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The Middle Class Fights Back: How Progressive Movements Can Restore Democracy in America

Frank Roosevelt^a

^a Metropolitan College of New York

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The Middle Class Fights Back: How Progressive Movements Can Restore Democracy in America

Brian D'Agostino

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Brian D'Agostino's *The Middle Class Fights Back* is a strongly polemical but refreshingly hopeful book. Packed into its 167 pages is a thoroughgoing critique of American institutions as we know them and a reform agenda that is nothing short of revolutionary. The author's proposals are radical but not ideologically rigid. He frequently ends an argument with the words 'To be sure . . .' followed by a qualification of his point or a cogent summary of someone else's view. This practice is an indication of the general fair-mindedness of the author.

Although D'Agostino's book is not geared to an academic audience, it is extensively researched and carefully supported with frequent citations to relevant works. Indeed, one cannot help but marvel at the breadth of his knowledge of the literature relating to the many issues he addresses. The book is occasionally marred by questionable word choices (e.g., 'loot' and 'scam') unworthy of its otherwise sophisticated arguments, but it is nevertheless well organized and engagingly written, the prose flows nicely, and, most importantly, the exposition is persuasive.

D'Agostino takes his inspiration from the Occupy Wall Street movement and aims to show the way forward. Among his recommendations are 'demilitarization, worker ownership and control of enterprises, a green New Deal [to revive the economy], and an infusion of resources into neglected public schools' (p. xvi). The goal is 'a peaceful, sustainable, and just society' (p. xvi).

The first half of the book is subtitled 'How the Rich Rule.' In four chapters D'Agostino discusses 'The National Security State Scam,' the effects of capital flight on American living standards, the counterproductive results of

the 'school reform' movement, and the misguided character of the conservative anti-government ideology. In the second half, D'Agostino sets forth 'A New Progressive Agenda' rooted in the idea that 'a government for the people can make the good life a reality for every American while simultaneously enhancing human security throughout the world' (p. 103). Carefully distinguishing 'human security' from 'national security,' D'Agostino defines the former as 'the condition in which ordinary people can meet their basic and higher needs' (p. 102). The appropriate function of government, he argues, should be to ensure human security, not to ensure 'the freedom of the rich and powerful to accumulate more wealth and power at the expense of others' (p. 102).

The book's sixth chapter, 'Markets without Capitalism,' will perhaps be the one of greatest interest to readers of this journal. This chapter opens with a definition of capitalism as an economic system with two key characteristics, the first being the centrality of the firm in both resource and product markets, and the second, direct or indirect control of the firm by outside owners who appropriate its surplus product. The second of these features is the more important one for D'Agostino: 'Virtually all the evils of capitalism stem from the direction of enterprises by or on behalf of people whose sole interest is in making money off other people's labor' (p. 130). Having defined capitalism and pinpointed the source of its moral defects, D'Agostino goes on to propose a two-pronged strategy for bringing about a 'transition to a postcapitalist, market-based economic system' (p. 130). One strategy involves setting up new producer cooperatives while the other entails the transformation of existing firms.

D'Agostino would first encourage the creation of thousands of new firms by groups of workers acting locally to form enterprises modeled on the successful Mondragon cooperatives—the pioneering producer cooperatives set up in the Basque region of Spain in the 1940s. Spreading out from the town of Mondragon, these cooperatives were supported from the start by a technical training school and a cooperative bank, and D'Agostino describes their structure and evolution in considerable detail. Having become a global colossus, today's Mondragon Cooperative Corporation has more than US\$20 billion in annual sales and employs approximately 100,000 worker-owners in 260 enterprises in 40 countries.

The second prong of D'Agostino's proposed strategy is designed to transform existing capitalist enterprises into worker-owned and worker-controlled firms. He suggests two possible ways of accomplishing this objective. One way would exempt worker-owned companies from paying corporate income taxes; the other would add public officials to the boards of firms.

Providing relief from having to pay corporate income taxes is seen by D'Agostino as the most effective way of inducing existing capitalist firms to transform themselves into worker-owned and worker-controlled enterprises. Tax relief would, for a start, place enterprises in a good position 'to compete in the global economy without resorting to low-wage labor' (p. 130). D'Agostino argues, plausibly but without evidence, that corporations choosing to empower their workers in this way would see gains in labor productivity; the position of the recalcitrant

companies ‘would become increasingly untenable as firms adopting worker ownership and control began to outperform them in the marketplace’ (p. 130). He is optimistic—perhaps unduly so—about the political prospects of his proposal: ‘The worker equity part of this grand bargain would appeal to Democrats in Congress, while Republicans would like the tax elimination part, making bipartisan support feasible’ (p. 130).

Whereas D’Agostino’s tax relief proposal allows companies to opt out, his proposal to place public officials on the boards of capitalist firms is compulsory. In this approach he would have the Federal Reserve purchase roughly 10% of all corporate stock and thereby obtain the right to appoint a public representative to the board of each corporation. The trade-off for this change in corporate governance would be a streamlining of regulation. Regulations are currently onerous in D’Agostino’s view because they set up adversarial relationships between private companies and the public agencies assigned to regulate them. However, to make clear the difference between his objection to regulations and that of the ideological anti-government conservatives, he notes that the purpose of his proposal to place ‘a government representative on corporate boards is not to eliminate regulation but to advance the public interest in ways that existing regulatory regimes cannot’ (p. 135).

The most passionate and well informed chapters in *The Middle Class Fights Back* are those devoted to educational reform (Chapters 3 and 7). They are based on the author’s 11 years of experience as a high school teacher in the New York City public school system. His anger over the so-called ‘reforms’ enacted under the administration of Mayor Michael Bloomberg is palpable, but so is the idealism in his portrayal of how schools of the future should be run. His vision is built on ‘collaborative school governance’ with parents and students as well as principals and teachers given roles as stakeholders. He would also pair young instructors with master teachers, enabling the former to learn ‘exemplary practices’ from the latter. Conceding that such policies will be more expensive than current ones, D’Agostino nevertheless contends that ‘this type of mentoring is the most reliable path to excellence in the long run’ (p. 149). Much of what D’Agostino has to say about the crisis in public education will be familiar to people who have been paying attention in recent years to the struggles of big city school systems, but his description of what has been going on has a ring of truth to it that can only be achieved by a participant.

As powerful a book as D’Agostino’s is, there are some noticeable weaknesses in his analysis. One problem has to do with his idea of the ‘middle class,’ a concept enshrined in the book’s title and central to its argument. On the one hand, the definition of the middle class can change as society changes. For example, D’Agostino observes in the introduction to the book that the contemporary economic crisis and its concomitant wage stagnation have engendered ‘a shift in the political identity of the middle class . . . from one that encompasses the rich to one that encompasses the poor’ (p. xv). On the other hand, he seems to take a completely ahistorical view of his central concept, saying in his very first footnote that his middle class is similar to the ones that ‘were at the core of the revolutions that established parliamentary democracy in England in the 17th century, achieved American independence in 1776, and that toppled the Old Regime in France in 1789’ (p. xiii).

A related problem with D'Agostino's conception of the middle class is that, even though he distinguishes it from other groups such as 'the rich', 'the poor' and people living below the official poverty line, he does not see it as existing *in relation to* any other class. If a class can be conceptualized only with reference to at least one other class, D'Agostino's 'middle class' is not a class at all. In his conception, it is a *status group* defined solely in terms of money income.

For D'Agostino, the middle class consists of households with adjusted gross incomes between \$20,000 and \$200,000. In various places in his book he refers to individuals in this group as 'ordinary Americans', 'ordinary people' or 'US workers', but he does not define them in relation to other social actors. And yet the main purpose of his book is to inspire this group to become a force for social change: 'the middle class itself,' he writes (p. 156), 'must lead the revolution against plutocracy and state capitalism, joined by the minority of the rich and the majority of the poor who will support such far-reaching change.'

One could argue that I am not being fair to D'Agostino on this point. What about his critique of capitalism as a system whose many dysfunctions arise mainly from the exploitative activities of profit-seeking enterprises. And isn't he recommending an economic system in which workers own and control the firms in which they labor? Yes . . . but I would argue that a reference to the direction of enterprises by outside owners is not a description of the hierarchical, superior-to-subordinate social relations that actually prevail within a capitalist firm. And neither is the presentation of an ideal model of a worker-owned firm (*à la* Mondragon) a guide to the struggles needed to get from here to there.

The ultimate purpose of D'Agostino's book is set forth in his last chapter, 'Renewing Democracy.' Here, he not only restates the case for an economy based on worker-owned and worker-controlled enterprises; he also fleshes out the political ideal he has referred to earlier in the book, namely, a nationwide direct democracy. The democratic economy, though hard to imagine appearing in the US any time soon, has at least been experimented with in other parts of the world (e.g., Mondragon). D'Agostino's ideal polity, however, is completely utopian. The only way in which he can present it as a practical possibility is to ask us to imagine the potential of the latest developments in information technology, specifically those involving digital communication. Thus, for him, 'television and information technology have created new possibilities for direct democracy that Madison and Hamilton could never have imagined' (p. 162). Like much else in his book, D'Agostino's concluding chapter asks us to engage in leaps of the imagination. Given the state of world as it is, why not?

Frank Roosevelt
Metropolitan College of New York
froosevelt@mcny.edu

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