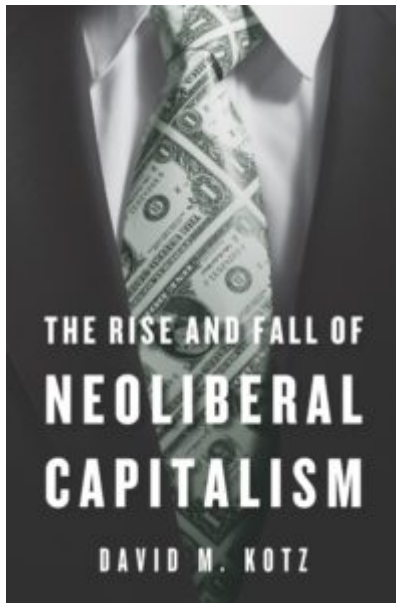


Green Social Democracy Offers The Most Viable Path Toward A Sustainable Future



The coronavirus pandemic has created both a public health and an economic crisis in the United States. More than 300,000 people have died of COVID-19, with excess deaths highest among Black and Latinx populations. Hospitals across the country have passed the breaking point. And millions are struggling to eat and pay the rent. Yet, the stock market is hitting record highs and the [super-rich are getting even richer](#) in the midst of the pandemic. Yet, there is no talk among the elites of meaningful reforms, even while the climate change is driving the planet to tipping points.

In the interview that follows, David Kotz, economics professor at the University of Massachusetts Amherst, argues that radical change is the only hope for a sustainable future and advocates a blueprint based on the vision of a “green social democracy.” Kotz is the author of scores of articles and books, including *The Rise and Fall of Neoliberal Capitalism* (Harvard University Press).

C.J. Polychroniou: David, we are again in the midst of yet another capitalist crisis, yet the stock market is at a record high. How could this be when the economy is weakening and so many Americans are struggling?

David Kotz: The performance of the stock market is not a good indicator of the health of the economy. It is driven by expected future profits of corporations and future dividend payouts, which cannot be known with any certainty. At times the stock market is affected by purely speculative factors; that is, the belief that if stock prices have been rising recently then they will continue to rise in the future, which can lead to a self-sustaining upward spiral in stock prices.

On March 1, 2020, just before the pandemic began to shut down the U.S. economy, the ratio of price to corporate earnings for the Standard and Poor’s 500

corporations was 22.80, yet after some nine months of pandemic economic crisis, it had risen to 37.08 on December 11, 2020. While the majority of the population has suffered financially during this period, the rich, who do most of the stock market investing, have been doing fine. Large corporations have been taking actions that boost their stock price, such as buying back their own shares at a historically high rate and making large dividend payouts — actions that do not indicate economic health of the economy. While U.S. corporate profits fell by 20 percent in the second quarter of 2020 compared to six months earlier, dividends fell by only 5 percent.

The United States is the richest country in the world, but its distribution of wealth is more unequal than in any other country in the advanced industrialized world. Why is that?

An unmodified capitalist economy generates a very high degree of inequality of income and wealth, as the owners of companies and other forms of property are able to take most of what is produced by working people. However, inequality can be reduced when workers have strong trade unions through which they can claim a larger share of what they produce. Inequality can also be reduced by several kinds of government interventions, including income maintenance programs, progressive tax systems, minimum wage regulations, provision of essential goods and services for free or at reduced cost, and not least, fiscal and monetary policies that promote a low rate of unemployment. A low unemployment rate increases labor's bargaining power and particularly benefits workers who are at the low-wage end of the working class.

The labor movement in the U.S. historically has been weaker than in other developed capitalist countries. Among the reasons for this are the following: 1) the ethnic and racial diversity of the U.S. working class, which has made it more difficult for all workers to combine in struggle against employers; 2) the rapid population growth in the U.S. in the period when capitalism was developing in the late 19th and early 20th centuries, which created significant opportunity for workers and their children to rise in the class structure; 3) the U.S. capitalist class put up very determined resistance to labor unions, including the use of violence; and 4) American culture is relatively individualistic, which makes it more difficult for workers to engage in collective action.

For the same reasons cited above, the U.S. is the only developed capitalist

country in which a working class-based socialist political party has never achieved major party status. In other countries such parties have played the major role in the enactment of government programs that reduce inequality. In the U.S., the Democratic Party has in some periods played a somewhat similar role, but that party is not a workers' party but rather represents parts of big business and parts of small business as well as working people. The result has been much weaker government programs that reduce inequality.

You are an advocate of "green social democracy." What exactly is "green social democracy," and what sort of policies can be expected from a green social democratic state with regard to addressing economic concerns and the environmental challenges facing the planet?

Since around 1980, a neoliberal form of capitalism has prevailed in the U.S. and in the global capitalist system. Under that form of capitalism, capitalists have been left relatively "free" to pursue profit in any way they wish with few constraints from trade unions or government. Neoliberalism has brought a whole series of retrograde trends. Among them are a very high degree of inequality; lack of access to affordable housing and health care for a substantial part of the population; the runaway cost of post-secondary education to students, who graduate with a burdensome level of educational debt; the casualization of jobs as the number of stable, well-paying jobs with good benefits has shrunk rapidly; and not least, the threat to the future from global climate change.

Neoliberalism has no longer been viable since the financial crisis and Great Recession of 2008, as I argued in my book *The Rise and Fall of Neoliberal Capitalism*. As a result, a change in direction is likely in the near future. A shift to green social democracy could potentially resolve the big economic problems we face at this time. Social democracy refers to a form of capitalism in which government programs assure a comfortable life for all working people. Specifically, social democracy would provide guaranteed access to affordable health care as a right; programs to provide decent affordable housing for all; free public higher education and free early childhood education; a guarantee of workers' right to join a union; generous sick leave, child care leave, and retirement pensions; and a government program to provide a job to any worker who does not find one in the private sector.

The green part of green social democracy means going beyond what social democracy has meant in the past. The deadly threat of global warming requires a very large public investment to rapidly move toward zero greenhouse gas emissions. This would require major transformations in the systems of energy, transportation and production, as well as the retrofitting of residential and commercial buildings to make them energy efficient. Such a program fits well with the traditional policies of social democracy, and it would create many well-paying jobs.

A transition to a period of green social democracy is possible in the near future in my view. Several forces are pressing in that direction: the continuing stagnation of neoliberal capitalism, the pressing danger of global climate change which even threatens the bottom line of big corporations, the continuing radicalization of young people which could get “out of control” if progressive reforms do not emerge, growing recognition of the need to combat institutional racism, the continuing anger of many working people at their worsening conditions. If a period of green social democracy emerges in the next five or 10 years, we could see significant progress against global climate change and improvement in the lives of working people, young people and people of color.

However, green social democracy is not the only possible new direction at this time. Another possible but not promising new direction is an authoritarian nationalist regime. In my view, which direction emerges will be determined by struggles among various classes and groups in the coming period.

The word “socialism” has been something of a taboo in U.S. political culture, but millennials are drawn to socialism because of all the economic and social ills associated with the workings of neoliberal capitalism. Does socialism have a future in the United States?

A transition to socialism would mean a more thoroughgoing change than the modifications of capitalism that arise under social democracy. A socialist system is one in which economic decisions are made by and for working people to satisfy the wants and needs of people, rather than economic decisions being made by wealthy owners of companies and wealthy investors whose aim is profit. Social democracy would leave the ownership structure of capitalism in place, while taxing and regulating the capitalist class and removing some potentially profitable activities from the private to the public sector. The rich would be less rich but still

rich, and they would still be powerful. Under socialism there is no class of wealthy and powerful owners of productive property.

Support for socialism arises from the oppression of working people under capitalism. It is not surprising that the particularly oppressive conditions brought by neoliberal capitalism have also renewed interest in socialism. This has happened to the greatest extent among young people, who are usually the most open to previously taboo ideas and who also have suffered greatly from the trends of neoliberal capitalism.

A move to socialism is obviously not on the political agenda at this time, in the U.S. or elsewhere among the developed capitalist countries. Socialism will move onto the agenda only if a mass-based socialist movement arises that is determined to move beyond capitalism. While the leading socialist organization in the U.S., the Democratic Socialists of America (DSA), has grown from 8,000 members in 2016 to over 80,000 today, so it is not yet a mass organization in a country of some 330 million people. A period of green social democracy, which is a possible near-future course, would provide favorable conditions for further expansion of the socialist movement. Such an expansion is not out of the question given that [about half](#) of people aged 18 to 39 have expressed a positive view of socialism in several surveys in recent years.

Green social democracy might be able to slow global warming sufficiently to postpone disaster for a time. However, capitalism, with its powerful drive to produce more and more commodities without limit, may in the end be incompatible with a natural environment with limited resources and a limited capacity to safely absorb the waste products of commodity production. A transition to socialism — a system that can bring rapid growth in output but whose economic institutions do not compel ever-increasing production — might be the only way human society can survive and prosper in the long-run.

Also, history shows that no form of capitalism works effectively indefinitely. Like the earlier institutional forms of capitalism, green social democracy has contradictions that will eventually bring a period of serious economic crisis. Big business can accept a period of active government regulation for a time when it must, but it chafes under the restrictions on its drive to gain profit by any means necessary that are part of green social democracy.

In such a future crisis, big business would undoubtedly fight for a turn toward a new version of neoliberalism, aided by the rediscovery of old works by Milton Friedman and Friedrich Hayek. If a mass-based socialist movement develops by that point, it may be able to lead society in a move beyond capitalism.

If a future socialism does come to the U.S., it would have to be informed by the lessons of the 20th century attempts to construct socialism, in the U.S.S.R. [Soviet Union], China, and elsewhere. The key lesson is that socialism, to live up to the vision of its founding theorists, must build democracy into its core institutions. A socialist system is one in which working people, not a small ruling elite, have the power to make economic decisions. A top-down, repressive version of socialism is not a viable or desirable model for the future, a version that in the end self-destructs as happened in the U.S.S.R. in 1991 when a majority of its ruling officials realized that a transition to capitalism was the best way to enlarge and legitimize their privileges. Democratic socialism is the only system that can bring a satisfying and secure future for all in an environmentally sustainable manner and without the prospect of a future overthrow by a wealthy class waiting for its chance to bring back the past.

This article has been lightly edited for clarity.

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