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Economic Democracy for a Post-Occupy World. *Review of After Occupy: Economic Democracy for the 21st Century* by Tom Malleson.

Politics is probably the only domain of human inquiry in which astute observations about existing problems are sneered at if they don't also provide immediate and comprehensive solutions. The Occupy movement of 2011 is perhaps the most glaring example of this. Though well-motivated and inspirational to countless globally, the overall direction of Occupy, Tom Malleson notes, was 'vague', its goals 'unclear' and its vision 'opaque'. In *After Occupy: Economic Democracy for the 21st Century*, he attempts to address these shortcomings. Taking the lack of coherent alternatives produced by the Occupy movement as its starting point, the book argues, with care and insight, that democracy should be extended to the economic, and not just the political, arena, and it examines the benefits and drawbacks of democratising three major aspects of the economy: the workplace, the market, and finance and investment.

After Occupy is empirically focused and non-dogmatic, with Malleson's approach – which he terms 'radical realism' – most closely resembling the aggressively pragmatic radicalism Norman Finkelstein uses in dealing with the Israel-Palestine conflict. Malleson's proposals for Economic Democracy (ED), he writes, share 'the greatest affinity with certain strands of anarchism', but *After Occupy* differs from a typical anarchist text in that its focus is on the potential costs, trade-offs and risks of democratising the economy. ED has also been advocated via the Auroux laws facilitating *autogestion* in France, Tony Benn's calls for industrial democracy in Britain, and proposals for 'balanced job complexes' in the US, through which workers share demeaning and unfulfilling tasks. But Malleson, like Michael Albert, who proposes the latter, is not calling for a system in which every individual (exhaustively) has a say over every investment decision. Rather he advocates a system in which 'the people who are making these decisions are accountable in a democratic manner to the people principally affected by such decisions'. A guiding principle of ED is that control rights stem not from ownership but from labouring, as Robin Hahnel and Erik Olin Wright have discussed more recently in New Left Project's ebook *Proposals for a Democratic Economy* [http://www.newleftproject.org/index.php/site/article_comments/alternatives_to_capitalism_proposals_for_a_democratic_economy].

When discussing the infamous differences between Marxism and anarchism, Malleson allies himself closely with Bakunin, Kropotkin and the left-Marxists Bernstein, Pannekoek and Castoriadis, distancing himself from Marx, Engels, Lenin and Trotsky. Anarchism, for Malleson, has 'the most affinity with economic democracy'. *After Occupy* points to Marx's 'authoritarian undemocratic side', found among other places in his 1850 'Address to the Central Committee of the Communist League', in which he argued that workers must 'strive for … the most decisive centralization of power in the hands of the state authority' and 'must not allow themselves to be misguided by the democratic talk of freedom for the communities, of self-government, etc'. Likewise, Malleson argues that many Marxists have ignored what he calls Trotsky's 'brutal implementation of the militarization of labour … organizing industry along military lines, strictly hierarchical and intensely disciplined'.

Following Naomi Klein's *The Shock Doctrine*, Malleson offers the case of post-Apartheid South Africa to demonstrate what happens when (mild) political democratisation meets private economic power, in the form of major corporations. Corporations, for Malleson, are structures of unaccountable economic power which are ‘fundamentally undemocratic’ and are thus ‘remnants of feudalism’. Societal subservience to corporations has everyday repercussions such as ‘yelling bosses’ and ‘managers who act like petty tyrants’, while people are forced to work in hierarchical workplaces because of ‘material pressure, cultural pressure, and lack of alternatives’. The book suggests, in archetypally anarchist fashion, that ‘one must be critical of concentrated power wherever one finds it’ – or, as Russell Brand recently put it to Owen Jones; ‘I think wherever power concentrates it creates a dickhead’ [https://www.youtube.com/watch?v=PMke9749FoE].

The workplace

The notion that the Western neoliberal states are ‘democracies’ is ‘deeply ingrained in our identities’, but for Malleson this is false: ‘Workers do not elect managers of their firms. Bankers do not allocate finance with any accountability to the communities in which they operate. Investment decisions are not made with any participation of the citizenry’. He argues therefore that workplaces should be transformed into cooperatives, finance should be democratised through capital controls and the creation of Public Community Banks, while investment should be democratised via public investment methods. This would amount to ‘market socialism’, in contrast to the state socialism of the Soviet Union. Co-ops benefit among other things from increased motivation and smoother coordination, stemming from profit sharing and reduced alienation.

Co-ops, which have long been criticised by orthodox Marxists, benefit from, among other things, increased motivation and smoother coordination, stemming from profit sharing and reduced alienation. Malleson notes that ‘what democratic firms lose in terms of motivation from fear of the boss and the single-minded obsession with profits, they gain from the reduced demoralization, increased trust, and improved motivation of being one’s own boss’. Mondragon workers, for instance, compared to workers in a conventional capitalist firm, elect their managers, participate in decision-making, and enjoy greater wage equality and secure jobs. But in order for co-ops to be genuinely democratic Malleson reasonably claims that they must have as members a ‘significant majority’ of their workers, otherwise they are more like ‘capitalist partnerships’.

The most developed and sophisticated example of a co-operative society is the Emilia Romagna region of northern Italy, one of the richest regions in the country. There 8,000 co-ops account for 40% of the region’s GDP. Twenty-four percent of the population works in, or belongs to, co-ops, which dominate agriculture, transport, food processing, retail, and machine production. After exploring case studies including Mondragon and La Lega, Malleson concludes that ‘cooperatives operate with levels of economic efficiency that are comparable, if not superior, to normal capitalist firms’. Indeed, unlike capitalist firms, co-ops have a ‘human response to recession’ (e.g. mid-1970s-1984, 2008) by cutting prices, engaging in large-scale reinvestment, and reducing wages in the long-term, rather than laying off workers en masse (*à la* Barclays).

Whilst Marxists object that co-ops are purely group-capitalists concerned with profit, Mondragon has led to ‘decades of positive externalities’ to its communities. Malleson mentions the ‘discrimination against worker-ownership’ co-ops face from banks when trying to lend, but doesn’t explore this any further. This topic is worth another book in itself, and it would have been useful to at least supplement the empirical assessment of co-ops with an account of the obstacles they face.

Still, not all places are fit to be worker co-ops, namely the public sector or areas of high capital intensity. In these cases, 'some broad type of co-management seems appropriate', rather than having school curriculums decided entirely by staff and excluding the decisions of the wider public, who plainly have an interest in what children are taught. Qualifying slightly, it's also possible to have schools and hospitals run as collectives but forced to meet certain state-defined objectives. Correspondingly, high capital intensive domains such as oil and pharmaceuticals should be co-managed rather than co-owned, Malleson argues, simply to avoid the effects of a small group of workers taking over multi-million dollar firms, leading to a new form of inequality.

The market

Malleson notes that 'markets' are not synonymous with 'capitalism', since a market system can operate without capitalist property relations, where the firms are co-ops and finance and investment are provided through public institutions. Since the contemporary corporate-dominated state-capitalist market is neither 'free' nor purely 'capitalist' (as Ellen Wood and Karl Polanyi noted), Malleson opts for the term 'market-state complex' to describe our current political economy. The market, he notes, is in fact embedded in the state in various ways, with different levels of integration being termed 'communist' or 'capitalist' for largely ideological reasons, irrespective of actual level of state involvement.

Unlike many leftist economists, Malleson, sees democratic potential in the market, his approach falling somewhere in-between Blair Hoxby's odes to the market as 'the wisdom of God' and Michael Albert's dramatic condemnation of it as 'the single most horrendous and destructive creation of humanity in all of history'. A central thesis of the book is that 'a democratic economy requires a regulated market system'. Malleson puts asides concerns over asset bubbles and focuses on the failures of the market which undermine its democratic potential. Markets, he observes, respond to 'dollars, not people', citing the case of Pfizer, who in 2000 developed zero drugs for TB (which kills two million poor people annually), but eight drugs for impotence and seven for baldness, attending to the concerns of its wealthy investors and customers.

A democratic market would demand approximate material equality so people's money had roughly equal 'voting' power. Taxation systems would thus be needed to redistribute wealth generated by ordinary market processes. Market prices would also have to be close to create 'accurate reflections of social costs and benefits' and thereby to reflect population demand. Aside from this, negative externalities (pollution, etc.) would need to be taxed, and positive externalities subsidised. Crucially, the barriers to achieving this kind of market democracy are 'practical but not inherently institutional', Malleson notes. The real barriers are the usual ones: power, class and ideology.

The financial sector

Malleson dedicates the last third of the book to the question of finance and investment. He prefaces this section with the observation that 'when left-wing regimes have been democratically elected in the past, they have tended to get immediately battered and bruised by the economic fallout from those who control finance and investment'. The fundamental reforms discussed by Malleson which have the potential to bring about ED are capital controls (enhancing popular sovereignty), a Tobin Tax, public community banks, democratised pension funds, participatory budgeting (as seen in Porto Alegre and Ipatinga), expanded credit unions, and public investment rooted in local communities.

More generally, promoting full employment, as Kalecki's 1943 essay 'Political Aspects of Full Employment' noted, undermines the disciplinary power of employees, most notably through undermining the threat of the sack, allowing workers to bargain more forcefully. For Malleson, finance should be seen as a public service, not a game of private speculation. It is in this vein that Malleson discusses Schweickart's proposal in *After Capitalism* to abolish private banks and stock and bond markets, replacing them with a system of public banks. These would be democratically accountable, non-profit institutions which exist to lend money according to three criteria: profitability, employment creation, and other municipal priorities.

Currently, the closest approximations to public community banks are state banks and credit unions. Malleson notes that the latter have 'somewhat less' democratic potential in comparison with the former, since credit unions are not able to lend to the very poorest, a move which is too risky for certain money-making schemes. So when parts of Occupy called for money to be taken out of private banks and put it into credit unions, these increased funds ironically only led the credit unions to transfer more savings to private banks and government hands, where 42% of their assets were. Malleson concludes that there are no *a priori* or even practical reasons why the public nature of state banks could not be combined with the accountability of credit unions via some type of advisory committee.

The suggestions of *After Occupy* are by no means unfeasible. In 1945, the Labour government established the Industrial and Commercial Finance Corporation after mainstream banks had consistently refused to invest in British industry during the Great Depression. Then in 1968, Harold Wilson's Labour government set up Girobank after high-street banks refused to serve the working-classes. Girobank was ultimately more successful than its banking competitors, and re-establishing such public banks would counter state support for the numerous criminal banks so far bailed out.

Malleson distinguishes between models of society as blueprints and as compasses, the former being didactic and precise, the latter flexible and general. The philosophy and reforms he presents fall somewhere in-between the two. Through its empirical scope and revolutionary ambition, *After Occupy* does for political science what Steven Keen's *Debunking Economics* did for finance. His emphasis on the trade-offs of democratising the economy make him an important and original voice in contemporary radical economics.