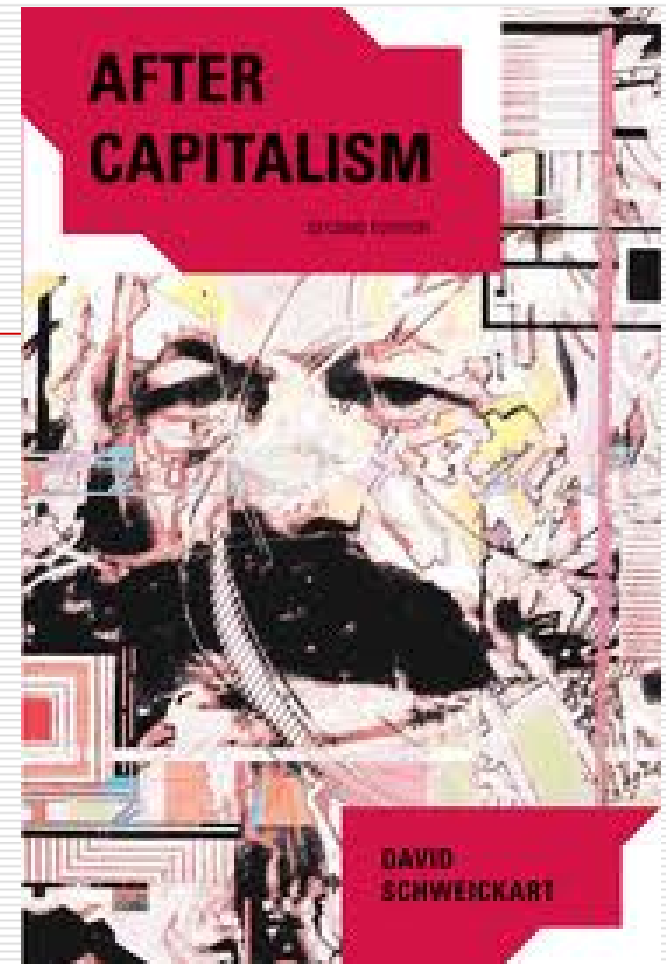


# After Capitalism

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A presentation of the  
main points of the book  
by David Schweickart



*Introduction...*

# The Capitalist Project: A System's Rosy Dawn

- ❑ Primitive accumulation in the New World, from the profits in silver, gold, tobacco and cotton, through the enslavement of Africans and Native Americans

Potosi mines in Bolivia enriched Europe with silver for centuries



# Marx on 'Primitive Accumulation'

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- 'The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signaled **the rosy dawn** of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. On their heels treads the commercial war of the European nations, with the globe for a theatre. It begins with the revolt of the Netherlands from Spain, assumes giant dimensions in England's Anti-Jacobin War, and is still going on in the opium wars against China, &c.'
  - *Capital, Volume 1*
-

# Glasgow as example: Main port of the tobacco trade turns slave labor into modern industry

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**Tobacco ships from the slave plantations grow Glasgow into a modern port, while the profits launch the industrial revolution across England**

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# Early Capitalism Revolutionizes the Forces of Production

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The division of labor in socialized production, plus machinery driven by steam from burning coal, vastly expanded the production of goods and wealth for exploited labor.

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*Chapter 1...Counterproject*

# A Successful System? Or One Full of Contradictions...

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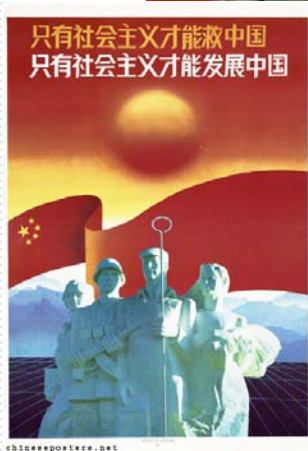
Capitalism's capacity for wealth brings with it wars, crises, unemployment, pollution, poverty and extreme inequalities—a moral and practical failure



# Outline for The Counter-Project: Schweickart's 'Successor System Theory'

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Hugo,  
Fidel,  
Evo



Poster: China's 21<sup>st</sup> Century Socialism,  
Photo: Chile's Marta Harnecker

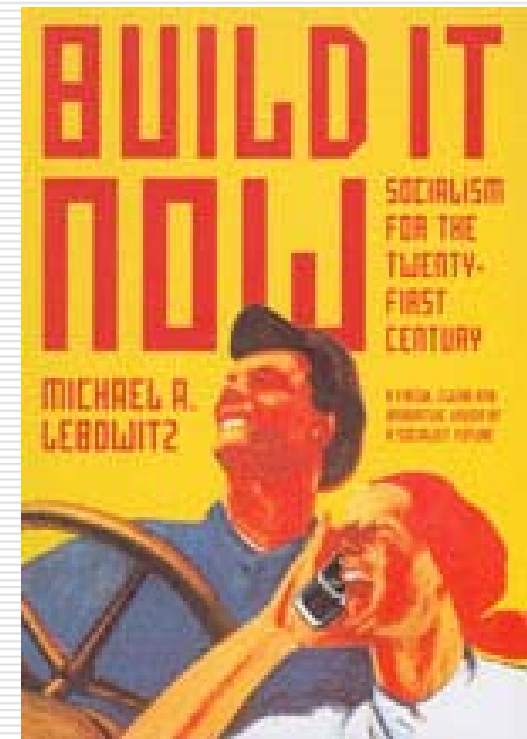
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- It should be concrete enough to see how it might function in practice
- It should be able to look back, learning from gains and errors of other earlier efforts
- It should illuminate the features and limitations of current reforms and party platforms
- It should be able to outline transitional strategies to get for here to there.

# 'Successor System' Is a First Step, Not the Final Goal

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- ❑ Old models of revolution largely inappropriate: more winning the fights for democracy than insurrection
  - ❑ Structural alternatives must be spelled out. Workers have been educated by new conditions and past failures
  - ❑ New theory will arise within current battles for reform, and will need both flexibility and diversity
  - ❑ Radical transitions will take place in an international context, a global project of our species
- 





# Other Problematic Lessons Learned Since Marx: 20<sup>th</sup> vs. 21<sup>st</sup> Century Socialisms

- ❑ Winning the battles for democracy as the strategic path
- ❑ All Economies are subsets of an Ecosystem
- ❑ Human rights are natural and people are sovereign
- ❑ Markets are complex and useful in transitions; central plans are inadequate to the complexity of modern societies
- ❑ The importance of women in production, reproduction, civil society and political life
- ❑ Material incentives are necessary in economies of scarcity



Top: Stalin's gulags;  
above China purges;  
right, plastic ocean

*Chapter 2...TINA*

# TINA, Capitalism's Claim: 'There Is No Alternative'

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Above, shoppers in USSR queue up for scarce goods. Left, taking down the Berlin Wall, part of the collapse of Eastern European socialism. Bottom, gated community for the wealthy in California. If history has ended, why the gates?



# TINA goes global: Information technology & globalization drives capitalism much further...

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Robotic assembly and rapid globalized production and distribution enabled by the internet expands markets

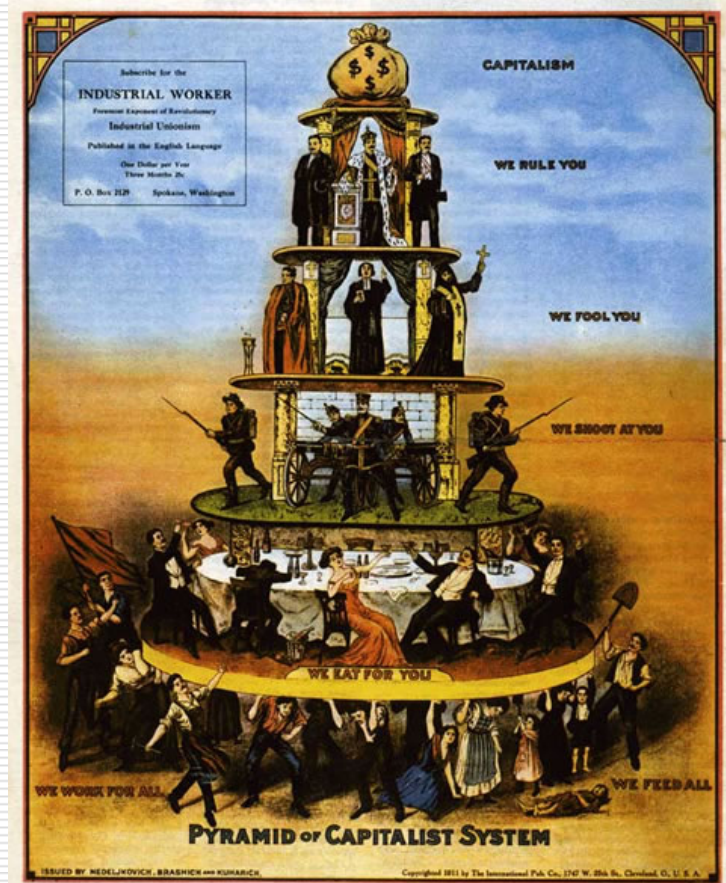
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*Taking a Step Back to See More Clearly:*

# What is Capitalism?

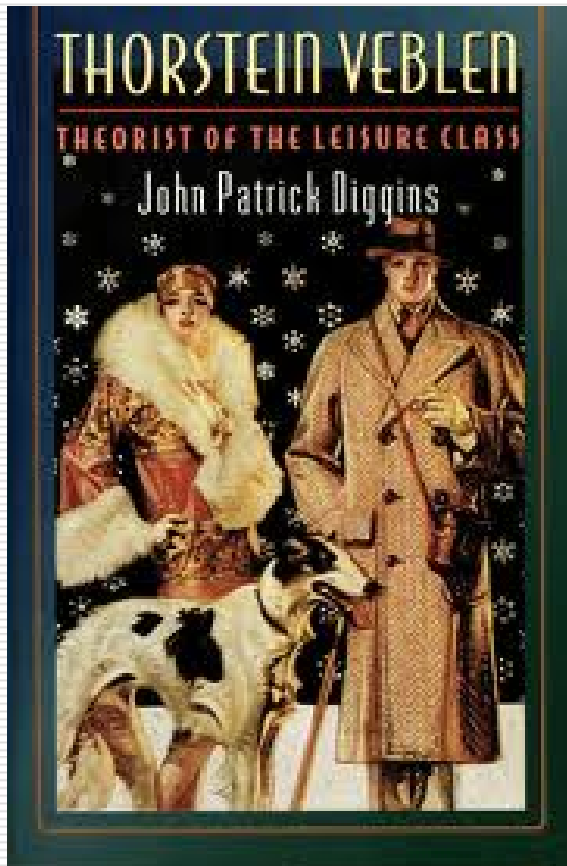
- ❑ Most means of production are privately owned, by individuals or corporations
- ❑ Most goods and services are exchanged in a competitive market, where firms try to realize a profit
- ❑ Most people, wage and salary earners, work for other people, the owners of the factories and related firms.



# *What Follows From This?*

## What Is a Capitalist?

---



- ❑ Capitalism is mainly an economic system. It can be governed by a wide variety of political systems
  - ❑ The use of markets to allocate goods and services alone does not make a society capitalist.
  - ❑ To be a capitalist, strictly speaking, you must own enough income-producing assets so you can live comfortably without having to work. You may work anyway, but you don't have to.
-

# Furthermore...Why Do We Need Capitalists?

- ❑ Managers can be capitalists, but they don't have to be. Skilled workers can do it, and often do.
- ❑ Entrepreneurs can be capitalists, but not necessarily. Most capitalists aren't entrepreneurs
- ❑ Inventors and innovators can also profit from their work and not be capitalists.
- ❑ Simply 'providing capital' is not productive, nor is gambling on Wall St
- ❑ Economy can grow without savings; saving too much can be harmful at times



**Edison and George Washington Carver were prolific inventors. Jack Kirby, far less known, created the first integrated circuit, making modern electronics and computer technology possible.**

## **Economic Democracy as the 'Successor System'**

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- ❑ **'Economic Democracy'**, as defined by Schweickart, is a worker and community controlled variant of **Market Socialism**.
  - ❑ As such, it is also a **transitional and mixed economy** with a government operating in the interests and with the consent of a progressive majority, especially the working class.
  - ❑ It is the **first phase** of a new socialist order.
-

# Three Parts of the Basic Model

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- *The market for goods and services*, which is basically the same as it is under capitalism.
  - *Workplace democracy*, which replaces the capitalist institution of wage labor. As workers become owners, rather than wage labor. The labor markets shrink.
  - *Democratic control of investment*, which replaces capitalist financial markets, using a national assets fund and local public banks. This shrinks capital markets.
-



# The Three Basic Institutions of Economic Democracy

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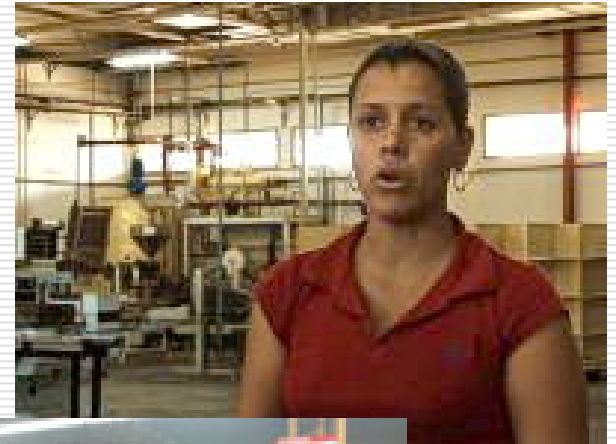
- Worker Self-Management
  - Social control of investment
  - Well-regulated markets in goods and service
-

# Start with Democracy in the Workplace

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- ❑ One Worker, One Share, One Vote
- ❑ Workers Select the Management Team
- ❑ Workers Define Goals, Products, Payment and Methods of Work

Workers now in charge of some factories in Venezuela



# Worker Self-Management

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- ❑ Workers control the enterprise democratically, one-worker, one-vote
- ❑ Workers elect a workers' council that appoints upper management
- ❑ The value of the company's assets must be kept intact, so a depreciation fund must be maintained, to be used for equipment replacement or improvement
- ❑ Workers can own their firms outright, as cooperative ownership, or they can lease them from government, as public ownership with worker control



# Social Control of Investment

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- ❑ The national investment fund is generated, not from private savings, but from a capital assets tax--a flat tax on the value of assets of each business enterprise.
- ❑ This fund is distributed downward to regions and to local communities on a per capita basis.
- ❑ The funds are then allocated to a network of local 'public banks' that loan them out to existing enterprises or to individuals wanting to start new businesses, based on jobs created, profits expected and social needs met.



State-owned Bank of North Dakota, above, and worker-owned bank in Spain

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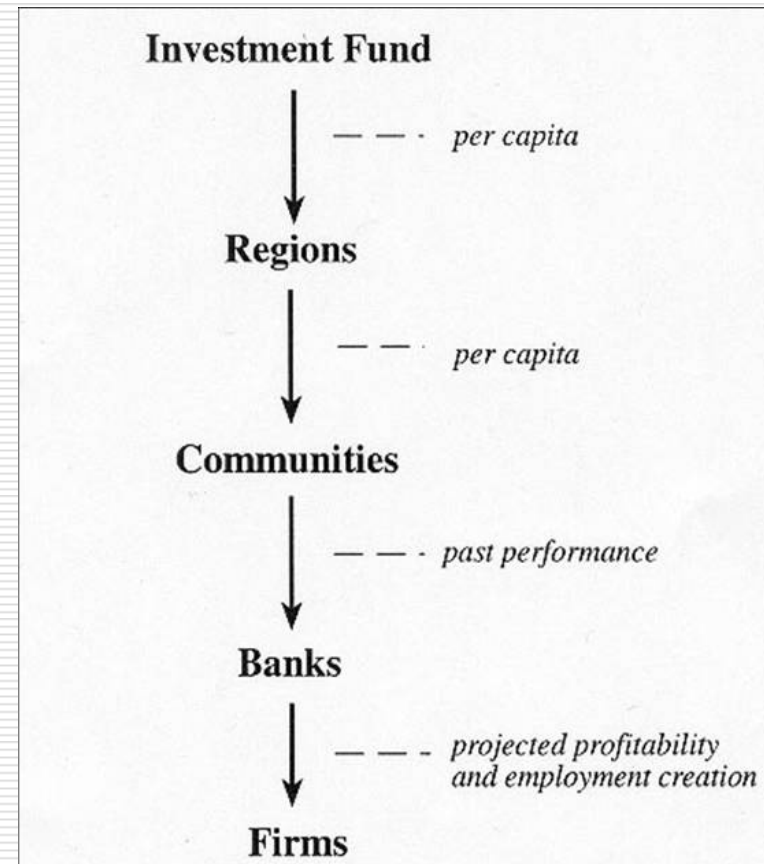
# How Are the Funds Allocated?

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Funds are deployed downward according to population, with adjustments for special conditions—past poverty, natural disaster

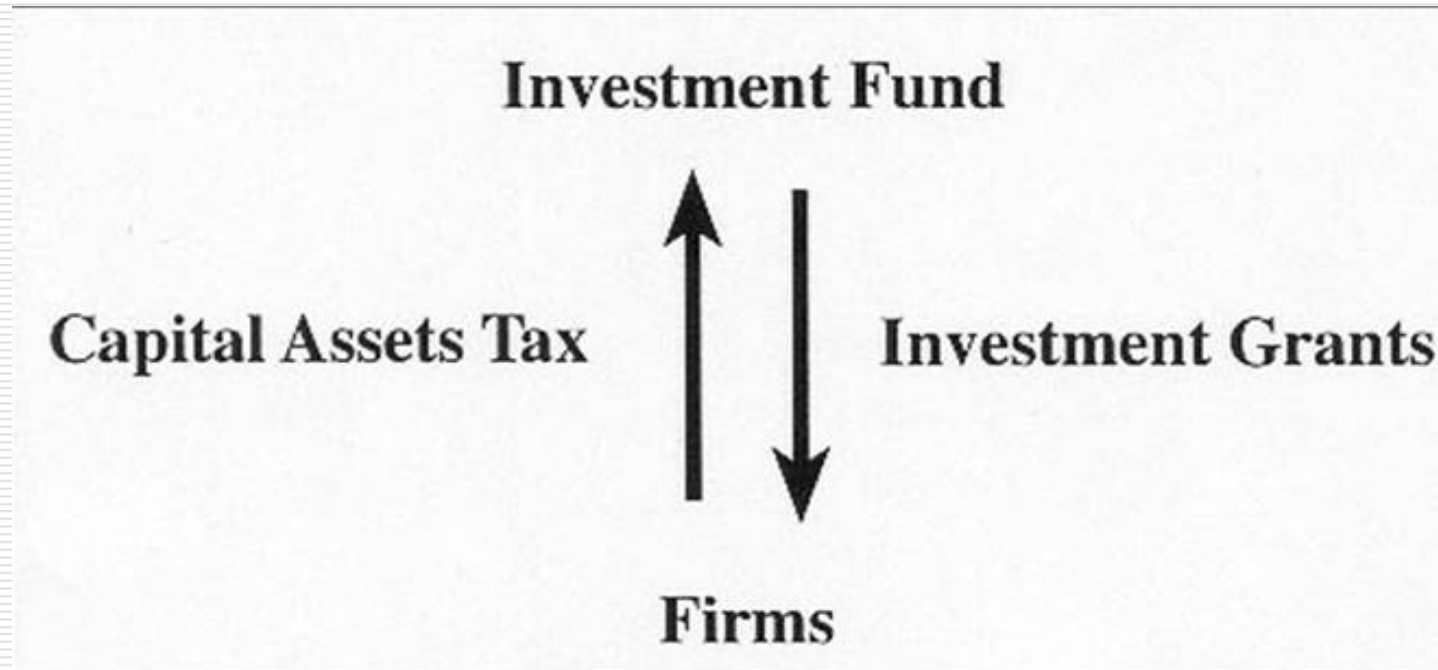
Communities choose which banks to fund on the basis of past performance and public debate

Public banks grant funds to create jobs, make profits and meet social needs—but in tune with environmental and social regulations



# How the Public Assets Fund Works

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Local firms pay a flat annual lease payment or assets tax into the fund. In turn, the national government directs the funds back to localities as investment grants. Capital markets are thus curbed.

---

# How public control of investment funds combines macro planning with markets

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- ❑ Congress decides the assets fund tax rate, and what portion of the fund goes to projects that are national or global in scope—Smart Grid, Internet Infrastructure, Environmental Cleanup
  - ❑ Regional and state legislatures do likewise
  - ❑ Cities and counties decide what portion to set aside for public projects—local schools, recreation, health care—then turn the rest over to the public banks.
  - ❑ Thus macro decisions are made politically, while local firms receiving grants still produce their goods and services in competitive but regulated markets. They have to make quality products and reasonable prices, keeping their worker-owners well paid and their customers satisfied.
-

# Well-Regulated Markets

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- Pollution Control
- Building Codes
- Weights and Measures
- Community Zoning
- Fair Trade
- Health & Safety
- Social Security
- Non-Discrimination





# An Important Point on Marx and Markets

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- ❑ Marx's critique is not really a critique of *the market*. Generations of Marxists have assumed that it was, but Schweickart thinks this is wrong. There is no such thing as 'The Market'. There are markets—some better, some worse, and all can fail.
  - ❑ 'The market' in a capitalist society is really *a triple market*: a market for goods and services, a labor market and a capital market. Marx's critique is not a critique of 'the market' *per se*, but mainly of the labor and capital markets.
-

# Examples of Economic Democracy?

## 50 years of success in Mondragon

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- ❑ 120 Worker-Owned Firms in Spain's started in Spain's Basque Country are thriving
- ❑ Three-in-One Combination of worker-owned factory, school and banks critical to success
- ❑ Workers can 'cash out' when retiring, but shares can't be sold except to new workers, keeping labor 'sovereign over capital'



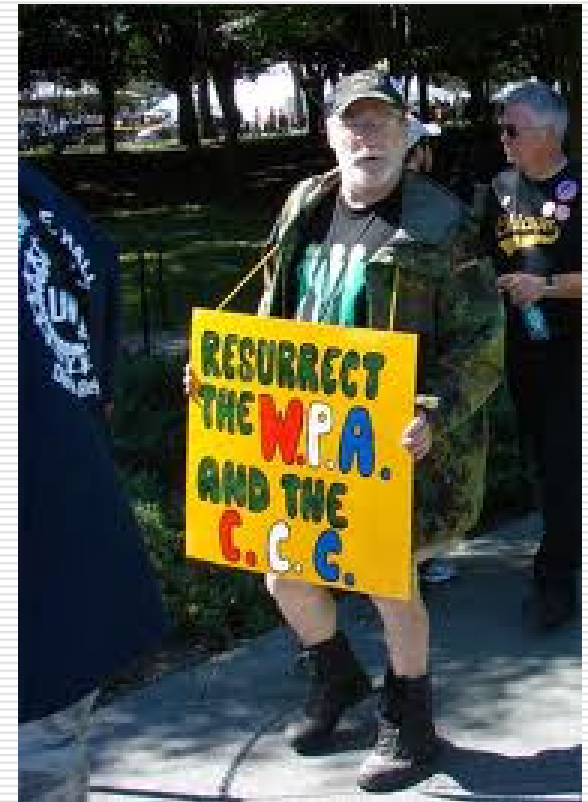
**MCC FAGOR factory making kitchen appliances**

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# Expanding the Model: Additional Points...

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- ❑ Jobs as a Right: Government as employer of last resort
- ❑ Savings-and-Loan Coops in addition to public banks
- ❑ Fair Trade, not 'Free Trade', but where tariffs are allocated to level the playing field upward
- ❑ Room for small capitalist startups, wage-labor is legal.



*Chapter 4: Inequality and Other Failures*

# Comparing Capitalism vs. Socialism

- ❑ TINA advocates claim capitalism is efficient, dynamic and free
- ❑ The Realities: Unemployment, overwork, pollution, instability are normal
- ❑ Capitalism transforms democracy into a 'Dollarocracy' where wealth trumps the popular vote



# Key differences when firms are owned and controlled by workers...

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- ❑ Since labor is not a 'cost of production,' there is no interest in lowering it.
- ❑ There is every interest in new skills and new technologies that lighten the load and increase productivity in humane ways, Rather than lay off workers, they can shorten the working day
- ❑ There is not inherent drive to expand. Hiring more workers to make a bigger pie, still means each workers slice is the same.
- ❑ They are under pressure to remain tied to their communities, rather than become 'runaway shops' to areas of cheap labor.



# Firms under Economic Democracy tend to be...

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**Factory with 'smart green' design—solar arrays, natural light and air, human scale**

- ❑ Smaller than comparable capitalist firms
  - ❑ Less intensely competitive. They only have to maintain market share, not 'expand or die!'
  - ❑ Less inclined to monopoly, since there is no inherent drive to merge to huge scales
  - ❑ Less inclined to pollute or otherwise leave a heavy ecological footprint
-

*On the other hand:*

# Capitalism's Inequalities... Poverty Amidst Plenty

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Sacramento:  
'Tent City' of  
the jobless  
& homeless



	Income	Wealth
❑ 1/3 goes to upper	10%	1%
❑ 1/3 goes to middle	30%	9%
❑ 1/3 goes to lower	60%	90%

---

# Unemployment amidst overwork...

- ❑ 9.1% unemployment
- ❑ 'Under-employment' adds another 10%
- ❑ One job opening for every five applicants
- ❑ In 2011, 6% of high school dropouts have never held a regular job—much higher among Blacks and Latinos.
- ❑ Among the employed, 85% of males and 66% of females work more than 40 hours per week

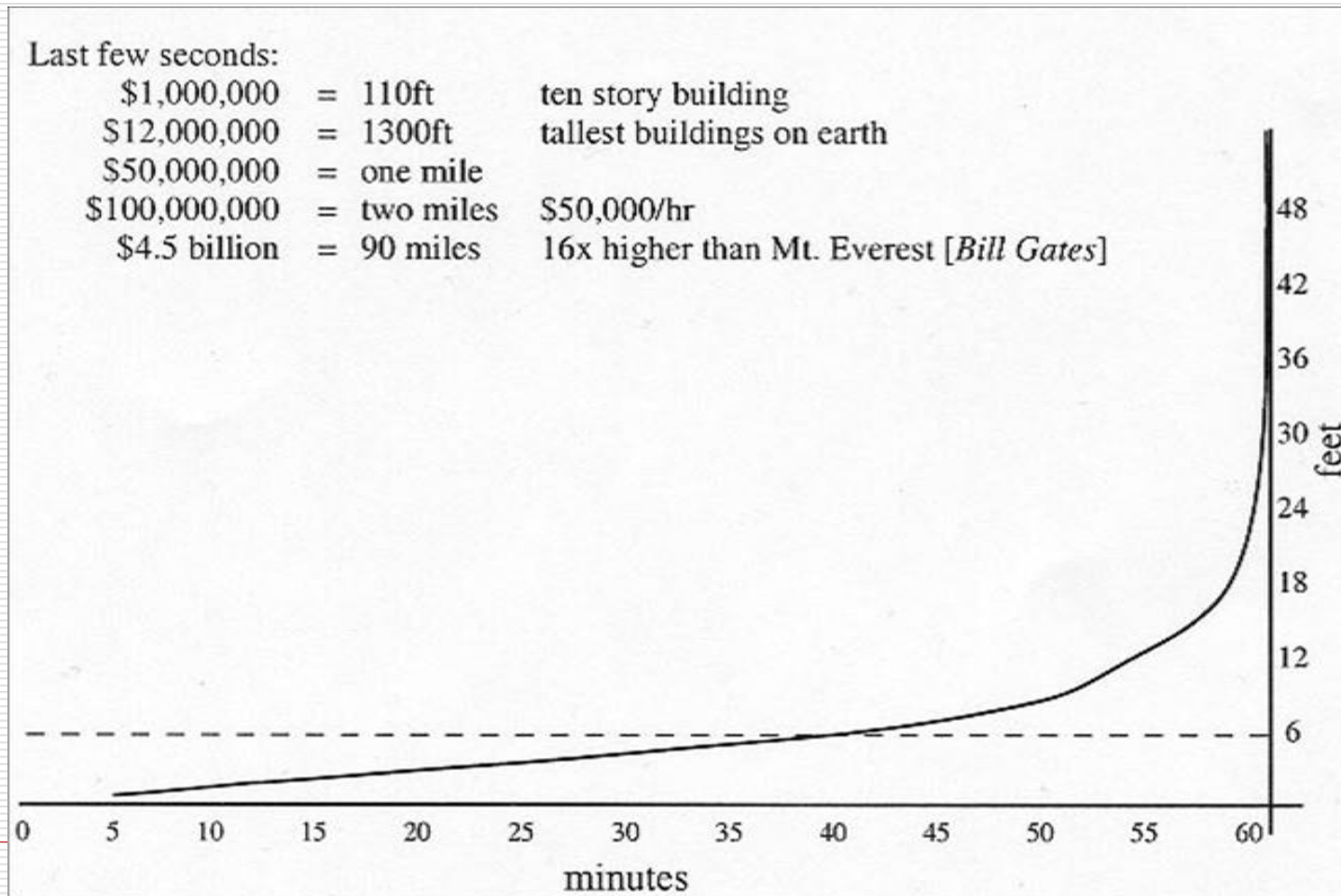


Employment line, above; overworked nurse, right



# Capitalism's VAST income inequality...

## Dwarves and Giants: World population in a one-hour parade, arranged by income as height



# Economic Democracy will be a full employment economy...

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- ❑ Jobs as not likely to be lost by runaway factories shutting down to move abroad
- ❑ The Public Assets Funds will regularly launch infrastructure projects
- ❑ Worker-owned firms have an interest in shorter work weeks rather than layoffs
- ❑ Government will employ any remaining unemployed on projects serving the common good.
- ❑ The abolition of capitalism's 'reserve army of the unemployed' will vastly reduce poverty and the racism and sexism fueled by competition for scarce employment



New jobs for youth at Richmond Solar in the Bay Area

## Chapter 5: Instability, Pollution, Dollarocracy

# Capitalism's repeating crises...

---



- ❑ 'Bubbles' Always Burst
  - ❑ Boom doesn't always follow bust
  - ❑ 'Overproduction' is not an accident
  - ❑ 'Fictitious' wealth steadily crowding out productive and sustainable growth
  - ❑ Working-class incomes stagnant for last 40 years, with added debt burdens
-

# Capitalism pollutes...

Despite Accounting 101, in real life, there are no 'externalities'

---

- ❑ Everything goes somewhere
- ❑ Everything is connected to everything else
- ❑ There is no free lunch
- ❑ Accidents happen



# Capitalism corrupts...

## The best governments money can buy

---



**Majority Black voters took power from rich white elites in Alabama in the 60s**

- ❑ Modern capitalist countries are polyarchies. Polyarchy is not democracy. Even though many people can vote, the wealthy classes are privileged and have hegemonic power.
  - ❑ Democracy has a universal, sovereign, active and well-informed electorate, but without being blocked by privileged minorities, especially those of great wealth
-

# Economy Democracy expands the overall democracy in society...

- ❑ Brings democracy into the workplace
- ❑ 'Market democracy' remains 'one dollar, one vote,' but this is curbed by shrinking inequalities
- ❑ Investment decisions, previously private, are now made public by representative government
- ❑ Fund allocation is devolved downward to more local public institutions, making local politics more substantive and participatory



Grassroots  
budget  
meetings in  
Chicago's  
49<sup>th</sup> Ward

**YOU DECIDE**  
how to improve the 49th Ward

**VOTE** for how to spend  
Alderman Joe Moore's  
\$1.3 million infrastructure budget

SATURDAY, APRIL 10th  
VOTE ANYTIME FROM 9 A.M. TO 3 P.M.

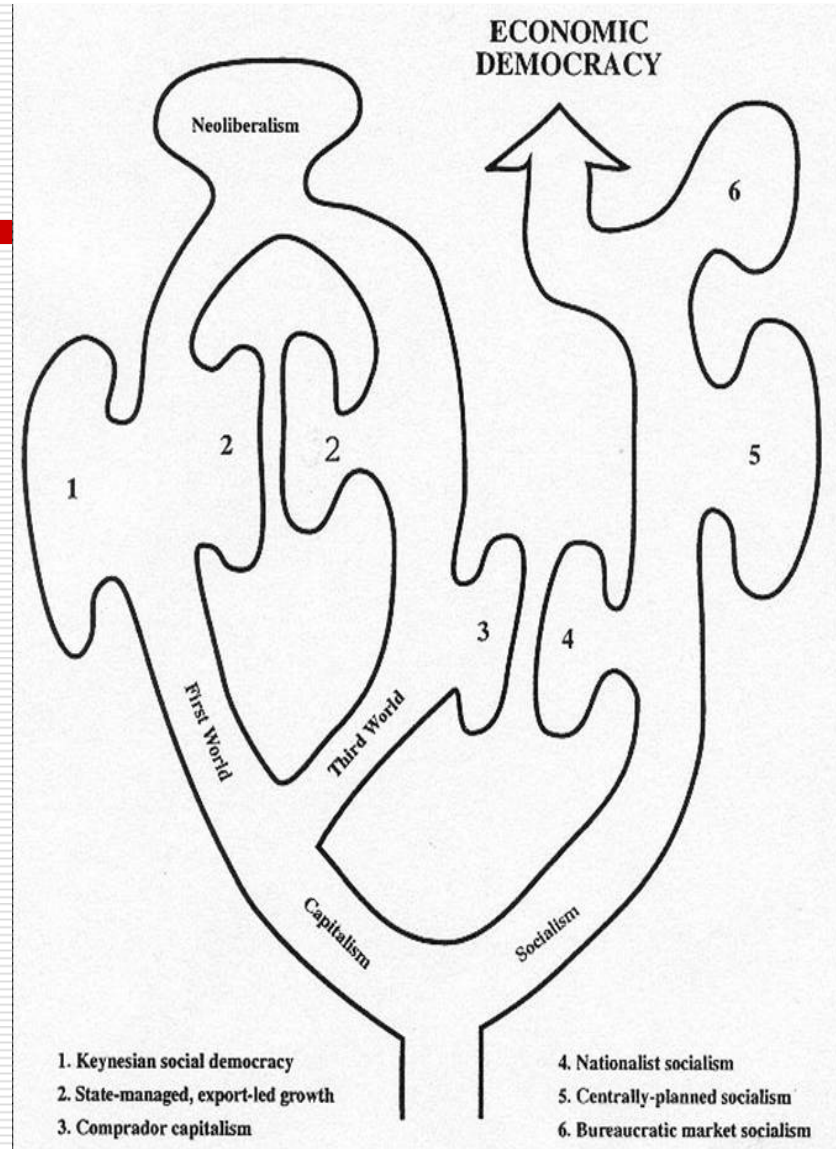
ORAL PRESENTATIONS AT 10 A.M., 12 P.M., AND 2 P.M.  
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## Chapter 6 – Getting from here to there

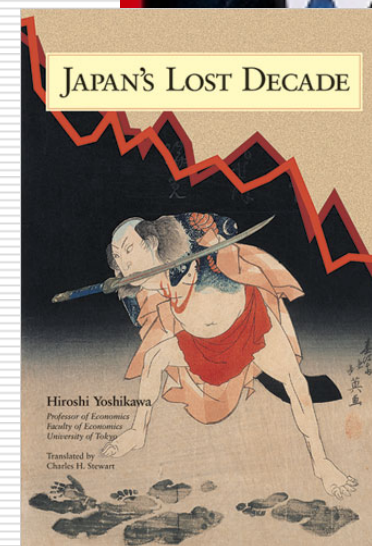
# Avoiding past traps and dead ends...

- ❑ 1. Keynesian liberalism or social democracy
- ❑ 2. State-Centric Export-led capitalism
- ❑ 3. Comprador capitalism
- ❑ 4. Nationalist socialism
- ❑ 5. Centrally planned socialism
- ❑ 6. Bureaucratic market socialism



# Cul-de-Sacs and detours in the Capitalist World...

- Keynesianism did well, especially with an assist from military spending, until it stalled in the 'stagflation' of the 1970s. Today's neoliberalism rose at that point
- The state-centric-export model was tried mainly in Japan. Faced with Asian low-wage competition, it stalled.
- Comprador capitalism is the third world variant on the Japanese model, the 'Asian Tigers.' Corruption and the Asian meltdown of the 1980s stalled them.





# Dead ends and ongoing projects in the socialist world...

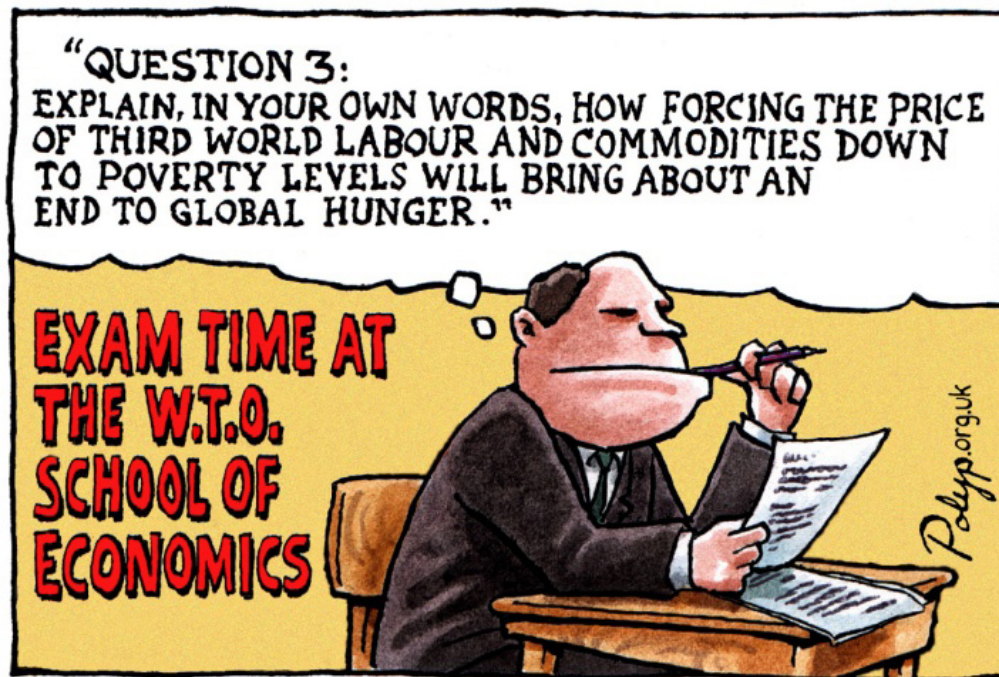
- ❑ 'National Socialisms' were post-war anti-fascist but non-Marxist regimes—Guyana, Algeria, Nasser's Egypt. The state tried to direct private capital, but reverted to compradorism.
- ❑ The 'Central Plan' model, powerful for decades, was unable to mean basic consumer needs—the Soviet Union and the Eastern Bloc. Imploded in 1990 to neoliberalism and 'klepto-capitalism.'
- ❑ China, Vietnam and now Cuba with 'socialist market economies with national characteristics' are works in progress. The jury is still out. Venezuela and Bolivia are leaning in this direction.



Top: Complete the 5-year plan in four! Below, Deng's socialist market economy

# With neoliberalism also coming to a dead end, what are our prospects?

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'MAKING THE GRADE'

Question 4: Explain how cutting demand, wages, health care and schools creates jobs

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- Democratizing Labor
- Democratizing Capital
- Democratizing Democracy

# Democratizing labor...

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- ❑ Borrow from the Mondragon model to create worker coops. Win public finance and tech support for them
  - ❑ Encourage Employee Stock Ownership Plans, ESOPs, with a participatory management component. Bring democracy to existing ESOPs that need it
  - ❑ Give workers the right to buy out their factories as an alternative to closings
  - ❑ Government should 'buy out, not bail out!' when faced with failing, mismanaged firms, then lease them to the workers
  - ❑ Pass Employee Free Choice Act, EFCA, to expand the scope of labor unions and their ability to organize
- 



# Democratizing Capital...

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- ❑ Nationalize the Federal Reserve and create state banks—or at least strengthen government oversight and control
  - ❑ Replace corporate income tax with a capital assets tax
  - ❑ Pass a financial transaction tax and stricter regulation of transnational capital flows. Use the revenue to fund full employment projects.
-

# Democratizing Democracy...

- ❑ Pass a 10 percent Wealth Tax—not an income tax—to reduce inequality and fund social and ecological transitions
- ❑ Real Campaign Finance Reform. Everyone gets a \$50 credit to pay into a blind trust of their candidates, but the candidates don't know the individual donors.
- ❑ Corporations are not persons



# Four key radical transitional structural changes for periods of crisis...

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Wisconsin workers' protest...

- Abolish obligations of enterprises to pay interest or dividends on stock to private individuals or firms
- Declare legal authority over all businesses over 40 workers now resides with the workers.
- Declare a flat tax on all assets to go into public investment funds
- Nationalize all banks into public utilities

*Another world is both possible and compelling...*

# A new communist vision as the overall counterproject

---

- ❑ Unalienated labor
- ❑ Breaking down the division between mental and manual labor
- ❑ Ending antagonism between town and country
- ❑ Emancipation of the senses, living as art
- ❑ Interconnected people 'rich in human needs'
- ❑ Free time to grow and enjoy life



*Ending on a personal note...*

# What Can I Do?

---



- ❑ Get yourself organized and more educated, live a more all-sided life—less 'stuff', more quality
  - ❑ Join or organize groups in your base communities. It's hard and no fun to be a socialist by yourself
  - ❑ With the working class at the core, promote wide and diverse coalitions to build the strongest possible counter-hegemonic alliances
-