

# Is There an Alternative to Global Capitalism?

By [Prof. Sam Ben-Meir](#)

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*It never ceases to surprise me how merely the suggestion that our current global capitalistic system is not the best humanity can do for itself, is so often met with virulent hostility. One would think that when we are still recovering from the economic crisis of 2007-2008 (and many economists see an even worse crisis on the horizon), when inequality has been steadily rising since the neoliberal turn of the early 1980s, when real wages have remained virtually stagnant, and the list goes on - one would think that perhaps we would keep an open mind regarding alternatives; instead of buying the tired old argument that anything else must either lead to totalitarianism, or be incurably utopian.*

Capitalism has always been about movement, and our era of deregulated globalization has only further augmented the hyper-mobility of capital. As a consequence, this has produced a virtually endless supply of cheap labor - trade liberalization has seen jobs flee the country and compelled developing countries to deregulate and turn a blind eye to labor standards so as to maintain a competitive advantage. Trump's promises to keep jobs at home have been mostly empty rhetoric.

The growing concentration of wealth among a tiny few has been helped along by a tax code that has shifted the burden off the very rich and onto the middle class. And now the Republicans want to cut taxes on the rich yet further: the wealthy will pay only thirty-five percent on their income taxes - down from thirty-nine point five percent. In addition, Trump's proposal gives the rich a substantial tax break by eliminating the estate tax, which will only further exacerbate economic inequality.

How is this defensible? The main argument one hears is that fallacy that Republican leaders have continued to foist upon the American public since President Reagan: that high taxes on the top income bracket is bad for growth; that slashing taxes will spur the economy.

This is not historically accurate - in fact, it is a bald-faced lie. The period in which America enjoyed unprecedented growth, during the fifties and sixties and until the late seventies, the tax rate never fell below seventy percent. America's growth during that time was four to five percent. Then in 1981, Reagan's Economic Recovery Tax Act (ERTA) cut the marginal tax rate twenty-five percent across-the-board, with the top marginal tax rate falling from seventy to fifty percent. In 1987, Reagan lowered the top tax rate from fifty to thirty-eight point five percent, where it has hovered since. The average rate of growth since the 1970s has been two percent. Indeed, there is no indication that Trump's "trickle-down" tax plan will engender any significant growth.

What we have seen is that under neoliberalism there has been a redistribution and concentration of wealth in the hands of the very rich few. Real wages have remained

stagnant while economic disparity has increased since the mid- to late-1970s when “the uppermost tier’s income share began rising dramatically.” A 2015 report by the Economic Policy Institute states that between 1979 and 2013, “the hourly wages of middle-wage workers ... were stagnant... The wages of low wage workers fared even worse, falling 5 percent from 1979 to 2013.” As Warren Buffet acknowledged,

“There’s class warfare, all right, but it’s my class, the rich class, that’s making war, and we’re winning.”

Last year, I used the October 13 birthday of Great Britain’s late Prime Minister Margaret Thatcher as an occasion to observe how her vision of laissez-faire capitalism still holds ideological sway in our globalized landscape. Her famous claim that ‘There is no alternative’ to capitalism needs to be abandoned once and for all. At the very least, we need to begin to consider alternatives to the kind of capitalism we have.

A good place to start is with extending democratic practices to new social spaces currently occupied by hierarchical and bureaucratic organizations, including the urban setting as well as the workplace. The fact is that there is an alternative to the way firms are run on the capitalist model. That alternative is worker self-management and it has seen remarkable success.

Look, for example, at the Mondragon Corporation centered in the Basque region of Spain. Mondragon has a thoroughly democratic structure of governance with a General Assembly that meets annually, as well as a supervisory council that appoints management, a social council with jurisdiction concerning matters to do with workers’ well-being, and a watchdog council that monitors and gathers information for the general assembly. A federation of supportive cooperative firms, Mondragon has now over a dozen education centers including a polytechnical university. In 2015, Mondragon generated revenues in excess of twelve billion euros, and employed over 74,000 people.

To claim that we have no choice but to accept the global capitalist status quo is simply no longer plausible. This is not to say that worker self-directed firms will be idyllic, that they will all succeed, or that they will not face a myriad of unforeseen challenges. However, they have shown themselves to be successful, even while operating in highly competitive environments. If companies are self-directed and workers themselves participate in the decision making process regarding, for example, the location of production, it becomes far more unlikely that we will see plant closures, outsourcing, job exports, and so on.

Such firms will embrace democratic processes in which goals can be internally defined: where there is equality of voting power, and workers themselves make decisions about production and distribution. Furthermore, in the process of nurturing participatory attitudes, we not only facilitate and reinforce self-management within the firm (or neighborhood, school, etc.): we are also educating and empowering individuals to seek self-determination and democratic participation in the political arena.

The same fundamental commitments that urge us to promote political democracy should compel us to promote economic democracy as well, a society in which enterprises are collectively governed by all those actively contributing to the process of production. Indeed, economic democracy is essential to the legitimacy of a fully democratic society – which is to say that democratic legitimacy must be grounded in the social realm, as much as the

political.

*Sam Ben-Meir is a professor of philosophy and world religions at Mercy College in New York City.*

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