in Socialism Seriously

Fifth Annual
Nicos Poulantzas
Memorial Lecture
2012

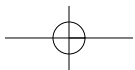
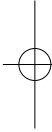
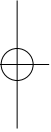
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Fifth Annual Nicos Poulantzas Memorial Lecture



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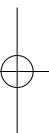
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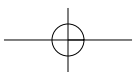
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Erik Olin Wright is Professor of Sociology at the University of Wisconsin and President of the American Sociological Association.



ADDRESS TO ERIK OLIN WRIGHT'S FIFTH ANNUAL
NICOS POULANTZAS LECTURE

Euclid Tsakalotos*

In an interview that Erik Olin Wright gave a couple of years ago, while on academic leave at Oxford University, he mentioned five research plans in which he was involved at the time:

- 1) A book with Michael Burawoy on the sociology of Marxism.
- 2) The issue of the deepening of democracy - part of a broader undertaking on real or realistic utopias, about which we shall hear more today.
- 3) A participation in an edited volume on alternative theorizations of classes.
- 4) Preparation for a moral audit of the various US institutions.
- 5) And finally a sociological study of the US labour market at a time when job posts were increasing steadily.

I mention all of this with a sense of awe, given that for most of us these five units would be sufficient for a five-year rather than a six-month research program. Allied with this he continued to comment on the papers of his post graduate students despite being released from his teaching obligations; and whoever has received com-

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ments on an article by Erik Olin Wright knows that this is an exhaustive process, every argument is subjected to an analytical process that requires all ideas to be clear, visible and easily understandable. Words and phrases such as “surely”, “of course”, “needless to say” etc., are basically forbidden. Once this process is complete the distillation left is always a better more readable text.

The breadth of his themes is indisputable. However, the nucleus concerns classes, and this is why he is such an appropriate speaker for our series of lectures in honour of Nicos Poulantzas. From his first, 1976 articles in *New Left Review* (“Class Boundaries in Advanced Capitalist Societies”, *NLR*, 1/98, July-August, 1976), he converses with the analysis by Poulantzas in *Classes in Contemporary Capitalism*. There, the concept of contradictory class locations appears for the first time, with which we move much further than the three traditional classes of classical Marxism - working class, capitalist class and petty-bourgeois class. Building on the work of Poulantzas, the so-called middle classes are defined with regard to their location in the production process, as well as their training and the administrative power to control production in favour of capital. In this way, the complexity of class stratification is understood.

In one of his articles, published in *New Left Review* in 2009 (“Understanding Class”, *NLR* 60, November-December, 2009) where, in my opinion, he presents a complex approach in a hegemonic way incorporating both Weberian theorization and stratification theory. The younger members of the audience may begin with *Class Counts*, one of the numerous books he has authored on class which was especially written for students.

For many Marxists, this eclecticism - combining lessons from various theoretical schools - may appear as a disadvantage, making room for the ideological adversary. However, Erik Olin Wright believes that methodologically we should be open to several ap-

proaches. Following the question by Lukacs; whether Marxism diverges from the dominant theorizations in the field of methodology or in the field of the different substantive propositions, Erik Olin Wright opts for the latter - in contrast to Lukacs. Here, his identification with the current of analytic Marxists has created some confusion. The key, according to Erik Olin Wright, is the transparency and clarity of ideas. Ideas should be presented in a way that allows others to check whether and where they disagree. Empirical research, analytic philosophy, formalist models and even the techniques of rational choice all have a place here. At the same time, contrary to some other representatives of the analytic Marxist school, he does not fully reject functionalist explanations, let alone structural ones. Several times, he engages with individualist approaches in order to stress the existence of structural limitations. For example, by utilizing the preferences of capitalists and workers, he explains to us why the working class constitutes the universal class - its interests are identical to the interests of society as a whole - and why capitalists have many reasons to oppose the welfare state, even if it is financed from taxes paid solely by the workers. In other words, capitalism has a structural need for a class that does not own anything other than its labour power, and is thus forced to work for the capitalist.

This, however, does not mean that he accepts methodological individualism. In the article that he co-authored with Levine and Soper on Marxism and Methodological Individualism ("Methodological Individualism", *NLR*, 1/162, March-April, 1987), he argues that certain issues can be analysed based on the individual - i.e. through reduction - but others cannot. Some concepts, such as capitalism, require a macro-explanation and are not reducible to the individual level. And, contrary to John Roemer, who also belongs to the analytic Marxist school, he does not think that modelisation, so beloved by my fellow economists, constitutes the primary method

of social science. For example, he always views the relation between the worker and the capitalist from the sociological viewpoint. The capitalist needs the worker and exploits him / her simultaneously; it is a dynamic relation that determines class behaviours.

In the work of Erik Olin Wright, it is important to distinguish between concepts, such as exploitation and dominance. However, the issue is not only to distinguish, but also to examine how such concepts look in practice. It is not enough to claim that women face discrimination in the labour market - one should examine the mechanisms that reproduce this discrimination. It is not enough to say that capitalism exploits racism and sexism - one should observe to what degree and in what ways this trend occurs, as well as whether the two phenomena are also reproduced by other processes and institutions that are not related to capitalism. In one of his last letters, Engels wrote that he was afraid that the popularity of historical materialism had increased because young historians thought that it was not necessary to study history anymore. Erik Olin Wright would not disappoint Engels; he is a Marxist who takes sociology seriously.

From his chair at the University of Wisconsin-Madison, he has reached the top of American sociology - in 2012, he will be the president of the American Sociological Association. In our interview, he told us that he decided to leave the University of Berkeley, where he studied, because Wisconsin-Madison would offer greater freedom to promote the kind of research that he always considered significant. Eventually, he took full advantage of this freedom.

An important part of his work is the exploration of the meaning of being an anti-capitalist today. His work offers two responses. On the one hand, it involves the belief that we can promote a society of equality and democracy; needless to say these concepts are analysed exhaustively. On the other hand, it denotes the idea that capitalism systematically acts in order to marginalize these values, si-

multaneously creating a series of inequalities and discriminations. To cut a long story short, the left argues that the values of the left cannot prevail unless social capital - an immense political force - is dealt with. In order to deal with this force, the left that is present here today has in recent years placed emphasis on three interrelated elements of its policy: grassroots action, programmatic discourse, and alternative paradigm. Erik Olin Wright has a lot to teach us with regard to all three.

For example, let us take the alternative paradigm. In his 2001 article with A. Fung ("Deepening Democracy: Innovations in empowered Participatory Democracy", *Politics and Society*, 29(1), March, 2001), he examined five specific instances of what the authors term as "empowered participatory governance". Experimentations constitute attempts to combine the participatory democratic process with a more direct linkage between deliberation and action. Once again, we see continuity from the work of Poulantzas, and the emphasis that he placed on direct democracy and on the ways in which it can be combined with representative democracy.

The five instances are: (a) neighbourhood councils for the improvement of schooling and policing services in Chicago; (b) economic institutions to cope with de-industrialisation through the upgrading of skills reserve in the area of Milwaukee; (c) collaborations between environmental scientists, contractors, and other stakeholders for the elaboration of conservation programs for large ecosystems in the US; (d) participatory municipal budgets in Porto Alegre; and (e) improvement of local governance in Western Bengal and Kerala, India, through the deepening of the democratic institutions that were already in place. Great emphasis is placed in the logic of deliberation, which sets new terms beyond money and power. We all come to the marketplace with our given preferences. We come to deliberate together with our views and our assessments, with an opportunity to convince others, as well as the pre-

disposition to be convinced ourselves and change our opinion if others have better arguments. In Eric Olin Wright's examples, the democratic bet of the left is examined, as articulated by Naomi Klein: that regular people have the ability to profoundly understand their problems, design plans for the resolution of these problems, and check the proper application of these plans.

To what extent can we move forward with such alternative paradigms within capitalism? Eric Olin Wright believes that one might be an anti-capitalist in terms of ethics without being an anti-capitalist in terms of practice. In other words, one might hold the view that capitalism cannot respond to the great projects of equality and democracy, while simultaneously questioning the potential for going beyond the capitalist mode of production. However, Erik Olin Wright puts forward a series of interventions that will take us to the limits of capitalism and, perhaps, beyond. He does not think that capitalism always requires the optimum solutions to maximise capital profitability in order to advance - a fact that leaves room for alternative proposals and paradigms. Furthermore, he reckons that the need of capital for workers equips the latter with a not-so-insignificant power. Building on the work of Rogers and Streeck, he observes that "production alliances" have the capacity to force capital to reach compromises that may potentially alter the prevailing agenda.

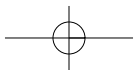
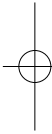
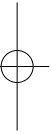
One question that arises is to what extent these "production alliances" can impose a more attractive compromise over capital without a credible threat. In the post-war social-democratic experiment, there was the threat of the Soviet Union, the prestige of the communist parties that had played a great role in the antifascist struggle, and the fact that even the most reformist parties, such as the Labour Party of Britain, maintained - at least on paper - the long-term aim of the socialization of the means of production. Let me put it differently: if we abandon practical anti-capitalism, it is not at all

clear to me whether great prospects for progressive reforms within socialism - i.e. towards an ethical capitalism - open up.

Certainly, Erik Olin Wright's proposals are far from neutral. For example, the idea of the Basic Income aims at the immediate, partial de-commodification of labour. By securing a minimum level of subsistence for all, Basic Income can only add to the bargaining power of labour. In this way, workers are better placed to negotiate more humane labour relations. Moreover, it is easier for them to establish cooperatives and self-managed enterprises; in capitalism, such experiments often fail because survival is difficult in the beginning. Initially, it is not easy to both invest in the company and correspond to the needs of the workers. Basic Income helps by covering the basic needs of the workers of a self-managed enterprise.

Erik Olin Wright's work is not limited to the aforementioned themes. For example, he has made a significant contribution to the Marxist theory of history. Partially, he has supported the approach of G. A. Cohen in favour of a classic position that puts greater emphasis on the rise of productive forces rather than on class struggle, as the prime motor force of history. However, I feel that I should stop here.

Erik Olin Wright is a thinker who has been part of the left, as we shall hear tomorrow in his speech about the State of Wisconsin. He has too many pieces of advice that are of immediate concern to our own left. I do not know whether he has new thoughts, following the 2008 crisis, on e.g. our programmatic discourse or the alternative paradigms that I mentioned earlier. In any case, my impression is that we still have a lot to learn from Erik.



REAL UTOPIAS IN AND BEYOND CAPITALISM: TAKING THE “SOCIAL” IN SOCIALISM SERIOUSLY¹

Erik Olin Wright

Throughout most of the 20th century both critics and defenders of capitalism believed that “another world was possible.” This alternative was generally called “socialism.” While the Right condemned socialism as violating individual rights to private property and unleashing monstrous forms of state oppression and the Left saw it as opening up new vistas of social equality, genuine freedom and the development of human potentials, both believed that a fundamental alternative to capitalism was possible. This was especially important for the Left. In spite of the intense debates over alternative meanings of socialism and strong criticism by the democratic Left of “actually existing socialism”, the idea of socialism provided a broad framework for left politics, bringing together the critique of capitalism and a vision of life and institutions beyond.

Things have changed. Now, at the beginning of the 21st century, the socialist project no longer has much political credibility. This is not because people have universally come to view capitalism as a benign social order within which humanity would flourish. Indeed we live in a period in which many of the traditional socialist criticisms of capitalism seem more appropriate than ever: economic instability and crisis pervasively harm the lives of masses of people; inequality, economic polarization and job insecurity in many economically developed countries has been deepening; capital has become increasingly footloose, moving across the globe and severely

undermining the democratic capacity of states and communities; giant corporations dominate the media and cultural production; the market appears like a law of nature uncontrollable by human device; politics are ever-more dominated by money and unresponsive to the concerns and worries of ordinary people. The need for a vibrant alternative to capitalism is as great as ever. Yet the particular institutional arrangements that have come to be associated with socialism are seen as incapable of delivering on their promises. Instead of being viewed as a threat to capitalism, talk of socialism now seems more like archaic utopian dreaming, or perhaps even worse: a distraction from the dealing with tractable problems in the real world.

The demise of socialism as an emancipatory vision poses a problem for the left. It is not that the political left in the United States and elsewhere lacks many good ideas for social changes and public policies that would improve life for most people, but these proposals are not organized into a coherent whole in a way that makes for a compelling ideal. Without a conception of a systemic alternative to capitalism it is harder to distinguish policy reforms that move in the direction of more fundamental transformations from those which, while perhaps desirable in their own terms, do not; and it is also difficult to see the connections and understand the tensions among the many different kinds of progressive proposals that may be on the table at any given time. Rethinking and reinvigorating the idea of socialism may help solve these problems.

In what follows I will begin by briefly discussion the moral and empirical foundations for the critique of capitalism. After all, unless the critique is well grounded there is little point in worrying about an alternative. I will then elaborate the central elements of a general framework for thinking about socialism as an alternative to capitalism. The core of this framework involves taking the word “social”

in socialism seriously. The paper will conclude with a discussion of the problem of transformation – how to get from here to there.

Foundations for the Critique of Capitalism

Elaborating the normative foundations for the critique of existing institutions is, of course a contentious business. Specifying such foundations matters because they not only constitute the critical standards we can use to judge existing institutions, but also to evaluate proposals and experiments in emancipatory alternatives. Socialists have not always been clear about these standards. Indeed, within the Marxist tradition there has even been a certain aversion to laying them out explicitly on the grounds that moral concerns over social justice were mainly ideological covers for interests.²

Implicit in much of the socialist critique of capitalism are two foundational principles – an egalitarian principle of social justice, and a principle of radical democratic empowerment. I formulate these principles this way:

Social justice: In a socially just society, all people would have broadly equal access to the social and material means necessary for living a flourishing life. Three ideas are critical in this formulation. First, the ultimate good affirmed in the principle is human flourishing. There are a variety of interconnected terms that are invoked in discussions of egalitarianism ideals: welfare, wellbeing, happiness, as well as flourishing. In practical terms it probably does not matter which is used, but human flourishing seems to me to be the one least vulnerable to a purely subjective interpretation. Second, the egalitarian notion of fairness is captured by the idea of equal access, not equal opportunity. (Equal opportunity has three problems: first, it is consistent with a lottery; second, it pays no attention to how unequal the outcomes – equal opportunity to thrive or starve is still equal

opportunity; and third, it is consistent with what is called “starting gate equality”, which takes a very punitive view towards people who fail to take advantage of opportunities early in life. Equal access to the conditions to live a flourishing life avoids these problems.) Finally, the principle of social justice refers to both material and social conditions necessary to flourish, not just material conditions. This means that, insofar as they affect human flourishing, issues of social recognition, social stigma and social exclusion are issues of social justice along with the more conventional concerns with access to material resources.

Democracy: In a fully democratic society, all people would have broadly equal access to the necessary means to participate meaningfully in decisions about things which affect their lives. This includes both the freedom of individuals to make choices that affect their own lives as separate persons, and their capacity to participate in collective decisions which affect their lives as members of a broader community. Individual liberty and collective democracy are thus rooted in the same core value: people should have as much control as possible over things that affect their lives.

Together these two principles can be called *radical democratic egalitarianism*.

The full realization of these democratic egalitarian ideals is necessarily anti-capitalist, for capitalism intrinsically obstructs both normative principles.³ The deep inequalities of wealth and income inherent in capitalist markets along with the many forms of negative externalities and collective action failures of capitalist economies – environmental destruction, community decay from capital flight, crisis-generated economic insecurity, the under-provision of all sorts of public goods, etc. – obstruct equal access of people to the social and material conditions necessary to live flourishing lives. The realization of the democratic principle is systematically undermined by the concentrations of wealth that generate unequal access to polit-

ical power and by the removal of a vast array of critical economic decisions that affect our lives from collective control by giving private property owners the direct power over those decisions. Even individual freedom, touted as the great virtue of capitalism, is seriously undermined by ordinary features of capitalist economies: the hierarchical organization of capitalist firms deprives workers of autonomy and self-governance in the workplace, and the deprivations of poverty deprive people of real freedom. These are not contingent by-products of the functioning of capitalism; they are inherent in its central processes. Taking democratic egalitarian principles seriously requires moving beyond capitalism. The question then becomes how best to theorize the alternative that would better enable us to realize democratic egalitarian principles.

A General Framework of Analysis

Both social democracy and socialism contain the word “social”, but generally this term is invoked in a loose and ill-defined way. The suggestion is of a political program committed to the broad welfare of society rather than the narrow interests of particular elites. Sometimes, especially in more radical versions of socialist discourse, “social ownership” of the means of production is invoked as a contrast to “private ownership,” but in practice this has generally been collapsed into state ownership, and the term social itself ends up doing relatively little analytical work in the elaboration of the political program. What I will argue is that the social in social democracy and socialism can be used to identify a cluster of principles and visions of change that differentiate socialism and social democracy from both the capitalist project of economic organization and what could be called a purely statist response to capitalism. These principles revolve around what I will call “social empowerment.” This,

in turn, will suggest a way of thinking about a range of future possibilities for socialism that have generally not been given a central place within socialist politics.

At the center of the analysis is a power-centered framework for understanding capitalism and its alternatives. Power is an especially elusive and contested concept in social theory, often embedded in opaque formulations that make it very difficult to use in concrete discussions of institutions and their transformation. In the present context, I will adopt a deliberately stripped-down concept of power: power is the capacity to do things in the world, to produce effects. This is what might be called an “agent-centered” notion of power: people, both acting individually and collectively, deploy power to accomplish things.

With this broad definition of power, we can then distinguish three kinds of power that are deployed within economic systems: *economic power*, rooted in control over the use of economic resources; *state power*, rooted in control over rule making and rule enforcing over territory; and what I will term *social power*, rooted in the capacity to mobilize people for cooperative, voluntary collective actions. Expressed as a mnemonic slogan, you can get people to do things by bribing them, forcing them, or persuading them. Every economic system involves all three forms of power, connected in different ways.

In terms of these three forms of power, we can distinguish three ideal types of economic structures—capitalism, statism and socialism—in terms of the connection between forms of *ownership* over the means of production and *power* over economic activity (i.e. investments, production and distribution of goods and services):

Capitalism is an economic structure within which the means of production are privately owned and economic activity is controlled through the exercise of economic power.

Statism is an economic structure within which the means of production are owned by the state and economic activity is controlled through the exercise of state power. State officials control the investment process and production through some sort of state-administrative mechanism.

Socialism is an economic structure within which the means of production are socially owned⁴ and economic activity is controlled through the exercise of “social power”. This is equivalent to saying that the economy is democratic.

These three forms of economic structure can never exist in the world in pure forms, but are always combined in various complex ways. They are *hybrids* that vary according to how these different forms of power interact. To call an economy “capitalist” is thus a short-hand for a more cumbersome expression such as “an economic hybrid combining capitalist, statist and socialist economic relations within which capitalist relations are dominant”. The idea of a structural hybrid can be used to analyze any unit of analysis – firms, sectors, regional economies, national economies, even the global economy. The possibility of socialism thus depends on our ability to enlarge and deepen the socialist component of the hybrid, and weaken the capitalist and statist components.

This way of thinking about economic systems means abandoning a simple binary notion of capitalism versus socialism. An economic structure can be more or less capitalist, more or less socialist, more or less statist. It is an important, but unresolved, empirical question how stable different kinds of hybrids might be. One traditional Marxian view is that any capitalist hybrid with significant socialist elements would be inherently unstable. The only stable equilibria – to use an expression favored by economists – are ones in which socialism is unequivocally dominant or ones in which capitalism is unequivocally dominant and at most socialist elements fill small niches in the economic system in ways that are functional for capitalism. An alternative view is that there may be multiple stable

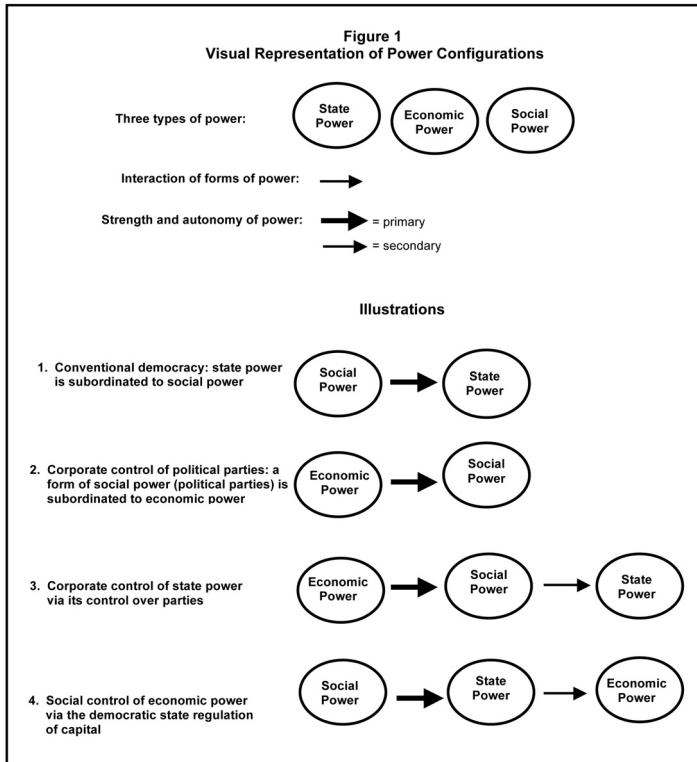
equilibria involving all three economic forms, and that it is even possible for there to be a stable equilibrium involving no clear dominance among them. Whether or not any given configuration could be stable depends upon a complex array of contingent historical and political factors and this makes it impossible to make any general, abstract propositions about what is really possible.

For present purposes, I remain agnostic on the problem of the stability of different hybrid forms of economic structure. I will focus, instead, on the theoretical issue of the alternative ways in which we can conceptualize the deepening of the socialist component of hybrids. I will refer to this as the problem of the *structural configurations of social empowerment*.

A Visual Vocabulary

In order to explore the problem of deepening the socialist component within hybrid economic systems, it will be useful to represent visually different patterns of interconnection among the three forms of power within economic systems. The visual vocabulary I use for this purpose is illustrated in Figure 1.

The arrows in Figure 1 indicate the direction of influence of one form of power over the use of another; the width of the arrows indicates the strength of this relationship. Thus, in the first illustration in Figure 1, state power is subordinated to social power. This is what is meant conventionally by political democracy as “rule by the people”: people voluntarily form associations – most notably political parties – for the purpose of controlling the use of state power through the institutional mechanism of elections. In a democracy state power is still important – why have a democracy if the state has no capacity to do anything? –but this power is not autonomously exercised by state officials; it is subordinated to social power.



In the second illustration, economic power subordinates social power. The unrestrained use of donations by corporations and the wealthy to fund political parties in the United States would be an example. Political parties still matter – they are the vehicles for selecting state officials who directly exercise state power – but the social power mobilized by political parties is itself subordinated by the exercise of economic power. Philanthropy by corporations and the wealthy to fund associations in civil society would be another example: those associations may mobilize a great deal of voluntary

participation, but their autonomy of action is heavily constrained by their connection to economic power.

Such configurations can be connected in chains of power relations, as in the third illustration: in this case, corporate influence over state power occurs through the subordination of political parties. Finally, in the fourth illustration, social power subordinates economic power through the mediation of state power. This is the ideal of social democracy: the state effectively regulates the behavior of capitalist firms but is itself democratically subordinated to social power.

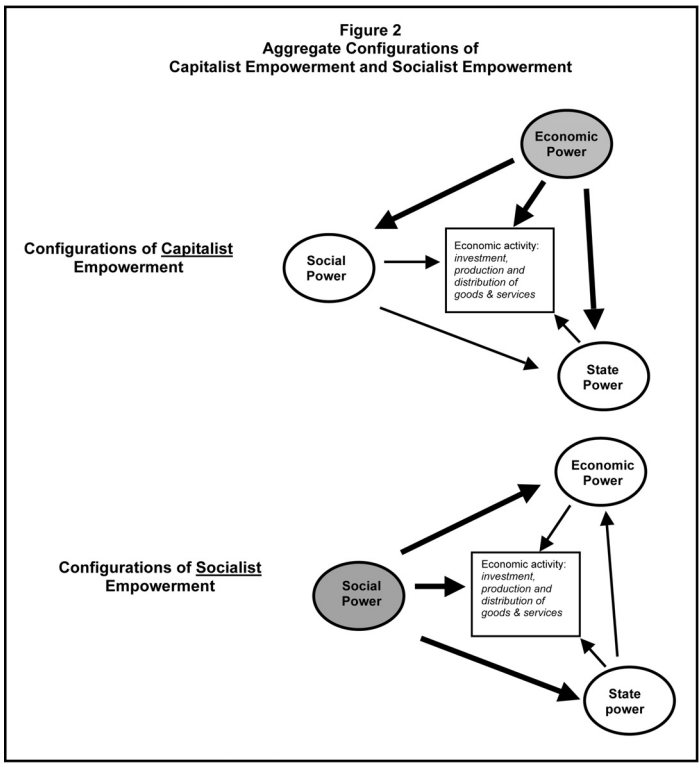


Figure 2 illustrates the different aggregate configurations of forms of power within a dominant capitalist hybrid economy and within a dominant socialist hybrid economy. In these diagrams, the arrows are all directed towards explaining the control over economic activity: investments, production and distribution of goods and services. In the picture of capitalist empowerment, both social power and state power are subordinated to economic power in terms of control over economic activity; in the case of socialist empowerment, both economic power and state power are subordinated to social power.

*Configurations of Socialist Empowerment:
elements for building a socialist hybrid*

The basic purpose for which I use these schematic representations is to differentiate salient configurations of social empowerment. Different kinds of progressive policies, institutional innovations and proposals, strategies and reforms can be located within these various configurations. Seven such configurations are particularly important: 1. Statist socialism;

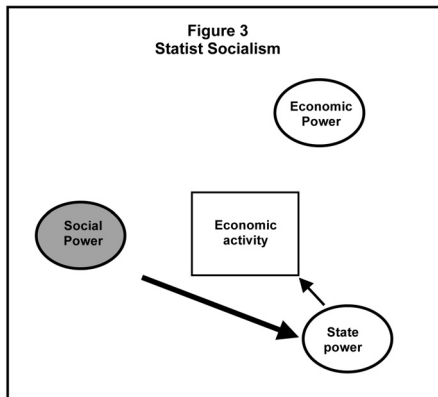
2. Social democratic statist regulation; 3. Associational democracy; 4. Social capitalism;

5. The core social economy; 6. The cooperative market economy; 7. Participatory socialism. I will discuss each of these briefly.

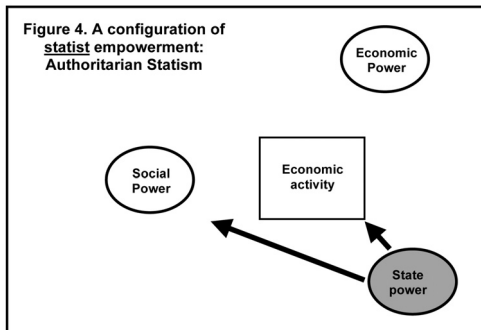
1. Statist Socialism

The configuration in Figure 3 corresponds to the classical definition of socialism in which social power controls economic activity via the state. The economy is directly controlled by the exercise of state power – through, for example, state ownership and control over the commanding heights of the economy – while, at the same

time, state power is itself subordinated to social power by being democratically accountable to the people. This is the configuration that was at the core of traditional Marxist ideas of revolutionary socialism. This is not, of course, how the revolutions that occurred in the name of socialism turned out in the Twentieth Century.

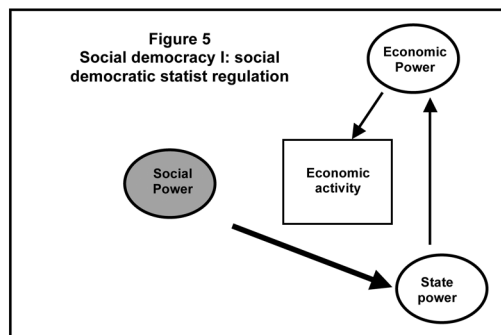


Once the power of revolutionary parties was consolidated in the form of the one-party state, “actually existing socialism” became a form of authoritarian statism in which, as illustrated in Figure 4, both social power within civil society and economic power were subordinated to state power.



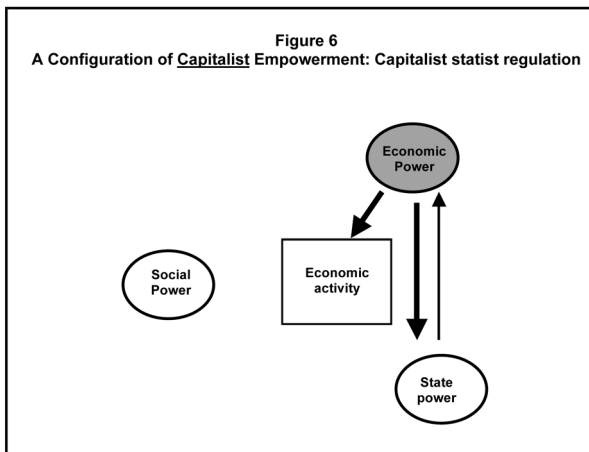
2. Social Democracy I: social democratic statist regulation

In the second configuration, illustrated in Figure 5, social power regulates the economy through the mediation of both state power and economic power. This is a key part of social democracy. Capitalist economic power directly controls economic activity – capitalists continue to make investments, hire managers and workers, organize the labor process, etc. – but this power is itself regulated by state power, which is in turn subordinated to social power. Through a transitivity of power relations, this means that social power exerts regulative control over the exercise of economic power. Those forms of regulation of capital that improve working conditions and job security and protect the environment often reflect this kind of democratic imposition of constraints.



Statist regulation of capitalist economic power, however, need not imply significant social empowerment. As in the case of statist socialism, the issue here is the extent and depth to which the power of the state is a genuine expression of democratic empowerment of civil society. In actual capitalist societies, much statist economic regulation is in fact itself subordinated to economic power, as illustrated in Figure 6: in capitalist statist regulation, state power regulates capital but in ways that are systematically responsive to the

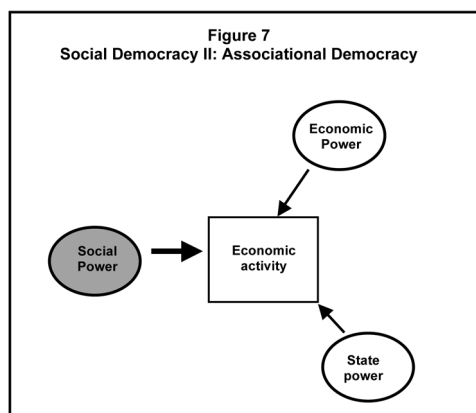
power of capital itself. In the United States, the heavy involvement of industry associations in shaping the rules of Federal regulation of airlines, energy, agriculture and other sectors would be examples. Perhaps even more pervasively, the structural dependency of the state on the capitalist economy underwrites this configuration of power relations.⁵



3. *Social Democracy II: Associational Democracy*

Associational democracy is a term that covers a wide range of institutional devices through which collective associations in civil society directly participate in various kinds of governance activities, usually along with state agencies. The most familiar form of this is probably the tripartite neo-corporatist arrangements in some social democratic societies such as Germany or Sweden in which organized labor, associations of employers, and the state meet together to bargain over various kinds of economic regulations, especially those involved in the labor market and employment relations. Associational democracy can be extended to many other domains, for

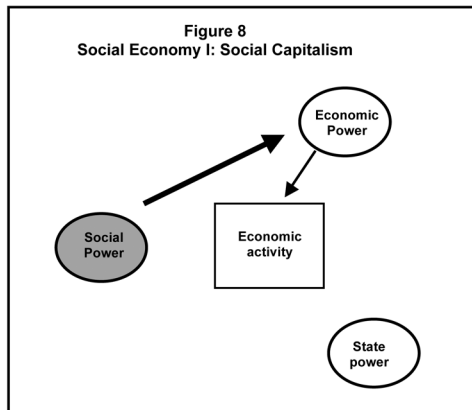
example watershed councils which bring together civic associations, environmental groups, developers and state agencies to regulate ecosystems, or health councils involving medical associations, community organizations and public health officials to plan various aspects of health care. To the extent that the associations involved are internally democratic and representative of interests in civil society, and the decision-making process in which they are engaged is open and deliberative, rather than heavily manipulated by elites and the state, then associational democracy can contribute to social empowerment.



4. *Social Economy I: Social Capitalism*

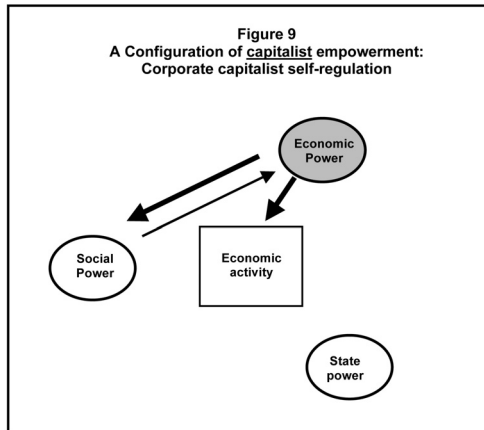
I will use the term “social economy” to designate all configurations of social empowerment within an economy in which the state is not directly involved.⁶ The first social economy configuration is “social capitalism.” This is not a standard expression. I use it to describe a power configuration in which secondary associations of civil society, through a variety of mechanisms, directly affect the way economic power is used (Figure 8). For example, unions often control large

pension funds. These are generally governed by rules of fiduciary responsibility which severely limit the potential use of those funds for purposes other than providing secure pensions for the beneficiaries. But those rules could be changed, and unions could potentially exert power over corporations through the management of such funds. An example is what is known as “solidarity funds” of some unions in Canada, especially Quebec. In these funds, unions use part of their pension funds for the equivalent of private equity investment in geographically-rooted capitalist firms as a way of directly influencing the practices and development strategies of those firms. A system of solidarity funds in which unions could place representatives on the boards of directors of firms and impose meaningful forms of participatory governance within firms would further deepen the socialist character of such a power configuration.



The simple fact that social power has an impact on economic power, however, does not mean that it constitutes a form of social empowerment. In Figure 9, social power affects the exercise of economic power but it does so in a way that is itself subordinated to economic power. An example would be trade associations formed

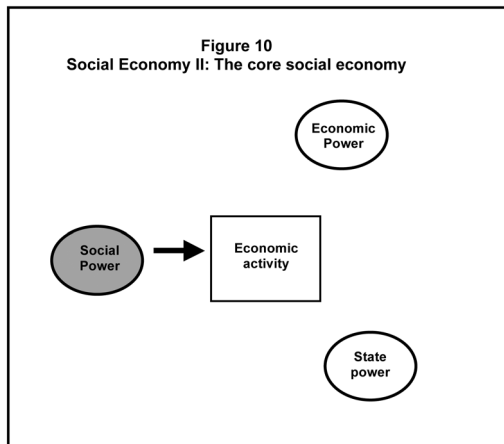
by voluntary cooperation among capitalist firms for the purpose of setting industry standards and in other ways regulating various practices of firms in the sector. This kind of collectively organized self-regulation of sectors constitutes a configuration of capitalist empowerment, not socialist empowerment.



5. *The Social Economy II: the core social economy*

The “core social economy” goes beyond social capitalism by constituting an alternative way of directly organizing economic activity that is distinct from capitalist market production, state organized production, and household production (Figure 10). Its hallmark is production organized by collectivities directly to satisfy human needs not subject to the discipline of profit-maximization or state-technocratic rationality. The state may be involved in funding these collectivities, but it does not directly organize them or their services. The system of daycare provision in Quebec is a good example. In 2008 parents only paid seven Canadian dollars per day for full time daycare for preschool children provided by community-based non-profit daycare centers, but provincial government subsidies en-

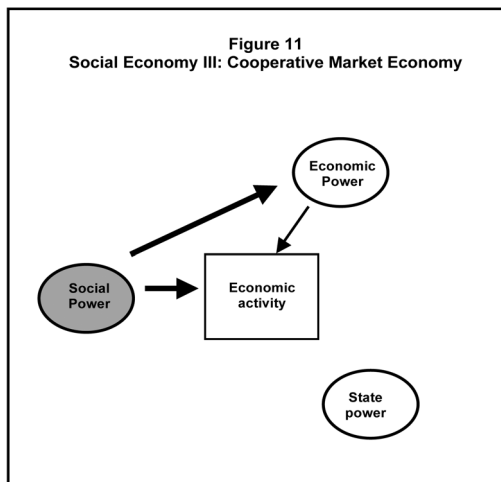
sured that providers were paid a living wage. These day care centers were generally organized as “solidarity cooperatives”, an organizational form governed by elected representatives of staff, consumers (parents in this case) and community members. Another striking example of the core social economy is Wikipedia. Wikipedia produces knowledge and disseminates information outside of markets and without state support; the funding comes largely from donations from participants and supporters. The production of this massive free, on-line encyclopedia with over 4 million English language entries is done entirely by voluntary labor, cooperating through a complex network structure under extremely open and egalitarian conditions.



6. *The Social Economy III: Cooperative market economy*

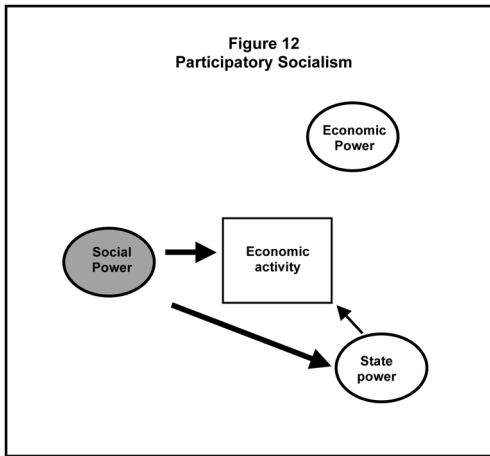
In a fully worker-owned cooperative firm in a capitalist economy the egalitarian principle of one-person one-vote of all members of the business means that the power relations within the firm are based on voluntary cooperation and persuasion, not the relative economic power of different people. Jointly they control through

democratic means the economic power represented by the capital in the firm. And if individual cooperative firms join together in larger associations of cooperatives –perhaps even a cooperative-of-cooperatives, collectively providing finance, training, and other kinds of support– they begin to transcend the capitalist character of their economic environment by constituting a cooperative market economy (Figure 11). The overarching-cooperative in such a market stretches the social character of ownership within individual cooperative enterprises and moves governance more towards a stakeholder model, in which cooperative enterprises are governed by democratic bodies representing all categories of people whose lives are affected by the enterprises' economic activity. The large Mondragon Cooperative Corporation in the Basque County, made up of around 270 separate worker owned firms, would be an example. Such firms remain a hybrid economic form, combining capitalist and socialist elements, but a hybrid in which the socialist component has considerable weight.



7. Participatory socialism

The final configuration of social empowerment combines the social economy and statist socialism: the state and civil society jointly organize and control various kinds of production of goods and services (Figure 12). In participatory socialism the role of the state is

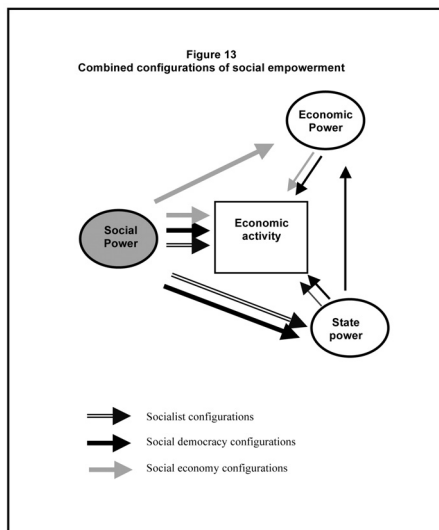


more pervasive than in the pure social economy. The state does not simply provide funding and set the parameters; it is also, in various ways, directly involved in the organization and production of the economic activity. On the other hand, participatory socialism is also different from statist socialism, for here social power plays a role not simply through the ordinary channels of democratic control of state policies, but directly inside the productive activities themselves. A good example is the participatory budget in urban government, started in the Brazilian city of Porto Alegre in 1989 and subsequently introduced in many other places in Brazil and elsewhere. In participatory budgeting, city budgets, especially over the allocation of public investment for various kinds of infrastructure,

are created through a system of neighborhood assemblies in which any resident can participate and decide on budget priorities and specific projects, much as in a New England town meeting. The neighborhood assemblies then choose delegates to participate in a city-wide budget assembly, with the responsibility of producing a coherent, integrated budget. Since these budgets constitute allocations of resources to produce infrastructure to meet human needs, they should be treated as an aspect of economic activity, and thus participatory budgets are a form of social empowerment over the economy, not simply a form of democratic participation in the state.

The seven configurations together

As summarized in Figure 13, the different configurations of social empowerment we have been examining can be clustered into three broad groups, each corresponding to different traditions of socio-



economic transformation: a socialist cluster, a social economy cluster, and a social democratic cluster. These different clusters vary in the role they accord to the state and the extent to which they attempt to subordinate rather than bypass capitalist economic power. What all of the configurations have in common is the idea of democratization of power over economic life by subordinating both economic power and state power to social power, power rooted in voluntary cooperation for collective action. Of course, the ideal of socialism involves much more than this. Equality and social justice are also core traditional socialist values, to which environmental sustainability should be added today. What this model of socialism stresses, however, is that the realization of all these values depends upon the transformation of the power relations over economic activity, both in terms of the ways social power is directly involved in shaping economic activity and indirectly through the democratization of the state.

The problem of transformation

Transforming capitalism in a *socialist* direction means democratizing the economy through the seven configurations summarized in Figure 13. In this process the economic structure remains a hybrid combining capitalist, statist and socialist practices and relations, but the socialist dimension gains weight and centrality. Extending and deepening social power in any one of these configurations may be quite compatible with maintaining the dominance of capitalism, but *if* it is possible to increase social power through all of these configurations, the cumulative effect could be a qualitative transformation in which socialism becomes the dominant form of relations within a complex economic hybrid, subordinating both capitalism and statism.⁷

This, of course, is a very big “if.” Skepticism towards socialism in the modern era is at least as much about the prospects of challenging the dominance of capitalist relations as it is in the viability of alternative institutions if they could be created. The power of capital seems so massive that if ever social power seemed to threaten the dominance of capitalism, it would be relentlessly attacked and undermined. Real progress in advancing the project of democratizing the economy through these configurations seems impossible so long as capitalism is dominant. For this reason radical anti-capitalists have often felt that decisively breaking the power of capital was a precondition for significant movement towards socialism rather than mainly a consequence of such movement.

Marx had an elegant solution to this problem. He believed that in the long run capitalism destroyed its own conditions of existence: the laws of motion and contradictions of capitalism ultimately make capitalism an increasingly fragile and vulnerable system in which the ability of the ruling class and its political allies to block transformation becomes progressively weaker over time. Eventually capitalism simply becomes unsustainable. This was a strong prediction, not simply a weak claim about future possibilities.⁸ This doesn't solve the problem of exactly how to build the emancipatory alternative to capitalism, but at least it makes the problem of overcoming the obstacles of existing power relations much less daunting in the long run.

Relatively few people today – even those who still work within the Marxist tradition of social and economic analysis – feel confident that capitalism will destroy itself. Capitalism may be crisis-ridden and cause great suffering in the world, but it also has an enormous capacity to effectively block alternatives. The problem of its transformation, at least in the developed world, therefore cannot be treated as mainly the problem of seizing the time when capitalism through its own contradictions becomes vulnerable to being over-

thrown. Rather, the problem of transformation requires understanding the ways in which *strategies* of transformation have some prospect in the long term of eroding capitalist power relations and building up socialist alternatives.

One way of approaching this problem is to distinguish among what can be called three strategic logics of transformation. I refer to these as ruptural, interstitial, and symbiotic strategies:

Ruptural transformations envision creating new emancipatory institutions through a sharp break with existing institutions and social structures. The central image is very much that of a war in which ultimately victory depends on the decisive defeat of the enemy in a direct confrontation. The result of victory is a radical disjuncture in institutional structures in which existing institutions are destroyed and new ones built in a fairly rapid way. In most versions, this revolutionary scenario involves seizing state power, rapidly transforming state structures and then using these new apparatuses of state power to destroy the power of the dominant class within the economy.

Interstitial transformations seek to build new forms of social empowerment in the niches, spaces and margins of capitalist society, often where they do not seem to pose any immediate threat to dominant classes and elites. Prodhoun's vision of building a cooperative alternative to capitalism within capitalism itself is a 19th century version of this perspective. The many experiments in the social economy today are also examples. The central theoretical idea is that building alternatives on the ground in whatever spaces are possible both serves a critical ideological function of showing that alternative ways of working and living are possible, and potentially erodes the constraints on the spaces themselves.

Symbiotic transformations involve strategies in which extending and deepening the institutional forms of popular social empowerment simultaneously help solve certain practical problems faced by dominant classes and elites. This is

what in the 1970s was called “nonreformist reforms” – reforms that simultaneously make life better within the existing economic system and expand the potential for future advances democratic power.

All three of these strategic logics have historically had a place within anti-capitalist social movements and politics. Ruptural strategies are most closely associated with revolutionary socialism and communism, interstitial strategies with some strands of anarchism, and symbiotic strategies with social democracy. It is easy to raise objections to each of them. Ruptural strategies have a grandiose, romantic appeal to critics of capitalism, but the historical record is pretty dismal. There are no cases in which socialism as defined here – a deeply democratic and egalitarian organization of power relations within an economy – has been the result of a ruptural strategy of transformation of capitalism. Ruptural strategies seem in practice more prone to result in authoritarian statism than democratic socialism. Interstitial strategies may produce improvements in the lives of people and pockets of more democratic egalitarian practices, but they also have nowhere succeeded in significantly eroding capitalist power relations. As for symbiotic strategies, in the most successful instances of social democracy they have certainly resulted in a more humane capitalism, with less poverty, less inequality, less insecurity, but they have done so in ways which stabilize capitalism and leave intact the core powers of capital. Any advance of symbiotic strategies that appeared to potentially threaten those core powers was massively resisted by capital. The reaction of Swedish capitalists to proposals for serious union involvement in control over investment in the late 1970s is one of the best known examples.⁹ These are all reasonable objections. Taken together they suggest to many people that transcending capitalism through some kind of long term coherent *strategy* is simply not possible.

Pessimism is intellectually easy, perhaps even intellectually lazy. It often reflects a simple extrapolation of past experience into the

future. Our theories of the future, however, are far too weak to really make confident claims that we know what *can't* happen. The appropriate orientation towards strategies of social transformation, therefore, is to do things now which put us in the best position to do more later to work to create those institutions and structures which increase, rather than decrease, the prospects of taking advantages of whatever historical opportunities emerge.

In these terms I think the best prospect is a strategic package mainly organized around the interplay of interstitial and symbiotic strategies, with episodic aspects of ruptural strategy. Through interstitial strategies activists and communities can build and strengthen alternative economic institutions embodying democratic egalitarian principles where this is possible. Symbiotic strategies through the state can help open up greater space for these interstitial innovations. Symbiotic strategies can both directly expand the space for social power, for example through such things as participatory budgeting, and improve the conditions for social economy initiatives to flourish. The interplay between interstitial and symbiotic strategies could then create a trajectory of deepening socialist elements within the hybrid capitalist system.

Worker cooperatives are a good example. Under existing conditions, worker cooperatives face very big obstacles to becoming a significant component of market economies: credit markets are skeptical of worker-owned firms; workers are understandably risk-averse and reluctant to sink their savings in a venture that has low probability of success; cooperatives face supply chains in which, because of scale, they pay higher costs than capitalist corporate rivals; and so on. Symbiotic strategies directed at public policy could address all of these issues. Given the potential for worker-owned cooperatives to help solve problems of unemployment, precarious local economies, and deteriorating tax bases, new rules of the game to support cooperatives could gain political traction. Even within

the logic of market economies, the positive externalities and public goods aspects of worker cooperatives provide a sound justification for public subsidies and insurance schemes to increase their viability. Such policies could, over time, expand the weight of a cooperative market economy within the broader capitalist economic hybrid.

Such a combination of symbiotic and interstitial strategies does not imply that the process of transformation could ever follow a smooth path of enlightened cooperation between conflicting class forces. What is at stake here is a transformation of the core power relations of capitalism, and this does ultimately threaten the interests of capitalists. While elites may become resigned to a diminution of power, they are unlikely to gracefully embrace the prospects. Symbiotic transformations do help solve problems facing elites – this is one of the reasons why they can become stably institutionalized – but they often are not optimal for elites.¹⁰ This means that a key element of ruptural strategies – confrontations between opposing organized social forces in which there are winners and losers, victories and defeats – will be a part of any sustainable trajectory of social empowerment. The purpose of such confrontations, however, is not a systemic rupture with capitalist dominance, but rather creating more space for the interplay of interstitial and symbiotic strategies.

Conclusion

The framework proposed here for a socialism rooted in social empowerment involves a commitment to institutional pluralism and heterogeneity. Instead of a unitary institutional design for transcending capitalism, the configurations of social empowerment open up space for a wide diversity of institutional forms. Worker-coop-

eratives and local social economy projects, state-run banks and enterprises, social democratic regulation of corporations, solidarity finance, and participatory budgeting all potentially undermine the dominance of capitalism and increase the weight of social power within the economic hybrid.

This need for institutional pluralism suggests the possibility of greater levels of respect and cooperation among different political traditions of anti-capitalism. Historically these traditions have seen themselves as rivals, and of course in one important sense they were: they competed for hearts and minds of potential adherents as well as for material resources with which to advance their goals. But if we regard these alternatives as each pushing for a different dimension of the institutional configurations of an emancipatory alternative to capitalism, then there is at least some room for seeing them as complementary rather than antagonistic.

The Institutional pluralism of the destination also suggests strategic pluralism in the practices of transformation. Within some of these configurations, to strengthen social power requires state power. But other configurations can be advanced even without state power. This is especially true for some of the social economy initiatives – workers cooperatives, community-based urban agriculture, solidarity finance, community land trusts, etc. Activists on the left, especially those on the radical left, have often regarded these kinds of locally oriented, community-based initiatives as not being very “political”, since they do not always involve direct confrontation with political power. This is a narrow view of politics, in my judgment. Interstitial strategies involve showing that another world is possible by building it in the spaces available, and then pushing against the state and public policy to expand those spaces. For many people these kinds of interstitial initiatives also have the advantage of generating immediate, tangible results in which each person's contribution clearly matters. A left that is anchored in the multidimensional

mensional and multi-scalar problem of deepening democracy can encompass this wide range of strategies and projects of transformation. And since democracy is such a core value in most developed capitalist societies – both symbolically and substantively – a left anchored in a broad democratic project may also be better positioned to break out of its isolation from mainstream politics.

Notes

1. This paper, in places, draws heavily from earlier publications: “Compass Points: Towards a Socialist Alternative”, *New Left Review*, November 2006, and *Envisioning Real Utopias*. London and New York: Verso, 2010.

2. Marxists have often argued that Socialism was desirable because it was in the interests of workers, not because it satisfied any moral criteria of justice. This preoccupation with interests was buttressed by the belief that the laws of motion of capitalism were so self-destructive that eventually capitalism would become so harmful and unsustainable that the interests bound up with its perpetuation would become in practice irrelevant – virtually everyone would have an interest in an alternative. There are two main reasons why I feel this is not a satisfactory stance. First, we know that people are often deeply motivated by moral concerns, so clarifying the moral case against capitalism and for socialism is part of strengthening broad commitments to transformation. Second, it turns out that the purely interest-based argument against capitalism is really no more straightforward than the social justice based argument. Actors within capitalism have complex, contradictory interests with respect to the problem of transformation for all sorts of reasons: Class structures are not polarized, so many people occupy what I have termed contradictory locations within class relations; the anticipated costs of transformation make the material interests in transitions ambiguous; uncertainty about the stability and unintended consequences of the alternatives further intensify ambiguities about the material interests of most people.

3. For an extended discussion of these issues, see *Envisioning Real Utopias*, chapter 3.

4. The ideas of *private ownership* and *state ownership* of the means of production are familiar, but what does “social ownership” mean? This is both less familiar and less clear. Social ownership of the means of production means that

income-generating property is owned in common by everyone engaged in the interdependent economic activity which uses those means of production. "Owned in common" means that everyone engaged in this interdependent economic activity has collective right to the net income generated by the use of those means of production and the collective right to dispose of the property which generates this income. This need not imply that this net income is simply divided up equally among everyone, although that could be one expression of the principle of common ownership. Common ownership means that people collectively have the right to decide on the purposes to which the means of production are put and on the allocation of the social surplus – the net income generated by the use of means of production – and this is consistent with a wide range of actual allocations. Ownership is thus, in a sense, a subset of all power relations over the means of production. For a more extensive discussion of the concept of social ownership, see Erik Olin Wright, *Envisioning Real Utopias* (Verso: London and New York, 2010), p. 113-117.

5. Much of the theory of the capitalist character of the capitalist state developed in the late 1960s and 1970s can be interpreted as an attempt to explain how, in spite of the democratic form of the state, much – perhaps most – intervention by the state in the capitalist economy is subordinated to the needs of capital rather than the collective will of the people, and thus, in the present terms, is an expression of economic power rather than social power. This argument is especially well formulated by Claus Offe, "Structural Problems of the Capitalist State: Class rule and the political system. On the selectiveness of political institutions", in Von Beyme (ed). *German Political Studies*, v. 1 (Sage, 1974), pp. 31-54, and Göran Therborn, *What Does the Ruling Class Do When It Rules?* (London: New Left Books, 1978).

6. Of course, in a sense the state is always involved in all economic activities insofar as it enforces rules of the game, imposes taxes, etc. The issue here is that in the social economy the state operates in a relatively passive way in the background rather than directly organizing economic activity or regulating economic power.

7. It is not a simple matter to rigorously specify the criteria for a given form of power relations to be "dominant" within a complex economic structural hybrid. I adopt what can be termed a "functionalist" solution to this problem: capitalism is dominant within a hybrid to the extent it is the case that it establishes the functional limits of compatibility within which the other elements adapt and can vary. For a discussion of this issue, see *Envisioning Real utopias*, pp. 125-8.

8. While there is considerable debate on this matter, I think Marx was largely a determinist about the ultimate demise of capitalism. Capitalism could not, he believed, survive indefinitely in the face of the intensification of the contradictions generated by its laws of motion. For an extended discussion of Marx's theory of the future of capitalism and its trajectory of self-destruction relevant to the problem of socialism, see *Envisioning Real Utopias*, chapter 4.

9. For a discussion of this episode, see *Envisioning Real Utopias*, pp.230-4

10. The basic idea here is that there are multiple institutional equilibria within capitalism, all of which are functionally compatible with capitalism (i.e. they contribute to solving problems of capitalist reproduction), but some of which are better for capitalists than others and some of which involve more social empowerment than others. A symbiotic transformation is one that seeks to expand social empowerment while still achieving an institutional equilibrium that contributes to an adequately well-functioning capitalism. This often requires blocking the preferred solution by capitalists. As Joel Rogers has put it, to get capitalists to accept the high road, it is necessary to close off the low road. For a detailed discussion of this complex set of trade-offs and equilibrium conditions, see *Envisioning Real Utopias*, chapter 11.

