

Reducing the Power of Markets

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Molly Scott Cato, *Market Schmarket: Building the Post-Capitalist Economy* (Cheltenham, U.K.: New Clarion Press, 2006).

Molly Scott Cato is economics speaker for the Green Party in the U.K. and lectures in Social Economy at the University of Wales (Cardiff). This book is a statement of her perspective on green economics.

Scott Cato's starting point is an unequivocal critique of capitalism. Global poverty and climate change are laid at the door of U.S.-style capitalism and, in particular, U.S. control of the global financial system. The book also explores other features of U.S.-style capitalism: malnutrition, obesity, overconsumption, global instability, war and the apparent need for substantial numbers of people in the richer countries to be tranquilized in various ways, including the increasing medicalization of children.

Readers of *Capitalism Nature Socialism* will resonate with Scott Cato's analysis, which calls for green economics as opposed to "capital accumulation and the resultant growth imperative; the reduction of values to prices; and the anti-social, anti-environmental effects of powerful corporations" [p.36]. She also stresses it is important to treat causes and not symptoms. Thus, she gently criticizes the recent campaign in the U.K. to "Make Poverty History" for failing to recognize that good wishes and personal philanthropy will not make poverty disappear; only structural challenge will do that. Her critique of capitalism extends to its intellectual lap dog, neoclassical economics. She describes conventional economic theory as a "catechism" and demolishes its fetishized concepts, such as "perfect competition" and "rational economic man."

Despite the seeming dominance of global capitalism, Scott Cato maintains that hers is a counsel of hope rather than despair. She draws inspiration from a range of thinkers, including Shelley, Gandhi, Rosa Luxemburg and William Morris, as well as initiatives such as local currencies and alternative economic models, including the U.K.'s Co-operative Movement. She is confident that a new economy will emerge and that capitalism is not the monolith that it appears, since it is fracturing in the experiences of Russia and China as well as in countries like India, Venezuela and Cuba, which are pursuing more independent routes. And as capitalism moves more and more into pure financial speculation, real productive assets may become available for socialized ownership. She points to the 200 "liberated" factories that workers controlled following the financial collapse in Argentina and the occupation of unused land in Brazil by landless people supported by the MST.

One of the areas she focuses on is the role of money and finance, in particular the link between a critique of capitalism and a critique of the structures of money issue and circulation. This goes further than a critique of finance capital and explores the role of money, banking and credit in general. The basic aim is to split the issue of money and credit from capitalist control and bring it under social ownership and democratic control. The core of this argument is that lack of understanding of, and political challenge to, the creation and

circulation of money is giving capitalism the capacity to dominate the world economy and gobble up the world's assets using what should be a social asset. Scott Cato argues that radical thinkers are missing this political pressure point as "money is one of the most marginalized issues of our time" [p.111]. One "big idea" she identifies is Richard Douthwaite's concept of EBCU, or environment-backed currency unit, which would replace the dollar as the world's reserve currency. This would play a similar role to the "bancor" proposed by John Maynard Keynes at Bretton Woods. Such a global currency would be issued on a per capita basis and any imbalances in trade would be subject to fines by an International Clearing Union.

For Scott Cato green politics is about limits and meeting needs. She seeks culturally sympathetic economies grounded in place based on support for local trade; local production and exchange with contraction and convergence in resource use; technology transfer; and fair trade in exotics. This leaves the question as to whether green economics has any room for the market. Scott Cato's response is that the market should be one institution among others: "When adequately constrained by environmentally oriented taxes and regulations, such as global basic health and safety standards and resource taxes, markets would be allowed to function as distribution mechanisms" [p.36]. However, Scott Cato prefers mutual ownership and decentralized democratic ownership and control of assets rather than either the market or state ownership.

Despite its rather odd title, this book is a radical green analysis that provides hope and inspiration by linking a critique of capitalism with new analyses and possible alternatives.