CHAPTER 27: Beyond Capitalism

THE OVERWHELMING MAJORITY OF PEOPLE on Earth want sane and compassionate policies that protect our environment. We want justice and equity. We don’t want to crash and burn.

But we can’t achieve these goals, no matter how hard we fight. Not with the game rigged against us like it is.

Why do we lack the resources and power we need to do what we want? Because our economic system ensures that. Why does a Big Money giant call the shots in our world—a giant that grows bigger and bigger by the moment? Because our economic system creates and feeds that giant.

The problem is capitalism. We must move beyond it.

Capitalism 101. Capitalism is an economic system in which major industries and natural resources are privately owned. A limited number of individuals own the land, machinery, infrastructure, and materials involved in producing important goods and services. They decide what will be produced, how and where production will take place, and who will do the work. They own the goods and services that are produced and the profits that accrue from selling them.

In contrast to these wealthy owners, most people within capitalist economies work as wage laborers. They rent their muscles and brains to business owners by the hour or the month. These workers have little or no control over workplace conditions, over what is produced, or even over where production will take place. If corporate owners decide to move production to another country, workers find themselves laid off. Workers do not own the profits their labor produces or control how these are spent.

Under capitalism, businesses compete against each other as they strive to maximize profits. This arrangement creates incentives for them to minimize pollution control expenditures and drive down wages in order to lower production costs. It also creates incentives for them to advocate policies that foster unemployment. Wages can be kept low when lots of people don’t have jobs. It is primarily “the market” that determines how resources are allocated and how goods and services are distributed in a capitalist economy. In other words, industrial titans set important public policy based on their desire to maximize profits. Moneyed interests influence the market through advertising and through their influence on government intervention.

Do we need to expand production of toxic chemicals? No, we need to reduce it. But the price of natural gas is low, so chemical corporations are gleefully building new
facilities to cash in on new chemical sales. A major environmental decision that hurts us all is being made by a limited number of corporate owners.

In a capitalist society we may try to plan, but we are limited by our lack of ownership over key resources. Instead of deciding what needs to happen and just doing it, we must instead devise incentives to try to entice private owners to implement our wishes.

For example, there are obvious solutions to the climate crisis we face. Various experts have produced blueprints for every state and country, identifying a mix of existing renewable technologies that could be swiftly deployed to end reliance on fossil fuel. Can we decide together to put these in place and get on with it? No. We don’t control energy corporations. Instead, we come up with tax credits and other indirect measures to try to get corporations to change. It’s like trying to do brain surgery while wearing boxing gloves. And it’s not working.

Owners are allowed to accumulate as much wealth as they want under capitalism. Indeed, accumulation of capital is encouraged. Prior chapters document the massive success the top 1% of the world’s population has had in accumulating wealth.

Capitalism is based on the concept of a few individuals and corporations controlling vital resources and accumulating the wealth produced by the majority. The existence of an empowered upper class and a disempowered lower class isn’t an unexpected consequence; it’s the very basis of the capitalist economic system.

An Alternative to Capitalism. We are so trapped by the stress of capitalism that many people are skeptical that we can ever get beyond it. What’s the alternative, they ask.

Earlier chapters examined the powerful ways in which those who accumulate wealth under capitalism have limited the conversation on environmental issues and other topics like health care. The biggest censorship of all, however, results from the taboo that permeates society when it comes to the topic of socialism.

We still feel the impacts of the Joe McCarthy era in the 1950s. Some 10,000 to 12,000 workers lost their jobs during the decade’s “Red Scare” based on alleged connections to anti-capitalist thinking. Hollywood power brokers maintained a list of actors and others who were ostracized due to their “subversive” views. Hundreds of people went to jail for their anti-capitalist political beliefs. In 1958, as a condition of employment, an estimated one-fifth of the U.S. workforce was subjected to “loyalty oaths,” many of which entailed swearing to have no affiliations with the Communist Party.

The message of McCarthyism was clear. Don’t question capitalism, and don’t talk to people who do question it.

Despite this repression and its legacy, people still questioned capitalism. So, in the 1970s, business interests got organized to defend it. A memo written by corporate
lawyer Lewis F. Powell, Jr. to the chairman of the U.S. Chamber of Commerce’s Education Committee in August of 1971 sheds light on their game plan. Powell was appointed to the U.S. Supreme Court shortly after he sent this memo. There he could directly implement his pro-capitalist agenda.

Powell bemoaned evidence of discontent with capitalism, such as college campus polls in which almost half of the students “favored socialization of basic U.S. industries.” He called on businesses to mount a full-court press to defend “free enterprise.” Powell urged the Chamber to become a major voice for capitalism dedicating substantial financial resources to that work. He recommended that businesses invest heavily in public relations campaigns to defend capitalism, including allocating 10% of annual advertising budgets for that purpose. Powell called for the creation of cadres of media-savvy pro-capitalist thinkers, writers, and speakers; getting pro-capitalism courses and materials into colleges and high schools; and major increases in political spending.

“[T]he time has come—indeed it is long overdue—for the wisdom, ingenuity and resources of American business to be marshaled against those who would destroy it,” Powell said. “There should be no hesitation to attack the [Ralph] Naders, the Marcuses [a Marxist professor] and others who openly seek destruction of the system. There should be not the slightest hesitation to press vigorously in all political arenas for support of the enterprise system. Nor should there be reluctance to penalize politically those who oppose it.”

The Chamber responded to the memo by forming a task force composed of 40 business executives (from GE, GM, U.S. Steel, Phillips Petroleum, CBS, and other companies) to come up with specific proposals based on it. They adopted those proposals in November of 1973. Not long after the Powell memo was written, numerous family and corporate foundations created new groups to promote capitalism, such as the Heritage Foundation, the American Legislative Exchange Council, the Cato Institute, and other powerful think tanks.

The Chamber has indeed become an extremely powerful entity with millions of dollars at its disposal, much of which comes from major corporations. Together with dozens of think tanks and legal foundations, it has helped shape a powerful “business civil liberties” movement to block challenges to capitalism and restrictions on businesses.

Much more could be said about the systematic well-funded campaign to keep capitalism in place and prevent socialism from even being discussed. U.S. involvement in deposing democratically elected leaders in other countries has limited the examples of socialism we can examine and point to, for example.

The upshot of all this is that it has been taboo for decades to even raise the topic of socialism. Hence, while suffering the consequences of our current economic system, many have little understanding of the alternatives.
I personally assimilated pro-capitalism messages early on, even though I questioned so many other things. I remember thinking that people handing out socialist pamphlets were “out there,” without making any effort to hear what they had to say. I did not want my credibility brought into question by associating with them. This powerful message had been drummed into my psyche.

Yes, “socialism” has been demonized, and those who dare to support it have been marginalized. There has been an extraordinary absence of discussion about it. But socialism is precisely what we need to be talking about if we want to establish democracy and steer the human species away from disaster. Why? Because we need a name for the post-capitalist democracy we hope to build. What else are we to call an economic system that moves beyond the limits and hazards inherent in capitalism, ensuring that decisions are made for public good rather than private gain?

Socialism 101. Socialism is an economic system in which major industries and resources are publicly owned. Working people control what these industries produce and the profits associated with them, which we can invest as we see fit.

Note that it is only “major” industries that are publicly owned. Mom-and-pop stores, restaurants, and other small businesses can still be privately owned. We can also still own our homes and personal property.

Note also that working people being in control is part of the definition of socialism. Vibrant democratic grassroots structures are an essential element of this economic system.

In a socialist society, workers will participate in workplace decision-making councils that coordinate with community councils and feed into regional and national decision-making bodies. Those elected to serve at higher levels of government will earn no more than the people they represent and they will be subject to instant recall.

Currently, most people experience democracy as voting every two or four years, and a large percentage of Americans don’t even vote. In contrast, democratic participation will be a meaningful daily activity for everyone in a socialist economy. Issues and what to do about them, as opposed to candidates and their personalities, will become the focus of attention.

In all workplaces, workers will make important decisions about working conditions and other factors affecting their lives and the products and services they produce. In some cases, workers will be direct owners of their businesses, and will have discretion regarding what happens to the products and services they produce and how the surplus will be invested.

In other cases where national planning is needed, workers will own their businesses collectively with others in society. Some industries and the jobs they provide will need to be phased out in order to protect our environment and otherwise serve the public interest. When this happens,
displaced workers will not lose income. They will be paid well and retrained for other jobs. As we phase out fossil-fuel extraction and processing, for example, we must provide fully paid transitions for fossil-fuel workers.

Under socialism, we will be able to make and implement plans to solve environmental problems and arrange for rational distribution of things like food. Decisions will be driven by cooperation and meeting public needs rather than by competition and promoting private financial gain. As the owners of major industries and the wealth they produce, we will be able to take direct action. On energy issues, for instance, we will be able to identify the mix of renewable energy sources needed in each region and put these in place.

There are no incentives for keeping wages down and fostering unemployment under socialism. In fact, in a socialist economy it will be easy to guarantee a job with a livable wage to everyone. There’s plenty of work to go around, including building renewable energy grids and equipment, creating comprehensive mass transit systems, improving education with reduced class sizes, building housing, growing food, improving health care, repairing the environment, and creating art and so much more. We’ll be able to collectively make plans to employ people accomplishing this work and to directly implement those plans. We will no longer be limited to pleading with the 1% to do what we want, or hoping to stimulate their good will through profit incentives.

We will even be able to reduce the numbers of hours people work each week without reducing pay. Worker productivity has steadily increased for decades, yet capitalist owners have depressed workers’ wages and pocketed the gains for themselves. In a socialist economy we will jointly decide what to do with the extra money that results from increased productivity. One likely decision will be to reduce work hours, giving each of us more time for civic involvement, our friends and families, art and music, learning new things, and simply relaxing.

A guaranteed job won’t be the only basic economic right enjoyed by every person in a socialist economy. We will also be able to guarantee good incomes for those who can’t work, free health care, and free education from preschool through college. Worrying about whether we or our loved ones will miss out on a decent education, go without medical treatment, or end up living on the street will become a thing of the past.

All of this will be paid for by harnessing the collective wealth produced by working people—wealth that is now funneled into a few hands as profit. Resources currently squandered on the military, spying, police repression, risk assessments for unneeded pesticides, and other wasteful endeavors linked to securing and enhancing corporate profits will also be redirected to social good.

There are many details to figure out regarding what a socialist world will look like, and there are many variations on how to set things up. But our survival depends
on having this discussion and moving forward to socialism.

**Arguments Used to Prevent Discussion of Socialism.** All sorts of myths are circulated to discourage public discussion of socialism. Each swiftly falls apart upon examination.

Myth: Socialism means Stalinism. Many proponents of capitalism falsely equate socialism with Stalinism, even though they are completely at odds with one another. Stalinism represented the *derailment* of socialism in Russia. State ownership of key industries without true democratic control over decision-making (established from the ground up in workplaces and communities) was not the goal of socialist revolutionaries. Nor are China and other countries with state-owned industries, in which working people lack democratic control over their lives, examples of the socialist system we need to establish.

Many factors led to the degeneration of the Russian Revolution. Invasions by armies from four capitalist countries (including the U.S.) and the backward, impoverished state that the country was in at the time of the revolution were both key. We can and should study what happened in the Soviet Union to learn from experiences there, as we transition to democracy-infused socialism.

Myth: People won’t work without profit as an inducement. Others say socialism isn’t viable because people won’t work unless driven to do so by the profit motive. Anyone who has ever been involved with a nonprofit organization or a charitable cause knows that this claim and the assumptions on which it is based are ridiculous. People volunteer all over the place, motivated by love, the joy of being creative, and the pleasure of being useful.

Repairing trails in a park? Building a local playground? Lots of people turn out to help on things like these. When a tornado devastates a neighborhood, people show up in droves to help their neighbors.

In 2010, 26% of U.S. adults volunteered through a nonprofit organization. Volunteers contributed 15 billion hours worth $283.84 billion in average wages. These statistics do not encompass those who did volunteer work separate from a nonprofit and others whose efforts were not tracked.

Ironically, some of the most ardent proponents of capitalism point to people’s generous hard-working spirits when it suits them. President George H. W. Bush coined the phrase “a thousand points of light” referring to people’s willingness to help others without pay. In his 1989 inaugural address, Bush said that “[t]he old ideas are new again because they are not old, they are timeless: duty, sacrifice, commitment, and a patriotism that finds its expression in taking part and pitching in.”

Obama has also made volunteerism a theme of his presidency. In 2009, he signed legislation to more than triple the size of the AmeriCorps program from 75,000 volunteers to 250,000 by 2017. Praising Bush for his thousand points of light initiatives, Obama said that “volunteerism has gone from something
that some people do some of the time to something that lots of people do as a regular part of their lives."831

The argument that, without the capitalist profit motive no work would get done, rings hollow.

Myth: People will trash collectively held property. In his book, Saving Capitalism, Robert Reich argues that private property has “obvious advantages over common ownership.” He cites Garrett Harden’s tale of cattle owners letting their cows overgraze on the town commons in The Tragedy of the Commons. Reich then points out that, to his knowledge, “no customer has ever washed a rental car.”832

Here’s the thing about the cattle example. The herdsmen are operating within a capitalist system. As Hardin explains, each is seeking to maximize their individual gain. Each receives all the proceeds of selling an extra cow while being allowed to externalize the effects of overgrazing by sharing those with other herdsmen. Moreover, the capitalist model measures the success of each herdsman by his or her individual profit alone. Under this model, it would be self-defeating for herdsmen to sacrifice their own income for the good of the commons. The capitalist economic model harshly punishes that kind of altruism.

This tale would play out quite differently in a socialist economy. In such an economy we are all owners of major industries and their aggregate proceeds. Moreover, each of us is assured of a good job, health care, pay when we can’t work, and other benefits. We are not forced to compete with others, and we don’t need to worry that by cooperating to protect the environment we might not have enough money to pay for food.

As to rental cars, I certainly have never washed one. On the other hand, I’ve pulled ivy from my children’s school grounds. Many other people engaged in this blatant protect-our-commons activity alongside me. I could provide countless other examples of people joining together to protect and maintain the commons. Just think how much more we would do, if we had more leisure time and less stress because our jobs, incomes, health care, and educations were guaranteed.

A key principle affecting the commons under capitalism is “alienation.” In an economy where everything is privately owned, individuals learn that it pays to care most for those things that belong to you. We become “alienated” from most commodities, having no say and no direct stake in their disposition. Washing a rental car provides no benefit to the renter. Under socialism, however, the commons includes all essential industries and resources, and all are managed cooperatively and democratically. In such a system, it is far more likely that an individual will take an interest in maintaining a shared resource, even if they don’t personally own it.

Myth: People won’t innovate without profit as a motivator. Proponents of capitalism also argue that innovation will be stymied if people don’t earn patents and other protections for their inventions and
discoveries. But the same non-monetary motives that spur people to engage in volunteer work are also at play with respect to research and invention.

In fact, devices like patents and other means of tying creativity to profit can actually undercut innovation. Take agricultural research, for example. For decades land-grant universities produced countless valuable innovations for growing food efficiently and shared this information freely with farmers and other researchers. But after laws adopted in the 1980s prompted these universities to “partner” with private corporations, all that changed. Now research is steered heavily towards the interests of for-profit corporations rather than the interests of farmers and the general public. Corporations are granted patents, and they use these to prevent research beyond the narrow scope that will further their financial interests. Scientists eager to study patented seeds are barred from that research by the patent holder. Far from encouraging discovery and the expansion of knowledge, the profit motive is squelching both.833

Recall also how Myriad Genetics, Inc. claimed patents for certain naturally occurring human DNA segments, thereby holding a monopoly on BRCA (breast cancer) gene testing for 15 years. This stifled genetic research by others. Ultimately the Supreme Court ruled that “a naturally occurring DNA segment is a product of nature and not patent-eligible merely because it has been isolated,” thereby ending Myriad’s monopoly. But the case leaves intact other patents, including ones related to human genetics. In addition, Myriad still retains control over the results of research it did during the 15 years of its monopoly. In a socialist world, that “proprietary” data would be available to all, spurring research by others that could help save lives.834

In a socialist society, people will be less stressed, work shorter hours, and have more time to be creative. For the first time, our ability to innovate will be truly freed.

Myth: Socialism will deny people the high incomes they deserve. Yet another argument made by proponents of capitalism is that that those at the top deserve the huge wages they earn because they work hard or because they create jobs and products of value to society as a whole. This ignores well-documented damage done by major corporations to our environment, public health, and workers’ financial fortunes. It also assumes that there is no way to create jobs other than the capitalist model, an assumption readily contradicted by alternatives like the worker-owned Mondragon Corporation in Spain. Composed of many cooperative enterprises in industry, finance, retail, and knowledge, this corporation operates democratically. It employs over 100,000 people.835

Moreover, every invention or innovation you can name has a multitude of people that contributed to its creation. Teachers help educate and inspire future inventors. Doctors and healthcare workers protect the well-being of budding innovators. Research and technology from publicly funded universities makes new breakthroughs possible. And each new
discovery stands on the shoulders of countless others that came before, without which the latest leap forward would not have been possible.

An original, socially useful idea is worth something, but surely not thousands or tens of thousands of times the amount paid to those whose labor brings the idea to fruition. Likewise, some jobs may be harder than others. But the huge differences in today’s world between what the lowest and highest-paid workers earn are clearly inappropriate.

Most people recoil at the assertion that the executive of a major corporation deserves to earn huge sums each year, while people growing our food, teaching our children, and engaging in other vital work deserve so much less. Something is very wrong in a society where so many people’s work does not produce income that covers their needs, while a lucky few are awash in wealth.

Finally, let’s not forget that many wealthy individuals receive giant incomes not because of hard work but because interest and dividends roll in without their lifting a finger. Many inherit huge sums of money and other assets.

Myth: People won’t be able to own property. Often capitalism is defended as protecting a fundamental right to own private property. This is ironic, because even a cursory glance at property ownership under capitalism reveals that it isn’t all it’s made out to be.

Chapter 8 laid out the disturbing details. Sure, a small number of people do own lots and lots of private property. But most people own very little. Take our homes, for example. Vast numbers rent apartments or houses, living there at the whim of landlords. Even home “owners” aren’t necessarily real owners. In the U.S., banks have owned more of the housing stock than people do, for a while now.

In fact, lots of people have “negative” ownership—in other words, “debt.”

When we go to work, most of us produce goods and services but have no claim to them. A key characteristic of capitalism is that we’re renting our bodies and our brains to someone else who owns the things we produce and the profits associated with them.

In short, most people in capitalist societies don’t own as much private property as capitalism’s proponents imply. And we certainly don’t control our individual lives and our joint destiny the way we should.

We can still own homes and personal items under socialism. In fact, we’ll be much more likely to truly own them as opposed to possessing them while someone else is the actual owner, as is so often the case in our world today. More importantly, we’ll own our political system. We’ll own our lives and what we do with them. We’ll have much more control over the future we bequeath to our children.

Myth: We won’t be free. We won’t have democracy. Capitalism is regularly held up as synonymous with democracy. Terms like
“free enterprise” are often used to emphasize the “freedom” we have to own things or to become entrepreneurs.

But capitalism is antithetical to democracy.

As individuals, we spend most of our waking hours at workplaces over which we have little or no control. We have to fight for every dollar we are paid and every “fringe benefit” we receive. Many of us are trapped in jobs that don’t cover our expenses, unable to voice concerns because we can’t risk being fired. This situation is a recipe for oppression.

At the societal level, we don’t have control over the resources we need to build a just and sustainable world. Instead of democratically discussing how to allocate the ample wealth produced by our collective labor, we find ourselves discussing how to impose an insane austerity agenda. Trillions of dollars exist that could be used for all the things we need—including food and shelter for all, free universal health care, grids and infrastructure for 100% renewable energy, excellent mass transit, reduced classroom sizes, and much more. But the trillions generated by our collective labor sit in private bank accounts, leaving us powerless to implement rational, life-affirming policies.

The wealthy few largely determine the direction our society will take through the decisions they make about what products and services to produce next. We may try to plan for a different direction but we lack real power to implement our plans.

At the same time, those who hoard wealth use it to buy things that distort public discourse and policymaking. As detailed in this book, buying elections and legislation are only a small part of that picture.

Capitalism divides people into the “haves” and the “have-nots.” Accumulated wealth and control over vital resources lead to enormous power in the hands of the few, and severe disempowerment of the many—the direct opposite of democracy. Under capitalism, working people lead splintered lives, unable to choose work we like, unable to enjoy financial security and the leisure that comes with it, and unable to establish the policies and programs we want.

When we don’t control our workplaces and the jobs that are available to us, and when the fruits of our labor are appropriated by those few at the top who do own and control so much, we lose our most basic freedoms. We watch helplessly as the climate grows more volatile, fisheries and bee colonies collapse, toxic contamination spreads, wars escalate, poverty deepens, and hunger holds hundreds of millions in its grip. The fundamental rules of our economic system disenfranchise the majority and favor policies that benefit an elite few. That’s not democracy.

**We Can’t Fix Capitalism.** Many people these days agree that things are not going well under capitalism. But they claim we can and should save it. Robert Reich’s latest book is even called “Saving Capitalism.” In the first Democratic Party presidential debate in the fall of 2015, Hillary Clinton
declared that we need to “save capitalism from itself.”

Even Naomi Klein, author of the book, *This Changes Everything: Capitalism vs. the Climate*, generally refers to our problem as “deregulated capitalism,” rather than just capitalism. This implies that capitalism can be fixed by better regulation.

We need to be very clear. We can't fix capitalism. Its basic structure is the problem. The reforms we win under this undemocratic system will be limited and subject to reversal.

As long as major industries remain in private hands, we will lack real control over our lives and our destiny:

1. We will not decide which products and services are produced. A few private owners will do that, even though their decisions dramatically affect our world.

2. We will lack the wealth required for the things society needs, even though wealth abounds and is created solely by working people.

3. Members of the owning class will accumulate money and use it to buy scientific research, front groups, media outlets, academic institutions, public relations strategies, spies, and so forth. These expenditures will massively distort public discourse, undermining the public interest.

4. Workers will continue to have little or no control over our workplaces, even though many of us spend the majority of our waking hours there.

5. Workers and communities will continue to depend on corporate owners for jobs, an arrangement that subjects us to extortion.

These fundamental features of capitalism will stymie us, no matter how hard we try to create the world we want.

We can attempt to mandate specific environmental decisions at corporations by fighting for policies that limit bad behaviors or require good ones. But Big Money’s influence over science, elections, education, the news, jobs and more will continue to derail us time and again. Under capitalism, putting even one much-needed policy in place requires massive resources and single-minded focus, and then we can count on corporate shenanigans undercutting implementation and enforcement. We can also count on steady pressure to repeal our victory and on new problems replacing the ones we’ve “solved.” Different toxic products will replace the ones we’ve finally banned, and so on and so forth.

And what about all the environmental problems for which we can’t mount campaigns to win specific regulatory mandates—the problems that fall by the wayside as we engage in triage? They will continue unabated.

We can also try to influence specific corporate decisions through market mechanisms. But the 1% uses its wealth and position to undermine these efforts as well. Moreover, it is inherently difficult to achieve the outcomes we want in a complex world with multiple players and
countless corporate decisions each day. In fact, attempts to steer corporate behaviors on one issue can undercut attempts to influence them on others, as examined in previous chapters.

Some maintain that we can save capitalism by taking a broader approach. We can redefine the ground rules for corporations, insisting that they make profits secondary to serving the public interest. But corporations will easily circumvent such directives. They will do what they’ve already planned on doing and simply declare it benign. Minor investments in spin doctors and scientists who vouch for their environmental stewardship will provide cover. Corporations are adept at wrapping a mantle of public service around the most despicable affronts to humanity.

Some proponents of capitalism argue that we can make things better via economic reforms that shift wealth from the 1% to the 99%. We can increase taxes on the rich, enforce antitrust laws, increase the minimum wage, keep banks from taking risks with people’s savings, and more. But we’ve been there and done all that before. The New Deal adopted reforms of this type while leaving capitalism itself in place. With time, the super rich reversed much of it. The same can be expected if we again implement limited economic reforms while leaving capitalist production and property relations intact. If anything, capitalist owners are more adept now at blocking and undoing public advances than they’ve ever been.

In short, as long as we leave private owners in charge of major industries, we will limit ourselves to nipping around the edges of the problems we face. We won’t be able to end economic inequity, address social injustice, or save our environment.

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