

High-Performance Democratic Socialism

—The emergence of organizing principles for a new society within the modern capitalist enterprise—

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【ABSTRACT】 Confronted by so much unnecessary suffering and destruction around us, scholars have an obligation to contribute to efforts to repair the world. We must then decide what model of a better world should guide these efforts. Among the competing models, I focus on democratic socialism—a planned economy under socialized ownership. Large-scale experiments with socialism to date have not been successful in meeting economic and social needs, but nor were they very democratic. I argue that the organizing principles that would undergird a genuinely democratic form of socialism that meets our economic and social needs are emerging in some of our leading corporations. In order to stabilize and generalize this emergent organizational model, these same principles could be applied at the societal level.

I start from two simple premises. First, the prevailing political-economic system—let’s call it competitive capitalism—is failing us. To list just a few of the most obvious failures: savage and growing inequalities in income, wealth and health, recurrent economic and financial crises, persistent un- and under-employment, accelerating ecological crises, ever-larger corporations wielding unaccountable power, an increasingly commodified culture. Perhaps some of these failures might be overcome if economic growth resumes. But looking back over the last century, we must conclude that even if growth resumes, we will still face at least two key problems: the recurring cycles of economic and financial crises and their attendant unemployment and misery, and an accelerating slide into ecological disaster.

My second premise is that these failures are not just the result of bad decisions by politicians, bank-

ers, executives, or consumers. Incompetence, greed, and short-sightedness surely play a role; but those decisions are constrained by the political-economic system in which we live. If our current system leads, via such decisions, to those failures, then we can and must change that system. Another, better world is possible—and urgently needed.

Given these premises, we need to consider which model of political-economy should guide our efforts to create this better world. I see three main alternatives: ethical capitalism, regulated capitalism, and democratic socialism. (I take Scandinavian-style social democracy to be a combination of ethical and regulated capitalism.) Of these, I believe that only democratic socialism survives scrutiny as a plausible solution to the world’s ills. The primary goal of this essay, however, is not to make the case for this model—given space constraints, I leave that to another occasion—

but rather to address the main criticisms that have been leveled against it.

In broad outline, the democratic-socialist model has three main components, which together differentiate it from all the variants of capitalism. First, investor-owned capitalist enterprises employing wage-labor would be replaced by cooperatives under socialized ownership. Instead of aiming to maximize profits, the enterprise's goal would be to maximize people's well-being and the planet's ecological balance. Second, market competition between firms would be replaced by cooperation under regional and national economic plans. And third, democratic principles would be deepened in the political sphere and extended from the political sphere to the governance of economic relations within and between these enterprises. Adopting such a model would imply a radical change in the basic form of our society—the end of “free enterprise” as the economy's basic framework.

In the following sections, I first recapitulate the case for socialism and sketch the outlines of a democratic-socialist system. I then review the potential limitations of such a system in dealing with three key challenges—coordination, efficiency, and development. The subsequent sections argue that these same challenges are encountered in the microcosm of the individual enterprise. I show that some large firms have developed new organizing principles that have proven very effective in addressing these challenges, and that these principles could be applied even more effectively in socialist enterprises and in the governance of a socialist society. Used in this way, these principles would support a model that I call “high-performance democratic socialism.”

1. WHY SOCIALISM?

To lay a foundation for the body of this paper, it is useful first to explain why proponents of socialism see the other alternatives—ethical and regulated capitalism—as incapable of resolving the major failures of competitive capitalism. The arguments warrant much more careful development and attention, but this presentation will suffice for the present purposes.

Consider first climate change. As things stand in 2016, if we are going to avoid the 2 degrees Celsius tipping point, and if we are going to leave the developing countries any time at all to make the transition to clean energy, we need the richer countries of the planet to stop *all* fossil fuel combustion very rapidly—far more rapidly than even the most aggressive agreements have stipulated (Anderson & Bows, 2011). This would require not only shutting down the fossil fuel industries (coal, gas, oil), but extensively retooling many sectors of the economy: the automobile, airline, and shipping industries all rely on fossil fuels; so do many metal-working industries; and so does most of the chemical industry, which uses oil as its “feedstock” and whose materials form the basis of many other industries from food to clothing.

Perhaps with a concerted effort we could achieve such a dramatic transition without chaos. As argued recently by several commentators (Delina, 2016; McKibben, 2016), this would need to be an effort like the mobilization the US economy in World War 2—except that the mobilization would need to penetrate far deeper into industry and everyday life and would need to last for several decades rather than just five years. If we do not accomplish this transition in time, we will face massive global tensions as many millions of people migrate from flooding coastal zones and from other regions rendered uninhabitable: at that point, the emergency will be far greater.

It is unrealistic to expect that more ethical leadership of capitalist enterprises, prompted by executives' enlightenment or by the pressure of activist investors and consumers, could effect such a mobilization. Given the magnitude and urgency of the climate crisis, it is unrealistic to expect the business sector's voluntary efforts to drive the drastic changes that are needed in an acceptable time-frame. The World War 2 mobilization in the US required the government take direct control of almost half of the economy (Wilson, 2016): it is very hard to see how we deal with the climate crisis without a similar transformation.

Efforts to respond to this environmental crisis through government regulation of capitalistic enterprise also encounter a fundamental constraint. It is unrealistic to expect anything but ferocious opposition from the business sector when faced with threats to the very existence of some industries (the fossil fuel industries) and to the profitability of so many others. And this opposition holds the trump card: in any society where wealth is created through a private enterprise system, political democracy cannot prevail for long over the collective economic interests of these business owners. The risks of a "capital strike"—a cessation of private sector investment—and of "capital flight"—moving assets overseas—severely constrain government action.⁽¹⁾

Do the other failures of competitive capitalism call for equally drastic action? Could not recurrent economic and financial crises be remedied by a reassertion of sane regulation? The history of the past two centuries suggests a strong conclusion: no.⁽²⁾ When the primary engine of wealth-creation continues to run on capitalistic principles the assertion of such regulation creates an unstable configuration. Social-democracy's efforts to "re-embed" the market in regulatory and normative constraints cannot but fail sooner or later. They fail either backwards—such as with fascism in the 1930s and with neo-lib-

eralism from the 1980s on—or forward, into a more radical socialist transformation.⁽³⁾

In a planned socialist economy, investment and job creation would be decided democratically and at a regional and national level based on society's needs, not as the emergent, unplanned results of private businesses' decisions based on their individual profit expectations. Our environmental challenges could thus be tackled by democratic deliberation, unhampered by the weight of business lobbying and threats of capital strike and flight. And a system of this kind would experience none of the economic and financial instability characteristic of an unplanned economy based on market competition. Whatever other limitations a democratic-socialist planned economy might have—and we will discuss them in detail below—it seems clear that economic crisis cycles would not be one of them.

2. A SKETCH OF A DEMOCRATIC-SOCIALIST SOCIETY

What, then, would a democratic-socialist society need to look like to overcome the failures of capitalism? Much remains to be invented of course, but some basic features are clear. A coherent alternative to capitalism might involve the following features:

1. We would need to find a way to overcome the grip of business over government—an important hurdle, but surely not an insuperable one. Democratized government at city, region, and nation levels would become the vehicles for planning our economic, social, and environmental goals and allocating society's resources accordingly.
2. Through this government, we would subordinate the large corporations that constitute the economy's "commanding heights" to a democratic planning process. That requires nationalizations. (Investors can be compensated with government

- bonds.) This step would be greatly facilitated by the oligopolistic structure of most industries: nationalizing just a handful of companies in each industry would give us the power to direct economic development in ways compatible with social and environmental needs. Imagine, for example, that in the retail sector, Walmart, Costco and Kroger are nationalized and become publicly-owned utilities that offered a wide selection of responsibly-sourced consumer goods and healthy foods, staffed by well-trained and decently-paid personnel who govern these enterprises cooperatively in concert with community representatives. Alongside this nationalized sector of large enterprises, we might imagine a cooperative sector of smaller enterprises, whose goals were not set by the planning process but who responded to local market opportunities.
3. Instead of breaking up the big banks, we would nationalize them and use them as vehicles for channeling tax revenues back into the nationalized firms and the local cooperative economy, directing investment according to triple-bottom-line criteria and the planning agencies' targets. Because the cooperative sector's financing would come through these banks, we would be assured that this sector too worked towards societal needs.
 4. Legislation would give workers a majority on enterprise boards, alongside representatives of other stakeholders. Their production plans would reflect input from the higher-level planning authorities, local communities, and the enterprise's workers themselves. Wage rates—including the wages for any necessary managerial labor—would be as egalitarian as practicable (see point 6 below).
 5. The planning process would ensure that there was no involuntary unemployment. Citizens would be guaranteed a minimum income that assured a modest but decent living standard. Those wanting more than this minimum would earn it working for local cooperatives and nationalized enterprises. Working hours would be considerably reduced to reflect the elimination of wasteful expenditures (such as advertising), the greater efficiency of production (facilitated by the elimination of wasteful duplication), and new social priorities.
 6. To reduce intergenerational transmission of inequalities through differential access to education, child-care, pre-school, school, and college would be truly free. By eliminating fees and paying students a decent stipend, "human capital investment costs" would be socialized, and as a result, wage rates could be made far more equal. People would develop the types and levels of specialized skills for which they were most talented and had the greatest interest, rather than driven by expectation of higher wage rates. The socialization of early childhood care will also help clear the path toward greater gender equality.
 7. In an increasingly integrated global capitalist economy, national polities have only limited capacity to exert control over their domestic economies. That power is extremely limited if the domestic and global economies retain a capitalistic character; it would be greater if our domestic economy moved in the socialist direction I have just sketched; it would be far greater again if our trading partners also moved in a socialist direction. In that latter scenario, democratic economic planning could begin to take shape at a global level too. But absent a broader global movement to socialism, we should anticipate hostility and antagonism from the international financial markets, and as a result we would need to plan for some corresponding economic sacrifices.
- This seems like a minimum threshold for the new political-economic system. Beyond this minimum, we might imagine more advanced measures. Cockshott and Cottrell (1993) for example show how work can be paid not in money but in social labor

time credits exchangeable only for consumer goods. They also suggest that democracy could shift from reliance on the periodic election of more or less professionalized representatives to a system based on more frequent popular referenda and reliance on a random selection of workers and consumers to staff decision-making bodies.

3. THE CHALLENGES FACING DEMOCRATIC SOCIALISM

Many thoughtful people have doubted the desirability of any such socialist system. They argue that, even if the capitalist system is not perfect, the socialist alternative suffers far more serious drawbacks. These concerns focus on its ability to deal with the three main challenges that any societal model must confront. I will explicate these further in subsequent sections, but in summary, the concerns are these:

1. Coordination: In replacing the “emergent order” of market competition with a democratically planned order at the national and regional levels, a socialist society will encounter challenges in capturing and leveraging the largely tacit knowledge that local actors have about local opportunities and constraints.
2. Efficiency: In socializing the ownership of enterprises, putting their governance under democratic control, and allowing workers to decide on their own work methods and work pace, socialist enterprises will encounter challenges in assuring the efficiency of production.
3. Development: A socialist society rests on a transformation of values from “possessive individualism” (Macpherson, 1962) to socialist collectivism, and a socialist society will therefore encounter challenges in sustaining the individualism on which creativity and economic development depend.

While many proponents of socialism dismiss such concerns as irrelevant or insubstantial, I believe they warrant serious consideration. Implicitly or explicitly, these concerns limit the appeal of the democratic-socialist model. Until people can see how democratic socialism could deal successfully with these three concerns, the model will have little credibility as a guide to social-change efforts.

4. LOOKING FOR SOLUTIONS IN LARGE, HIGH-ROAD ENTERPRISES

The three systemic challenges that I just outlined have their counterparts in the microcosm of the individual enterprise: any modern enterprise must deal with these same challenges of coordination, efficiency, and development. I argue that we can now find very promising solutions to each of these challenges in some of our contemporary large-scale capitalist firms, specifically, those that follow what has been called the “high-road” strategy.

In contrast to the “low-road” strategy, which relies on intensifying work and pushing suppliers for lower prices, the high-road strategy relies on mobilizing the creativity of employees and suppliers (see for ex. Wright & Rogers, 2011, Ch. 9). As compared to their low-road counterparts, high-road firms offer higher-skill, better-paying jobs with more opportunities for employee voice, training, and self-direction. These firms compete more on quality than on price; and to do that, they use technologies and work systems that enable people to work smarter rather than forcing them to work harder.

The viability of this high-road strategy is constantly challenged by low-road competitors. Nevertheless, in pursuing their strategy, high-road firms have developed impressive new organizing principles for addressing the challenges of coordination, efficiency, and development. These principles, I will

argue, could be applied far more effectively by enterprises in a democratic-socialist society, and these same principles could be scaled-up and applied at the societal level to resolve the three challenges as they pertain to the overall system.

I focus on bigger firms because they represent the future. Notwithstanding current enthusiasm for smaller firms, the general trend has long been—and continues to be—towards larger average firm size. Moreover, any plausible form of socialism would rely primarily on bigger- rather than smaller-scale enterprises, and if we cannot see how such massive enterprises could be managed efficiently and democratically, that would count as a serious argument against the desirability of socialism. Indeed, a long line of commentators have argued that democratic decision-making can work well enough in small enterprises, but larger ones cannot avoid the “iron cage” of bureaucracy, with its attendant alienation and domination.⁽⁴⁾

It is not, I submit, mere happenstance that the solutions to the challenges facing democratic socialism take shape in these large, high-road firms. If socialism is going to be a more advanced form of society than capitalism, it is because it builds on the accomplishments of capitalism. Building socialism does not mean some Khmer Rouge style *tabula rasa*. Capitalism’s accomplishments include not only fantastic advances in science and engineering but also advances in what we might call “management technologies.” Granted, these technologies, both material and organizational, are often implemented in ways that would need to be changed in a socialist society; but it stands to reason that democratic socialism should have much to learn from the organizing principles used in bigger firms with relatively advanced management practices.

In the following section, I will describe these new principles; but first, let us review the three challenges themselves as they appear in any large enterprise,

and identify the limitations of the traditional solutions that are usually brought to bear on these challenges in capitalist firms.

4-1. Centralization as a response to the challenge of coordination

Large-scale enterprises face a major challenge in managing the complexity of their operational interdependencies. The magnitude of this complexity is often astounding. Many larger firms manage hundreds of locations, thousands of employees and suppliers, and hundreds of thousands of stock-keeping units. The assembly of one automobile, for example, requires some 30,000 parts from about 4,000 suppliers. Walmart with 2.3 million employees sells four million products coming from over 100,000 suppliers around the world. Amazon sells nearly four hundred million different products.

The primary mechanism for dealing with this coordination challenge is not the market but planning. While these companies purchase their inputs and sell their products on the market-place, the vast bulk of the activity within the firm, that is, the activity that takes place between the input and output sides, is coordinated not by markets and prices but by planning and quantities. Indeed, in many companies much of the purchasing and sales activity is also planned rather than handled as arms’ length market transactions. Instead of selecting components from a supplier’s catalog, the purchasing company works with the supplier in the design of the product, in planning its production technology, and in coordinating transportation.

In addressing this coordination challenge via planning, firms must deal with the tension between the centralization through which this planning is achieved and the creativity that is needed at the lower levels of the organization to innovate in the face of local opportunities and changing circumstances. Creativity at these lower levels is likely to

be stifled by a centralized planning process. Planning is likely to give disproportionate influence to corporate staff personnel who are too far removed from any specific unit's local circumstances to make wise and informed choices. As firms tackle the coordination challenge, they must therefore look for ways to mitigate the tension between centralization and creativity. We should note too that in capitalist firms these mitigation efforts are hamstrung by management's fear that the goals of lower-level employees would differ from their own: so, bottom-up input is not just difficult to manage but explicitly silenced.

One way large firms have sought to mitigate this centralization/creativity tension is by "divisionalization." In contrast with the functionally-organized firm, where the primary organizational units in the enterprise are functions such as Marketing, R&D, Operations, etc., in the multi-divisional firm, the primary organizational sub-units are divisions responsible for all the functions pertaining to a given product-line or region. In this model, operating decisions are left to the division managers, who have considerable flexibility in deciding how to increase their division's profitability and are encouraged to exercise creativity to that end. Headquarters relies on the divisions' profitability to decide how much new investment funding to allocate to the different divisions—in effect, using a market process to guide their decisions. Beyond this investment decision, headquarters planning is limited to a small number of higher-level, strategic issues about which industries to compete in, and common issues about critical interdependencies across the businesses, such as shared IT and Accounting. Divisionalization can thus mitigate somewhat the centralization/creativity tension; but given the massive size of these divisions, that tension remains a key challenge in large, high-road firms today, whether they are divisionalized or functionally structured.

4–2. Standardization as a response to the challenge of efficiency

Notwithstanding great advances in automation, modern economies still must devote the bulk of their workforce to the production and delivery of relatively standardized products and services. And in producing these standardized products and services, the bulk of the workforce performs routine, repetitive operations rather than creative work. Over the next century, automation may eliminate many of these jobs, but that transformation is not happening quickly (David, 2015). This means that efficiency remains a major challenge facing businesses today and far out into any foreseeable future.

How, then, do large firms organize to achieve competitive levels of efficiency in such routine tasks? The answer is well-known: they create detailed procedures that standardize and formalize the most efficient work practices; they oblige workers to follow these procedures; and they ensure that workers work as hard and fast as possible in implementing them. A similar policy governs supplier relations: in search of greater efficiency, firms specify as carefully as possible the component characteristics they desire, and if possible they specify even the suppliers' production processes.

In practice, however, this standardization process creates a deep tension between the discipline required for rigorous implementation and the creativity that is the *sine qua non* of the high-road path. This tension erupts wherever workers' discretion or judgment is needed to assure the quality of work. As a result, management is typically left with a stark choice between efficiency and quality. This is one of the main reasons that the mainstream business strategy literature—such as in Porter (1985)—urges firms to choose between a cost-leadership strategy and quality-based differentiation strategy. As high-road firms tackle the efficiency challenge, they look

for ways to mitigate this tension between efficiency and creativity.

4-3. Specialization as a response to the challenge of development

One way to mitigate the tension between the demands of efficiency and the need for creativity is to segregate tasks depending on which aspect—creativity or efficiency—is more important. Activities aiming at these different goals require different skills and different psychological orientations—autonomy and conformity respectively. To ensure both types of tasks are performed effectively, many organizations specialize employees' roles and differentiate the organizational units within which each type of task takes place—a more “organic” structure for the creative units and a more “mechanistic” one for the more routine, implementation ones. The efforts of these specialized employees and their units must then somehow be integrated if the novel ideas coming out of the former are to be translated into solutions that can be delivered efficiently by the latter. And indeed, there is a well-established family of managerial methods for assuring this integration—rules, schedules, liaison roles, and cross-functional teams (Galbraith, 1977).

The deployment of these integration methods “gets the job done,” but rarely well. The differentiation of sub-units' “thought worlds” (Dougherty, 1992) and priorities typically leaves true joint optimization beyond reach: the sub-units and their employees lack the capacity or incentive to seek “integrative,” win-win solutions. Moreover, the underlying specialization is itself costly both to the individuals involved and to the enterprise. Those performing the creative tasks have no interest in improving the efficiency of their efforts, and conversely, those performing the routine tasks have little opportunity or incentive to offer innovative ideas on how to improve their work processes let alone bring forward

ideas for new products. As a result, firms aiming at both creativity and efficiency often end up mediocre at both (as shown for example in the research on Miles and Snow's (1978) “analyzer” organizations). As high-road firms tackle the specialization challenge, they therefore look for ways to mitigate the associated integration problems.

5. THE EMERGENCE OF NEW ORGANIZING PRINCIPLES IN HIGH-ROAD ENTERPRISES

All large organizations face the three challenges I have just described. Among the large enterprises taking the high road, new solutions to these challenges are emerging. In the following paragraphs, I will illustrate these new solutions in the context of a single case—Kaiser Permanente.

5-1. Case context: Kaiser Permanente

At the time of writing, Kaiser Permanent (Kaiser, for short) was the largest private healthcare provider and one of the largest healthcare insurance companies in the USA. As of 2015, it had over 10 million health-plan members, about 186,00 employees, 18,000 physicians, 51,000 nurses, 38 medical centers, and 622 medical offices. It was organized as a consortium of regional entities, each bringing together Kaiser Foundation Health Plans for insurance (chartered as a nonprofit public-benefit corporation), Permanente Medical Groups (which were for-profit physician partnerships or professional corporations that did business almost exclusively with Kaiser), and, in some regions, Kaiser Foundation Hospitals (also not-for-profit, funded by the Health Plans).

Unions had long been an essential part of Kaiser's business. Some 80% of Kaiser's non-physician, non-managerial employees were unionized, including nurses, technicians, clerical employees, social

workers, food and janitorial service staff, optometrists, and IT personnel. Moreover, many of Kaiser's health-plan members were also unionized. As a result, and unlike many other employers in the US, it was difficult for Kaiser managers to ignore or attack unions without risking both internal organizational turmoil and reputational damage in their target market.

Conversely, however, the Kaiser unions saw that using their power in confrontational ways would risk destroying Kaiser, and that, compared to other employers, Kaiser paid and treated its workers relatively well. Under the pressure of intensifying cost competition, the parties had recognized this interdependence in a landmark "partnership" agreement between management and a coalition of unions that was included in the collective bargaining contract in 1997. (By far the largest of the unions was the Service Employees International Union: the full list of participating unions is available at <http://www.unioncoalition.org>.) This agreement launched a partnership that was unique in its scale and ambition, and it was still functioning at the time of this paper's writing (Kochan, 2013; Kochan et al., 2008; Kochan, Eaton, McKersie & Adler, 2009). (For more critical views of the partnership, see Borsos (2013) and Early (2011).)

Due in no small measure to the success of this partnership arrangement, Kaiser performed near the top of the rankings of healthcare delivery organizations on almost all measures of clinical quality, innovation, and efficiency (Schilling et al., 2010; Whippy et al., 2011). Surveys of worker attitudes conducted jointly by union and management showed high worker morale too, with widespread support for the partnership process and its outcomes. These outcomes included wage and benefit gains as well as growth in union membership (Kochan, 2013).

I should note that the new organizing principles I discuss below do not require a union presence. The same principles can be, and have been, institutional-

ized in other ways in many non-union high-road enterprises. The presence of unions at Kaiser merely pulls into sharp relief the key role of these organizing principles.

5–2. Coordination and participative centralization

To coordinate interdependent activities on a large scale, organizations need centralized planning; but such planning creates a tension between its centralizing tendencies and the creativity needed at the local level to respond to opportunities and threats. Kaiser overcame much of this tension with its "Value Compass" (Schilling et al., 2011). The Compass is an image that shows "patient and member focus" at its center and identifies key goals for the entire organization at each of its four points—best quality, best service, most affordable, and best place to work. The Value Compass process shifted the centralization/creativity trade-off through its reliance on what I call participative centralization.

The Value Compass operationalized two key features of participative centralization. First, the top-level goals were elaborated in a participative manner. The Compass's focus and goals were not dictated by top management; instead, they were jointly defined through intensive dialogue between management and unions (Kaiser Permanente & Coalition of Kaiser Permanente Unions, 2012). The unions' and workers' stake in these goals is evidenced in their framing in terms of "use-value" rather than "exchange-value." Use-value: these four goals were ones that matter to workers because they highlighted the social purpose of their work. Not exchange-value: the organization's top-level goals were not to satisfy investors, nor were they merely instrumental for workers in preserving jobs by assuring the financial viability of the firm. Economic realities were acknowledged in the context of Kaiser's social purpose—as affordability. The union coalition leader-

ship was eloquent on the need for unions to help chart a course for the healthcare industry that reduced the irrationally heavy economic burden of healthcare industry on US economy and that thereby helped make healthcare accessible for all (August, n.d.).

Second, the Value Compass process ensured centralization—its top-level goals were cascaded down to regions and then to facilities in ways that assured unity of purpose—while leaving room for local creativity and creating opportunities for bottom-up influence.⁽⁵⁾ This cascade was effected through a hierarchy of joint labor/management “councils,” which, at each level, translated the Value Compass priorities into local targets, communicated these targets downward, channeled concerns upwards, and diffused innovative solutions upward and across the organization.

While this council structure undoubtedly added organizational overhead, it helped ensure that the decisions made at higher levels were seen as legitimate by employees and their union representatives at lower levels, giving the latter confidence that these decisions were oriented towards their shared purpose rather than towards management’s separate interests. This legitimacy enabled Kaiser to undertake several changes that otherwise might have generated major internal conflict. One example: big staff reductions were needed in clerical departments whose tasks were automated by the shift to electronic health records (an arena in which Kaiser was a leader). These reductions were handled without conflict thanks to advance planning and the partnership’s commitment to retraining and redeploying workers whose jobs had disappeared.

The Value Compass priorities were cascaded further down from the facility level to department-level “unit-based teams” (UBTs). These UBTs operated under management and union co-leadership. A commitment to developing UBTs in 100% of the operat-

ing departments was incorporated into the 2005 collective bargaining agreement. A decade later, this target had been almost reached. In these UBTs, union and non-union staff, management, and physicians cooperated in continuous improvement efforts aimed at locally-relevant Compass priorities (Cohen, Ptaskiewicz, & Mipos, 2010). In 2015, about a quarter of these teams were focused on improving service quality, about a quarter on reducing costs without impairing quality, and about 10% on improving clinical performance through prevention and disease management (other themes include employee engagement, staffing, workplace and patient safety, etc.).

5-3. Efficiency and enabling standardization

Standardization of work processes was the key means by which Kaiser, like many other large organizations, achieved task-level efficiency; but standardization constrains the ability of personnel to respond creatively to the contingencies of their work. This tension is further sharpened if, as is the case in many organizations, standardization is used by managers to exert control over the activity of employees whom they fear are unreliable and apathetic. Kaiser mitigated this tension by ensuring that standards were designed and experienced as enabling tools rather than as coercive constraints.

The enabling standardization principle was visible, first, in Kaiser’s use of clinical guidelines (Davinio-Ramaya et al., 2012; Whippy et al., 2011). Where many doctors in private practice chafed under the constraints of medical guidelines imposed by government or insurance companies, Kaiser’s doctors collaborated with their peers and with other clinical and non-clinical personnel to define guidelines that offered the best quality care without ignoring the affordability goal. When the activity was entirely within purview of a single medical specialty, the relevant group of doctors developed these guide-

lines themselves or adapted nationally-established guidelines. When the activity involved multiple specialties and other staff, these guidelines were developed and refined with input and participation from a broader range of occupations. These guidelines were regularly updated after soliciting practitioners' and patients' concerns and suggestions. The result was that guidelines were not resisted but embraced as useful guidance.

This enabling form of standardization was also used in the UBTs. Whereas in a low-road organization, work procedures would be set by corporate staffs and imposed on the front-line personnel, at Kaiser UBT members worked together to analyze each step of their work processes, standardize them, and then develop and test process improvement ideas. The teams thus followed the lean production dictum, "Where there is no standard there can be no kaizen [improvement]"—the phrase attributed to Taiichi Ohno, often considered the founder of the Toyota production system. "Visual boards" (as have been popularized in lean production) had been installed in many units to make visible the standardized work flow and its current status. Standardization also brought efficiency to the improvement activities themselves: the UBTs relied on a standardized "plan-do-study-act" cycle to improve the efficiency and effectiveness of their improvement efforts, and they used the visual boards to track improvement project experiments and results.

5-4. Development and integrative specialization

As I noted earlier, many organizations respond to the tension between standardization and creativity by specializing and segregating creative and routine work, and this in turn creates integration challenges. At Kaiser, as in other healthcare delivery settings, this tension was visible in two sets of social relations: first, between the doctors who decided what

was to be done with the patient and the nurses who implemented those orders, and second, more broadly, between the doctors and nurses who focused on treating each patient's idiosyncratic needs and the rest of the staff—administrative, clerical, janitorial, food services, and so forth—who were engaged in relatively routine support activities.

Kaiser shifted the specialization/integration trade-off frontier by creating teamwork across these boundaries and creating a distinctively "integrative" type of specialization. Working in cross-functional teams, physicians had been challenged to give up their hierarchical, status-based authority and to work collaboratively with nurses, technicians, janitors, and clerical personnel (Cohen et al., 2010). And support personnel had been drawn into more creative activity aimed at generating and testing process-improvement ideas.

Creativity is maximized by autonomy; but Kaiser's combination of creativity and discipline required a distinctively collaborative kind of creativity, and Kaiser worked diligently to cultivate it. Doctors new to Kaiser went through a three-year probationary period during which they were regularly evaluated and coached not only on their technical competence but also on their collegial relations with other doctors, the respect they showed for other staff and patients, and their willingness to contribute ideas and effort to improving the organization's performance. After the probationary period, doctors continued to be evaluated regularly on these dimensions.

Kaiser's approach to these integration challenges required new competencies, and Kaiser had invested in the corresponding skill development programs. The key was the development of what is sometimes called "T-shaped" skills (Brown, Deletic, & Wong, 2015; Hansen & Von Oetinger, 2001): the vertical bar of the T represents the depth of technical specialization, and the horizontal bar across the top represents

the breadth of technical and social skills needed to effectively collaborate with other specialties. Physicians broadened their skills by acquiring sophisticated management, business, and leadership competencies. All Kaiser staff categories—right down to the shop stewards and rank-and-file employees—were drawn into a wide range of training programs developed by the partnership, in addition to those conducted separately by management and by the unions. These programs built competencies in areas such as problem-solving, leading meetings, analyzing work processes, identifying improvement opportunities, team leadership, collective bargaining contract management, dealing with conflicting views and divergent interests, as well as understanding the business side of Kaiser and the economics of healthcare.

To support the development and deployment of these new competencies, Kaiser's compensation policies had evolved too. Unlike independent practitioners who once dominated the US healthcare delivery system, Kaiser's physicians were salaried members of a group practice. Recent years had seen a shift in Kaiser physicians' payment system towards a bigger component of performance-based pay, but it was designed to buttress the collaborative ethos. Some 30% of the physician's salary was "at risk," but that component was based entirely on patient satisfaction and clinical outcomes—not on cost nor on physicians' "utilization" rates. Any costs savings the medical group made (relative to the targeted overall annual cost-per-patient) were reinvested in medical equipment and programs. Any doctors who took on managerial responsibilities were, like other managers, the object of regular "360 degree" reviews by subordinates, peers, and superiors.

Compensation for non-managerial personnel was similarly tuned to support collaborative efforts towards the Value Compass goals. Under the partnership agreement, employees shared in Kaiser's net

revenues based on bonus plans that were regionally negotiated. These bonuses pay out equal amounts to all the region's employees, based on whether the region had met targets that were negotiated between unions and management and that reflected a mix of variables from the various points on the Value Compass, such as attendance, safety, service, and clinical outcomes. Starting with the 2012 collective bargaining agreement, these bonuses were also based on the health status of Kaiser's own personnel.

5-5. Beyond the Kaiser case

I have used Kaiser to illustrate these three new organizing principles; but my argument is not that Kaiser is unique. On the contrary: I submit that we can find these principles implemented in various ways in a broad range of large, high-road firms, both unionized and non-union. In my own research, I have documented this in companies such as Toyota (Adler, 1993) and Computer Sciences Corporation (Adler, 2006). I co-edited a volume (Heckscher & Adler, 2006) where other contributors showed similar ideas at work in many other companies. Forms of participative centralization are visible in many organizations that have embraced concepts such as matrix management, representative councils, distributed leadership, hoshin kanri planning (see King, 1995), and participative multi-stakeholder strategy dialogues. Forms of enabling standardization are common in high-road firms that involve a broad range of employees in kaizen and process mapping efforts, and in developing procedures to guide brainstorming activities, meeting management, and project management. And forms of integrative specialization are common in high-road firms that invest in competency-development plans for both broadening and deepening the personnel's skills.

6. SCALING UP THE NEW ORGANIZING PRINCIPLES TO ENSURE DEMOCRATIC GOVERNANCE AND HIGH PERFORMANCE IN A SOCIALIST SYSTEM

These new organizing principles show great promise for broader participation and better economic performance at the enterprise level. In this section, I first explain why the new principles cannot stabilize or diffuse without a socialist transformation of the broader society. I then discuss how these new organizing principles could be scaled up to ensure such a society's democratic governance and economic performance.

6-1. The illusion of high-road capitalism

Readers might legitimately ask: if this high-road model and these new organizing principles achieve such high levels of performance, should not we expect them to diffuse naturally across a capitalist economy? And if so, why would we need socialism? I offer three points in response.

First, we need to recognize that the high-road model is a precarious accomplishment under competitive capitalism. The emergence of this model is encouraged by the pressures of capitalist competition; but at the same time, it is undermined by those same pressures. On the one hand, profitability pressures lead some firms toward the high road of *creating value*, by developing more sophisticated management and organizational systems. On the other hand, these same pressures lead other firms toward the low road of *capturing value created by others and externalizing costs onto others*, by outsourcing to lower-cost regions, firing more highly skilled workers and replacing them with less-skilled but cheaper workers, squeezing the existing workforce and suppliers harder, and refusing responsibility for

social and environmental externalities. The high-road might promise higher profits in the long term; but the low-road offers surer profits in the short-term. The capitalist economy therefore always displays a mix of high- and low-road firms, and as a result, the high-road firm always faces the risk that low-road competitors might erode its market-share and cause its investors to defect. And this tension is not only an external one: it penetrates every high-road firm. Even the most exemplary high-road firms can implement the new organizing principles in only a limited manner.⁽⁶⁾

Only an economy-wide transformation can close off the low-road and allow the high-road model to stabilize and diffuse. So: what sort of transformation would that require? There is a long-running debate on whether reforming capitalism through ethical leadership or government regulation could succeed in clearing the way for the wider diffusion of high-road management practices. For the reasons I discussed earlier in this essay, such reforms cannot reliably achieve the desired result. On the one hand, the call for ethical leadership will not convince those who benefit from the low-road to abandon it. And these beneficiaries are legion: investors see higher returns, customers see lower prices, and executives see higher profits and bonuses. On the other hand, regulated capitalism only seems like a more plausible alternative until we stop to consider that blocking the low road would mean putting out of business vast swaths of industry, and it would also require asserting comprehensive government control over international trade to avoid the corrosive effect of low-road competition from abroad. As I noted earlier, in any society whose prosperity depends on an economy organized along capitalist lines, government action is severely constrained by those economic interests. The combined opposition of the low-road sectors of industry would overwhelm any government's efforts to put them out of business.

Finally, even if somehow this high-road model were generalized across firms, so long as the basic matrix of the economy remains capitalist we would remain unable to deal with the climate crisis and recurrent economic cycles and inequality.

6-2. High-performance democratic socialism

If these new organizing principles cannot flourish outside a socialist system, how would they work in such a system to ensure economic prosperity and political legitimacy? I argue that they could inform the governance of both the overall planning process and the individual socialist enterprises.

6-2-1. Coordination in a socialist system

One of the most serious objections to the socialist model is the one advanced by Hayek (1945): that centralized planning processes fail to capture the dynamic potential of the decentralized market process, where entrepreneurs can use their tacit knowledge of local circumstances to identify new opportunities, and where market competition between these entrepreneurs engenders an experimental, evolutionary, dynamic growth process. Socialism replaces voluntary choice of partners in economic relations with government command: it can therefore, argued Hayek, lead only to “serfdom.” Coordination in a market process may be noisy because it is only “ex post,” but it promises faster growth and greater freedom than ex ante coordination via planning.

There is ongoing debate about the extent to which socialist planning should be centralized; but insofar as centralization is required, Kaiser Permanente shows how that the coordination challenge facing socialist planning can be met by combining centralization with participation.⁽⁷⁾ These two ideas—centralization and participation—are often assumed to be mutually exclusive (e.g. McCaffrey, Faerman, & Hart, 1995); but further thought reveals that they

need not be. Centralization is about how low far *up* in an authority hierarchy members need to take a proposal before they reach someone who can make a decision on the proposal without prior consultation with a superior even higher (Pugh & Hickson, 1976). Participation is about how high far *down* or *across* an authority hierarchy managers must go with a proposal before they reach a point at which they no longer need to consult anyone even lower down or further across the organization (Hage & Aiken, 1970). Centralization is the opposite of local autonomy—it is orthogonal, not opposed, to participation. Direct democracy may not be possible at such large scales, but participation can operate through elected representatives. The Kaiser example shows us how Hayek’s centralization/creativity tradeoff can be obviated if the socialist system adopts the principle of participative centralization.

Moreover, Hayek’s argument focuses only on the contrast between the emergent coordination among small firms in a market process and the planned coordination of a socialist economy: in doing so, he ignores the large capitalist enterprise. As I noted earlier, in such enterprises, participation is truncated not only by the intrinsic difficulties of combining participation with centralization (which we now see can be overcome), but also by the conflict between the economic interests of investors (and their management representatives) and employees. When this economic conflict looms large, centralization is used as a weapon against participation. When this conflict is mitigated and common interests are more salient, such as we see in the Kaiser example and in other high-road firms, participation can be vastly expanded. Socialism would not merely mitigate but abolish that conflict, and thus greatly increase the scope for participation within the socialist enterprise as well as in the governance of the economy as a whole.

6–2–2. Efficiency in a socialist system

On the most common theories of motivation, it is not clear that socialism can plausibly promise higher levels of efficiency. Socialism means that workers (now no longer “employees”) would have a powerful voice in the governance of socialized enterprises, and would surely redesign work to be more motivating. This implies, according to most of the theories of motivation, that individual workers would enjoy not only a more leisurely pace, but also a lot of individual autonomy in deciding what tasks to perform, and when and how to perform them. So, the socialist model may not be able to meet the basic test of efficiency any better than the capitalist one—and might well do worse.⁽⁸⁾

The Kaiser case illustrates how this concern can be overcome in socialist cooperatives and nationalized concerns. In socialist enterprises, the governing boards would be composed of representatives of the community and the worker as well as other stakeholders, and these boards would set the enterprise’s goals so as to meet the needs of people and planet as well as society’s affordability constraints. In such a context, standardization does not have to be imposed from the top down and need not negate the flexibility that workers need to do their jobs well. Workers would be able to see the importance and legitimacy of their enterprise’s goals, and they can work together to define and implement the most efficient work practices to meet them. In enterprises like Kaiser, we see how this collaborative standardization process can be orchestrated even on a very large scale such as would characterize socialist enterprises.

6–2–3. Development in a socialist system

One way socialism might overcome the efficiency obstacle is by cultivating collectivistic values and thereby suppressing the felt need for autonomy. But that would hobble socialism society’s creative ca-

capacity, because creativity requires individualistic values and autonomy (Goncalo & Staw, 2006). Capitalism unleashes the motivational power of individual gain, and one of the most common criticisms of socialism is that its collectivism will stifle this source of creative development.

On the other hand, however, capitalism only mobilizes the creativity of the few, while limiting that of the many. As noted above, capitalism resolves the specialization/integration tension by segregating the small number of jobs where creativity is critical from the vast number of jobs where efficiency is paramount. With its emphasis on universal equality, a socialist society would shun such segregation. So somehow the socialist model would need to foster both disciplined efficiency and divergent creativity in the same jobs. It is hard to see how such a mix could avoid mediocre performance on both dimensions.

Kaiser shows how this constraint can be overcome by cultivating an ethos of collaborative creativity. We can think of this as a kind of synthesis of collectivistic values with individualistic ones. Kaiser shows us that “socialist men” (and women) would be neither *dependent* in merely conforming to the collectivity, nor *independent* individualists, but instead *interdependent* (Adler, 2015b; Adler & Chen, 2011). We saw at Kaiser how such interdependence can be supported by investment in the development of T-shaped skills and by incentive systems that encourage integrative efforts. With this example, along with those of other high-road firms, we can begin to see what kind of educational policy at the societal level would encourage a generalization of such T-shaped skills.

Getting the incentives right would matter in socialism too. Critics of socialism sometimes argue that economic development depends crucially on the creativity of the few, and that without the prospects of huge rewards, huge creative breakthroughs will

not be forthcoming from these privileged few. They sometimes cite the impressive record of pharmaceutical innovation and its impact on human wellbeing. But the creative researchers working in this field are in fact motivated much more powerfully by the prospect of serving humanity—and perhaps by the prospect of social and professional recognition—than by the prospect of personal wealth (Sundgren, Dimenäs, Gustafsson & Selart, 2005). The huge rewards reaped by the pharmaceutical companies have nothing to do with the need to reward creativity, but rather reflect the very high cost of developing and testing new drugs combined with the pharmaceutical industry's scandalous monopoly power. The task (and costs) of pharmaceutical innovation (as with innovation in other sectors) can just as effectively—indeed, far more effectively—be managed by public agencies, which could orient innovation efforts to societal needs rather than profitability (Kotz, Cottrell, Cockshott, Hahnel, & Albert, 2002). The National Institute of Health is already the source of a large proportion of the radical innovations in pharmaceuticals (Sampat & Lichtenberg, 2011; Toole, 2012).

7. Could we get there from here?

Many people express enthusiasm for the democratic-socialist model, but feel it is unattainable, and so they opt for a less risky path—even while recognizing that it is unlikely to solve our basic problems. This skepticism is bolstered by many observers on both the left and the right of the political spectrum who argue that capitalist development progressively weakens the prospects for any socialist transformation. The *opportunity* for such a radical change is supposed to have dissipated as capitalist firms grow ever more powerful. People's *motivation* for making such a change would have shrunk as a result of ris-

ing living standards and improvements in the social safety net. And the *ability* of people to fight for this change would have been weakened as a result of the deskilling and fragmentation of their work as well as the waning of unions and of the traditional socialist parties.

I submit that this conventional wisdom is wrong, at least when we look at the longer-term evolution of capitalism, say the last 50 years and more. On the contrary, over the longer term capitalist development increases rather than reduces the opportunity, motivation, and ability to effect socialist transformation. The following paragraphs review each these three dimensions in turn.

7-1. Opportunity

Capitalism's development entails three vectors of change in industry that create ever greater opportunity for a socialist transformation. First, the evolution of industry structure. The idea of a planned economy would have been absurdly unrealistic in the context of the economic structure of 19th century America, which was dominated by small-scale artisanal workshops that were geographically and intellectually isolated. But as capitalism developed, industry structure has evolved towards domination by large firms, with production processes managed through integrated planning within and across firms, creating vast networks of interdependence across regions and firms. As this evolution progresses, the prospect of nationalizing and democratizing this planning process becomes increasingly practical.

Second, the structure of property itself shifts in a socialistic direction, from individual and family proprietorships, to publicly-traded corporations relying on dispersed investors, to financial markets dominated by a small number of institutional investors. This evolution means that the enterprise's choices are increasingly subject to the financial market's ap-

proval. While many bemoan the growing control of “Wall Street” over “Main Street,” this evolution makes more realistic the prospect of “socializing the investment function” (to use Keynes’ expression) and putting it under the control of a democratic planning agency.

Third, capitalist development has led to an ever-larger role of government in the economy, to fund a growing range of social and material infrastructure investments. While there have been efforts to roll back government’s share of economic activity, these rarely succeed, and societal evolution tends to create more rather than fewer infrastructure needs that only government can meet. This tendency too makes the prospect of a democratically planned economy ever more realistic.

I should add a word about globalization. Capitalist enterprises are increasingly international in character. This means that workers are increasingly linked in conscious, planned cooperation across national borders. Ownership too is increasingly integrated on a transnational scale as financial markets globalize. Not surprisingly, new governance structures have arisen to deal with the resulting tensions, such as the World Trade Organization. While this globalization has strengthened the hand of capital relative to labor (as visible, for example, in the strikingly undemocratic character of institutions such as the World Trade Organization and the various international trade “partnerships”), that should not lead us to overlook the growing opportunity this creates to give socialism a global form.

7–2. Motivation

As the economy evolves towards this more interdependent structure, it becomes ever more scandalous that its control remains in the hands of the “one percent.” Workers see their efforts to create long-term value trashed in the search for short-term prof-

its, such as when service levels offered to customers are reduced to lower costs, or when R&D budgets are slashed. People see wonderfully productive capabilities abandoned and left unemployed, whether in the form of people left behind in periods of mass unemployment, or enterprises dismantled because of over-accumulation in the industry. People see pharmaceutical innovation, which seems capable of such miracles, directed to the most profitable drugs and ignore the most important health needs. Workers see government serving the narrow interests of business and ham-strung in its efforts to serve broader societal interests.

Moreover, with the emergence of more advanced organizing principles in high-road firms, the socialist idea is no longer only about some ideal, possible future that contrasts with the objective reality of the sad here-and-now: it is an immanent reality beginning to take shape in everyday economic activity. On the one hand, it seems likely that both direct and vicarious experience of these high-road firms would give workers and managers confidence that this emerging model of organization is a viable and effective alternative to the capitalist model. On the other hand, the vulnerability of these high-road firms to capitalist pressures encourages support for a systemic change. When the vagaries of the business cycle or profitability pressures push even high-road firms to lay off workers, or when corporate executives in these firms use their power to advance their own interests at the expense of employees and to the detriment of their shared goals, the fabric of collaboration rapidly dissipates and along with it these firms’ ability to leverage that collaboration for creativity and economic performance. Where once the negative features of the capitalist system might have been seen as the necessary price to be paid for its positive features (e.g. as “creative destruction”), the appearance of the high-road alternative makes that

price seem increasingly exorbitant, unnecessary, scandalous.

This combination simultaneously encourages workers to see the socialist model of enterprise and society as viable and desirable, and to see the capitalist model as illegitimate and obsolete. Over time, this creates increasing political pressure for a system-wide transformation.

7-3. Ability

Opportunity and motivation are necessary but not sufficient conditions for a radical change: we also need actors who have the real ability to act. As capitalism develops, even among the low-road firms there is an evolution towards higher skill requirements. The experience of work in modern industry, especially but not only in the high-road firms, equips workers with broader cognitive and social-organizational skills. Low-road firms do a poor job mobilizing the creativity afforded by these skills; and they are opportunistic in exploiting those skills without being willing themselves to invest in their further development or even pay fairly for them; they nevertheless rely on a workforce with ever advancing literary, numeracy, social, and technical skills. These rising education and skill levels equip workers to play a more effective role in civic affairs and political struggles.

As we saw in the Kaiser case, mobilizing workers' creativity requires higher training investments in a broad range of technical and social skills: problem-solving, leading meetings, analyzing work processes, identifying improvement opportunities, team leadership, collective bargaining contract management, dealing with conflicting views and divergent interests, as well as understanding the business side of Kaiser and the economics of healthcare. These skills equip working people to lead and participate in broad-scale socialist transformation. The experi-

ence of participation in the workplace seems to facilitate and encourage engagement in civic issues beyond the workplace (Budd, Lamare, & Timming, 2015; Godard, 2007) as anticipated by a long line of commentators (Pateman, 1970).

The capitalist system thus creates its own grave-diggers—a growing mass of workers increasing willing and able participate and assume leadership roles in the struggle for system change.

- (1) Supporting evidence abounds. Gilens and Page (2014) and Domhoff (1990) are good places to start.
- (2) Kalecki's (1943) argument stands.
- (3) Proponents of social-democratic reforms today sometimes refer to the famous essay by Karl Polanyi on "The Great Transformation" (Polanyi, [1944] 1968) to argue that capitalism's emergence involved the "disembedding" of the market process from the societal constraints characteristic of pre-capitalist forms of society, and this this disembedding provokes so much turmoil that it eventually leads to a "reembedding" counter-movement in the form of social-democracy. I think this social-democratic reading of Polanyi misses one of his key points: that such a reembedding process must in turn provoke another round of disembedding as the capitalist system's core wealth-creating mechanism stalls under regulatory constraints and as the capitalist class itself fights to preserve its social dominance and privileges. Polanyi defended regulated capitalism against the barbarism of an "every man for himself" disembedded capitalism, but his basic argument was that this "double movement" seesaw was an infernal pendulum from which humanity must eventually escape via a fundamental socialist transformation. (I develop this reading of Polanyi more fully in (Adler, 2015a).)
- (4) The classic reference here is Weber (1904).
- (5) The ultimate governing body of the LMP was the Labor Management Strategy group, comprised of Regional Presidents from Kaiser Permanente's eight regions, executives from Kaiser Permanente's national leadership, the leaders of the Permanente Medical Groups, and union leaders in the Coalition (including at least one representative from each of the Coalition's 11 affiliated unions).
- (6) In the Kaiser case, several limitations are visible. Centralization is only somewhat participative. While the Permanente groups' partnership structure can be read as a form

of cooperative ownership among the doctors, this excludes the non-physician staff that they employ from an equal voice in the groups' governance. The hospital/health plan board affords only very limited representation to workers: the coalition leader alone meets quarterly with the Board. The councils at the various levels do not usually function as the responsible decision-making body for strategic issues: to date, they have been largely consultative and focused on operational issues. Managers are not elected from below but selected from above (although the coalition does exercise considerable influence in these appointments). Top managers make far more than rank-and-file workers, although less than in comparable for-profit and low-road competitors (Kaiser's CEOP earned almost \$10M in 2012). Beyond these structural features, the norms and values of the organization warrant nuanced assessment. While many managers are genuinely eager to see worker representatives share decision-making authority, those attitudes are less common at middle levels of management than at the top, and less common among physicians. The unions too present a mixed picture: many union leaders are still more comfortable in a reactive mode ("You make the decision and we'll grieve it if we don't like it") than in sharing responsibility for decision-making. There are similar deficiencies in Kaiser's approach to standardization and specialization. My claim is not that Kaiser is the perfect embodiment of the new organizing principles: it is, rather, that these new principles are visible there, albeit in tension with more conventional principles of autocratic centralization, coercive standardization, and fragmenting specialization.

- (7) Advanced computer technology has dramatically improved the efficiency and timeliness of large-scale centralized planning, but presumably many resource allocation decisions would better be left to local planning boards and enterprises. Laibman (2015) maps a range of models from the more centralized ones such as Cockshott and Cottrell (1993) and Devine (1988), through moderately centralized models such as his own, to very decentralized models such as Hahnel (2012).
- (8) Evidence on the relative productivity of capitalist firms (with and without unions) versus workers cooperatives in capitalist societies is largely inconclusive (Pencavel, 2013). There does appear to be, however, a notable tendency of these cooperatives in capitalist societies to "degenerate" and hire a growing proportion of non-members at lower wage rates and with fewer participation rights.

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