

## **Fabianism, Syndicalism, and the Guild Movement: Economic Democracy and Labor Rights**

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### **Abstract**

*This article presents the economic dogma that underlies the reform legislation—Blass-Steagell Act—that was meant to regulate and control the American financial system to prevent another Great Depression or serious recession.*

### **Introduction**

The Glass-Steagell Act of 1933 regulated Wall Street investment and finance for sixty-nine years. At the time it corrected the excesses of financial institutions which brought on the Great Depression. But the momentum for the current economic disaster started three decades ago when wage earners' incomes in the United States started to flatten out, while costs in housing, transportation, health care, food, and education have risen precipitously in that same time period. Warnings from regulators and politicians such as Brooksley Born, Elizabeth Warren, Russell Feingold and Bernie Sanders were unheeded, specifically when this led to the speculation on “derivatives” and “credit default swaps” which Warren Buffett describes as “financial weapons of mass destruction.”<sup>1</sup> The devastation was quickly felt by

American society and calls for greater economic accountability were heard, but little was done by way of salvaging the middle class and poor. The focus of this research will be to reexamine possible remedies to the dysfunction of the economy by drawing attention to the tradition of radical political economy and the movements of Fabianism, Syndicalism, and Guild Socialism as a check against neoliberalism which was the theoretical basis for the elimination of the Glass-Steagell Act. The rescinding of this law and policy in essence stripped the American economy of regulatory safeguards and ruined the lives of people (Sherman & Sherman, 2012). What is being presented here is a defense of labor rights and the ownership of surplus value created by workers, both industrial and intellectual, along with the common grounding of Marx's "labor theory of value" and Locke's "labor theory of property."

#### *Political-Economic Context*

The economic dogma underlying the rescinding of the Glass-Steagell Act has been based on the concept of "neoliberalism," which argues that the maximization of economic growth must be based on "free trade" and "lassiez faire" theory. The indisputable proof of the success of neoliberalism can be identified in total economic output in terms of the Gross Domestic Product (GDP). Thus economic growth, understood in terms of GDP, is the fundamental criterion for assessing the effectiveness and success of markets. Moreover, they argue that economic growth provides a progressive force for the rest of the world in terms of liberation from poverty, sickness, starvation, etc. Furthermore, if recovery from the recent economic disaster is to take place, then the deregulation of markets must be maintained in order for financial

institutions to remain competitive and profitable (Schultz, 2010).

In contrast, the radical traditions argue that neoliberalism, as it has manifested itself in free and relatively unregulated financial markets, has served the economic wants of elites in the United States and world community. Basic human needs are left to the whims of the market. The result of this strategy has become abundantly clear, the “rich are getting richer and the poor are getting poorer.” Thus radical economists argue that market strategies should serve the basic and fundamental needs of people as its first priority focusing on three key issues: (1) the moral and economic limitations on a modern capitalist market economy; (2) the context and rationale for government action in promoting economic justice; and (3) the importance of a democratic economy and social welfare policy as economic security.

This does not in any way imply that classical, neoclassical, or conservative critiques of capitalism are not relevant. Nor does this exclude Schumpeter’s theory of “capitalist breakdown” as this relates to capitalism’s propensity for continuous economic growth and expansion, or as Schumpeter describes “creative destruction.” The theory of transition from capitalism to socialism advanced by Schumpeter is unique since it rests on the premise that capitalism will be undermined by its successes, not by its failure. In fact, Marx in *Capital* derives much of his analysis of capitals “falling rate of profit” from Adam Smith who was one of the first economists to recognize this trend in capitalism (Smith, 1776). Marx, like Smith, argued that increased investment in constant capital (factories, machines, land, buildings, raw materials, etc.) relative to variable capital (labor) reduced the margins of surplus labor time relative to the total capital invested

(constant capital plus variable capital). According to Marx, surplus labor time is the source of surplus value, so the fall in surplus labor time relative to capital results in a fall in the rate of profit, in a vicious cycle of diminishing returns.

What this means is that theories of capitalist exploitation can be formulated from a traditional economic perspective and are not solely the domain of radical theory. Theories of exploitation under capitalism can also be critiqued from a neoclassical perspective. Radical theory can also form a critique of Eastern European and Chinese forms of totalitarian systems as well. So its application is universal in nature. Nevertheless, since the 1870s the neoclassical model, which examines how marginal market adjustments produce an equilibrium structure of relative prices, has been the accepted framework for approaching economic problems among almost all non-Marxists. By concentrating upon individual adaptations within a given socio-economic environment, rather than the determinants of that environment, neoclassical economists tend to support, implicitly or explicitly, the status quo in a market economy.

#### *Rationale for a Democratic Economy*

Indeed capitalists argue that capitalism has promoted the most productive distribution of wealth known to humanity and that this form of economic organization has therefore liberated people from poverty. But radicals see a different outcome to capitalism's structuring of economic life – outcomes that have resulted historically in alienation (capital having more value than people), exploitation (profits at the expense of workers' rights), and class conflict (a breakdown in social cohesion as a result of leveraged economic relationships). The radical response to these "injustices" has consistently been a counterstrategy for a more democratic economy, or some form of

collectivist strategy, that can best remedy economic and social injustice.

There are, however, various definitions and interpretations of radical theories that aim to implement democratic and/or socialist economies. This would be distinct from state socialism as manifested in the post World War II cold war era. Dickenson describes one form of radicalism (socialism), as “an economic organization of society in which the material means of production are owned by the whole community and operated by organs representative of and responsible to a general economic plan, all members of the community being entitled to benefit from the results of such socialized planned production on the basis of equal rights” (Dickenson, 1939, p. 11). Thus democratic socialism in this sense can be understood as a multi-dimensional concept embracing three fundamental democratic elements: (1) a system of abstract ideas and theories aimed at alleviating human suffering and social injustice; (2) a political movement seeking to achieve a program of social transformation into a more socially just society; and (3) an institutional structure such as a democratic government entity to implement and oversee a society based on the fulfillment and protection of human rights through social justice.

Radicals and their opponents alike agree that socialism, as it manifests itself in a democratic economy, rests upon a concern for “equality.” Ultimately, advocacy of equality is a value judgment, or preconceived notion, that people are born equal, in the sense that their equal humanity is more important than their different endowments. Socialists value equality not on the pragmatic grounds of its economic effects (i.e., the Keynesian idea of “deficient aggregate demand”), but rather for intrinsic value because: (1) the poorest members

of society have a fundamental human right to sustain their basic needs; (2) while no distribution equates precisely between financial reward and actual labor, a nearly equal distribution is more likely to approximate justice than a less equal one; and (3) the more evenly wealth and resources are distributed, the greater welfare it promotes within the common good. Thus, while radicals differ on the degrees of equality they seek, all apparently agree that some trend toward a framework for an egalitarian society is optimal, i.e., one where people are not separated from each other by divisions of wealth and resources that deny the basic subsistence rights of the human person (e.g. food, clothing, shelter, work, leisure, education, retirement, health care, transportation, extended leave from work for child care, spousal care or elder care, etc).

Implied throughout the radical perspective is the point of view that capitalism is inherently exploitative and that a “plan” is needed to transition society from a capitalist consumer society to a more egalitarian socialist one. In the present political culture, this plan could be implemented through democratic governance, most likely through forms of political consciousness raising (consciencization) and agitation. In contrast, capitalism is distinguished by the private ownership of non-human productive resources by either individuals or institutions, who are obliged to make a profit if they want to remain competitive within the market. However, because private ownership entails property rights, transition to socialism can never be simply a technical matter. Rather it involves a shift of power based upon a qualitative change in social relationships aimed at achieving human solidarity. The goal is to provide some form of peaceful transition to a society based on a democratic economy that should encourage all people to participate and contribute as Marx defines, “from each

according to his abilities, to each according to his needs!”(Marx, 1875, p. 321; Bell, 1976).

### *A Theory of Capitalist Exploitation*

Marx’s theory of capitalist exploitation is the one most popularly associated with Marxists. The argument, succinctly put, is the result of the exploitation of wage earners by their employers. It is based on Marx’s “labor theory of value” which claims that value is intrinsic in a product according to the amount of labor that has been spent on producing the product. Thus the value of a product is created by the workers who made that product and reflected, or imprinted, their efforts in its finished price. The income from this finished price is then divided between labor (wages), capital (profit), and expenses on raw materials. The wages received by workers do not reflect the full value of their work, because a large portion of that value is taken by the employer in the form of profit. Therefore, “making a profit” essentially means taking away from the workers some, if not all, of the value that results from their labor. This is what is known as “capitalist exploitation.” However, others argue to the contrary that capitalists do not exploit their workers in that they provide employees with an income well in advance of the revenue from the goods they produced. Moreover, increased profits would undermine capital itself thus destroying not only capital and profits but basic employment (Murphy, 2004). Here, Marx’s theory of exploitation ignores the dimension of time in production. Based on this criticism it follows that the entire value of a product is not necessarily produced by the worker, and that labor can only be paid at the present value of any foreseeable output. Nevertheless, most schools of Marxist economic thought develop a general equilibrium model which attempts to unravel the tendencies and outcomes of a capitalist economic system.

Every commodity in a capitalist market has its price, and incomes are thus derived from sales and purchases of commodities and productive resources. Radicals, as a result, attempt to understand how capital represents a coercive social power acting through a market structure (competitive or otherwise), in which workers are exploited by capitalists, who appropriate from the working class the profits that their labor creates. As such, a comprehensive and consistent theory of capitalist exploitation is an essential element of radical political economy and is thus based on four major components: (1) a set of propositions defining exploitation, which contain (a) verifiable descriptive statements about the structure of a market economy and its institutional framework, and (b) normative statements of what “ought” to be or “could be” in contrast to the status quo; (2) the incorporation of exploitation into a theory of long-run equilibrium prices under capitalism, complete with proofs of existence and uniqueness of equilibrium; (3) a statement of why exploitation inevitably remains positive at long-run equilibrium; and (4) a set of empirically verifiable predictions about the tendencies of capitalist evolution and why they are unlikely to eliminate exploitation within an economy based on private ownership of non-human productive resources (Marx & Engels, 1848; Marx, 1849). Here it is important to note that radicals see exploitation as constituting an inherent element of capitalist-worker relations and generates differences in power and advantage for the capitalist class. Consequently, asymmetrical distributions of power create individual and class variations across the entire social strata, which in turn create further inequalities that undermine the economic well-being of the working class. In fact, radicals argue that capitalist arrangements themselves threaten the precise nature of democratic societies both in modern market societies as well as developing ones. In fact, arguments from



“mainstream sources” such as Business Week assert that the growing inequality gap between rich, middle class, and poor, threatens the economy itself, that is, for everyone involved in that very economy or whomever is affected by it (Bernstein, 1994).

### *Utopian Critiques of Political Economy*

While elements of radical analysis and inspirations tending towards socialism can be traced back to Greek philosophy and Judeo-Christian traditions, theories asserting the inevitability of capitalist exploitation developed largely in response to eighteenth-century industrialization and the associated elaboration of political economy as an independent discipline. Radical models arose from criticism of both capitalist economies and of the doctrines that justified conditions within them. In eighteenth-century Britain economic liberalism and the separation of wage labor from capital, began to operate over most of society, and many economists expounded the benefits to be derived from these phenomena. In response to this concepts of cooperation developed over time, i.e., collective activity that excludes individual competition and the pursuit of profit, and proposals for socializing the means of production evolved as methods to overcome exploitation.

Marx described these radical predecessors as “Utopians,” a term derived from the title of a book written by St. Thomas More around 1516. However, the usage of this word requires careful consideration; it does not imply that Utopian doctrines were inherently impractical but that they were able to be implemented at the time they were advanced. Utopians made no attempt to outline any strategy of transition towards their objectives, while they failed to establish contact with an existing or potential

source of power that could act as an agent of economic and social transformation. Their ideas could only be implemented with bourgeois aid (usually envisaged as operating through state institutions) or through a moral revolution, since no force was indicated as moving toward the goal. Consequently supporters of Utopian theories had no practical course of action available to them. However, Utopian ideas were influential precisely because: (1) they were rational aspirations held by the non-ruling classes; (2) they provided useful concepts and tools of analysis for later radicals, including the very idea of socialism itself; (3) some Utopians enjoyed contact with mass movements, for example, the Levellers in the English Civil War and Babeuf during the French Revolution. These movements were sporadic but did not spring from fundamental principle, so that it differed in kind from the Marxist identification of the working class as the source of socialist power.

Seeking to distance himself and his theories from a utopian identification, Marx sought to establish the existence of a trend towards socialism and the necessity of permanent contact with a potential power base. These are two necessary conditions for democratic forms of socialism to become a major political force. There was, however, no continuous tradition of radical economics in Britain or the United States before the nineteenth century, although earlier isolated critiques of social conditions provided the foundation from which later ideas emerged. In particular, they pointed to the exploitation of labor by the capitalist class. Because workers do not own the instruments of production with which they work, they are compelled, after selling their labor power, to work longer than is necessary to support themselves. The revenue from these extra hours of production accrues to the capitalist and investors. Such contributions to radical political economy remained largely intuitive until the industrial revolution stimulated socialist

thought, and seem remote today, but they bequeathed the notion that private property was the source of existing inequality and exploitation (Hacker & Pierson, 2010; Alperovitz & Daly, 2008).

### *Fabianism*

Marxism in general has proven to be difficult to popularize from the late nineteenth to early twenty-first centuries. In fact other more democratic forms of economic organization could prove to be helpful in light of the Great Recession and weak legislation in the Dodd-Frank Act of 2010, which replaced the Glass-Steagell Act of 1933. One possible model that could potentially remediate the Dodd-Frank Act, and conceivably improve upon even the past Glass-Steagell Act, might be to reassess the vision of the Fabians, which became popular in the late nineteenth century England. The Fabians developed a form of socialism (or form of economic risk management) acceptable in a relatively rich country, making it easy for members of the middle class to become socialists (or economic risk managers) while retaining their privileged life style (Wolfe, 1975). They claimed to have “broken the spell of Marxism,” which was overblown since very few British at the time had understood what Marxism was in the first place. As such, the Fabians gained popularity in England with such persons as George Bernard Shaw (Shaw, 1892; Shaw, 1937), Sidney and Beatrice Webb (1894), Graham Wallas (1914), Bertrand Russell (1918), and H. G. Wells (1940), with its fundamental tenants taking hold in later years in the British Labor Party.

One of the major beliefs of the Fabians was to abandon *laissez faire* economic methods and develop a partially planned economy with greater democratic equality and input into economic matters, according to R. H. Tawney (1920), G. D. H. Cole (1920), and Harold Laski

(1933). They believed that the “individual liberty,” and “self-interest” rationale of elites undermined the common good. The specific concern of the Fabians was directed at labor reform and the recognition of the rights of workers, specifically the concept of “surplus value” in which the Fabians argued that this was created by labor and not the owners of capital. The Fabians also sought to reform British economic orthodoxy by supporting policies composed of *economic internationalism*, which sought to check the spread of British imperialism, and *minimal government*, which sought to prioritize a more democratic socialized economy. These two beliefs – in economic internationalism and minimal government – constituted Fabian economic orthodoxy. This included the introduction of a “living” minimum wage in 1906, the creation of a universal health care system in 1911, and the abolition of hereditary peerages in 1917. The Fabians favored the nationalization of land rent, believing that rents collected by landowners were unearned, an idea which was derived from the work of American economist Henry George (1879). Finally they pushed for a “demilitarization” of the British military and empire, the prioritization of national education, and a welfare state modeled on the Bismarckian model. In short, they rejected “liberalism” as it had manifested itself in “laissez faire” and “free market” policies. Today, Fabianism is basically the core foundation for the British Labor Party. But the influence Fabianism has had on the labor movement all over the world is one that has had a tremendous and lasting effect on the efforts of individuals to strive for fair and just compensation for work.

### *Syndicalism*

Syndicalism became popular in the early nineteenth century as one of the three most common currents of

socialist economics, together with market socialism and socialist planned economies. It became popular in France, Italy, Spain, Austria, Belgium, Ireland, and the Scandinavian countries. Syndicalism believes that all participants involved in economic productivity share equal ownership of its production (Brown, 1942). Both syndicalism and socialism emphasize distributing output among workers as required by each trade, not necessarily considering how trades organize internally. In contrast, communism rejects government-sanctioned private ownership of the means of production in favor of ownership by the class of individuals who actually use such property. Under other variants of communism, as the theory goes, the proletariat would have control of the state as well. Nevertheless, under syndicalism unions exist independent of the state rather than needing the state's micromanagement and central planning. This was one of the major ideas that Sam Mainwaring argued for during the later part of nineteenth century labor organizing in England with his formation of the anarcho-syndicalists and revolutionary Syndicalists (Hermia, 1983). Syndicalists argue that society is to be organized from the bottom-up based on direct democracy, confederation of worker guilds and unions, workplace democracy, and decentralized socialism. In order to bring about this form of worker society workers may either initiate a general strike through direct action and workplace occupation or – in the case of reformists Syndicalists – develop a Syndicalist or libertarian communist economics alongside the state, in competition to it (Wiarda, 1997).

Syndicalism focused on revolutionary action as the outcome of class war waged by trade unions which are destined to supplant the state machinery. These sentiments were the product of a spontaneous workers' movement, the heir of France's revolutionary tradition. Marxists theorists

such as Sorel (1950) and Fanon (1961), supported by the psychoanalytic influences of Freud, and his theory of inherent violence toward authority (1929), composed much of syndicalism's theoretical grounding. Sorel and Fanon in particular argued that worker violence was more than justified as a response to the already oppressive and violent nature of capitalist institutions. Sorel in fact, claimed to be the workers' student rather than their teacher, but he became nonetheless, the prominent Syndicalist theorist. He saw his role as stripping Marxism to its essential core – which was nothing less than bare boned class struggle. Sorel believed that parliamentary action on behalf of workers was ineffective, since it was based on compromise and delay by the capitalists who controlled parliament. Moreover, parliamentary democracy enmeshed the working class in its enemies' procedures. Democracy in this form appears to create the delusion of national unity above the class struggle even if only on the basis of agreements to differ and compromise. Political parties represent a constructed intellectual consensus across classes in contrast to classes themselves, which are based on homogeneity in the conditions of life.

In Sorel's neo-Marxist model such bonds are the only ones that survive changing circumstances, so that the possibility of social transformation depends upon the outcome of class conflict rather than upon political activity. Existing state institutions continue to support the elites. Thus Sorel saw the purpose of Syndicalism as a revolt against capitalism, not the amelioration of workers' conditions under it. If socialists accept government procedures they inevitably become their defenders, supporting the status quo against disorder and so betray the working class. This became the position of the anarchists, who saw government as the tool of the capitalist class (Rocker, 1938; Berry, 2002). An alternative strategy seeks

to develop distinct proletarian institutions as effective weapons in the contemporary class struggle, yet these are simultaneously designed to exercise increasing authority over industrial administration. Ultimately capitalism becomes subordinate and its crucial operations are transferred to working-class bodies. Trade unions can only undertake such a task if they become educational agencies, regenerating their members' culture of solidarity and socialism in preparation for their future role. Thus Sorel thought unions to be indispensable in the existing warfare between capital and labor, but more importantly in the long run to be capable of abolishing wage labor. To this end, they must struggle for total working-class emancipation, support every movement within the proletariat, and then recruit all labor into their ranks.

The Syndicalist theory of transition rests on the use of a general strike to produce chaos. Sorel advocated strike activity as the central socialist strategy, extending from local to industrial and ultimately to the national level. The general strike serves three specific purposes for Sorel by providing: (1) significance to individual disputes which are seen as skirmishes within a larger campaign; (2) concrete expression of the fact that socialism is not built upon gradual changes but requires a complete transformation in social relations; and (3) remediation to the redundancy of political reform and compromise. Notwithstanding, Syndicalists argue that society is to be organized on the principles of workplace democracy and decentralized socialism. The outcome of Syndicalist labor organizing manifested itself in the United States as the International Workers of the World, and various anarchist movements known as Anarcho-Syndicalists promoting labor unions and workers' rights (Dubofsky & Dulles, 2010; Dubofsky, 2000a; Dubofsky, 2000b; Solerno, 1989).

*Guild Movement*

Another form of democratic participation in the economy can be understood in terms of Guild Socialism. The Guild Socialists stressed the centrality of production. They pointed out that people spend more time producing than consuming, so that the organization of industry is more important than distribution. Yet under capitalism labor power becomes a commodity, and after its sale, workers effectively renounce control over workplace conditions and the disposal of those commodities that they create. The Guild Socialists argued that parliamentary democracy is an empty formality without the backing of industrial democracy, but felt that the latter requires abolition of the wage system (Hutchinson & Burkitt, 1998). What Guild Socialism creates is a framework for the co-ownership and co-management of production by government and unions. Ownership of the means of production ultimately rests with the community but the unions possess day-to-day authority over economic processes. For workshop democracy to be achieved, the labor force must elect and control its managers, so that unions become statutory guilds exerting authority over the methods of production. They effectively exercise the functions of self-governing corporations because they embrace all workers from elected managers to laborers. Democracy, therefore, becomes a reality embodying its fundamental principles in workplace relations.

Democratic economic participation means playing an active role in making the decisions that affect one's life, and Guild Socialists argued that the fundamental concept of private property under capitalism ensures that it cannot enable such participation. As a result, the Guild Socialists accepted Marx's theory of class conflict, but departed from orthodox Marxism in their vision of the transition to



socialism. They saw trade unions as an embryonic form of post-capitalist organization, in which economic equality defined as maximum participation is a prerequisite for political equality. Hence, they sought to provide workers with: (1) a claim upon the product of their work; (2) control over productive processes; and (3) payment as human beings, whether employed or not (as a form of social security). In these circumstances labor ceases to be an object manipulated in the service of profit. By posing a comprehensive alternative to the existing organization of industry, the Guild Socialists revealed the poverty of those deprived of the chance to realize their creative potentialities. Only through providing workers with control over their products and job environments, can only be based on power, i.e., the possession of authority and information.

#### *Liberalism as Problem and Solution*

The two dominant pillars of liberal thought can be found in the writings of Rawls (1971) and Nozick (1974). Nozick's theory of entitlement basically aligns itself with far right or libertarian views on property rights (Mises, 1922; Hayek, 1955). Of course the problem with this position is that, according to G. A. Cohen, "Nozick believes not only that people own themselves, but that they can become, with equally strong moral right, sovereign owners of indefinitely unequal amounts of such raw external resources as they can gather to themselves as a result of proper exercise of their own and/or others' self-owner personal powers. When, moreover, private property in external resources is rightly generated, its morally privileged origin insulates it against expropriation or limitation" (Cohen, 1995, p. 69). The other position, based on Rawls' theory of justice, is to moderate inequalities that result from liberal entitlements and ownership. This is the

point of Rawls' "difference principle" where inequalities can be tolerated only to the point that it benefits the least well-off and redirects resources toward greater equality, thus defining "justice as fairness." But for Rawls this redirection is based on legislation and public policy and can never be guaranteed in a liberal democracy. Consequently, labor's right to surplus value or some form of economic democracy where property rights of the right to surplus value is understood in the context of radical political economy is vacuous with regard to liberal theory, neo-liberalism, and its modified rendition found in Rawlsian liberalism.

Ironically, Alperovitz and Daly argue that the father of liberal theory, John Locke, points the way to understanding a labor theory of "property rights" found in Locke's very writings (Alperovitz & Daly, 2008). Describing the basis of property ownership in terms of the "labor theory of property," that is, the right of labor to the entire product that they create, Alperovitz and Daly point to Locke's rationale for this view in the *Second Treatise of Government* in which Locke states, "The labor of his body and the work of his hands, we may say, are properly his. Whatsoever, then, he removes out of the state that nature hath provided and left it in, he hath mixed his labor with it, and joined to it something that is his own, and thereby makes it his property ... For this labor being the unquestionable property of the laborer, no man but he can have a right to what that is once joined to, at least where there is enough, and as good left in common for others" (Locke, 1689, pp. 17-18). Even liberals such as Robert Dahl argue that this notion of property rights can be extended to society as Dahl states, "the principle would lead to the conclusion that the control and ownership of the economy rightfully belongs to 'society'" – at least that very share of the economy's capacity that cannot be attributed to

current individual effort ... means must be found for 'society' to exercise the control to which it is entitled by virtue of its collective ownership" (Dahl, 1982, p. 201).

While the notions of a "labor theory of property" or "labor theory of value" are at the heart of the conflict between labor and capital, the translation of this rightful ownership of "surplus value" creates difficulties for public policy. Simply, how can this be achieved practically? Liberal theory, understood in the context of Lockean property rights and his concept of the "labor theory of property," that is, "that each of us has a claim to what he creates or helps create but not to what he has done nothing whatsoever to earn" (Alperovitz & Daly, 2008, p. 177), must manifest itself in public policies benefitting both labor and capital. Nevertheless, this rediscovery of Locke's "labor theory of property" will prove to be critical in ameliorating the increasing gap between the rich and poor and alienated middle class. Not only should these democratic rights, understood as both Lockean liberal and radical, be recognized in the workplace, but also recognized and implemented in economic activity throughout the entire economy (Hudson, 2008). This can be one approach in preventing future devastation of our collective economy. This in fact may be the beginnings of the theoretical basis to implement Franklin Delano Roosevelt's Economic Bill of Rights which is, arguably, long overdue. Here too, divergent forms of economic organization on a "human scale development" can become a possibility not only for developing countries, but also for modern post-industrial countries as well (Geier, 2008; Max-Neef, 1992; 1987; 1981).

## **Conclusion**

It is important to understand that democratic participation in the economy should be understood as a solution to the economic demise currently experienced in the United States and global markets. What Fabians, Syndicalists, Guild Socialists have argued is that the “evils” of capitalism were more connected with the ‘commodification of labor power’ (work in exchange for wages) than with ownership of the means of production. They aimed to restore the freedom and dignity of labor, through the trade union movement, and thus transform productive processes, not just in their organization, but also in their rationale and purposes (Cole, 1920). Making labor a priority and democratizing the economy along the lines of the labor reform movements of the past century, must be prioritized if the economic recovery in the United States is to be meaningful and effective for both workers who are also consumers.

## **Acronyms**

GDP    Gross Domestic Product

## **End Notes**

1. Robert Sheer quotes Warren Buffett, in Sheer’s book (2010) *The Great American stick up: How Reagan and Clinton democrats enriched wall street while mugging main street.*

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