

# 15 Theses on American Populist

## Socialism

### *Draft Document for Comment*

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As I write this, I'm sitting on a concrete pew outside of Union College. A chapel's bell rings 5:30. It all seems so peaceful here. Another day in a quiet American small town. Cars pass, leaves fall, and a slight breeze blows. It's sunny and warm. And down the street, I can see the church where I volunteered to feed local kids on Wednesdays. The pastor hates gays, and thinks abortion is murder. An odd place to start an essay about potential revolution.

But there is a basic fact about this spot that most revolutionaries ignore: The revolution, whatever its presumed form, has to effect this spot, and many spots like it. And that's a very tall order, because nothing whatsoever about this moment suggests change, at least not visibly. It seems too tranquil. And while the communist NMU had a small following here in the 30's, there isn't much visible activist activity, let alone revolutionaries in the streets. Many residents have never heard of Occupy Wall Street.

How revolutionaries or progressives respond to this discrepancy is interesting. Most write off this region, saying it's either "too conservative," "too rural," "too republican," or "too stupid." Others presume the revolution will be inevitable somehow, like Jesus' return that the pastor loves to preach about. The calm is a just a prelude to a fiery future of burning buildings, revolutionary tribunals, and triumphant subversives. How such a future

will occur is a little hazier though. *That* takes on the air of a New Yorker cartoon. Scientists are working on a complicated equation: Step 1, premise; Step 3, conclusion; Step 2, a big empty spot on a blackboard with the words "Here a miracle occurs."

## ***A Paradigm Shift***

Implicit in both of these accounts is a tacit assumption about the working class: Either the masses are passive followers of the capitalist system, or an active leaders of a socialist movement. This binary assumes an "all or nothing" approach to radical consciousness that ignores the crucial middle ground: That of the socialist *follower*.

This matters because without followers, there are neither leaders nor movements. Thus, instead of focusing on whether a working class mass will become street marchers, this paper will ask a somewhat different question: Can the American working class become followers of a socialist movement (and hopefully leaders too)? And can this be true even in a place such as Barbourville where the right has far more advantages right now over the left?

I believe the answer to both questions is yes. But it will not follow that success of such a movement is inevitable.

## ***Why a Smart, Populist, Democratic Socialist Movement Could Win Followers in the US***

### *1. Discontent is quite high*

The current economic crisis has yet to be resolved. *Real* unemployment (including discouraged workers and involuntary part-time workers) is at 14.7%, and would rise

to 22.8% if workers discouraged for longer than a year were included too. Wages have been stagnant for roughly 40 years, work remains (for most) as unsatisfactory as ever, and the political response has been deadlock. It's not surprising that only 37% (3/8ths) of likely voters believe the country is "on the right track." That's higher than the 14-19% who said for the second half of 2011, but still shows a deeper discontent, likely to increase after the election once the "presidential honeymoon" period ends. The system has not resolved its own problems.

*2. In the shorter term, the economy is likely to get worse as monetary trends cause further economic instability*

A major pillar of the international political economy has been (since 1971 at least) the dollar acting as the world's reserve currency. This allowed to US government to print money much more easily than other nations, and to borrow money more cheaply. This pillar has been upheld thanks to a tacit agreement between the United States and China informally known as "Bretton Woods 2": As capitalist production shifted to East Asia, nations like China and the US developed large trade surpluses (in dollars) with the United States. They then recycled these dollars back into the US economy, allowing the American government to finance its deficit spending (mostly on wars and tax cuts) and preventing the Yuan from appreciating, and keeping Chinese exports cheap.

This pillar is gradually dissolving, as the dollar has lost about a third of its value over the last 30 years. More recently, concerns over a falling dollar has fused with several other concerns, including anger over the Fed's quantitative easing, worries over the deficit, failed American foreign policy, and China shifting its focus to domestic consumption instead of exports. The result has been other countries dropping the dollar and doing trade using their own currencies or barter. This trend is likely to

continue until the US dollar is no longer the world's reserve currency.

On the bright side at least, the declining dollar hasn't yet led to hyperinflation or a rapid decline in the dollar's value. Holders of American bonds know that they have to divest slowly because a panicked sell-off would cause further losses. But nevertheless, the US dollar still retains a significant risk of losing a large amount of its value quickly, due to the vagrancies of bond and currency markets.

At best, dollar hegemony will probably end in the next 5-10 years. The result will likely be an economic vacuum, with no other currency strong enough to replace the dollar. And a multi-currency world would probably result in even more economy instability than the current system, as it would be extremely hard to determine the value of money. At worst, a panicked selloff of American bonds could cause a plunge in the value of the dollar. Either way, the economy is far from recovered, and factors in the near future might make it further unstable.

*3. Neither liberalism nor conservatism, Democrats nor Republicans are offering real solutions in an age of decline*

In 2009, when the real unemployment rate was about 24%, I and two others classmates in my undergraduate Budgeting and Taxation class asked whether it was fiscally possible to both create full employment and balance the budget simultaneously. After calculating the various multiplier effects and combing the tax code for savings, we concluded it was possible, but it would require about \$3.9 trillion in new revenues (\$2.4 trillion for alleviating unemployment, the rest to cover the deficit). Even without the commitment to balanced budgets, simply the full employment part of the equation would require major reductions in defense spending,

ending the Afghan war, a wealth tax, ending the Bush tax cuts, and a major expansion of economic planning ~ policies neither party has implemented. Meanwhile, the government would use direct public works programs rather than tax expenditures in order to create more jobs for the same amount of money. But Keynesianism on this scale (and the economic planning necessary to make it effective) would mean that policies meant to save capitalism would transform it into something else if they were to be effective. Such a major transformation is not on the radar of either party.

The inability of both parties to solve the underlying economic problems shows both their bankruptcy along with the bankruptcy of the two-party system. Without any organized pressure to their left, the Democrats have moved steadily to the right on economic issues. Even when they controlled Congress with a filibuster-proof majority, a major jobs program was not on the agenda. Meanwhile, the Republican Party is degenerating into absurdity, demonstrating Karl Polanyi's "market utopianism" with an even more intense religious fervor even though reality has proven their policies wrong. In the halls of Congress, parties have deflected issues with their own platforms onto each other, resulting in a major increase in political polarization over the last three decades and gridlock in substantive policy making.

The result has been record high disapproval for Congress, and (for the first time in recent memory) majorities disapproving of both parties simultaneously. Meanwhile, 52% of Americans think both parties have failed so miserably that they'd support a third party. This majority includes almost 70% of independents (the fastest growing political demographic) and (for the first time) a majority of Republicans.

Interestingly enough, polls have found "no

difference in support for a third party by political ideology”. With convergent majorities of liberals, moderates, and conservatives supporting a third party, this implies an opening, even for left wing socialists. Bernie Sanders has built a working-class coalition of both urban voters who would otherwise support Democrats and rural voters who would otherwise vote Republican. And while socialists aren’t the only ones who could exploit this window of dissatisfaction, they would probably have several longer-term advantages over other liberal or conservative candidates, all other things being equal.

#### *4. In the long term, capitalism is reaching its own internal limits globally*

A reason for this advantage is that capitalism is reaching its own internal limits as a global system. And socialists may be amongst the few who recognize this and can provide intelligent answers to the challenges this implies.

Capitalism has always been faced with a particular demographic problem: Once urbanization is complete, and the price of domestic labor increases, capitalists are forced to adopt technology which increases the organic composition of capital, which decreases the profit rate and leads to crises of overproduction. In the 1970’s, capital temporarily solved this problem by shifting production to East Asia, which had still had huge reserves of peasants. But China’s economically active population will peak within the next decade, and its urbanization will be complete by 2040 if not sooner. On an international scale, the total human population is supposed to eventually level off, and urbanization internationally might be complete by 2075 if not sooner. There is a limit to the number of new proletariats that can be brought into the system, and the same factors that brought about economic crisis in the 1970’s will reappear globally. And this isn’t even counting

the constraints of climate change

*5. Capitalism is producing its own fetters much more rapidly with the Information Revolution*

A recent study from MIT, commissioned by the Federal Reserve, revealed a shocking result contrary to all economic textbooks: That higher monetary incentives actually produce worse performance on tasks that involve more than rudimentary cognition. And this result has been replicated multiple times worldwide.

It's not that monetary incentives totally fail. It's just that they only work for very basic mechanical tasks. And capitalism has evolved to the point where advanced technology and knowledge work imply very different type of relations of production and superstructures. The internal logic of the technology is clashing with the internal logic of capitalism, as the latter is outliving its usefulness.

The characterological changes inherent in technology have been visible since at least the 1950's. As Galbraith and Fromm noted then, technology led to planning, consolidation, bureaucracy, and consumerism, all of which tended to create to create a new personality type: the marketing orientation. These trends have only intensified today. As Maccoby points out, the new technology has created knowledge workers who are more oriented towards collaboration, mutual development, and interactive leadership as opposed to bureaucratic organization. All of this is very consistent with socialism based on cooperatives, but with capitalism, not so much. The profit motive seeks to cheapen labor, which has typically meant deskilling and making labor mechanical. But there is a limit (possibly inherent to knowledge work itself) on how much this can be carried forward in the years ahead.

Meanwhile, regarding superstructures, a side effect of the information revolution has been that goods requiring

a massive costs to produce the initial copy (like films or medicine) can be easily replicated. This is a problem because capitalism has usually tried to recover the costs of the initial product by increasing the cost of subsequent copies. But software piracy, the spread of generics, and more have undermined this process. The result, once again, is a contradiction. Capitalism cannot stop the effects of knowledge technology without essentially destroying the key elements knowledge is based on. Attempts to reduce education to test scores or attempts by the music industry to censor and monitor the internet have demonstrated such interference is hugely unpopular, and if successful will probably cause long term damage to innovation.

It shouldn't be surprising that capitalism as a system is losing the younger generation. In a 2011 poll, 49% of 18-29 year olds stated they had a positive view of socialism, as opposed to 43% with a negative view. This was the only age group where support for socialism outweighed support for capitalism. And while most analysts have pointed to more immediate possible causes (bad economy, student debt), I argue there are deeper trends at work that have the potential to weaken capitalism's hegemony even further.

*6. Socialism is actually possible now, and intelligent socialists can say how*

It's one thing to call for socialism. It's quite another to know how it would work. Marx could not theorize a society that had not yet existed, but today we have about a century worth of "actually existing socialism" to draw conclusion from.

One clear verdict of history is that economic planning, to be a viable alternative to a market, requires the ability to spell out in massive detail how much of every product (final and intermediate) needs to get



produced. Essentially, the planners must be able to solve and regularly update tens of millions of input-output equations, requiring computing abilities that were non-existent before the 1980's. This is no longer a handicap.

To this end, a large amount of credit goes to the economists Cottrell and Cockshott, who have been one of the few amongst the left to spell out with full academic rigor how a socialist economy would work. Based on a deep critique of the Soviet experience, the core points of their socialism include computerized planning, a non-circulating labor currency, a consumer goods market to act as a planning feedback mechanism, and sortition-based participatory democracy. The last element is crucial to prevent a party vanguard from becoming a new elite. What is perhaps most interesting about their books is that even right-wing reviews from the Austrian economics school were forced to admit that economic planning is now, in fact, possible.

*7. Socialism could offer viable short and medium term solutions, along with a persuasive revision of the social contract*

In contrast to liberals and conservatives, a socialist party's acceptance of economic planning, cooperatives, and monetary policy reform would allow them to offer viable solutions to the economic crisis. Simply put, they would be decisive enough to bring full employment and a revitalized democracy. Other parties wouldn't be. Over a longer term, democratic socialism could offer a very persuasive revision of the social contract: Most worker's would get a much higher standard of living in their private lives, and additionally receive (and help create) a greatly expanded public sphere. This public sphere might include more opportunities to exercise direct power and a revitalized civil society, in start contrast to the alienation and isolation under capitalism. All in all, a compelling

offer, but one most workers will not accept unless it appears poised to succeed.

*8. Given the current political climate, there are political openings for intelligent socialist parties that know understand how to exploit them*

The political system seems highly skewed against the working class, both because of the two-party system and because of the money's power in elections. But highly skewed does not equal completely skewed, as there are at least two big opening a socialist political movement could exploit. The first is that grassroots political organizing remains legal, cheaper, and very effective. While a socialist movement may never have the financial resources of the right, they may be able to make for that in motivation and a willingness to put time into canvassing. Such efforts could pay off in the end, as direct human contact remains far more persuasive with voters than mailings, phone banking, or television ads. Truly grassroots campaigns provide the ultimate legal excuse to talk to literally *everyone* in an area, including many who are typically ignored by conventional campaigns. And while an average 7% shift in turnout in one election cycle may not seem like much, the long-term effect over multiple cycles could be profound.

The other major opening is that party identification in the United States is far more meaningless here than in Europe. The single biggest advantage to party membership is that it acts as a pathway into politics. Few people might vote for an independent with no political experience. Far more people will vote for a similar Democrat, though the effects are less pronounced at a local level. Since two of the biggest advantages in running for office are either incumbency or prior political office, this implies a certain strategy for the socialist activists: They could run at a local level, either as independents or as Democrats. If they run

as Democrats, they could then break from the party after winning office. If successful in getting elected, a good record and the advantages of incumbency could help keep those activists in power for a time, and the winning of lower office could provide the basis for winning higher office. Much like starting a fire, a political movement must build up its own power. It cannot aim for offices beyond its reach initially, but it can eventually get there.

*9. Psychological and sociological factors could make a populist socialism surprisingly popular in certain areas*

In “red” states, the Democratic Party is often quite weak, and with very little influence outside of urban areas. Political strategies that eschew both rural areas and grassroots campaigning compound this weakness. And this presents a certain opportunity for populist socialist in America’s heartland. Outside of the urban Democratic strongholds, they could be the ones challenging GOP hegemony. In spite of their power, the Republican Party has not engaged in grassroots campaigning either, while their descent into insanity is plain to see. And while many working class Republicans may support the GOP over social issues, two longer term trends suggest that might change: First, membership in fundamentalist churches is steadily declining nationwide as churchgoers age. And second, as long as the economy remains turbulent, economic concerns will loom large. The trick for populist socialist is whether they can find agreement with a working class on economic issues while showing respect for working class traditions, avoiding the moral-elitism that has often plagued activists.

*10. Most revolutions are not built on incidental, not explicit support for revolution*

Mao’s victory in 1949 was not built on a support for “Maoism.” It was built on support for a program of land reform, promulgated by a group that had successfully

fought foreign invaders. The Bolsheviks did not win support because of their extremism; they won support because they promised to end an unpopular war and offered real economic solutions to the economic collapse that war had caused. Even the American revolutionaries never had the active support of more than a third of the population. And yet they still won.

To put another way, revolutionary groups often win because they offer real solutions to both economic problems and the powerlessness people feel. Such solutions may imply revolution, but rarely come with an explicit endorsement of it. In this context of the United States, this is important. It means that while socialists may not be able to win support for open revolution, they can win support for solving certain long-standing issues. If these solutions result in a violent counter-reaction (i.e., Lincoln's support for free soil igniting secession, or the Venezuelan coup), then deeper systemic changes find a wider audience. Until that point comes, the system retains its legitimacy.

*11. The American working class, while not immediately revolutionary, is more revolutionary than it realizes*

There are echoes of the Bolshevik-Menshevik debate in the American left today, with some holding greater faith in the working class, and others writing off the working class as hopeless. But while it has become a pastime for some to denigrate Middle America, I hold the opposite view that the American working class might actually be to the left of the Democrats. Research by Lane Kenworthy suggests that the rise of the "Reagan Democrats" was due not to inherent working class conservatism, but a loss of faith during the Carter administration that the Democrats would offer an economic alternative. This suggests that if a national party emerged with a progressive economic alternative, and had

a solid chance at winning, it could get significant support. Sanders has already on some level demonstrated this, as he has won the votes of many rural working class Republicans since getting elected to Congress in 1990.

### *12. None of this inevitable*

In spite of the opening, it's not yet clear whether socialists will recognize and exploit it. A large number of Marxists don't actually have a clear conception of socialism. Most Marxist groups in the US today are disunited, sectarian, and tiny, relics of bygone Trotskyism, Maoism, or 1960's organizing. Moreover, many of the groups that call themselves socialist have a very poor conception of populism, and are not oriented towards building a mass base (a problem that was evident in the 60's too; see the writings of Christopher Lasch). Distrust of the political system is understandably high, but this causes socialist activists to ignore the real openings the politics offers. And even then, participation in the political system does not automatically imply competence at campaigning. My own personal experience on the Kucinich campaign in 2008 bears this out: any effect he could have had was stymied by a very poorly run campaign. He was so focused on factors outside of his control that he failed to strengthen some of the few things he could control.

Above all though, the biggest challenge is breaking the stranglehold of the two party system. An intense economic crisis might create a dynamic where the incumbent party is thrown out of the presidency, but the other party isn't trusted enough to be given a chance. Should this dynamic arise, a well-organized independent movement could come to power. But neither the intense crisis nor the socialist organization to take advantage of it is foregone conclusions.

### *13. The alternative to socialism would be far worse*

That being said, even without the left-wing organization, American decline and the underlying economic problems aren't going anywhere. And there's a distinct possibility that if the populist democratic left isn't powerful enough, a populist right will be. And this populist right (given the historical precedent) will probably be very undemocratic, if not proto-fascist. While America is slated to become majority-minority by 2040, that still leaves more than enough time for a Lou Dobbs-type to ride racism and fears of American decline to power. And while the far-right will face the same questions as the left on whether to challenge or work within the two-party system, a bigger issue is at stake here: Can the forces of the left win over the heartland faster than forces of the right?

*14. If successful, the outcome of the current crisis will likely not be an overnight revolution (though that's still possible), but a major progressive restructuring of the economy in a socialist direction. This will put socialists in a better position when the next restructuring crisis occurs.*

Real revolutionary crises, where state power passes irrevocably from the ruling class, are quite rare. Restructuring crises are far more common. The distinction is important to make, because the situation can be easily misread. Anger with the status quo rarely implies a pre-revolutionary period. But during a restructuring crisis, it is possible that a strategic set of allegiances to bring about a political realignment. This political realignment can win support for a partial restructuring of the economy. This restructuring can be progressive or regressive (New Deal or Thatcherism), but is nonetheless real. Whichever side wins the struggle will be in a better position during future struggles.

In context of a possible socialist movement, what this means is that full on socialists will not arrive simply

due to the election of socialists, at least not yet. But the election of socialists could trigger the restructuring of the American economy towards participatory democracy and state capitalism with full employment, cooperatives, a labor-backed dollar, and the beginnings of economic planning. Such an economy would not be fully socialist yet, but it would put full socialism on the agenda during the next economic crisis.

*15. The main question for American socialists right now is the question of independent organization*

This paper has suggested that intelligent socialists could exploit the current economic weakness, political breakdown, and the electoral system to put forward genuine responses to the current crisis. These responses could find followers, and both support and alliances could be built for a major restructuring of the economy. This restructuring would not automatically create socialism but would take several radical steps in that direction, making full socialism a real possibility as a resolution to the next crisis.

The biggest single institutional barrier to this though is the two-party system, coupled with the total disorganization of the radical left. This disorganization stems from being unsure whether to work within the Democratic Party or challenge it from the left.

My initial take right now is that for the radical left to succeed, it must build up a unified cadre whose first loyalty is to the working class and socialist program, not the Democratic party. This cadre could work both within and against the Democrats, depending on what the local situation called for. But when the final curtain call comes, this cadre must be willing to split from the Democrats when and if the time comes. Essentially, it is analogous to what Rosa Luxemburg could have done had she foreseen the split between the SPD and KPD. The groundwork for

an independent mass movement could have been laid earlier, and the KPD could have emerged much stronger (perhaps including what became the USPD) and the German Revolution could have proceeded much differently.

To this end, great deals of socialist institutions need to be set up. Much like the political right, the socialist left must create its own think tanks, candidate training organizations, and media organizations. And while we may not have the money to do all this this, theoretical clarity can partially make up for this. For once one knows what one is fighting for, fighting for it becomes much easier, whatever one has at one's disposal.