

AMERICA BEYOND CAPITALISM, by Gar Alperovitz

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Introduction

HOW DO WE DETECT when a society is in trouble—*real* trouble? What canary in the coal mine signals danger? The real signs of major trouble are to be found not only in huge deficits, unemployment, even terrorism. The time to pay close attention is when people begin to lose belief in things which once mattered profoundly—like the most important values which have given meaning to American history from the time of the Declaration of Independence: *equality*, *liberty* and *democracy*.

The long trends are ominous. The beginning point of the following study is the painful truth that there is now massive evidence that for decades Americans have been steadily becoming *less* equal, *less* free, and *less* the masters of their own fate:

The top 1 percent now garners for itself more income each year than the bottom 100 million Americans combined. Even before the war on terrorism produced new threats to civil liberties, the United States (as a conservative judge, Richard Posner, has observed) criminalized “more conduct than most, maybe than any, non-Islamic nations.”

And repeated studies have shown the majority of Americans know full well something quite fundamental is going on with “democracy”: Four out of five in a recent assessment judged that “[g]overnment leaders say and do anything to get elected, then do whatever they want.” Another found seven out of ten felt that “people like me have almost no say in the political system.”

We tend to dismiss such signs of trouble. Most political debate focuses on who wins this or that election or on immediate problems—like medical costs, tax cuts, unemployment. Some writers sense that something deeper is at work—that, for instance, with the radical decline of labor unions and the rise of the global corporation the ‘balance of power’ between labor and corporations that once kept American politics within a certain range simply no longer operates. (The Administration of George W. Bush in significant part reflects this shift in underlying institutional power.)

A few have recognized that we face much more fundamental questions. Thus Kevin Phillips writes of a new American “plutocracy” in which wealth “reach[es] beyond its own realm” to control political power and government at all levels. Robert Kaplan believes we are moving in the direction of a regime which could “resemble the oligarchies of ancient Athens and Sparta...” He believes: “How and when we vote during the next hundred years may be a minor detail for historians.”

But the idea that the American “system” as a whole is in real trouble—that it is heading in a direction which spells the end of its historic values—*that* idea is difficult, indeed all but impossible for most people to grasp.

It is, however, the first major contention—or rather, observation—at the core of this study. Moreover, as we shall see, though the evidence is rarely confronted, it is a contention which is not at all difficult to support. Indeed, it is obvious to most people when they reflect on the long developing trends in connection with equality, liberty and democracy.

If the critical values lose meaning, politics must obviously also ultimately lose moral integrity. Cynicism, apathy and a sense that the powerful control, no matter what, must grow

until, finally, recognition that current political processes are at a dead end quietly becomes endemic. The polls already indicate that beneath a patina of conventional political concern the basic elements of such an understanding are not far off.

Beyond this, if equality, liberty, and meaningful democracy can truly no longer be sustained by the political and economic arrangements of the current system, this defines the beginning phases of what can only be called a *systemic* crisis—an era of history in which the political-economic system must slowly lose legitimacy because the realities it produces contradict the values it proclaims.

Moreover, if the system itself is at fault, then self-evidently—indeed, *by definition*—a solution would ultimately require the development of a new system.

For most Americans the idea that a ‘different system’ might be possible is something very few have considered. With the collapse of the Soviet Union—and the decline of older, more democratic visions of socialism—what, specifically, would it mean to ‘change the system’?

Furthermore, the United States is the most powerful political-economic system in world history. To most Americans the notion that ways might ultimately be found to transform the institutions at its very core seems utterly utopian and impractical—even if one had an idea of what an alternative system might entail.

The conventional wisdom, of course, leaves us at a dead end. The old ways don’t work but no one even imagines the possibility of systemic change.

Or so it seems.

The fact is, just below the surface level of media attention, theorists, policy makers, and informed citizens have been generating an extraordinary range of new ideas in recent decades. As we shall see, these suggest traditional economic and political strategies are not the only ways,

institutionally, to secure equality, liberty and democracy.

The appeal of many of the ideas, moreover, reaches across traditional left-right political divisions. They deal in a thorough-going way with matters ranging from the local and mundane to the radical and systemic—including: How to build democracy with a small ‘d’ in each community as a basis, ultimately, of rebuilding Democracy with a big ‘D’ in the system as a whole. How, as technology advances, to insure that people have enough free time and security to have real rather than illusory freedom of choice. And, how—the ultimate and important issue—the vast wealth of the nation can be managed so as to directly democratize its benefits.

Even now, as we shall also see, the most interesting new approaches suggest the outlines of a radically different system-wide political-economic model. Furthermore, the crisis itself is forcing ever greater understanding—and it is producing (and promises continually to produce) ever more refined clarifications of the basic ideas.

That this has begun to occur should not be surprising: It is a commonplace that in general when traditional ways no longer work, people are forced to rethink what they have been doing. We often do not stand back from our ‘current moment’ of history to reflect on the simple fact that this might also be happening here and now, and as time goes on, in our own society.

Even if it were possible to bring together the emerging new thinking to define the outlines of a system which might in principle be able to sustain equality, liberty and democracy—and do so in ways better than either American capitalism or its traditional socialist rival—could such an exercise ever have meaning in the real world of politics?

It is, of course, theoretically *possible* that nothing major will ever change in the United States—but it is also highly unlikely. Serious historians understand—indeed, take for granted—that political-economic systems come and go over time, and that the current American system is

probably not the be-all and end-all of world development.

To grant the simple possibility that the present system, like others in history, might one day be transformed opens a certain perspective on possibilities both for the coming century and for its opening decades. The tendency of those who think about “systemic change” is commonly towards abstraction. Words like “revolution” appear often in traditional writing. It is striking that—again, just below the surface of most media concern—there has also been an extraordinary explosion of practical real world economic and political experimentation in the United States which ties in with (and points in the direction of) some of the main features of the new system-oriented ideas.

Systemic change, above all, involves questions of how property is owned and controlled—i.e., the locus of real power in most systems. The ownership of wealth in the United States is far more concentrated even than income: approximately two-fifths of all financial wealth is held by the 1 percent at the very top! At the heart of the new thinking is a different principle—that the ownership of wealth must benefit the vast majority directly. Especially interesting, accordingly, is the evidence assembled in the following pages of long developing trends which have produced thousands of new worker-owned firms, community-owned enterprises, even state and national examples of alternative ways wealth might be owned to benefit small and large publics.

In Newark, New Jersey, a non-profit neighborhood corporation employs 2,300 people to build and manage housing and run a supermarket and other businesses that funnel profits back into health, job creation, education and other community services. In Glasgow, Kentucky the city runs a quality cable, telephone, and Internet service at costs far lower than commercial rivals. In Harrisonburg, Virginia a highly successful company owned by the employees makes and sells cable television testing equipment. In Alabama, the state pension fund now owns a controlling

interest in one of the nation's major airlines. In Alaska, every state resident as a matter of right receives dividends from a Fund which invests oil revenues on behalf of the public at large.

The emerging changes in these and many other instances involve new institutions—and the process of change is different from that which we commonly understand in connection both with traditional politics and traditional systemic change. Typically, political *reform* involves *policies* which improve or clean up around the edges of existing systems. Typically, *revolution* involves changing the institutions at the core of the system, often violently. What is happening in several key areas involves the steady building of a mosaic of entirely different institutions, but in a manner that is both peaceful and evolutionary.

Important as it is, a long evolutionary build-up of institutions is obviously a far cry from system-wide restructuring. I believe it is, however, a potentially critical precondition of future, subsequent, change. The longer term question is whether the emerging political-economic context might open the way to building upon and beyond the new ideas, on the one hand, and upon the emerging institutional trajectory of development, on the other.

The election of candidates committed to the key values might—or might not—lead to modest gains in the short term. Given the underlying pressures constraining traditional politics, however, those who have faced the issue squarely know that even when better candidates win office, serious change is unlikely following any of the conventionally discussed political scenarios.

On the other hand, the social and economic pain which is now hitting Americans at virtually every level is also increasingly confronting diverse groups with ever more severe choices. In case after case the converging vise-like pressure of events is forcing new questions:

Either a new strategic approach will have to be found, or issues of central importance to workers, and ethnic, racial, elderly, gender, family and other constituencies on both left and right are likely to become increasingly and profoundly compromised. The growing pain levels point to the likelihood, ultimately, of a backlash—especially as the pressures the Bush era has unleashed continue to hit home.

Furthermore, the ever-intensifying fiscal crisis inevitably forces attention to the extraordinary income and wealth controlled by elites and major corporations. Quite apart from matters of equity, there are very few other places to look for resources. With the decline of traditional twentieth-century progressive strategies, a new and more militant “twenty-first century populism” which targets those who control the lion’s share of the nation’s income and wealth is, in fact, already beginning to take shape. Far-reaching ethnic and demographic changes—and the coming minority status of non-Hispanic whites—are likely to reinforce the pressures leading to change as the twenty-first century unfolds.

The trajectory that points toward an ever more sharply focused challenge to corporations and elite concentrations of income and wealth is beginning to converge, even now, with the developing trajectory of change defining a host of alternative institutions in which wealth ownership benefits the public directly—and in which community-based democratic practice is important.

It is quite possible—even likely—that everyday life in the United States will get worse before it gets better in the coming decades (if it gets better). Even in an era focused narrowly on issues of terrorism and war, however, great and fundamental change is not precluded. Indeed, there are reasonable possibilities in the coming period of history (as in most periods of history)

for far greater change—building to and through the difficulties—than many conventionally hold.

There have been five large order political realignments over the course of U.S. history—from before the Civil War to the Progressive era and beyond. Each has occurred in the face of arguments that nothing of great political significance was feasible. That further realignments are possible over the course of the twenty-first century is not only possible but likely. The question is what they might entail, and how far-reaching they might ultimately become.

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