



## Discussions with Wolff

### **“Yes, We Can Do Better Than Capitalism”**

Originally published in Common Dreams

The following discussion prompts were written by Professor Wolff to create a discussion based around his piece *“Yes, We Can Do Better Than Capitalism”*. Please note, this article was written by Prof. Wolff on 5/01/2019. Keep the date in mind as it offers relevant historical context.

1. How are "reforms" different from system change?
2. Why is the debate pitting "free" markets against "regulated markets" not equivalent to the debate between capitalism and socialism?
3. Given that slave and feudal economic systems both included state-owned-and-operated enterprises alongside privately-owned-and-operated enterprises, why would such enterprises' coexistence inside capitalism raise the idea of a system change to socialism?
4. Given that the slave and feudal economic systems are described first and foremost by their respective interpersonal relationships (master/slave and lord/serf) inside the production process, why did capitalism come to prefer to define itself NOT in terms of a relationship in production (employer/employee) but rather in terms of private vs state enterprise and market vs state planning?



# Yes, We Can Do Better Than Capitalism

**By democratizing our workplaces, we can supplant the dominant economic system which cannot escape its intrinsic exploitation of labor**

Richard D. Wolff

05/01/2019

As capitalism drives itself into ever-greater inequality, instability and injustice, its critics multiply. Worried defenders react in two ways. Many dismiss the criticisms. After all, capitalism has been around a long time and weathered ups and downs before. They presume or hope that criticism will fade as little really changes despite the critics, and frustrations set in. It's just losers who complain. The winners will surely carry the system forward. Some defenders insist that there simply is no alternative to capitalism, so criticism becomes pointless.

A second sort of defenders takes a different approach. They place adjectives in front of the word capitalism and argue for some and against other such adjectives. Thus we get criticisms of statist or state-interventionist capitalism in favor of "free-market" capitalism and of "regressive" capitalism in favor of "progressive" capitalism. Greedy capitalism, we are told, must give way to "sharing" capitalism. Similarly it is said that "Crony" capitalism or capitalism without a social conscience should be dissolved.

Capitalism's defenders of both types clearly want the basic system to continue. But exactly what is the system? It turns out that its defenders are neither agreed nor clear about the definition of what they are defending. So to get at what the real debate here is requires a short detour through the thicket of un-worked-out definitions.

**"Modern society's systemic problem is capitalism, not this or that kind of capitalism."**

Is capitalism a "market" system? If that means markets are the institutional mechanism whereby resources and products are distributed—by voluntary exchanges between owners of goods and services—then the problem is that capitalism is hardly the only "system" that utilizes markets. Slavery certainly did (think slaves and cotton in the US south). Feudal plantations often did too. And both Soviet and contemporary Chinese socialisms have made use of markets.

Is capitalism a "private enterprise" system versus a "state enterprise" system? Such a definition is also problematic. Slavery and feudalism exhibit co-existences of enterprises owned and operated by private individuals holding no position within any state apparatus alongside those owned and operated by state officials. There have been private and state enterprises within slave, feudal, and capitalist systems. The presence of state enterprises, like the presence

of markets, is thus not system-specific. Few observers removed the label socialist from the USSR, PRC, etc., because private enterprises (collective farms, private plots, etc.) co-existed there with state enterprises.

In short, markets and private enterprises do not work as definitions because they inadequately differentiate among capitalism, slavery, feudalism, and socialism. Yet definitions' purpose is to enable clear discussion and debate.

An adequate definition exists that focuses on the organization of production and distribution within enterprises: the human relations governing their internal structures of authority and responsibility. Slavery is thus defined in terms of the master-slave organization of its workplaces. Workers there are the owned property of those who take the product. Feudalism names the quite different relationship of lord and serf (personal, mutually obligatory, non-ownership of persons) inside workplaces. Serfs work and deliver one agreed portion of their product to the lord: the portion above what serfs get to keep for themselves.

Capitalism entails an altogether different workplace organization: instead of ownership of persons or personal obligation quid-pro-quo exchange. Employers buy the labor power of employees and combine it with other means of production owned by the employers. The product is divided among (1) wages paid to workers, (2) replacement of used up means of production, and (3) employers' net revenues. Capitalist enterprises can be owned and operated by private persons, state officials or both. Resources and products can be distributed via markets or non-market mechanisms such as planning.

This definition of capitalism dissolves notions of "socialism" into varieties of state capitalism when state enterprises—like their private counterparts—are organized around the employer-employee dichotomy. This definition of capitalism points clearly toward a system beyond the employer-employee dichotomy of capitalism (and likewise the other dualistic dichotomies).

What defines such a post-capitalist economic system is that employers and employees merge into one. Individually, each is an employee. Collectively, all employees comprise the employer. Each employee/employer has an equal voice in democratic business decisions governing what, how, and where production occurs and what is done with the net revenues.

Capitalism's basic problems are intrinsic. They comprise the employer-employee relationship at its core and that relationship's results for the broader economy, politics and culture. Modern society's systemic problem is capitalism, not this or that kind of capitalism. Reforms have replaced one kind of capitalism with another. Beside the problems that reforms could not solve, the reforms themselves proved temporary and insecure. Usually won by employees' long battles, the reforms get lost because capitalists have the incentives (profits) and resources (profits) to evade, weaken or repeal them. For example, progressive give way to regressive taxes, once-separated commercial investment banking are allowed to recombine, minimum wages are not adjusted to inflations, and so on. Struggles for reforms proposed today increasingly get the response: been there, done that.

Today's central political question: are contemporary capitalist societies ready to embark on transitions to genuinely non- or post-capitalist societies? Such transitions' central strategy is to displace the hierarchical, undemocratic, employer-employee organization of capitalist enterprises with democratized workplaces. Notions of economies built

on workers' self-governing cooperatives existed throughout human history. They rise now again as small and medium-sized capitalists retire and realize that selling their businesses to their workers is their preferred next step. Building out its worker cooperatives made Spain's Mondragon Cooperative Corporation famous across the world. Sustaining a huge sector of worker coops brought exceptional economic well-being to Emilia-Romagna in Italy.

Other kinds of coops—those that buy, sell, or own collectively—can and should be way stations to democratizing the work itself. There are welcome signs that is happening. By democratizing our workplaces, we can do better than capitalism. One step in that process is getting on the same page about what capitalism is and what its alternatives were and are.