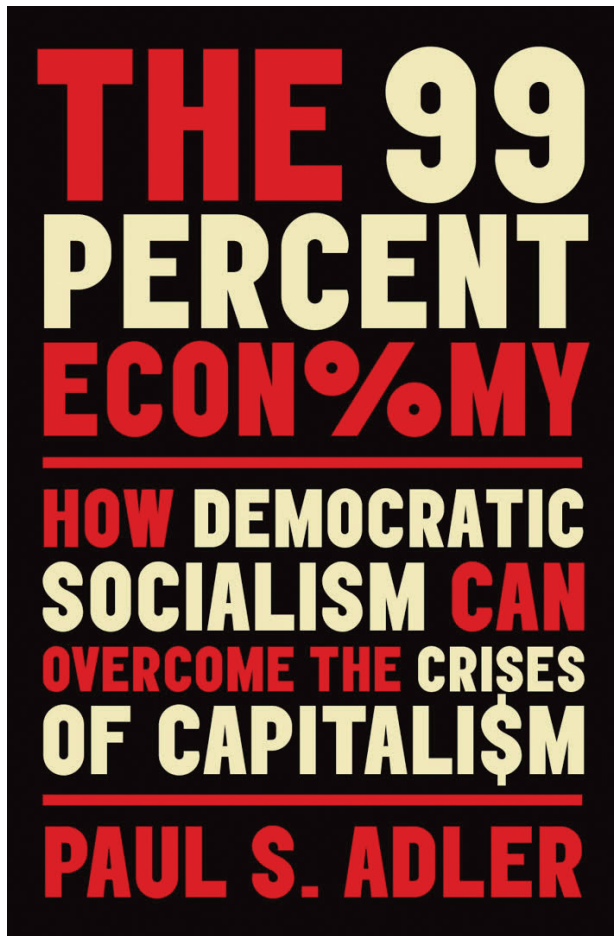


UNPLUGGED:THE CRITICAL CORNER

Management, Socialism, and Democracy: A Dialog with Paul S. Adler on His Recent Book, *The 99% Economy: How Democratic Socialism Can Overcome the Crises of Capitalism*, Oxford University Press, 2019

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Paul, you teach in a business school, and yes, you are a socialist. As any critical scholar in management knows, that necessitates a strong ability to manage ambivalence.

In your book, you need a lot of this skill to navigate both apparent and real contradictions, and you marshal this skill to propose an unusually radical way out of the dramatic crises we are facing. Looking back over your book, I made a list of some of the contradictions you had to resolve in the process of presenting your book's main argument.

A first contradiction: how can we call for replacing capitalism with socialism, and at the same time study and teach management? Business schools and management generally promote capitalism, and yet it is capitalism itself, you argue, that is responsible for the growing irrationality of our economic system and blocks us from overcoming the biggest challenges we face in society today. Are critical scholars in management dishonest and disloyal passengers of a boat they want to sink?

Fortunately, you dispel this contradiction and the associated distasteful vision of our jobs: yes, we can be critical of business without denying that there is some knowledge - in what we teach and what businesses do - that would be precious for a future democratic and socialist society. We should not throw the baby (managerial knowledge) out with the bath water (capitalism). To put it in another way, you argue that it is not because our economic system has reached its limits that we should throw away all we know about the management of organizations. On the contrary, we could use our managerial knowledge to help us decide democratically on how to manage strategically the use of our economic resources. By doing so, you reconnect with a classical Marxist idea: compared to previous economic systems, capitalism indeed represented progress in many regards - including managerial knowhow - but it is time now to replace capitalism with socialism in order to move on to a new phase of human progress.

A second ambivalence immediately appears. In an early part of your book, you convincingly demonstrate that our

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current economic system cannot overcome the crises that it has played such a big part in creating. Capitalism, like alcohol, cannot be at the same time the cause and the solution of the problem. But, on the other hand, we all know that prior efforts to create socialism have created despotic and anti-democratic nightmares, as in the Union of Soviet Socialist Republics and eastern Europe during much of the 20th century. The second contradiction risks leading your argument into a dead end.

You overcome this by mobilizing your 30-odd years of research in organization studies. Indeed, in your academic research, you have demonstrated that in several 'high road' capitalist firms we can find traces of what you called 'enabling bureaucracy' and of other organizational means for sustaining employees' commitment to a shared organizational purpose (Adler & Borys, 1996; Adler & Heckscher, 2018). You have argued that it is a mistake to assume that big capitalist organizations, with their highly formalized hierarchies and systems and procedures, can be reduced to exemplars of 'despotic capitalist exploitation,' of the 'iron cage,' or of the 'iron law of oligarchy.' You have promoted a more 'optimistic' view of bureaucracy, echoing Gouldner, du Gay and others. You don't deny the reality of bureaucracy's role in exploitation and domination, but you argue that in capitalist businesses, that aspect coexists with bureaucracy's more productive aspects, as an effective tool for coordinating the efforts of the 'collective worker.'

And now, in this book, you take this idea and transpose it to the level of society. If some huge businesses have succeeded in organizing internally the coordination and collaboration of so many thousands of people and business units, why couldn't we do the same at an even wider scale – on the scale of the entire economy – in a democratic socialist context?

A third ambivalence: your book is at the same time reformist and radical. It is reformist, insofar as you do not reject management, and you see real continuity between capitalism and socialism, in particular in how socialism could build on these big-company management practices. But it would be a mistake to conclude that your book is another proposal for a reformed, kinder, and gentler capitalism. You are quite adamant – and offer a range of arguments for your view – that capitalism is unable to overcome the six crises you identify: economic irrationality, workplace disempowerment, unresponsive government, environmental unsustainability, social disintegration, and international conflict. You discuss rather sympathetically the various reform models that are currently promoted (ethical capitalism, regulated capitalism, social democracy, and digital revolution) but argue that we have a very good reason to believe that such reforms – while they might somewhat mitigate those crises – cannot overcome them, because they do not attack their root cause, namely, the private-enterprise capitalist system. Walking readers patiently from a description of

these crises, to a diagnosis of their root causes, and to a critique of the limits of reformist solutions, you try to bring readers to see that we have little choice but to socialize the ownership of, and democratize the control over, society's productive resources. You offer a radical vision, far beyond social democracy or a mixed economy.

In doing so, you open up a surprising new arena for dialogue – between progressive managers who seek to build 'better organizations' and activists in labor and on the left who seek a socialist transformation. You also create a bridge between management and organization studies and the political science field: what can current management practice teach us about how could we organize, concretely, a democratic socialist society?

I encourage readers to judge for themselves the robustness of your arguments. Your book describes several examples of companies that have pushed in a progressive direction and whose strategic management practices might form a template for socialist planning practice. You highlight in particular innovative management practices that promise to make centralized decision-making more participative, standardize practices without stifling innovation, support collaboration and at the same time encourage productive competition, and synthesize collectivism and individualism. And toward the end of the book, you offer a provocative description of how a democratic socialist society could use these principles to ensure that socialist central planning is both effective and democratic.

Although your argument opens a dialogue between managers and other spheres of civil society, it is also an uncomfortable one – both for left radicals and reformist progressives. Let us first consider your challenge to the left radicals. In France and the United Kingdom, for example, militants on the left are very suspicious of managers, private-sector companies, multinationals, and business schools. They are unlikely to be receptive to the idea that they should take lessons from big American firms or business school professors. As critical management scholars, how could we overcome this skepticism? Did you try? Do you think that there are, somewhere in the United States (US) or elsewhere, some movements ready to listen to your argument?

Thank you, Regis, for such a generous overview of my book. Your question is a fair one. I had a very specific audience in mind in writing this book: the young people who were excited by Bernie Sanders campaign in 2016. Many of them had little idea what the word socialism meant, but embraced the label as a way of expressing their feeling that some very radical change was urgent. This was my main audience.

Public opinion polls in the US show that most people under 40 do not associate the term socialism with the 'bad old USSR,' but with the idea for a more egalitarian society. Their enthusiasm

for this idea, however, will not sustain for long a real movement towards socialism unless we can explain how socialism can avoid the problems encountered by 20th century socialism. That was the challenge I tried to address.

One way to do that could be to review the history of last century's efforts to build socialism, identify their successes and failures, and use this forensic approach to offer some recommendations. There are quite a few terrific books that do that.

I took the other path: I attempted to find in the world around us now some exemplars that would inspire confidence that socialist economic planning at a national scale could indeed operate democratically and effectively.

So where do we find such exemplars? Many on the US left refer with enthusiasm to the New Deal. That is a great reference point – every high-school student has learned about it, and political figures on the left often celebrate its accomplishments. But this is only a good reference point if you want to argue for social-democracy – for a society where the economy is composed of firms competing for profits but where government imposes serious regulations and sustains a robust welfare system, and where the 'social partners' work to find compromises. There is no doubt that such a form of society would represent great progress in the US. But I don't see how this form of society can overcome the six big crises that I focus on and that you just listed: social democracy could mitigate these crises, but has not and cannot overcome them. And overcoming them is getting urgent, especially on the environmental front.

Where else to find exemplars? In European countries like France, with some legacy of social-democracy's brighter years, you might focus on some big public-sector agencies that work well and draw lessons from them. Here in the US, however, such agencies are much harder to find. Conservatives in the US have done an effective job undercutting the effectiveness of our public services, so few people find much inspiration there.

Some socialists refer to worker cooperatives. That's a great reference point if you want to talk primarily about one of the six crises – workplace disempowerment. But it does not help us much in thinking about the other five crises, because these are all wider and more systemic in nature. To solve these systemic crises, we have to find our way to democratic decision-making at the national, indeed international level, not just at the enterprise level. We need a sharper image of a society with a comprehensively planned economy.

My response to this challenge was based on this simple idea: the big capitalist firm is an island of planning (albeit in a sea of market competition). In their internal strategic planning, firms encounter, in miniature, the same basic challenges as a socialist society will face in its planning efforts at the national level, namely, how to ensure that planning is both democratic and effective. By effective, I mean that it yields sufficient levels of innovation, efficiency, and motivation. Some of these firms have been pretty innovative in finding ways to overcome those challenges. If we squint hard enough to abstract from the capitalist character of these firms, we can form a pretty good idea of how socialist planning could be both democratic and effective.

Most young people – including most of those who supported Sanders – work in mid-sized or larger business organizations. While there's plenty to hate about the way most of these organizations function, and while those on militant left make it a point of pride to denounce those despotic features at every opportunity, my bet is that most people feel much more ambivalent (to use the term you introduced) about their work experience. In many organizations, strategic planning works pretty well to get people and units to work together (even if it's ultimately only for profits) (see Adler, 2012). So I figured I could make a case for socialism by getting readers to imagine that we used the best of these corporate planning techniques to make decisions about our whole economy.

For already-committed, already-sophisticated, left militants, my book offers mainly some new ways we can defend socialist planning ideas against the counter-arguments coming not only from the right but also from the reformist left.

Interesting approach! But now let's consider the other side – progressives and democrats who fear such a 'strong' version of socialism, one based on wide-ranging nationalizations and comprehensive (rather than merely 'indicative') planning. Indeed, as we said, you identify private property as the cause of our problems, and you want to socialize ownership of the bulk of society's productive resources (including land and housing). How do you bring readers around to even considering such a radical vision?

I try to show why such a radical change is needed to overcome each of the six big crises. The clearest case is surely the climate emergency (see Adler, 2015). According to the 2018 National Climate Assessment, if we stay on our current course, the world will see increasingly frequent and destructive wildfires, hurricanes, ice-storms and heat waves over the coming decades. Lower water tables and rainfall levels will cause massive crop failures. Rising sea levels will force millions to flee coastal areas.

Climate scientists tell us that the world must get to net-zero carbon emissions by 2050 to have a reasonable chance of avoiding chaotic breakdown. Moreover, wealthier countries such as the US will need to fully decarbonize much faster than that – by 2030 at the latest – to accommodate the poorer countries' slower decarbonization trajectory.

And in order for us to meet this 2030 goal, industry will be forced to abandon or rebuild trillions of dollars in assets. In the US that means not only rapidly shutting down the fossil-fuel companies such as Chevron and ExxonMobil and Peabody Coal, but also radically transforming the working assets of companies whose products run on oil – companies such as General Motors, Boeing, United Airlines, and FedEx. And further afield, there are vast swaths of our economy whose products and processes contribute to climate change, and which therefore must be radically and rapidly transformed – agriculture, cement, mining, forest products, water systems, chemicals, plastics, and many consumer products. And further afield again, climate change means we need massive

investments in infrastructure – sea walls, a new electric grid, new water supply systems, strengthened bridges, etc.

While there are a few industries that might see in all this a wonderful business opportunity (solar energy, green consulting, civil engineering), for most businesses, the extent of retooling required would saddle their shareholders with huge losses. Moreover, even if we elect a government determined to drive this transition, we cannot meet this goal without bankrupting a huge number of firms. Had we started this transition 40 years ago, when the science was already clear; perhaps we could have avoided this situation, but now it is probably too late. Given the massive strain on the solvency of so many businesses that this rapid transition would entail, it is simply impossible to see how it can happen without socializing the ownership of most of our industry and using that control to plan a comprehensive overhaul of our systems of production.

Your argument is also unusual for a critical scholar in management. Traditionally, Critical Management Studies (CMS) does not celebrate but rather denounces managerial discourses and practices. CMS focuses on the negative side of management – indeed, CMS scholars often denounce the very idea of management. Do you think that CMS, to be more impactful, should evolve to a more optimistic or positive attitude?

Your premise is quite right: many of the left and in CMS in particular seem to feel that to acknowledge any positive value for capitalism or management would be to undercut their critique. I think the opposite is true. Most people see capitalism as having brought real improvements in working people's lives over the longer term and on average. Few people deny that this has come with terrible costs. But our critique of capitalism degenerates into polemic if we can't find a way to acknowledge those benefits (see Adler, 2002).

More: when you consider the framing of our rhetoric, surely the very strongest position for us is to account for those benefits in a way that not only doesn't weaken our critique but is part of our critique. And that's what I find most appealing about Marx's way of conceptualizing the 'dialectical contradiction' between the socialization of the productive forces and the persistence of private property. Capitalist competition stimulates the progressive socialization of production, yielding productivity and affluence, but this very process simultaneously renders increasingly obsolete the capitalist private-enterprise property system – manifested in ever-wider and -deeper crises – and builds the material foundations for a post-capitalist world (see Adler, 2007).

In our management journals, we are seeing growing enthusiasm for ethnographic studies on alternative and activist movements, alternative forms of organizations (e.g., cooperatives, nongovernmental organizations, associations, nonprofit organizations, spontaneous occupations, and recently in France we see the development of 'Zones à Défendre' known as 'ZADs'). There is also a craze for 'holacracies' or 'liberated companies.' Yet, in your book, you rely mainly on examples from more

traditional companies. Why not exploit what's exciting and new about these new forms?

I don't see how we address the wider and deeper problems the world faces today absent a massive shift at the national economy level away from private enterprise and competitive markets to socialized ownership and cooperative planning. So long as enterprises have to compete for investment funds from profit-driven investors, it makes little difference to our capacity to solve these bigger problems whether these enterprises are traditional businesses, workers coops, or holacracies. So the big question is then: how can we ensure that such national economic planning functions the way we want it to? These traditional enterprises have something to teach us about that, due to their massive scale and complexity and the performance pressures they are under. So their managerial innovations hold some unusually useful lessons for us.

In this book, you defend a 'positive' attitude, without denying the dark times that the crises of capitalism are preparing for all of us. This is an intermediary position between the very pessimistic 'catastrophists' or 'survivalists' on one side; and the (over) confident market or technology enthusiasts on the other. It makes me think of the recent 'post-growth' proponents, or eco-socialists, or radicals who try to establish local 'oases.' Do you think that with this book you contribute to this type of emerging mood (if it does exist)?

I return to Rosa Luxemburg's 'socialism or barbarism' dictum: on the hand, we have reason to hope – a better world is surely possible, and local experiments and oases remind us of that – and on the other; we have reason to fear – the consequences of not making this leap to socialism are increasingly dire. Can we live with that ambivalence? Surely.

Your emphasis on the climate crisis makes me wonder if you think that 'red is the new green': that a real ecologist project must be joined with a Marxist reading.

Yes, I am inspired by the growth of eco-socialist thought. This project still encounters some resistance on the left because people worry that we are putting the defense of animals and ecosystems ahead of the defense of people. That resistance is fading fast as the environmental crisis accelerates, and as the necessity of a socialist response to this crisis becomes more obvious. I love the French slogan that has emerged recently: 'end of the world, end of the month – same struggle'.

You have not quoted Marx in your book. Given the fact that for over 20 years you have been persistent in your efforts to legitimate Marxism in management studies, that's quite surprising. Why? To put it in another way, who is this reader you imagine, one who seems to be rather reluctant to read Marx?

Yes, this is an interesting feature of my book. Readers with a background in Marxist thought should find much that is familiar here, even if I don't explicitly call out those ties. But I was writing

primarily for people who have had zero exposure to Marxist ideas. We do not have the legacy you have in France of Marxist inspired parties and discourse. And without that background, I think it's unrealistic to expect my audience to dive into Marx. So I had a choice to make: either introduce readers to those ideas or try to make the argument in my own common-sense terms. I took the latter route ... and then hedged my bet: my book, with 150 pages of text, has another 40 pages of endnotes for readers who want to go further; and in those endnotes, readers will find a whole library of Marxist thought. Even there, however, I don't discuss Marx's work, but try to provide a bridge to it via other people who have used his ideas and brought them to life.

But further on Marx and Marxism: the only direct reference to Marx in the entire book – buried in a tiny note – is in the third chapter of your book, where you build a very interesting argument based on Marx's notion of 'socialization.' Do you think that the Marxist community will be critical of how you use this concept?

I hope not! I use the term socialization to refer to the growing interdependence of productive activity. I think that corresponds pretty precisely to Marx's usage. The thesis is simple: the progressive socialization of productive activity both facilitates and renders increasingly imperative the corresponding socialization of property. I think that's a classic Marxist thesis. To return to the earlier point: I think Marxists have lost track of this idea because they have become so wary of acknowledging anything progressive about capitalism.

It is very hard for a scholar to present normative propositions. Yet, very frequently in the second part of the book, you adopt a strongly normative position. How do you justify that?

I describe this book as 'research based, and public facing': it is published by Oxford University Press, but it is not addressed primarily to a scholarly audience, nor is it popularizing scholarly work. It is an argument for socialism – but an argument, not just a polemic. I did my best to identify counter-arguments at every step, and offer reasoned defenses. But of course, in the end, it is indeed a normative work.

We all know the traps of the words we choose in this type of political proposition. Why and how did you choose the expression 'democratic socialism'? Is this a way of taking distance from ideas of communism, anarchism, communalism, and the other strands of utopian thought?

Indeed, a complicated issue! In the US today, socialism has come – thanks to the extremist positions of the Republican party – to refer to any system where government plays more than the minimal role allowed by ideologues like Milton Friedman. I take that as my starting point. There's nothing gained by saying it's stupid: words

mean what people use them to mean. So then I ask what kind of socialism we should be aiming for if we want to overcome the big crises and challenges we face. I argue that the 'moderate' forms (regulated capitalism or social democracy) won't suffice, and that we need a pretty radical form – one that involves a big dose of centralized planning. And if that's the goal, the biggest concerns – widely acknowledged – are whether such system can operate democratically and effectively. Democratic socialism seems like as a good a label as any for that.

It's true that Sanders has said that he aims for policies like those in Scandinavian social democracy, but he is a smart guy who knows the difference. I take him to be saying that his campaign will aim at social democracy, knowing full well that the resistance of the capitalist class will force us to go further if we don't want to retreat. So my book aims to prepare Sanders' supporters for that bigger struggle ahead.

I realize that other people have used the term democratic socialism to mean a model in which market competition rather than planning will still guide enterprises' decisions, but where government regulations and the cooperative constitution of those enterprises will yield a better world. This is a model that attracts a lot of interest in the United States, because we have such a long tradition of seeing the main enemy as big business and centralized government – a tradition that advocates decentralization and 'small is beautiful.' But I am yet to see an account of such a system that shows how we overcome the big challenges we face without a hefty dose of central planning. So I call my model democratic socialism and use the opportunity to argue that democracy is not reducible to local independence – it's a principle for governing our interdependence. Democratic socialism, as I see it, is the extension of democratic decision-making to the governance our country's entire economy.

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