

Reich and Harvey: Means to a Better World
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Readers of this journal know that capitalism is in crisis. And they know the basic reasons capitalism is in crisis. Wage labor is exploited by the rich and it's getting worse. Income disparity is increasing. The very rich are getting much richer. And the poor remain at the bottom. There is a 0.01% (a much smaller number than a 1%) at the very top of the income stream.

In different ways David Harvey's *Seventeen Contradictions and the End of Capitalism* and Robert Reich's *Saving Capitalism For the Many, Not the Few* tell us what we already know about capitalism's rigged system favoring the rich while exploiting working people. Reich's 5 building blocks of 'free markets' demonstrate government's unbreakable connection to the shape given to those markets. Reich's solutions move the conversation leftward from the establishment mainstream. Harvey, on the other hand, examines 17 contradictions in today's capitalism that need to be resolved, and in so doing he moves away from notions of the revolution so many leftists have written about. His proposed 'mandates' have many similarities to Reich's policy suggestions. With different methodologies and coming from different directions but focusing on exactly the same problem, both Reich and Harvey, not usually thought of as allies, wind up suggesting similar changes in their quests for a better society.

Robert Reich was the Secretary of Labor for the Bill Clinton administration. Yet he claims that he hoped to use the position to affect changes in the capitalist system sorely in need of change. Now he's second guessing whether that was a useful strategy. He writes:

When I was secretary of labor in the Clinton administration, I argued against the North American Free Trade Agreement within the confines of the administration but did not air my concerns publically, believing I could do more good remaining inside than resigning in protest over this and related White House decisions I disagreed with, such as bringing China into the World Trade Organizations. In subsequent years I have often wondered whether I made the right choice(124).

No longer in government, by taking on the role of analyst, activist and critic, he clearly still wants to effect significant change in the capitalist system – this time out front rather than behind the scenes.

Reich does not want to overthrow Capitalism; he wants to ‘save’ it.

Contrary to Karl Marx, there is nothing about capitalism that leads inexorably to mounting economic insecurity and widening equality. The basic rules of capitalism are not written in stone. They are written and implemented by human beings.(xii)

But, as we will see, he does argue for very fundamental change. And, consistent with his politics, he has supported the Bernie Sanders candidacy in the 2016 primary elections.

David Harvey wants to end Capitalism and replace it with something else. He favors “anti-capitalist politics” with mandates, based on the 17 contradictions he explores, that will move capital in the “right direction”(294). While he argues for fundamental change, he is never quite clear about how to get there. Harvey puts it this way:

If there is an end to capital, then [it will come from the violent and unpredictable eruptions that are occurring all around the world ... that will make the post-colonial revolutionary struggles of the 1960s look like child's play] and its immediate consequences are unlikely to prove happy for anyone... The only hope is that the mass of humanity will see the danger before the rot goes too far and the human and environmental damage becomes too great to repair(293).

Harvey suggests the possibility of violent revolution – and he may be right, but he does not examine capital's long standing knowledge of how to react to the demands for social change with repeated adjustments (prominent among them the many New Deal regulations, workers compensation laws, and even the Affordable Care Act, imperfect as they are) that placate the masses, at least temporarily.

As for what Reich's or Harvey's new society looks like, that vision has to be inferred from Reich's critique of five building blocks of the free market or from Harvey's 17 contradictions. Both have similar goals in sight and both propose similar means for getting there (absent the violent revolution Harvey suggests as possible and which Reich does not consider). What we have are different analyses even somewhat different worldviews, leading to similar means (ways) to get to goals that are similar.

For Reich the “free” market is defined and shaped by the government.

A market—any market—requires that government make and enforce the rules of the game. In most modern democracies, such rules emanate from legislatures, administrative

agencies, and courts. Government doesn't "intrude" on the "free market." It creates the market(Reich 5).

Interestingly, it is the same for Harvey who, while describing private property, puts it this way:

The imposition of private property rights depends upon the existence of state powers and legal systems (usually coupled with monetary taxation arrangements) that codify, define and enforce the contractual obligations that attached to both private property rights and the rights of juridical individuals(Harvey 41).

They both would agree the conservative demand for less government interference in markets would merely be different government regulation shaping markets more favorably to wealthy and therefore powerful interests. As Reich says, "Those with the most economic power have been able to use it to alter the rules of the game to their advantage, thereby adding to their economic power, while most American's lacking such power, have seen little or no increase in their real incomes"(163).

Reich: Good Policy is the Answer

Reich creates a structure to help us understand government's fundamental shaping of the market when he describes "five building blocks of capitalism":

- Property: what can be owned
- Monopoly: what degree of market power is permissible
- Contract: what can be bought and sold, and on what terms
- Bankruptcy: what happens when purchasers can't pay up
- Enforcement: how to make sure no one cheats on any of these rules (Reich 8)

If there is no enforcement of rules, for example, any of the building blocks can be abused to the abuser's advantage. "[W]ealthy individuals and corporations that can afford vast numbers of experienced litigators have a permanent, systemic advantage over average individuals and small businesses that cannot"(67 – 68). Even with rules, those that can afford the legal and accounting help can manipulate around the rules. Tax avoidance (using rules to one's own advantage), for example, is legal and widely used while tax evasion (ignoring the rules) is not legal but also frequently occurs.

Reich approaches a discussion of class struggle but never quite calls it that. "The problem is that [working Americans] have steadily lost the bargaining power needed to receive as large a proportion of the economy's gains as they commanded in the first three decades after World War II"(131). He seemingly describes Marx's concept of the division of surplus value when he says: "Any wage gains low-paid workers receive will more than likely come out of profits—which, in turn, will slightly reduce returns to shareholders and the compensation packages of top executives. I do not find this especially troubling"(137). For him workers have lost their "countervailing power" needed to maintain their share of the nation's output. In order to save capitalism, workers need to regain their countervailing power.

To save capitalism Reich offers a wide range of reforms. "As a first step, ... reform the nation's system of campaign finance in order to get big money out of politics"(191). This would remove a major barrier to other reforms. Reich has a broad list of recommendations including a fairer distribution of income and wealth initially achieved by "reinventing the central organization of modern capitalism—the large corporation"(196). Not only would he end *Citizens United*, he

would create more benefit corporations such as the recently reported ownership stake given to 2000 full time employees of the Chobani yogurt company.¹ In addition Reich would shorten copyright protection, restore antitrust laws, prohibit forced arbitration, restore bankruptcy as an option for those with student debt or mortgage debt on their first homes, raise the minimum wage to half the median wage (which in 2013 would have been about \$13 an hour), add enforcement resources, and equalize education funding. All this would be achieved through a bottom up politics.

The moneyed interests will continue to do what they do best—make money. The rest of us must do what we do best—use our voice, our vigor, and our votes to wrest back economic and political control.(182)

Reich does not explore what a bottom up politics might be. He could have referred to Naomi Klein’s environmental examination of capitalism in *This Changes Everything* which contains numerous examples of bottom up politics in the environmental realm (a realm Reich does not examine as a necessary element in his pursuit of saving capitalism).

Without saying so, Reich seems to want to go beyond saving capitalism. Reminiscent of the communist adage “from each according to their ability, to each according to their needs” Reich would guarantee everyone a minimum income. He would “provide all Americans, beginning the month they turn 18 and continue each month thereafter, a basic minimum income that enables

¹ Stephanie Strom, “At Chobani, It’s Not Just the Yogurt That’s Rich,” *New York Times*, April 27, 2016, p. A1. Obviously Reich does not mention this event occurring long after his book was published. I’m merely adding to his list of examples following page 198.

them to be economically independent and self-sufficient”(214). Never labeling his changes, Reich sees capitalism changing into something it is not now. He suggests changes as a means toward a fairer capitalism that he never fully describes, not unlike Harvey’s vision.

Harvey: Ideas for a Political Praxis (Epilogue title p. 294)

Harvey is a long time anti-capitalist with a powerful Marxist critique. He would replace capitalism with a society “based on social justice, equality, and a caring and thoughtful approach to the relation to nature.”(*Rebel Cities* 164).

Several of Harvey’s contradictions line up well next to Reich’s building blocks. Looking at the exchange of commodities, as Harvey does in his first chapter, he examines markets and the ownership of things and in his chapter on “Private Property and the Capitalist State” where he explores what can be owned and by whom. That Harvey examines the exploitation of labor in Marx’s terms while Reich does not is not surprising. Harvey’s look at “Private Appropriation and Common Wealth” helps explain the role power plays in the increasing difference between rich and poor. This disparity is further examined in a chapter on “Disparities of Income and Wealth.” These disparities go well with Reich’s consistent attention to the use of power.

What neither Harvey nor Reich do, however, is step back from their theoretical exploration of changing or ending capitalism with an in-depth examination of the specific manipulations billionaires use to influence elections and policy. This kind of examination would go beyond the generalizations of 17 contradictions or the structure of 5 building blocks by looking at specific real world events giving readers some specific idea of necessary change. Jane Mayer does just

this in her book *Dark Money* where she reviews the machinations of families like the Koch brothers' use of wealth to influence elections and policies. Hers is a broad condemnation of billionaires using their wealth aimed at promoting pro-business political candidates and supporting lobbyists promoting market policy beneficial to them. By so doing she examines only one side of the contradiction between capital and labor on which Harvey focuses in his chapter 5. Mayer documents the nefarious way such mal-distribution of income can be used at the expense of ordinary working people with a focus on the use of power.

Harvey places the capital-labor contradiction as an equal among 17 contradictions:

The capital labor contradiction cannot stand alone as an explanation of crisis either analytically or even, in the final analysis, politically. It is both embedded in and dependent upon its relation to the other contradictions of capital (even, for example, the contradiction between use and exchange values)(65).

The contradiction between capital and labor is taken by many Marxist theorists as being primary and overriding, wrongly as Harvey points out. According to Harvey, the overemphasis of the conflict between capital and labor

and its treatment as if it operates autonomously and independently of other contradictions of capital have, I believe, been damaging to the full-blooded revolutionary search for an alternative to capital and, hence, to capitalism. (69)

For Harvey, replacing capitalism with something else requires analyzing multiple factors that conflict with each other and mandating changes in those interactions enabling better outcomes.

Harvey suggests increasing technological productivity would reduce necessary work so much that “even the most orthodox Marxists will have to give up the value theory”(109). Suggesting that technological improvement means life can continue without work moves this (otherwise very good) thinking to a ridiculous extreme. At some point machines tending machines must be tended. Food must be produced. Homes need to be cleaned. Infrastructure needs to be repaired and improved. It is academic fantasy to think necessary work can end. It is not fantasy to think that technological improvement can tremendously reduce necessary work, but then an argument should be made for the redistribution of work and the reduction of the work day – an argument Harvey does not make. Further, given the immensity of world society, we will not be “liberated from the role of experts”(295). There is just too much to know. No one person or group of people can contain that knowledge. Nevertheless, Harvey discusses the contradictions inherent in the various divisions of labor (technical and social). In capitalism labor gets ‘deskilled’ (Harvey refers to Braverman). Divisions of labor of course imply separating human work and knowledge into manageable components. Manageable components require experts. We must remember, however, that even expert knowledge has social and political dimensions.

Harvey almost quotes Reich when he says “Capital demands that the state protect private property and enforce contracts and intellectual property rights against the threat of expropriation, except in cases where the public interest (usually a stalking horse for capital itself) demands.”(207) Harvey seems to look for a society without conflict. “The paradox is that

automation and artificial intelligence now provide us with abundant means to achieve the Marxian dream of freedom beyond the realm of necessity at the same time as the laws of capital's political economy put this freedom further and further out of reach.”(208) But is not a society without conflict as utopian as is a society without change? Put another way, isn't conflict necessary for change? I cannot imagine a society without change both technological and social. I can, however, imagine a society that is more just, equal and caring.

Different than Reich, Harvey focuses more on the way contradictions play out rather than on a 'building block' structure. He sees contradictions and dialectics and therefore he sees social process. He understands that these cannot end once a new society is achieved, but he never quite says that contradictions are inherent in social process transcending capitalism. Once geographical and social disparities are “put together” other 'contradictions' will emerge. As long as change continues (and there is no reason to believe it won't continue) new contradictions will emerge out of the resolution of previous ones. Even a more caring society will have some conflict. The contradictions may be less intense. Their irreconcilability may be less as well. However, there will continue to be more and less dominant individuals and forces. Contradictions between them will continue to be resolved into new configurations of conflict.

Harvey skillfully explores the contradiction between freedom and domination (Chapter 14) as it applies in capitalism. In this well-argued chapter, referring to Marx, while thinking about the unity of domination and freedom, he reminds us

labourers are free in a double sense: they are free to sell their labour power to whomsoever they like, at the same time as they have been freed from control over those means of production (for example, the land) which would permit them to make a livelihood other than that defined by wage labor.(207)

Harvey also reminds us that any struggle for freedom and liberty “has to recognize that the price of maintaining its freedoms is eternal vigilance against the return of either old or new forms of domination.”(204) Yet he seems to say this contradiction is unique to capitalism. In its specific form it may be shaped by and be unique to capitalism. But at the most general level it cannot be unique to it.

While Reich does not include a discussion of environmental protection as necessary to save capitalism, Harvey, unfortunately, holds that discussion off until his chapter 16: Capital’s Relation to Nature, almost at the end of the book. Like Marx, Harvey had started with an analysis of the commodity in his first chapter “Use Value and Exchange Value.” James O’Connor (the first co-Editor-in-Chief of this journal), readers will remember, added to the contradiction of the exploitative relation between labor and labor power that Marx so exquisitely analyzed in three volumes of *Capital* by offering a second complex contradiction between the free use of nature that could lead to the earth’s destruction and the lure of profit such misuse often generates. O’Connor’s essay, written years before Harvey’s book, covers some of the territory Harvey covers and yet Harvey does not cite O’Connor’s earlier work. Both Harvey and O’Connor describe the production of value by exploited labor and appropriated by capital. O’Connor supports his first and second contradictions of capital with a rich analysis incorporating multiple

factors. Harvey more schematically argues that the capital labor contradiction must be understood in the broad context of social interactions covering similar factors. However, by leaving an exploration of the environment to a point so late in his book, even as a contradiction equal among others, Harvey wrongly diminishes its importance.

Unfortunately, Harvey leaves us stuck in our search for a better society as though that society is an end in itself. If dialectical methods and dialectic social processes mean resolving contradictions, that must necessarily mean resolving them into new contradictions. This is part of social process. Harvey is correct when he says, “There is no such thing as a contradiction that does not generate potentially contradictory responses”(214). In looking for a better society – a new ‘end’ – he seems to forget the human processes of conflict, contradiction, and dialectics don’t stop. They continue in a new form. It is the ‘means’ toward that (non-existing) end that we must collectively construct and reconstruct. Harvey gets this when he quotes Marx saying “the ‘riddle’ that ‘still remains to be solved of why, in the minds of the political emancipators, the relationship is turned upside down and the end appears as the means and the means as the end’”(213). But in attempting to construct a world without capital, he forgets this too.

Focus on Means and Goals Can Have No End

Dialectal thinking does not lead to easy sound bites. The complex reality is not easily reduced to a simple statement. The richness of the analyses permits a better understanding of what seems to be going on. Even Harvey, however, slips out of this complex analysis into the more simple straight line thinking. Harvey pits a uniformly unrelenting capitalist class against the “humanist

revolt”(263) against it. He makes the point that class struggle (the element Reich leaves out of his work) plays a primary role in capitalism and therefore must be the subject of attention by the analyst. Unfortunately, Harvey overstates the unity of the capitalist class. He has not found the dialectical balance within the capitalist class itself. That class is by no means unified. To understand the 2016 elections, for example, one must see those frictions. This is not to understate the importance of the profit motive behind the capitalist class’s oppressive actions nor its antagonism to the working class. But since Harvey is pushing the envelope of analyzing contradictions it might have been nice if he had ventured into seeing the complexity of the inner workings of capitalist class (Warren Buffett, the billionaire philanthropic contributor to liberal causes is not the same as the Koch brothers’ conservative financial manipulations whether labeled philanthropic or not) and of the working class (Donald Trump has abundant working class support that seems to be against working class self-interest).

Harvey’s focus on contradictions is more promising for understanding social process than Reich’s descriptive focus on building blocks. Reich does not see class conflict nor does he have a sense of dialectics even though his analysis of power is cogent and his policy suggestions have much in common with Harvey’s mandates. Striking is that Reich’s analysis without dialectic reasoning comes to virtually the same conclusions as does Harvey. Unfortunately, Harvey loses his understanding that solutions lead to new contradictions when he sets out seventeen mandates in attempting to tell us how to get to the world for which he strives. Harvey forgets that even when a new society is achieved, dialectic process must necessarily continue around different (new) antagonisms. Contradictions exist because we are humans. Out of differing ideas come resolutions leading to new structures, policies and the like. It is part of the creative process.

These ongoing dialectics are difficult to describe as we cannot now know what the future conflicts and contradictions will be. That's too bad as Harvey has a real sense of social process when he describes capitalism. He loses that sense of process when aspiring to his new world – a new world Reich wants to attain as well.

Any fix of or replacement of capitalism by the diversity of human actors that inhabit our world must necessarily continue to contain and work to resolve conflict. A world without conflict might be nice, but is unlikely. Focusing on what a better society may look like is central to the recommendations contained on both these works. Focusing on how we get there is as necessary as the desired achievements. And thought about what we do when we do get there is also necessary. In my view, no matter the means to a better world, there will be no end to dialectic processes. Coming to similar conclusions from different directions should lead people with different perspectives to realize that working together to attain those similar ends is a worthy goal in itself.

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