

Another World Is Possible

Beyond the remains of yesterday's politics, the change you're looking for has already begun.

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Where is America headed? It's not hard to find pessimists. Author and former Nixon adviser Kevin Phillips believes the nation is dominated by a new "plutocracy" in which wealth reaches "beyond its own realm" to control government at all levels. The writer Robert Kaplan predicts that our society could soon "resemble the oligarchies of ancient Athens and Sparta." Sociologist Bertram Gross has predicted a "friendly fascism." Imagine what another 9/11 would do.

It's also not hard to find optimists. Bush is in trouble, the GOP is struggling to recruit candidates in many races, and liberals are beginning to smell blood. After all, if 70,000 votes had gone the other way in Ohio—and if voters hadn't been forced to wait in line for endless hours—we might have a Democrat in the White House right now. The Dean campaign, America Coming Together, MoveOn, Wellstone Action, and many other efforts show new energies beneath the surface. The Iraq war is becoming increasingly unpopular. The pendulum will surely swing.

My own view is that both these judgments are almost certainly wrong. Both assume that the crisis we face is a political one, pure and simple. But what if it is something different? There are reasons to believe we are entering what can only be called a systemic crisis. And the emerging possibilities are not easily described by the conventional wisdom of either left or right.

The institutional power arrangements that have set the terms of reference for the American political-economic system over roughly the last half century are dissolving before our eyes—especially those that once constrained corporate economic and political power. First, organized labor's capacity to check the giant corporation, both on the shop floor and in national politics, has all but disappeared as union membership has collapsed from 35 percent of the labor force in the mid-1950s to a mere 7.9 percent in the private sector today. Throughout the world, at the heart of virtually every major progressive political movement has been a powerful labor movement. Liberalism in general, and the welfare state in particular, would have been impossible without union money and

organizing. The decline of labor is one of the central reasons traditional liberal strategies are in decline.

Second, globalization has further enhanced corporate power, as the threat to move jobs elsewhere erodes unions' bargaining capacity, while at the same time working to reduce taxation and regulation. (The corporate share of the federal tax burden has declined in eerie lockstep with union membership—from 35 percent in 1945 to 10.1 percent in 2004.) This in turn has intensified the nationwide fiscal crisis, further undercutting efforts to use public resources to solve public problems ranging from poverty and hunger to energy conservation and even simple repair jobs such as fixing decaying roads, bridges, and water systems throughout the nation.

Third—and most important—the Republican “Southern Strategy” has now completed the transformation of a once (nominally) Democratic South that at least voted for Democratic presidents into a reactionary bastion of corporate power based on implicit racism and explicitly religious divide-and-conquer fervor. Bill Clinton's brief moment occurred just before the full consolidation of this Southern stranglehold. Very few observers have grasped the full implications of this shift: The United States is the only advanced political economy where the working class is fundamentally—not marginally—divided by race. It is also the only one where a massive geographic quadrant is now essentially beyond the reach of traditional progressive politics. George Bush, though extreme, is no accident; nor can the core political relationships that now define the South be easily unraveled. Hence, yes, a Democrat might be elected president one day. But no, such a shift is not going to nurture an era of renewed liberal or progressive reform. The system of power that once allowed this no longer exists. Period.

Some who have sensed the far-reaching character of these system-wide changes have despaired of any hope for the future. Perhaps the end of one set of structural relationships—the ones we have come to take for granted in our own lifetimes—spells the end of all potentially positive systemic possibilities. Perhaps.

But I am a political economist and a historian, one for whom the best way to understand current events is to think of them as an ongoing movie, not a snapshot. What is interesting is not simply the current reel, but the previous one, and above all what both suggest about the next one. Even though I think times are likely to get worse before they get better, let me explain why I am a prudent optimist about the long haul—even allowing for the profound changes taking place (and in some ways because of them).

There have been other times when change seemed impossible. During the McCarthy era of the mid-1950s, for instance, they shot anything that moved politically, especially in my (and Joseph McCarthy's) home state of Wisconsin. Fear erased any suggestion of progressive ideas, and anyone who dared to even say as much was obviously a fool. What came next, of course, were the multiple—and totally unpredicted—political explosions of the 1960s. Clearly, those who

viewed the 1950s simply as a depressing snapshot were missing something very important.

Similarly, we tend to recall Martin Luther King Jr. and the great civil rights moment of the 1960s as if they'd arisen easily, almost naturally. We forget that for many decades prior, there was very little to suggest the possibility of momentous change. Those who thought otherwise, who did attempt to organize in the South, risked their lives. The challenge of George Bush pales in comparison with the challenge of Mississippi in the 1940s and 1950s.

The idea that environmental concern might one day become important also seemed far-fetched only a few decades ago. When I directed legislative work for Senator Gaylord Nelson, the founder of Earth Day, everyone knew environmentalism was a political non-starter—until, seemingly out of nowhere, a powerful movement forced Richard Nixon to create the EPA and sign the Clean Air and Clean Water Acts. We also tend to forget that the feminist movement produced what became the most important cultural revolution in modern history after decades of seeming quietude once the franchise was achieved in 1920.

Even more broadly: The Soviet Union collapsed, apartheid retreated abruptly, the French Revolution overthrew the monarchy, a handful of minor American colonies defeated the great British Empire—all against huge odds, and all unexpected by the experts.

Such reminders of historical possibility do not guarantee that a future progressive revival is building up beneath today's surface calm. They simply suggest that the pessimists may—or may not—be right, and that those with their noses glued to the window glass of the immediate present commonly miss the changing weather patterns in the distance.

It is the nature of a systemic crisis to create pain—from loss of jobs and lack of health care to trouble paying for college or even secure housing—especially (as Katrina revealed) at the state and local levels. Which also means that this—not national politics, where progressives so often feel impotent—is the place to look for longer-term hope of change. In almost every era of American history, the ideas, experiments, programs, and organizing that ultimately fueled major societywide reform were developed first at the state and local levels—and they were usually developed, we might add, out of pain.

Moreover, in almost every instance, ordinary people—not saints, not national leaders—were central to the process. Poor farmers in Mississippi slept with shotguns next to their beds during the civil rights era. Nineteenth-century women organized to demand the right to vote at a time when the mere idea seemed laughable—and slowly, agonizingly succeeded in state after state until they built up enough momentum to enact constitutional changes. The workers and farmers who laid the groundwork for the populist and progressive eras faced organized violence, Pinkerton goons, armed troops deployed against strikers, but in the end

they, too, achieved system-wide reforms. And during the hysteria of the McCarthy era, ordinary people in Wisconsin—teachers, college students, factory workers—quietly laid the foundation for an ultimately successful “Joe Must Go” effort. I vividly remember one of my high school English teachers stuffing pamphlets into mailboxes at night. He would have lost his job had he been discovered—not for participating in politics, which at least in theory was his right, but for daring to defy a senator who brooked no challenge.

It is a commonplace of serious historical research worldwide that the unsung actions of people where they live and work are central to large-order change. Regulatory commissions for railroads and other industries, minimum-wage laws, food- and drug-safety laws, the estate tax, the eight-hour workday, Social Security and related forms of public insurance, child labor laws, laws to increase factory safety, workers’ compensation, the preservation of national parks and other conservation measures, and many, many other national policies at the heart of modern American reality built upon precedents first developed and refined by local citizen effort.

IS THERE ANYTHING IMPORTANT and potentially system-changing going on at the grassroots today? Yes—but you have to look beyond conventional media reporting, and even beyond the traditional New Deal and progressive policy paradigms. One of the most important trends involves an array of new economic institutions that transform the ownership of wealth in ways that benefit “small publics,” groups of citizens whose efforts feed into the well-being of the community as a whole. Here are a few little-known facts: More people are now involved in some 11,500 companies wholly or substantially owned by employees than are members of unions in the private sector. There are more than 4,000 nonprofit community development corporations that build housing and create jobs in cities across the nation. Both Democratic and Republican city officials have begun to establish municipally owned public companies to make money for their communities (and often to solve environmental problems). Numerous quasi-public land trusts that stabilize housing prices now exist. Cities and states regularly invest in job-creating efforts, often using large-scale public pension assets. In Alaska, the state’s Permanent Fund invests oil revenues and provides each citizen with dividends. In Alabama, the public employee retirement system finances a broad range of job-stabilizing and moneymaking industries, including many employee-owned businesses. Numerous other local and state activist efforts to shift the way wealth accumulates and moves around are under way, from “living wage” campaigns to Wal-Mart challenges and beyond.

Not surprisingly, in case after case, ordinary citizens have taken the lead in developing these new strategies, because they often represent the only way to solve real-world problems in the face of national-level failure. Put another way: The systemic crisis is systematically driving unsolved problems to the local level—

and systematically, too, forcing the development of (and opening the way for) new approaches.

The emerging strategies point toward a quietly developing “commonwealth tier” of the economy. At the same time, in quite another realm, there has also been what might be called a “populist vector” of change—a push to create more economic equality, not by taxing the middle-class suburbs (as in much traditional liberal policy), but rather the top 1 to 3 percent who, amazingly, own more than half of all of America’s investment capital. (The top 1 percent alone has twice the income of the bottom 100 million Americans!) These new strategies move the political divide, putting 97 to 99 percent of the population together on the side that has much to gain from progressive politics.

In November 2004, for instance, California voters overwhelmingly approved tax increases for people making more than \$1 million, and earmarked the proceeds for mental health programs. New Jersey has enacted legislation taxing those making more than \$500,000, and designating the money to offset property taxes that fall disproportionately on the middle class and the poor. In Connecticut, a recent poll found 77 percent of voters, including 63 percent of Republicans, in favor of a tax on those making more than \$1 million. A 2006 initiative in California would tax the top 1 percent (individuals making more than \$400,000 and couples making more than \$800,000) to pay for quality preschool for all four-year-olds. As the fiscal crisis deepens, many other states are beginning to look in this direction.

If the national policy process remains deadlocked and the pain continues to build, it is not unreasonable to predict that both the wealth-building and populist trends will accelerate—and might ultimately explode, New Deal-style, in a fireworks of national policies based on the steady accumulation of local and state experience and political networks.

What makes the wealth and tax trajectories particularly interesting is that they involve institutional change. This takes us to the deeper meaning of the systemic crisis. In fact, it is not simply that the traditional balancing forces in the corporate system have collapsed. Rather, the very nature of that system—especially its rules for how wealth is owned and managed—appears to be coming into focus.

The truly defining characteristic of any political-economic system centers always on the issue of property: In the feudal era, massive land ownership was central to who had power. In 19th-century capitalism, modest-size enterprise ownership (of farms as well as businesses) was central. In modern capitalism, corporate and elite ownership is key. In socialism, state ownership is the hallmark. What is striking is that taken together, the various emerging strategies offer the possible outlines of a different answer to the central question of who should own wealth.

That longer-range vision is a very decentralized, community-benefiting economic system. Variations on the Alaska and Alabama precedents (and many other state

investment programs) even suggest a larger-scale federal ownership option—and, ultimately, a populist commonwealth alternative to both socialism and capitalism. If so, the current realities we assume to be inevitable and immovable just might be neither. And, just possibly, the kind of systemic change that is common throughout world history may not have stopped dead in its tracks at the outset of the 21st century.

I am a historian, not a utopian. It is possible that things will never change, or that times will get worse. It is, of course, also obvious that the only way to find out if major change is possible is to roll up one's sleeves and get to work. (Besides, there is little to lose; good things get done no matter what.)

For skeptics in general and progressives in particular, it is useful to recall one other case study of how very large-order change (not simply electoral victory) can sometimes be achieved against huge odds: In the 1940s and 1950s, conservative thinkers and activists were regarded as antique and ridiculous by the mainstream press, by most serious academics, and by the nation's political leadership. They were far more marginal than today's liberals; the idea that you could change the system in their direction seemed absurd. Long before Goldwater in 1964 and Reagan in 1980, however, serious conservatives got down to the work of putting together a movement that would come to dominate every major institution of national governance. For the moment, that is—until we see the next reel of the movie.

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