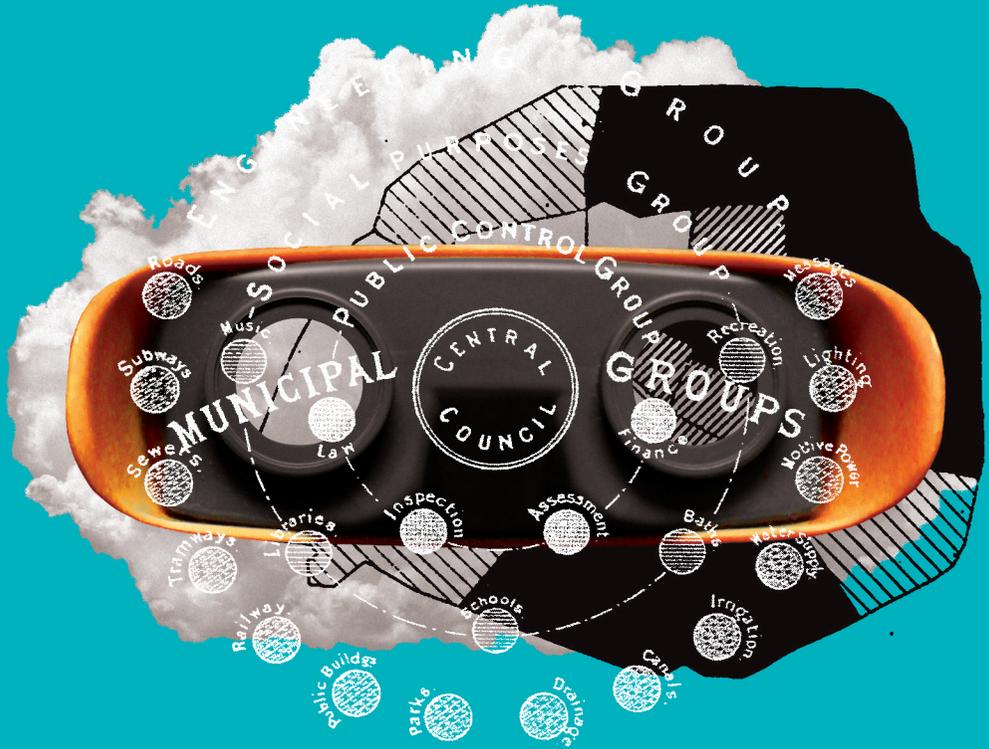


Catalyst



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The Politics of Reticent Socialism

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Editorial

Socialism and neoliberalism frame this issue of *Catalyst*. As Sam Gindin observes in the opening essay, socialists are committed to building a new society, but they often refuse to describe their design for it. Of course, this is an obstacle to winning people over, since they are asked to join a movement whose goal remains vague and undefined. But as Gindin notes, the reluctance to discuss socialist institutions also sustains a great many illusions about what will and will not be feasible. Any viable socialist movement has to take up the question of institutional design, if for no other reason than to check if its varied goals are at least mutually consistent. Gindin's essay is a notable advance in this direction.

At the other end, Lea Ypi reviews a recent book by William Edmundson on the greatest contemporary liberal philosopher, John Rawls. As Ypi notes, socialists often denigrate liberal morality as a sophisticated defense of property and inequality. But Edmundson shows that Rawls was at best a reluctant defender of capitalism, and in his later years declared that liberal principles of justice were in fact

incompatible with capitalism. Ypi explores the implication of Rawls argument, and Edmundson's able defense of it.

One of the central points Ypi makes is that while Rawls advanced our understanding of the basic principles of justice, he didn't contribute nearly as much on the issue of social agency — or how to get from here to there. That, of course, has been the strength of the Left in our time. Jane McAlevey unearths a tract, long forgotten, from the 1920s, which served as a manual for labor organizing in those heady days when the American left was growing by leaps and bounds. McAlevey urges that while the pamphlet is more than seven decades old, its basic lessons remain intact today.

Of course, any revival of the socialist movement will require a sober and careful analysis of neoliberal capitalism — its basic structure, pressure points, and perhaps most importantly, the coalition of interests that sustain it. Over the past few years, a number of historical and sociological works have examined the origin and politics of neoliberalism. Much of this scholarship has been influenced by what is known as the “cultural turn,” an approach that sees ideology and discourse as the prime mover in politics, over the role of interests and power. In his article, Aaron Major examines some key works in this trend and shows that while they offer much useful descriptive material, their analytical and strategic conclusions are unconvincing. Major shows that even their own evidence affirms that neoliberalism has been driven by economic and political interests, which are expressed in discourse, but not created by it.

The materialist approach recommended by Major is on display in Chris Howell's analysis of the French road to neoliberalism. A half century after May 1968, when France was rocked by a massive student and worker movement, Howell analyzes how the Left resurgence, which seemed at the time to promise a tectonic shift in French politics, proved to be only temporary. Reaching its peak in the ill-fated Mitterrand experiment, French politics swiftly coalesced around a liberalizing economic agenda, with the labor movement rapidly enfeebled.

We round out the issue with David Calnitsky's response to Alex Gourevitch and Lucas Stanczyk on the politics of universal basic income (UBI) grants. UBI will remain a hot topic on the Left for some time to come. We hope the *Catalyst* debate will help advance the discussion among socialists. We intend to host more such debates on progressive reforms in future issues of the journal. ↵

For socialists, establishing popular confidence in the feasibility of a socialist society has become an existential challenge. Without a renewed and grounded belief in the possible functioning of socialism, it's near impossible to imagine reviving and sustaining the socialist project. This essay picks up this challenge by presenting a set of illustrative institutional arrangements and social relations that advance the case for socialism's plausibility.

SOCIALISM FOR REALISTS

SAM GINDIN

When, some four decades ago, Thatcher arrogantly asserted “there is no alternative,” a confident left might have turned that declaration on its head by adding “yes, there is indeed no real alternative — under capitalism.” But no such left existed. The radical left was too small to matter, and social-democratic parties had by then long retreated from advocating socialism as a systemic option. Over the intervening decades steps towards a radically egalitarian and democratic transformation of society have, in general and in spite of the advent of a vague “anticapitalism,” further receded.

Of the two central tasks the making of socialism demands — convincing a skeptical populace that a society based on public ownership of the means of production, distribution, and communication could in fact work, and acting to end capitalist rule — the overwhelming focus of those still committed to socialism has been on the political battle to defeat capitalism. What the society at the end of the rainbow might actually look like has, with some notable exceptions, tended to receive only rhetorical or cursory attention. But in the gloomy shadow

of socialism’s marginalization, the cavalier assertion of socialism’s practicality will no longer do. Winning people over to a complex and protracted struggle to introduce profoundly new ways of producing, living, and relating to each other demands a much deeper engagement with socialism’s actual possibility.

For socialists, establishing popular confidence in the feasibility of a socialist society is now an existential challenge. Without a renewed and grounded belief in the possibility of the goal, it’s near impossible to imagine reviving and sustaining the project. This, it needs emphasis, isn’t a matter of *proving* that socialism is possible (the future can’t be verified) nor of laying out a thorough blueprint (as with projecting capitalism before its arrival, such details can’t be known), but of presenting a framework that contributes to making the case for socialism’s *plausibility*.

PART ONE: PROBLEMATIZING SOCIALISM

When Hope “Rings Oddly in Our Ears”

The Communist Manifesto’s famous rebuke of the utopians for spending their time on “castles in the air” went beyond the tension between dreaming and doing, though it of course spoke to that as well. In underscoring that one’s visions and corresponding actions need to be grounded in an analysis of society and identification of social agency, Marx and Engels introduced what amounted to an early exposition of historical materialism. Without a historical lens, they argued, the utopians simultaneously lagged and yet prematurely raced ahead of history: lagged in missing the significance of a newly emerging revolutionary actor, the proletariat; rashly raced ahead in absorbing themselves with detailing a distant world that could then only be imagined in the most general and abstract terms.

This deeper critique of utopianism discouraged future generations of revolutionary socialists from serious engagement with the feasibility of socialism — a reluctance that, as noted, largely persists today.

The orientation of socialist politics turned to analyzing the political economy of capitalism, grasping its dynamics and contradictions, and facilitating the formation of the dispossessed into a coherent class with the potential to remake the world. Only in the process of fighting to transform capitalism, Marxists insisted, could the collective capacities for building socialism emerge, and only in the process of confronting the new dilemmas thrown up, might institutional solutions surface.

Such an orientation is clearly indispensable to the socialist project. The intent here is certainly not to belittle it. Yet it doesn't justify, especially in the current conjuncture, the common Marxist disdain for utopian contemplations. In the wake of the profound defeat of the socialist left and the consequent widespread fatalism over transformative alternatives, it's not enough to focus on getting there. It is now at least as important to convince prospective socialists that there really is a "there" to get to.

Looking back, the warnings of Marx and Engels against fixation on an unknowable future have a convincing air about them. At that early stage of capitalism, the car — never mind the airplane, electronic computer, and internet — had not yet been invented. Trade unions were just appearing, universal suffrage was still an epoch away, the modern state wasn't yet recognizable, and above all the Russian Revolution and the new questions it posed had not yet burst onto the political stage. To have debated then what socialism might later look like certainly does, in retrospect, confirm how presumptuous it would have then been to devote much attention to the workings of a socialist society.

Moreover, capitalism's relative youth at the time of the *Manifesto* left that period comparatively more open to envisioning its rejection: the barriers of traditional cultural, religious, and family ties blocked capitalism's full sway and the absorption of the working class into the new social system remained incomplete. In the decades after 1873, the year that Marx coined the derisive catchphrase "writing recipes for the cook shops of the future," socialism was in the air in a way that it no longer is today. Socialism was widely discussed among workers,

and in London it was “fashionable for even West-end dinner parties to affect an interest in and knowledge of it.”¹ Mass socialist parties were emerging across Europe and this was widely followed, whether anxiously or hopefully. In the US, though a mass socialist party never took hold, the second half of the nineteenth century ushered in a “long era of anti-capitalism” that included an “urge to overthrow the new order of things.”²

This openness to socialism persisted after World War I. As the preface to a newly translated work of Karl Polanyi on socialist accounting notes, in the early 1920s Polanyi was “just one of many social scientists who found accounting, prices, and socialism to be the most exciting topic of the day.”³ Surprisingly, this attitude existed even within neo-classical economics, which had emerged in the shadow of the Paris Commune essentially as a counter to Marx.⁴ At the end of the 1920s the president of the prestigious American Economic Association began his keynote by declaring that “Like most teachers of economic theory, I have found it quite worthwhile to spend some time studying any particular problem at hand from the standpoint of a socialist state.” In going on to address how a society without private ownership of the means of production might determine prices and allocate resources, he confidently asserted that its authorities “would have no difficulty

1 William Morris, “Bellamy’s Looking Backward,” *Commonweal*, June 21, 1889.

2 Steve Fraser, *The Age of Acquiescence: The Life and Death of American Resistance to Organized Wealth and Power* (New York: Little, Brown and Company, 2016), 152, 178.

3 Johanna Bockman, Ariane Fischer, David Woodruff, “Socialist accounting” by Karl Polanyi; with preface “Socialism and the embedded economy,” by Johanna Bockman, *Theory and Society* 45, no. 5 (October 2016): 385–427.

4 The prominent American economist Wesley Mitchell noted that the neoclassical works couldn’t be read “without feeling that they are interested in developing the concept of the maximizing of utility largely because they thought it answered Marx’s socialistic critique of modern economic organization.” Cited in Istvan Mezaros, *Beyond Capital, Toward a Theory of Transition* (London: Merlin, 1995), 80. On the fascinating history of the development of neoclassical economics and its relationship to theoretical models of socialism, see Chapter 1 of Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011).

finding out whether the standard valuation of any particular factor was too high or too low,” concluding that “this much having been learned, the rest would be easy.”⁵

Later, Murray Rothbard, a lifetime disciple of the archconservative Ludwig von Mises, lamented that when he entered grad school after World War II “the economics establishment had all decided, left, right, and center, that ... socialism’s only problems, such as they might be, were political. Economically, socialism could work just as well as capitalism.”⁶ With socialism carrying such a degree of economic credence, the elaboration of the details of a functioning socialist society seemed decidedly less pressing for socialists than developing the politics of getting to it.

But such openings to a different world, however qualified, have today strikingly contracted. Erik Olin Wright begins his monumental treatise on “real utopias” by wistfully recalling that “There was a time, not too long ago, when both critics and defenders of capitalism believed that ‘another world was possible.’ It was generally called ‘socialism.’” Wright continues on to lament that “Most people in the world today, especially in its economically developed regions, no longer believe in this possibility.”⁷

The oft-noted paradox of our time is that even as popular frustrations with capitalism intensify, belief in transformative alternatives continue to languish. There is clearly an appetite for change and the discourse of “anticapitalism” pervades protests, but the elevated language of hope in a *systemic* alternative “rings oddly in our ears.”⁸ The persistence and even strengthening of capitalism through great crises seems to further

5 Fred M. Taylor, “The Guidance of Production in a Socialist State,” *American Economic Review* 19, no. 1 (March 1929): 1–8.

6 Murray Rothbard, “The End of Socialism and the Calculation Debate Revisited,” *Review of Austrian Economics* 5, no. 2 (1991): 51.

7 Erik Olin Wright, *Envisioning Real Utopias* (London: Verso, 2010), 1. Wright himself reflects a lowering of left expectations in that he retreats from the classical starting point of the full socialization of the means of production.

8 Fraser, *The Age of Acquiescence*, 162.

verify its permanence. The *Manifesto*'s faith in "capitalism's grave diggers" comes up against the atomization of workers, the depth of their defeats, their multidimensional integration into capitalism, and their painful inability to defend past gains — never mind advance radical agendas. The overwhelming prospect of taking on a global capitalism that seems beyond the purview of any particular state seemingly leaving us with no tangible target, reinforcing the now pervasive cross-generational sense that "there is no alternative."

If we add the betrayals of Third Way social democracy, the fateful collapse of the Soviet Union, the Chinese road to capitalism, the failures of other twentieth- and twenty-first-century revolutions that occurred in the name of socialism, and the recent political reversals in Latin America and Europe (Corbynism perhaps being an exception), it becomes clear that "radical change" is more often than not a calling card of the Right. Today the zeitgeist that no alternative to capitalism is possible seems, some stubborn pockets aside, settled. The liberatory confidence that the *Manifesto* radiated has been replaced with a ubiquitous skepticism of transformative possibilities.

In these dispiriting times the need for structures to more effectively organize and mobilize struggles is clear enough, but transcending pessimism and reviving revolutionary hope needs an animating vision as well, a utopia that is both dream and possible reality.⁹ A good number of Marxists have indeed increasingly argued that far from seeing the preoccupation with alternatives negatively (a diversion), it is the very *absence* of alternatives that contributes to the Left's marginalization. This has led them to mine Marxist political economy for insights to the "concept of alternatives."¹⁰ Yet as insightful as such work is, in

9 See Leo Panitch and Sam Gindin, "Transcending Pessimism, Rekindling Socialist Imagination" in Leo Panitch and Colin Leys, ed., *Socialist Register: Necessary and Unnecessary Utopias* (London: Merlin Press, 2000).

10 Michael Albert and Robin Hahnel have been evangelizing on the need for alternatives since the early nineties. See their *Looking Forward: Participatory Economics for the Twenty First Century* (Boston: South End Press, 1990). More recently, Peter Hudis observed that "one of the greatest barriers standing in the way of effective anticapitalist action is an alternative to a society dominated by the all-pervasive power of capital."

today's discouraging context it remains too conceptual to revive and popularly spread the socialist idea. Going beyond the frustrations and demoralization wrought by capitalism demands a more expanded and convincing defense than we currently have of socialism's practical possibilities. However valid Marx and Engel's historical criticism of the utopians may have been for their era, there is a compelling case — equally historically driven — to take a different turn in *our* times.

Developing a more systematic consideration of socialism's possible functioning, even if what we offer remains relatively general, incomplete, and even speculative, has today become a requirement for reviving a receptivity to achievable utopias and the willful action to achieve them. As Robin Hahnel recently asserted, without a plausible alternative “we cannot expect people to take the risks necessary to change things” nor “forge a strategy of how to get from here to there.”¹¹ An institutionally elaborated alternative is now elemental to encouraging social movements to press beyond protest, to sustaining socialists who are wavering, and to recruiting the newly discontented. Such an alternative has, in Ernst Bloch's poetic capture of both despair and hope, become an indispensable spur “to make the defeated man try the world again.”¹²

Submerging Socialist Contradictions

On those occasions when Marxists have engaged the nature of a future socialist society, they too often shied away from problematizing future difficulties in favor of assuring the unconvinced that the difficulties involved in the construction of a socialist society had been vastly exaggerated. Yet working people well understand from their experience of capitalism that

Peter Hudis, *Marx's Concept of the Alternative to Capitalism* (Chicago: Haymarket, 2013). See also Hugo Radice, “Utopian Socialism and the Marxist Critique of Political Economy,” Utopian Studies Society (Europe), International Conference, July 2013.

11 Robin Hahnel, *Of the People, By the People* (Chico, CA: AK Press, 2012), 7.

12 Ernst Bloch, *The Principle of Hope, Volume 1* (Cambridge, Ma: MIT Press, 1996), 198.

building a new society will be far from simple. To engage those that we expect to lead in the making of socialism by *mis*leading them about the difficulties involved is patronizing and ultimately self-defeating. What is instead needed is an honest presentation of the risks, costs, and dilemmas the socialist project will face, alongside credible examples and promising indications of how the problems might be creatively addressed.

The primary quandary of socialism lies in how to concretely manifest social property in the means of production. Can workers run their workplaces? If social property is organized through the state, where does worker control fit in? If social property is divided among worker collectives, how do the particular interests of each collective mesh with the social interest? And can these fragmented collectives counteract the centralized power? That is, can the concentrated power that comes with comprehensive planning be democratized?

Such dilemmas — contradictions may be more apt — cannot be conjured away by appealing to the further development of the productive forces inherited from capitalism, whether that involves the “end of scarcity” or the explosion of computer power, artificial intelligence, and big data. Nor can they be resolved through expectations that the experience of “revolutionary praxis” in the course of ending capitalism will bring a level of socialist consciousness that similarly disposes of such questions. And neither can concern with the concentration of power in the central plan be escaped by asserting — on the basis of some combination of the end of scarcity, higher social consciousness, and a hoped-for democratization — the “withering away of the state.”

Scarcity — the need to make choices between alternative uses of labor time and resources — is unlikely to end outside of utopian fantasies because popular demands, even when transformed into collective/socialist demands, are remarkably elastic: they can continue to grow. Think especially of better health care, more and richer education, greater care for the aged, the expansion of art and of cultural spaces — all of which require labor time and generally also complementary material goods. That is, they demand choices.

Furthermore, the calculation of scarcity can in particular not ignore leisure, with leisure representing the “realm of freedom.” Even if we produced enough of what we wanted, as long as some of that labor isn’t completely voluntary but instrumental, then effective scarcity of either labor time or the good/service remains. Workers may even like their jobs and see them as a source of creative expression and satisfaction, but as long as they’d periodically prefer to not show up or leave early, some further inducement is needed to offset the sacrifice of providing those labor hours. That inducement is a measure of the persistence of effective scarcity. And once scarcity is acknowledged as an inherent and essentially permanent frame in the restructuring of society, the question of structured incentives becomes paramount. This is not just a matter of motivating adequate hours of work, but of affecting its intensity and quality, and influencing where that work is best applied (i.e., determining society’s overall division of labor).

As for the saving grace of computer power, its role in inventory control and the logistics of just-in-time delivery as well as the breathtaking potentials of big data and artificial intelligence would undoubtedly help solve specific planning problems.¹³ Perhaps even more significant are the exciting possibilities of reconfiguring computer power so it provides decentralized information to facilitate the decisions of worker collectives and links them to other workplaces.¹⁴ Nevertheless, computers cannot be depended on to solve the overall problems of socialist planning. This goes beyond contestation over whether future breakthroughs in computing power will be able to cope with the voluminous data involved in the simultaneous interactions and vicissitudes of a living society. It is also that the output computers give us depends entirely on the quality

13 Leigh Phillips and Michal Rozworski, though writing in the tradition of expecting capitalism to unintentionally advance the capacities for socialism, make very thoughtful contributions on, among other things, the development of new corporate technologies and administrative capacities. See their *The People’s Republic of Wal-Mart: How the World’s Biggest Corporations Are Laying the Foundation for Socialism*, (New York: Verso, forthcoming February, 2019).

14 A fascinating early experiment in applying the democratic potentials of computerization to a socialist society emerged in Chile but ended with Pinochet’s counter-

and completeness of the information going in (garbage in, garbage out), something more powerful computers alone cannot resolve.¹⁵

This is not a secondary issue. A commonly noted dysfunction in Soviet-style planning was the systematic withholding of accurate information by both managers and workers.¹⁶ Since the annual production in any year influenced the target for the following year, and a lower base target allowed for more easily achieving the subsequent bonuses, workplaces conspired to hide actual productive potentials. Friedrich Hayek, the economist-philosopher and Thatcherite hero, pointed to such perverse incentives to reinforce his argument that socialism simply had no structures adequate to generating the existing and potential information and knowledge that is indispensable to the functioning of a complex society. And even if this were ameliorated and a coherent plan established, it still doesn't follow that the plan will be implemented. In capitalism the competitive discipline to follow the rules is, for all its problems, integrated into that process of gathering, disseminating, and applying of information. Under socialism the center can, in the name of fulfilling the plan, instruct management or work councils to act according to certain directives — but what if they choose not to?

Higher levels of consciousness seem an obvious answer here. In this regard, the edifying impact of participating in the defeat of capitalism is unquestionably central to the construction of the new society. The escape from the debilitating resignation wrought by capitalism and

revolution. This experiment wasn't just about universalizing access to computers, as important as that might be, but about facilitating active planning from below. See Eden Medina, *Cybernetic Revolutionaries: Technology and Politics in Allende's Chile* (Cambridge, MA: MIT Press, 2011).

15 It is telling that just as the Polish political economist Oskar Lange was emphasizing the potentials of computers in the 1960s — markets, Lange had suggested, “may be considered a computing device of the pre-electronic age” — what was getting the practical ear of central planners was the call by liberal reformers for the *increased* role of markets. See Oskar Lange, “The Computer and the Market” (originally 1967) in Alec Nove and D. M. Nuti, eds., *Socialist Economics* (Middlesex, UK: Penguin Books, 1973), 401.

16 For a summary, see Michael Lebowitz, *The Contradictions of Real Socialism* (New York: MRP, 2012), Chapter 1.

the exhilarating discovery of new individual and collective capacities are clearly indispensable to advancing the building of socialism. But absent appropriate incentive structures and related mechanisms fully able to access accurate information, the heady moment of revolution cannot be sustained and extrapolated to consolidating a socialist society.

To start, there is the generational problem. As time goes on fewer people will have experienced the revolution's rousing élan. Then there is the reality that the skills and orientations developed in the course of political mobilization to defeat one kind of society don't necessarily match the democratic sentiments and governance skills required for constructing a new society. Moreover, even among the revolution's original participants, the heightened consciousness of that moment can't simply be projected into the ensuing, more mundane world of meeting daily needs. As these workers become the new administrators of society, it can't be assumed that questions of bureaucracy and self-interest will inevitably fade into yesterday's problems.

Christian Rakovsky, a participant in the Russian Revolution and later a dissident internally exiled under Stalin, keenly noted this corrosion of the revolutionary spirit. "The psychology of those who are charged with the diverse tasks of direction in the administration and the economy of the state, has changed to such a point that not only objectively but subjectively, not only materially but also morally, they have ceased to be a part of this very same working class." This, he argued, was true in spite of a factory director being "a communist, in spite of his proletarian origin, in spite of the fact that he was a factory worker a few years ago." He concluded, with some despondency, that "I do not exaggerate when I say that the militant of 1917 would have difficulty in recognizing himself in the militant of 1928."¹⁷ While this reflects the special circumstances of the Russian experience, it would be a mistake to ignore the vulnerability of all revolutions to such regressions.

Crucially, even with the heroic assumption that universal socialist

17 Christian Rakovsky, "The 'Professional Dangers' of Power," *Bulletin of the Opposition*, August 1928, www.marxists.org/archive/rakovsky/1928/08/prodangere.htm.

consciousness has been achieved, the question remains of how individuals or workplace collectives limited by their own fragmented locations figure out what the right overall thing to do *is*. The highest levels of socialist consciousness cannot, in themselves, answer this dilemma. It is one thing to assert that workers will make the decisions but how, for example, would workers in an appliance plant weigh whether to increase their use of aluminum as opposed to leaving that aluminum for more valuable social purposes elsewhere? Or in deciding how to allocate their year-end “surplus,” how much should be reinvested in their own firm versus other firms? Or if a group of workers wanted to exchange some income for shorter hours, how could they measure and compare the benefits to themselves versus the loss of product or services to society?

Hayek argued that a good part of such knowledge is “tacit” or latent knowledge — informal knowledge about consumer preferences and production potentials that is often not explicitly appreciated even by the social agents directly involved. It only surfaces through reactions to particular institutional constraints, incentives, and opportunities such as, in Hayek’s telling, individual choices made via markets and pressures to maximize profits. This includes “discovered knowledge” — information only revealed post hoc through the process of competition among firms, e.g., which of a number of alternative goods, machines, services, or forms of work organization is superior. The power of capitalism, Hayek claimed, is that it brings such otherwise internalized, hidden knowledge to the surface while socialism, no matter how much it hopes to plan, cannot effectively access or develop the knowledge on which successful planning would rest.

For all its inherent ideological and class biases, this critique can’t be ignored. Hayek cannot be countered by arguing that capitalists themselves plan. Aside from the fact that the scale of organizing a total society in a nonmarket way is of a different order of magnitude than addressing a single, even vast, corporation, internal corporate calculations under capitalism have an advantage that centralized socialist planning would

not have: they have external market prices and market-driven standards by which to measure themselves. More fundamentally, corporate planning is based on structures that give management the flexibility and authority to allocate and employ labor. To plan in a way that is instead based on worker control involves a completely new productive force — the capacity to democratically administer and coordinate workplaces.

The expectations of full or near-full abundance, added to perfect or near-perfect social consciousness, have a further consequence: they imply a dramatic waning, if not end, of substantive social conflicts and so do away with any need for an “external” state. This fading away of the state is, as well, rooted in how we understand the nature of states. If states are reduced to only being oppressive institutions, then the democratization of the state *by definition* brings the withering away of the state (a “fully democratic state” becomes an oxymoron).¹⁸ On the other hand, if the state is seen as a set of specialized institutions that not only mediate social differences and oversee judicial discipline but also superintend the replacement of the hegemony of class and competitive markets with the democratic planning of the economy, then the state will likely play an even *greater* role under socialism.

This is more than a semantic issue. An orientation to the disappearance of the state tends to pass over a whole range of issues: the state’s effectiveness; balancing state power with greater participation from below; how to initiate experiences and learning that would not rest so heavily on the original praxis of introducing socialism but constitute a *constant* praxis that fosters socialist education, consciousness, and culture.¹⁹ Accepting the persistence of the state turns the focus

18 This is the grounds on which Ernest Mandel asserts that the “proletarian state ... is the first state that begins to wither away at the very moment of its appearance.” Ernest Mandel, *The Marxist Theory of the State* (London: Pathfinder Press, 1971). Lebowitz has rightly countered that “it does not matter if they prefer to call these articulated councils a non-state or the ‘Unstate,’ as long as all agree that socialism as an organic system requires these institutions and practices in order to be real.” Michael A. Lebowitz, “What Is Socialism for the Twenty-First Century?,” *Monthly Review*, (October 2016): fn. 30.

19 Paul Auerbach places the question of education and constant human development

to the *transformation* of the inherited capitalist state into a specifically socialist, democratic state that is central to the creative rethinking of all institutions. Even where the process of democratization includes the decentralization of some state functions, advancing postrevolutionary socialism may also include (as we'll see) a need for an *increase* in the state's other roles.

It is, in short, one thing to build on the productive forces inherited from capitalism and the consciousness developed in the transition towards socialism, but quite another to place inflated socialist hopes on them — to see capitalism as socialism's dialectical enabler. The extent to which capitalism's productive and administrative achievements can be reproduced, adapted, and applied by nonspecialists in a democratic and socialized form is a question to be posed, not mechanically presumed.²⁰ It is to concretizing this challenge that we now turn.

PART TWO: FRAMING SOCIALISM

Socialism and Markets

At the heart of finding a way to manifest social property is the tension between planning and markets. In this section we insist that that this is not a matter of planning *versus* markets but of discovering creative institutional mechanisms that structure the proper place of planning *and*

at the center of his socialist alternative. See his *Socialist Optimism: An Alternative Political Economy for the Twenty-First Century* (New York: Pelgrave, 2016).

20 On the eve of the Russian Revolution, Lenin too had expressed such optimism declaring that the “accounting and control necessary for [workplace and state administration] have been simplified by capitalism to the utmost and reduced to the extraordinarily simple operations — which any literate person can perform — of supervising and recording, knowledge of the four rules of arithmetic, and issuing appropriate receipts.” V.I. Lenin, “State and Revolution” in *Selected Works, Volume 2* (Moscow: Progress Publishers, 1970), 361. Whether or not this was only a reflection of the hyperbole that comes with looking to inspire revolutionary confidence, its speciousness was soon devastatingly revealed. Kautsky, later likewise asking “What forms will the socialist economy assume?,” began his answer with “It will certainly not form a single factory, as Lenin once thought.” (Lenin himself soon qualified his position). Karl Kautsky, *The Labour Revolution* (1925), www.marxists.org/archive/Kautsky/1924/labour/cho3.

markets. Marx rightly argued that praising the voluntary and efficient nature of markets apart from the underlying social relations in which they're embedded fetishizes markets. But markets are also fetishized when they are rejected as an absolute and treated as having a life of their own independent of those underlying relations. The place of markets under socialism is a matter of both principle and practicality — and dealing creatively with the contradictions between the two. Some markets will be banished under socialism, some welcomed, and some reluctantly accepted but with constraints on their centrifugal antisocial tendencies.

Rejecting markets in favor of leaving decision-making to the central planners comes up against the fact that, as the Soviet central planner Yakov Kronrod noted in the 1970s, economic and social life are simply too diverse, too dynamic, and too unpredictable to be completely planned from the top. No amount of planning capacity can fully anticipate the continuous changes encouraged by socialism among semi-autonomous local groups, nor — given that many of those changes occur simultaneously with repercussions upon repercussions across workplaces and communities — respond without pronounced and disruptive lags. Putting too great a load on central planning can therefore be counter-productive; plans work best if they concentrate on a limited number of key variables and don't overload themselves with too much detail.²¹

Moreover, the heavy hand of the “vast and complex administrative system of allocation” carries the threat, as illustrated in the former USSR, of a crystallization among those occupying the commanding heights of the economy — central planners, ministry heads, workplace managers — into what Kronrad called a self-reproducing “social oligarchy.” As that oligarchy pushes for compliance to its rigid plans it also brings forth increased authoritarianism and bureaucratization

21 Kronrod's “drawer book,” so named because he expected the censors to prevent it ever leaving his drawer, didn't reach public eyes until after the fall of the Soviet Union. This pathbreaking work is admirably excavated in David Mandel, *Democracy, Plan, and Market: Yakov Kronrod's Political Economy of Socialism* (Germany: ibidem Press, 2017).

(Kronrod was not alone in this argument but was especially insistent on it). If the heavy hand is eased by instead setting “parameters” to be met, this means bonuses for conforming and penalties for underperforming. Such incentives bring market-like problems in a different form, one that may not even include some of the advantages of formal markets.

Albert and Hahnel likewise reject markets but look to planning administered from below.²² Their creative and meticulous model is based on elected representatives from workplace collectives meeting with representatives from suppliers, clients, and the affected community. The community must be there because it has a stake in workplace decisions on the consumption side but also because of the impact of those decisions on roads, traffic, housing, environmental conditions, etc. Together these interested parties develop mutually agreed upon plans and since such plans would most likely not immediately match the broader supply and demand conditions in the economy, an iterative process of repeated meetings to come closer to balance could, they argue, ultimately close the gaps.

This might work in specific cases, and perhaps become more significant over time as shortcuts are learned, computing innovations expedite the procedure, and social relations are built up. But as a general solution it is simply not viable. The context of scarcity, various interests, and no external arbiter of any kind is likely to lead to unending conflict rather than a comfortable mutual consensus. Given the larger interdependencies of production and consumption involved with their implications for a multitude of decisions being made and revised *concurrently* not just in sequence and each with cascading consequences, such a process could not help but lead to an oppressive tyranny of meetings.

Markets will be necessary under socialism. But certain kinds of markets must be unequivocally rejected. This is especially so for commodified labor markets. The argument runs as follows. Planning — the ability to conceive what is about to be constructed — is a universal

22 Albert and Hahnel, *Looking Forward*.

characteristic of human labor: “What distinguishes the worst architect from the best of bees is that the architect raises his structure in imagination before he erects it in reality.”²³ A core critique of capitalism is that the commodification of labor power robs workers of that human capacity. Individual capitalists plan, capitalist states plan, and workers as consumers also plan. Yet in selling their labor power to get the means to live, workers as *producers* surrender their planning capacities and human potential to create. This original sin of capitalism is the foundation for the broader social and political degradations of the working class under capitalism.

Yet the question of reallocating labor remains and, if workers are to have the right to accept or reject where to work, this implies a labor market of sorts. But this would be a labor market of a very particular, limited, and decommodified kind. Based on the need to attract workers to new sectors or regions, the central planning board would set higher wages (or more favorable housing and social amenities), adjusting them as needed if the workforce falls short. Within the wage framework set by the central plan, the sector councils could likewise raise wages to allocate workers across workplaces or into new ones. Workers could not, however, be fired nor lose work through competitive closures of workplaces and should there be a general shortage of demand relative to supply, demand could be stimulated or worktime reduced as the alternative to the creation of a reserve army to discipline workers.

Alongside commodified labor markets being out of bounds so too must capital markets be prohibited. Choices over where investment goes are choices about structuring every facet of our lives and shaping future goals and options. Economic indices can be brought into making such decisions, but the common rationale for such indices — their ability to compare alternatives based on a narrow range of monetary economic criteria — is offset by the unquantifiable complexities of assessing what is to be valued. And though credit will exist under socialism in terms

23 Karl Marx, *Capital, A Critique of Political Economy, Volume 1* (London: Penguin, 1976), 284.

of providing credit for consumers, funds for individual or small co-op start-ups, or workplace collectives dealing with the gaps between buying and selling, financial markets based on the creation of financial commodities would have no place.

On the other hand, who can imagine a socialism without a marketplace of coffee shops and bakeries, small restaurants and varieties of pubs, clothing stores, craft shops, and music stores? If the underlying conditions of equality are established so these markets are about personal preferences not expressions of power, there is no reason to be defensive about welcoming them. It is when we turn to the commercial activities of workplace collectives that the role of markets takes on their greatest, and most controversial, significance.

In addressing the dilemmas involved in worker collectives operating through markets, it's useful to begin with a quick sketch of a worker in a workplace collective under socialism. Outside of self-employment and co-ops with a handful of workers providing local services, workers control but do not own their workplaces. The workplaces are social property; ownership resides in municipal, regional, or national state bodies. Workers hold no workplace-based marketable shares to sell or pass on to their families — there are no private returns to capital under socialism. Though individual workers can leave their jobs and look for work elsewhere, workplace collectives cannot decide to shutter their workplaces since they aren't theirs to close. If demand for the goods or services produced fade, the collective would be integral to conversion plans to other activities.

Workers do not work for “others” but collectively organize their labor power with the after-tax surplus shared among them. Income wouldn't be based on receiving “the fruits of your own (private) labor” since work is a collective, not private activity. Those working get pay for their work based on hours worked and the intensity or unpleasantness of the work. Everyone, employed or not, shares in a social wage — the universally free or near-free collective services distributed according to need (e.g., health, education, childcare, transportation) as well as subsidized housing and

culture. Those not in the paid labor force receive a consumption stipend set at a level which allows people to live in dignity, and the distribution of each collective's after-tax surplus would be distributed as either additional collective services and/or individual bonuses.²⁴

In the absence of income from capital, and with the social wage carrying great weight relative to individual consumption, the effective variation in the conditions of workers will lie in a relatively narrow, egalitarian range.²⁵ In this context, there will be concerns that prices reflect social costs such as environmental impacts, but beyond that there seems little cause for socialist angst over workers using their individual earnings to choose which particular goods or service they prefer. Nor is there much reason to worry about the existence of credit. With basic necessities essentially free, housing subsidized, and adequate pensions in retirement, pressures to save or borrow would largely be limited to different time preferences over the life cycle (e.g., saving for a trip at retirement or wanting an appliance now). As such, workplace or community credit unions, or for that matter a national savings bank may, under nationally supervised conditions and interest rates, mediate credit flows between lenders and borrowers with no threat to socialist ideals.

Yet while the authoritarian market discipline imposed under capitalism will no longer exist, workplace collectives will still generally operate in a market context of buying inputs and selling their goods and services or, if the final product has no market price, of measurable output targets. Incentives to act in socially sensitive ways (such as operating efficiently) consequently remain necessary. This would take the form of a portion of the surplus generated by the collective going to its members as collective goods (housing, sports, culture) or income for private consumption. This brings a mechanism for bringing

24 Employment would bring higher pay but, depending on postrevolutionary conditions and politics, the social wage plus a living income would make self-employment or work in a small co-op a practical option.

25 On reasonable assumptions the value of the social wage — free health care, education, transit, childcare, and subsidized housing and culture — would be at least three times that of individual consumption.

opportunity costs into decision-making, such as how valuable an input is if used elsewhere and how valuable others consider the final product.

This however also re-introduces the negative side of markets: the incentives involved imply competition, which means winners and losers and therefore non-egalitarian outcomes. Moreover, if those workplaces which earn a larger surplus were to choose to invest more, their competitive advantages would be reproduced. Especially significant, the *external* pressures to maximize the earned surplus or beat state-set standards affects *internal* structures and relationships within the collective, undermining the substantive meaning of “worker control.” Emphasis on the achievement of large surpluses as the prime goal tends, for example, to favor replicating the “more efficient” divisions of labor of old and — for the same reasons — deference to expertise and toleration of workplace hierarchies. With this comes the downgrading of other priorities: a tolerable work pace, health and safety, solidaristic cooperation, democratic participation.

Though ending private ownership of the means of production addresses the critique of the inter-class relations underlying markets (no more bosses), what remains is the *intra*-class conflict between workplace collectives connected through competitive markets. At the extreme, the competitiveness fostered becomes a backdoor to labor-market-like pressures on workers to conform to competitive standards.²⁶ We turn, in the next section, to whether the use of markets can, via institutional innovations, be adapted to limit such negative thrusts of markets.

Sectoral Councils

Though planning and worker control are the cornerstones of socialism, overly ambitious planning (the Soviet case) and overly autonomous

26 For powerful critiques of market socialism see Ernest Mandel, “The Myth of Market Socialism,” *New Left Review* (1/169, May-June, 1988) and David McNally, *Against the Market: Political Economy, Market Socialism and the Marxist Critique* (New York: Verso, 1993).

workplaces (the Yugoslav case) have both failed as models of socialism. Nor do moderate reforms to those models, whether imagined or applied, inspire. With all-encompassing planning neither effective nor desirable, and decentralization to workplace collectives resulting in structures too economically fragmented to identify the social interest and too politically fragmented to influence the plan, the challenge is: what transformations in the state, the plan, workplaces, and the relations among them might solve this quandary?

The operating units of both capitalism and socialism are workplaces. Under capitalism, these are part of competing units of capital, the primary structures that give capitalism its name. With socialism's exclusion of such private units of self-expansion, the workplace collectives are instead embedded in pragmatically constituted "sectors," defined loosely in terms of common technologies, outputs, services, or simply past history. These sectors are, in effect, the most important units of economic planning and have generally been housed within state ministries or departments such as Mining, Machinery, Health Care, Education, or Transportation Services. These powerful ministries consolidate the centralized power of the state and its central planning board. Whether or not this institutional setup tries to favor workers' needs, it doesn't bring the worker control championed by socialists. Adding liberal political freedoms (transparency, free press, freedom of association, habeas corpus, contested elections) would certainly be positive; it might even be argued that liberal institutions should flourish best on the egalitarian soil of socialism. But as in capitalism, such liberal freedoms are too thin to check centralized economic power. As for workplace collectives, they are too fragmented to fill the void. Moreover, as noted earlier, directives from above or competitive market pressures limit substantive worker control even *within* the collectives.

A radical innovation this invites is the devolution of the ministries' planning authority and capacities out of the state and into civil society. The former ministries would then be reorganized as "sectoral councils" — structures constitutionally sanctioned but standing outside

the state and governed by worker representatives elected from each workplace in the respective sector. The central planning board would still allocate funds to each sector according to national priorities, but the consolidation of workplace power at sectoral levels would have two dramatic consequences. First, unlike liberal reforms or pressures from fragmented workplaces, such a shift in the balance of power between the state and workers (the plan and worker collectives) carries the material potential for workers to modify if not curb the power that the social oligarchy has by virtue of its material influence over the planning apparatus, from information gathering through to implementation as well as the privileges they gain for themselves. Second, the sectoral councils would have the capacity, and authority from the workplaces in their jurisdiction, to deal with the “market problem” in ways more consistent with socialism.

Key here is a particular balance between incentives, which increase inequality, and an egalitarian bias in investment. As noted earlier, the surpluses earned by each workplace collective can be used to increase their communal or individual consumption, but those surpluses *cannot* be used for reinvestment. Nationwide priorities are established at the level of the central plan through democratic processes and pressures (more on this later) and these are translated into investment allocations by sector. The sector councils then distribute funds for investment among the workplace collectives they oversee. But unlike market-based decisions, the dominant criteria are *not* to favor those workplaces that have been most productive, serving to reproduce permanent and growing disparities among workplaces. Rather, the investment strategy is based on bringing the productivity of goods or services of the weaker collectives closer to the best performers (as well as other social criteria like absorbing new entrants into the workforce and supporting development in certain communities or regions).

That partiality to equalizing conditions across the sector would no doubt lead to resistance from some workplaces. Crucially, it would be backed up by the central plan and the conditions that come with the

center's investment allocations to the sectors. The tension between the need for incentives and commitment to egalitarian ideals would reflect practical realities. It would be conditioned by the extent to which socialist ideals have permeated the workplace collectives and sectoral councils and the self-interest of some workplaces opposed to intensive competition. But this would be balanced by ongoing concerns about efficiency and growth. Over time, to the extent that the ideological orientation is strengthened and material standards rise, this would be expected to facilitate a greater favoring of equality.

Closing the performance gap between workplace collectives would especially be reinforced by significantly centralizing research and development (though some might still be workplace specific) and sharing the knowledge across the sector rather than seeing it as a private asset and source of privilege. As well, regular sectoral production conferences would take place to share techniques and innovations, cross-workplace exchanges would be facilitated to learn best practices, and teams of "fixers," including both engineers and workers, would be on call to troubleshoot particular problems and bottlenecks in workplaces and among suppliers.

What distinguishes the socialist workplace from its capitalist counterpart is therefore not just that there is no private owner and delegated managers, but that workers don't live under the external threat of compete or die. There are no omnipresent threats of job loss and layoffs, the high level of universal benefits leaves people far less dependent on earned income, and the sectoral councils regulate disparities between workplaces. It's only in such a context, where the competitive pressures to conform to standards of surplus maximization are alleviated, that worker autonomy and control can have a substantive rather than only formal meaning.

Without employers pushing workers to maximize the surplus and/or lower costs, and with the market pressures for workers to police themselves significantly eased, the space is established for workers to make choices that can demonstrate what everyday worker control and

decommodification might genuinely mean.²⁷ Inside the reincarnated workplace, basic rights do not vanish when the border into the workplace is crossed. The rigid division of labor, including the rigidities built in by labor in its self-defense, becomes an open field of experimentation and cooperation. Hierarchies can be flattened — not by dismissing the importance of those with special skills but by integrating them as mentors (“red experts”) committed to democratizing knowledge and making complex issues understandable. With workers given the time, information, and skills to regularly participate during worktime in planning production and resolving problems, it becomes possible to finally imagine a decisive blurring of the historic separation between intellectual and manual labor.

The culture of rights and responsibilities that can emerge in this context, especially the new self-confidence of people seeing themselves as more than “just workers” could not be confined to the workplace. It would flow into the local community and beyond, raising democratic expectations of all institutions, especially the socialist state. This new social authority of the working class, materially reinforced by the weight of the worker-led sectoral councils in influencing and implementing the national plan, corrects a previously missing check on the central planners and establishes the footing for assertive initiatives from below. In this world without capital or labor markets, with tight institutional constraints and countermeasures against subsuming labor power to the discipline of competition, it could credibly be argued that the commodification of labor would be effectively done away with.

Layers of Planning

The introduction of worker-elected sectoral councils as powerful new institutions outside the state suggests reframing how we think about socialist planning. Debating “the plan” vs “decentralization” is not all

27 For a stimulating take on possibilities regarding the division of labor, see Albert and Hahnel, *Looking Forward*, 15–26.

that helpful. The decentralization involved in the formation of sectoral councils also includes the consolidation or *centralization* of workplaces into sectors. And, as we shall see, though there is a degree to which the central plan is sharing its power with other structures, this does not necessarily mean a loss in its effectiveness as a planning body. It therefore becomes more useful to contemplate a system based on “layers of planning.” These interdependent layers include the central planning board of course, and the sectoral councils. They also include markets as an indirect form of planning and, with the critical role of the sectoral councils in constraining market authoritarianism, planning also extends to internal workplace relations. And they include a spatial dimension supplementing the sectoral emphasis.

The dominant anxiety over organizing the material conditions of life and the practical fact that so much of social interaction occurs through work (all the more so if workers are intimately involved in planning that work) gives a special weight within the layers of planning to the economy. But the importance of the social and cultural, of the urban and its relationship to the suburban and rural, demand a spatial layer of planning. There is, in this regard, a history of on-again off-again experiments in the former Soviet Union with regional decentralization. The devolution of the spatial to the regional and sub-regional, like the devolution of ministries to worker-controlled sectors, would allow the otherwise overloaded center to concentrate on its own most important tasks and bring planning closer to those most affected by, and most familiar with, local conditions. Along the way it would vastly multiply the numbers potentially able to participate actively in planning.

This distinction between the production and spatial/consumption side of planning would likely bring new tensions, and not just between different institutional groups but even within individuals since these individuals are always workers, consumers, and participants in community life. Some of this might be eased by including community representatives in the sectoral and workplace planning mechanisms. In the service sector in particular, and to some degree also in the case

of some local manufacturing, the “municipalization” of the ownership of hospitals, schools, utilities, energy distribution, transportation, housing, and communications opens another possibility. The creation in these cases of local “community councils” might facilitate bridging the everyday tensions among the various dimensions of people’s lives. As socialism matures and productivity is increasingly expressed in reductions of working hours and increased leisure, the role of such councils — with their emphasis on rethinking streetscapes and city architecture, expanding the provision of daily services, developing sociality, encouraging art and cultural expansiveness — would, in line with the ultimate goals of socialism, be expected to gain in comparative prominence relative to the more narrowly conceived demands of economic organization.

Such transformations in the relationship between the central plan and the rest of the economy/society would bring both supports and mutual checks among the layers of planning extending across workplace collectives, sectoral councils, regional councils, markets, and the modified central planning board. To this would be added the role of political mechanisms to establish national goals: ongoing debates at all levels, lobbying and negotiating between levels, and contested elections revolving around future direction which — because of its importance and genuine openness to public direction — would hopefully bring the widest popular participation.

This decentralization of power and increased spaces for participation would be a powerful check on the “social oligarchs” that Kronrod and others have been so concerned to limit, but it would not necessarily mean a weakening in the significance of the central planning mechanism. In the spirit of Kronrod’s critique of excess planning, it may leave planning less intrusive but more effective. And the very dispersal of power makes the importance of a coordinating body, even if less directly hands on, even more critical. In fact, even as the planning board sees some of its functions shifted elsewhere, this may lead to the board having to take on certain new functions such as monitoring and regulating

markets, introducing new mechanisms for revenue generation in the unfamiliar world of extended markets, and transforming education curriculums to incorporate developing the popular capacities essential for the explosion of active democratic participation in planning. It will likely also be the case that, since the central planning board will still control the allocation of investment resources to the sectoral councils and regions, it will be able to leverage the administrative capacities now existing outside the formal state to help implement the central plans.

Reflecting the priorities established democratically, a list of the reformed central planning board's roles might entail the following:

1. Guaranteeing full employment, universal access to necessities, and a living income.
2. Setting the relationship between present and future consumption through determining the share of GDP to be allocated to investment and growth.
3. Allocating investment to sectors and regions, which they in turn reallocate within their respective jurisdictions.
4. Generating the revenue for its activities.
5. Curbing impediments to society's solidarity and equality goals not only across individuals/households but across workplace collectives, sectors, and regions.
6. The constant development, through educational institutions and at work, of popular functional skills and democratic and cultural capacities.
7. Governing the pace of decommodification through the distribution of expenditures between collective and individual consumption.

8. Regulating the production-leisure trade-off by influencing the share of productivity that goes to producing more vs producing the same with fewer hours of work.
9. Enforcing the stringent adherence to environmental standards, with the state ownership and pricing of resources, as well as allocation of investment, being critical here.
10. Navigating the relationship with what will likely still be a predominantly capitalist global economy.²⁸

PART THREE: SOCIALIST EFFICIENCY

Can Socialism Be as Efficient as Capitalism?

No one paid greater economic homage to capitalism than the authors of *The Communist Manifesto*, marveling that capitalism “accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals.”²⁹ Yet far from seeing this as representing the pinnacle of history, Marx and Engels identified this as speaking to a new and broader possibility: capitalism was “the first to show what man’s activity can bring about.” The task was to build on this potential by explicitly socializing and reorganizing the productive forces.

In contrast, for Hayek and his earlier mentor von Mises, capitalism was the teleological climax of society, the historical end point of humanity’s tendency to barter. Hayek considered it a truism that that without private property and no labor and capital markets, there would be no way of accessing the latent knowledge of the population, and without pervasive access to such information, any economy would sputter,

28 International relations raise a host of issues not addressed here, ranging from the complex relations with capitalist countries, to relations of solidarity with the Global South (passing on technology and skills and paying “fair prices”), to negotiating planned relations with other socialist countries.

29 *Communist Manifesto*, 5.

drift, and waste talent and resources. Von Mises, after his argument that socialism was essentially impossible was decisively swept aside, turned his focus on capitalism's genius for entrepreneurship and the *dynamic* efficiency and constant innovation that it brought.

Despite Hayek's claims, it is in fact capitalism that systematically blocks the sharing of information. A corollary of private property and profit maximization is that information is a competitive asset that must be *hidden* from others. For socialism, on the other hand, the active sharing of information is essential to its functioning, something institutionalized in the responsibilities of the sectoral councils. Further, the myopic individualism of Hayek's position ignores, as Hilary Wainwright has so powerfully argued, the wisdom that comes from informal *collective* dialogue, often occurring outside of markets in discussions and debates among groups and movements addressing their work and communities.³⁰

Most important, Hayek's framework has a condescending class bias — he is only concerned with the knowledge residing in the business class. The knowledge of workers, the vast majority of the population and the ones with the most direct experience in work processes, is of no interest to him. He pays no attention to the possibility that workers under capitalism often have good reason to keep their knowledge from employers — “soldiering” — since passing it on may not help their conditions and may even have negative consequences (e.g., the tightening of work standards). In contrast, a primary purpose of socialism is to liberate and further develop the creative potentials of working people and that includes the maximum mutual sharing of information.

Followers of von Mises similarly foreclosed the possibility that entrepreneurship could take place in a variety of institutional settings.

30 Hilary Wainwright, *Arguments for a New Left: Answering the Free Market Right* (Oxford: Blackwell, 1994). The Hayekian individualist bias extends as well to the nature of the goods considered important. Apart from services difficult to privatize like the military, Hayek's outlook was largely restricted to the individually purchased goods that went along with individual compensation, with little appreciation of the range of public goods so vital in any assessment of social life.

Yet even under capitalism, the history of technological breakthroughs was always about more than a series of isolated thinkers suddenly seeing lightbulbs flash above their heads. As Mariana Mazzucato has shown in her detailed study of some of the most important American innovations, it is the state that is in fact “willing to take the risks that businesses won’t” and “has proved transformative, creating entirely new markets and sectors, including the internet, nanotechnology, biotechnology, and clean energy.”³¹

This is not to imply that a socialist state will inevitably be as innovative as the American state has been, but rather that greed need not be the only driver of innovation. Dynamic efficiency can also come from socially concerned scientists and engineers given the resources and opportunity to address society’s needs, as well as from mutual cooperation within worker collectives and the interactions of workplace committees with their suppliers and clients. Even more important, socialism can introduce a flourishing and far broader *social entrepreneurship* focused on innovations in how we live and govern ourselves at every level of society.

An empirical observation seems appropriate here. Over the past three decades, US output per worker has grown by about 2 percent per year (much slower over the last decade alone). Slightly under half of that is attributed by the US Bureau of Labor statistics to “capital deepening” (more investment) and about 0.8 percent to multifactor productivity (roughly defined as the increase in output after the impact of more labor and capital inputs have been accounted for); the rest is accounted for by changes in so-called “labor quality.”³² There is no reason to expect socialism to lag behind capitalism in capital deepening, not when corporations are sitting on hordes of cash that isn’t being invested and when a radical redistribution of existing income would potentially

31 Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs Private Myths* (London: Anthem, 2013), 3.

32 “Multifactor Productivity Trends – 2017”, US Bureau of Labor Statistics (March 2018): 2, Chart 2. https://www.bls.gov/news.release/archives/prod3_03212018.pdf.

leave enormous resources for reinvestment. And if anything, socialism would be expected to raise the growth of labor quality as it prioritizes the development of popular skills and capacities. Suppose, for the sake of argument, that socialism matches capitalism on investment rates and labor quality, but can meet only *half* of capitalism's standard for multifactor productivity (0.4 percent vs 0.8 percent). This would mean an average growth in productivity of around 1.6 percent for socialism rather than capitalism's 2 percent.

In a competitive capitalist environment, firms whose productivity lags risk being chased out of business. But in a socialist context, lagging productivity implies slower growth but is not necessarily catastrophic. While the capitalist rate of growth (2 percent) would generate a compounded increase of 17 percent over eight years in this example, it would take the socialist society ten years to get there — hardly a definitive difference relative to socialism's far greater social ambitions. The gap would be even smaller if we allowed for the potential productivity gains of workers cooperating to overcome problems, and for the often-unheralded significance to productivity improvements of the systematic dispersal of existing knowledge which, as noted, can come into its own once the barrier of private property is removed.³³

Economists have, increasingly of late, come to admit to some of the problems in the glorification of markets; the problems were too obvious to ignore. The crucial concession was that markets do not handle “externalities” very well, a reference to exchanges that affect, generally negatively, people who weren't party to the exchange. The economists' response to such “exceptions” is to propose modifications in taxes and subsidies so the totality of real costs involved in these exceptions to the norm are internalized. The hitch in this is that the so-called externalities at stake here include such things like the environment and the impact of markets on inequality, popular capacities, and substantive democracy — outcomes that are the very stuff of life. This has emerged most

33 See Paul Auerbach, “Productivity Panics – Polemics and Realities,” (unpublished). Available from author at: P.Auerbach@Kingston.AC.UK.

popularly in the case of the environmental crisis, with its challenges to the consumerist culture and commodification of nature underlying capitalist markets and the practical concern to introduce widespread planning to address the scale of the environmental threats.

The point here is not to argue, as Marx seemed to do in the preface to his 1859 *Critique of Political Economy*, that with capitalist social relations having become “fettters” on the productive forces, the transformation in social relations would allow socialism to continue the development of the productive forces and surpass capitalism even on capitalism’s own terms.³⁴ This may or may not turn out to be the case, but its assertion is neither persuasive nor necessary. Intuitively, it is a stretch to assert that a social system with a wide range of goals of which the development of the productive forces is only one, will surpass a society consumed by the singularity of that goal. The incentive-egalitarian balance highlights that trade-off. And if we accept that the path to socialism will involve sacrifices and choices all along the way, including in its construction, then winning people to the socialist cause and keeping them there will have to be based on their desire for something *different* rather than the questionable promise of socialism bringing not only more justice, more democracy, more workplace control, but *also* more growth.

The point is that the notion of “efficiency” is contested terrain. For capital, unemployment is a class weapon functional to enforcing working-class discipline; for socialists it represents an unambiguous waste. Accelerating the pace of work is a plus for corporate efficiency, a negative for workers. Time spent in democratic deliberations is a non-value-added cost for capitalist employers, a priority for socialists. Reducing hours of work for full-time workers is, for capitalist employers,

34 “At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production.... From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution.” Karl Marx, “Preface to A Contribution to the Critique of Political Economy” in Karl Marx and Friedrich Engels *Selective Works: Volume I* (Moscow: Foreign Languages Publishing House, 1962), 362. See as well *The Communist Manifesto*, II.

a Pandora's box not to be opened; for workers it is a principle reason for improving productivity. What defending socialism demands isn't efficiency comparisons with capitalism, but whether a society structured to address the full and varied potentials of all its inhabitants can, on its own terms, also be *reasonably* efficient in coordinating its activities; advancing the development of new technologies, products, and forms of democratic organization/administration; and freeing up the capacity to labor so it can be applied to other human pursuits.

Socialism as Process

The system of distinct but overlapping layers of planning raised here would involve a variety of mechanisms of planning: direct administrative, consultative, iterative negotiations, decisions through delegated bodies, direct cooperation, markets with widely different degrees of freedom. And unlike the elegance of so-called market equilibrium and of the algorithms and computer models of imaginary central plans, this would inevitably come with something that is anathema to orthodox defenders of planning — a significant degree of “messiness.”

Workplaces might, for example, find themselves in more than one sector. Boundaries between sectors are often blurred and unstable, being affected by technological changes and social priorities. Within any layer there may be not one but many mechanisms of planning. The balance between centralization and decentralization will be fluid. Allowing for the decentralized flexibility that workers and regional bodies with place-specific knowledge need in order to constantly make unscripted adjustments can be both positive and disruptive (planners too will need a degree of flexibility). Relations between particular workplaces and communities may involve conflicting interests — conflicts internalized even in the same households and individuals. Tendencies to bureaucratization and expressions of vested interests will not completely disappear. Interactions with the international economy will be uncertain and at best semi-planned. The socialist

preference for emphasizing free collective goods may be democratically challenged from below (and above).

This degree of disarray reflects in part the realities of any complex social organism, as is self-evident once we move away from the paper orderliness of markets and central plans. But there is something more here. The disorder within socialism is also an expression of its larger and multifaceted aspirations: its refusal to narrow everything to easy indicators (like those that fit so neatly with profits and competitiveness); the insistence on developing the fullest range of human capacities to build, create, and enjoy; the commitment to creating the most genuine democracy. All this may produce a disconcerting messiness, but it is best appreciated as a manifestation of the fact that, as William Morris put it in his critique of Bellamy's utopia, "variety of life is as much an aim of true Communism as the equality of condition, and that nothing but a union of these two will bring about real freedom."³⁵

Fundamental here is the nature of socialism as a process. Włodzimierz Brus, pondering the experience with socialism in Eastern Europe, cautioned that "*the socialization of the means of production is a process* and not a one-time event" and that it may not tend "automatically in a particular direction ... [and] may even be regressive."³⁶ At one level, this emphasis on "process" may seem banal — isn't everything a process? But to insist on this is a reminder of the scale and ambition of what we are addressing, with all the uncertainties of trying to introduce something that has never been successfully achieved before. It is not just that socialism will undoubtedly face all kinds of difficulties in its early postrevolutionary days and that shortcomings may continue into an extended transition period. It is that the making of socialism must be understood as *permanently* in an uncertain state of becoming. Far from delivering nirvana,

35 Morris, "Bellamy's Looking Backward."

36 Włodzimierz Brus, *The Economics and Politics of Socialism* (London: Rutledge, 1973), 89–91 [Italics in text]. Aijaz Ahmed, in a recent interview, has made a similar point: "The socialist revolution," he stressed, "is not an event, is not even a series of events, or stages we can identify. Rather, it is a continuing process." Aijaz Ahmed interview in Rahnema, *The Transition*, 29.

what socialism offers is that, having removed the capitalist barriers to actively making life qualitatively better and richer, humanity can then begin to “more and more consciously make [its] own history.”³⁷

Those beginnings will depend on a host of contingencies leading up to the socialist transformation (contingencies that will make every transition distinct and so not reducible to a single model): How destructive of physical capital was the transition to socialism (including investment strikes and the exit of capital)? How decisively was the capitalist class defeated? How developed was the working class that came to power — did it, for example, enter power through a long march or after sudden collapse of the system? How unequal was the distribution of housing *among* workers and how will this be resolved? How favorable or antagonistic is the international context? And perhaps most worrisome, what will be the scale of the environmental crisis inherited?

These contingencies will continue even after the old bases of power have been effectively dealt with. In part, this is because differences among individuals will persist due to (for example) variations in age and gender, conflicting personal preferences, the influence of distinct social functions. There will be those arguing for more incentives and a reversal of the growth of free collective goods relative to individual consumption. There will be calls for reviving the influence of those with expertise against the democratic dominance of those who “don’t know as much.” One region will be favored against another, and so on. And all this will be occurring in a context in which the best way forward is simply not definitively known. “The art of socialist planning,” Trotsky noted, “does not drop from heaven nor is it presented full-blown into one’s hands with the conquest of power.” It can only be discovered and mastered “by struggle, step by step, not by a few but by millions, as a component part of the new economy and culture.”³⁸

37 Friedrich Engels, *Socialism; Scientific and Utopian in Marx/Engels Selected Works*, Volume I (Moscow: Foreign Languages Publishing House, 1962), 153.

38 Leon Trotsky, “The Soviet Economy in Danger,” the *Militant*, October 1932. www.

That patient sensibility must infuse all discussions of the building blocks of socialism, but its democratic emphasis must not be taken to deny the importance of leadership (obviously so, given who Trotsky was). In light of socialism’s contingencies, imperfections, messiness, and fragility, leadership will be especially important in facilitating the most creative democratic participation. That leadership cannot come from the fusion of the revolutionary party and the state; democratic socialism and party monopoly are not compatible. But party politics will contest for such leadership and the postrevolutionary role of the revolutionary party will be critical. Democracy alone doesn’t guarantee that socialism won’t be stalled or reversed. Its advance will continue to depend on the role of a party or parties — in office or out — who are committed to the most ambitious of socialism’s long-term egalitarian, participative, and developmental goals.³⁹

CONCLUSION

This essay has insisted that addressing what socialism will look like and how we might cope with its dilemmas is integral to winning people to socialism. How far this requires us to go in detailing the workings of socialism “depends” because the specific problems socialist societies will face are inseparable from the kind of revolution that gave birth to them, and because there is only so much we can know about how socialism will evolve independent of the dialectics of doing. All we can claim is that socialism is essential to moving towards fulfilling the individual and collective needs and potentials of humankind, and that being a socialist means living our lives as if socialism is not just necessary but possible.⁴⁰

marxists.org/archive/trotsky/1932/10/sovecon.htm.

39 See Leo Panitch and Sam Gindin, *The Challenge of Socialism Today, Syriza, Sanders, Corbyn* (London: Merlin Press, 2018), Chapters 5 and 6.

40 This sentiment comes from Daniel Bensaid, “On a Recent book by John Holloway,” *Historical Materialism* 13, no. 4 (2005).

The catch of course is that while the “as if” may sustain the already committed, for the vast majority it is not good enough; more is essential. What we have posed in this essay is a “restrained more,” a set of illustrative institutional arrangements and social relations — a *framework* — that advances the credibility of socialism. The elements of that framework might be summarized in the following themes.

- **Workplace Collectives:** Worker control of their workplaces is fundamental to socialism. But such fragmented control forces the question of how workers’ particular interests can be mediated with the social interest, and how to retain worker autonomy against directives from above. Essential to addressing this is a role for markets.
- **Markets:** Markets that simply accommodate choices are welcome to the socialist project but labor and capital markets, which undermine primary socialist principles, must be prohibited. The commercial markets in which workplace collectives are embedded are practical necessities but, since they also bring competition, they threaten egalitarian goals.
- **Sectoral Councils:** The conversion of state ministries to sectoral worker councils, constituted by delegates from each workplace collective in the sector, serves two critical purposes. It brings about a major shift in the balance of power between workers and the state (between worker collectives and the central plan) and it provides the sectoral councils with the capacity and authority to regulate markets to the end of narrowing the productive gaps between workplaces.
- **Spatial Devolution:** The regional devolution of planning highlights the importance of urban restructuring, local services, community, and culture. It brings planning closer to those affected and multiplies the number participating in planning processes. And as socialism delivers on the promise of reduced work time, signaling the greater

prominence of the social, the significance of spatial-community planning will rise relative to the earlier weight given to solving the narrower dilemmas of organizing production.

- **Layers of Planning:** The protection of the autonomy of workplace collectives and the greater role of sectors, regions, and markets suggests a shift from the plan-market dichotomy to a paradigm based on “layers of planning.” In reducing the concentrated power of the planners, spreading planning capacities widely, and introducing mutual checks on the various layers, socialist democracy is crucially deepened.
- **Central Planning Board:** While the move to layers of planning undermines the power of the social oligarchy, it does not necessarily undermine the capacity of the central planning board (CPB). No longer as overloaded, the CPB may become more effective; the new sector and regional capacities may become useful vehicles for carrying out the center’s key plans; and as the CPB gives up some functions, others may become even more important, and new ones may become necessary.
- **The Transformation of the State:** The state is neither fused with the revolutionary party nor does it wither. Rather it is transformed in terms of its planning and superintending role, the democratization of planning, the relationship to the various layers of planning, and the new capacities the state must encourage, including the “red expertise and commitment” it must develop among public employees.
- **Liberal Political Freedoms:** Liberal political freedoms, including contested elections involving political parties able to affect the pace and direction of change, are a fundamental aspect of socialist democracy.

- **Socialism's "Messiness":** Against notions of socialism's omnipotent capacity to plan what is to come, it is likely to be an especially "messy" form of social organization. This should not be taken as a slur; rather it follows from everything that is inspiring about socialism: its contingency as a contested process of experimentation, discovery, learning; the most ambitious democratic and egalitarian goals; the opening to creatively participate in the great "variety of life." †

Recent work in political economy has increasingly focused on the role of ideas and experts in driving neoliberalism's consolidation. This essay argues that the idea-centered turn is analytically flawed and politically debilitating. Analytically, it obscures the power relations that have in fact produced and sustained the neoliberal project. Politically, in urging attention to discourse rather than social forces, it diminishes the chances of organizing a coalition against neoliberalism.

IDEAS WITHOUT POWER

AARON MAJOR

During the last twenty-five years, much of the Left's economic agenda has been organized around the critique of, and struggle against, neoliberalism. Research in political economy has the opportunity to inform and aid this struggle by exposing the alignment of forces behind the neoliberal turn and its persistence in the face of economic crisis and political challenge. Increasingly that research has pointed its finger at the role of neoliberal ideas, and the experts and intellectuals that promulgate them, as that driving force. The dismantling of the state apparatuses in place to protect society's most vulnerable, the privileging of capital over labor, and the ever-upward flow of money to the peak of the income distribution are, according to this newer, idea-centered political economy, explained by the outsized influence that economic experts and libertarian political theorists now play in setting political agendas and making policy.

This essay advances two central claims about the idea-centered turn in the study of neoliberalism's rise and persistence. First, that while it has produced rich, detailed studies of important dimensions

of the neoliberal project, all of that rich detail has obscured as much as it has illuminated about the forces behind the neoliberal turn. Scholars working in this vein argue that we need to pay attention to ideas because only in so doing will we fully understand the forces behind the neoliberal turn. But given that no serious scholar would dispute the claim that ideas matter, in order to give their work the necessary scholarly gravitas that the social sciences demand, this work goes one step further and argues that ideas are not only a causal force distinct from material factors, they are the *primary* force behind the neoliberal turn. Trying to understand the power of ideas outside of the balance of material forces prevents us from properly understanding the nature of neoliberalism's rise and resiliency. This ultimately obscures the relationship between material and ideational forces that have tilted the balance of political forces towards neoliberal ends.

Second, focusing attention on ideas, experts, and intellectuals is politically disarming; it not only diminishes the Left's capacity to provide a critical analysis of neoliberalism, it makes neoliberalism more resilient by obscuring the material power asymmetries that are at its core. The underlying premise of idea-centered critiques of neoliberalism is that all of its pernicious consequences — the enrichment of the few at the expense of the many, the dismantling of public social protections, the dehumanization of our lived experience — are the result of bad ideas. It then follows that good ideas are the solution. This thought might be appealing to some academic critics of neoliberalism, as it offers the chance to undo the damage caused by one set of intellectuals with another, progressive set of intellectuals. However, in reality, studying political economy through an idea-centered lens weakens the anti-neoliberal challenge by obscuring institutional and structural dynamics that have given neoliberal ideas a material base to stand on and flourish, and by reinforcing neoliberalism's pernicious elitism, replacing one kind of intellectual savior with another.

The academic scholarship on neoliberalism, even just the scholarship produced from a cultural or ideational framework, is a mountain of

books, essays, and research articles too big to map in a single essay.¹ To advance these claims, this essay focuses on a handful of some of the key book-length works advancing ideational accounts of neoliberalism's rise, consolidation, and potential transformation, that have been published over the last twenty or so years. While this survey is not exhaustive, it is a fair representation of idea-centered political economy's major themes and arguments.

WHY THE FOCUS ON IDEAS?

There are two ways that this question needs to be read: why have idea-centered accounts of political-economic change proliferated and, more importantly, why should the Left care? With respect to the first question, without engaging in a full-fledged "history of ideas," some key points are worth highlighting as they become useful for understanding the structure of some of the idea-centered arguments reviewed below. First, the turn to an idea-centered study of political economy needs to be contextualized within the prevailing perspectives of American political science, to which it is a direct response. American political sciences, particularly the study of international politics, has been dominated by realism, a theoretical approach that, among other things, insists that actors' behavior can be understood as a rational response to national, structural interests and a fairly simple set of material external pressures. While this produces elegant, parsimonious accounts of complex events, its primary motivating force is an unsatisfyingly empty "black box" called "the national interest." Read an account of neoliberalism's rise that traces it to "US interests" and you will experience the dissatisfaction of realism. By taking seriously the ideas, beliefs, and cultural contexts that informed the decisions

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1 The focus here is on scholarship emphasizing economic ideas and the experts that promulgate them. This is a distinct slice of a broader literature that spans sociology, political science, and science and technology studies. For a nice overview of how this larger body of work addresses similar questions, see: Daniel Hirschman and Elizabeth Popp Berman, "Do Economists Make Policies?" *Socio-Economic Review* 12, no. 4 (2014).

that political actors make, some scholars questioned the objectively known status of the national interest and convincingly argued that such a construct, if it had power, was a purely subjective phenomenon, defined by actors' ideas, beliefs, norms, and values.²

Second, while definitions of neoliberalism are like snowflakes (no two are exactly alike), they tend to cluster around two elements. Most include a common set of material outcomes linked to economic policy: deregulation, tax cuts, growing levels of inequality, wage stagnation. As scholars began to focus on the role of ideas, experts, and intellectuals in neoliberalization, the term "neoliberal" began to be applied to any rationalistic, technocratic, expert-driven policymaking process. This encouraged students of political economy to turn their focus on technocrats, economists, intellectuals, and other promulgators of policy ideas.

Third, the debate over ideas versus material forces is nearly as old as the study of political economy itself, and thus offers itself as an easy target for scholars who exist in a professional world that places a great deal of importance on "theoretical innovation" and parsing the relative effects of different variables. It is not enough for social scientists to use existing theories to explore a corner of the vast, uncharted waters of neoliberalism's global history; each case, each policy, each outcome needs to advance a theory of neoliberalism by distinguishing and ranking the importance of factors.³

These three factors have given scholars interested in the ideational and cultural dimensions of neoliberalism a theoretical cornerstone on which to build, and professional motivation for advancing this research agenda. But they do not fully explain the eagerness with which this line

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2 Though it is not reviewed here, Alexander Wendt's *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999) is a seminal work for the constructivist turn in international political economy.

3 The classic work that serves as both a clear example of this approach and a foundation for recent scholarship is Paul J. DiMaggio and Walter Powell, "The Iron Cage Revisited," *American Sociological Review* 48, no. 2 (1983). Therein, they identify three distinct mechanisms by which institutional forms and practices spread: mimetic (they are copied), normative (they come out of professional groups with well-established ideas about how things should work), and coercive (they are forced through material power).

of inquiry has been pursued and its popularity in the academy. To get at that, we need to understand that the ideational turn offers something that is as politically alluring as it is intellectually compelling. All the texts here are united not just by their emphasis on the ideational and cultural accounts of neoliberalism, they are also united by criticism of neoliberalism's record.

And yet, though motivated by a genuine concern for the damage that neoliberalism has done, building a critique of neoliberalism through an idea-centered framework is both politically disarming and reinforces pernicious aspects of the neoliberal project. One of the recurring points that emerges from a close reading of idea-centered accounts of political and economic change is that the materialist social context — the structure of social divisions formed along economic lines and the way power is distributed across those divisions — exerts a great deal of influence over both the content of ideas as well as their relative influence. The neoliberal political-economic agenda, like others before it, advances through a favorable balance of social forces while simultaneously trying to obscure the role that power and material advantage plays in its success. If the strength and resilience of the elitist, pro-capital, and dehumanizing policies and practices that are often summarized as “neoliberal” is reduced to, or primarily explained as, the impact of ideas, and those ideas are not grounded in the balance of material forces that gives them shape and influence, then one can easily walk away with the impression that the solution to neoliberalism is found in intellectual debate and critique, and not what is really needed: political mobilization.

For example, ideas-centered accounts tell us that, sure the global economy was flooded with financial capital and markets were insufficiently regulated, but the real reason for the economic crisis of 2008 was that bankers and regulators were led astray by economic theory and excessive faith in mathematical modeling.⁴ If we accept this version of

4 See, for example, the recent piece by Neil Fligstein, Jonah Stuart Brundage, and Michael Schultz, “Seeing Like the Fed,” *American Sociological Review* 85, no. 2 (2017). They argue that the Federal Reserve failed to see the microeconomic sources of the

events, then financial elites don't need to be reigned in, they just need to hire different analysts with PhDs from more diverse economics programs.

These political implications stand out more clearly, and problematically, in the subset of idea-centered political economy that positions ideas as both the primary causal force behind political change and as operating independently from material forces. There is another, larger, subset of this work that makes weaker claims for the autonomous power of ideas, recognizing the importance of material factors in giving ideas content and influence. Nevertheless, these works persist in insisting that ideas are still the primary, to the detriment of political and economic influences. Both approaches are found to be wanting, the former because it simply ignores, or sidesteps, material factors and the latter because it twists itself into analytical knots in order to elevate ideas above political, economic, and other material forces.

IDEAS TO FILL THE VOID

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Though not the first to offer an idea-centered account of the neoliberal turn, Mark Blyth's *Great Transformations* helped spur the recent surge in idea-centered political economy and so serves as a useful starting point for this discussion.⁵ Like other political economists, Blyth argues that transitions from one political-economic era to another are caused by deep, punctuated crisis. However, whereas realist political science imagines perfectly rational actors approaching a crisis like any other problem to be solved, Blyth questions this basic premise. Political actors are not rational, he argues, but rather rely on prevailing norms and ideas to serve as a kind of "instruction sheet" that they follow. During moments of crisis, dominant models of economic management fail, leaving political actors grasping for some way of understanding the nature of the problems that they face and means to address them. This

emerging financial bubble because they and their advisors were too steeped in macro-economic theory.

5 Mark Blyth, *Great Transformations* (Cambridge: Cambridge University Press, 2002).

opens the door to once-sidelined experts and intellectuals to chart a new path forward by writing a new, workable instruction sheet.

Great Transformations develops this argument over two eras of crisis and policy change in the US and Sweden to show the independent, causal role that ideas played in the rise of Keynesianism after the Great Depression, and the return of monetarist and free market economic ideas after the crises of the 1970s. The fiscal prudence that was called for by classical liberal orthodoxy failed to bring down unemployment and restore economic growth during the US's Depression. The election of FDR brought a new, "underconsumptionist" way of understanding the causes of economic stagnation which provided the instruction sheet for spending on public works, support for organized labor, and old-age insurance. By the end of World War II, stagnationist thinking had been replaced with a new "growthmanship" that charted a long-term course of sustained, peaceable economic growth through active state countercyclical policy along Keynesian lines. Keynesianism dominated US economic policymaking until it too came under pressure from external crisis, specifically the "stagflation" crisis of the 1970s. Unable to offer a way to manage the economy through the overheating caused by the Vietnam War and the turmoil of the breakdown of the Bretton Woods system, Keynesianism's star fell as new economic doctrines rose to prominence. Monetarism, rational-choice theory, supply-side macroeconomic management, and public-choice theory all offered an ostensible way out of the impasse of stagflation, albeit one that called for a drastically reduced role for the state and an elevation of private business working in unfettered markets.

Great Transformations is a landmark study in the ideational turn in political economy because it makes a strong argument for the independent, causal role of ideas in explaining major shifts in economic policy. While Blyth is certainly successful at illuminating key debates in these critical periods, he does not muster the support for a strong ideational reading of the Keynesian and then neoliberal turn that he, and others, claim that he does. To make a strong ideational argument stick, it is

not enough to show that some ideas mattered for some social or policy change. Rather, one has to be able to support two additional claims. First, that the formation, circulation, and debate over different policy ideas can be explained independent of other material forces. Materialist political economy, from which Blyth is trying to break, does not deny that economic policymaking has an important ideational component of the sort that Blyth describes, but it also insists that material social factors play a powerful agenda-setting role, limiting the scope of policy debate. Second, a strong ideational argument needs to be able to explain why one set of ideas beat out other, competing ideas in purely ideational terms. A strong ideational argument suggests that the victory of one idea over another can be explained by the character of the idea itself, not by the power or position of the actors who champion it.

Great Transformations falters on both counts. Blyth attempts to give this history of crisis and change an ideational sheen, but his own discussion shows that ideas only mattered in the context of the balance of political forces. This is revealed in Blyth's own discussion of two early pieces of New Deal legislation: the National Industrial Recovery Act (NIRA) and the Agricultural Adjustment Act (AAA). The goal of both acts was to stop the downward spiral of deflation by stabilizing prices. As Blyth notes, both acts were premised on the so-called "administered price thesis," which called on the state to aid in the cartelization of the economy so that large firms could set prices at optimal levels. The NIRA sought to put this theory into practice by facilitating cooperation and coordination in setting output and prices among large industrial firms and by increasing public-works spending so that consumers could purchase goods at these newly administered prices. The AAA sought the same ends through slightly different means. Because US agriculture was still made up of many small-scale producers, price coordination among farmers was difficult to achieve. Instead, the AAA called on the state to set agricultural prices at a high level and to pay for agricultural output at those prices.

Both acts drew on the same set of economic ideas, but whereas the

AAA worked largely as it was intended, the NIRA proved to be deeply contentious and the major provisions around industrial output and price coordination were never really implemented. Why these divergent outcomes? In providing an answer to this question Blyth shows that the embedded liberal capitalist order that emerged out of the New Deal settlements was as much a product of the power and interests of different social classes as it was the economic theories circulating within the Roosevelt administration. With respect to the NIRA, Blyth notes that major US business groups like the American Chamber of Commerce and the Business Advisory Council initially welcomed the proposed legislation but grew hostile to it as it took shape. While administered pricing worked well for large firms, smaller firms stood to lose out and began to loudly voice their opposition. Second, and this was perhaps even more critical, the NIRA also contained provisions that were highly beneficial to organized labor, including the right to form unions and bargain collectively with their employer and the right of the federal government to set fair labor standards and impose them on industries covered by the act. The Supreme Court eventually struck down the price and output provisions of the NIRA, but by that point business had become so hostile to the Roosevelt administration that any hope of voluntary cooperation had already been lost. The AAA's success was the mirror image of the NIRA's failure. Even if farmers had been sufficiently organized to effectively resist administered pricing (which they were not), bringing them into the New Deal coalition was counterproductive. As illustrated by the pro-labor provisions contained in the NIRA, the New Deal economic program was predicated on building a political coalition with industrial labor; supporting the purchasing power of the industrial working class was paramount.⁶

Blyth insists that this comparative analysis shows that it is through ideas that the workable political coalitions upon which policy regimes rest are built. And there is certainly some truth to this: framing the

6 Blyth, *Great Transformations*, 55–61.

various, and often complex, policies and provisions that emerged in the early days of the New Deal as solutions to problems of price instability and underconsumption made it very clear not only how these programs were supposed to get the country out of the Depression, but who they would best serve. But this is only one side of the coin. What Blyth's account also reveals, though he never addresses it explicitly, is that the ideas that framed early New Deal policy innovations were themselves shaped by the structures of US industry and agriculture and the strength of competing economic classes. It is because US labor was organized and militant that the Roosevelt administration sought an economic program that would forge an alliance with the working class. The political capacity of social classes not only affected which policies worked, and which policies failed — it also affected how policies were crafted and which ones were advanced.

Blyth's more recent *Austerity: History of a Dangerous Idea* is marred by the same analytical unevenness.⁷ The book is strongest in its early chapters where Blyth dismantles two of austerity's core myths. First, that while austerity policies are couched in the language of "shared sacrifice," in reality, they are class policies, benefiting financial elites over the poor and working class. Second, austerity is premised on a false diagnosis of the causes of economic crisis, namely government "overspending." Not surprisingly, while austerity succeeds at further enriching financiers, it fails to restore economic growth. Throughout, Blyth is much more explicit about the political nature of these economic policies than he is in *Great Transformations*. He makes sure that we understand that austerity is economic redistribution under the guise of economic stabilization. As with *Great Transformations* there are places where his argument points to an underlying political or institutional force behind the turn to austerity. Blyth observes that principles of "sound finance" were most stridently articulated by the banking community in the US and the Treasury in the UK. Germany,

7 Mark Blyth, *Austerity: History of a Dangerous Idea* (New York: Oxford University Press, 2014).

he notes, is the home of ordoliberalism because, structurally, it has the kind of economy where ordoliberalism works.

Given this clear recognition that austerity is as much a political project as an intellectual one, one might reasonably expect Blyth to craft a story of austerity's rise and resilience in the face of failure that weaves together austerity's ideas and the structural and historical factors that have given austerity's proponents the power to push those ideas through. In the end, however, the book is hamstrung by the insistence that the story of austerity can be told as a history of ideas. The later chapters trace austerity's intellectual origins from classical political economy (Locke, Hume, and Smith), then to the New Liberal, Austrian, and American "liquidationist" schools of the early twentieth century, then the gaining of a foothold as German ordoliberalism after World War II, and strengthening its intellectual base with the rise of monetarism and public-choice theory in the 1970s. Throughout, Blyth deploys the "instruction sheet" metaphor used in *Great Transformations* to give these ideas causal significance. However, unlike in *Great Transformations*, where Blyth took some steps to setup the causal significance of the instruction sheet, in *Austerity* there is no such effort; these ideas are given as instructions, and they work as instructions because they exist.

Taken as a whole, Blyth's work points to a critical challenge that scholars have faced in trying to make idea-centered arguments for political and economic change stick, and that is explaining *idea selection*. Rarely does anything of historical significance happen without heated debate, and the turn to neoliberalism is no exception. Margaret Thatcher may have successfully exported her pithy, dismissive "There Is No Alternative," but her numerous opponents begged to differ. Sides are formed, measures are proposed, and rationalizations are given. But who wins? Blyth's own accounts of major policy change highlights critical moments in times of crisis when state elites were grappling with competing ideas, but neither *Great Transformations* nor *Austerity* can really explain why some ideas went on to shape policy and others found their way into the dustbin of history.

Idea-centered political economy has offered two responses to this challenge. The first is to argue that some ideas win because they are, quite simply, better ideas. The second is to argue that some ideas win because they reflect the prevailing wisdom of economic experts who are increasingly well-positioned to make their ideas heard. Each is plausible on its face but ultimately proves to be insufficient for explaining the forces behind neoliberalism's rise and resiliency.

THE POLITICS OF AN IDEA

Some ideas win because some ideas are better suited for winning. This is the crux of Fred Block and Margaret Somers' strongly ideational answer to the question of why some ideas rise to prominence, while others languish, in times of crisis. As they argue in their *Market Fundamentalism*, some ideas are imbued with "epistemic privilege": their content, their logical structure, their connection to other widely shared beliefs and values advantages them in the battle of ideas.⁸ "Epistemic privilege" is not necessarily based on supporting, scientific evidence or reason. Rather, epistemic privilege comes from, as they put it, an idea's ability to "make itself true," making it highly resistant to empirical challenge. While Block and Somers do not fully unpack what this means, they suggest that it is a quasi-religious characteristic. Market fundamentalism contains both this quasi-religious element and the veneration of scientific rigor, which gives it competitive advantage in the battles of "What to do?" and "How?" that rage during moments of economic crisis. In addition, market fundamentalism is anchored in another powerful idea, the so-called "perversity thesis." This idea, which has been trotted out for hundreds of years every time someone wants to undermine public efforts to support the poor, asserts that trying to mitigate the negative effects of market forces perversely makes things even worse for the most vulnerable members of society. Market

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8 Fred Block and Margaret Somers, *The Power of Market Fundamentalism* (Cambridge: Harvard University Press, 2016).

fundamentalism wins, in other words, because it and its cousin the perversity thesis are ideationally more powerful than alternative ideas that do not have this same epistemic privilege.

To advance this argument, they compare two eras of welfare-state retrenchment across the US and England: the first, the English Poor Law Amendments of 1834 which rolled back public relief; the second, the passage of the Personal Work Opportunity and Responsibility Act in the US in 1993, which ended cash-assistance welfare under Aid to Families with Dependent Children (AFDC). In both cases, they argue, a social and economic crisis created space for prominent intellectuals to shift the prevailing ideational regime towards market fundamentalism by advancing versions of the “perversity thesis.” In the 1800s in England, it was Thomas Malthus’s *Essays on the Principles of Population* that breathed new life into the perversity thesis. Malthus’s core argument was that public relief disrupted natural checks on population growth, resulting in overpopulation, strains on resources, and the immiseration of the poor. Malthus’s arguments found their way into the Royal Commission report on poor relief, which set the stage for the Poor Law Amendments of 1834. In the US, Charles Murray effectively mobilized the perversity thesis in his influential *Losing Ground*. Published in 1984, Murray, like Malthus, argued that relief for the poor undermined “natural” checks on population growth and undermined individuals’ motivation to be responsible, productive members of society. Rather than help the poor escape poverty, welfare made poverty worse. Murray’s ideas circulated among conservative think tanks and in this way, Block and Somers argue, reframed the debate over welfare reform in the 1990s.

Market Fundamentalism lays out an ambitious claim but does not marshal an argument of sufficient strength to support it. For one, while the comparison between the US and England is descriptively interesting, its analytical value is not as great as Block and Somers suggest. According to them, the strength of their comparison lies in the fact that there is a similar outcome (retrenchment of public poor relief) in tandem with the popularization of a similar set of market fundamentalist ideas across two

very different cases: early nineteenth-century England and the late twentieth-century United States. The conclusion that we are supposed to draw from this is that because all the other relevant factors, such as political and economic structure were so different, only the one that is the same (the “perversity thesis” narrative) can have explanatory power. At best, this comparison is useful for showing interesting parallels between these two cases of welfare retrenchment, but it is not nearly robust enough to establish the causal force of one specific factor relative to others.

As Block and Somers themselves note, during the debates around US welfare reform that they consider, the perversity thesis was also being consistently used to attack many other forms of public assistance, from food stamps to social security. And yet, these programs proved to be much more resilient (at least at the time) to change while cash assistance for the poor under AFDC was completely reworked into the TANF system. This would have been the appropriate comparison upon which to build a strong argument for when, and how, ideas have power, but they gloss over its significance. Moreover, even if we concede their underlying claim that “epistemic privilege” allows some ideas to win over others, we would need to see a comparison of all the other arguments for and against welfare reform. *Market Fundamentalism* spends a lot of time parsing the arguments of Malthus and Murray, but we never see the perversity thesis contending with alternative arguments. Given that Block and Somers’s central hypothesis is that some ideas are more powerful than others because of their internal, epistemic characteristics, supporting that hypothesis requires a comparison of different ideas, not the same idea over different time periods and places. How can we judge the epistemic merits of the competitors if we don’t bear witness to the combat? Surely something as contentious as dismantling social protection for the poor sparked a wide-ranging and diverse debate. In order to support their strong ideational argument, Block and Somers would need to show that these competing ideas were similarly prominent in the political discourse but lacked the internal characteristics that bestow “epistemic privilege.” Again, an analysis built around this sort of

comparison would give Block and Somers real purchase on the question of when, and how, ideas have causal power in the policymaking process.

By attempting to draw a straight line between the writings of a particular intellectual and a specific policy outcome, Block and Somers completely avoid this important question by never situating the policy debates over English Poor Law reform and US welfare reform within the larger constellation of structural economic changes and shifting interests. Indeed, it is somewhat ironic that while *Market Fundamentalism* reads as a tribute to Polanyi's *The Great Transformation*, the former is unable to channel the latter's much more sophisticated understanding of the complex relationship between economic structure, class interest, and economic ideology. Whereas Block and Somers argue that market fundamentalism, as an idea, has an inherent, religious-like certainty built into it that contributes to its epistemic power, Polanyi observes that it was a specific economic class, the ascendant merchant-industrialists whose own position rested on the expansion of free markets for trade and labor, that proclaimed markets' holy virtue.⁹ From this perspective, to distinguish the power of an idea from the power of the groups that define its meaning is folly. Polanyi does give special attention to the naturalistic elements of market discourse, but his discussion of this point is tied to his analysis of the birth of modern economic theory (a development that takes place after the Poor Law reforms), and not the Poor Law reforms themselves. For that outcome, Polanyi is much more interested in drawing our attention to the moralizing discourses contrasting virtuous labor with indolent pauperism that were popular with the rising English middle class.¹⁰ Ideas played a key role in this struggle, but in their effort to assert the autonomous power of ideas *qua* ideas, Block and Somers both overstate the decisive influence of one set of ideas that were part of a larger discourse and implausibly suggest that ideas like market fundamentalism or the perversity thesis cut through political-economic dynamics by the sheer force of their ideational content.

9 Karl Polanyi, *The Great Transformation* (Boston, Beacon Press: 1957), 136–137, 155.

10 *Ibid.*, 101.

The fundamental flaw in this approach is further revealed through a careful reappraisal of one of the favorite plotlines in many idea-centered accounts of neoliberalism's rise: the "discovery" in the 1980s of European neoliberal theory associated with Friedrich Hayek and his colleagues in the Mont Pelerin Society (MPS). While neoliberal political and economic theory is diverse and organized into distinct schools of thought, two key elements have been consistently singled out as providing an intellectual foundation for the global neoliberal policy turn. First, that competitive markets, not the state, are the most efficient organizer of economic activity; second, that markets need to be shielded from popular pressure in order to function properly. As Blyth describes in *Austerity*, these ideas gained a foothold in Europe (most successfully in Germany) and, to a lesser extent, in the US in the postwar period but did not become globally dominant ideologies until they acquired additional intellectual support from more recent developments in economic theory: monetarism and public-choice theory. They both reinforced early neoliberalism's distrust of the state and the masses and bolstered neoliberalism's intellectual profile to the point where these principles became common sense among policymakers.¹¹

Blyth's account is not unique in the way that it describes the ideological underpinnings of contemporary neoliberalism as the product of intellectuals and economic theorists slowly and steadily scratching away at the Keynesian edifice until the crisis of global capitalism of the 1970s gave them the opportunity to knock it down completely. And yet, as several of the contributors to the edited volume *The Road From Mont Pelerin* show, this story of neoliberalism's rise is highly misleading.¹² Hayek and his band of neoliberals were not "discovered" at a time of crisis by elected officials desperate for fresh ideas, nor were their ideas cultivated and nurtured in the rarified air of scholarly tomes and intellectual debate. Rather, the European neoliberalism of the MPS was

11 Blyth, *Austerity*, Chapter 5.

12 Philip Mirowski and Dieter Plehwe, *The Road from Mont Pelerin* (Cambridge, Harvard University Press: 2009).

recruited, cultivated, and shaped by US business interests during the height of the so-called “Keynesian consensus” and postwar economic prosperity of the 1940s and 1950s. As Rob Van Horn and Philip Mirowski show in their essay on the rise of the Chicago School of Economics, Hayek was eager to bring his anti-totalitarian, anti-New Deal state message to the United States and leaned heavily on the financial support of American businessman Harold Luhnow to do so. Luhnow, president of the William Volker and Co. furniture distribution company, was “a strident anti-New Deal conservative” looking to spread the message of market freedom.¹³ Luhnow used his company’s charitable fund to arrange an American tour for Hayek and his Free Market Project in 1946 and helped to establish the project at the University of Chicago. But, as Van Horn and Mirowski show, Luhnow was not a mere silent backer. He used his position as financial backer to assert his own political and economic philosophy on the project. The classical liberalism informing Hayek’s thought was suspicious of all concentrations of power — large states and large corporations equally. American businessmen, on the other hand, were keen to rein in the former for the express purpose of ensuring full freedom for the latter.¹⁴

As Kim Phillips-Fein shows in her contribution, Luhnow’s cultivation of ties with intellectuals on behalf of US business interests was not unique.¹⁵ Business conservatives were also funding anti-New Deal think tanks such as the Foundation for Economic Education (FEE) and the American Enterprise Association (which we now know as the American Enterprise Institute). Jasper Crane, former DuPont Chemical executive and board member of the FEE, was, like Luhnow, eager to bring Hayek’s message to US audiences and raised substantial funds

13 Rob Van Horn and Philip Mirowski. “The Rise of the Chicago School of Economics and the Birth of Neoliberalism” in *The Road from Mont Pèlerin*, eds. Philip Mirowski and Dieter Plewhe (Cambridge: Cambridge University Press, 2009), 141.

14 Van Horn and Mirowski, “The Rise of the Chicago School of Economics,” 157.

15 Kim Phillips-Fein, “Business Conservatives and the Mont Pèlerin Society” in *The Road from Mont Pèlerin*, ed. Philip Mirowski and Dieter Plewhe, 280–303 (Cambridge: Cambridge University Press, 2009).

among his business contacts to organize an American meeting of the Mont Pelerin Society in 1956. However, Crane and other funders were not interested in importing the Mont Pelerin message whole cloth, but rather, just as Luhnnow did, used the power of their purse to shape the program to suit American business interests.

Yves Steiner's contribution provides an example of how American business interests influenced the debate within the MPS over one critical issue: the role of trade unions. Among many of the European members of the MPS, trade unions were not the boogeymen that American businessmen saw them as. In many European countries, unions had been brought into corporatist political arrangements and, from the perspective of many European MPS members, could be effectively harnessed. Americans were much more hostile to unions, particularly those American businesses who fell on the "other side" of the New Deal compromises.¹⁶ These anti-union firms again used their power as financial backers to push anti-union discourse into the MPS agenda in the late 1950s.

Steiner's findings point to the underlying flaw in Blyth's reasoning in *Austerity* and Block and Somers' in *Market Fundamentalism*. Noting a parallel between an argument and a policy is not the same as uncovering causality. As Steiner notes, one can easily find anti-union views in the foundational texts of Mont Pelerin-style neoliberalism, but it would be a mistake to trace a line connecting the anti-union thrust of US conservatism of the 1970s and 1980s to these ideas. In reality, the infusion of neoliberalism with anti-unionism in the US is an artifact of American businessmen working to impose their own views onto political and economic philosophy.

These contributions to *The Road from Mont Pelerin* turn the idea-centered account of European neoliberalism's influence on contemporary US economic policy on its head. Figures like Hayek and others developing the political theory behind neoliberalism gave US businessmen

16 Yves Steiner, "The Neoliberals Confront the Trade Unions" in *The Road from Mont Pelerin*, eds. Philip Mirowski and Dieter Plewhe, 181-203 (Cambridge: Cambridge University Press, 2009), 191.

an intellectual language within which to couch their economic interests and an organizational platform through which they could advance them into the circles of elite-level policymaking thought, in the same way that Malthus gave rhetorical ammunition to ascendant merchant-industrialists in nineteenth-century England and Murray gave intellectual heft to the elitist and racist attacks on the welfare state typical of US political conservatives. This is not to say that Hayek's *Road to Serfdom* or other hallmarks of European neoliberal thought were not extremely consequential in their own right. But if we want to understand the emergence of modern neoliberalism in practice, which for all of the policies and practices that fall under that heading is fundamentally about the redistribution of power towards political and economic elites and away from the masses, the question is not whether these ideas were important, but rather whether the impact of these ideas on the reconfiguration of power in global capitalism can be understood outside of the political and economic context that shapes their content and influence.

POWER TO THE EXPERTS

If idea-centered political economy has made much of the parallels between free market and early neoliberal political philosophy and the neoliberal turn in economic policy, it has made even more of the supposed influence that professional economists and other economic experts have had in defining the neoliberal economic agenda. This has been motivated by three considerations. First, economics, as a professional field, is now deeply grounded in complex quantitative modeling. This means that economic analysis is opaque to all but the professionally trained. Second, many institutions that play a key role in shaping economic policy are insulated from outside political pressure and heavily staffed by economists trained in top PhD programs. Third, recurring economic crisis and the growing visibility of financial markets in public discourse give added weight to expert economists' ideas.

Many accounts of the neoliberal turn thus place the expert economist

and the ideas that they disseminate at the heart of their analysis. For example, in *Austerity*, Blyth devotes considerable attention to scholarly work coming out of the economics department at Bocconi University in Italy which, Blyth argues, laid the intellectual foundations for European austerity measures in the wake of the 2008 financial crisis. Through a series of research papers published in the 1980s and 1990s, these economists provided evidence that the root of Europe's debt problems was electoral competition (i.e., too much democracy) and that sharp cuts to government spending could, counter to Keynesian wisdom, produce a general economic expansion.¹⁷

But how and when do these expert ideas gain this kind of influence in the political and policymaking realms? Blyth never addresses this question, choosing instead to simply assert their power and influence by virtue of their similarity to actual neoliberal economic policies. Stephanie Mudge's very recent *Leftism Reinvented* takes up this question in her analysis of the rise of "third way," center-left political parties (for example, the Democrats under Bill Clinton, or Labour under Tony Blair) and its relationship to the neoliberal turn in economic policymaking. These parties explicitly broke with the "old" left and brought technocratic, free market neoliberalism into one embrace with social progressivism.¹⁸ Mudge argues that the emergence of the "third way" is explained by the shifting relationship between parties and party experts — the journalists, intellectuals, consultants, "wonks," and others that "shape how parties speak, produce parties' means of representation, address the question of who (or what) is to be represented, and formulate competing logics of government."¹⁹

In their nineteenth-century, social-democratic form, the party expert was an activist or a journalist that rose up through the ranks of their party through their cultural and educational work. The crisis of the Great Depression called forth a new kind of university-trained

17 Blyth, *Austerity*, 165–176.

18 Stephanie Mudge, *Leftism Reinvented* (Cambridge: Harvard University Press: 2018)

19 Mudge, *Leftism Reinvented*, 22.

economic expert that could offer left parties a scientifically grounded, progressive economic program that their established party theoreticians were not equipped to provide. As a result, center-left parties and professional economists became interdependent; political decisions were increasingly influenced by a new generation of Keynesian economic expertise, and Keynesian economic theory became deeply politicized. This configuration broke under the unyielding pressure of stagflation in the 1970s. Keynesian economic thought was discredited, both because it was unable to solve the stagflation puzzle and because it was portrayed as political ideology hiding in economists' clothing. This did not sever the link between center-left parties and economic expertise, but rather opened the door for a new generation of economists who were highly critical of Keynesian economic theory to offer the center-left a market-friendly set of policy prescriptions.

Though she frequently gestures to the material forces swirling around her cases, Mudge keeps her analytical feet squarely planted in the cultural realm. She describes parties largely as "representational bodies" that seek to project an image of themselves to their constituents. This allows her to narrow her focus on parties' "cultural infrastructure," of which party experts are a major component. Blyth's idea-centered argument in *Great Transformations* is frequently tripped up by the importance of material and class-based forces that he frequently reveals. Mudge tries to avoid that pitfall by taking pains to structure her theoretical framework and research methodology so as to sideline noncultural political and historical factors, allowing experts and their ideas to take center stage in the narrative. The early analytical chapters address the birth of European social democracy during the late nineteenth century and, given the context, Mudge needs to grapple with the complex relationship between party experts, political parties, and the working-class movements that were central to the politics of this period. Rather than trace the complex relationship between these parties' journalistic and programmatic work, and the working-class movements that they were both responding to and seeking to harness, Mudge instead insists upon a distinction between

parties' "cultural arms" that brought up party experts through newspaper writing, political agitation, and educational work, and parties' "economic arms," the trade unions from which they sought support.

This is a tricky analytical maneuver and fitting the social position of social democracy's first party experts into this mold takes a bit of contortion. For example, Mudge expends considerable effort looking at the life and political career of Frederik Thorson, the Swedish Social Democratic Party's first finance minister. While Mudge acknowledges that Thorson began his political career working with the trade unions, she describes this work in strictly cultural terms, arguing that Thorson was really an "agitator" and not a "unionist" and so was pulled into the party via the cultural arm, not the economic one.²⁰ This partitioning of social-democratic party experts from its base of support in the trade unions is a stretch, but it also misses the point: even if these so-called party experts had no personal connection to working-class movements, it is hard to imagine them rising to prominence within social-democratic parties without doing intellectual and political work that engaged directly with the working-class movements that were the foundations of those parties' political power. The strength and tone of nineteenth-century working-class movements defined social democracy's political and ideological agenda.

Having downplayed the significance of working-class movements in her analysis of nineteenth-century social democracy, Mudge severs the economic arm from her analysis of the Keynesian and "third way" transformations of the center-left and shifts her focus entirely to the rise of economic experts within center-left parties. This allows her to describe this shifting relationship in rich historical and biographical detail, but all of that detail only makes the absence of material factors — whether they be class-based social movements or structural, economic dynamics — feel all the more conspicuous. For one, even though the political power of working-class movements is, in many

20 Mudge, *Leftism Reinvented*, 89–91.

ways, diminished in comparison to their social-democratic heyday, the incorporation of labor into the center-left remains key to understanding the parties' evolution. In addition, even while working to maintain focus on the cultural work of parties in relationship to dynamics within the field of economics, Mudge offers clues pointing to the critical role that material factors play. For example, she notes that financial liberalization in Sweden lent support to the views of finance-oriented economists, and discusses how the process of European integration, which included the integration of Europe's central banks, bolstered the reputations of those who articulated banker-friendly monetary ideas.

In both instances what Mudge is pointing to, but never fully explores, is the way in which structural material conditions and institutionalized political power can lead political elites to strategically select among different sets of expert ideas. It is a process that is nicely described in *Managing Mexico*, Sarah Babb's account of the role of economists in Mexico's neoliberal transition.²¹ Babb documents the process by which professional norms shifted among economic experts. In the case of Mexico, the profession was first dominated by postrevolutionary economists who emerged in the 1920s with a clear project of aiding state-led economic development with their expertise. In the 1960s and 1970s the field polarized as left-leaning developmentalists trained at the public university were challenged by a new cadre of corporate-financed, Americanized, neoliberal economists trained at the private university and supported by scholarships through the Mexican Central Bank. It is this latter group of economists who, according to Babb, provided the critical analysis and policy advice to state elites who were grappling with the debt crisis of the 1980s. It was their ideas that steered Mexico into its neoliberal turn.

Throughout her analysis, Babb contextualizes the rise of the neoliberal Mexican economists within structural shifts in the global economy — trade liberalization, relaxation of capital controls, and the empowerment of the World Bank and IMF. In addition, she acknowledges

21 Sarah Babb, *Managing Mexico: Economists from Nationalism to Neoliberalism* (Princeton: Princeton University Press, 2001).

that part of this new context was the growing importance of international organizations (the IMF and World Bank) due to the unleashing of global capital markets and the private borrowing that it allowed the Mexican government to undertake in the early 1980s. This exposed the Mexican government to two pressures: the material pressure of capital flight and the direct pressure from the US government and international lending agencies to impose market reforms in exchange for debt relief. Yet, just as she begins to veer towards a materialist account of neoliberalization in Mexico, Babb attempts to correct course back to idea-centered waters. But it is the way that these material pressures manifest and shape the selection and presentation of economic expertise that emerges as one of the more compelling findings from this book.

In the early 1980s there were still two vibrant schools of economic thought in Mexico with the older, left-leaning developmentalists clashing with a younger generation of neoliberals. Babb describes how, under pressure from the IMF and the US, the Mexican government deliberately moved neoliberal economists into top policymaking positions to “inspire international trust and confidence” in their domestic policy agenda and thus secure debt relief. In other words, gazing upon the two stables of economic experts on hand, Mexican state officials intentionally elevated the neoliberals with the Western credentials and finance-friendly ideas in order to appease foreign lenders. As Babb notes: “the extreme resource dependence brought on by the debt crisis resulted in a selection *among* foreign-trained economists in government.”²² *Managing Mexico* shows how a particular set of expert ideas were deployed strategically in response to clearly articulated demands from a set of external, financial actors. Thus, while she opens the book downplaying the importance of material coercion, she nevertheless concludes her analysis of the rise of Mexican neoliberalism by highlighting the causal primacy of material coercion.

The structural dynamics empowering the global financial elite are

22 Babb, *Managing Mexico*, 194.

not only key for understanding neoliberalism's origins, but also its persistence, in the form of post-2008 austerity, as Cornell Ban shows in his *Ruling Ideas*.²³ Ban compares the origins of, and transformations within, neoliberalism in Spain and Romania. In the case of Spain, neoliberalization occurred in two phases. The first began in 1982 when the ruling Socialist Party (PSOE) cut public spending, raised interest rates, and liquidated unprofitable state-owned firms. While it appears that the PSOE were simply following the emerging Reagan-Thatcher neoliberal script, Ban reminds us that these punishing measures were coupled with protective ones, including universal health insurance and public investments in education, childcare, and pensions. These expansions to the welfare state were paid for by progressive income taxation and higher taxes on property and profits. Seen as a whole, Ban argues that what was created in 1982 was a kind of hybrid, "embedded neoliberalism."

Why did the PSOE's social and economic policies take this form? As Ban shows, neoliberal reforms were deeply contentious, with the head of the PSOE, the finance ministry, and the Spanish Central Bank all pushing for reforms against opposition from the party's left wing and organized labor. While Ban notes that the ideas of expert economists were important, particularly those of the Central Bank Research Service who laid out the principles of the new economic agenda, he also stresses that it was institutional and political factors that allowed these ideas to exert considerable influence over the policymaking process. Central Bank officials had strong ties with the head of the ruling Socialist Party, while, at the same time, the configuration of the Socialist Party was such that top party officials were effectively insulated from the left wing and organized labor.

In 2008 the PSOE went against the neoliberal script and confronted the emerging financial crisis in an "embedded neoliberal" fashion with deficit spending. Yet, as the crisis worsened, the state not only pulled back

23 Cornell Ban, *Ruling Ideas* (New York: Oxford University Press, 2014).

on the additional spending but also imposed harsh austerity measures that undermined its commitment to social protection and led to the party's defeat at the hands of the center-right Partido Popular in 2011. Why this about-face in the PSOE's economic policy during the crisis? What Ban shows is that even though state policymakers were able to point to a growing body of academic publications from top American economists that lent expert support to the stimulus program, those expert views could not stand up against the political power of the European Commission and the European Central Bank, both of which demanded austerity in exchange for much-needed bailouts of the financial sector.

Ruling Ideas shows the promise of integrating rich, nuanced analysis of political actors and their ideas with a layered analysis of institutional and structural pressures that tip the balance of material forces and enhance the power of some to make their ideas into reality. Unfortunately, the promise goes unfulfilled largely because of Ban's insistence on casting these complex dynamics in an idea-centered light. He describes the IMF and World Bank as the "labs" out of which neoliberal ideas emerge, a metaphor that accentuates intellectualism and expertise and downplays material interests. Once produced in these labs, neoliberal ideas are "translated" by national political elites who rework them to suit the domestic context. These ideational trappings only serve to confuse what was otherwise a clear and compelling argument.

Expert ideas, even those emerging from the apolitical depths of academic departments and research centers, are similarly shaped and defined by alignments of material forces. The "labs" of neoliberal ideas are not the citadels of pure economic reasoning and debate that Ban's metaphor imagines them to be. This is revealed in *Capital Ideas*, Jeffrey Chwieroth's account of how the IMF went from being committed to strict restrictions on international flows of short-term, speculative capital to, by the 1980s, a vocal advocate for capital account liberalization.²⁴ Through rich archival research, Chwieroth focuses on the

24 Jeffrey Chwieroth, *Capital Ideas* (Princeton: Princeton University Press: 2009).

experts that make up the IMF's staff; the small army of economics PhDs toiling away in their offices analyzing the global and country-level data that serve as the basis for their reports and recommendations. *Capital Ideas* documents an ongoing struggle of ideas among this staff between "gradualists," who advocated caution when it came to capital controls, and neoliberal "big bangers," who believed that rapid, across-the-board removal of capital controls was just what the global economy needed. The transformation of the IMF from the nervous neighborhood watch of global capitalism to the villainous scourge of poor countries occurs as a result of this ideational debate, which is driven, in Chwieroth's account, by shifting expert norms in the field of international economics that alter the taken-for-granted assumptions about what is, and what is not, appropriate policy.

Given that the economists working as a part of the IMF staff have a great deal of autonomy over their analyses and recommendations, Chwieroth is well-positioned to offer a strong, idea-centered explanation of the Fund's shifting behavior. But what he in fact shows is that despite the analysts' organizational autonomy, their ideational influence was heavily constrained by economic and political factors. This comes out most clearly in the final chapter of *Capital Ideas*, which asks why the IMF staff did not advocate "macro prudential" regulation of global financial market actors in the early 2000s which, if implemented, would have prevented the buildup of massive, interlayered debts in the global economy that created the conditions for the economic crisis of 2008. Was this because of the staff's commitment to the ideas underpinning capital liberalization, or their lack of understanding of how macro-regulation works? The answer is "no" to both questions. Chwieroth shows how the neoliberal, capital-liberalizing ideas that had gained strength in the 1980s and early 1990s were severely weakened after the Asian Financial Crisis of 1997, making the staff much more cautious about capital liberalization and much more open to accepting that there was a need for regulations on finance capital.

However, the staff avoided arguing for macro-prudential regulation

because they knew that the “IMF principles” — that the US and Great Britain favored a softer, self-regulatory approach that would benefit the massive hedge funds that made Wall Street and the City of London financial powerhouses. “If the Fund staff pushed for supply-side regulatory measures,” Chwierothe writes, “they would have eventually run up against the preferences of their most powerful principals.”²⁵ Keenly aware of the political implications of their work, the staff thus crafted and disseminated their analyses and recommendations strategically.

Chwierothe casts this clash between rival groups of experts in an ideational light, arguing that it shows how context shapes the process of normative change and not how policy emerges as a result of direct pressure from powerful actors. And in this narrow sense he is right: the pressure from the US or Great Britain is not direct — because it doesn’t need to be. By concluding his analysis in this way, Chwierothe misses the opportunity to grapple with the complex relationship between political power and ideas that his own research uncovers. Whereas the contributors to *The Road From Mont Pelerin* show the direct, explicit ways in which material advantage shapes ideas, Chwierothe’s analysis shows the subtler, hegemonic power held by those with strong material advantage; they don’t need to say what they want, subordinates internalize their preferences and act how they think those with power want them to act. The end result, however, is the same.

Taken as a whole, these works describe neoliberalism’s rise and resiliency in a way that, on the surface, highlights the independent role that experts and their ideas played. And yet, as each researcher contextualizes experts, their ideas, and the institutions that they inhabit in a broader set of political and material factors, the narrative that emerges makes clear that the power of experts, or their ideas, cannot be understood apart from those factors. It is only through complicated analytical contortions that they can keep experts and their ideas front and center in the explanation, resulting in narratives that tell us a lot about the

25 Chwierothe, *Capital Ideas*, 241.

history of particular experts and their ideas, but obscure how ideology has intersected with material power to advance the neoliberal agenda.

POLITICS, POWER, AND IDEOLOGY

[T]he process whereby one policy paradigm comes to replace another is likely to be more sociological than scientific. That is to say, although the changing views of experts may play a role, their views are likely to be controversial, and the choice between paradigms can rarely be made on scientific grounds alone. The movement from one paradigm to another will ultimately entail a set of judgments that is more political in tone, and the outcome will depend, not only on the arguments of competing factions, but on their positional advantages within a broader institutional framework, on the ancillary resources they can command in the relevant conflicts, and on exogenous factors affecting the power of one set of actors to impose its paradigm over others.²⁶

Published nearly thirty years ago, Peter Hall's edited volume *The Political Power of Economic Ideas*, like Blyth's *Great Transformations*, built momentum for the recent wave of idea-centered political economy. Bringing together a who's who of comparative political scientists and historical political sociologists, Hall considers in the introductory chapter "why an economic theory influences policy in some places and periods, yet not in others."²⁷ And yet, despite this framing question and the title of the book in which it appears, much of the content belies an idea-centered explanation of the spread of Keynesian economic management in the postwar period. Hall and his contributors were deeply skeptical of the notion that ideas should be seen as having some autonomous, causal force and so they crafted careful, historical

26 Peter Hall, "Policy Paradigms, Social Learning and the State." *Comparative Politics* 25, no. 3 (1993), 280.

27 Peter Hall, "Introduction" in *The Political Power of Economic Ideas*, ed. Peter Hall (Princeton: Princeton University Press, 1989), 3.

accounts of postwar Keynesianism as a set of ideas grounded in a broader social context. As a result, readers of this volume should be left with the impression that the power of an economic idea, even one such as Keynesianism which defined the work of generations of professional economists and postwar economic policymaking across the West, comes from the forces that they are embedded, not their internal content. And yet, most scholars who build their own work on the foundation laid by *The Political Power of Economic Ideas* miss this key insight and insist that the weight of ideas carries independently of social forces.

Mark Blyth's argument in *Great Transformations*, that the power of ideas comes from their ability to form and mobilize powerful political coalitions, is essentially a reprise of a Philip Gourevitch's same argument that the idea of "demand management" was deployed strategically by political elites as a way of forging a new, cross-class coalition for the Democratic Party. The difference is that Gourevitch gives much more weight to these political coalitions and the material conditions that defined them.²⁸ Margaret Weir adds to this account by noting that while political elites in both the US and Great Britain had access to the same set of Keynesian ideas, British postwar policy resulted in greater protections for labor and a stronger welfare state. The reason: the working class was politically much stronger there than it was in the US.²⁹ These same sets of forces also help us understand why it took so long to begin fighting the Depression with the tools of demand management. As Bradford Lee notes in his contribution, there were many well-respected "proto-Keynesian" economists in the US arguing for demand stimulus, but their ideas had no traction because they could find no place to represent them within the Hoover administration.³⁰

28 Peter Gourevitch, "Keynesian Politics: The Political Sources of Economic Policy Choices" in *The Political Power of Economic Ideas*, ed. Peter Hall (Princeton: Princeton University Press, 1989), 87–106.

29 Margaret Weir, "Ideas and Politics: The Acceptance of Keynesianism in Britain and the United States" in *The Political Power of Economic Ideas*, ed. Peter Hall (Princeton: Princeton University Press, 1989), 53–86.

30 Bradford Lee, "The Miscarriage of Necessity and Invention" in *The Political Power*

Rather, as Weir shows, the hierarchical structures of the US and the British state enshrined the “Treasury view” in the 1920s and 1930s, a view that was strengthened in Britain, as Donald Winch describes, by the structural position of the City of London as the center of a sterling-dominated global financial system.³¹

Read together, these essays explain the power — or lack thereof — of Keynesian-style economic policy ideas by situating those ideas and the actors that advanced them within historical, institutional, and structural factors defined, in part, by material forces. To be clear, many aspects of what are now thirty-year-old publications have not held up under the light of new research, but as a general approach to understanding world-historical political and economic change, if the goal is to move the study of neoliberalism forward and, more critically, advance the anti-neoliberal political project, we could do a lot worse than circling back to the research agenda suggested by *The Political Power of Economic Ideas*. Crucially, that means recognizing that ideas, even the obscure, technocratic ideas of professional economists, cannot be understood outside of the political context that gives ideas shape and influence.

If one needs to be convinced of this point, they need only read Quinn Slobodian’s recent *Globalists*, which lays bare the elitist, pro-capitalist political project that has always been at neoliberalism’s core.³² Much of the text is devoted to showing the means by which a cadre of Hayekian economists and political theorists exerted influence over international economic organizations around key policy issues, like free trade. Yet what makes this text distinctive from others in this tradition is his explicit recognition of the way in which neoliberalism is a political, class project. It is an economic agenda that is squarely focused on limiting the influence of popular pressure, specifically class-based pressures for economic redistribution.

of Economic Ideas, ed. Peter Hall (Princeton: Princeton University Press, 1989), 129–170.

31 Weir, “Ideas and Politics,” 61.

32 Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge: Harvard University Press, 2018).

The substantive focus of Slobodian’s research is the often-overlooked “Geneva School” of political and economic thought, perhaps the most well-known member of which being Ludwig von Mises. It is from here, rather than the top of Mont Pelerin or the halls of the University of Chicago, that Slobodian traces the origins of neoliberal ideas and principles. However, whereas idea-centered political economy that focuses on intellectuals and experts frequently downplays the importance of material and class-based politics, Slobodian cuts through the intellectual, economic trappings of early neoliberal thought to expose the class-based political project that was at its core.

In the opening chapter, Slobodian reminds us that neoliberal thought, and in particular, its infatuation with “openness” and “freedom” (what Block and Somers might call “market fundamentalism”) was a response to the political upheavals of 1920s Europe. Watching the mass demonstrations and worker mobilizations that overtook “Red Vienna,” Mises not only called on the state to put these movements down by force, he also envisioned a strong, supranational political authority that would enforce free trade and free capital mobility as a means of disciplining national governments that, he felt, were succumbing to democracy. In this effort, Mises and other Geneva School neoliberals forged a symbiotic relationship with internationally oriented capitalists. Much of Mises’s own early work was advocating on behalf of the Chamber of Commerce for business tax cuts and restrictions on organized labor. When the neoliberal agenda shifted to the global scale, neoliberal intellectuals worked closely with the International Chamber of Commerce to, as Slobodian nicely puts it, “defend the threatened interests of a specific class.”³³

One of the most important points that Slobodian rightly insists we understand is that failing to draw these connections between ideas and material power is not just bad social science, it plays right into the neoliberal political agenda. In the conclusion to *Globalists*, Slobodian

33 Slobaidan, *Globalists*, 144.

makes sure that we understand that neoliberals did not emphasize “markets” and “economic freedom” so as to diminish the state; they spoke of economies in abstract, universalist terms so as to hide underlying, structural power imbalances that were endemic to capitalism. International rules governing trade and capital mobility do not “level the playing field,” they shroud a field tilted to favor capital in a fog of pseudoscience and intellectualism.

Idea-centered political economy obscures this critical point. At the same time, as a body of rich, thorough research and analysis of the main actors and institutions that have spread neoliberal ideology, and of concrete historical cases where the neoliberal agenda has unfolded, this scholarship also reveals at least two concrete ways to advance this scholarly project.

First, research in political economy, whether idea-centered or materialist, is more often hindered, rather than helped, by the crisis-stability-crisis-stability way that much of this scholarship parses change over time. Nearly all the works reviewed here put a lot of weight on the role of crises in disrupting prevailing ideas and opening space for new ones. In some versions, like in Blyth’s *Great Transformations*, and Block and Somers’ *Market Fundamentalism*, there is no room for political or ideational conflict during eras of stability that precede and follow crisis. Once the Great Depression is resolved along Keynesian lines, everything is read as Keynesian; once Keynesianism gives way to neoliberalism in the wake of the crises of the 1970s and 1980s, everything is neoliberal.

One of the strengths of idea-centered political economy is that by focusing on specific actors, in specific institutions or national contexts, it can reveal the subtle but important ideational and political conflicts that bubble and ripple during so-called periods of stability: Babb’s analysis of the emerging conflict between developmentalist and neoliberal economists in Mexico, Chwieroth’s unpacking of the debate between “gradualists” and “big bangers” in the IMF, and works like *Globalists* and *The Road from Mont Pelerin* documenting the intensive work that was going on in the 1940s and 1950s to advance neoliberal economic

principles. Drawing attention to the ideological and political work that is done by the disempowered during these periods — the proto-Keynesians of the 1920s, or the European-style neoliberals of the 1940s and 1950s — and highlighting recurrent conflicts between ideological and political factions shows that the “crisis” model of neoliberalism’s origins is overplayed.

Second, while each of the works here focuses on different groups of intellectuals and experts, in different countries, over different time periods, nearly all of them point to the same set of actors as being key to the neoliberal advance: financial elites and their advocates in the state, central bankers. Both Sarah Babb and Cornell Ban describe the critical role that the Mexican and Spanish central banks played in establishing neoliberal intellectual beachheads; helping found the Mexican Technological Institute, which would produce the country’s neoliberal economists, and, in Spain, supporting Western-trained, neoliberal economists and spreading their ideas through the Central Bank Research Service. Jeffrey Chwieroth draws an important connection between US and British resistance to capital controls and the fact that both countries are global financial centers with powerful financial interests at play. Mark Blyth likewise shows that the commitment to austerity and its corollary, “sound money,” is really about financial interests seeking to protect the value of their assets.

Finding out that the neoliberal project has been driven by a distinct set of class interests tied to the financial arm of the state is not so much a discovery as it is an affirmation of something that was long ago understood by many, including no less a central figure to idea-centered political economy than John Maynard Keynes. As Bradford Lee reminds us in his contribution to *The Political Power of Economic Ideas*, in the 1920s and 1930s Keynes intentionally targeted his academic work against classical liberals and monetarists, as seen in his other major, if less famous, work *A Treatise on Money*.³⁴ But even as an expert economist

34 Lee, “Miscarriage of Necessity,” 138.

whose means of engagement was academic publications and scholarly debate, Keynes understood that in order to protect societies from the barbarism of monetary orthodoxy, institutions needed to be built to check the power of financial interests. He proposed an International Clearing Union to manage the financial affairs of the postwar nations not because he thought it was based on sounder economic principles, but because it would cut the global financial elite off at the knees, stripping them of their power to impose austerity on countries in deficit by withholding much-needed credit.

The power and ideology of finance, and the role that private and public financial institutions — investment banks and central banks, hedge fund managers, and finance ministers — have long played, and continue to play, in undermining the progressive, egalitarian promise of mass democracy needs greater scrutiny, and the impulse to trace specific manifestations of this political agenda to the actors that put it into practice that guides idea-centered political economy needs to be harnessed for this work. But positioning political and economic ideas as somehow primary to, and independent from, the structural, institutional, and historical factors that shape the balance of material power is of dubious scholarly value and politically dangerous.

Neoliberalism progresses and persists when its agents can insist that their agenda is not about the consolidation of political and economic power, but just about ideas: finding the “best” solutions to complex problems. Stripping the politics of material struggle from the analysis of neoliberalism plays right into that agenda. Again and again scholars can historicize, denaturalize, and complicate neoliberalism’s simplistic ideologies, but that does not alter the power that neoliberal forces have to advance those ideologies. ✎

Fifty years after the protests and general strike of May 1968, the French labor movement has been dramatically weakened and partially incorporated into the state, its capacity to resist a neoliberal capitalist restructuring reduced to political theater. This transformation followed from a set of state strategies of labor regulation which first excluded trade unions, then substituted for them, and most recently has incorporated them. The result has been a broad liberalization of the French political economy.

THE FRENCH ROAD TO NEOLIBERALISM

CHRIS HOWELL

The spring of 2018 brought a wave of university occupations by students across France, some suppressed with the use of brutal force by private security guards and police, rolling strikes in the transportation sector, and a series of mass demonstrations. The traditional May Day march ended in a pitched battle involving paving stones, tear gas grenades, and water cannons between black bloc and police. Commentary in even the liberal media as well as the usual hand-wringing from the conservative and financial press decried the ungovernability of France, popular resistance to the advance of neoliberalism that seems so inexorable elsewhere, and the rigid labor market and work rules that supposedly stand in the way of economic progress. Students and workers marching together, paving stones being ripped up, clashes with heavily armed riot police, all made comparison and allusion to “les événements” of May and June 1968 inevitable and pervasive.

Inevitable, but unconvincing. The French political economy has been transformed in the intervening fifty years, and with it the capacity of French unions to do much more than throw sand in the gears of the

neoliberal machine, still less challenge the underlying capitalist order. The French left has been routed, and when occasionally in government, it has implemented economic and social policies barely distinguishable from the Right. Unions represent a smaller proportion of the labor force than in the United States and are bitterly divided between reformist and radical wings. Strikes, though highly visible, are generally limited to a few public services. And under the surface — popular perception and anguished editorials in the *Economist*, *Wall Street Journal*, and *Financial Times* aside — all aspects of the French economy have experienced far-ranging liberalization, through privatization, supply-side macroeconomic policy, and deregulation of financial and labor markets. The result has been growing inequality, dualism, and insecurity. Only a still relatively generous and universal welfare state has checked some of the consequences of this neoliberal transformation, serving as “social anesthetic” in Jonah Levy’s apt phrase.¹ The difference between 1968 and today is that what happens on the streets is now, for the most part, theater — protest following a familiar and well-rehearsed script, but having little power to change events and largely ignored by the state. It is a simulacrum of past political practice superimposed upon a quite different social reality.

The story of the transformation of French capitalism and the French labor movement is in part a familiar one, of the triumph of market orthodoxy, the retreat of the state, and the collapse of alternative political projects, be they of the communist, socialist, or social-democratic variety.² But it is also in part a specific one, of overcoming class mobilization through the use of the state. What is specific to the French experience in the period since 1968 are the strategies of labor regulation used by capital and the state to overcome worker radicalism, not the outcome which has been, as elsewhere, a broad liberalization

1 Jonah Levy, “From the *Dirigiste* State to the Social Anaesthesia State: French Economic Policy in the *Longue Durée*,” *Modern & Contemporary France* 16, no. 4 (2008).

2 Bruno Amable, *Structural Crisis and Institutional Change in Modern Capitalism: French Capitalism in Transition* (New York: Oxford University Press, 2017).

of the political economy. Of particular importance has been the role of the state, which has pursued strategies, first of labor exclusion, then labor substitution, and subsequently, in the period since the 1980s, labor incorporation.

Neoliberalism is a protean project, not reducible to a single blueprint or institutional architecture, or achievable by a single pathway. Neoliberalism is too often conceptualized in Anglo-Saxon terms, as taking the form associated with the deregulatory political projects of Thatcher in Britain and Reagan in the United States. Discussions of liberalization can descend into crude exercises of marking how close or how far the institutions of any particular country are to those of the earliest liberalizers. As a result, the scale of the marketization that has taken place over the last three decades in countries widely considered to be hostile terrain for neoliberal ideology and traditionally neoliberal political parties, such as France, is widely missed, as is the internal transformation of what has tended to be described as resilient political-economic institutions. All states in the advanced capitalist world have enacted neoliberalism, but they have done so in different ways.³

MAY 1968 AND THE GENESIS OF LABOR MILITANCY

The student and worker protests in France were part of a wave of occupations, strikes, and demonstrations across Europe and the United States at the end of the 1960s, including the *Autunno Caldo* in Italy, wildcat strikes in Detroit automobile plants, and anti-Vietnam War protests on both sides of the Atlantic, so while they had causes and triggers specific to the trajectory of French capitalism and the manner of its regulation that are the focus of this article, what happened in France was also a local response to a wider crisis of the dominant Fordist growth regime, a crisis that at this point was still more one of legitimation than

3 Lucio Baccaro and Chris Howell, *Trajectories of Neoliberal Transformation: European Industrial Relations Since the 1970s* (New York: Cambridge University Press, 2017).

accumulation.⁴ Two decades of intensified, deeply alienating mass production work, a younger generation of factory workers with no memory of the depression of the 1930s and little fear of unemployment, social consumption that had not caught up with the needs of an expanding, educated middle class, and a broad elite consensus around a repressive and bureaucratized form of liberal governance all served to create tinder for local grievances to explode in scope and scale.

The events of May and June 1968 in Paris are simply and briefly described.⁵ The protests started in the universities, which had rapidly expanded student enrollment without an equivalent expansion of resources. Paris Nanterre, in the western suburbs, was initially the epicenter as demonstrations against the Vietnam War and police repression in March 1968 led to a series of arrests, including that of Daniel Cohn-Bendit, which in turn produced further rallies in defense of the arrested. At the beginning of May the student protests spilled into the streets of the Latin Quarter after riot police brutally cleared the Sorbonne at the request of the university's rector. There followed ten days of barricades and street battles. On May 14, the contagion jumped from the universities to the factories as workers in Nantes and Rouen occupied their plants. Within a week close to half of all French workers were on strike and action committees were formed not just among blue-collar workers but also the professional classes, including state-run media. These were not simply a withdrawal of labor, accompanied by picketing; a critical and novel component of the workers actions was *autogestion*, or self-management, as factory workers occupied their workplaces rather than picketing them, and groups of professional workers self-organized and engaged in forms of collective and collaborative production through general assemblies.

4 Andrew Glyn, Alan Hughes, Alain Lipietz, and Ajit Singh, "The Rise and Fall of the Golden Age" in Stephen Marglin and Juliet Schor, eds., *The Golden Age of Capitalism: Reinterpreting the Postwar Experience* (New York: Oxford University Press, 1990).

5 For good summaries, see Daniel Singer, *Prelude to Revolution: France in May 1968* (New York: Hill and Wang, 1970) and Bernard Brown, *French Revolt: May 1968* (New York: McCaleb-Seiler, 1970).

In the universities, the rapid escalation in demands and tactics followed careful organizing, primarily by Trotskyite and Maoist groups, but in the factories, the Communist Party (PCF), which controlled the largest trade union confederation, the Confédération Générale du Travail (CGT), was largely caught by surprise. It calculated that a revolutionary situation did not yet exist and made the decision to negotiate with the Gaullist government led by Prime Minister Georges Pompidou for small material gains for workers, some new rights for trade unions to organize, and an expected political boost for the PCF itself. So out of touch were the party and its union negotiators that the resulting Grenelle Accords were immediately rejected at mass meetings of workers at the end of May and the strikes went on.

It was at this point that de Gaulle secretly left the country to confer with the commander of the French army in Baden-Baden and determine the morale of troops for a possible military restoration of order. He chose instead to announce elections for the end of June and his political party with willing allies in the media began a sustained campaign of fear-mongering around the threat of disorder to representative democracy, economic growth, military readiness, national pride, and international standing. Desperate to avoid the label of anarchism, all irony aside, the PCF back-pedaled. By the end of June, the students had gone home and almost all the strikes had ended. In the elections, the Gaullists won a crushing victory.

Competing narratives in which “something happened and yet nothing happened” have dominated what Kristen Ross terms the “afterlives” of May ’68.⁶ At least on the surface the political regime had been saved and capitalist authority restored. The ease with which the regime restored order in June offers some plausibility to the claim that a revolutionary situation did not exist in France in 1968. But the speed and radicalism with which protests spread in May raise inevitable questions about how far the explosion of consciousness might have

6 Kristen Ross, *May '68 and its Afterlives* (Chicago: University of Chicago Press, 2002).

gone had the PCF chosen to accelerate rather than retard the movement and that the French ruling class understood this to be a genuine threat is clear.⁷ That with more time, the embryonic organizational forms constructed by students and workers would have evolved into wider forms of communal self-government, as it did briefly in scattered parts of France, is also plausible as Daniel Singer's powerful, firsthand account demonstrates.⁸

From Failed Industrialization to Indicative Planning

Stepping back from a narrative of the events of May 1968, how are we to understand why this explosion of labor militancy occurred, and what it tells us about the labor movement's place in the French political economy at the end of the 1960s? The question matters in order to explain the transformation that took place over the subsequent fifty years, and the nature of the state strategies that helped produce that transformation. Rapid industrialization under a regime of indicative planning after 1945 took place in large part through wage repression and work intensification. A strategy of labor exclusion on the part of the state, in the absence of industrial-relations institutions able to channel mounting worker unrest, and with a deeply divided and organizationally weak trade union movement, ensured that industrial grievances rapidly escalated, generating strike waves distinguished by their militancy and politicization. Unable to achieve gains for workers through negotiation, unions had little alternative but to try and ride these strike waves or risk irrelevance.

The absence of a postwar Fordist class compromise in France, in contrast to much of the rest of the advanced capitalist world, the hostility of employers to trade unions, and the central role of the state in regulating the French political economy reflected the peculiarity of

7 Angelo Quattrocchi and Tom Nairn, *The Beginning of the End* (New York: Verso, 1998).

8 Singer, *Prelude to Revolution*.

capitalist development in a society that never had an industrial revolution in the sense of Rostow's stage of accelerated economic "takeoff,"⁹ and in which the political revolution of 1789 and subsequent political development slowed rather than accelerated capitalist growth.¹⁰ The agricultural settlement that emerged from the abolition of feudal relations and permitted the revolution to survive through the 1790s solidified a pattern of small, barely sustainable peasant landholding that both limited the size of the industrial labor force and could not serve as the basis for primitive accumulation.¹¹ The British naval blockade during the Napoleonic period also limited trade at a crucial point of development. The result was slow, uneven growth during the nineteenth century and a form of small-scale patrimonial capitalism that could only survive through forms of political protection.¹² The specificity of French working-class formation was shaped by the glacial pace of industrialization in the nineteenth century, the persistence of patrimonial capitalism through the first half of the twentieth century, and political developments that prevented the emergence of a mass working-class party until after the Second World War.

The discrediting of business following rapid defeat in the Second World War and collaboration with the Vichy regime, and parliamentary paralysis in the Fourth Republic followed by de Gaulle's assumption of power and creation of the Fifth Republic, created an opening for a form of state-led indicative planning that transformed French capitalism in the "trentes glorieuses" years after 1945. Whereas the economic challenge in North America and much of the rest of Western Europe was to address the realization problem, and how to assemble the regulatory

9 Walt Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (New York: Cambridge University Press, 1960).

10 François Caron, *An Economic History of France* (New York: Columbia University Press, 1979), Chapters 7–8.

11 Gérard Noiriel, "The Formation and Decline of the French Working Class," Seminar paper presented at the Harvard University Center for European Studies (1988).

12 Patrick O'Brien and Gaglar Keyder, *Economic Growth in Britain and France, 1780–1914* (London: Allen and Unwin, 1978).

infrastructure of a Fordist regime of accumulation, in the immediate postwar period, incomplete industrialization and supply-side obstacles plagued the French political economy. Constructing an extensive regime of accumulation remained the challenge, and state planning was well-suited to that task. Indeed, one of the distinguishing characteristics of French capitalist development has been that both the planning project of the first thirty years after 1945, and the neoliberal project of the last thirty years, have been state-led.

The technical aspects of the French planning model, celebrated in accounts from Shonfield, Cohen, and others are well known¹³ and involve the mobilization of control over credit, a large nationalized sector, and access to imports and cheap immigrant labor from former and current colonies by a small, elite-trained planning bureaucracy, all with the goal of first pursuing a decisive phase of heavy industrialization, followed by the creation of “national champions” capable of competing in export markets, and finally funneling resources to emerging sectors such as electronics and aviation. But it was the social and political underpinnings of planning that permitted its success; British governments in the 1960s created many of same technical mechanisms and tools but failed because it was simply impossible to insulate planning from democratic control and labor influence.¹⁴

French planning was rooted first and foremost in a strategy of labor exclusion in order to both permit intensive exploitation and wage repression and prevent resistance to the transfer of jobs from declining to expanding sectors; no corporatist or Fordist bargaining was allowed to develop. It also relied upon buying off those class fractions that lost out from planning but were part of the Gaullist political coalition; the European Economic Community provided subsidies for French farmers, while legislation offered limited protection to small firms, a

13 Stephen Cohen, *Modern Capitalist Planning: The French Model* (Cambridge: Harvard University Press, 1969); Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (New York: Oxford University Press, 1965).

14 Peter Hall, *Governing the Economy: The Politics of State Intervention in Britain and France* (New York: Oxford University Press, 1986), Chapter 3.

price worth paying for the rapid modernization of the economy. Then French planning rested upon close ties between the planners themselves and the individual firms that benefited from the planning process, ties that saw the planners move easily onto the boards of large industrial concerns at mid-career. This was the opposite of arm's-length market relations, as bureaucrats and managers worked closely together to set targets and mobilize resources.

Finally, the entire process required that planning be insulated from democratic control, "a conspiracy in the public interest" in Shonfield's words,¹⁵ so that the losers from economic modernization could not use the political process to resist, and social consumption could be minimized. This form of planning, was, ironically, wielded by right-wing, primarily Gaullist governments; capital could accept this degree of market distortion and state interference in firm-level decision-making from a government friendly to its interests. As the subsequent experience of the Socialist governments of the 1980s demonstrated, it was not so tolerant of equivalent intervention from the Left. That the other example of indicative planning among postwar democratic capitalisms was Japan, with a near identical political and class base to that of France, is suggestive, were the fact not already obvious of the emptiness of conservative claims of market fealty.

Mobilizational Trade Unionism

It was this hothouse transformation of French capitalism that was the backdrop for May 1968, as its social costs were neither channeled into collective bargaining nor compensated for by political exchange for social consumption, and a temporarily tight labor market generated a greater willingness on the part of workers to fight back. French trade unions have, historically, faced tremendous disadvantages. The predominance and persistence of small firms has meant that the environment

¹⁵ Shonfield, *Modern Capitalism*, 130.

has been deeply hostile to trade unions, and indeed to any form of workers' organization. Unions had no legally secure place inside the workplace until 1968 and union repression at work was widespread at a time when broad class compromises around Fordist industrial bargaining and versions of the Keynesian welfare state had taken root in many other capitalist political economies.

After 1945 the French trade union movement fragmented for largely political reasons, including funding and other involvement on the part of the American CIA and AFL. There were thus five union confederations by the mid-1960s, bitterly divided by ideology and strategy, and competing for members.¹⁶ In addition, French unions had very limited funds and tiny organizational apparatuses. No “dues checkoff” existed (nor does it today) and the closed shop was rare. The result was a low and strongly fluctuating level of unionization, and indeed even how to measure union density is unclear in the absence of mechanisms of union institutionalization. Sellier estimated the rate of unionization as ranging wildly, from 9.5 percent in 1930–31, to 45 percent in 1936, back down to 23 percent in 1954 and 17.3 percent in 1962, and up to 25 percent in 1972.¹⁷ There appeared to be no ratchet-effect, in that sudden gains in membership due to conjunctural political and economic conditions were lost in their entirety once those conditions passed. French trade unions have never been able to institutionalize their periodic gains and create a high and stable level of membership.

Union competition and the lack of stable membership meant (and still means) that unions are unable to enter into long-term contracts, which limits their ability to resort to industrial action without risking organizational fragmentation. In France unions are rarely able to call up strikes, rather they adopt strikes which arise spontaneously (hence the relatively low level of unofficial, or wildcat, strikes in France; most

16 Jean-Daniel Reynaud, *Les Syndicats en France*, 3rd edition (Paris: Éditions du Seuil, 1975).

17 François Sellier's estimates are contained in an unpublished manuscript by Gérard Adam, “Les problèmes du travail en France 1920–1974” (1976).

strikes originate unofficially, but they are soon supported by unions). If unions limited their own ability to follow strikes, they would risk being viewed as irrelevant by their members. When unions do call strikes, they are likely to be short demonstration strikes, not just because the unions are deeply politicized, but because such strikes have a low organizational cost. French unionism in the 1960s was a mobilizational unionism precisely because unions gave up their ability to mobilize workers at the cost of organizational extinction. Trade unions in France “canalize and amplify” spontaneous action, they do not call it up, or control it.¹⁸ They are, in one apt formulation, “skilled surfboard riders.”¹⁹ Or in the case of May 1968, not-so-skilled surfboard riders.

STATE STRATEGIES OF LABOR REGULATION: FROM EXCLUSION TO SUBSTITUTION AND INCORPORATION

After 1968, the French state first temporized. The protests seemed to reflect a crisis of legitimacy, and the failure to distribute the gains from rapid economic growth more evenly, rather than a more fundamental challenge to accumulation. What followed was a strategy of state substitution for organized labor when neither unions nor capital proved capable of implementing and sustaining a collective bargaining model that lasted through the 1970s. But by the turn of the decade, the exhaustion of the growth regime itself, and the collapse of the indicative planning model, had become much clearer. What followed, and has continued to this day, is a profound liberalization of French capitalism as the growth regime has been transformed, accompanied by a new form of labor regulation. In both cases — neoliberalism from above and labor incorporation at the workplace level — it was the French state

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18 Martin Schain, “Corporatism and Industrial Relations in France” in Philip Cerny and Martin Schain, eds., *French Politics and Public Policy* (New York: St Martin’s, 1980).

19 Robert Flanagan, David Soskice, and Lloyd Ulman, *Unionism, Economic Stabilization, and Incomes Policies: European Experience* (Washington D.C.: Brookings, 1983).

that took the lead, reflecting the weakness of class actors, the legacy of statist regulation which now had to be dismantled, and the continuing ruling-class fear of another May '68.

The student and worker movements of May and June 1968 had been defeated, and elections solidified the dominant role of de Gaulle and the party built around him. Yet within a year, the General was dead, and his successor, Georges Pompidou, faced the longer-term challenges posed by the combination of state-led economic modernization and labor exclusion. The challenges were economic and political.²⁰ The economic challenge came from the exhaustion of the state planning model and the shift from extensive to intensive growth. As rapid state-led economic modernization enabled French industrialization to catch up with northern European and North American capitalist economies, limitations on growth ceased to be on the supply side and instead shifted to demand, and the depth of a domestic market for consumer goods. Fordist growth became possible and an exclusionary form of labor regulation, with no mechanisms to manage industrial peace or permit steady, predictable wage growth, was increasingly dysfunctional for that new form of growth.

The political threat came from a system of labor regulation that excluded workers and trade unions from either regularized bargaining in the firm or corporatism at the national level, and concomitantly ensured that both demands for wage increases and the grievances that emerge automatically from the experience of capitalist work, especially during periods of intensified exploitation, had no alternative channel but mass mobilization and rapid politicization. Further, the class coalition underpinning planning collapsed once de Gaulle died, as small and domestically oriented capital moved towards the Gaullist successor parties while large internationally oriented capital gravitated towards the nascent neoliberalism of Giscard d'Estaing.

20 Hall, *Governing the Economy*, Chapter 7.

Gaullist and conservative governments consistently, from 1969 through Sarkozy's presidency that ended in 2012, recognized the political risk of a failure to either defuse labor grievances in the first place, or channel them into safer arenas. May 1968 had demonstrated this danger, and every strike wave in the intervening half-century has brought comparison, inviting elites to worry about threats to public order, economic growth, and political stability. Much like the Winter of Discontent in Britain, May 1968 has become the defining moment of threat to the established order from below. Taking the political and economic challenges together, May 1968 was a signal that the continued mismatch between the type of economic growth and manner of labor regulation could not go on.

The initial strategy of Pompidou's first prime minister, Jacques Chaban-Delmas, was straight out of the Anglo-American pluralist industrial-relations playbook. Dubbed *la Nouvelle Société*, the goal was to rely upon strengthened unions in the firm, building upon the major gain of the workers' movement in May 1968: the legal protection of union workplace organization. The hope was that this would stimulate regular collective bargaining, which in turn would reduce conflict and allow negotiation to become the dominant form of labor regulation. This had some limited success in the public sector and a few large, modern firms with well-implanted unions. The reforms were predicated upon strong unions because only such unions could entice employers to the bargaining table. But the December 1968 law on union sections affected only about half of all workers, and those in the larger firms. Further, employers had to believe that unions could deliver industrial peace. This was too heavy a burden for French trade unionism. Its strength in 1968 and 1969 was conjunctural; it remained structurally weak. It was a mobilizational unionism, dependent upon the threat of strike action to maintain organizational control, and as such, was of no use to French capital.

State Substitution for Organized Labor

With labor too weak and capital having nothing to gain, the Chaban-Delmas government was unable to institutionalize a collective bargaining form of labor regulation. Instead, an alternative strategy emerged, one in which the state came to substitute for strong trade unions and take on the role of encouraging Fordist wage growth itself. The great success of post-1968 governments was to protect accumulation in the context of heightened worker militancy. Profits, after a brief dip, climbed to high levels and the period 1969–74 saw one of the “longest and most intense expansive periods” in French economic history.²¹ Paradoxically, May 1968 was followed not by a revolution, but by a period of unparalleled capitalist prosperity. And this occurred in part as a result of a change in the way labor was regulated. In 1968 the labor market had been the primary determinant of wages. France had an “under-institutionalized” labor market as supply and demand in the labor market overwhelmingly determined wage levels. By 1978 there had been a partial decommodification of the labor market. A landmark study by Robert Boyer demonstrated that from “1969–1976, whereas wages are more sensitive to prices, unemployment, however measured, appears to have no systematic effects.”²²

Why? Because after 1968, the French state took on a quite new, deeply interventionist role in the regulation of class relations.²³ This had a number of elements. First, an expanded use of cost-of-living indexation in wage settlements, implemented by the state in the public sector and encouraged in the private sector. Whereas before 1968 it had been sporadic and informal, it now became increasingly explicit

21 Michele Salvati, “May 1968 and the Hot Autumn of 1969: The Responses of Two Ruling Classes” in Suzanne Berger, ed., *Organizing Interests in Western Europe* (Cambridge: Cambridge University Press, 1981).

22 Robert Boyer, “Les salaires en Longue Période,” *Économie et Statistique*, no. 103 (1978).

23 Chris Howell, *Regulating Labor: The State and Industrial Relations Reform in Postwar France* (Princeton: Princeton University Press, 1992).

in wage contracts which contained automatic price-level adjustments. Second, a much-increased role for the state in wage regulation via its use of the minimum wage. Prior to 1970 the minimum wage was indexed to the cost of living, but from then on it could be increased in three ways: indexation to prices; indexation to the general wage level; an additional discretionary element. The minimum wage became a more flexible policy tool, and after 1973 the government gave large annual discretionary increments.

A third form of enhanced statist labor regulation was a 1971 reform of the 1950 basic law on collective bargaining which made the procedure of “extension” easier. The practice of allowing the state to widen the applicability of an agreement reached between employers and unions is particularly important in an economy with highly uneven union strength. It is the reason why today, 8 percent of French workers belong to unions and yet an astonishing 93 percent of workers are covered by a collective agreement. Finally, the French state also acted to partially decommodify the labor market. In October 1974, under heavy government pressure, the unions and employers’ organizations signed an accord which created an additional unemployment benefit, to be worth 90 percent of the previous salary of a worker made redundant, for up to a year. Then an agreement reached in November 1974 was generalized through legislation in January 1975 that extended a requirement that administrative authorization be sought before firing workers for economic reasons. French labor law also strictly regulated employment contracts, limiting recourse to temporary or fixed-term contracts, and making permanent, open-ended contracts the norm.

In the decade after May 1968, conservative, Gaullist governments introduced a new form of statist labor regulation: an aggressive use of the wage floor; wage indexation; extension of collective agreements; administrative protection from firing; generous alternative income to employment; an assumption of permanent employment. The French state, in other words, substituted for strong trade unions and the existence of regularized collective bargaining. The New Society was an

attempt to create a new mode of labor regulation which would be appropriate to a Fordist economy. The project failed to change the structure of the labor movement, and this doomed the widespread adoption of a collective bargaining-based mode of labor regulation. However, the French state was able to substitute for the lack of collective bargaining by expanding its own role in labor regulation. The French experience between 1968 and 1978 challenges the notion that there is only one mode of labor regulation appropriate to the Fordist regime of accumulation, and in particular, that there is a phase of advanced capitalism in which trade unions become acceptable and even necessary. In France, after 1968, it was possible to construct a viable mode of labor regulation based upon extensive state intervention in social relations and wage determination. However, such a form of labor regulation was not without its costs. It was dependent both upon the ability of the state to underwrite this form of labor regulation, and the willingness of capital to allow it to do so.

The Bipartisan Shift to Neoliberalism

By the end of the 1970s, these conditions had changed. This in part reflected the transformation of French capital itself, as patrimonial capital, which had looked to the state for protection, gave way to a more modern, internationally competitive, and self-confident capital, and this fraction looked to d'Estaing's embryonic neoliberalism more than Chirac's latent Gaullism.²⁴ Deregulation and the mantra of flexibility became the dominant discourse in the still-ruling conservative coalition. And in part it reflected the collapse of indicative planning as the tasks of planning changed from mobilizing resources for industrialization to responding to consumer demand. Planning documents became aspirational and exhortatory, and with it the regulatory role of the French state became less certain. This occurred at precisely the time

²⁴ Henri Weber, *Le Parti des Patrons: Le CNPF (1946–1986)* (Paris: Éditions du Seuil, 1986).

that economic growth slowed — a European-wide phenomenon — and unemployment both ratcheted up and seemed stubbornly immune to the usual macroeconomic fixes. Into this space, neoliberalism appeared, albeit neoliberalism with a French face.

Liberalization in France was quintessentially a state project. That is true of neoliberalism more generally, but never more so than in France. Neoliberalism is simultaneously a response to the crisis of the earlier Fordist growth model, and a response to the failure of classical liberalism; it is the institutional, political, and ideational infrastructure of the matrix of growth models that emerged to supplant Fordism. As such, it is a constructivist project that involves reshaping society to fit that market order.²⁵ As Cahill and Konings put it, neoliberalism recognizes that a market order “needs to be actively constructed, institutionally and politically.”²⁶ In this sense, neoliberalism can be understood as a terraforming project, and it is this that makes the state so central.

In France, where the postwar capitalist growth model was so directly, visibly, and actively constructed and regulated by the state, its transformation after 1980 also required massive state intervention. Nowhere was “setting the market free” an accurate description of the creation of financialized, flexible regimes of accumulation, but especially not France where the state was not only reshaping society to fit the market, but creating financial markets out of a bank-credit system that had been dominated by the state, a flexible labor market out of one that had been partially decommodified by the state, and private property through privatization of a once extensively nationalized economy.

The shift towards neoliberalism on the part of the constellation of mainstream parties of the Right needs little explanation, even if there remained a residual unwillingness on the part of Chirac and Sarkozy, the country’s presidents in the 1990s and 2000s, to implement as

25 Pierre Dardot and Christian Laval, *The New Way of the World: On Neoliberal Society* (New York: Verso, 2014).

26 Damien Cahill and Martijn Konings, *Neoliberalism* (Cambridge: Polity Press, 2017), 14.

savage a class project as Thatcher; liberalization was always tempered on the Right by an at least rhetorical commitment to avoiding “social fracture” and seeking negotiated deregulation. But why then did the Parti Socialiste (PS), which was the dominant vehicle of left parliamentary politics from the end of the 1970s when it overtook the PCF in the electoral arena, until its implosion in the 2017 elections, participate?

The PS bears important similarities to other Mediterranean socialist parties — Pasok in Greece, PSOE in Spain, even the PS in Italy — all quite unlike northern European social-democratic parties, instead shaped by late industrialization that limited the size of the industrial working class and the development of trade unionism, a divided left with electorally powerful communist parties, and the experience of authoritarian and/or one-party conservative rule.²⁷ In the case of the PS, it was created out of a series of minor parties, some little more than left debating clubs, in a series of congresses immediately after 1968 with the veteran Fourth Republic radical François Mitterrand serving to weld the pieces together. The resulting Frankenstein monster was officially factionalized with several distinct currents ranging from a socialist planning camp that was close to the PCF, to a social-democratic wing, a broadly left-liberal current and, most distinctively, the *deuxieme gauche* of Michel Rocard and the Parti Socialiste Unifié (PSU). This current was deeply suspicious of the state, of planning, and of the mediation of class relations by trade unions. Its signature socioeconomic project was *autogestion*, usually understood to mean worker self-management. In the heady days after 1968, *autogestion* implied a particular way of organizing a postcapitalist future; once the party accommodated itself to capitalism, and especially after the turn to the market in 1984, it was sufficiently malleable to mean something quite different, as Rocard’s time as prime minister during Mitterrand’s second term as president demonstrated.

This is not the place for another examination of the failure of the Parti Socialiste experiment or the rapid turn towards first austerity,

27 Bernard Brown, *Socialism of a Different Kind: Reshaping the Left in France* (Westport: Greenwood Press, 1982).

and then adoption of the market on the part of the PS.²⁸ Suffice it to say that after promising a “rupture” with capitalism and a “revolution tranquille,” and rapidly implementing a broadly Keynesian set of boosts to social benefits and the minimum wage in the middle of an international recession, the ensuing capital flight and exchange-rate crisis brought on by France’s membership in the then European Exchange Rate Mechanism, brought a choice between reversal and the implementation of “rigueur” to weaken domestic demand and reassure investors, or moving towards a more autarkic, planned economy.²⁹ The choice, for a party with little actual ideological commitment to socialism and few ties to the labor movement, was no choice at all.

The critical point about the PS for our purposes has been its lack of a clear base in the working class, and of any organic ties to the labor movement. Kesselman famously described the PS as “socialism without the workers” as its membership base was overwhelmingly among white-collar professionals and public sector workers, most notably teachers.³⁰ Whereas the PCF tightly controlled the largest union confederation, the ties between the PS and the second-largest union federation were largely personal ones, between particular politicians and union leaders. This had three important implications. First, when economic crisis hit in 1982 and the Socialist government contemplated the choice between greater control of the economy and a turn to austerity, there was no corporatist option, no mechanism to gain acquiescence on the part of organized labor for any wage or employment planning; not even bringing the PCF into the government as junior coalition partner could make that a viable strategy. Second, it made the ability to pivot ideologically towards the

28 The literature here is vast. Start with Alain Fonteneau and Pierre-Alain Muet, *La Gauche Face à la Crise* (Paris: FNSP, 1985); Daniel Singer, *Is Socialism Doomed?: The Meaning of Mitterrand* (New York: Oxford University Press, 1988); Hall, *Governing the Economy*, Chapter 8.

29 David Cameron, “The Colors of a Rose: On the Ambiguous Record of French Socialism,” Harvard University Center for European Studies Working Paper, no. 12 (1988).

30 Mark Kesselman, “Socialism without the Workers: The Case of France,” *Kapitalistate*, nos. 10–11 (1983).

market so rapidly and so thoroughly, far easier. The British Labour Party tore itself apart for more than a decade after Thatcher's assumption of power before the market-apostle Blairite tendency could gain control because the party remained heavily reliant, organizationally, electorally, and financially, upon the trade union movement. In its absence, the market turn was far less traumatic for the PS. Third, the dim echo of *autogestion* and hostility to trade unionism made possible a broadly unitarist class project which came to dominate the strategies of both left and right governments from the mid-1980s onwards.

The PS's shift to neoliberalism was made easier by the absence of organic ties to the working class, and the PCF's rapid exit from the governing coalition in 1984. But it was not a grudging shift; rather it became a full-blown "conversion," to borrow Singer's formulation.³¹ The failure of the initial Socialist project yielded a cocktail of unlikely intellectual currents that came to dominate the party: liberalizers around Fabius for whom Silicon Valley was the model for a modernized tech-driven market society; old-style social democrats and social Catholics like Delors who drew the lesson that national Keynesianism was dead and the PS should put itself at the head of a renewed project of European integration; and the remnants of the *deuxieme gauche* for whom the turn to the market could be interpreted as a radical, liberatory break from a statist past when both the Gaullists and the PCF looked to the state as the agent of economic planning, albeit with different goals.

The last thirty-five years, then, have seen a largely bipartisan commitment to a broad neoliberal transformation of French capitalism involving privatization, deregulation, financialization, macroeconomic orthodoxy, and a focus upon supply-side measures to stimulate growth and employment. It was a Socialist government that began the deregulation of the financial sector in 1984 and what followed was a credit boom and broad financialization of the economy.³² The growth regime

31 Singer, *Is Socialism Doomed?*, Chapter 8.

32 Cédric Durand, *Fictitious Capital: How Finance is Appropriating our Future* (New York: Verso, 2017).

now rests more heavily upon financial products and export-led growth, organized around flexible accumulation, than wage-led consumption.³³ Economic policy differences between left and right were at the margins, and designed more as symbolic markers to traditional electorates than as substantive alternatives. Amable has argued that a political distinction lies in the area of liberalization, with Socialist governments liberalizing financial markets and product markets, while Gaullist governments focused upon labor market liberalization.³⁴ With the election of Socialist François Hollande as president in 2012, even that distinction disappeared as his presidency saw any restraint upon labor market liberalization thrown to the wind. While this absolves Socialist governments from 1981 onwards of their responsibility for the reconstruction of class relations, and with it the fundamental shift in class power away from workers that will be detailed below, it does capture well the common commitment across the political divide toward liberalization.

The Liberalization of Industrial Relations

Once the electoral left had given up even social-democratic pretensions, let alone socialist ones, and become evangelists for a market society, a broad consensus emerged between governing parties of the Right and the Left around the need to deregulate the labor market and reshape class relations. There were to be sure differences of nuance between center-left and center-right, and certainly the political rhetoric was different, but “flexibility” in the labor market came to be understood and internalized as an imperative. Stubbornly high unemployment for almost the entirety of the intervening period, even if it could be shown that this resulted from an absence of demand, a lack of sustained periods of growth, and more pronounced financialization, drove a simple narrative

33 Lucio Baccaro and Jonas Pontusson, “Rethinking Comparative Political Economy: The Growth Model Perspective,” *Politics & Society* 44, no. 2 (2016).

34 Amable, *Structural Crisis and Institutional Change*.

that proved compelling to politicians of all but the most radical parties and most media accounts. Amable has systematically demolished the argument that French unemployment is the result of a lack of labor market flexibility,³⁵ and yet that narrative has remained the dominant one for more than thirty years. It is central to the ideological offensive pursued by capital from the early 1980s onwards.

The main employers' organization became radicalized and politicized in response to two Socialist industrial-relations reform projects, first the *lois Auroux* in 1982–83, and then the *lois Aubry* in 1998–2002. The result was the creation in 1997 of a new organization, the MEDEF (*Mouvement des entreprises de France*), with a much stronger neoliberal prescription for France's economic ills, and a greater combativeness when it came to its relationship with both the state and the unions.³⁶ There was a discursive element to MEDEF's project, as its first president, Ernest Antoine Sellière, tried to replace the traditional word "patron" with that of "entrepreneur" to symbolize the dynamism and market orientation of employers. Along with a new name and a new ethos, MEDEF also had a new method. After two years of largely fruitless harrying of the Socialist government of Lionel Jospin over the thirty-five-hour-week reforms, in 1999 MEDEF launched what it called a *refondation sociale* and invited the trade unions to join it. At its core, the new social foundation was an appeal for the state to stay out of regulating the labor market and instead to leave the social partners free to negotiate reforms as they saw fit. It rested upon finding reformist trade unions willing to play along, a role the Confédération Française Démocratique du Travail (CFDT) enthusiastically embraced. And yet, capital could not restructure class relations inside the firm alone, both because the obstacles to expanding employer discretion came from the state, not the union movement, and because a simple deregulatory project risked uncontrollable social mobilization. It was

35 Ibid., Chapter 1.

36 Cornelia Woll, "La Réforme du Medef: Chronique des Difficultés de l'action Collective Patronale," *Revue française de sciences politiques* 56, no. 2 (2006).

a risk reinforced by periodic echoes of May '68, particularly in the protests of 1988–89, 1995, 2003, 2006, 2010, and 2016.

As a result, the French state had to take the leading role in constructing a new mode of labor regulation,³⁷ and the strategy pursued could not be a French version of Thatcherism, however much employers might want it. The core dilemma facing French governments and capital as they sought flexibility and broader discretion on the part of employers in wage determination, hiring and firing, and the organization of the workplace — in other words, in the management of class relations — is that the obstacle to liberalization has not primarily been strong unions and well-implanted institutions of collective bargaining, but rather the state itself, in the form of the system of labor regulation put in place after 1945 and strengthened in the decade after May 1968. French labor law after 1945 enshrined two key principles, both in recognition of the deep institutional weakness of trade unions. The first was the favorability principle, which ensured that the provisions of collective agreements could not be less favorable to workers than those embedded in labor law itself, and that lower-level agreements could not be less favorable than higher-level agreements. It was this principle that both protected workers in the absence of strong unions and ensured that employers had little incentive to try to reach collective agreements since they could not provide greater flexibility than the law allowed. The second principle was that of union monopoly: that only recognized trade unions could sign collective agreements, and for most of the postwar period, five “nationally representative” union confederations qualified for that purpose.

The liberalization of the French labor market required that both those principles be first undermined, and ultimately terminated, and that in turn required a fundamental shift in the manner in which class relations were regulated. It is why the process of liberalization was not simply a process of deregulation but rather involved reconstructing the

37 Chris Howell, “The Transformation of French Industrial Relations: Labor Representation and the State in a Post-Dirigiste Era,” *Politics & Society* 37, no. 2 (2009).

industrial-relations system, and also why this post-Fordist restructuring of the labor market was hostage to a process of institutional reconstruction that only the French state could undertake. In broad brush, what has occurred over the last thirty-five years are dual processes, operating in tandem. First, the favorability principle has been replaced with widespread “derogation,” meaning that firm-level agreements can, if negotiated, provide greater flexibility and less favorable terms and conditions of work than the Labor Code requires. Derogation has been a tool for liberalizing the labor market across several Western European countries, particularly where states are reluctant to launch a frontal assault on trade unions and the perceived protections available to workers. Derogation is a form of “neoliberalism as exception,” to use Ong’s evocative phrase, where a full-throated commitment to neoliberalism can be sidestepped and denied, but permitted and legitimized as the product of a bargaining process.³⁸

However, for the resulting agreements to in practice serve as a source of flexibility and expand employer discretion at the workplace, any negotiation would need to be one-sided, with weak worker representatives. In France, very low union membership and the absence of union implantation at most workplaces meant that an expansion of a right to derogation simply could not work unless alternatives to trade unions were found or created, and then given the legal right to sign such agreements. Thus, both the union monopoly had to be removed and new forms of labor representation created. This was not in fact as novel as one might think. There is an important sense in which the French state invented the very notion of legally representative unions after 1945,³⁹ but what occurred from the 1980s onwards was more profound. The state came to redefine who represented labor, shifting legitimacy from unions to nonunion institutions inside the

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38 Aihwa Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty* (Durham: Duke University Press, 2006).

39 Philippe Couton, “A Labor of Laws: Courts and the Mobilization of French Workers,” *Politics & Society* 32 no. 3 (2004).

firm and even to the entire workforce of a firm through mechanisms of direct democracy. Those representing workers in discussions and negotiations today are either nonunion workplace representatives or union delegates and union locals that are cut off from any wider union movement and functionally indistinguishable from enterprise unions. The result has been the emergence of a “micro-corporatist” system of industrial relations, heavily tilted toward the interests of employers. When Wolfgang Streeck first elaborated the concept of micro-corporatism it was to point to the structural implications of forms of firm-level worker representation cut off from any wider labor organization beyond the firm.⁴⁰ The important point is that decentralized, firm-specific collectivities of workers have a strong incentive to engage in “wildcat cooperation” with their employers and, particularly in times of high unemployment, to engage in concessionary bargaining to safeguard jobs. Micro-corporatist bargaining typically offers flexibility inside the firm in return for job security. It is a form of weak social dialogue with agents of workers whose collective power is structurally delimited to the firm and not beyond.

One comparative point is worth making. At a time when more aggressively neoliberal governments in Britain and the United States were directly attacking trade unions and collective bargaining, following a strategy of decollectivization in order to liberalize the labor market, the French state pursued what looks on the surface to be the opposite strategy — encouraging workplace bargaining — but to the same end: allowing employers more discretion and control over the management of the firm. The difference lies in the central obstacle to liberalization: the state’s own control over the labor market as opposed to that of organized labor.

This quite fundamental transformation in the regulation of French class relations took place over more than thirty years, and it took place

40 Wolfgang Streeck, “Neo-Corporatist Industrial Relations and the Economic Crisis in West Germany” in John Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (Oxford: Clarendon, 1984).

through reform of the industrial-relations system. It is a mistake to look for explicitly deregulatory legislation for evidence of the French state's commitment to neoliberalism in the labor market; frontal attacks on labor market regulations, for example through efforts to introduce less secure employment contracts in the early 2000s, were rare and had mixed success because they did generate broad social protest. But that misses the way in which deregulation in fact took place, through derogatory bargaining with weak labor representatives inside the firm, a process that generated far less opposition, because its effects were indirect, and which was the product of Socialist governments as often as conservative ones. That process can be traced back to the Mitterrand government's *lois Auroux* reforms, to efforts to expand derogation in the mid-1990s and another Socialist government's *lois Aubry* at the end of the 1990s. This process continued with legislation from conservative governments in the mid-2000s which formalized derogation and further weakened the union monopoly, culminating in first Hollande's industrial-relations legislation (another Socialist government) and then Macron's most recent legislation, both of which extended derogation, essentially ending the favorability principle, and further displacing unions.

The 2004 *loi Fillon* generalized and extended piecemeal developments in the 1980s and 1990s. It permitted derogation in all but a handful of areas (such as the national minimum wage) and formally allowed works council and employee delegates in the firm to sign agreements in the absence of a union delegate. Practices that had previously been permitted on single issues or to take advantage of specified financial benefits were now extended throughout the industrial-relations system. The effect was to both enhance the autonomy of the firm from the wider industrial-relations system and encourage the shift in worker representation from trade unions to nonunion, firm-specific institutions. The *loi Fillon* embodied at least four different notions of labor representation: a union delegate representing union members in the workplace; employee representatives (such as

works councils and employee delegates) chosen through workplace elections; an employee mandated by a trade union confederation that had no formal union representation inside the firm; or a referendum in which employees are asked directly whether they support contract agreements which may not have been negotiated at all, but rather proposed unilaterally by management.

The expanded scope of derogation has encouraged what Rodière has nicely characterized as “l’émiettement dérogatoire” (crumbling by derogations).⁴¹ As Moreau has put it: “Firm level bargaining is becoming the place of flexibilities and even of negotiated de-regulations.”⁴² Again, the critical point is that liberalization of the labor market has proceeded in France through transforming industrial-relations institutions so as to expand employer discretion inside the firm rather than outright deregulation, and to note the rarity of the latter, and infer the absence of liberalization, is to miss how it takes place.

Developments from Auroux to Fillon shed a somewhat different light upon the much-remarked-upon liberalization measures of the Hollande presidency, notably the *loi El-Khomri* in spring 2016, and Macron’s labor market reforms, implemented in the autumn of 2017. Amable has argued that the *loi El-Khomri* marks a sharp break in the Socialist Party’s commitment to liberalizing the labor market, and it was indeed the case that the sheer number of measures in that law that in some way weakened legal protections for workers was unprecedented for any French government, let alone one that still called itself socialist.⁴³ But it is important to recognize that many of these measures were introduced in the same manner as in the past, through expanding the scope of derogation, or giving new powers to nonunion bodies, or weakening the commitment to collective bargaining; they were an

41 Quoted in Marie-Ange Moreau, “National Report: France,” in *The Evolving Structure of Collective Bargaining in Europe 1990-2004* (European Commission and University of Florence, 2004), 10.

42 Moreau, “National Report: France,” 23

43 Amable, *Structural Crisis and Institutional Change*, 228-233.

acceleration along an existing trajectory, following a well-worn path to liberalization, rather than a sharp break.

The same is true of Macron's sweeping labor market reforms, imposed by ordinance in the immediate aftermath of his crushing electoral victory in the summer of 2017. These measures were, in a sense, the logical conclusion to a process begun by a Socialist government in 1982. The inversion of the favorability principle was completed with the firm level now becoming the primary locus of bargaining in all domains. The union monopoly was hollowed out, with the option to end it altogether. In small firms an agreement can be proposed by the employer and simply endorsed in a referendum of the workforce, and in larger firms employee representatives can sign any collective agreement in the absence of a union delegate. And the possibility now exists of creating a Company Council empowered to sign agreements even if a union delegate exists in the firm.

Thus the transformation of the French system of labor regulation is all but complete. In the decade after May 1968, the state came to substitute for strong trade unions through a range of regulatory mechanisms designed to simultaneously stimulate Fordist growth by expanding demand, remove some of the sources of insecurity that produced labor militancy, and defuse the threat it posed to the political and economic regime. But by the early 1980s, the exhaustion of both Fordist growth and the industrial-planning model, and stubbornly high unemployment produced a broad ideological and political shift towards the market, a shift that included the PS which had only just emerged from decades of opposition. Governments of both the Left and the Right sought to liberalize the labor market, but not to do so through a return to the pre-1968 labor exclusionary mode of regulation because of the risk that posed. The result was a class project designed to decentralize labor regulation to the workplace, focus what limited union organization exists there, and create weak forms of worker representation elsewhere. These forms of micro-corporatist, firm-delimited labor organizations, particularly when unemployment is high, have strong incentives to

engage in concessionary bargaining and grant employers high levels of discretion. In this context, widespread liberalization has taken place not through outright deregulation, but rather through the reconstruction of class relations within the firm.

FRENCH LABOR FIFTY YEARS AFTER MAY 1968

How to understand the nature and strength of French labor fifty years on, in the context of both a broad neoliberal transformation of the political economy and the system of decentralized labor regulation put in place to facilitate it? In 1968, unions were close to the peak of their postwar strength in terms of union density, with about one in four workers being members. The predominant union discourse was anticapitalist, and their power came from their ability to mobilize, capture, and politicize the micro-conflictuality generated by postwar French capitalism. They had very limited institutional presence inside the workplace, and the state largely excluded them from any role in the regulation of class relations; there was no form of political exchange that incorporated labor into a public policy role, and very little legislation facilitating union organizing or collective bargaining.

Organized labor today is much weaker numerically, more reformist in ideology and practice, better implanted in the workplace, dependent upon competitive workplace elections rather than membership for industrial influence, and deeply reliant upon the state for both material resources and political relevance. The logic of “*syndicats sans syndiqués*” (unions without members) requires a reconceptualization of trade union power in France that recognizes the manner in which the state has reshaped the terrain of class relations. Mass mobilizations still take place periodically, but they are smaller, more politically orchestrated, less likely to use the withdrawal of labor in the form of the strike as the main class weapon, and consequently less likely to do much more than delay liberalization, still less to challenge capitalism itself.

By the end of the 1980s, organized labor in France had broken clearly into radical and reformist wings, with the CGT and CGT-Force Ouvrière (FO) largely opposing the class project of center-left and center-right alike, while the CFDT, Confédération Française des Travailleurs Chrétiens, and Confédération Française de l'Encadrement — Confédération Générale des Cadres ultimately going along with it. But even the non-reformist wing limited itself with regard to how oppositional to be. The CGT finally broke with the Communist Party in the early 1990s, releasing itself from the transmission belt of long-term institutional and ideological ties and joining the Confederation of European Unions in 1999.⁴⁴ Its general secretary from 1999 until 2013, Bernard Thibault, pursued a pragmatic strategy, showing himself willing to seek compromise with other French unions and to more frequently sign collective agreements. The national agreement on professional training in 2003 was the first significant national agreement the CGT had signed since 1971. Thibault was only able to stabilize the organization's membership (which had lost two-thirds of its members between 1977 and 1991), and it has declined further since he left office. In the past, the ideology of communism had provided the glue which permitted a unified direction; that is now gone. The wider problem for the CGT is that it is caught between the reformism of the CFDT and the radicalism of the autonomous unions.

The emergence of the CFDT as the privileged partner of employers and conservative governments is a remarkable shift from the union created in a socialist breakaway in 1965 and embracing at least the rhetorical radicalism of *autogestion* in the 1970s. In contrast to other unions, it saw strong membership growth through the 1990s to become the largest union, particularly in the private sector, though these gains were not matched in workplace elections. The CFDT had also come to replace other unions on the boards of jointly managed social programs.

44 For the transmission-belt period, see George Ross, *Workers and Communists in France: From Popular Front to Eurocommunism* (Berkeley: University of California Press, 1982).

These were seen by the union as the benefits of a strategy that has been labeled “hyper-reformism,”⁴⁵ involving an acceptance of the constraints imposed on bargaining by employers and the state, and an emphasis upon the value of negotiation as an end in itself. It has also proven much more willing to support the reform of the welfare state than other unions. This gave the CFDT unparalleled access to government officials and resources.

However, this approach culminated in the CFDT breaking ranks with other unions in 2003 to endorse the pension reform of the Raffarin government, thereby averting a crisis like that of 1995, the last time public sector pension reform was attempted. For the CFDT, the result was massive internal dissent which manifested itself in the disaffiliation of several prominent federations, losses in professional elections, and a decline in membership. Unlike the CGT, the CFDT is highly centralized and it has tended to respond to internal dissent with intolerance, suspensions, and expulsions. The growth of autonomous unions noted below has been fueled by refugees from the CFDT. In the highly competitive world of French trade unionism, there are clear limits to the reformist strategy pursued by the CFDT.

The last three decades have seen the emergence of radicalized autonomous unions (those not affiliated with the five officially designated representative unions). These unions are overwhelmingly in the public sector and have a strong occupational identity. After 1988, several CFDT federations, particular in mail, telecommunications, and rail, left the CFDT in frustration at its unwillingness to resist government-led public sector reforms more aggressively. These took the name SUD (*Solidaires, Unitaires, et Démocratiques*), and along with some more longstanding autonomous unions, formed a loose confederation in 2004 entitled *Solidaires*, encompassing thirty-six unions and claiming 80,000 members. Meanwhile another pole of autonomous unions, the UNSA (*Union Nationale des Syndicats Autonomes*) has also

45 Jean-Marie Pernot, *Syndicats: Lendermains de Crise?* (Paris: Éditions Gallimard, 2005).

emerged and shown some success in workplace elections. The *Solidaires* unions, in particular, represent a militant, oppositional force within the labor movement, quick to strike and unwilling to sign collective agreements. The autonomous unions have proved durable, but they have been able to grow only by taking existing members from other unions, not through new recruitment, and they seem stuck below 10 percent of the union movement. Nevertheless, they indicate the fissures and disagreement on the labor side about how to confront public sector restructuring, and represent a continued radical, mobilizational current.

The Paradox of French Trade Unionism

The place of French trade unions within the emerging decentralized system of labor regulation presents something of a puzzle. On the one hand, unions have fewer and fewer members. On the other, there has been a trend toward unions' greater institutional presence within firms over the last two decades. The rapid decline in membership that occurred during the 1980s, a decline which saw union density cut in half to 9.4 percent in 1993, has stabilized somewhat since but unions continue to lose members and the most recent figures indicate a density of 7.6 percent, with something close to 5 percent in the private sector.⁴⁶ Some have argued that this has been offset by "resyndicalisation," meaning first, greater electoral success of union lists in workplace elections since the mid-1990s,⁴⁷ and second, greater implantation of union delegates and locals inside firms. Workplace industrial-relations surveys, conducted between 1992–3 and 2010–11, indicate an increase in the presence of union delegates in firms over the time period with the result that by 2011, 67 percent of firms

46 Thomas Amossé and Maria-Teresa Pignoni, "La transformation du paysage syndical depuis 1945," *Données Sociales-La Société Française* (2006), 406.

47 Christian Dufour and Adelheid Hege, "Comités d'entreprises et syndicats, quelles relations?" *La Revue de L'IREs* 59 (2008).

employing fifty or more workers, and 35 percent of firms employing twenty or more workers, had a union delegate.⁴⁸ This is the same paradox, nicely captured by Lallement's identification of two discordant tendencies: on the one hand the "contractualization" of society as collective bargaining becomes an increasingly important form of social regulation; on the other, the delegitimization of trade unions, whose membership and organizational strength has collapsed.⁴⁹ The question becomes, then, what does it mean to reconstruct industrial relations at the firm level without unions, or more accurately, with unions that lack members?

The answer is that the fundamental source of the power of French unions has changed. They have become dependent upon the vote they receive in workplace professional elections for works councils and employee delegates for their influence and their claim to represent workers. Dufour and Hege note that for most of the postwar period, works councils occupied a marginal position in the industrial-relations system and were clearly subordinate to unions, but as works councils received more legal powers from the *lois Auroux* onwards, and as union membership collapsed, unions became the junior partners, dependent upon their electoral results in works council elections for legitimacy.⁵⁰ Trade union delegates inside the firm have come to be absorbed by the firm-level representative institutions resulting in a "generalized slippage from collective bargaining toward social dialogue under the control of management."⁵¹

French trade unionism today is best understood as a form of

48 Maria-Teresa Pignoni and Émilie Reynaud, "Les relations professionnelles au début des années 2010," *Dares Analyses*, 026 (2013), 5.

49 Michel Lallement, "New Patterns of Industrial Relations and Political Action Since the 1980s" in Pepper Culpepper, Peter Hall, and Bruno Palier, eds., *Changing France: The Politics that Markets Make* (New York: Palgrave Macmillan, 2006).

50 Dufour and Hege, "Comités d'entreprises et syndicats."

51 Jean-Marie Pernot and Maria-Teresa Pignoni, "Les salaires et les organisations syndicales de 1992 à 2004: Une longue saison de désamour" in Thomas Amossé, Catherine Bloch-London and L. Wolff, eds., *Les relations sociales en entreprise* (Paris: Éditions la Découverte, 2008), 161. Translation by the author.

virtual unionism in which the influence of organized labor rests not upon class power (in the sense of the collective capacity of labor, and thus the ability to withdraw labor and halt production), nor any of the conventional measures of labor strength, but rather upon its ability to perform two functions: as a vehicle representing labor interests to the state (deployed by workers, who are rarely union members, to bargain with the state during moments of social crisis), and providing the state with an institution to legitimize economic policies that cause social dislocation.⁵² In this latter function, French governments have tended to seek out trade unions during moments of industrial conflict and economic crisis to negotiate the terms of change. Thus the paradox of the French trade union movement: it simultaneously displays tremendous organizational weakness and yet a continued ability, right up to the present, to put itself at the head of grand social mobilizations.⁵³

For trade unions, particularly the non-reformist ones, a strategy of attempting to build membership through organizing, whether of the traditional kind or more social movement-oriented, is not seen as viable; the base of membership is too weak and nonunion bodies inside the firm have crowded them out. A collective bargaining strategy is also unlikely to yield success because of the manner in which it has become limited to the individual firm and channeled into micro-corporatist institutions that are easily dominated by employers. The alternative is an explicitly political strategy of using mass mobilization as a way of demonstrating their value to both workers and the state. In an industrial-relations system in which labor strength is measured in votes at workplace elections rather than membership figures, winning wider

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52 Chris Howell, "Virtual Trade Unionism in France: A Commentary on the Question of Unions, Public Opinion and the State" in Herrick Chapman, Mark Kesselman and Martin Schain, eds., *A Century of Organized Labor in France: A Union Movement for the Twenty-First Century?* (New York: St Martin's Press, 1998).

53 Sophie Bérout and Karel Yon, "Face à la Crise, la Mobilisation Sociale et ses Limites. Une Analyse des Contradictions Syndicales," *Modern & Contemporary France* 20, no. 2 (2012).

support and legitimacy from workers and reminding the state that it needs an interlocutor may be more valuable than winning any particular strike or bargaining for narrow workplace gains. Thus, outside the public sector, strikes have largely been replaced by demonstrations, and even in the public sector, strikes are likely to part of a broader political mobilization. The logic of electoral turnout in workplace elections generates a logic of political mobilization.⁵⁴

This form of virtual representation, and their periodic capacity to put themselves at the head of social mobilizations, gives French unions an influence out of all proportion to their strength; American unions with a similar, in fact even higher, union density, would kill to be accorded the social and political role of their French counterparts from even a Democratic administration, let alone a Republican one, as French unions receive from conservative governments. But it should not be confused with class power, and it comes at a price of dependence upon the state. French unions have limited independent power — independent of their vote share in workplace elections, and independent of the need and willingness of governments to seek out an interlocutor to manage the social backlash from the neoliberal transformation of the political economy.

This dependence upon the state is also directly material. French unions only rarely have some form of membership dues checkoff, and in any case have few dues-paying members; their claims to representativeness rest upon votes in workplace elections, not the number of members. So unions are externally funded, by employers in the form of paid time off and subsidies provided indirectly through the works council, by the state in the form of tax credits and further subsidies for services provided by unions, and by welfare agencies in the form of fees for managing pensions, unemployment insurance, and other benefits. There are no reliable figures but estimates for the contribution of membership fees towards total union income range from

54 Ibid.

15–57 percent.⁵⁵ And it is why there is a persistent suspicion that, for all its heated rhetoric, even the CGT shies away from a full confrontation with the current government for fear that Macron might retaliate by ending these forms of material assistance.

CONCLUSION

The moments of social mobilization on the streets of French cities, which still distinguish France from most of the rest of the advanced capitalist world, are the product of a political economy that has been profoundly liberalized with predictable consequences for job security and the quality of work, particularly among young and immigrant workers. Liberalization has been a more than thirty-year project in France, as planning mechanisms and the elements of a statist political economy were systematically dismantled, starting with financial markets, moving on to the nationalized sector, and more slowly but no less surely, the labor market.

Fifty years ago, the consequences of state-led industrialization and modernization also generated broad social mobilization, but the similarities between those events and more recent mobilizations are superficial. May 1968 produced a general strike and workplace occupations involving half the French labor force. Demonstrations today are tightly controlled moments of political theater, designed to remind the French state of the need to negotiate the terms of liberalization, and remind workers who to vote for in professional elections, which in turn ensures the legitimacy of trade unions. Strikes outside the public sector, even of the conventional kind, are rare and isolated. Capitalist social relations are no longer threatened as they were in 1968. French class relations have been transformed from a labor-exclusionary mode of regulation which had no institutions at the workplace level to manage class conflict, to a micro-corporatist mode of labor regulation that tightly

55 Marine Cheuvreux and Corinne Darmaillacq, “Unionisation in France: Paradoxes, Challenges and Outlook,” *Trésor-Economics* no. 129 (2014), 5.

integrates worker representatives into firm-level institutions that more approximate voice and consultation than negotiation and isolates them for any wider forms of collective action and class solidarity. This was the means by which the labor market was deregulated, and employer discretion expanded; the capacity of unions and workers to resist was undercut and flexibility was achieved through managerial unilateralism under cover of weak social dialogue.

This was primarily a state strategy, first to undercut the challenge of labor after May 1968 by offering forms of worker protection that substituted for a strong, independent union movement, and then to permit controlled liberalization in a manner that limited the likelihood of another social explosion by decentralizing and limiting labor regulation to the firm. Capital alone was incapable of these kinds of regulatory strategies. The liberalizing pathway in France ran through the state, and the continued centrality of the state to political-economic regulation should not distract from recognizing the way French capitalism has been transformed in a neoliberal direction.

The neoliberal transformation has been relentless over the last three decades, but since 2012 under the presidencies of Hollande and Macron, it has accelerated and become more naked. Familiar rhetorical tropes of social solidarity and incrementalism in the assault on labor market protections have been replaced by more catastrophist demands for liberalization of the labor market and full-bore deregulation.⁵⁶ The collapse of both the center-left and center-right in the 2017 elections created space for yet another president to claim legitimacy for a radical reform agenda to save France beyond party. Macron is no de Gaulle, but he shares the General's contempt for political parties and self-confidence in his capacity to transform France. As with Hollande, Macron's popularity has rapidly collapsed as his agenda has been revealed as little more than a redistribution of wealth and power to capital with no tangible benefits for the great mass of wage earners. The volatility of public support, weakness

56 Perry Anderson, "The Centre Can Hold: The French Spring," *New Left Review* no. 105 (2017).

of established parties, and space for new formations reflects social and political paralysis. As Amable has argued, the crisis for France exists in collapse of the previous dominant social bloc and the inability of a new social bloc to emerge and cohere.⁵⁷ We should not be surprised in this transition at the appearance of many morbid symptoms.

For all the pressing need and available political space, what is lacking is a social actor. French unions have periodically been able to build links to other activist communities, particularly students and anti-globalization activists. The mobilization against the *El-Khomri* legislation in the spring of 2016, which produced the strongest social protest against a Socialist government in the Fifth Republic and generated the *Nuits Debout* occupations of public space, were possible because of a loose, overlapping coalition of unions, high school and university students, and the non-Socialist left, which subsequently coalesced into Jean-Luc Melenchon's France Insoumise political movement.⁵⁸ And yet, such a coalition has not yet been sustained or resurrected against Macron.

There is a clear argument for a return to 1968 when the economic grievances generated by a growth regime could not be contained at the workplace and spilled into the political sphere with unions at their head. In Hyman's classic typology of forms of trade unionism, France has always stood out as the archetypal example of "class unionism" where unionism is a form of anticapitalist opposition, as "schools of war" in Marx's famous formulation, in contrast to trade unionism as vehicle for social integration (the German or Swedish social-partnership model) or economism of the American or British kind.⁵⁹ This ideological radicalism was a consequence of the exclusion of unions from the French political economy. Unions in France sought to valorize their exclusion from the industrial and political sphere. This made for an intensely

57 Amable, *Structural Crisis and Institutional Change*, Chapter 1

58 Sophie Bérout, "French Trade Unions and the Mobilisation Against the El Khomri Law of 2016: A Reconfiguration of Strategies and Alliances," *Transfer* 24 no. 2 (2018).

59 Richard Hyman, *Understanding European Trade Unionism: Between Market, Class & Society* (London: SAGE, 2001).

political unionism as unions saw little to be gained from action just in the workplace, and sought instead to externalize industrial grievances and turn them into political grievances through strikes whose purpose was political change. May 1968 was the best example.

The difference between then and now, and the reason to expect continued social paralysis instead of social explosion, is that micro-corporatist institutions have more closely tied workers to the firm, while French unions have become incorporated, both materially and ideologically, into the state. The result is that at the current conjuncture, substantive resistance to neoliberalism, as opposed to political theater, is unlikely to come from officially recognized unions, or even, as it did in May 1968, from workplace strikes. A more plausible challenge will have to come from social movements that are able to link the concrete experience of work under financialized capitalism to its wider societal consequences. ✎

As the labor movement has begun to show signs of a revitalization, we excavate a volume, long consigned to obscurity, from an earlier era. As Jane McAlevey observes, even though almost a century has passed since its initial publication, Steuben’s book remains astonishingly relevant today — which speaks both to the enduring facts of employment relations in capitalism, as well as to the efficacy of Steuben’s strategic perspective.

THE STRIKE AS THE ULTIMATE STRUCTURE TEST

JANE MCALEVEY

“To abandon the strike is to abandon the concept of wage labor; for the essence of wage labor as opposed to slave labor, is refusal to work when conditions of work become unbearable.”

— John Steuben¹

For the past two decades, there has been a lot of hand-wringing about how to rebuild working-class power. Plenty of ink and oxygen has been used in the debate over the way forward for the working class. Finally, in 2018, just as the working class and the organizations it built — unions — seemed to be gasping their last breath, education workers in West Virginia walked off the job in an all-out, 100 percent strike. They won. The strike was so impressive, so dynamic, that suddenly workers in other states got the idea that they, too, could strike, reinforcing our understanding that workers learn to strike by watching other workers strike *and win*. Surely part of the reason that corporations

1 John Steuben, *Strike Strategy* (New York, NY: Gaer Associates, 1950): 14.

have devoted so much effort to smashing previous high-strike periods is precisely because the employer class knows the threat posed by a good example. While all six major walkouts in the spring of 2018 — including those in West Virginia, Oklahoma, Kentucky, Colorado, Arizona, and North Carolina — were exciting and important, the victories, those tangible and less tangible, were uneven. This has to do with conditions in various states, history, and other factors that are not the subject of this book review.²

Clearly, however, part of the variation in success had to do with the differences in strike readiness, in what John Steuben calls the strike machinery, across the states. As a result of the production-shuddering education strikes this past spring, and perhaps of the tactical use of the word *strike* in the mostly symbolic protests of the fast-food efforts, the idea of the strike is garnering more attention in popular discourse than it has since Ronald Reagan smashed the air traffic control workers' strike in 1981. Prior to 2018, the only other strike this century that riveted the attention of the nation was the breathtaking one carried out by the Chicago teachers in 2012. There's no question that the 2012 Chicago Teachers Union strike, and the strikers from Chicago themselves, had a great deal of influence on the decision by West Virginia educators to walk off the job, united, defiant, and jubilant.

The surest way to rebuild working-class power is by instituting a program of high-participation strikes in the sectors where workers can strike to win. Why? For strikes to be successful in the United States, they require *no less than 90 percent participation of workers*. To achieve this urgently needed level of high participation today, ordinary workers are forced to do two things: build unbreakable solidarity by overcoming

2 I've written several articles so far on the strikes. See "The West Virginia Strike Points a Path Forward for the Labor Movement," *In These Times*, March 7, 2018; "The West Virginia Education Strike Shows that Winning Big Requires Creating a Crisis," the *Nation*, March 12, 2018; "Teachers Are Leading the Revolt Against Austerity," the *Nation*, May 9, 2018; "Los Angeles, CA Teachers Overwhelmingly Authorize Strike," *In These Times*, August 31, 2018. Also see a co-authored piece with Eric Blanc, "A Strategy to Win," *Jacobin*, April 18, 2018.

the many divisions perfected and deployed by the bosses, and develop what organizers call a tight, effective workplace structure. Once workers gain experience, they can transport their understanding of how to build unity and structure into their communities, skills urgently needed to fight bad landlords — including the outsize mega-landlord, Airbnb — challenge corporate Democrats in primaries and bad politicians of any party in the general elections, and win ballot measures that tax corporations and the superrich. The evidence of the aftereffects of high unity and tight structure are proving monumental in the electoral arena already, with Oklahoma educators knocking fourteen of the nineteen legislators who opposed their strike demands out of office less than half a year after their strike. Even more remarkable, it's the educators themselves who are replacing them in the state legislature.³

This seems an excellent time to call people's attention to a little-known book on strike strategy, first published in 1950 and bearing the name, simply, *Strike Strategy*. Although nearly seventy years have passed since its release — and eighty-two years from when John Steuben, its author, began to write about strikes — part of what is so intriguing about the book, “a practical manual for labor on the conduct of strikes,” is that its truths remain relevant today. Yet Steuben's book is absent in a casual search through the index of many recent books on strikes, and few people seem to have heard of it. I first read the book — devoured it actually — in 1997. It was long out of print, and the copy I received was a barely legible photocopy in a three-ring binder. Twenty years later the book is in the public domain, and you can find a full PDF of it online. The cover of the book describes it as the “first of its kind, comprising a practical manual for labor on the conduct of strikes; a brief dramatic history of the strike from 1776 to present; an analysis of techniques employed by industry in strike situations; and a study of qualifications for labor leadership.”

John Steuben was a machinist who eventually became a full-time

3 Ian Kullgren, “Educator spring' strikes wave of teacher candidates,” Politico, July 4, 2018.

organizer for the Congress of Industrial Organizations (CIO). He was part of the team that helped organize steel workers in the 1930s and was an organizer for the Steel Worker Organizing Committee (SWOC), assigned to Youngstown, Ohio during the Little Steel strike in 1937. He is a survivor of the Women’s Day Massacre, so-called because the wives of Republic Steel strikers had joined their husbands on the picket line, which infuriated a local sheriff, leading to one of the most violent strikes in that era.⁴ Steuben’s involvement in the CIO can be characterized by how Jack Metzgar, author of *Striking Steel*, described as the kind of people hired by John L. Lewis: “He [Lewis] swept up Socialists, Communists, Trotskyists, and various and sundry freelance revolutionaries — anybody who knew how to organize people for disciplined collective action.”⁵

Before becoming a staff organizer for the CIO, Steuben was the staff director of the New York City office of the Trade Union Unity League in the early 1930s, a Communist organization. From the numerous FBI files on Steuben, we know his real name was Isaac Rijock, that he was born in Ukraine in 1906, and immigrated to the United States in 1923. He would continue as a full-time union staffer from his early CIO days until just after he published *Strike Strategy*, when he was purged from his position as secretary-treasurer of the New York Hotel Front Service Employees Union Local 144 of the Building Service Employees International Union, AFL.⁶ He continued in the party, quitting after Khrushchev’s revelations of Stalin’s crimes in 1956, and he died shortly thereafter. Obviously, his insights into strike strategy were heavily shaped by organizing in the steel industry and the Little Steel strike.

Steuben is at his best, and the manual is of highest value, when he is describing the nuts and bolts of the strike machinery, the boss fight,

4 Benjamin Blake, “The Women’s Day Massacre,” Cleveland State University, <https://academic.csuohio.edu/clevelandhistory/Issue3/articles/steelpage6content.htm>.

5 Jack Metzgar, *Striking Steel: Solidarity Remembered* (Philadelphia: Temple University Press, 2000).

6 John Newton Thurber, “Book Review: Strike Strategy,” *ILR Review* 4, no. 4, (July 1951), 620.

and how to defeat the boss campaign. The least interesting parts of the book are when he is advancing party doctrine (most of part one). The book is three hundred pages of text, prior to the “Roll Call of the Dead” — a kind of index not found in more recent books on strikes and a reminder of the harsh conditions from which our much stronger labor movement emerged. Steuben breaks his ideas into four parts, starting with an excellent chapter simply titled “The Right to Strike.” As a trade union organizer and scholar, I have long used Steuben’s definition of a strike, which is on the second page of this chapter: “A strike is an organized cessation from work. It is the collective halting of production or services in a plant, industry, or area for the purpose of obtaining concessions from employers. A strike is labor’s weapon to enforce labor’s demands.”⁷

This definition of a strike stands in contrast to the symbolic strikes dominant since the 2008 economic crash, including those in the fast-food campaigns and anti-austerity protests in Europe, which have the character of a protest and make the participants feel good, but lack the power of the collective withdrawal of labor.⁸ The education strikes, beginning in Chicago in 2012 through the start of the fall school year in Washington state, hew to Steuben’s definition. Of note, Steuben tells us the right to strike is a “freedom guaranteed by the Thirteenth Amendment to the Constitution,”⁹ a bold and welcome assertion, but unfortunately not understood as the law of the land.

Writing during the wake of the passage of the Taft-Hartley Act of 1947, Steuben says “At the present stage of the struggle the chief danger is not that the right to strike may be completely taken away. Rather it is that this right may be so emasculated through federal and state legislation that it would become theoretical.” This analysis foreshadowed

7 Steuben, 13–14.

8 Rodrigo Nunes, *Organisation of the Organisationless: Collective Action After Networks*, (PML Press, 2014); Jörg Nowak and Alexander Gallas, “Mass Strikes Against Austerity in Western Europe—A Strategic Assessment,” *Global Labour Journal*, 5 no. 3 (2014): 306–3281.

9 Steuben, 22.

what would later happen with such laws as the Taylor Act in New York State, and even SB7 in Illinois, passed in 2011 as an effort to thwart the Chicago teachers.¹⁰ Much of the rest of part one is worth skipping. A far better history of strikes, and the particularly ruthless nature of the US corporate class, can be found in Jeremy Brecher's *Strike!* Rather than his discussions of politics and labor, in the US context, read Ira Katznelson's *City Trenches* or Nelson Lichtenstein's *State of the Union*.

Today, in part due to the Bernie Sanders campaign, the swelling ranks of the Democratic Socialists of America (DSA), and the rise of Trump and the forces propping him up, strikes as defined by Steuben are making a comeback. We should be thankful that Steuben actually does offer a basic manual on strike strategy. Beginning in part two of the book, chapter five, titled "Preparing for Battle," through six, "On the Line," seven, "On the Offensive," and eight, "Public Support," combined with skipping to fourteen, "Strike Leadership," he devotes more than one hundred pages to some useful nitty-gritty necessary for a strike to succeed. Although some very recent books are also helpful here — including *How to Jump-Start Your Union*, from Labor Notes; and Micah Uetricht's *Strike for America*, both about the lessons from Chicago in 2012 — Steuben offers much more detail. After cautioning "If Taft-Hartley-ism persists for any length of time, organized labor will once again be confronted with a new employer-sponsored 'open-shop' drive," he states, "Careful preparation for a strike is exceedingly important—very often the conduct and outcome of a strike depend on the quality of the preparatory work." He covers the differences between unorganized, newly organized, and union-tenured, and understands strike preparations can be best appreciated by a careful analysis of power well in advance of the strike itself ("What they are depends on the character of the expected struggle").¹¹

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10 Deidre McFayden, "The history of the Taylor Law," UFT, June 9, 2005; SB7 discussion in Jane McAlevey, *No Shortcuts, Organizing for Power in the New Gilded Age* (OUP, 2016), Chapter Four.

11 Steuben, 91.

In the case of unorganized or newly organized workers, Steuben stresses the same thing organizers today know: you must focus on the “biggest-worst,” meaning those “key plants and departments that receive special attention.” There’s no point in spending all the time engaging already pro-union activists. In fact, it is a waste of effort in a tough fight to spend time on those already on your side. The energy must be targeted to the areas where people are not yet on board. In a situation where the union is already established, he stresses that the key tasks are reaching all workers and their families, getting across three things: “first, that the demands presented to the employers are just and wise; second, that these demands can be obtained only through a strike; third, that if the strike is called, they must actively participate and stick it out till the very end.” He notes something that many union leaders have missed in the past seventy years: “It is not enough to call a membership meeting and decide by majority vote on strike action. In most unions, attendance at membership meetings is entirely unsatisfactory.”¹²

Steuben then basically outlines what *successful* strikes in the recent past have all done, which is reach *every* member “in the shops or at home.”¹³ And although his language is dated and bound up with the mostly male workers with whom he was experienced, his observations of tending to “Mrs. Striker” (ouch!), “the wives, children” and more, would have gone a long way in Chattanooga, Tennessee, where the United Auto Workers were out-organized in 2014 during the Volkswagen campaign when the boss did just that: went to the wives and the families outside the plant. Steuben is obsessed in a good way throughout with the very elements crucial to winning today: unifying the ranks, tending to serious relationships with the broader community, the media and public relations campaign, and inoculating against key elements of the boss campaign.

If *Strike Strategy* is read as a manual rather than a narrative, it’s

¹² Ibid., 92.

¹³ Ibid., 93.

powerfully instructive. For example, the specifics mentioned above and many more are spelled out in chapter five, which is the longest. If people read nothing else, they'd get a good overview of the key aspects of strikes here, including, obviously, "Involving the Rank and File" as the most crucial aspect of the work. Steuben states plainly, "A strike needs active participants, not observers." And "Strike leadership should be much broader than the regular union leadership; for the greater participation of the rank and file, the stronger the strike." He details establishing key strike committees, he lists many types of committees, and focuses attention throughout the essay on race and racism: "No strike committee, of course, could be considered genuinely representative unless it included adequate representation of Negro workers on strike." He makes a point of stressing that the many war veterans among the ranks (wwi and wwii) have unique experiences in discipline, military formation, and overcoming fear and adversity, which are all helpful in a strike. He also points out that veterans have strategic value in regard to the public relations campaign.

In addition to the entire progressive movement, unions today would do well to understand that the endless stream of Iraq and Afghanistan vets bring the very same skills, experiences, and value, as well as pain and suffering. Discussing whiners in unions who complain about apathy, Steuben says, "In each local union, in each plant, are hundreds of devoted and intelligent men and women Many of these workers have a great deal of native ability, and a wise strike leader knows how to bring this to the surface and make it operate for the good of the union." It's almost as if chapter five is a summary of the rest of the book, but the subsequent details are precisely what go beyond other books you can readily find in print.

In chapter six, he stresses the value of the 100 percent out strike and again focuses our attention on what it means to build high unity and high participation: "But even without the element of surprise, a walkout is

completely effective if the strike call is answered 100 percent.”¹⁴ There’s simply no reason and no excuse not to build toward 100 percent out strikes today, whether for defensive reasons — such as with the Illinois law passed in 2011 that mandated no less than 75 percent of the teachers had to participate for the strike vote to be valid, or with the recent law passed in the UK mandating no less than 50 percent participation when balloting for a strike — or for the more obvious offensive reasons.

Even beyond the threat of more repressive legislation, with the exception of highly skilled and structurally powerful workers, most worker power comes from their large numbers and unity as well as effective organization, not their irreplaceability. This has always been true: There have always been workers with more capacity to strike and less capacity to strike. In the 1930s and 1940s, the era in which Steuben gained his experience before making the time to solidify it into a manual, the CIO wasn’t equally focused on all sectors of workers. It wasn’t even somewhat focused on all types of workers. Rather, it was very focused on industries that it believed presented the best opportunity for workers to exercise the strike. And within these industries, “the basic industries,” the entire approach was building unity *across* the workplace. As exciting as many recent nurse strikes are — much more numerous than people realize but less attention-getting because they lack the statewide character of the recent education strikes — they have left too much power on the table and fail to achieve the mass political education that would result from whole hospital strikes, involving all workers together.

Steuben gets into the minutiae about picket lines, their role in exerting “healthy, moral pressure on strikers who are weak or weakening,” and the need to know where everyone is at all times. He’s also clear that the picket line represents what some of us today call “demonstratable,” supermajority participation. The demonstratable part of supermajorities is as important today as when Steuben wrote, “The

14 Ibid., 121.

picket line serves another function: it demonstrates to the public that the employees are solidly behind the strike.” Because the employer’s public relations effort, as well as attempts at back-to-work movements, rest on a narrative that suggests only a small group of workers care, demonstrable supermajorities serve multiple functions.

In the lead up to today’s most successful strikes, countless structure tests are conducted in advance of knowing a workplace or workplaces are actually ready to strike *to win*. Steuben talks about the United Electrical workers “pre-picket lines,” where the UE would “rehearse mass picket lines” while still in negotiations.¹⁵ He has pages on what a good picketing plan must include. In the chapter on public support, he suggests going far beyond today’s top-down “labor-community” alliances and notes that the work of forging serious relationships to the broader community is best done by the most talented organizers, not inexperienced activists with a half-hearted assignment, usually way too late to matter. “The task cannot be left in unskilled hands,” Steuben writes. “Nor can it wait till the battle has begun. One of the ablest organizers must be assigned ...” He goes on to tell stories, including how they had over one hundred clergy, from across denominations, sign a statement supporting the strike in Youngstown in 1937.

The entirety of part three deals with the boss war. Because — at least in the US — the boss war is now firmly rooted in the White House, it’s an important and useful five chapters where he deals with picket line violence, the elements of the boss fight, and how to inoculate against the employer — all key to winning today. In the only book review I found of *Strike Strategy*, by the senior editor of the Bureau of Labor Statistics (BLS) and published in the *Industrial and Labor Relations Review* (one can imagine his sympathies given the conditions), it states, “Mr. Steuben bases his strike strategy manual on the assumption that hostility is the normal relationship between unions and employers. He emphasizes that unions should prepare for struggle against employer hostility.”¹⁶

¹⁵ Ibid., 130

¹⁶ John Newton Thurber, op. cit.

The BLS reviewer is shocked at the idea that employer hostility would exist, let alone make a roaring comeback after a brief truce in the relentless employer-led class war. This crucial point: that a period where workers' standards of living were improving; where the quality of life for the ordinary American worker was heading in the right direction; where inequality was steadily falling; where local, state, and federal governments were more responsive to the needs of the entirety of the people — not merely the CEOs — was predicated on an elite class *desperate* for labor peace *because* of an era of high-participation strikes.

Those who doubt the analysis about the need for mass strikes versus empty slogans such as “We will remember in November” and “social partnership” need only read the opening lines of the June 2018 Supreme Court ruling in *Janus vs AFSMCE*. Justice Samuel Alito, writing for the majority, states, “Neither of *Abood*'s two justifications for agency fees passes muster under this standard. First, agency fees cannot be upheld on the ground that they promote an interest in ‘labor peace.’” A few sentences later, Alito writes, “Whatever may have been the case 41 years ago when *Abood* was decided, it is thus now undeniable that ‘labor peace’ can readily be achieved through less restrictive means than the assessment of agency fees.” Today's state and federal legal assault on the largest remaining unionized workforce, the public sector, has come about because the national leadership of these unions failed to grasp that strikes, not just voting at election time, are the key to working-class power. The national union's focus on electing Democrats, as the Democrats were being taken over by Wall Street and Silicon Valley lock, stock, and barrel, was and is a disaster.

The gap between the rhetoric of the broader progressive movement, the “We are the 99%” and the ability to actually manifest anything close to the 99 percent, are as vast as the Grand Canyon. It simply doesn't matter what percent you claim are with you in your rhetoric if you can't first organize — that means unify — supermajorities, *then* mobilize the base for collective action. Supermajority strikes (not symbolic strikes, and certainly not minority strikes) are unique because they forge

unbreakable solidarity and build organization among a real 99 percent — that’s what *supermajority* means. You can’t afford to ignore the worker, the unit, the school, the hospital, the warehouse, the call center that isn’t on board with you as you prepare for strike action. Steuben repeats this many times throughout *Strike Strategy*.

Election after election in the US, and increasingly in Europe, is being decided by small margins and confusion about who is to blame for the extreme pain among the working class. Small margins create endless openings for the Steve Bannons of the world, for their strategy is basically that of the boss strategy in a strike: dividing the working classes and driving futility, the very strategies workers learn to overcome when preparing for supermajority strikes. In the US, the small-margins strategy on the part of the Democrats is what put Trump into office. Idiotic and calamitous assumptions that Democrats only need to turn out 1 or 2 percent more to take this state or that congressional seat are spewed by Silicon Valley data wizards whose allegiance is to the new elite, not the working class. Small margins, gerrymandering, and all forms of voter suppression can best be defeated by relearning how to build supermajorities in difficult conditions.

Strikes also serve as the most effective form of mass political education so desperately needed throughout the West, and certainly in the US because strikes clarify the two sides. Strikes strip away the false rhetoric of Trump and his ilk, also urgent on the to-do list if we stand a chance to stop the rise of the very dangerous right wing.

Supermajority strikes are hard. Because they are hard, they are urgent. Steuben’s discussion in part three, of the employer’s strategies to divide workers from one another, isn’t a history lesson. It’s the present. Retaking power from the forces decimating the working class — the exact forces driving climate change denial, decimating the planet — requires focusing on today’s strategic sectors, what Steuben calls the basic industries. Today’s basic industries include health care, education, and logistics, sectors that are growing. The mission-driven workers in two of these sectors have deep, unbreakable bonds to their

communities. They are made up mostly of women, often women of color, who hold the promise of a labor movement that instinctively knows the connection between the home, work, and the community. The fears of the gig economy are being used to distract people from the urgent work needed now: instituting a program of mass strikes in key sectors where winning is entirely possible, where the numbers of workers in these sectors alone can rebuild the union density of the 1950s. Reading *Strike Strategy* will help people who don't have strike experience — the vast majority — understand what goes into winning strikes. Winning strikes, not losing them, will build a more confident, fighting, politically educated working class. ✎

In a previous *Catalyst* article I argued that the universal basic income would expand the freedom and power of ordinary people. In the following issue, Gourevitch and Stanczyk argued that proponents of this costly policy *assume* the social power that it is meant to achieve. In response, this article argues for basic income as the thin edge of the wedge: I sketch out a vision of the achievability of basic income, passing from a modest — but still emancipatory — program to a more ambitious one.

DOES BASIC INCOME ASSUME A CAN OPENER?

DAVID CALNITSKY

An old joke has a physicist, a chemist, and an economist stranded on a desert island with a can of beans but no tool to open it. While the scientists try to actually forge a tool, the economist proposes they “assume” a can opener. For Alex Gourevitch and Lucas Stanczyk, this is more or less what’s happening in the basic income debate: in economistic fashion proponents assume the existence of a social movement that is already powerful enough to make this massive social policy proposal a reality.¹

Gourevitch and Stanczyk pour some much-needed cold water on the “utopian-cum-realist” discussion of basic income. Although I ultimately disagree with central parts of their essay, their contribution to the debate is very much welcome. Refreshingly, it avoids the common trap of the laundry list approach to critique: “Not only do I deplore eating meat on moral grounds, but *also* steak just tastes bad — plus it’s bad for your health!” Gourevitch and Stanczyk do not bully all the arguments

1 Alex Gourevitch and Lucas Stanczyk, “The Basic Income Illusion,” *Catalyst* 1, no. 4 (Winter 2018): 151–177.

into line; they have one central critique and argue for it persuasively.

The authors emphasize just how expensive a generous version of the policy really would be, and they stress that it requires a powerful coalition to cull the resources to fund it and take us from here to there. Thus, proponents such as myself have it backwards: it is not that basic income would empower people to demand more, but rather, any generous basic income demands resources that *presume* in advance the existence of a movement to extract them. Proponents assume a can opener. We assume our conclusions. Instead, for Gourevitch and Stanczyk, job one ought to be expanding the social power of poor and working people. And this happens not through social policy, but more or less in the usual way: traditional labor organizing.

My own view is that basic income is roughly about as expensive as Gourevitch and Stanczyk suggest, although I dispute aspects of their rundown of costs and funding. And I also agree that the move towards a generous basic income is something akin to the move towards a genuinely democratic economy, although I see this as a feature, not a bug. Where I disagree strongly is with their imputation of the basic income strategy. I do not see any reason to assume there is some congenital feature among basic income proponents that leads them to embrace an apolitical, ingenuous strategy of simply legislating the thing tomorrow. Gourevitch and Stanczyk criticize a pathway from here to there that is assumed to be a core property of basic income, but in fact, is not. The following remarks will suggest an alternative to the *And Voila!* theory of basic income achievability that at least I, for one, do not hold.

Here is the core of my disagreement with Gourevitch and Stanczyk: I believe that the political system is not so monolithic and closed as to rule out the empowering effects of social policies that harness the interests of broad social forces. They do seem to believe this and cite Martin Gilens's work as evidence that American democracy is insulated from the interests of low- and middle-income citizens. Political change for Gourevitch and Stanczyk is a matter of "traditional forms of labor organizing," just more of it. I read a voluntaristic streak in their

model of social change; they doubt that social policy might function as a “stepping stone to more effective labor politics,” and believe the political system is too ossified to implement policies that will provide us a better footing for further social changes.

The story I wish to tell instead suggests that there are forms of income maintenance that fall short of a fully universal basic income but would nonetheless be politically popular, and therefore robust. Moreover, those policies could also be emancipatory insofar as they expand people’s power to demand more, bridge the gaps between usually disconnected social groups, and lock in a political ratchet effect. I argue both that (1) a generous universal basic income would be emancipatory, ultimately helping to usher in a genuinely democratic economy, and (2) that income maintenance policies which are weaker — and therefore more immediately attainable — than the generous and universal ideal can nonetheless serve as a stepping stone for poor and working people to build power, forge ties, and demand more. The mechanism is the same in both cases, and indeed, all the empirical evidence about wage growth, destigmatizing effects, gender power relations, and labor force participation that I marshaled in my first essay for *Catalyst* comes from a social policy that fell short of a fully universal model, but was empowering nonetheless.²

Not all things in the world obey the dialectic, but this does: policies that are achievable in the world today may confer power onto people, which facilitates the realization of *further* policies that again empower them to demand even more. Like the solution to the chicken and egg problem, policy and power co-evolve.

FEASIBILITY AND ACHIEVABILITY

To begin, when we analyze alternative forms of social organization it is useful to separate the *feasibility* from the *achievability* of a proposal.³ Gourevitch and Stanczyk cast doubt on one story about basic income’s

2 David Calnitsky, “Debating Basic Income,” *Catalyst* 1, no. 3 (Fall 2017): 63–92

3 Erik Olin Wright, *Envisioning Real Utopias* (London: Verso, 2011).

political achievability, much more than its underlying feasibility. The question of feasibility asks whether a program, once achieved, would unravel through the unintended consequences it generates. It is valuable to ask whether or not a system will prove sustainable once installed, even if we do not have a good theory to explain how it might be established in the first place. For example, we can ask whether this or that model of socialism is feasible, or whether problems of coordination, innovation, or motivation would erode its social reproduction. The question of feasibility is not merely abstract. It is a test any desirable vision of the future must pass, and regrettably, most theoretical models of a socialist economy, however promising, do not inspire genuine confidence in their internal feasibility. In part, this is because these models are so different from ones we know that it is hard to determine where the blockages lie. Thus, in my view, the “realism” of basic income lies not its imminent political achievability, but in its feasibility.

It is true that the policy is incredibly ambitious, but ambitious thinking about transforming the world is at the core of the socialist project, and basic income would not be exciting if it wasn’t so ambitious. The beauty is that we can also have some confidence in its feasibility because its operation does not change too many parts of the world at once. Nonetheless, there are some credible threats to basic income’s feasibility, and in my essay in issue three of *Catalyst*, I focused on the problems of capital flight and labor force participation as the central concerns. As I will reiterate below, while they present serious problems, there is good reason to believe they do not undermine the overall feasibility of the scheme.

The question of achievability is different, asking instead how we can get from here to there. Serious discussions of achievability begin with the acknowledgement that genuinely emancipatory transformations of the world cannot be achieved overnight or legislated in the next Congressional session. Most analyses of socialist models avoid posing this question at all for the very forgivable reason that it is hard to answer.⁴

4 One exception is David Schweickart, *After Capitalism* (New York: Rowman & Littlefield, 2011).

We might make confident assertions about the range of options on the political agenda in the next five years but claims about what might be achievable fifty years down the road are inherently difficult to evaluate. Assessing the feasibility of a single model is hard enough; the question of achievability forces us to consider the transition between two models. But if we are serious about social change we ought to be able to say something meaningful about achievability, and I regard the “non-reformist reform” path as the most promising.⁵ Below I attempt to flesh out a vision of the achievability of basic income along these lines, where a less ambitious (but still emancipatory) program mushrooms into a more ambitious one. But first I reappraise the question of feasibility.

IS IT FEASIBLE?

Gourevitch and Stanczyk make an implicit distinction between the two concepts. For example, they seem to imply that a generous basic income is in theory feasible, at least as a feature of an already functioning socialism. But they emphasize the colossal price tag of the program, forcing us to ask how such a big increase in social spending is meant to be achieved; more specifically, they doubt any political agent is sufficiently powerful to carry it out. Significantly, however, they do not make the stronger claim that an economic system not entirely different from the current American status quo would be *infeasible* with a 15–20 percentage point increase in government spending. This would bring social spending in the US towards the top of the heap among rich countries, a feat that would be hard to achieve but not something that would unravel once established. Gourevitch and Stanczyk use “general government

5 In fact, there is no alternative. The revolutionary path is transparently hopeless for the primary reason that it is not in the material interests of the majority (given the uncertainties and that most people have more to lose than their chains). One can be a revolutionary or a materialist, but not both. The argument that the Left must build political parties begs the question. After all, what will they do once they take their power? Once in power, if the revolutionary road is closed, they are forced to think about the nuts and bolts of reforms and must try to institutionalize non-reformist reforms that build and empower a base of supporters.

spending” data from the OECD, which indicate the US spends 38 percent of GDP for public purposes; at the top of the list in 2016, Finland devotes 56 percent. These data also present peak government spending over the past thirty years, which show that both Finland and Sweden maxed out at 64 percent of GDP. The *infeasibility* claim would suggest that Nordic social spending could not exist in the US. However sensibly skeptical we might be about social change, there is little reason to doubt the inherent feasibility of a massive spending increase in America.

But the calculation above is hardly the end of the story; Gourevitch and Stanczyk ignore some of the savings that basic income proponents usually point towards. Analysts such as Allan Sheahen, as well as Philippe Van Parijs and Yannick Vanderborght, find that roughly 10 percent of GDP can be saved on tax expenditures, tax exemptions, lower-level economic benefits, and the lower part of higher-level economic benefits.⁶ For example, in Sheahen’s calculation, he finds about 2 percent of GDP in tax exemptions, 2.7 percent in lower-level economic benefits, 2.6 percent in cutting a little more than half of military expenditures, and 5.3 percent in cutting about 80 percent of US tax expenditures.

It is worth lingering on both tax exemptions and tax expenditures. As Tony Atkinson has argued, the “personal exemption” and “standard deduction” in the income tax is closely related to basic income.⁷ If the tax rate is 30 percent and the exemption threshold is \$10,000, the exemption provides personal savings of \$3,000; these “savings” are state expenditures like any other and are not unlike a basic income. But notice its regressive construction: A person with \$8,000 in income gets only \$2,400 in the above example. Those with no income get nothing. A basic income would remove the regressiveness hidden in the tax code. Next, tax expenditures, or what Christopher Howard calls the “hidden welfare state,” constitute a massive amount of spending, much

6 Philippe Van Parijs and Yannick Vanderborght, *Basic Income* (Cambridge, MA: Harvard University Press, 2017); Allan Sheahen, *Basic Income Guarantee* (Springer, 2012).

7 Anthony Atkinson, *Inequality: What Can Be Done?* (Cambridge, MA: Harvard University Press, 2015).

of which amounts to corporate and upper-middle-class subsidies.⁸ At \$1.17 trillion, tax preferences in the US corporate and personal income tax far exceed any single government program.⁹ Sheahan's calculation closes a huge number of these loopholes, including deductions on homeowner mortgage interest, and corporate tax expenditures such as accelerated depreciation of machinery, deferral of income from foreign corporations, and employer contributions for medical premiums and pensions. He then goes on to cobble together 8.1 percent of GDP in fresh tax revenue through nine different tax instruments.

Karl Widerquist makes an entirely separate point about the net costs of a universal basic income, one that Gourevitch and Stanczyk acknowledge, but which should be belabored.¹⁰ The net cost calculation ought to subtract first the savings, as above, and second, the basic income from net contributors. Imagine the following stylized example: Say we set the UBI to \$2. With a population of 300 people — 300 is an easier number to keep in mind than 325 million — the gross cost is \$600. If we tax \$4 from the top one hundred earners and \$2 from the middle hundred, we collect the gross cost. But since they are also receiving the UBI, the per person net contribution at the top is \$2 and \$0 in the middle, making the total net cost \$200, one-third of the gross cost. Of course, the gross cost still needs to be collected, which is no small feat, but however you tweak the example above, the net cost gives a far more reasonable figure.

If we factor both kinds of savings into the net cost calculation, and allow for ambitious but feasible tax increases, we might conclude that getting from here to there is tremendously hard, but not as hard as Gourevitch and Stanczyk suggest — and we certainly cannot say that such a state of affairs is infeasible. To the feasibility question in particular, there is no good theoretical reason to argue that under capitalism,

8 Christopher Howard, *The Hidden Welfare State* (Princeton University Press, 1999). See also, OECD, *Tax Expenditures in oecd Countries*, 2010, oecd-ilibrary.org/governance/tax-expenditures-in-oecd-countries_9789264076907-en.

9 T.R. Reid, *A Fine Mess* (New York: Penguin, 2017).

10 Karl Widerquist, "The Cost of Basic Income," *Basic Income Studies* 12, no. 2 (2017): 107–118.

social spending hits a hard limit at such and such a level. If this is the falsifiable core of the Marxist theory of the state, then it is false. The history of the twentieth century is a history of steadily rising public social expenditures, even through periods of lower profitability; every erstwhile peak was eventually surpassed, and there has never been a great reversal. If we are to make a genuine infeasibility claim it must rely on specific theoretical mechanisms, not a blanket assertion that some level of social spending is too much.

Thus, the two threats to the feasibility of basic income remain declining labor force participation and capital flight. As I argued in my first paper, the balance of evidence suggests that the former is unlikely to be a major stumbling block. The latter is more serious, but can be both mitigated and leveraged, in that order. At lower levels of net cost, it can first be mitigated through the simple mechanism of bad press. Firms really do want to avoid it; when Walgreens' offshoring plans were criticized in the media, they cancelled them.¹¹ The mechanism is uncomplicated, but should not be underestimated; in my view, the Left has over-learned the lessons from Kalecki. Yes, capitalists might threaten to disinvest, but it is also worth remembering that practical men of business in America are totally full of shit.

The capital flight problem can also be mitigated, at lower levels of net cost, by making use of forms of tax collection that are less likely to directly impact investment, such as income taxes, payroll taxes, and value-added taxes. The latter are worth mentioning in particular, as many generous welfare states often have high value-added taxes — indeed, in the second half of the twentieth century states that relied heavily on consumption and payroll taxes were the fastest to grow their social spending.¹² Social scientist Lane Kenworthy has a proposal to slowly add 10 percentage points to government revenue, a large portion of which

11 Reid, *A Fine Mess*.

12 As noted in my first paper, the more reliant the funding scheme is on regressive taxes the more it operates as a system of risk pooling, partly functioning as a mechanism for internal redistribution among wage and salary earners. See Pablo Beramendi and David Rueda, "Social Democracy Constrained," *British Journal of Political Science*

comes from value-added taxes.¹³ Even if we ignore Widerquist's point about net costs, converting ten existing GDP points along Sheahen's lines and adding ten new points along Kenworthy's lines gets you a basic income of \$15,200 for every US adult.¹⁴ Doing so takes us quite a ways into the world of a universal basic income, but not yet into the realm of socialism in America. While it is far from outrageous to imagine this as a stable equilibrium, it is worth considering that by this point socialism does become increasingly within reach.

If, for example, we convert fewer existing GDP points and add more fresh spending, especially through taxing capital, the capital-flight problem emerges again, but this time it can be solved in new ways. How might we leverage the capital-flight problem as the net costs of basic income become even higher? There are two ways this might work. First, as basic income grows, and capital flight becomes more likely, capital controls may become increasingly viable due to a combination of basic income's rising popularity and the resulting willingness of political movements to publicize the bad behavior of fleeing firms.

Second, if my popularity hypothesis is true, capital flight may become an opportunity to leverage the polity into socialism. Those firms or industries at risk of exit should be scapegoated and specially targeted for nationalization. This brings additional revenue for the growing dividend and serves as appropriate comeuppance for defecting industries. If there exists a popularity effect that serves to grow social expenditures and a profitability effect that acts as a break on that growth, the historical record has shown the former to completely swamp the latter. As popularity runs into capitalist defection the exploitation of new sources of capital income becomes increasingly plausible. This is the mechanism through which the move towards a generous basic income is something akin to the move towards democratic socialism.

37, no. 4 (2007): 619–641.

¹³ Lane Kenworthy, *Social Democratic America* (Oxford: Oxford University Press, 2014).

¹⁴ My calculation, using updated GDP and population figures. Note that Sheahen wipes out most tax expenditures, as mentioned above, and most lower-level economic benefits, but retains many that would be important for social justice, such as the Child Tax Credit, which goes to low-income families with children.

IS IT ACHIEVABLE?

What about achievability? Is there a road from here to there? Gourevitch and Stanczyk offer a council of despair; they make a strong case that a massive increase of social spending is politically unachievable. Although the feasibility analysis above suggests it is also more achievable than the authors make it out to be, the story I wish to tell begins with a kind of basic income that falls short of generous but is itself achievable in the not too distant future.

While I think history suggests it is unwarranted to rule out massive increases in social spending in some medium-term future, those spending increases are not *immediately* obtainable. A guaranteed annual income, however, *is* within the bounds of what a mobilized political coalition could achieve today. The difference between the two policies is that although it provides a floor below which no one's income can fall, the guaranteed income phases out as market earnings rise, while the UBI only phases out in its net benefits. In the gross terms of what must actually be collected, the former is far less expensive. I argued in my first essay that many but not all of the virtues of UBI are also available with the guaranteed annual income: "Both policies provide the freedom to exit from the labor market, but UBI, as a truly universal policy, is better positioned to strengthen social solidarity."¹⁵

From the perspective of Gourevitch and Stanczyk's argument, it is important to note that the guaranteed annual income is a small fraction of the gross price tag of the universal basic income they cost out. The virtue of this weaker policy is that its initial passage is not hard to imagine in the context of the current welfare state. At the most generous, Aaron Major calculated a "social justice" basic income system that topped up all citizens to an income more than double the poverty line (\$63,741 for two adults with two children, \$37,581 for two adults, and \$26,830 for single adults); he gives the scheme a gross cost of \$1.4 trillion, or about

15 Calnitsky, "Debating Basic Income," 64

7.5 percent of GDP. In another example, one “progressive” version of the policy analyzed by Jeff Manza and Fred Block amounted to about 0.8 percent of GDP once lower-level cash transfers are netted out. A recent appraisal of this kind of system in the Canadian context puts the net cost of a guaranteed income at around 2.3 percent of GDP.¹⁶ There are numerous costings of the guaranteed annual income, but they are all far more affordable than UBI in terms of the tax revenue required and could be added onto current spending with few conversions. The cost objection to this kind of guaranteed income is even less persuasive than a cost objection to Medicare for All, a program that is most likely more expensive in gross terms but not so expensive to dispute the prospect of its initial passage. The reason the guaranteed income is more affordable than UBI in gross costs is because payments phase out, as shown in Table 1:

TABLE 1. THE IMPACT OF THE GUARANTEED ANNUAL INCOME WITH TWO TAX BACK RATES

50%			33%		
Market Incomes	Guaranteed Income Payment	Post-GAI Income	Market Incomes	Guaranteed Income Payment	Post-GAI Income
0	20,000	20,000	0	20,000	20,000
5,000	17,500	22,500	5000	18,333	23,333
10,000	15,000	25,000	10000	16,667	26,667
15,000	12,500	27,500	15000	15,000	30,000
20,000	10,000	30,000	20000	13,333	33,333
25,000	7,500	32,500	30000	10,000	40,000
30,000	5,000	35,000	40000	6,667	46,667
35,000	2,500	37,500	50000	3,333	53,333
40,000	0	40,000	60000	0	60,000

NOTE: With a guarantee (G) of \$20,000, a tax-back rate (t) of 50% or 33%, and market income (M), the payment (P) is determined with the formula, $P = G - t^*M$

16 Parliamentary Budget Office, “Costing a National Guaranteed Basic Income Using the Ontario Basic Income Model,” 2018; Fred Block and Jeff Manza, “The Case for a Progressive Negative Income Tax,” *Politics & Society* 25, no. 4 (1997): 473–511; Aaron Major, “Affording Utopia,” *Basic Income Studies* 11, no. 2 (2016): 75–95.

I see a guaranteed annual income organized as a negative income tax as a desirable second best that can pave the road to a more fully universal policy. And while the phase-out mechanism makes it more affordable, this is not code for neoliberal. It is affordable in relative terms, but most every proposal constitutes large spending increases. Indeed, the two models have more similarities than differences. It can be shown that the overall redistributive impact and the impact on incentives would mirror a UBI, even though it involves far less “churn”; that is, the fully universal model both distributes more and collects back more.¹⁷ Both schemes involve income assessments too, but with a UBI one’s income is assessed at tax time, *ex-post*, and with a guaranteed annual income assessments happen *ex-ante*, before the benefit is distributed.

Additionally, if designed along the lines of the Mincome experiment, the policy *would* provide an exit option from the labor market. And while Gourevitch and Stanczyk are right that this would inspire business opposition, so would a push for stronger unions and most every left policy proposal — it is strange to read this as a reason to pack our bags and go home. There are ways, moreover, to build up to schemes that facilitate labor decommodification and the exit option, as discussed below. That is to say, there are ways to slowly ratchet up the program and boil the opposition alive like frogs in a pot.

I noted above that all the findings I reported in my first paper come from a guaranteed annual income of this sort, including the result that firms’ wage offers increased. If a guaranteed annual income for a single-person household with no children was set to \$20,000 with a 50 percent phase-out, it would provide benefits to everyone earning less than \$40,000; as the tax-back rate is adjusted downward, the program would reach further into the middle class, drawing in a broader constituency (see Table 1). For example, dialing down the tax-back rate from 50 to 33 percent means that benefits for single adults are received by those earning up to \$60,000.

17 L.F.M. Groot, *Basic Income, Unemployment and Compensatory Justice* (Boston: Kluwer Academic, 2004).

My argument for basic income achievability is fundamentally rooted in its broad appeal. In the case of Mincome, typically separated groups were brought together under a unified scheme, and the boundaries between former welfare recipients, the unemployed, and the working poor began to blur, which in part accounted for its overwhelming popularity. In particular, it is the deserving status of the working poor that inoculated the program from the negative association with welfare policy. Manitoba New Democratic Party Premier Ed Schreyer's oft-repeated slogan that "the time has come to give out welfare at the unemployment office" meant that the historic gulf between the deserving and undeserving poor ought to be bridged.

Compare the guaranteed income to traditional social assistance. It is wrong to blame the victim, but if there has ever been a social program that invites it, it's welfare. If policy tools are to be socially reproducible, if they are to provide a base from which to mobilize for broader reforms, they must consider the moral reasoning they foster. Left activism around welfare often involves demands to "raise the rates," that is, increase the payments going to a very small, marginal group. AFDC/TANF (i.e., welfare) benefit levels are indeed low — and the average inflation-adjusted per-family benefit level has been in steady, secular decline since the 1970s — but the demand should be different. In place of "raise the rates," why not "ease the conditions," "remove the rules," or "cut the strings"? Weakening the strict eligibility criteria for qualifying for social assistance — the degrading and invasive caseworker discretion, the searching investigations into the personal lives of recipients — ought to be an end in itself. But by including everyone who falls, for whatever reason, under some income threshold you also begin to capture a broad constituency of precariously employed and low-income people. This is a change that would make the program less, not more, neoliberal.

My question to basic income skeptics on the Left is this: We demand increasing welfare payments, but why not ease welfare conditionality? Most every welfare activist agrees that we ought to reduce the degrading and invasive eligibility restrictions of welfare. But how far should they be

reduced? Should they be invasive but not degrading? Where *should* the line be drawn? If you find the eligibility criteria cruel and unnecessary but dislike basic income you face an insoluble dilemma. I know of no good left argument suggesting we ought not ease these conditions, and indeed, we should ease them all the way into a guaranteed annual income, where anyone who falls below some threshold, for whatever reason, is automatically topped up. There is no socialist case to retain a highly categorical welfare state whose main function is to foster divisions between social groups. Nor is there a case to quarantine welfare recipients. Instead, we ought to fight for a welfare state that opens communication channels among groups, not one that draws bright lines between them.

Thus, in many countries the first step towards basic income achievability is reducing the barriers to entry for social assistance. In the US, because welfare has already been so dramatically circumscribed, the demand instead might be to make the Earned Income Tax Credit (EITC) unconditional rather than conditional, as proposed by Manza and Block.¹⁸ As I argued in my first paper, work-unconditionality is more important than the actual generosity. While nearly a quarter of Americans receive the benefit, the average EITC payment is only \$2,300. But the program is an employer subsidy because of its conditionality — which pushes up the labor supply and pulls down wages — not its amount; making it unconditional would undo the subsidy effect, but moreover it would be a crucial step towards further broadening its constituency, thus helping to lock in the popularity that would facilitate its expansion.

Unconditionality matters more than generosity because some amount of alternative actually does help provide exit power. As I argued in my first paper, a small but work-unconditional grant can make it somewhat easier to be picky, to temporarily exit the labor force, or to bargain from a stronger and less desperate position. It can, moreover, be saved and used as a financial buffer in between jobs. Even an insufficiently sized but unconditional income can yield bargaining power. Providing an exit

18 Block and Manza, “The Case for a Progressive Negative Income Tax.”

should be understood as a continuous variable, not a binary one, as the concept of the reservation wage makes clear. It is simply not true that it is necessary to have a basic income as high as \$15,000 to raise the reservation wage of labor, improve bargaining, allow workers to stay out of the labor force longer than they otherwise would, or strike more effectively.

Recently, a paper on the Alaska permanent dividend fund — a very small but highly popular and unconditional basic income — showed that relative to synthetic controls, the dividend generated no overall labor market effect, but the authors argue that the zero net effect can be decomposed into a labor supply *decline* that was offset by labor demand *growth*. While some worked somewhat less, the downward distribution of funds towards people with a higher marginal propensity to consume led to growth effects that gave others the opportunity to work somewhat more.¹⁹

As long as an income-maintenance system with a low level of generosity is available whether or not people work, there is a clear mechanism through which gains might be achieved: its increasing popularity. This is the path to slowly expand general government revenue to fund increases in generosity. Since 1940, Social Security’s average inflation-adjusted benefit level has only increased annually, and it is extraordinarily popular — and so would be “Social Security for All.” It might also be framed as “insecurity insurance” or “low-income insurance.” And while we can imagine an opposing coalition of employers and secure job-holders who might counter-frame the policy as “insurance for losers” or “cash for cucks,” a supporting coalition would be larger. It would include low-income workers, the precariously employed, the underemployed, former social assistance recipients, students, young people, and if explicitly tied to Social Security, the elderly. The point here concerns both the initial passage and the durability of the program. A work-unconditional guaranteed income would not entail the gargantuan gross spending

19 Damon Jones and Ioana Marinescu, “The Labor Market Impacts of Universal and Permanent Cash Transfers,” *National Bureau of Economic Research, Working Paper no. 24312*, 2018.

increases that prompt cost objections to its initial achievability. And moreover, any income-maintenance system that brings huge numbers of people into the fold is likely to build a constituency that safeguards its sustainability and facilitates its expansion.

DIALECTICS OF POLICY AND POWER

This brings me to a fundamental disagreement with Gourevitch and Stanczyk over the question of policy and power. The authors seem close to denying that policies can shape the future terrain of organizing. To them, democracy is a broken instrument that cannot be made to work for our purposes and rebuilding the working class will have to make do even “without the benefit of meaningful labor law reform.” They suggest that what we need is labor organizing “to build a new working-class consciousness.” While I agree on the importance of mobilization, in contrast to my argument that policy and power co-evolve, they say little about how this class consciousness might be achieved. Rather, in seemingly voluntarist fashion, they propose that organizing emerges from organizing: “The means to the requisite political organization, moreover, must come through labor organizing.”²⁰

In my reading, this view is missing an underlying motive force — hence the trace of voluntarism, or a can opener problem of their own — but more importantly, I do not see a clear game plan. Organizing needs objectives to organize around, and those objectives should be ambitious and exciting, but also imaginable. It is false to dichotomize advocating for a new redistributive agenda like basic income and organizing the working class. One can imagine extending the Gourevitch and Stanczyk critique to any expensive social policy proposal: don’t bother until we have an organized working class. Should organizers enter workplaces with the pitch that everyone sign up, but pooh-pooh any discussion of the point of it all? Should that conversation be delayed

20 Gourevitch and Stanczyk, “The Basic Income Illusion,” 154.

to a later date when we are all sufficiently powerful? More promising is to organize around big agendas; this is the approach taken by groups like Bargaining for the Common Good.²¹ Medicare for All would be another example of a policy that can be a boon to organizing; it is also an expensive proposal — certainly in terms of gross government expenditures — that will require substantial mobilization to obtain. And it would put workers in a better position after its passage by diminishing the coercive power of unemployment. Big ideas like Medicare for All and basic income are appealing to organize around both because of the broad benefits they promise and because, once passed, they can change the landscape of social struggle in ways that are favorable to popular forces. Shrugging off policy objectives that sit somewhere in the intermediate space between a socialist economy and a ten-cent raise is a strategy unlikely to inspire broad working-class organization.

To my mind, the objective ought to be reforms that serve as a stepping stone towards (1) a better set of outcomes, and (2) a better position; that is, ameliorative and emancipatory reforms. We know that social policy matters immensely for the amelioration of human suffering — for example, the very best predictor of success against child poverty is the share of “left” parliamentarians.²² But policy can be emancipatory too. It is true that people make choices under conditions not of their choosing, but policies that “we” legislate can help shape those conditions. Income maintenance policies that *could* be legislated, but fall short of a fully universal basic income, can help to realize a more universalistic vision. Even better than wishing and hoping for a new labor upheaval is helping to foster the conditions for its emergence.

Gourevitch and Stanczyk argue in their paper that it is “simply false that political institutions in the United States are mostly responsive to the policy preferences of the average voter,” and that “there is little indication that a majority of citizens is actually in charge.” While there

21 See www.bargainingforthecommongood.org.

22 Lee Rainwater and Timothy Smeeding, *Poor Kids in a Rich Country* (New York: Russell Sage, 2003).

is some real truth to this, I believe the authors are wrong to dismiss the effect of broad popular support. For one, the argument forwarded by Gilens and Page is simply not the end of the story: three separate political science papers contest their empirical findings.²³ But we can acknowledge that there are severe democratic deficits in the US without denying that popular policies are highly robust, and that narrowly targeted policies are less so. Universal health care in Canada is untouchable for this reason. Social Security in the US is robust, however much elites might want it dismantled; contra Gilens and Page, the rich dislike it, and yet it remains. Even through the neoliberal period, these social programs have tended to grow, not diminish. The general claim that universalistic social programs generate political buy-in by the majority of citizens turns out to have empirical support and should be used as a lever to slowly build political power.²⁴

The Left ought to reconsider the voluntarist perspective suggesting we must simply work harder, keep at it, and organize in all the traditional ways. Speaking broadly, in contemporary left thought the argument privileging struggle as a strategy and end point on its own, separated from policy formation and institutional innovation, has pushed too far. In part it is rooted in an overly stylized vision of capitalism — inherited from Smith, Ricardo, and Marx — as a homogenous mode of production immune to institutions operating internally that help to build a new world inside the old. And in part it is rooted in a kind of religiosity that makes social policy taste yucky. However, ignoring the interaction between social policy and social struggle leads to an impasse. Not only is this outlook potentially guilty of voluntarism, but it blocks our ability to see how

23 See J. Alexander Branham, Stuart N. Soroka, and Christopher Wlezien, “When Do the Rich Win?” *Political Science Quarterly* 132, no. 1 (2017): 43–62; Omar S. Bashir, “Testing Inferences about American Politics,” *Research & Politics* 2, no. 4 (2015); and Peter K. Enns, “Relative Policy Support and Coincidental Representation,” *Perspectives on Politics* 13, no. 4 (2015): 1053–1064.

24 David Brady and Amie Bostic, “Paradoxes of Social Policy,” *American Sociological Review* 80, no. 2 (2015): 268–298; Walter Korpi and Joakim Palme, “The Paradox of Redistribution and Strategies of Equality,” *American Sociological Review* 63, no. 5 (1998): 661–687.

seemingly technocratic fixes can in fact improve our position to struggle.

A basic income is not likely to be implemented in one fell swoop — I doubt many advocates have that in mind as the proposed road to freedom. The cost objection loses its force if we imagine a smaller program that builds a popular base from which to expand. This is why Gourevitch and Stanczyk's criticism is not entirely fair. A viable scheme gets implemented incrementally; but along the way, the key principle is work-unconditionality, not some preset level of payment. The initial affordability of the policy is what makes it achievable. Its unconditionality is what makes it feasible; it brings supporters on board and builds up a constituency for further increases. This means that a reasonable starting point is an insufficient but unconditional guaranteed income, one that is ameliorative but also progressively emancipatory in that it builds bridges and builds power.

Is my dialectical program just neoliberalism by stealth? Does this darkly Hegelian road come to a dead-end? It is widely believed that basic income presents a clear and present danger of cooptation. This is true; it is entirely possible to imagine it being coopted. The same is true for a jobs guarantee, Roemer's coupon socialism, strengthened unions, Medicare for All, and every ambitious but plausible scheme to reorganize socioeconomic life for the better. While we should be sensitive to this dilemma, striving to make all our proposals uncooptable is a mistake. Proposals that are uncooptable might have appeal to political ascetics, but they are far less likely to be feasible, and fare even worse on achievability. Cooptability should be seen as a necessary condition for our policy proposals, not a reason to disavow them. It is a measure of success rather than failure because it implies a design aimed at fitting itself onto the world as it actually is. Moreover, it is a dilemma that comes naturally with power, and can only be escaped by clinging onto our marginality; confronting these dilemmas only means we are that much closer to realizing the world we want. ✎

There is no huge gap between liberal egalitarianism and socialism, if we ask what justice requires from an impartial moral perspective. But the demands of justice as fairness cannot be realized by liberal political institutions. They require a different vision of democracy, an alternative account of public reason, and a more radical critique of the state — issues on which contemporary liberal egalitarians are either wrong or silent.

THE POLITICS OF RETICENT SOCIALISM

LEA YPI

In the last decade of his life, John Rawls, the most influential liberal political philosopher of the twentieth century, insisted that even the most benign form of capitalism, welfare-state capitalism, could not realize the ideal of justice as fairness to the defense of which he had devoted his entire life. This explicit critique of capitalism in the thought of one of the giants of contemporary political thought has been lost on many socialist commentators for whom Rawls's theory of justice is no more than a series of, at best, overly moralized, at worst, ideologically driven, speculations with little to offer by way of direction to the real movement that abolishes the current state of things.

This is unfortunate, for two reasons. Firstly, because given the extent to which Rawls's thought and related Rawlsian analysis have dominated the last half-century of Anglo-American political theory, any credible attempt to construct an alternative intellectual hegemony would at least have to avoid giving the impression that it is ill-informed about what rival liberal egalitarians actually write. But secondly, and more importantly, because in our efforts to update socialism for the challenges of

the twenty-first century, it pays to begin with the points on which an overlap between left-liberal and Marxist-oriented thinking is uncontroversial so as to carve the space for a more critical engagement on the issues in which they are clearly at odds. For while there are important affinities when it comes to the demands of morality and justice in ideal circumstances, there are also significant differences when it comes to addressing the question of how to theorize the political transition to a condition of ideal justice. The latter is a topic on which mainstream political theory is surprisingly silent. Yet only if we appreciate how liberal egalitarianism is not only compatible with but requires socialist institutions, can we develop a critique of political liberalism that is radical, plausible, and appropriately nuanced.

For many, these observations are likely to raise eyebrows from the start. Mutual suspicion goes back a long way, not just to the political debates about “their morals and ours” but also to philosophical questions about the extent to which the Marxian critique of capitalism is about justice at all, to sociological analyses of the relation between individualism and holism in discussions between agency and structure, and to historical questions about the continuity between Enlightenment ideals of rationality and Marxist thought. But one can also choose to start elsewhere. Between them, Rawls and his followers pretty much exhaust all interesting theoretical developments in Anglo-American political theory for the last fifty years. Their endorsement of socialist ideas in connection to explicitly liberal accounts of justice should be cause for celebration rather than, as seems to be the trend, fuelling further suspicion. So how to explain the reticence? What sort of socialism is at stake here? What can we learn from the liberal egalitarian endorsement of socialism? And what does it leave out?

The following pages seek to address some of these questions more in the spirit of opening a constructive debate about the merits and limitations of liberal interpretations of socialism than by offering any settled conclusions on the matter. Still, there is one general claim that I want to make towards the end. While socialism is often presented

and defended as an attractive idea by current left-liberal egalitarians, it really is no more than that — an attractive moral ideal for the pursuit of which only liberal democratic institutions and norms are invoked. But that is precisely where we have to dig deeper. In the world that we have, egalitarian justice cannot be delivered by liberal institutions, and thinking morally about a just society cannot be abstracted from thinking politically about it. The question is whether and how to extend the analysis of justice that liberal egalitarians are happy to share with their Marxist counterparts to a critique of the state, the vision of an alternative anticapitalist international order, and the political institutions and movements in charge of realizing those ideals of justice. Yet even getting to that point requires a more constructive engagement with liberal egalitarianism and, in that spirit, I shall start with Rawls.

First developed in *A Theory of Justice*, published in 1971 and then continued with *Political Liberalism*, John Rawls's account of justice as fairness specifies an ideal of social cooperation developed from an abstract choice situation that Rawls calls the original position. The thought experiment is the following. Take an idealized society where representatives have to decide about the most appropriate principles for the distribution of the benefits and burdens of social cooperation without knowing particular facts concerning things like their own age, gender, race, income, status, and so on. Participants choosing from behind this "veil of ignorance" would be selecting a conception of justice constrained by the demands of impartiality which, according to Rawls's theory, leads to the endorsement of two distinct principles. The first is a principle of equal basic liberty: each person has the same indefeasible claim to a fully adequate scheme of equal basic liberties, compatible with the same scheme of liberties for all. The second concerns social and economic inequalities: those are only considered acceptable if they are attached to offices and positions open to all under conditions of fair equality of opportunity, and to the greatest benefit of the least advantaged members of society.

Rawls dedicated his entire life to clarifying both the conception of

justice as fairness defended in *A Theory of Justice*, and the principles and institutional arrangements required to further develop it. But by the end of the eighties he had increasing doubts about the way in which the discussion of the institutional arrangements most appropriate to the ideal of justice as fairness had been conducted up to that point. One thing he wished he had handled differently, as he pointed out in the preface to the revised edition of *A Theory*, was the distinction between a property-owning democracy and a liberal welfare state. It was “a serious fault” of *A Theory of Justice*, Rawls argued in *Justice as Fairness: A Restatement*, that in exploring the possible institutional configurations of the ideal of justice as fairness, no sufficient emphasis was placed on the distinction between welfare-state capitalism and alternative property regimes such as property-owning democracy and a democratic socialism.

The main flaw of the liberal welfare state from a Rawlsian perspective is that it is limited to protecting needy citizens from falling below a decent standard of life, for example, by guaranteeing unemployment subsidy or universal health care. But the state is indifferent to the question of who owns what and, relatedly, unable to address the *emergence* and reproduction of vast inequalities of wealth and power. While consolidating the social and economic standing of a few elites vis-à-vis the vast majority of citizens, such an accumulation of wealth and power corrupts the fair value of political liberties and undermines equal opportunity. To put it in the kind of Marxist language that Rawls did not endorse explicitly but to which he could not object: a liberal welfare state is still rigged by class injustice, it still acts as a vehicle of social oppression.

Rawls was not a political activist by any stretch of imagination. In his work he had very little to say directly about the big political issues that animated his country and that divided the world in the years in which his philosophy took shape: imperialism, civil rights, the exploitation of workers, the emancipation of women, and so on. As an undergraduate at Princeton, he had been interested in religion and contemplated

studying for the Episcopal priesthood before volunteering to join the army as an infantryman during the Second World War. He later cited the experience of the war as responsible for his crisis of faith in religion and the reason why, once the war was over, he returned to Princeton to pursue a doctorate in philosophy.

Between 1952 and 1953, Rawls spent the academic year as a Fulbright fellow in Oxford where he developed the methodological foundations of *A Theory of Justice*, in the company of socialists such as Stuart Hampshire and J. O. Urmson as well as liberals such as Isaiah Berlin. Those were months of fervent political debate within the British left, a debate which was essentially about issues of property distribution and the implications of socialists' commitment to common ownership of the means of production, distribution, and exchange, as required by Clause IV of the constitution of the Labour Party. After coming to power under Clement Attlee in 1945 and implementing a radical program of nationalization of the major British industries, the Labour Party had suffered its first electoral defeat in 1951. Moderates within the party interpreted the loss of power as a sign that the British public was wary of such a radical program of nationalization and blamed it on Clause IV. It was in this context that James Meade, a "revisionist" economist close to Attlee, adopted the term "property-owning democracy" (first coined by Tory MP Noel Skelton in the 1920s) to refer to a series of proposals required to move beyond the limitations of the traditional welfare state so as to prevent the emergence of vast disparities of wealth resulting from the unequal distribution of property.¹

The measures advocated by Meade were designed to complement the nationalization program which formed the policy core of the Labour Party with a series of policies supporting the diffusion and gradual equalization of property at the level of capital owned rather than earned. These included both proposals that encouraged the accumulation of property by those who had none, and proposals that discouraged the

1 J. E. Meade, *Efficiency, Equality and the Ownership of Property* (Abingdon: Routledge [1964] 2012).

dispersal of fortunes by those traditionally wealthy. Serious state-funded investment on education at all levels and measures promoting employee-share schemes fell under the first rubric; taxes on inheritance and gifts fell under the second one. It was a clever move intended to appropriate an ideal that conservatives had initially found appealing by showing that there was little to fear by the kind of parliamentary socialism advocated by the Labour Party. Left egalitarians did not have to choose between individual freedom and collective democratic control. Through the idea of property-owning democracy, the more radical demand for nationalization of the commanding heights of the economy, to use Lenin's apt phrase, could go hand in hand with the bourgeois recognition of the centrality of individual holdings (provided they were equally distributed).

Rawls's interest in socialist thought was at best theoretical; his exposure to socialist politics was at most indirect. The British debates around Clause IV and property distribution almost certainly reached him during his time in Oxford — they would have been the topic of many a high table conversation at Christ Church College. But references to real-world politics in Rawls's writings are scarce, and no mention is made of the politics of postwar Europe (except for the one passage in which he cites the British Labour Party and the German Social Democrats as examples of attempts to realize a liberal socialist regime). Yet, while the politics of property-owning democracy left him relatively indifferent, Rawls was clearly interested in its potential as an institutional ideal and, indeed, credits the same James Meade that advised Labour on property-owning democracy with having influenced his own thinking on the topic.²

For Rawls, who is inspired by Meade, property-owning democracy realizes an account of justice as fairness which embodies a societal ideal of reciprocity that presents a credible alternative to welfare-state capitalism. Unlike welfare-state capitalism it allows all citizens to have

2 John Rawls, *A Theory of Justice* (Cambridge MA: Harvard University Press, 1999), p. xiv.

a share in capital and land sufficient to prevent the formation of small concentrations of wealth and power. It is therefore less vulnerable to the emergence of dependency on welfare benefit and seems attractive as a measure that seeks to prevent the emergence of social inequality rather than countering its undesirable effects, in other words a *pre-distributive* rather than *redistributive* measure. Indeed, property-owning democracy helps to prevent the concentration of wealth and power by giving citizens equal productive assets and human capital (i.e., education and training) before they become vulnerable and in need of state subsidy in the form of, say, medical care or compensation for unemployment.

For Rawls then, the difference between reciprocity-enhancing forms of cooperation such as property-owning democracy and liberal socialism, on the one hand, and capitalism, on the other, boils down to a question about who has what, and about the final shape of the public system of rules that determines the distribution of property. It is, in essence, a distributive question, although not one that is indifferent to how what is distributed gets produced and to how decisions about what gets produced are ultimately made. The reason capitalism, even in the most benign form of welfare-state capitalism, fails to adequately promote the two principles of justice is that it permits a small class of property-holders to have a near-monopoly of the means of production thereby perverting both the economic and the political institutions of a well-ordered society.

Rawls was of course thoroughly familiar with Marx and was sufficiently sensitive to the Marxian critique of bourgeois rights to interpret the requirements of equal basic liberties contained in his first principle in a more demanding way than the classical liberal formulation. He insists that equal political liberties ought to have a “fair” value and he emphasizes that their fair value is reflected in a society in which citizens have a roughly equal chance of occupying public office or influencing governmental policy, regardless of their economic and social class. Yet welfare-state capitalism, Rawls contends, is unable to guarantee

this. The kind of socioeconomic inequalities that welfare-state capitalism permits undermine the fair value of political liberties by allowing wealthy citizens to pervert the process of political decision-making by securing for themselves opportunities for shaping the public agenda that are denied or unavailable to their more vulnerable counterparts.

On the other hand, both property-owning democracy and liberal socialism are plausible candidates for institutionalizing the two principles of justice. Both, as Rawls understands them, are incompatible with the existence of class society, a society in which a few wealthy citizens are able to concentrate wealth and power and to direct society as a whole in a way that imposes their particular ends on the rest of society. The difference between them is that while property-owning democracy permits private ownership of the means of production in a limited way, liberal socialism is opposed to it and guarantees each citizen democratic control over the use of socially owned resources.

It is one of the greatest merits of William Edmundson's analysis in *John Rawls: Reticent Socialist* to unambiguously bring out Rawls's profound hostility to a capitalist society characterized by both economic exploitation and political domination, where those with more money and resources can undermine the fair value of political liberties by exerting disproportionate influence on political processes that further entrench their accumulated advantage.³ The Rawls that Edmundson engages with is one that continuously emphasizes how those with more money and power tend to share a self-interested political viewpoint and to form common political allegiances so as to pursue their agenda. He also warns that when this is the case the prospects of parliamentary democracy furthering equal political liberties appear particularly bleak. It is refreshing to see an interpretation of Rawls that finds affinities between him and Marx not just on the question of whether capitalism is exploitative (it is) but also on the implications of capitalist exploitation for the production and reproduction of dominant ideologies,

3 William Edmundson, *John Rawls: Reticent Socialist* (Cambridge: Cambridge University Press, 2017).

class advantage, and cultural practices that shape the basic structure of society and consolidate particular social advantages.

Edmundson's analysis proceeds at the same level and from within the same methodological commitments as Rawls's. It moves through the different stages of the justification procedure laid out in *A Theory of Justice* and tries to settle the question of which regime type is most appropriate to realize the two principles of justice. His conclusion is that liberal socialism is a superior institutional arrangement compared to property-owning democracy. On this point, the interpretation moves beyond Rawls's explicit remarks and turns into a work of reconstruction. Indeed, for Rawls himself, the choice between the two regime types could not be settled in the abstract and without considering a society's historical circumstances, its traditions of thought and practice, and other contingent empirical factors. Since such information only becomes available at the point in which legislative measures designed to protect the principle of fair equality of opportunity and the difference principle are put in place, for Rawls this is a decision that political representatives ought to make in a legislative assembly. But Edmundson argues that more solid guarantees are needed, and that the issue of who controls the means of production should be settled at the constitutional level. If we take seriously the different stages of the process of justification of the ideal of justice as fairness, liberal socialism is a superior model to property-owning democracy because of the way in which it realizes the two principles of justice while also protecting the stability requirements of a well-ordered society. And since the matter is important to avoid the distortion of political processes by the wealthy few, it is crucial to settle the issue of ownership of the commanding heights of the economy in a way that's immune from the fluctuations of electoral cycles.

The tension between Rawls's text and Edmundson's reconstruction becomes very clear on this point. According to Rawls, since both property-owning democracy and liberal socialism have to do with mechanisms for the distribution of property required to safeguard

the most vulnerable members of society from the abuses of power by their wealthy counterparts, the choice between the two should be left to the legislative stage where the framework for the basic economic institutions of society is put in place. But in Edmundson's reading, this cannot be his final position on the matter. Given Rawls's emphasis on the importance of stability for realizing justice as fairness, the decision between property-owning democracy and liberal socialism cannot be the subject of legislative measures vulnerable to the whims of majority rule. Once information about envy and the psychological limitations to upholding of justice as fairness (such as envy, greed, and attitudes towards risk) come into play, the decision ought to be settled as an essential constitutional matter. Rawls's theory, so the interpretation goes, requires that "the common ownership of the commanding heights of the economy be constitutionally guaranteed" (121). To assure the fair value of political liberties and the realization of a distributive principle of reciprocity, one has to guarantee that all citizens will have roughly equal political influence and be protected from the political domination of those with more wealth and power whose voices are likely to carry the greatest weight.

Rawls does mention a number of institutional measures intended to both ensure that all citizens have a roughly equal chance of affecting political outcomes and to guarantee their independence from concentrations of private economic and social power (in a property-owning democracy) and of governmental and bureaucratic control (in liberal socialism). Although he does not put much emphasis on the specific content of his proposals, he also provides concrete examples of measures to this effect. They include proposals such as public funding of elections and limits on campaign contributions, more equal access to public media, regulations on the freedom of speech and press, and so on.⁴ Yet if the question of who controls the means of production remains a legislative question, subject to electoral dispute, it is clear that it will

4 Rawls, *A Theory of Justice*, p. 199.

continue to divide citizens, as it did with the United Kingdom after 1945. Capitalists will be able to use their wealth and power to change the balance of forces in legislative institutions, or they will continue to exercise pressure on courts in hope of tweaking judicial review in their favor. In short, the problem of assurance when it comes to establishing robust legislative measures guaranteeing the fair value of political opportunity remains a significant problem and continues to threaten the stability, publicity, and reciprocity of a well-ordered society — desiderata central to Rawls's theory. It is a problem that can only be resolved, or so Edmundson argues, if the common ownership of the means of production is constitutionally guaranteed. This makes it possible to remove the issue from the day-to-day political agenda and to enable reciprocal cooperation among citizens in a way that meets the stability requirements of Rawls's theory.

All this is by way of interpretive reconstruction of Rawls's commitments rather than directly supported by Rawls's text. Rawls did not defend the superiority of liberal socialism over property-owning democracy from a systematic perspective, nor did he offer a unified argument one could appeal to in making the interpretive claim. For all these reasons, Edmundson argues, "his socialism has to be seen as "guarded," "muffled," "reticent," but nonetheless real."⁵

But let us take the most charitable interpretation for granted. Let us suppose that Rawls was or should have been committed to a constitutionally guaranteed form of liberal socialism. What follows from this commitment, even in its reticent form? Rawls's defense of justice as fairness, including his analysis of the institutional regimes that best realize its two principles, is pitched entirely at the level of what he calls "ideal theory." For Rawls this is a technical term: it indicates a kind of theory that constructs certain premises and draws certain conclusions by assuming perfect compliance and the motivation of all parties to act in conformity with the principles of justice. His analysis of the original

5 Edmundson, *John Rawls: Reticent Socialist*, p. 121.

position and the choice of principles of justice under conditions that assume that a society is “well-ordered” and that everyone takes responsibility in upholding just institutions is the paradigmatic case in point. The real world is often not like that, it is affected by injustices of all sorts: gender, race, class, to mention but the most familiar ones. How to deal with these injustices is for Rawls part of what he calls nonideal theory, a theory that develops principles under conditions of partial, as opposed to perfect, compliance, and where both natural limitations and the contingencies of an (often unjust) history play a much greater role. One of Rawls’s examples of this latter case is that of a scenario where votes carry unequal weight or where sections of the population are disenfranchised altogether. Our assessment of the right principles of justice and of the balance of, say, freedom with equality, Rawls insists, needs to take these distortions into account.

Given the gap that exists between ideal and nonideal theory and the conditions under which each is elaborated, it would seem that the more demanding the ideal, the more distant that ideal is from societies as we know them, the heavier the burden to articulate a theory of the transition from where we are to where we ought to be. But if Rawls’s agreement with socialist accounts of justice is real, even if reticent, the gap that separates his understanding of politics, including politics taken from a nonideal perspective, from the socialist tradition of reflection on the topic is enormous, and much more challenging to fill.

For a start, Rawls’s remarks about the transition from nonideal theory to ideal theory are mostly limited to discussing the role of civil disobedience and conscientious refusal in a well-ordered society. A well-ordered society is a society in which the basic structure of social institutions is just, or nearly just. The reason Rawls gives for starting with the simpler cases is that once we are clear on those, they “may help clarify the more difficult problems.”⁶ Ideal theory, he argues, provides “the only basis for the systematic grasp of these more pressing

6 Rawls, *A Theory of Justice*, p. 53.

problems” At least Rawls acknowledges they are more pressing.⁷ But very little is said on how exactly his orientation is supposed to work, if it works at all. And Edmundson’s book, notwithstanding a final chapter devoted to questions of agency and of political transition, also struggles to bring out the contribution of Rawls’s theory at this point. The requirements of civil disobedience apply only when citizens are already motivated by a public sense of justice, and indeed rely for their effectiveness on a public appeal to a roughly just constitution. A society rigged by class injustice, where the interests of a few wealthy citizens shape the dominant rules of social cooperation, is clearly not a well-ordered society. Indeed, Edmundson reminds us that it is not even a “decent” society like the one Rawls mentions as a contrasting model in one of his later books, *The Law of Peoples*, to describe the structure of government oriented by a decent consultation hierarchy. Welfare-state capitalism is what Edmundson calls “a badly ordered society,” and a badly ordered society is one that lacks a just constitution, that lacks reciprocally acceptable criteria that shape its sense of justice, and where the strictures of public reason are inapplicable because the “public” in public reason is never institutionalized.

But there is more. A capitalist society is a badly ordered society, and a badly ordered society has no right to expect obedience — though of course one might choose to obey for prudential reasons. As Rawls puts it, “to employ the coercive apparatus in order to maintain manifestly unjust institutions is itself a form of illegitimate force that men in due course have a right to resist.”⁸ Still, resistance is different from what Rawls calls “militant action.” The first, as he emphasizes, characterizes a well-ordered society and can take the form of civil disobedience or conscientious refusal. The second refers to a kind of action that applies when the basic structure is not “nearly just” or “reasonably so” and where compliance with laws has no basis in any existing constitutional ethos. This form of resistance, according to Rawls, paves the way to

7 Ibid., 8.

8 Ibid., 342.

radical and revolutionary change and is justified “if society is regulated by principles favouring narrow class interests” in ways that “promise some success.”⁹ Yet the orientation required is different from the one Rawls applies to a well-ordered society and with which he engages in his discussion of civil disobedience and conscientious refusal. When it comes to radical opposition to a profoundly unjust society not much is said on how ideal theory is supposed to influence militant action. What are the paths for militant activism in a class-divided society? What kind of ethics should orient such attempts? Are there any existing political institutions available to help on the path to political transformation? What kind of burdens, practical but also epistemic, do individuals have to shoulder in operating within such institutions? Are these burdens evenly distributed? Are the costs of resistance the same for different agents in different social roles? Are they the same for people of different gender, race, and class? Which costs are bearable and by whom? Does the history of their oppression matter? What price is to be paid, to what degree? Should short-term gains in favor of, say, property-owning democracy trump long-term demands supporting liberal socialism?

Rawls pays scant attention to these questions, limiting his contribution to a few lines about the militant activist’s work in consciousness-raising. The means of political change for the activist, he emphasizes, is the attempt “to arouse the public to an awareness of the fundamental reforms that need to be made.”¹⁰ Here the reticent socialism of liberal egalitarianism is at its limits. The theory of justice requires ideal theory to take priority in hope that once the ideals are worked out there will be orientation for nonideal circumstances. But as it turns out, nonideal circumstances are also very much ideal and when we turn to the question of how to deal with truly nonideal circumstances the guidance we obtain is limited to a few very basic and rather unqualified remarks about raising public awareness and likelihood of success.

At this point, one would forgive the impatient Marxist for concluding

9 Ibid., 310.

10 Ibid., 342.

that this just goes to show that Rawls was wrong all along, wrong to favor ideal theory and the orientation that it promises and wrong to moralize the critique of welfare-state capitalism from the get-go. But that is not the main problem. The main problem is one of consistency in the application of moral standards to matters of political transition. In other words, having appealed to moral theory to settle the question of what principles of cooperation would be the most desirable if we could think about them in an unbiased way, Rawls then abandons the moral inquiry when it comes to the circumstances of a badly ordered society, leaving us in the dark about the ways through which ideal theory is supposed to guide action in the nonideal world. The sharp contrast he draws between the citizen engaged in conscientious refusal and civil disobedience in a nearly just society and the militant activists engaged in a badly ordered one is evidence of that rigidity. In ideal theory the contrast to a society rigged by class injustice, the contrast to the representative of the bourgeois, is the *citoyen* whose public reason is shaped by the sense of justice of a well-ordered society. But in the case of the unjust society, the contrast is between the bourgeois and the militant activist about whom not much more is said. His hegemonic endeavors receive quite a few favorable mentions but very little orientation.

One might think that it is no great loss to socialist thought if, having correctly diagnosed the limitations of an idealized form of political liberalism in a class-divided society, Rawls has very little to say about class politics and the prospects of socialist transformation. The socialist tradition is itself full of resources devoted to developing an ethics of political activism that, while being critical of the contemporary capitalist state, relies on some of its key institutions, structures, and offices for bringing about a just society. The conversation between democratic centralists and spontaneists on the role of the party and mobilization from below, discussions around the ethics of striking and the virtues and limitations of compromise in trade unions, the role of education in shaping a shared ethos between the oppressed, the function of organic intellectuals and the construction of hegemony, all offer examples of

how to elaborate further on Rawls's insufficiently nuanced discussion of militant activism and its contribution to a theory of transition to the just society. But some of these socialist debates are themselves steeped in the contingent historical circumstances from which they emerged, and the question of how to productively deploy them in formulating a theory of transition to the ideal of the just society shared by both socialists and liberals a-la-Rawls, is no more obvious in the socialist case than it is in the liberal one.

On this matter, a topic that certainly deserves further exploration is the relation between Rawlsian public reason as an acceptable standard of political justification and the standards of public justification formulated and invoked by activists in resisting class injustice. An essential aspect of democratic legitimacy is, for Rawls, the formulation of political proposals grounded on shared reasons rooted in the public political culture of any given society. The question is whether this is an appropriate starting point for a theory of transition, and the challenge is to develop an alternative analysis of public reason that is less reliant on the consent around constitutional fundamentals that existing constitutional orders embody, often for reasons that are historically contingent and problematic.¹¹ This in turn requires looking at different sites and ways of formulating public reasons from the ones Rawls is concerned with, including the alternative sites of militant activity with which the Left has traditionally been concerned. Analyzing that relation puts in question the choice of focus and the particular analysis of political institutions on which Rawls grounds his account of justice as fairness, both in *A Theory of Justice* and *Political Liberalism*. It requires, in particular, expanding the analysis of public reason to contexts in which the resources for an appropriate justification of political proposals relevant to a theory of transition are not found in established political institutions and the legal documents and traditions associated with them, but present in alternative sites in which real struggles for justice

11 For a longer discussion see Lea Ypi, *Global Justice and Avant-Garde Political Agency* (Oxford: Oxford University Press, 2012), esp. chs 2 and 7.

historically take shape. The task is to develop a parallel history of the learning processes that shape the emergence of public reason in sites of resistance to injustice, therefore telling a story similar to the one that Rawls provides but from the point of view of the oppressed rather than that of consolidated legal institutions. Such an account would go a long way in preserving the benefits of a collective, historically rooted, and constructive analysis of shared political norms while avoiding the bias associated with the reification of the state in its legal forms.

Indeed, in this case, the moral orientation of transitional political action comes from the construction of public reason not as reflected in the institutions that monopolize coercion and reify the stratification of society in the legal form, but from the processes that challenge that consent, from the struggles for emancipation by those who are oppressed by the institutions of the capitalist state. This is, of course, very complicated. A badly ordered society has many sites of contestation, and that not all are valuable is a truth hardly worth mentioning in the days of Steve Bannon and alt-right resurgence. To think that all the activity flowing from all sites of resistance contributes to the construction of public reason simply because it challenges the status quo is morally naive at best, politically dangerous at worst. Yet Rawls never engages with these questions. In the end he is too Hegelian to think of civil society as potentially opposed to, rather than absorbed by, the state. He is also too quick to relegate questions such as these to the realm of political sociology, instead of engaging them as worthwhile topics of political theory. This is also why the issue of how to apply the methodological strictures of the original position to the moral critique of any political form other than that which is shaped by the law or grounded in the constitution is never really addressed in his work.

These efforts at engaging public reason in particular sites typically neglected by liberal egalitarians need not (and should not) dismiss the universalist moral orientation that Marxist approaches share with critical liberal theories, from Rousseau to Hegel and from Kant to Rawls. A moral assessment of politics is necessary to distinguish desirable from

less desirable states of affairs, as well as modes of transitional political activity that are more or less conducive to realizing the end goals of justice. Pace Rawls, likelihood of success cannot be the only criterion, if learning from the past is to play any instructive role in thinking critically about the future. And pace many contemporary Marxists, the priority is not to abandon morality altogether by condemning it as a form of empty bourgeois formalism but to show how a socialist political outlook is a more effective form of realization of reciprocal moral relations between human beings than the liberal one. Liberal public reason, to the extent that it is institutionalized in existing legal forms cannot be decoupled from the historical oppressions of gender, race, and class that are incompatible with the universal moral ideal of the person at the root of much liberal political thinking. The task of socialist theory is not to abandon the terrain of moral critique but to show how the ideal egalitarian society to which many liberals are committed cannot be realized through a set of political institutions that isolate the critique of capitalism from the critique of the capitalist state, including in its liberal welfare form. The critique should therefore be directed not only to capitalist economic relations but also to the political forms that sustain them; it requires reflecting not just on the prospects of democratizing economic relations but also bureaucratic hierarchies in the distribution of offices and social positions — a theme that is also absent in much contemporary liberal egalitarian thinking.

Related to these topics, one final and important thought is in order. Taking seriously the reality of capitalism poses not only a problem of institutional site but also of scope for liberal egalitarian theories of justice. As is well known, Rawls's initial account of justice as fairness is supposed to apply to a well-ordered society that is closed: one enters by birth and exits by death. Rawls is characteristically ambiguous about the extent to which we should associate this description to an idealized version of the nation-state. But in the latter case, and if the two are ever supposed to overlap, the extent to which such a model of society can tame the global pull of capitalist oppression without a significant effort

to reflect on the coordination of transnational struggles is very much an open question. If we are to go by anything other than our historical experience, any institutional realization of either property-owning democracy or liberal socialism in isolated societies would require a degree of closure and border coercion that would be unfair to those struggling against capitalism in other parts of the world. It would also be incompatible with the universal moral claims at the heart of both theories. However much workers in one part of the world could achieve in their fight against capital, it would be worth very little if the price to pay were more capitalist exploitation and suffering by fellow-workers in other parts of the world.

A recent wave of global justice theorizing has sought to address these gaps in Rawls's thought by globalizing his theory of egalitarian justice and extending the requirements of justice as fairness beyond his account of the well-ordered society. But here again, although much needed, the effort has been mainly in the direction of setting up ideal prescriptions for the world as a whole and exploring, at most, how one could democratize existing transnational institutions like the EU the WTO or the World Bank so as to increase coordination between states. What egalitarians of the globalist stripe often neglect is the extent to which a reform of these institutions that does not engage with the need not just to change them, but to change them in an anticapitalist direction is likely to hinder rather than help. Merely formal changes run the risk of entrenching the class divisions that characterize the capitalist states that we have, at a level that stands even further removed from the political scrutiny of those affected by their injustice. Here again, we need not just ideal theory but also a different theory of transition that reflects on the necessary intermediate steps for transforming international institutions in a liberal socialist direction. Whether and to what extent this is compatible with the liberal egalitarian theory of domestic institutions remains to be seen. ✎

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