Beyond Capitalism and Socialism: The Communitarian Alternative

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ABSTRACT
A typology of generic and normative criteria for analyzing economic systems is offered which draws on the literature of the New Economics. This is used to evaluate capitalism and socialism, and to posit the characteristics of a new economic system. Following this, a sketch of the intellectual and theoretical roots of the communitarian alternative is presented. Finally, some of the opportunities and constraints and strategic considerations, related to the fulfillment of this “third way”, are explored with specific suggestions for action.

Keywords
Capitalism, Socialism, Communitarianism, New Economics

As academics and social change activists, we are confronted with a paradox. On the one hand, capitalism is wreaking social and ecological havoc throughout the world; on the other hand, it still commands the ideological allegiance of many, particularly in the advanced industrialized countries. One of the major obstacles to its supercession is the absence of a viable alternative. As Lux and Lutz write, “[it] has historically been the case that until a successful new vision of something has been articulated, people will not be able to leave the old vision” (1988:2).

Socialism is not, and cannot be that alternative. “Any promise that socialism, in at least its Marxist variety, has held out as the ennobling alternative vision has been largely dashed by results, if not by failures in its theory” (Lux and Lutz, 1988:1-2). In this paper, we will briefly explore the incapacities of both capitalism and socialism and attempt to trace the outlines of a third alternative, what we call “communitarianism”. To facilitate our discussion of the communitarian alternative, a framework for reviewing normative principles, general and specific characteristics of the three economies is presented. In constructing this framework, we have drawn on the wide range of literature analyzing capitalism and socialism and on the New Economic critique.

The communitarian alternative is derived from a growing body of literature which addresses the common social, political and economic crises arising from growth-oriented capitalism and socialism. Our evaluation of these two systems (and their ideologies, which have comprised the dominant discourse of the twentieth century) focuses on economics. It represents the authors’ assimilation of general principles which repeatedly appear in some form in the New Economic and alternative development literature. As with most changes in society, the communitarian alternative is evolving simultaneously on the ground (Shiva, 1988; Wismer and Pell, 1981; Ariyaratne, 1985) and in the theoretical realm (de Romaña, 1989a,b; Daly and Cobb, 1989; Ekins, 1986; Gal tung, 1980; Robertson, 1983; Ross and Usher, 1986; and Schumacher, 1973). It is not a complete model as yet, but represents an evolving economic vision based on specific principles derived from theory and practice. Although our discussion focuses on economic princi-
monopoly capitalism. Drewnowski (1961) described degrees of socialism in his theory of the economics of attributes that characterize all economic systems. Inter-socialism.2

systems. On the one hand, we have identified six generic attributes of capitalism and socialism. However, we are treating North American Capitalism and Soviet Socialism (as it has existed until recently) as our representative types.

The following definitions of capitalism and socialism are ideal models to which the North American and Soviet economies have aspired.1 According to Heilbroner (1980a:274-5), the two essential characteristics of capitalism are: 1. the right to private ownership of the forces of production whereby owners may withhold the services of productive property — capital, land, and workers' skills (capital is the crucial ownership relation since it is used to guide production toward profit); and 2. the fact that "Capitalism relies primarily on the market system, not only to allocate resources among various uses but also to establish the levels of income (such as wages, rents, profits) of different social classes". 

Heilbroner quotes Sweezy on the socialist ideal which denies the right of private ownership of the means of production and reserves ownership to public bodies. He adds that socialism depends primarily on planning for allocation of resources and distribution of income.

The convergence of capitalist and socialist forms of economy is evident in the global variations on these ideals. Galbraith, in The New Industrial State (1967) called attention to the expanding role of the state in monopoly capitalism. Drewnowski (1961) described degrees of socialism in his theory of the economics of socialism.2

We have taken a dual approach in analyzing economic systems. On the one hand, we have identified six generic attributes that characterize all economic systems. Inter-

A FRAMEWORK FOR EVALUATING ECONOMIES

The New Economics is an attempt to rethink economics as a discipline, and is premised on the assumption that neoclassical economics is too flawed to serve as a guide to restructuring how human beings relate to each other and to the planet. One of the most complete expressions of this perspective is found in Ekins (1986), a volume of articles based on presentations delivered at the meetings of 'The Other Economic Summit' (TOES).

Though the New Economics represents a fundamental paradigm shift, its roots can be found in ancient Greek thought, in the work of the physiocrats, in socialist and anarchist thought, and in the institutional and substantive schools of economic theory. It also owes a great deal to the writings of the late E.F. Schumacher, and is closely associated with the emergence of the international green movement.

In reviewing capitalism and socialism from a New Economic standpoint, we are mindful that there are many variants of capitalism and socialism. However, we are treating North American Capitalism and Soviet Socialism (as it has existed until recently) as our representative types.

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We have taken a dual approach in analyzing economic systems. On the one hand, we have identified six generic attributes that characterize all economic systems. Inter-related with these, we have developed six normative criteria for evaluating their performance. In this way, we are emphasizing the importance of comparing normative goals for an economy with features of capitalism and socialism as they exist in reality. The New Economic critique brings to light the values inherent in these systems and, in line with Gandhian economics (Ross and Kanthi, 1983), emphasizes the need to rethink the relationship between moral issues, humanistic and environmental goals and economic institutions.3

Our normative criteria are essentially a distillation from the New Economic literature. The New Economic critique is focussed on six main points: the definition, and fulfillment, of needs; the impact of existing economic structures on the nature of work; the impact of these structures on democracy; the impact on environment; the role of the whole economy (including informal and non-monetized sectors); and the impact of economies on culture. These normative criteria can be correlated with generic attributes as follows: need/ mechanism of distribution; work/relations of production; democracy/ mechanism for the allocation of resources; environment/ valuation of nature; whole economy/valuation of autonomous sector; and culture/relationship of economy to society.

Any search for a communitarian alternative must take into account not only normative goals, but also functional performance. Socialism purports to put need before profit but, because of structural inefficiencies, often fails to "deliver the goods". Although a fully fleshed-out model of communitarianism does not yet exist, the chart which follows (Figure 1) attempts to give an overview of the characteristics of, and differences among, the three systems.

Notwithstanding the deficiencies of capitalism and socialism reflected in Figure 1, these economic systems do fulfill certain generic functions. Capitalism is responsive to consumer demand. Socialism on the other hand, is better at ensuring equitable distribution of basic necessities. Capitalism, by allowing private ownership, encourages entrepreneurship and innovation, though few new businesses survive. Public ownership of the means of production, as exists under socialism, potentially allows for the use of society's resources for the benefit of all, but since everyone has the status of an employee, this can discourage initiative. Social control over allocation enables resources to be shifted where the need is greatest; at the same time, this can produce economic bottlenecks and inefficiencies. Capitalism ensures a greater diversity and quality of products.

INTRODUCTION TO THE THIRD ALTERNATIVE

The New Economics, at the most basic level, can be understood as the search for an alternative to capitalism and socialism. There is considerable debate about whether the ideas put forward by the new economists are in fact "new". Ever since capitalist industrialism, and its socialist
variant, came on the scene they have been the target of criticism by those who see in them not simply an economic system, but a whole world-view characterized by mechanical materialism, positivism (to a lesser extent with socialism), utilitarianism, and a belief in “progress” and “development”.

The New Economics challenges not only the effects of these systems, but also their ideological underpinnings, and posits in their place an ecological view of “humanity-in-nature”, the inseparability of facts and values, a belief in the multi-dimensionality of human nature, and a refusal to define “development” in exclusively material (and mainly Eurocentric) terms (de Romana, 1989a; Hunt, 1989; Lux and Lutz, 1988). In doing so, this alternative model is built on a legacy of anti-capitalist (and anti-industrial) sentiment that stretches back to the enclosure of the commons. A further influence is the legacy of Catholic social thought. Summarizing the work of the Catholic economist, Heinrich Pesch, Richard Mulcahey writes:

Individualism sees in society no real unity. What it calls “society” is a mere mechanism, the interplay of the actions of individuals seeking their own ends; or it is a mere sum of economic relations. It postulates a natural order based on unrestrained freedom, on whose unhindered effect the welfare of all depends. The national economy is viewed as a sum of isolated units, which are bound together only by mere exchange relationships. In socialism, the concept of the unity of society is distorted. The collective society which it requires presents the unity of “oneness” rather than a union of the many. The individual is only an “associate”, not an autonomous personality. (Quoted in Daly and Cobb, 1989:16)

The issue of establishing a new balance, and relationship, between the individual and society is a central problematic for the New Economics. Indeed, we have chosen to call the third alternative “communitarian”. Many of the critiques of traditional economics, both capitalist and socialist, have focused on the erosion of community occasioned by the variants of industrialism. In the West, the growth of capital and the growth of the state have gone hand-in-hand. The birth of the capitalist system in England was aided and abetted by the state through the enclosure laws and other sanctions against the poor (Weaver, 1984).

Having served as capitalism’s midwife, the state was next called into service to “pick up the pieces” from the social devastation wrought by the destruction of rural communities and the atomization of the populace. As primary networks dissolve, the state has had to assume many of the social welfare functions formerly performed by communities and extended families. This has served to further eviscerate and enervate community. As Martin Buber has pointed out, the effect of capitalism has been to corrode the very “cell-tissue” of society.

Severyn Bruyn has written, “if the oppressive conditions of feudalism led to a quest for freedom and individuality, the conditions of capitalism [have] led to a quest for community and social justice” (1987:9). Bruyn, who shares with us a belief in the necessity and viability of a third alternative, sees this alternative as being comprised of six elements: community land trusts, worker co-ops, community financial institutions, consumer organizations, community development corporations, and industrial trade associations subject to community and public pressure — all operating in a modified market environment (1987:11-22). We think Bruyn underestimates the ability of capitalism to subvert “alternatives” and to emancipate itself from various social and political restrictions; nonetheless, we think he is pointing us in the right direction: towards a rebirth and recovery of civil society. If capitalism is predicated on the market, and socialism on the state, the third alternative must be predicated on the re-establishment of society’s cell-tissue and the notion of political community (Friedmann, 1987).

The great “transformation” occasioned by the development of capitalism (and, to a certain extent, of socialism) was that “instead of economy being embedded in social relations, social relations became embedded in the economic system” (Polanyi, 1957:57). Short of revolution (which does not seem imminent), the way forward would seem to lie in reviving civil society, seeking gradually to “surround” the economy, with the eventual aim of re-assimilating it back into the “body politic”. The measures we recommend in the concluding portion of this paper are aimed at making modest contributions to the recovery of political community. They assume a Canadian context; some are appropriate to the local level, some to the regional, and some to the national. Before moving on, however, we need to discuss the theoretical and practical significance of the “autonomous” sector of the economy.

THE SEEDS OF NEW ECONOMY: THE AUTONOMOUS SECTOR

If capitalism privileges the corporate economy, and socialism the “public” economy, the New Economics accords a central role to what Alfredo de Romana has termed the “autonomous” economy (1989a:47). Aristotle was the first to distinguish between oikonomia (household management) and chrematistike (trade for gain). Both Daly and Cobb (1989:198) and de Romana (1989a:27) make reference to this distinction. Following Aristotle, it can be said that, under the guise of the supposedly “natural system” of economics, chrematistike is engulfing oikonomia. Modern economies have apparently done away with the need for household production which has historically been characterized by longer time horizons, a concern for community, an emphasis on concrete use-values, and limited accumulation (Daly and Cobb, 1989:139).
## A Juxtaposition of Normative Principles and Specific Characteristics of Economic Systems

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<td>• allocation of goods and services</td>
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<td>promoting Democracy</td>
<td>Mechanism for Allocating Resources</td>
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<td>Conserving Environment</td>
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<td>• utilitarian view of &quot;natural resources&quot;</td>
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<td>• resources treated as income, not capital</td>
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<td>Cultivating &quot;Whole Economy&quot;</td>
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<td>• labour-power still a</td>
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<td>Preserving Cultural Diversity</td>
<td>Relationship of Economy to Society</td>
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<td>• urban-industrial perspective dominates</td>
<td><strong>Communitarianism</strong></td>
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<td>• products and advertising</td>
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**Figure 1**: A juxtaposition of normative principles, and general and specific characteristics of economic systems
In defining an "autonomous" sector, de Romana follows others who have sought to reveal the existence of the "whole economy" (Ross and Usher, 1986; Ekins, 1986). The importance of identifying activities that have been invisible in the past lies in the fact that many government programs are biased in favour of the formal economy and, by encouraging large corporations, put co-operatives and small businesses (not to mention household-based activity) at a disadvantage. The unseen impacts of policy on exchangeless production are seldom taken into account.

Loosely labelled the "informal" sector (with the clarification noted below), the activities in question run along a continuum from small-scale business through community-based co-operatives, to mutual aid and household production. Such activities are characterized by the fact that they are relatively self-reliant and do not depend on large infusions of capital. Quite often, these activities are not measured in Gross National Product (GNP). Despite a tradition of neglect, there is increased interest in the informal sector in the countries of the Third World and in isolated areas such as the far north in Canada. Governments have gradually been forced to take notice of a sector that offers hope for social and economic revitalization. Yet, all too often, support for the informal sector continues to be viewed as a form of social welfare, instead of an alternative mode of production.

In an effort to lend more precision to theoretical definitions, de Romana (1989a) has offered the following typology of that portion of the economy not subsumed by corporate activity and the state. The autonomous sector is comprised of the informal sector and vernacular activity. As the self-reliant realm, it represents useful employment that creates organization while avoiding or minimizing dependency on capital investment. It encompasses specific forms of activity, knowledge and accumulation (personal and community capital).

The vernacular realm is the sphere of life sustained by cashless use-values. It includes auto production (i.e. housework, repair work, informal teaching), mutual aid (often in the form of ritual such as house painting parties, ritual feasts) and spontaneous activities (mothering, hobbies). Monetization of these activities in Canada is extensive; consider the proliferation of day-care, professional counselling and group therapy.

The informal sector includes odd jobs, small business, and community organization. It is closely related to vernacular activities, being those that have been "cashed in"; produced partly or wholly in the non-monetary sector, they are tied to the market through exchange. These activities are creativity-intensive and rely on investment of personal drive, time and organization.

The centralization of the economy under both capitalism and socialism has been justified historically by the allegedly greater efficiency thus achieved. As noted earlier, the New Economics challenges not only the institutions of industrial society, but also its accompanying world-view. New economists have been joined by feminists, ecologists, humanists and religious leaders in their call for balancing economic considerations against the need to revitalize community. These groups have often argued for decentralization in decision-making and for the recovery of balance between national, provincial and local control; large-scale and small-scale industry; and "expert" and experiential knowledge. De Romana, in particular, has argued against the waste that results from central management of resources, and has suggested that balances should be sought in the following spheres: between vernacular, informal and industrial forms of employment; between vernacular, informal and industrial forms of capital; and between vernacular culture, informal knowledge, and engineered systems (de Romana, 1989b:155).

The ideology of "growth-ism" has given rise to development approaches in both the Third World (modernization strategies) and in industrialized countries such as Canada (regional development programs). At the local level, growth centre policies have resulted in a worsening of intra-regional disparities, and labour adjustment has meant the splitting up of families and the destruction of communities. Recently, the idea of endogenous development has led to a greater focus on locally-based development which takes into consideration entrepreneurial skills and community resources (Coffey and Polèse, 1985).

Bryant and Preston, for example, indicate the need to consider local priorities; however, the equation of development with growth is still reflected in their emphasis on maintaining a "realistic" attitude (1987:5-6), that is, recognizing that external factors ultimately set the parameters for local development. In contrast, a community-based development approach (Lockhart, 1987) places emphasis on self-reliance and small local industry. This people-centred development perspective offers possible solutions to the dilemma of "Boom and Bust" found in hinterland communities.

**STRATEGY AND TACTICS**

In general, the tasks confronting communitarians can be divided into three moments of struggle: the defensive, the transitional, and the radical. Defensive struggle involves defending vestiges of the informal economy (for instance, the right of the Innu of Labrador to carry on traditional subsistence activities in the face of growing militarization, or the right of family farmers or inshore fishermen to maintain a unique culture and way of life). Transitional struggle involves fighting for reforms which represent a transitional step between the status quo and a new economic order (for instance, the establishment of land trusts for the preservation of farmland or natural heritage areas). More generally, new economists need to caucus with one another, and with other "green" and social change activists, to develop a comprehensive corpus of transitional economic policies which can be counterposed to the pro-free trade and pro-business
agendas of the dominant parties. Its tenets would likely include community economic development, greater reliance on the "autonomous" sector, "full-cost" pricing of harmful commodities, implementation of the "polluter pays" principle, strict "truth-in-advertising" legislation, and stringent environmental controls over urban development.

The radical tasks consist of educating people about the incompatibility of existing economic arrangements with ecological sustainability and social justice. This must be done both in the realm of the particular — showing the disastrous consequences of auto-based transportation systems, for instance, in general terms, showing the incompatibility of a "grow-or-die" economic system with a finite planet.

FIGURE 2:
BARRIERS AND OPPORTUNITIES TO THE ESTABLISHMENT OF A COMMUNITARIAN ECONOMY

BARRIERS:
• growing globalization of the economy
• deepening ecological crisis making reconstruction more difficult
• growing homogenization and commodification of culture

OPPORTUNITIES:
• possibility that partial collapse of formal economy would encourage a turn towards communitarian models
• opportunity afforded by ecological crisis to demonstrate bankruptcy of existing economy
• growing "lifestyle rebellion" and cultural critique of life under capitalism (the growing dissatisfaction of homo economicus)

The main obstacle to a communitarian system is not the lack of theory or technique, but a lack of motivation (or what might be called "political will"). Systematic research needs to be conducted into the cultural prerequisites of successful economic alternatives. A cursory glance suggests that the most successful as, for instance, at Mondragon or among the Hutterites or Amish (and these are not without their flaws), occur when there is a strong consensus on goals and a shared cultural identity based on ethnicity or religion (Stohr, 1985). Except possibly in single-industry towns confronted with the prospect of economic collapse, a shift, in the short term, to alternative economic institutions will not come about as a result of self-interest, but out of a commitment to the land (as in the case of bioregionalism) or to one's community or culture (as in the case of Native people), or even to one's children, future generations, or to humanity, more abstractly conceived. Thus radical economic change will only come about in conjunction with cultural revolution, a process likely to be fuelled by the growing ecological crisis.11

Specific projects that communitarians might consider include the following. Community-based research institutions need to be established to popularize New Economic analysis and to evaluate the efficacy of different economic alternatives. De Romana's misgivings notwithstanding, attempts need to be made to quantify the contribution that the informal economy makes to the fulfillment of human needs as a basis for demanding fiscal policies and economic development programs that give due consideration to all sectors of the economy.12 In addition, we should popularize in a straight-forward, non-alarmist fashion the signals that point to a possible collapse of the formal economy and demand to know what community planners are doing to prepare for this eventuality.13 We should encourage the incorporation of "survival" (food-growing and preparation, building, and mechanical/fabricating) skills into the curriculum of all high schools and institutions of higher learning, as well as encourage the development of skills exchange centres. We should fight against urbanization of resource lands (such as farmland) which may prove essential to regional self-sufficiency in the event of a global crash. We should take advantage of concern about the environment to press for the creation of "sustainable development zones" where all land use planning and economic activity are geared to the sustainable use of existing ecosystems, and encourage cultural and economic diversity.14

In short, action is needed on a number of fronts, and we must have confidence that, as the crisis deepens and we begin to win the battle for public opinion, we will see a growing together of initiatives and will be able to attain a "beachhead" for the establishment of a new economic system.

ENDNOTES
1 More rigorous definitions can be found in Bottomore, et al. (1983:65-6,446). This historical perspective includes discussion of the industrial and monopoly phases of capitalism and the complicated debate over "really existing socialism". Elliott (1973:24) offers a characterization of classic capitalism and socialism.

2 Drewnowski emphasizes the influence of two sets of preferences at work, particularly in socialist states. He suggests that the nature of an economic system can be defined in terms of the zone of influence of individual preferences and of state preferences.

3 See Schumacher (1973:54) for a discussion of the concept of "meta-economics".

4 Heilbroner's history of economic thought (1980b: Chapters 3, 4, and 5) details the contributions of Ricardo, the Utopian Socialists, Owen and Marx to alternative economics.
In this, we can take some inspiration from anarchism, particularly, communist anarchism, which is committed both to freedom for the individual and to social justice and equality (Kropotkin, 1970). As Herman Daly and John Cobb have pointed out, the atomized individual or homo economicus of classical and neoclassical economics is a piece of intellectual fiction. Daly and Cobb make restoring the notion of "person-in-community" a centrepiece of their version of the New Economics (Daly and Cobb, 1989).

To arrest this trend, Schumacher (1973), de Romana (1989a), and Toffler (1981) have argued for an "optimization of scales" which would lead to a devolution of decision-making authority to the community level.

Buber writes:

society is naturally composed not of disparate individuals but associative units and the associations between them. Under capitalist economy and the State peculiar to it, the constitution of society was being continually hollowed out, so that the modern individualizing process finished up as a process of atomization. At the same time the old organic forms retained their outer stability, for the most part, but they became hollow in sense and in spirit — a tissue of decay. Not merely what we generally call masses but the whole of society [has become] in essence amorphous, unarticulated, poor in structure (1989:14).

Bruyn's position has some similarities with that of Daly and Cobb for their "third alternative" is really a modified version of capitalism. Daly and Cobb write: "if one dislikes centralized bureaucratic decision-making then one must accept the market and the profit motive, if not as a positive good then as the lesser of two evils. A third alternative (as opposed to varying mixes of the two basic ones) has not been identified" (Daly and Cobb 1989:48).

It may not be possible to dispense with the market as one of the mechanisms of allocation; however, as Magnus Ryner writes, the significance of the market is not so much the existence of markets per se, rather it is in the centrality of individual profit and of self-adjusting markets (as the only privileged points in economic discourse) that signifies a market system (Ryner, 1987: np).

In a communitarian society, markets might be employed in a limited way and private ownership might co-exist with collective and cooperative forms of ownership. However, these elements would no longer be allowed to constitute a system of domination.

We have to fight to create a "level playing field" for alternative economic institutions, which includes fostering a hospitable legal and financial environment. As de Romana says:

we will need to eradicate the pervasive structural bias of the legal framework in favour of industrial or accumulation-intensive systems, and to extend equal public support to all members of society and all forms of economic activity (1989a:41).

Bruyn (1987) argues against a reliance on the state for creation of the New Economic alternative, but clearly certain political reforms are necessary. These reforms can only emerge in an ideological climate which is receptive to the ideas of local and regional self-reliance, useful unemployment, and communitarian approaches to persistent problems of social welfare.

This bears on the old debate about whether "capitalism" is to blame for the ecological crisis or whether it is a product of "consumerist lifestyles". Clearly, the "consumerist lifestyle" (in the form of the private automobile and a bevy of toxic household products — to take just two examples) was "sold" to the public through manipulative advertising (Ewen, 1976). But, at the same time, people have come to equate the achievement of this lifestyle with their own personal goals and aspirations, allowing themselves to be blinded to the ecological and social implications of their lifestyle choices, and the system which created them. As Daly and Cobb (1989:373-4) note:

The development of this kind of perspective would lay the foundation for the attainment of "sustainable development". Only when people begin to value environmental quality and quality of life over mindless consumption and careerism will a New Economic strategy prove sufficiently appealing.

De Romana (1989a) discourages any attempts to measure the autonomous sector since he believes such attempts will lead to government intervention and control, in effect, a formalization of the autonomous sector.

There are numerous factors which point in this direction: high interest rates; the outstanding debt load of governments, corporations, and individuals (and associated capital shortage); the extraordinary costs involved in cleaning up a ravaged environment; the massive cost of replacing all the superannuated infrastructure which exists in many parts of the world; the impact of price shocks from artificially or naturally induced community shortages; the damage done to the stability of stock markets by buy-outs and speculation, and the weakness of key sectors of the economy, such as the North American auto industry.

The relaxation of tensions between the superpower blocs also provides an opportunity to struggle for the disposition of the so-called "peace-dividend" (Stone, 1990:132).

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