

# DAVID SCHWEICKART'S "ECONOMIC DEMOCRACY"

Loyola University Professor David Schweickart has developed a detailed alternative system model he calls "Economic Democracy." According to Schweickart, our current economic system—capitalism—rests on three kinds of institutions: markets for goods and services; wage labor; and private control over investment. The problem, he argues, isn't with markets per se, but with the ownership and management of enterprises and the allocation of the surplus as private investment driven by the overriding interest in profitability.

Economic Democracy, therefore, would preserve a role for (regulated) markets in goods and services while extending democracy into the workplace and the linked spheres of finance and investment. In place of private ownership of the means of production with markets in capital, labor, goods and services under capitalism, or state ownership and central planning under various real-world variants of socialism and communism, Economic Democracy has a basic economic structure of socially-owned, worker-controlled firms in a competitive market. The model has neither capital markets nor labor markets in the usual sense. Although workers control their own jobs and workplaces, productive resources would become the collective property of society and there is social control over investment through the allocation of the economic surplus at various levels.

Economic Democracy seeks to give workers and local communities greater participatory autonomy, allowing them to more fully influence decisions and shape rules that impact their economic lives. Real-world examples of some of the key institutions of Economic Democracy include the Mondragon network of worker cooperatives in Spain, the practice of worker self-management in the former Yugoslavia, and public and cooperative banks in Germany and in North Dakota.

Economic Democracy's mix of enterprises would be dominated by publicly-owned firms that are leased to workers to manage and operate. Capitalist entrepreneurs would still have a role under this model in encouraging creativity and innovation in industry, and the creation of new firms, but would be kept in check by key features of the institutional relationships and design. Small private businesses could be sold to other individuals, but larger firms would have to be sold to the state, which would then turn them over to their workers to self-manage, thus setting a limit on the size of capitalist firms.

Similarly, financial speculation would be taken out of the hands of private interests by imposing a flat rate property tax on all businesses (called a capital-assets tax), which provides revenue for a national investment fund. The wealth thus generated is the source of investment, distributed in the first instance by the national legislature for projects that are national in scope, then divided among regional legislatures based on population per capita, and finally communities (also based on population per capita) to be allocated locally by public

investment banks. This public ability to deliberate on investment allocations ensures that choices will be made that benefit people and planet.

A key impact of Economic Democracy on the lives of workers and families is that unemployment will be a thing of the past. Full employment would be instituted, with the government as an employer of last resort. More wealth will be enjoyed by households, who share in the profit earned by cooperative enterprises. The income differential within an enterprise will decrease from a ratio of 3,000 to 1 (as found in most of today's corporations) to 10 to 1. Continued advances in technology will increase leisure time for workers—potentially fulfilling Keynes' prophesy that we'd enjoy three-hour work shifts or a 15-hour work week by 2030.

In Schweickart's estimation, Economic Democracy would be implemented gradually by nation states through a nonviolent restructuring of existing labor and capital market institutions. Poverty would be eliminated as increased government coffers fund expansive social services for the population, including free health care, childcare, and education. Social movements have a key role to play in realizing this model. Already, capitalism suffers from a deep legitimization crisis. To push us towards the "next system," a mass movement must articulate a powerful vision. Such a "counterproject," Schweickart argues, would challenge the "unjust, unstable, and unsustainable globalized world-system we now inhabit" in favor of embracing "all of the emancipatory movements that are struggling to bring about a just, caring, sustainable world in which all may flourish."