

## **Economic Democracy: A Worthy Socialism that Would Work**

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#### **Context**

“Economic Democracy: A Worthy Socialism that Would Really Work” laid out a model that was to form the basis of my book *Against Capitalism*, published by Cambridge University Press in 1993. The article, like the book itself, was a theoretical response to the triumphalism of the TINA crowd (There Is No Alternative) that followed the collapse of Soviet Union and the rejection of socialism by its satellite states in Eastern Europe. “A Worthy Socialism” was intended to demonstrate rigorously that there is an alternative, at least in theory: an economically viable form of socialism that would be more democratic than capitalism and at least as efficient. *Against Capitalism* made the same point, but extended the argument further. Economic Democracy would be not only as efficient as capitalism and more democratic, but also more rational in its growth, more stable, more egalitarian, less prone to high unemployment, more ecologically friendly. I was sick of hearing even progressives say that “we are going to have to stop using the term ‘capitalist economy’ as if we knew what a functioning non-capitalist economy would look like.” (these words from the well-known philosopher and public intellectual Richard Rorty, writing in the widely read liberal magazine.)

In 1998 I was approached by a publisher to do a more popular version of *Against Capitalism*, less oriented to professional philosophers and economists, more accessible to

students, labor organizers and other sympathetic non-academics. I agreed, and began what I thought would be quick and easy project.

The project was not so “quick and easy.” The result, *After Capitalism*, did not appear until 2002. It was longer in coming than I had anticipated. I had to do more than update statistics and alter the style. For the world had changed significantly since the early 1990s, and, as a result (I came to realize) my own focus had changed. My thinking had become (and remains) more praxis-oriented than it had been earlier. Moreover, this change of focus suggested certain supplements to my original model, which I set out in the Postscript to my article, which is also included in this volume. What I will say to you today draws heavily on that supplement to the original article.

### The World Has Changed

History has not moved along the path foretold a decade and a half ago by so many confident prognosticators. In particular:

- The socialist experiments have not all collapsed, as was so widely expected.
- The neoliberal experiments have failed almost everywhere.
- A new resistance movement has come into being.

In the early 1990s it seemed to most people that socialism was over, at least for the foreseeable future. The socialist experiment in the Soviet Union had failed. The various attempts that had been undertaken in Eastern Europe to modify, humanize, and make more

efficient the basic Soviet model had been brought to a halt. It seemed only a matter of time, the interval presumed to be short, before Cuba, China, Vietnam and North Korea would abandon their socialist pretenses and join the capitalist club. But they didn't.

Cuba, despite a further tightening of the embargo, went through a very difficult "special period," but has seen its economy rebound significantly. Vietnam and especially China have done more than survive. Vietnam has seen its economy grow rapidly, despite the million or so citizens killed by the Americans and their (our) puppet-regimes and the millions of gallons of poison sprayed on their countryside. China has succeeded over the last quarter century in lifting more people out of poverty than any country has ever done in human history, and, at the same time, has established itself as one of the world's major economic powers.

It should be noted that all three of these countries, which still identify themselves as socialist, have introduced market mechanisms into their economies, which, as we shall see shortly, the theory underlying Economic Democracy recommends. By way of contrast, the North Korean economy remains relentlessly non-market, and continues to deteriorate--as the theory underlying Economic Democracy predicts.

It is not the economies of the countries that continue to profess socialism that have collapsed but the economies that most fervently embraced the new capitalist orthodoxy. More precisely, the greatest economic disasters of recent years have been those on the extremes—on the one hand, North Korea, which refuses all concessions to the market, and on the other hand, those ex-socialist countries that embraced capitalism most avidly. Among the latter, the Soviet Union stands out, having experienced the worst economic decline in time of peace of any country in modern history. Clearly, the euphoria that once informed the neoliberal project has evaporated, as those countries that followed the U.S. Treasury/IMF/World Bank prescriptions

have all experienced either sharp decline or, at best, minimal growth: not only the countries that once comprised the Soviet Union, but also Mexico, Haiti, most of Eastern Europe, most of Central and South America, most of Southeast Asia, almost all of sub-Saharan Africa—the list goes on and on.

Not many would have predicted a dozen years ago that nations would still be calling themselves socialist today, nor that neoliberalism would have so quickly discredited itself. Fewer still would have predicted the breadth or composition of the opposition that has emerged. At the time I was writing “A Worthy Socialism,” there was no sign of resistance to resurgent global capitalism. Then, in 1994, came the Zapatista uprising in Chiapas, and five years later, in Seattle, “five days that shook the world.” A global resistance movement has come into being.

This movement is quite different from the Marxist guerilla movements that had existed almost everywhere in the Third World during the four decades following World War II and from the Communist and Socialist political parties that were prominent in most of Europe during that period. It comprises a strange mix: students, veteran activists, trade unionists, feminists, environmentalists, anarchists, anti-militarists and more—people unified by no common ideology, but somehow committed to a common project—a “counterproject” to that of globalizing capitalism. The coming to power in Latin America recently of governments elected by majorities who are sick of the old formulae has added yet another dimension to this global movement. Needless to say, Venezuela shines bright in this respect.

### Theory with a Practical Intent

Because of this counterproject, my work in recent years has become more praxis-oriented

than it was before. My orientation has remained theoretical, but the focus is now theory-with-a-practical-intent rather than theory-with-a-theoretical-intent. The point is no longer to refute a theoretical objection (that there cannot exist a viable socialism) but to offer a model that can play a role in clarifying praxis.

The movement for global justice is powerful in its critique of the existing order, and it is visionary in its ideals, which go well beyond the rather “economistic” vision of earlier struggles for socialism. While still concerned with alleviating poverty and ending economic insecurity, the new vision also embraces gender and racial equality, the preservation of indigenous cultures, the preservation of our planet from the ravages of global capitalism and more. But this movement lacks a clear conception of an alternative economic structure. There remains a large gap between the articulated vision and a specification of structural reforms that would realize this vision.

Currently there is much discussion within the movement about both globalization and localism. (“Think globally, act locally” is a popular slogan.) Much is being written about reforming international institutions and also about preserving and developing local economies. Curiously, there is far less discussion about changing radically the economic structure of the nation-state. In some circles the project seems pointless, since (it is said) the nation-state is—or should become—obsolete. This view is mistaken. For if we think seriously about alternatives to capitalism—which we must, if we are to get at a central cause of our global malaise—we see that the most important structural reforms apply in the first instance to the internal constitution of nation-state.

Marx was right about this. Although anti-capitalist activists must never lose sight of the international dimensions of the struggle, we must “win the battle for democracy” in our own

countries--not to dissolve national boundaries, but to transform our states into non-rapacious entities that can address the real problems of our own citizens while at the same time giving aid and comfort to those involved in similar struggles all over the planet.

The model set out in “A Worthy Socialism” is a model for a national economy. I now see the point of the model is three-fold. First of all, it can serve as a non-utopian ideal that can be rationally defended, to ordinary people and activists, but also to economists, political scientists, philosophers and other serious scholars. The global justice movement must be able to defend itself against the charge of economic naivety. It is important to undermine the hegemony of conventional wisdom.

Secondly, the model suggests concrete reforms for which the movement can struggle now, reforms that that are rooted in the present but point beyond the present. Just as Marx and Engels, in *The Manifesto*, advocated concrete reforms that were far from revolutionary, so should we. There are reforms that could be put on the political agenda now that do not challenge the rule of capital directly, yet put in place institutions that could become central to a post-capitalist society. (Marx and Engels noted, as should we, that any reform list would have to be tailored to the specifics of the country in question.)

Thirdly, the model and the arguments that can be marshaled on its behalf help us make sense of the myriad economic “experiments” of the twentieth century. We can see why the early socialist experiments failed. We can see the limits of social democratic reform. We can see why the introduction of capitalist elements into socialist economic structures need not be read as retrogression. We can see how we, as a species, might be learning from our past mistakes, and that there are grounds for optimism regarding our collective future.

Marx's Democratic Critique of Capitalism and Its Implications for Socialism

The model which I advocate owes much to Marx. Of course, as is well known, Marx's powerful and compelling critique of capitalism provided no explicit model for a viable alternative to capitalism, no "recipes for cookshops of the future," in his disdainful phrase. I don't fault Marx for this omission. He was a "scientific" socialist. Although there were sufficient data available to him to ground his critique of capitalism, there was little upon which to draw regarding alternative economic institutions. No "experiments" had been performed. We no longer have that excuse.

Although Marx offers us no blueprint for a socialist economy, much of his critique of capitalism focuses on the workplace--his early writings, but also *Capital*, both in its theoretical solution to the "riddle of capital" (How is profit possible when equals always exchange for equals in the market?) and in its detailed description of the actual conditions of work in mid-nineteenth century Britain.

But what might be the solution to "alienated labor"? The product of labor, the embodiment of a worker's energy and skill, does not belong to her. Nor does she have any control over what is produced, how it is produced, or her conditions of work. All of those decisions reside with he who owns the means of production--the capitalist.

If the product of labor is alien to me, confronts me as an alien power, to whom then does it belong? If my own activity does not belong to me, if it is an alien and forced activity, to whom then does it belong? To a being other than myself. Who is this being? The alien being who owns labor and the product of labor, whom labor serves and whom the product of labor satisfies can only be man himself . . . a man who is other than the worker.

So what might be the solution to "alienated labor"? The answer would seem to be obvious--although not stated explicitly by Marx. The workplace should be democratized! Not that democratization solves all the problems of alienation. Democratic decision-making is no panacea. Bad decisions are sometime made. The losers in democratic debate can become embittered, especially if they consistently lose. But still, democratizing the workplace responds directly to Marx's critique. The product now belongs to those who produce it. They have control over the conditions of its production. Scope for collective action emerges that is far wider than that which exists under capitalism.

Another part of Marx's critique has a different emphasis. At the theoretical heart of Capital is Marx's solution to the just-mentioned riddle. Profit is possible, Marx argues, because workers are required to work more than the labor-time necessary for their own reproduction. This surplus labor produces surplus value--the source of capitalist profit.

It might be supposed that the resolution of this "injustice" would be for workers to work only long enough to give back to society the equivalent of what they consume, i.e. the labor-time embodied in the objects they purchase with their wages. But this tempting solution cannot be correct, for an economy that produced no surplus would be a stagnant economy, with no means available for enhancing the quality of life of its citizens. There would be no surplus for research and development, no surplus to be directed to those parts of the economy that may have lagged behind the general level development, no surplus to be used for "free" goods, such as education, health care, state pensions.

Indeed, Marx makes it very clear that a socialist society would still need to generate a social surplus. It is not true, Marx argues, that every worker in a communist society should



receive the full proceeds of his labor. From the "collective proceeds of labor" must be deducted funds for the expansion of production, insurance funds against accidents and natural disturbances, funds to cover the general costs of administration not pertaining directly to production, as well as "that which pertains to the general satisfaction of needs, such as schools, health services, etc." a part which "grows considerably in comparison with present day society, and grows in proportion as the new society develops."

In short, Marx's critique pertains not to the fact that surplus value is produced, but to the fact that the producers, collectively, do not have control over the disposition of that surplus.

Thus we see that Marx's critique of capitalism is in essence a democratic critique. Workers have no democratic control over their conditions of work. Society lacks democratic control over the social surplus, the disposition of which determines the general developmental trajectory of society.

There is something else about Marx's critique of capitalism that should be noticed, something Marx himself seems not have realized. Marx's critique is not really a critique of the market. Generations of Marxists have assumed that it is, but this is wrong.

It is true that Capital begins with "the commodity," and then traces, in rather abstract, Hegelian fashion, the development of the market, from barter (C--C), to money-mediated exchange (C--M--C), to money-initiated exchange: money being advanced for the purpose of making more money (M--C--M). But that brings Marx to his paradox: how can money produce more money, when equals are being exchanged for equals? How can M become M', where  $M' > M$ ?

His solution, as we know, is to focus on a very special commodity: labor-power, the capacity a worker has to work, which is all she has to bring to market. But notice: something has

changed. We are no longer talking about the standard commodity market (the market for goods and services) but a different sort of market--a labor market. Indeed, if we follow the logic of Capital--we see that in the initial phase of the development of the market, from barter (C-C) to money-mediated exchange (C-M-C), there is no exploitation, at least not in Marx's sense.

Marxian exploitation enters with the commodification of labor. Moreover, as this market develops, it gives rise to yet a third market: a market controlling the disposition of surplus value, i.e. a capital market.

Thus we see that "the market" in a capitalist society is in not unitary. It is a triple market: a market for goods and services, a labor market and a capital market. Marx's critique is in fact not a critique of the market per se, but of the labor and capital markets. Suddenly theoretical space opens up, in the heart of Marx's critique of capitalism, for market socialism.

### Economic Democracy: the Model

From these considerations a theoretical model comes into view, a socialist alternative to capitalism quite different from the Soviet model. I call it "Economic Democracy." It consists of three defining institutions:

1. A market for goods and services, which is essentially the same as under capitalism.
2. Workplace democracy, which replaces the capitalist institution of wage labor.
3. Democratic control of investment, which replaces the capital markets of capitalism.

Let me elaborate briefly on each of these key institutions.

1. I've long been convinced that markets are a necessary component of a viable socialism. Central planning does not work for a sophisticated economy. The knowledge and information problems are too great. This is the great negative lesson to be drawn from the socialist experiments of the past century. But these markets should be largely confined to goods and services. They should not embrace labor or capital. And they should be regulated. Not all goods and services should be commodified, certainly not health, education--or water. There are valuable lessons to be learned from the best examples of European social democracy as to what goods and services can be effectively provided by the state, and how markets might be effectively regulated.
2. It is now well established that productive enterprises can be run democratically with little or no loss of efficiency, often with a gain in efficiency, and almost always with considerable gain in employment security. This is the positive lesson of a great many recent experiments in alternative forms of workplace organization. Of course structure and culture are important here. Not all forms of workplace democracy work equally well. Good management is important. Managers need a certain degree of autonomy to manage effectively. But this management should be answerable, ultimately, to its workforce, one-worker, one-vote.
3. Some sort of democratic control of investment is essential if an economy is to develop rationally. This is the great negative lesson to be drawn from the failure of neoliberalism. But control of investment is exceedingly difficult if the investment funds themselves are privately generated. The solution to this problem is conceptually simple. Don't rely on private investment. Generate your investment funds publicly--via taxation. In my article and in my subsequent work, I advocate a capital assets tax for this purpose. These funds should

be allocated to public banks, which channel them back into the economy, utilizing both economic and social criteria--including, importantly, employment creation.

Regarding these three basic institutions, it is important to keep in mind that the last century was thick with economic experimentation, not only the large-scale experiments with various forms of capitalism and socialism, but also small-scale experiments in individual enterprises. I am convinced that the empirical data now available to us strongly support the claim that an economy structured along the lines suggested by the model presented above would work better than capitalism. We know a lot now about regulating a market economy. (We know that laissez-faire doesn't work.) There is a vast literature now extant on worker-owned or worker-managed enterprises. We know what problems are likely to arise, and how these can be addressed. There have been many attempts at macro-economic planning, often involving the allocation of investment resources. We know that intelligent investment planning is possible.

In my view we can now assert with a high degree of scientific confidence that an economy structured as an Economic Democracy (the theoretical structures suitable modified to take into account certain practical contingencies) will be at least as efficient as capitalism, more rational in its development, and more democratic. It will also be less susceptible to the glaring defects of capitalism: excessive inequality, unemployment, poverty in the midst of plenty, overwork, and environmental degradation.

In the expanded model of Economic Democracy, which builds on the basic model presented in my original article, I've added several supplemental institutions. Let me discuss two that might have special relevance to the situation here.

## Supplement I: Government as Employer-of-Last-Resort

The basic model of Economic Democracy as set out in “A Worthy Socialism” features three institutions: workplace democracy, a market for goods and services, and social control of investment. In the article I refer to “Keynesian inefficiency,” i.e. unemployment. I point out that unlike capitalism, Economic Democracy does not require unemployment. Under capitalism, unemployment serves as the fundamental disciplinary mechanism at the enterprise level, whereas under Economic Democracy the work incentives are positive, since one’s income is tied directly to the economic performance of the enterprise. I assert that public control of investment should make unemployment less of a problem.

I now think that this mechanism is insufficient. Structural unemployment is on the rise almost everywhere in the world. The problem must be confronted directly. It is true that Economic Democracy does not depend on unemployment for its health, but it is equally true that there is no automatic tendency toward full employment in a worker-self-managed economy, no more than under capitalism. Unless there is state intervention, there will be significant unemployment.

This problem can be addressed in part, as I indicate in “A Worthy Socialism,” by making job creation a priority on par with profitability in the allocation of investment funds. That is to say, when democratic firms approach banks for investment grants, priority is given to those whose business plans look economically sound and include job creation. While this may make the problem of unemployment less severe than under capitalism (since capitalist investment gives no weight to job creation per se), I am no longer convinced that this solution is sufficient. I now propose a fourth institution: the government as employer-of-last-resort. The government

should stand ready to give a relatively low-paying job to any able-bodied person who wants to work but cannot find any other satisfactory employment.

This is not, on the face of it, a radical proposal. It has been championed on occasion by social democratic parties—although not, to my knowledge, ever implemented. For good reason. Such a program cannot work under capitalism. Workers become emboldened in a full-employment economy and make “excessive” demands on their employers, who must either take a cut in profits (not good for investor confidence) or pass on the costs to consumers (not good for them, or, more importantly, for finance capital, which stands in horror of inflation).

It can work under Economic Democracy. It should be part of the basic model. It should also be put on the short-run reform agenda.

#### Supplement II: An Entrepreneurial-Capitalist Sector

Although Marx’s critique of capitalism remains unsurpassed, there is an important economic issue that Marx neglected completely and “Worthy Socialism” treated rather perfunctorily, namely the function of entrepreneurship in society. Marx’s analysis of capitalism focuses on the capitalist qua capitalist, i.e. as the provider of capital. This is a passive function, one which can readily be taken over by the state—as is the case in our basic model. There is no need to bribe those with excess funds at their disposal to save rather than consume, so as to make funds available for investment. It makes more sense to generate society’s investment fund directly, by taxing the capital assets of enterprises. That portion of the surplus that would have gone to private banks as interest payments or to stockholders as dividends goes directly to a fund earmarked for investment. The capitalist “middle-man” is eliminated. Society no longer has to worry about private investors “losing confidence” in the economy, refusing to invest or sending

their savings abroad in search of more lucrative opportunities, thus plunging the economy into recession. Society gains a degree of economic stability impossible under capitalism.

### Petty Capitalists

Well and good, but there is another role played by some capitalists—a creative, entrepreneurial role. This role is assumed by a large number of individuals in a capitalist society, mostly by “petty capitalists” who set up their own small businesses, but by some “grand capitalists” as well, individuals who turn innovative ideas into major industries and reap a fortune in the process. Clearly, any society that aspires to be technologically innovative and dynamic must provide incentives for this kind of initiative. It is quite clear from the experience of Soviet socialism that such incentives were sorely lacking in that model.

From the beginning I have argued that Economic Democracy should allow for a “petty capitalist” sector. Although workplace democracy should be the norm throughout society, it is unreasonable to demand that all businesses conform to this norm. The petty capitalist, after all, works hard. He is anything but a parasite. It takes energy, initiative and intelligence to run a small business. These small businesses provide jobs for large numbers of people, and goods and services to even more. True, they are often exploitative of their workers (and themselves), but this problem would be greatly reduced if these businesses had to compete for workers with democratic firms, and if, in addition, the government stood by as an employer-of-last-resort.

Moreover, it is clear from experience that as difficult as it is to set up a small private business (witness the high failure rates), it is even more difficult to start up a new cooperative enterprise. In both cases initiative and business skills are necessary. But a “cooperative

entrepreneur” needs additional skills of a more interpersonal nature, since she cannot hire and fire at will. Indeed, she must subordinate her own will to the will of the collective. Perhaps someday these skills will be so widespread that society need not rely on the initiative of petty capitalists to keep its small business sector vibrant, but that time has not yet come.

## Grand Capitalists

Petty capitalists may provide important services to society, but they do not provide much in the way to technological or organizational innovation. Here we must confront a more difficult question. Should Economic Democracy also allow for “grand capitalists,” individuals who run large, dynamic companies? Initially I didn’t think so. I was inclined to think that the entrepreneurial function of the large capitalists could be readily enough socialized. After all, most basic research in advanced capitalist societies is funded by the government. Most innovations come from government or university laboratories, and even those generated in the “private sector” tend to come from scientists and engineers who are employees of these private companies, not from the owners. Moreover, the Mondragon cooperatives’ impressive record of keeping abreast technical innovations and even contributing their own demonstrates that it is possible to socialize the entrepreneurial function. (I treat this example in some detail in the article—a remarkable “cooperative corporation that has been existence now for fifty years and is currently the largest corporation in the Basque region of Spain. I’ll say more about Mondragon later.) I am no longer persuaded by this line of thought. For several reasons. First and foremost, I am no longer convinced that an entrepreneurial capitalist class need pose a serious threat to a society in which democratic workplaces are predominant. If the arguments set out in



my article are correct, then democratic firms, when they have equal access to investment capital, need not fear competition from capitalist firms. On the contrary, since capitalist firms must compete with democratic firms for workers, they will be under considerable pressure to at least partially democratize their own operations, by instituting, for example, profit sharing and more participatory work relations.

Moreover, there are rather simple legal mechanisms that can be put in place to keep this class in check. The basic problem with capitalists under capitalism is not their active, entrepreneurial role (which relatively few capitalists actually play), but their passive role as suppliers of capital. Economic Democracy offers a transparent, rational substitute for this latter role—the capital assets tax. So the trick is to develop a mechanism that would prevent the active, entrepreneurial capitalist from become a passive, parasitic one. But such a mechanism is easy enough to envisage: a simple, two-part law stipulating that a) an enterprise developed by an entrepreneurial capitalist can be sold at any time, but only to the state, for a sum equal to the value of the assets upon which the capital-assets tax is paid, and b) the enterprise must be sold when the owner retires or dies. (No bequeathing it to heirs.) When the state purchases an enterprise, it turns it over to the enterprise's workers, to be run democratically. (In the case of a “joint venture” among several entrepreneurial capitalists, the government acquires the shares of the retiring members until it becomes majority owner, at which time the remaining owners are bought out and the firm democratized.)

That is to say, an entrepreneur can develop a business, make as much money from the enterprise as he is able, cash out at any time for any reason, but when he wants to cash out, he must sell the business to the state. The capitalist-entrepreneur does not retain any residual claim on the enterprise, no stock that will generate a permanent income flow, no control over the new

management. Our capitalist-entrepreneur can spend the proceeds of his sale on luxury goods. He can give away as much as he wants. He can start a new business. What he cannot do is purchase stocks or bonds or other speculative financial instruments, at least not in our society—for no such instruments exist in our economy. Our investment capital is generated by the capital assets tax, not from private savings. Such an arrangement provides ample incentives to entrepreneurial capitalists to engage their talents productively, while a) blocking their transition to passive capitalists (capitalists qua capitalists) and, at the same time, b) generating new worker-run enterprises. Using entrepreneurial capitalists to perform the latter function is quite reasonable, given the fact (noted above) that it is easier to democratize an existing enterprise than to create a democratic firm from scratch. Their being well-rewarded for this socially useful function need not pose a threat to an appropriately-structured socialist economy.

### An Update on Economic Experiments

“A Worthy Socialism” makes reference to a number of then-current economic experiments. It is worth revisiting two of these, if only briefly.

Yugoslavia, which has served as an inspiration for much early theorizing about worker-self-management, is no more. The country was coming apart as I wrote the article. The wreckage is now complete. A great and hopeful experiment has come to an end.

I noted at the time that “the problem in Yugoslavia does not appear to be an excess of workplace democracy.” That statement still stands. I know of no study of the Yugoslav disaster that claims worker-self-management to be a crucial factor. The theoretical perspective underlying Economic Democracy suggests that major fault lay with another feature of the

Yugoslav model--its allocation of investments. It is quite clear that Yugoslavia did not exercise the control over investment correctly.

First of all, Yugoslavia, like many other low- and middle-income countries, succumbed to the temptation to borrow large amounts of the low-interest “petro-dollars” that had accumulated in the late 1970s as a result of the OPEC price increases, so as to avoid confronting difficult domestic choices. It thus found itself, like so many other countries, in a financial crisis when the low interest rates turned sharply upward in the early 1980s.

This policy mistake was greatly compounded by the central government's allowing republics excessive autonomy in generating and allocating investment. Predictably, the gap between the more developed and less developed regions widened, setting the stage for the regional and ethnic tensions that soon exploded.

In contrast to the sad story of Yugoslavia, there is Mondragon, which I labelled in my article, “an unequivocal success.” Fourteen years later, I would say the same. The Mondragón Corporación Cooperativa (MCC) is now Spain’s seventh largest corporation, with of sales in excess of 10,000 million euros. It employs some 70,000 people (far more now than the 20,000 reported in my article), half of them in the Basque Country, 39% in other parts of Spain, 12% abroad. (Job creation remains a fundamental goal of the organization.) It now has a university with some 4000 students, a network of professional and vocational training centers, and ten research centers. Among its many citations for excellent is its listing by Fortune Magazine in 2003 as one of the ten best companies in Europe to work for.

MCC has been criticized for not implementing its cooperative model fully. Only half of the 218 companies and bodies that now comprise MCC are cooperatives; those outside the Basque region tend not to be. MCC argues that it has been difficult to set up the external

enterprises as cooperatives, partly because many of these are joint ventures, partly because of the cooperative laws in other areas, but mainly because successful cooperatives require members who understand and are committed to cooperative culture, something which is impossible to obtain over a short period of time. They point out, however, that in accordance with a General Assembly resolution passed in May 2003, efforts have been undertaken to enable non-member employees to participate in the ownership and management of their companies.

Despite the fact that MCC is an island in a capitalist sea—and is thus shaped in part by the battering of those capitalist waves, it remains empirical evidence of the first order that large, technically-sophisticated, economically-efficient democratic enterprises are possible.

### Concluding Summary

The basic model set out in my article has not been discredited by subsequent events. I remain convinced that Economic Democracy is indeed “a worthy socialism that would really work.” It represents a viable alternative to capitalism that can orient our understanding of real-world economic experiments of past and present, and suggest concrete reform possibilities worth fighting for now.

Economic Democracy is not a world where the lions lie down with the lambs, where all is peace and harmony, where all problems disappear. But it represents a qualitative advance beyond what we have now, beyond capitalism. It would be a healthier, happier place for almost everyone. Despite such setbacks as Yugoslavia and Weirton Steel, there is no reason to think that such a society, indeed, such a world, is impossible. It is more than merely possible. Working together, we can bring this new world into being.

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