

Lecture 26
Sociology 621
April 24, 2017

What is Socialism?

I. What Do Socialists Want?

Socialists have traditionally criticized capitalism for the ways in which it violates five central values:

1. *Equality*: Capitalism generates morally intolerable levels of inequality of material conditions of people. This is especially offensive in its impact on children, but more broadly the levels of material deprivation in a world of affluence generated by capitalism violates a wide range of principles of egalitarian justice held by socialists.

2. *Democracy*: Capitalism thwarts democracy. By placing the basic economic resources and conditions of investment in hands of private individuals, the capacity of the democratic polity to make decisions about the fate of the community is significantly undermined.

3. *Alienation*: Capitalism robs most people of meaningful control over much of their work lives. There is a deep meaning-deficit in most people's lives because they are pawns in other people's projects. Capitalism does not merely generate inequality and poverty through exploitation, it generates alienation as well. This is also closely linked to the notion of self-determination, and thus freedom.

4. *Community*: Capitalism undermines a sense of solidarity among people. As G.A. Cohen has argued, the forms of competition and conflict built into capitalism drive economic activities primarily on the basis of two motives -- greed and fear. Instead of social interaction in economic life being normatively organized around the principle of helping others, it is organized primarily around motive of taking advantage of the weakness of others for one's own gain. This underwrites a culture of selfish individualism and atomism.

5. *Efficiency/rationality*: This may seem quite odd, but traditionally socialists have criticized capitalism because it was irrational, wasteful and ultimately inefficient. There are three traditional reasons for this and a fourth, more recent one:

(i). anarchy of production: business cycles, destruction of firms because of slumps, economic crisis.

(ii). false needs: advertising, intensified consumerist competition, built in obsolescence, artificial model changes, etc.

(iii). fettering of the forces of production = long-term falling rate of profit --> undermines capacity for innovation.

(iv). ecological unsustainability: a growth and consumerist logic of production driven by private profit → environmentally destructive

These are the values in terms of which socialists attack capitalism. "Socialism" was then posed as the way of rectifying all five of these negative features of capitalism. At least in its idealized form,

socialists argued that a democratically controlled, centrally planned economy would eliminate poverty and greatly reduce inequality, enhance the democratic capacity of the local and national state, reduce alienation by giving workers greater control within the process of production, strengthen values of community over individualistic competition, and make possible the rational and efficient development of productivity.

The historical experiments in achieving this ideal -- what used to be called “actually existing socialism” -- failed to generate these results. In certain times and places, some progress on one or another of the five values might have been made, but nowhere did sustained and durable progress occur on all five. While the precise reasons for these failures is the object of considerable debate, few people who share socialist values now believe that a centrally planned economy based on state ownership of the means of production can achieve these values even if the state itself were democratic. As a result, for many people who share the moral indictment of capitalism, the idea of socialism itself has come to be seen as a fantasy. Capitalism may generate great harms, but the best we can do is try to ameliorate its worst defects; there is no point in struggling for a radical alternative because none is feasible.

In a way it is ironic that the collapse of the Soviet Union has so profoundly undermined the very idea of socialism. One might have anticipated that the demise of the command economies in the USSR and elsewhere would have emancipated the idea of socialism from the liabilities the bureaucratic authoritarianism. After all, for decades democratic socialists in the West had been denouncing the undemocratic practices in the Soviet Union and arguing that socialism should be understood as the radical extension of democracy to the economy rather than centralized bureaucratic control of society. At long last, one might have thought, the ideal of democratic socialism, freed from the embarrassment of authoritarian statism, could gain support.

That is not what has happened. With the end of authoritarian state socialism, the very idea of socialism has lost credibility. Capitalism increasingly seems to many people on the left as the only viable possibility. For all of its deep and tragic flaws, the empirical example of the Soviet Union at least demonstrated to people that some alternative to capitalism was possible; capitalism was not the only game in town. Democratic socialists could then plausibly argue that the flaws in the command economies could be remedied with serious democratic reconstruction. Without the practical example of even a flawed, but still radical, alternative to capitalism, capitalism assumes ever more strongly the character of a “natural” system, incapable of radical transformation.

In this context, the left is in vital need of bold and creative new thinking on the question of the institutional conditions for radical egalitarian alternatives to capitalism. Whether or not in the end such alternatives are properly described as “socialism” is not really the important question; the crucial issue is forging well-grounded ideals of how the values of equality, democracy, autonomy, community and rationality can be translated into a politics of radical institutional innovation. Before looking at some new ways of thinking through these issues, it will be helpful to briefly review the conception of socialism identified with traditional Marxism.

II. The Classical Marxist Understanding of Socialism: The “Dictatorship of the Proletariat”

In classical Marxism, socialism was closely identified with an expression that is quite jarring today, “the dictatorship of the proletariat”. What does this expression really mean?

1. Meaning of term “dictatorship”

Dictatorship, in classical Marxism, is a way of identifying the *capacity to dictate interests*, which is best understood as the capacity to establish the limits within which policies and practices vary. This is not a specification of authoritarianism as a *form of regime*. This is obviously an antiquated term and, I think, should be dropped – after the experience of authoritarian regimes in the 20th century this is not a politically useful term. Still, it is important to know what it means. Just as the “capitalist state” can have a more or less democratic form of regime, so too the dictatorship of the proletariat -- a workers state -- can be more or less democratic depending upon historical circumstances.

2. Comparison to Capitalist State:

The Workers-state thesis is parallel to claim that the capitalist state is a “dictatorship of the bourgeoisie” = a state within which a capitalist class character is inscribed in the sense that the limits within which state policies and practices vary embody the interests of the capitalist class. That is, the concept refers to the fundamental power relations at the level of the society as a whole.

Capitalist state: Recall how the “dictatorship” of the bourgeoisie is established/reproduced (eg by Therborn):

- a. Certain institutional arrangements impose bourgeois-class limits on the state: dependency on profits; exclusion from accumulation; bureaucratic insulation; atomization; etc.
- b. In certain historical periods, these institutional arrangements were complemented with others: property franchises were universal in early capitalism, for example.

Proletarian state: The problem of the dictatorship of the proletariat has to be posed in a parallel manner:

What kinds of structural arrangements establish class limits on political practices with a proletarian content? How can the proletariat be constituted as a ruling class?

[Note: in this context the category “working class” is generally understood as something close to “all wage earners”: that is, it is the rule by the propertyless masses, not just by industrial manual workers.]

This question has both a *negative* and a *positive* aspect:

Negative: Elimination of private ownership of principle means of production, i.e., investment decisions are no longer controlled privately; capital is not mobile; it does not automatically respond to profit criteria, market pressures. This is equivalent breaking the power of the bourgeoisie.

Positive: Creation of institutional forms in which it is the direct producers *as a class* who control social production, establish priorities, direct investments, plan economic activity. The key here is that these institutions impose proletarian class limits on the conduct of economic and political practices.

3. Socialism & repression:

However the problem of the positive institutionalization of proletarian power is achieved, it implies *repression*, the coercive enforcement of the class interests of the working class through the legally constructed “rules of the game”. That is, some kinds of behavior which are allowed under capitalism – indeed, encouraged – may become proscribed, and must be coercively controlled.

Examples:

- a. speculation
- b. hoarding
- c. private investment beyond some specified limit

This is equivalent to the transition from feudalism to capitalism: certain rights and practices central to feudalism were prohibited once the bourgeois revolutions had been consolidated.

General characterization of these shifts:

- a. *Bourgeois revolution*: equalizes ownership rights over people and blocks erosion of that equality
- b. *Proletarian revolution*: equalizes ownership rights over alienable assets and blocks the erosion of that equality.

Each of these transformations implies changes in political forms, since each of them abolishes a set of rights which were previously “private,” exercised by individuals or groups, but not by the collectivity. This abolition implies repression, in a double sense:

- a. *Overt repression*: the actual coercive repression of the attempts at exercising the prohibited rights or of reestablishing the conditions for their exercise.
- b. *Structural repression*: creating the institutional circumstances in which it ceases to be rational for individuals to even attempt to exercise those now-lost rights, and thus coercion ceases to be necessary. It is no longer necessary to repress people actively for engaging in feudal practices in capitalism.

Socialism is characterized by both of these repressions; this is the sense in which it was seen to be a “dictatorship”.

4. Socialism as the negation of structural features of capitalism:

Traditionally Marxists have drawn the following contrasts between capitalism and socialism:

	Capitalism	Socialism
Direct Producers: relation to means of production	Separated from means of production	collectively own means of production
Direct producers: relation to means of subsistence	separated from means of subsistence	united with means of subsistence
Property rights	private ownership	state ownership of means
Distribution of wealth	inegalitarian	egalitarian
coordination of economy	markets	Comprehensive planning
Relations among producers	competitive & individualist	cooperative & associative
class power	capitalist class= ruling class	working class= ruling class

For each term, socialism is seen basically as the negation of the corresponding term for capitalism. The crucial point is this: in traditional Marxism, while different aspects of the normative criticisms of capitalism are seen as rooted in different elements in this list, these two sets of attributes are seen as wholistic gestalts. You cannot radically change one element without transforming all of them. And in particular, you cannot retain markets and establish the working class – the people – as a ruling class.

5. Problems with Comprehensive Planning and why socialism may need markets

Historical experience and theoretical arguments have provided compelling evidence that *comprehensive planning* of complex economies is fraught with inefficiencies and pathologies. By “comprehensive planning” I mean any system which attempts to specify *ex ante* – that is, before the process begins – in fairly precise ways how much of all of the things that need to be produced should be produced. Another way of saying this is that detailed allocations of investments are made comprehensively through a deliberate planning process. I call this “comprehensive planning” rather than “central planning” since the process need not be fully centralized in some peak bureaucracy, although historically attempts at comprehensive planning have been fairly centralized. Many of us used to believe that this was due to the authoritarian quality of the bureaucracies and state that did the planning, but this is only part of the story.

There are a number of problems with comprehensive planning that have been identified by pro-socialist analysis:

a. *Information*. The most crucial problem is that any centralized planning process is overwhelmed by the amount of information required to make planning decisions and is too slow to react to changes in production. The result is that it creates all sorts of rigidities and inefficiencies in the allocation of resources. Decentralized "planning" does not solve this unless the decentralized entities are as small as firms and they have power to actually make allocations. If this is the case, however, what we have looks a lot like markets. None of this would be a grave problem of technologies were constant and unchanging. The problem is that there is constant innovation -- which we want -- in both process and product, and this constantly requires producers to make adjustments which are blocked in a command allocation system.

b. *risk taking*. Coordinated Planning of production has a deep problem of managing risk-taking. It is very hard to make risk-takers accountable for their gambles if they are gambling with other people's resources. Markets have the virtue of creating a specific incentive structure for gambles with innovation.

c. *incentives*. I think the incentive problem is over-rated. Incentives for *effort* are quite compatible with planning and the absence of real markets. Incentives for accountable risk taking are more difficult.

This does not mean that planning is impossible. One can enhance the capacity of the state (communities) to set priorities -- to plan the market as some people say -- but this is not the same as directly planning the details of production. If this argument is correct, then we need to take serious the problem of combining socialist values with market mechanisms.

III. An alternative framing of socialism: taking the 'social' in socialism seriously

1. Three kinds of power

- Economic power: power based on the control of material resources.
- State power: power based on the control of rule making and rule enforcing over territory.
- Social power: power based on capacity to mobilize voluntary cooperation and collective action.

2. Three Economic Structures: Capitalism, Statism and Socialism

- Capitalism: an economic structure within which the means of production are privately owned and thus the allocation and use of resources for different purposes is accomplished through the exercise of economic power. Investments and the control of production are the result of the exercise of economic power by owners of capital.
- Statism: an economic structure within which the means of production are owned by the state and thus the allocation and use of resources for different purposes is accomplished through

the exercise of state power. State officials control the investment process and production through some sort of state-administrative mechanism.

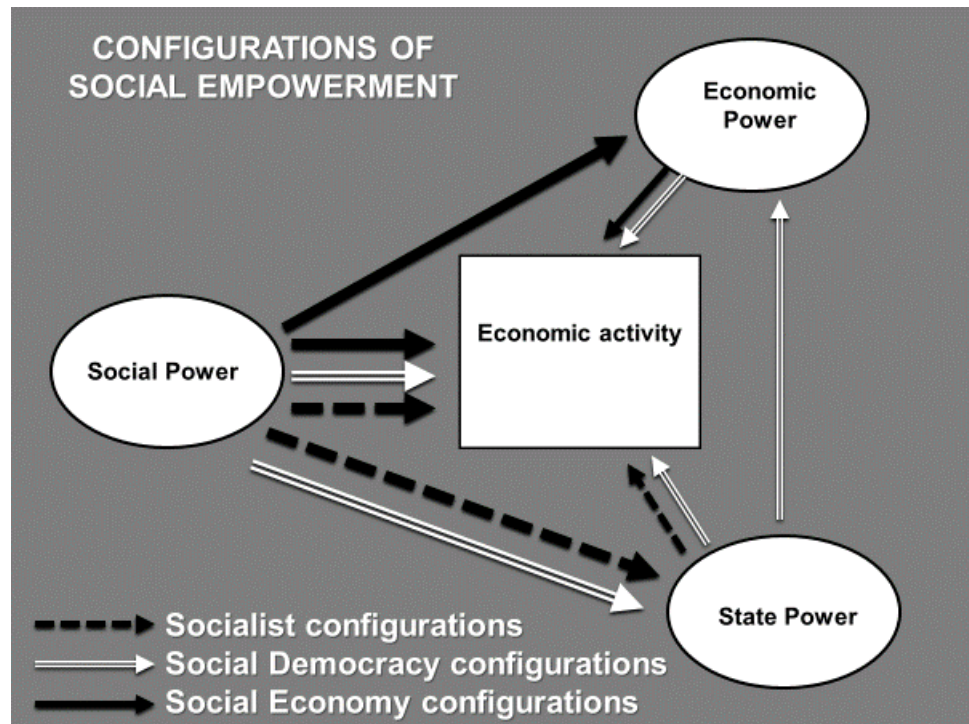
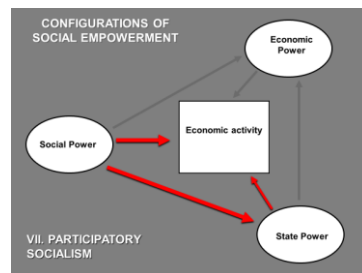
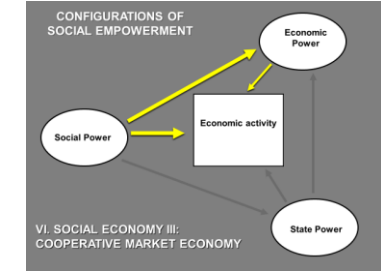
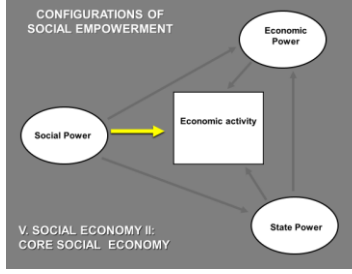
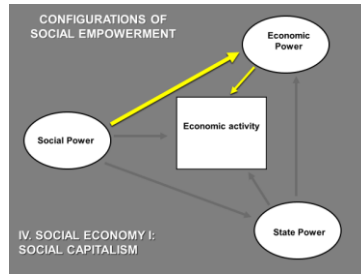
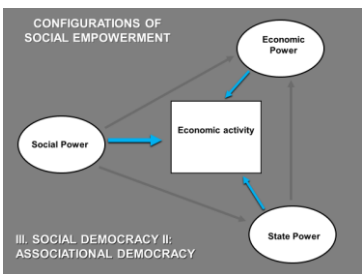
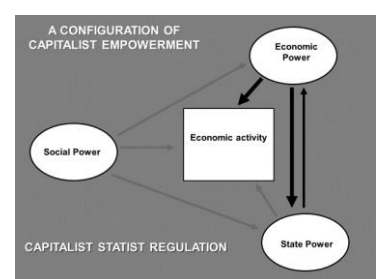
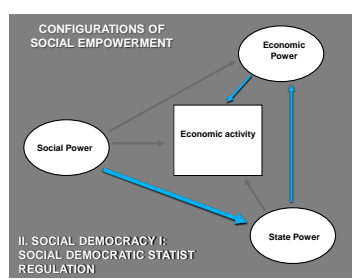
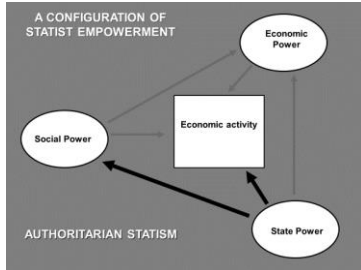
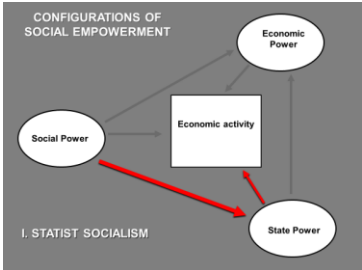
- *Socialism*: an economic structure within which the means of production are “socially owned” and thus the allocation and use of resources for different social purposes is accomplished through the exercise of what can be termed “social power.” Social power is power rooted in the capacity to mobilize people for cooperative, associational action in civil society. In socialism the control over investment and production is organized through diverse mechanisms of social empowerment.

3. The idea of *HYBRIDS* & ECONOMIC ECOSYSTEMS

All real economic systems are complex combinations of capitalism, statism, and socialism. We call an economy “capitalist” when capitalism is dominant. The possibility of socialism, therefore, revolves around the problem of enlarging and deepening the socialist component of the hybrid. I refer to this as the problem of pathways to social empowerment. The fundamental problem of a social-socialism beyond capitalism, then, is whether or not a hybrid form within which social power is dominant can be created.

4. Pathways/configurations of social empowerment

The logic hybridization rejects the binary concept of capitalism vs socialism. Instead one can talk about the degree of capitalisticness or socialisticness of a political-economic structure. But note: this does not resolve the question of whether or not the only way to move decisively towards a socialism-dominant hybrid is revolution or reform, ruptural breaks with the existing structure or incremental metamorphosis. The problem of the limits of hybridization *under existing power relations* is distinct from the problem of what it means to move towards socialism.



IV. Real Utopias: Institutional designs for moving beyond capitalism

1. Unconditional Basic Income Grants

1.1. The idea:

The Grant: give everyone by right of citizenship a subsistence grant sufficiently high to have a decent standard of living (Marx's historical and moral standard of living). The means of production remain completely privately owned, and profits remain privately appropriated. Taxation remains taxation on the social surplus, through various possible forms.

1.2. Direct Implications

i. *Implications for Labor market:* this makes work more nearly voluntary in the Marxist sense: workers are no longer forced to sell their labor power. This breaks the link between (a) ownership of the means of production and (b) access to subsistence.

ii. *Implications for unpaid labor:* This in turn means that people are free to engage in voluntary activities on the basis of free association for the production of social projects. This is one of the essential ideas of communism: the free association of people for productive purposes. Unconditional basic income is a systematic way of transferring surplus from capitalism to the social economy: from capital accumulation to social accumulation.

iii. *Implications for capitalist exchange:* But people are also free to enter capitalist relations -- to engage in capitalist practices between consenting adults -- if this corresponds to their life-project.

iv. *Communism:* Capitalism and communism -- a society governed by "to each according to needs from each according to ability" and in which individuals freely associate with each other to realize their life projects under egalitarian conditions -- thus coexist without the intermediary of socialism (defined as state ownership.)

1.3. Ramifications if sustainably implemented

i. *technical change:* bias towards labor saving innovations, elimination of unpleasant work, workplace humanization

ii. *balance of class power:* the potential power of workers is likely to increase for two reasons: (1) labor markets would become tighter, (2) workers have an unconditional strike fund. This means that the bargaining power of workers should increase. This does not imply that this power would be used to push wages to the maximum; it just means that workers are in a position confront capital on more equal terms.

iii. *dynamic trajectory against consumerism:* In all likelihood, a generous BIG would lead to a dramatic shortening of the working day because it would become more difficult to get people to work 40 hours a week. BIG would thus encourage an orientation away from consumerism and towards "leisure".

iv. *democratization*: democracy takes time. BIG is a subsidy to political practice of ordinary people.

v. *transformation of the economic ecosystem*: UBI makes possible a dramatic expansion of the cooperative market economy, and the social & solidarity economy. Worker-owners of cooperatives would not need to generate their basic subsistence through market generated income. This makes it easier for cooperatives to get favorable loans in the credit market.

1.4. Sustainability

Whether or not this is a sustainable project depends upon its dynamic effects. The level of a sustainable BIG depends upon several factors:

- i. The proportion of the population that would abstain completely from paid labor and market-earnings generated activity. If this is too high, the economy cannot sustain the level of surplus product needed to fund the BIG.
- ii. The level of work effort people are likely to expend when employed given that the threat of job loss is reduced.
- iii. The effect of increases in marginal tax rates on investment decisions: this is the core problem of capital flight and disinvestment in the face of rising labor costs and tax rates.
- iv. immigration, movements of labor: to the extent that BIG is implemented in a relatively open international setting of labor migration, it will attract people -- this is the problem of national BIGs in the EU.

1.5. Implementability

The political feasibility of BIG is obviously a problem. Issues include:

1. The intuitive view that workers are exploited by people who opt for BIG without productive labor. This is similar to the welfare parasite problem in conventional capitalism. BIG violates norms of contribution based rewards. *Reply*: (a) few people will in fact be parasites; (b) the arrangement is freedom-enhancing for all; (c) the arrangement creates a more benevolent social environment (less crime, etc.) that is a public good. (d) a significant part of the surplus product in physical terms is not a product of current labor but the legacy of accumulated past labor and knowledge, which means it should not be viewed as a “transfer” from individuals who work but from the collectivity to itself.
2. difficult to institute incrementally: partial BIG’s have different effects from generous BIGs.
3. easier to implement against a background of high social wage than low social wage.

II. Parecon

This is a complex proposal developed by Michael Albert and Robin Hahnel. The basic idea is to completely eliminate markets and to organize a system of comprehensive, decentralized, democratic planning based on structures of consumption councils and production council, which are nested from micro to more macro levels (for consumption: neighborhoods to cities/regions/nations; for production: firms/sectors/higher levels). Consumption and production Proposals are formulated from the most micro-level, pass up the hierarchy, are costed, and return to lower levels through an iterated planning process.

III. Market Socialism

To many people the expression "market socialism" is an oxymoron: either the markets have to be massively curtailed for socialist principles to mean anything, or the socialism has to be deeply corrupted to enable markets to work properly. Roemer, challenges this view by elaborating a relatively simple device which, he believes, will enable an economy both to have well-functioning markets and to remain faithful to the egalitarian ideals of socialism. This is what John Roemer's proposal attempts to do.

1. Roemer's Proposal: The Basic Idea

How does Roemer propose to accomplish this? In a nutshell, his proposal involves creating two kinds of money in an economy: commodity-money (referred to simply as "money"), used to purchase commodities for consumption, and *share-money* (referred to as "coupons"), used to purchase ownership rights (stocks) in firms. These two kinds of money are nonconvertible: you cannot legally trade coupons for dollars. Coupons are distributed to the population in an egalitarian manner. Citizens, upon reaching the age of majority, are given their per capita share of the total coupon value of the productive property in the economy. With these coupons they can then buy shares from which they derive certain ownership rights, including rights to dividends from the profits of firms and the right to vote for at least some of the people on the boards of directors of firms. There is thus a stock market, but the stocks can only be purchased with coupons, not dollars. Shares and coupons are nontransferable. You cannot give your shares away, but must sell them at the market coupon rate, and you cannot give your coupons away. At death, all shares and unspent coupons revert to the state for redistribution. The nontransferability and nonconvertibility of coupons prevents ownership from becoming concentrated: the rich (in dollars) cannot buy out the poor.

In order to reduce risks, most people in such a system would probably invest their coupons in stocks via various kinds of mutual funds rather than through direct purchases of stocks on the market. The mutual funds would create diversified portfolios and would monitor firm performance in order to attract investors. Some people, however, would prefer to invest their coupons directly, and inevitably some would do well and others poorly. As a result, over time some inequality in stock ownership would emerge. Because of the prohibition of intergenerational transfers, however, this inequality would remain quite small.

How do firms raise capital to buy machines and raw materials in this system? In the book, Roemer argues that since stocks are sold for coupons, not dollars, firms cannot directly raise capital by selling stocks. Financial capital is raised primarily through credit markets organized by state banks. In subsequent discussions of his proposals he has modified this mechanism. In the revised formulation, firms are allowed to turn the coupons they receive from the sale of stocks into cash in the state banks. The rate of conversion of coupons-into-money is determined through the planning process in which investment priorities would be established through democratic deliberation and implementation would take place through a state planning agency. Different conversion rates of coupons into money could therefore be established for different sectors as a way of encouraging investments for specific social objectives. This involvement of the state in capital markets allows for a significant degree of flexible "planning the market". The result of this scheme, Roemer argues, is relatively freely functioning market mechanisms along with a sustainable egalitarian distribution of property rights, a roughly equal distribution of profits, and a significant planning capacity of the state over broad investment priorities. Thus: market socialism.

This, of course, is just a rough sketch of how such an economy would work. Many other details would need to be worked out. For example, there is the question of whether or not small private firms would be allowed, firms whose property rights would not be organized through the coupon stock market. Roemer believes that there is no reason to prohibit small, private capitalist firms in this model -- small restaurants and shops, but also small manufacturing firms. This, of course, raises the problem of what rules of the game will govern the conversion to such businesses into the publicly traded market socialist firms when they cross some threshold of size. The model, therefore, is not a comprehensive blueprint for how a market socialist economy should be designed, but rather a specification of its core organizing mechanism.

2. Consequences

a. Class structure & exploitation

This economic mechanism has massive consequences for class structure. Above all, the class of rich capitalists is destroyed. The ownership of the means of production is roughly equally distributed throughout the population. Because intergenerational transfers of coupons and stocks is prohibited, there is very limited scope for accumulation of wealth in means of production. Roemer's market socialism, then, might be thought of as a kind of "people's capitalism", a capitalism without capitalists. The question, then, is whether or not this way of organizing property rights would positively serve the values involved in the traditional socialist indictment of capitalism.

The most obvious effect of coupon socialism is on inequality, since the profits of firms will now be distributed relatively equally in the population. However, this probably would not have as big an impact on overall inequality as one might expect, since labor market earnings, the major source of income inequality in developed capitalist societies, and interest payments on savings, would not be equalized. In Roemer's estimates, an equal distribution of profits would only amount to a few thousand dollars per capita per year. Nevertheless, the equalization of profit income would have an impact on inequality, and would certainly make a meaningful difference in the standards of living of the poor.

To more radically approach the egalitarian values of socialism, therefore, the coupon mechanism would have to be supplemented by other institutional devices. For example, universal basic income grants could be adopted as a redistributive mechanism

b. Democracy

Coupon-socialism would enhance democratic capacity of different levels of government for several reasons. First of all, the threat of disinvestment and capital flight in response to state policies would be considerably reduced since firms are now owned by the population at large. In particular, this would mean that the capacity of the democratic state to raise taxes in a coupon-socialist economy would be greater than in a capitalist economy. The sustainable level of taxation that a state can raise is an indicator of the state's capacity to democratically control the social surplus. This is not to argue that a maximally unconstrained democratic state would necessarily opt for the highest sustainable level of taxation, but it does mean that the scope of democracy is enhanced if the democratic state has the capacity to raise taxes to higher sustainable levels. In these terms, it seems likely that the democratic state in a coupon-socialism would have considerably enhanced capacities for taxation since it would not face the threat of disinvestment and capital flight in the face of rising tax rates. Among other things, this means that the level of egalitarian programs such as basic income that the state could sustain are also likely to be higher. By enhancing democratic political capacity, therefore, coupon socialism also potentially enhances economic equality.

There are other, more subtle democracy enhancing effects of coupon socialism. Roemer argues in some detail that coupon-socialism will reduce the production of "public bads", such as pollution, in the economy. The argument is that where there is massively unequal distribution of income from property holdings there will be a group of property-rich people who have a positive interest in the production of public bads like industrial pollution, since for them such pollution represents a significant source of income (by enhancing their profits). What is more, because they are property-rich, they are in a position to have a disproportionate effect on the political process through which state policies of regulation of pollution is produced. Equalizing property-wealth thus has the double effect of first, partially equalizing political power, and second, changing the incentive structure for pollution regulation.

c. autonomy

The internal organization of production within coupon-socialist firms could in principle be just as hierarchical and alienating as in conventional capitalist firms. Indeed, John Roemer himself is rather unsympathetic to issues of workers control within production. He feels that the choice of institutional arrangements within firms should be mainly thought of as a pragmatic issue: which kind of organization will be the most efficient in the standard neoclassical economics sense. If it turns out that Tayloristic, despotic organization of the labor process is the most efficient, then Roemer believes workers would prefer this to more democratic organization since they will prefer the higher levels of productivity.

In spite of Roemer's own skepticism on this matter, I think that there are reasons why worker autonomy and democracy within firms is likely to be facilitated by coupon-socialism. In a coupon-

socialist economy the issue of the internal organization of firms can become a matter of public deliberation and democratic choice. Since threats of disinvestment are weaker, and the specific interests of employers in maintaining dominance within production have been reduced, a less constrained public debate over the trade-offs between alternative forms of organizing the labor process can take place.

d. Efficiency & rationality

The core critique of capitalism as wasteful and irrational centers on the anarchy of the market and the way this generates various forms of irrational allocations: business cycles, hyper consumerism, pollution, unemployment, etc. Market socialism might appear to give up on this problem since it tries to preserve well functioning markets. In fact, coupon socialism does offer the prospect of taming the market if not transcending it. By destroying the power of a class of people whose power is rooted in their private control over market resources, coupon socialism makes planning the market much more feasible and thus greatly expands the scope for democratic debate over priorities of economic development. BIG would be easier in coupon socialism than capitalism, for example. And more generally, a green economy with a trajectory towards reduced consumerism becomes an available objective.

e. Community.

Community is the value least well-served by coupon socialism. Coupon socialism, like capitalism, places competition at the center of economic interaction. Individuals compete on labor markets every bit as much as in capitalism and firms compete in commodity markets. While democratic planning might moderate some of the undesirable by-products of such market competition, the central mechanism of economic rationality remains organized around greed and fear rather than solidarity. This, in turn, means that the kind of individualistic, greed-centered culture of capitalism is likely to continue in coupon-socialism. Such a culture reduces the potential that the enhanced democratic capacity would lead to more egalitarian social outcomes.

This is a serious challenge to coupon socialism from the vantage point of classical socialist values. There are two principle lines of response. First, unless a more community-enhancing alternative to markets is institutionally feasible, then it may be a sad fact about coupon socialism that it does not provide a context for realizing this important value, but nevertheless this would not be a reason for rejecting coupon-socialism. Second, even though markets remain important in coupon socialism, it is possible that the social space for nonmarket principles of social organization would be enhanced. If coupon-socialism enhances the democratic capacity of the state to appropriate surplus, then in principle the democratically controlled portion of the surplus could be used for community-enhancing purposes. Instead of seeing economies as falling on a continuum from pure market mechanisms to pure communitarian mechanisms, it may be more useful to see economies as combining in complex ways both principles in different social contexts. It is thus possible that in spite of the continued presence of market competition in coupon socialism, a culture of solidarity and generosity could still be nurtured. Still, the anti-communitarian features of coupon socialism are real and undermine its attractiveness as an institutional design for furthering socialist values.

f. Conclusion

To many people coupon socialism is a socialism without passion. It is a socialism that tries to mimic capitalism as much as possible by juggling property rights and institutional design in the stock market just enough to get a more or less egalitarian distribution of dividends. Yet, ironically, even though the result may be more like a “people’s capitalism”, it still would require the massive redistribution of the wealth of the capitalist class and thus may be politically as infeasible as more traditional images of socialism as democratically controlled state ownership. One might argue that since this proposal is no more achievable in practice than more radical socialisms, why not advocate the more radical alternative. At least the more radical alternatives embody a utopian vision which may inspire and mobilize people. It is hard to see workers on the barricade under the banner of “Smash capitalism; build coupon-stock market socialism!”

Such objections, I think, miss the critical value of constructing models of what might be termed a sustainable egalitarian economy. Especially at this point in history, it is important to have a clear and rigorous understanding of the normative implications of various alternatives to capitalism that attempt to accomplish socialist values. As a proposal, coupon-socialism is thus like the proposals for guaranteed universal basic income -- proposals that attempt to further socialist values by transforming specific features of capitalism. Basic income does this by breaking the tight link for most people between income and labor market participation characteristic of capitalism. In capitalism workers are separated from both the means of production and the means of subsistence, and it is this double separation which shapes their class relation to the capitalist class. By restoring workers’ access to the means of subsistence, basic income grants can be seen as a partial deproletarianization of labor. In this way it transforms one crucial aspect of capitalism in an egalitarian direction. Coupon-socialism does the same thing with respect to separation from the means of production. By creating a mechanism for an egalitarian distribution of property rights in means of production independently of anyone’s contribution to the economy, coupon socialism would transform another of the central features of capitalism which block socialist values.

Coupon-socialism is thus not meant to be a blueprint of some final destination of social struggles for human emancipation. Rather, it is a model designed to counter the claim that the only efficient and sustainable way of organizing property relations in a developed economy is through capitalist private ownership. Re-establishing the belief in viable alternatives to capitalism is a critical task for leftwing intellectuals, and Roemer’s models are a provocative and innovative contribution to this effort.