

1. Could you summarize and evaluate Karl Marx's critique of capitalism?

I first read Marx's *Capital*, during the summer of 1970, shortly after I'd resigned my position as an assistant professor of mathematics so as to return to school and study philosophy. I had never read any Marx before. I read his treatise carefully. I was astonished. The world has never looked the same to me since.

I consider Marx to be capitalism's most profound and penetrating critic. In the *Manifesto*, he (with Engels) represents capitalism as a new form of economic organization that is at once incredibly dynamic and deeply flawed. It has made a world of peace and abundance possible for the first time in human history--and yet the very structures that have created this possibility make it impossible for this possibility to be realized. The task for humanity is to get beyond capitalism, while retaining capitalism's great accomplishments. (This way of viewing history is, of course, very Hegelian: a dialectical contradiction is resolved by preserving what is best in the old order.)

In *Capital* Marx shows that capitalism was massively exploitative in its origin (the period of "primitive accumulation,") and massively exploitative in his own time (his detailed descriptions of contemporary reality). He shows more than that. He also shows, via his brilliantly conceived theoretical model, that even "perfect capitalism"--a capitalism wherein everything is sold at its true value, where there is no monopoly or unequal exchange--is fundamentally exploitative. Here I read Marx as offering a *democratic* critique of capitalism: workers are the source of all value, and yet they do not determine a) the conditions of their work, nor b) the disposition of the surplus their labor creates. This critique, I believe, is fully valid today. I don't think it possible to understand the world today if one has not grasped the essence of Marx's critique.

My two criticisms of Marx--now looking back and seeing things he didn't see--would be these. First of all, Marx did not distinguish as carefully as he might have the three distinct markets that comprise capitalism: the markets for commodities, for labor and for capital. (If one looks closely at his theory, one sees that it is the latter two markets, not the first, that are the most problematic.) Secondly, Marx's capitalists are essentially passive. In fact, most capitalists are indeed passive in contemporary capitalism, namely the stockholders (the formal owners of the means of production). But there is also an entrepreneurial segment. Marx pays little attention to the entrepreneurial function of *some* capitalists or would-be capitalists.

These two shortcomings had unfortunate historical consequences. The early experiments in socialism--above all the Soviet model of central planning--tried to do without any markets at all, and they failed to institute structures and incentives that would stimulate entrepreneurial creativity. As a result, after an impressive period of development (at enormous human cost), they were unable to match the efficiency and dynamism of their capitalist rivals.

2. Could you summarize and evaluate Lenin's critique of capitalism, especially his book, *Imperialism as the Highest Stage of Capitalism*?

Oddly enough, Lenin's book, impressive though it is, is more dated than Marx's work. Lenin provides a largely accurate picture of a particular period of capitalist development, one marked by the rise of monopolies, the increasing dominance of finance capital, and the carving up of the world by European powers, each seeking control of raw materials and markets. Contemporary capitalism is not the capitalism described by Lenin. The characteristics noted by Lenin have evolved in ways unforeseen by him--whereas the underlying structure depicted by Marx has not changed. For example, the dominance of finance capital over industrial was reversed with the rise of the transnational corporations in the post-World War Two period. The present relationship is much more complicated than it was in Lenin's time. The nature of the relationships among core capitalist countries and between them and those on the periphery has also changed. It is interesting and fruitful to look at the world today in light of Lenin's analysis, but we are living in a different world than the one described by Lenin. Paradoxically, we are still living in the world Marx described--at least those of us living in a developed capitalist country.

3. How do you evaluate the development of the critique of capitalism after Marx and Lenin?

I see critical theory (broadly understood) as trying to answer three sets of fundamental questions:

How should we understand the relationship between First and Third World countries? How have relations of exploitation been maintained following the period of decolonization? To what extent have workers in the First World benefited from capitalist exploitation of the Third World? How do we explain the fact that a few poor countries have managed to develop impressively within the global capitalist system, whereas others (most others) have not? Where should we expect to find the most system-threatening resistance to capitalism--worker-peasant alliances in the Third World or First World workers?

How do we account for class consciousness--or its absence? Why, during the Great Depression, did so many turn to fascism rather than to communism? How have a small minority (the capitalist class) been able to control the vast majority in societies that appear to be free and democratic?

How does capitalism relate to social movements conceptually distinct from class? Are the grievances addressed by the women=s movement, anti-racist movements, environmental movements, peace movements, etc. irresolvable under capitalism? Is the transcendence of capitalism a sufficient condition for the resolution of these grievances, or are they more deeply rooted than that? How should progressive movements prioritize these struggles?

I can't pretend that any of these questions has been definitively answered, but I think our analyses of them have grown increasingly sophisticated since Marx and Lenin's time.

4. What do you take to be the main changes on contemporary capitalism, compared to Marx's time? Compared to Lenin's time?

Two of most striking developments since Marx=s time are those noted by Lenin: the rise of the giant corporations and the penetration of capitalism into all corners of the globe. (Marx foresaw the latter--as is clear from the *Manifesto*--but he did not treat it theoretically.) These two phenomena have changed since Lenin observed them. The transnational corporations are less monopolistic than they were in Lenin=s time, since they have to compete ferociously with one another. Imperialism has evolved into neo-imperialism. Poor countries are now nominally independent, and the mechanisms of surplus extraction are more subtle. Moreover, there has been significant development in *some* underdeveloped countries, even under capitalism.

The other big difference is the vastly increased role of the state in regulating the economy and in mitigating, for the domestic population, the harsher features of *laissez-faire*. This was, of course, a direct response to the challenge that the international communist movement posed for capitalism. To save themselves, the capitalist class had allow the government to intervene into the economy more thoroughly than before, and to provide various social services, so as to keep their own working class from embracing more radical alternatives. The challenge of communism also led to a vast military complex, at least here in the United States, dwarfing anything foreseen by Marx or Lenin.

5. What do you take to be the main tendency in the development of capitalism since 1945?

Two of the tendencies noted in my answer to your last question have deepened since 1945--the economic dominance of transnational corporations and the penetration of capitalist relations of production globally. The provision of welfare benefits in core countries also increased dramatically after World War II--at least until the neoliberal counterattack that began in the late 1970s. But I think the most salient feature of the post-World War II period is the degree to which the capitalist world system has come to be dominated by a single superpower. Not only has the United States developed the military machine incomparably superior to that of any other nation-state, but it has come to dominate most of the world's important international organizations: the United Nations, the International Monetary Fund, the World Bank, the World Trade Organization. However--there's a paradox here--U.S.-based transnational corporations have not been able to systematically outperform their rivals in other parts of the developed world, namely Europe and Japan, nor is the quality of life significantly higher in the United States than in these regions. In fact it is significantly *lower* in many respects: longevity, infant mortality, level of crime and violence, quality of education, accessibility of health care, etc.

6. Could you summarize the main characteristics of contemporary capitalism, and their differences in different main countries?

In broad terms, there have developed two fundamental variations on the *laissez-faire* model of capitalism that was brought down by the Great Depression. The model that replaced *laissez-faire* in the United States and Europe is the "Keynesian-liberal" or "social democratic" model. The government came to be charged with a) intervening in the economy with fiscal and monetary tools to prevent recessions from turning into depressions, b) regulating the economy to keep

monopolies from developing and to insure that such "neighborhood effects" as pollution not become excessive, c) regulating capital-labor relations by legalizing labor unions, d) instituting progressive taxation so as to keep inequalities within acceptable bounds and e) providing such "social security" measures such as pensions, unemployment insurance and health care benefits. Social democracy developed more extensively in Europe than in the United States, since the "communist threat" was more imminent there, but the United States economy was also transformed. The basic thrust of social democracy is to allow capitalist market forces to determine economic development, but to use government to check their destructive tendencies.

A quite different model developed in Japan, where the state was much more pro-active in directing economic development. The emphasis was on export-led growth. Investment resources were channeled to certain sectors; others were less favored. Far fewer welfare benefits were provided, so as to encourage a high rate of personal savings. The favored sectors of the economy offered their employees lifetime employment.

As you know, both of these variations on *laissez-faire* are under assault now, since neither has been able to sustain its post-war success. Neoliberalism--which is little more than a return to *laissez-faire*--promises to resolve the problems of both models by deregulating, cutting back on social services, and letting market forces reign supreme once more. This, of course, is fantasy (as the world is beginning to recognize), since it was precisely the inadequacy of the "invisible hand" that called these alternative models into existence in the first place.

7. Who, in your view, are the most important scholars of contemporary capitalism, and what are their main books, papers and ideas?

I could give you a very long answer here, or a short one. Since this is an interview, let me keep it short. Let me assume that you are referring to current authors writing about capitalism today, and just note several that I have found very illuminating.

Two important books are Robert Brenner's *The Boom and the Bubble: The U.S. in the World Economy* (Verso 2002), and Frederic Pryor's *The Future of U.S. Capitalism* (Cambridge, 2002). Brenner is a Marxist, Pryor is not, but both present an impressive amount of data that point to serious problems ahead for American capitalism--and hence global capitalism. At best we are looking toward a period of economic stagnation, financial crises of varying magnitudes, rising inequality, and governments unwilling or unable to effect substantial reforms. Brenner emphasizes global overcapacity and overproduction; Pryor worries about these too, but also about the economic impact of the aging of our population, the disintegration of our sense of social solidarity, and the weakening of Keynesian stabilization tools.

Joseph Stiglitz's *Globalization and Its Discontents* (Norton, 2002) is also important, above all because of the status of its author--former chief economist for the World Bank and Nobel Laureate. This book validates virtually everything the Left has been saying about neoliberalism generally and the IMF in particular.

I think Robin Blackburn's *Banking on Death or Investing in Life: the History and Future of Pensions* (Verso 2002) deserves serious consideration. Blackburn points to the growing importance of pension funds, which now own more assets in the United States than do the capitalist class. He argues that "democratizing" pension funds could be an important part of a working class strategy for social change. He may be onto something important.

The non-Marxist economist I read religiously is Paul Krugman. He has recently moved from MIT to Princeton. He has also become a regular columnist for the *New York Times*. Krugman is very smart, he writes wonderful prose, and he can abide neither neoliberal simplemindedness nor the Bush administration. You can get a taste of the best current economic thinking coming from progressive but non-radical quarters by reading his essays, several collections of which have appeared in book form: *Peddling Prosperity* (1994), *Pop Internationalism* (1996), *The Accidental Theorist and Other Dispatches from the Dismal Science* (1998), and *The Return of Depression Economics* (1999)

8. How do you evaluate the postmodernist critique of today's capitalism?

I'm less critical of postmodernism than are most Marxists. I think there are important things to learn from the best postmodern works--Foucault's *Discipline and Punish*, for example. Postmodernism gave theoretical leverage to progressives in various social movements--feminism, gay liberation, anti-racism, environmentalism, etc.--who found insufficient space allocated to them by the Left theory dominant into the 1970s, namely Marxism. It allowed them to theorize their own issues without having to relate them always to questions of economics and class. It also articulated theoretically the lived experience of many people in core capitalist countries--the sense of having multiple identities, of being able to construct identities, of living in a deeply ambiguous world, where every belief is subject to "deconstruction."

It is true that the postmodern critique of "grand narratives" was aimed at Marxism as well as the bourgeois belief in progress, and that it sometimes veered into a celebration, rather than critique, of consumer capitalism, but I think that on the whole the effect of the movement has been positive. It has had little or nothing to say about economic issues--which is why it cannot possibly substitute for the Marxist critique of capitalism--but it forced Left thinkers to pay more attention to important phenomena that have been slighted, theoretically and practically, by the more traditional Left.

9. Could you please introduce your books, papers and main viewpoints about capitalism and socialism to Chinese readers.

I've written three books and co-authored a fourth: *Capitalism or Worker Control? An Ethical and Economic Appraisal* (Praeger, 1980), *Against Capitalism* (Cambridge, 1993), *After Capitalism* (Rowman and Littlefield, 2002) and *Market Socialism: The Debate Among Socialists* (Routledge, 1998), the latter with Bertell Ollman, Hillel Ticktin and James Lawler. In a sense, each of my single-authored books is a re-write of the book that came before, the first being a rewrite of my dissertation (which was entitled "Capitalism: A Utilitarian Analysis"). Ever since reading Marx's *Capital*, I've been haunted by the question Marx didn't address: If capitalism is to be superseded by an economic system that preserves what is best in the old order while negating its fundamental deficiencies, what sorts of institutions would it have? What would an efficient, dynamic, ethically desirable socialism look like?

I don't fault Marx for failing to address this question. Marx was enough of a scientist to know that making predictions in the absence of any data is foolhardy. Much experimentation would be in order. Marx was confident that we would, in time, create the appropriate structures,

since it seemed clear from his analysis that there were no inherent, insurmountable barriers to our doing so.

What was excusable, even commendable, for Marx, is no longer acceptable, since we now do have data. The twentieth century has been rife with economic experimentation--various forms of capitalism, various forms of socialism, various structures of workplace organization. Moreover, these experiments have been subject to intense scrutiny. It seemed clear to me, when I began my research career, that we now had sufficient data at our disposal to say with a high degree of confidence what sorts of institutional arrangements would constitute a viable, desirable form of socialism. We could at least specify a model that would stand up to critical scrutiny. Of course, as with any economic model, it would involve a certain amount of abstraction and simplification, but I became convinced that we could now identify the key sources of capitalism's deficiencies, and specify the institutional transformations that would rectify them. In doing so, we would have to go beyond capitalism.

All my books have involved a critique of capitalism from the perspective of an alternative economic model, an alternative I've come to call "Economic Democracy." The basic model, which I developed in my dissertation, has been refined somewhat in successive reincarnations, but not much. In my view it has held up remarkably well in light of economic developments since it was first conceived--the collapse of the Soviet Union and the socialist experiments in Eastern Europe, economic reforms in China, Cuba and Vietnam, the crises of social democracy, the failure of neoliberalism and various "Third Way" alternatives.

The most controversial element of my model, at least to socialists, is its acceptance of the market as an essential component of a viable socialism. (This controversy is explored in depth in the co-authored book noted above.) I argue that "the market" under capitalism is in fact three distinct markets, one for commodities, one for labor and one for capital. I argue that the market for commodities is relatively benign, and, moreover, there exists no institutional substitute that is superior.

On the other hand, the labor market is not benign, and there does exist a substitute. I argue that the institution of wage labor should be replaced by workplace democracy. Ultimate authority for an enterprise should rest with the workers employed there, not with outside "owners." Needless to say, structures need to be set up to allow management sufficient autonomy to manage, and technical expertise sufficient autonomy to function. This is as true for workplace democracy as it is for political democracy. Since the incomes of all workers are tied directly to the economic success of the firm, all have an incentive in acquiring and retaining good management, so we can see that the problem is not theoretically intractable. Moreover, we have a large body of empirical data now available on the subject of worker-self-management indicating that this problem is solvable in practice as well. The simple fact is, workplace democracy works. Not always, and not without suitable checks and balances, but in general it works better than capitalist authoritarianism.

If labor markets are problematic under capitalism, at least as problematic are capital markets. These are the markets that generate the greatest instability under capitalism, and the largest deviations of economic development from what is optimal from the point of view of society as a whole. I argue that the investment process should be brought under social control. Specifically, a socialist society (ideally) should not rely on the private savings of private individuals for economic investment. Investment funds should be generated via taxation--

specifically, by a tax on the capital assets that each worker-controlled enterprise employ. (Enterprises under economic democracy are not owned by their workers; they are leased from the state by their workers; this "leasing fee" is the capital assets tax.) Since investment funds are publicly generated, they should then be ploughed back into the economy via a network of public investment banks--which can invoke other criteria in addition to potential profitability (above all, employment creation). I argue that these funds should be distributed to regions on a per capita basis, so as to promote balanced regional development.

Obviously, I am simplifying here and omitting many details, but these are the essential components of my proposal: markets for commodities, democracy at work, and public control of investment. My books have been devoted to demonstrating the viability of this model of socialism, and its superiority to all forms of capitalism and to other forms of socialism. I appeal to theoretical and empirical economic analysis. I appeal to both economic and non-economic values. I argue that Economic Democracy would be more efficient than capitalism, more rational in its development, more egalitarian, more democratic and more adequate to the demands of ecological sustainability.

I also argue, particularly in my latest book, that Economic Democracy is not just "my proposal," but that something like Economic Democracy is the likely outcome of humanity's pragmatic attempt to solve the problems we now face. That is to say, Economic Democracy fits well with the basic tenets of historical materialism. There are forces in the world pressing for more democracy at work and for more social control of investment. These forces are for the most part oriented toward piecemeal reform, but these reforms are moving in the right direction. Their logical development will, in time, take us beyond capitalism.

10. What would you like to say to Chinese readers when this interview is published?

First of all, I'd like to say that in my view the current "Chinese experiment" is one of the most important--perhaps the single most important--economic experiment going on in the world today. China is in the process of developing a new economic system. Although many people both inside and outside China think that "market socialism with Chinese characteristics" is just a euphemism for capitalist restoration, I don't agree. The verdict of history is still out. It may be decades before we can make definitive claims as to the true nature of the Chinese economy and to its success or failure. One thing we can say with certainty: the success or failure of the Chinese experiment will have repercussions well beyond the borders of China. Countries of the world, the people of the world, are desperate for a viable economic model.

I think the theoretical perspective development in my books allows us to better understand China than does the perspective of neoclassical economics (the overwhelmingly dominant paradigm in Western economics) or classical Marxism. For example, the fact that China is utilizing the market mechanisms does not mean that it is on the road to capitalism. The market is indispensable to a viable socialism. "Market socialism" is not a contradiction in terms.

The fact that capitalists have been given a role to play in the new China does not prove that a capitalist restoration is underway. It is important to distinguish the "capitalist" from the "entrepreneur," even though both may be embodied in the same person, especially during early stages of economic development. The capitalist *as capitalist* simply "provides capital." This is an essentially passive function, which can readily be replaced by public funding. The capitalist

as entrepreneur, however, is an active agent, seeking out new economic opportunities, developing new products, implementing new technologies. This function is not so easily replaced. It is not unreasonable for a socialist society to allow space for some capitalists to operate, so long as it takes steps to keep this group primarily entrepreneurial.

The perspective of Economic Democracy points to another factor relevant to the Chinese experience. The mechanisms outlined above will not guarantee full employment. I argue that capitalism *cannot* sustain full employment. Economic Democracy does not require unemployment to keep workers disciplined, whereas capitalism does. But it does not automatically provide full employment either. This will be one of the great challenges of any viable socialism: developing institutional structures to guarantee work to everyone who wants to work. There are no magic solutions to this problem.

Another problem, even more acute for China--and for the developing world generally--is an issue not addressed in any of my books. My analysis is focused on institutional structures that would be appropriate for an economy already well developed by capitalism. In such countries, there are no peasants. The agricultural workforce is a very small percent of the overall workforce. Obviously this is not the case for China. One of the great challenges facing your country is how to integrate a large peasant population into a developing economy without causing massive social and cultural disruption. (I know that you know that.) Again, there is no magic solution to this problem.

One thing, however, is absolutely clear. This is perhaps the most important point for the Chinese leadership--and the Chinese people--to grasp. The fundamental problems facing China in the near future *cannot* be solved by capitalism. Capitalism cannot provide work for everyone. Capitalism cannot solve the peasant problem. If a capitalist restoration does take place, these problems will only get worse, not better--and humanity will have missed another opportunity to make an historic leap forward.