

**Notes from discussion in Erik Olin Wright Lecture #4:  
*The Theory of Transformation*  
Middle East Technical University  
Thursday, November 14, 2007**

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Question: How does Corporatism fit into your analysis of transformation?

Response: This depends on how corporatism is organized. Corporatism is one form of symbiotic transformation. In the Nordic cases corporatism was the institutional form within which the positive class compromise part of the curve was negotiated. This was premised on organized labor being pretty powerful because only then was it in a position to negotiate rules for collaboration.

Question: It seems that there is a kind pendulum in your work: shifting between *transforming* capitalism and simply *reforming* capitalism. In that respect it seems interesting that you are not differentiating between different phases of capitalist development. Certain specific forms fulfill specific functions in different periods – corporatism being one example. So there is the question whether these interstitial and symbiotic strategies can contribute to transforming capitalism or stabilizing capitalism. One other thing: the discussion of ruptural logics reminds me of the neoliberal logic which tells people that you have to wait for a while before these neoliberal reforms will help you. There will be winners and losers, but it will take a while for the losers to gain – stay for a while and live with the negative consequences and then the future will be bright. This is like what the socialist ruptural strategy will face.

Response: The parallel is real, especially in the Russian case. Shock therapy was a ruptural transformation with a devastating transition trough. But of course this was not done under open and democratic conditions. The difference between the socialist transformation of capitalism and the capitalist transformation of the USSR is that in the Soviet case the rest of the world was capitalist. So the idea that there was an alternative in the world was not a problem, not something people doubted. In the ruptural transformation of capitalism the vision of the alternative is argued for more speculatively.

On the issue of the duality of transformations as whether they are really building an alternative or simply a stabilization logic. This is a deep ambiguity. This obviously has some affinity to the old contrast of reform vs revolution. This is connected to the rhetoric of the 1970s of “nonreformist reforms”. Ordinary reforms that merely stabilize capitalism; nonreformist reforms do so but in ways that open up future possibilities rather than close down future possibilities. That is what symbiotic reforms are supposed to be: these are possible in capitalism and make the economic system work better – they solve problems – but do so in ways that expand rather than restrict the scope of subsequent action. What specific kinds of reforms will satisfy this condition varies historically. But in all capitalist periods there are possibilities. Today, perhaps, the arena for symbiotic transformation that is the most open-ended may be local rather than national.

Question: Why do we call this socialist rather than social democratic? What makes this socialist?

Response: remember in the first lecture where I laid out my pathways – one of them is social democratic. Left social democracy envisions transformations through the capitalist state that moves towards socialism as an alternative, which sets the stage for transcending capitalism, particularly when this involves strengthening the labor movement.

Question: Do you define a specific agency for these transformation? Is class the main agent?

Response: I don't think there is a Subject of history in the sense of some singular agency capable of transforming capitalism. Class-based agency is critical because we are talking about reorganizing the economy. The labor movement will necessarily be important I think, as well working class anchored political parties.

Question: In the Quebec case there doesn't seem that kind of agency.

Response: The social economy in Quebec had a strong social movement agency which certainly mattered.

Question: What about the motivations for moving through the transition trough. You were talking about motivations – motivations for the working class to stay through this. But motivation and mobilization are different. Organizations are a pivotal resource here. I expected to hear more about organizational resources, especially a strong party that penetrated civil society and motivated and mobilized people before taking power. That party could convince people to wait.

Response: First a little comment: I think the creation of the limits with symbiotic strategies is a question of power struggles which establish rules that block off parts of the curve. This is history as the condensation of struggles. This is not mainly about getting capitalists to be enlightened. They need to be convinced that they have to work within the zone of the curve that is enabled by the rules. Sometimes capitalists can be stupid about this and refuse to play the game within the limits of possible compromises from which they would in fact benefit. But the basic issue is the creation of limits-of-exclusion which is the result of struggles and victories/defeats. This issue, the ability to win victories depends upon organizational capacities, especially of parties and labor movement. These are the two most important. Social movements can also play this role, but they are more precarious because of their fragmentation.

Back to the transition trough. If you have a very strong political party which people really trusted and really believed what they were being told about the transition trough, then this would help weather the transition trough. But when you are mid-way through a trough I think such confidence will be shaken and the coalition will become more vulnerable. Not very likely if the trough is sustained over a long period that there would not be serious defections, at least if the process is seen as reversible. If the transition is occurring under conditions when capitalism is falling apart then the idea that the transition is irreversible will be convincing, but if the transition is occurring under noncrisis conditions, under conditions in which capitalism itself remains viable, than it would seem that reversibility would always be possible during the transition. This is why the crisis scenario figured so strongly in revolutionary Marxism: where there is severe crisis than a ruptural transition looks more attractive and plausible.

Question: What you have described are secular systems. If you consider cultural values and social values, what does your system look like? After material needs are met, then dissatisfaction occurs, so what do you think about values.

Response: Remember that the notion of social justice is anchored in the idea of flourishing lives. The key value that is directly involved in organizing the economy is how to do we organize it in a way that maximizes the opportunity to live flourishing lives, but giving every access to material and social means to flourish. This idea does not give any specific content to flourishing. No priority is given to intellectual or physical or spiritual or communal flourishing. The only proviso is that the forms of flourishing must be consistent with the equal access principle. So this is very open-ended. Still there are some implicit values about mutual respect and reciprocity and the like. These are not specifically religious, but of course they can be expressed through religious symbols and traditions.

Question: Is “Alternative” the correct way to talk about what you are describing. You define capitalism as a system, so “alternative” to a system should be an alternative *system*. But your alternatives are alternatives within the system. they are not really system-alternatives. These are not alternatives as I understand that as a commonsense view. They are valuable as things we should fight for, but are not full-blown alternatives.

Response: I am not engaged in the idea that we have one totality called “capitalism” and another called “socialism” and I am going to describe the second as an alternative to the first. I argue that capitalism is embedded in a hybrid that contains alternatives, but which I mean alternative principles of organizing our economic life. So I am arguing about these alternative principles that could displace capitalism as the dominant element within the hybrid. These are principles that are alternative to the logic of capitalism. The social economy is Not capitalism; Wikipedia is an anticapitalist principle of social production. It happens to exist within a society that is dominated by capitalism, but it embodies an alternative logic that if it were to expand would be a different economic way of life. The notion of alternative *system* is a configuration in which the current subordinate principles become the dominant ones, the ones that impose the deepest constraints. This is a way of thinking about alternatives to the system as a whole even if I cannot give you the new configuration.

**Question:** To what extent will symbiotic and interstitial transformations get to the limits of possibility? How could they get to the limits?

**Response:** In the course of the economic development of the 21<sup>st</sup> century then increasing part of economic activity will center around information and knowledge. These are rooted in the weakest form of capitalist property rights. Intellectual property rights are much weaker than rights of land or things. These are also the kinds of property rights that have the least legitimacy. Patents and copyrights do not have as strong a justification even on efficiency grounds as do rights of things. Intellectual property rights are violated all the time for social benefit – the open source movement is an example. This makes noncapitalist forms of production easier to develop, proliferate. I do not know how far this will go and expand and how corrosive of capitalism they will really be, but I can see these as expanding to the point where capitalism becomes quite defensive. The amount of time people spend “doing” capitalism could gradually reduce. I don’t know if this

answers your question. In this process there will be limits encountered and then struggles over the rules of the game. We observe this today over international fights over Intellectual Property Rights – struggles over drug patents and patents on genes, etc. are all struggles over these limits. These struggles undermine the binding constraints of capitalist property rights.

**Question:** But won't capitalist impose new rules?

**Response:** In all probability capitalists win, alas. That is what it means to live in a hegemonic capitalist system. Mostly when battles over rules of the game occur over these limits, capitalists tend to win. But in these new arenas perhaps they will be less successful. It is too easy to steal intellectual property rights. This is a pretty big issue for the 21<sup>st</sup> century. In this context there will be new episodes in which the state assumes new powers -- as in the role of the state in producing generic drugs to fight epidemics. That is a statist solution, but there will also be socially empowered strategies here. This is how we have to think about the problem of winning: how do we create more spaces for social empowerment when limits are hit by the rules of the game.

**Question:** Once upon a time we talked about internal and external forces. We are in a global model of capitalism. I was not so sure what you meant: what is the state? Local, national, global, or what?

**Response:** It could be any of these. When I say state I mean apparatuses of concentrated power and using them to expand the space for social power. You can even talk about the "factory state" for this purpose when workers engage in symbiotic transformations within firms – as when worker councils within firms increase the productivity of the firm.

**Question:** But what happens when an external force intervenes and stops this?

**Response:** If it is stopped by external dynamics it is stopped by external dynamics. Allende was overthrown by the CIA. The Sandinistas were undermined by the US support of the Contras. In each of these cases the trajectory would have been different if there had not been external intervention. So powerful external forces, military and otherwise, can smash progressive transformations. The question is: what do you do with that knowledge? This is true whatever your strategic vision.

**Question:** You are proposing something very much like the transition from feudalism to capitalism. Islands of capitalism developed and eventually squeezed out feudalism. Now you envision something like this for capitalism: the small islands of socialism eventually suffocate capitalism.

**Response:** I invoked the Feudalism analogy to open up our imagination about pathways. The difference in the pathways to social empowerment is this: there are five pathways. Some have an island character – like the social economy. But others are more infiltration – like social capitalism where worker pension funds begin to impact on capitalist firms. This is extending social power within the hybrid by encroaching on aspects of capitalist property rights.