Socialist Economics for Worker Power Handbook

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What is SEWP?

What is Socialist Economics for Worker Power?

Socialist Economics For Worker Power is a popular political economy education project. We help workers, educators, organizers, and activists overcome the capitalist economist in their head, to study and build liberatory economies. Our primary outlet is sewp.ca, where we give workers the tools and information to think deeply about socialist economics, in ~1000 word posts. This project is a conversation, not a lecture. So we encourage curiosity, dialogue, healthy criticism, and the application of this knowledge to the working class struggle against capitalism. Our ongoing series include:

- **Working Class University:** This series familiarizes workers with academic economics, giving workers the conceptual tools to independently analyze economic developments.
- **Economic History of the USSR:** A close study of humanity's first scientific socialist experiment, with a focus on both the amazing success and lingering problems in the USSR economy, taking lessons from history for our future liberation.
- **Socialist Economics for Palestinian Freedom:** An analysis of the Palestinian liberation struggle, the world's forefront anti-imperialist movement, from a political economic perspective.
- **Your Economics Questions Answered:** We answer any and every economic/political question from readers and comrades. Send your questions to se4wp@proton.me, or on Instagram (@read.sewp).
- **Economics of Empire:** An overview of how imperialism operates economically, and why it remains the biggest obstacle to world socialism, both in today's American empire and other historical iterations.
- **Book Reviews:** We review and summarize historical and modern economic texts, contextualizing them in their historical and theoretical moment, and drawing out lessons for our present organizing and educational efforts.

This education will never be given; we must seize it!

The ruling capitalist class will teach us dominated workers anything, even outright falsehoods, to ensure their ongoing domination. They will never give us the education we need to overthrow them, and build a liberatory socialist/communist society. The ruling class' greatest fear is every single worker unleashing our collective academic and political potential. To do so, every worker must study our own workplace, industry, country, and history, more closely than our enemies in the ruling class.

Why study economics?

Economics has replaced religion as the explanation for the world's inequalities and tragedies. If you've questioned why we can't solve social problems like homelessness, poverty, or climate change, you've heard dismissive answers like this: Because "the markets" wouldn't allow it. Because it's not profitable. Because it would be "bad for the economy."

These answers make our social problems seem natural and inevitable, but they're not; they're the consequences of deliberate, intentional political and economic decisions. If we forgo studying economics, the capitalist class and their media, politicians, and economists can continue using this discipline to confuse, divide, exploit, and oppress us.

We need socialist economics, not capitalist junk economics

Junk economics is what TV, social media, and newspapers tell us about the economy. We're taught it in high school and even universities, but it's mostly capitalist propaganda with a veneer of economic language on top. The capitalist class uses it to justify the status quo that benefits them. They use it to eliminate thought and discussion about better economic alternatives.

While economic decisions are made for economic reasons, these reasons are rarely the ones we're told. Junk economics is what sparks our bullshit detector every time a millionaire banker tells us there isn't enough money for healthcare or housing. We inherently feel that we're being lied to, but aren't able to explain why.

The capitalists want this cynicism to kill our curiosity. While junk economics keeps our bullshit detectors in overdrive, settling for an 'everything is bullshit' attitude is just as harmful, and concedes victory to the capitalists. We need to protect our minds from the illusions and confusion that only benefit our bosses, and their bosses, who perpetuate junk economics. Seeking economic truth is hard work, but it's our only option.

To escape 5,000 years of economic exploitation, the working class must seize political power, then wield this power in class war against our enemies. Combining class struggle, socialist production, and Marxist theory, we can begin building socialism, on the road to communism, a non-exploitative global system of production, distribution, and consumption, which will:

- Feed, clothe, house, and fulfill the material and cultural needs of every worker on earth
- Harness technology to reduce our workload, rather than forcing us to adapt to machines
- Give us productive jobs, which contribute socially, in workplaces we control
- Enable us to enjoy more, more meaningful leisure time
- Treat the lives of workers in Indonesia, Congo, Brazil, and Pakistan as equal to those in Europe, North America, Japan, and Australia

This is the broad definition of socialist economics.

Understanding socialist economics requires studying Marxism

#1: Economic conditions are the ultimate driver of social change

Marxism shows us that the economic base of a society is the foundation upon which our political, legal and social systems are built. Just like with any other tool or system, we must deeply understand how the economy works. First, to seize the necessary political power, then to build a socialist economy, which enables the ongoing class struggle on the path to communism.

Whether in financial markets, supply chains, or the unaffordability or shortage of vital goods, the future crises that will destabilize our society, and shape the futures of capitalism and socialism, will start in the economy. Timing is crucial in these political and economic crises, so we must understand the development and trajectory of each crisis, to harness it for worker power.

#2: We do the work, we need the knowledge to run our workplaces

Marxist economics analyzes how a capitalist economy only functions because we do the work. However, a socialist economy will also require workers to manage every industry. By studying how our workplaces and industries run today, we can effectively pursue socialist construction in the future. Understanding your workplace and industry also gives you the power to refute junk economics at work right now. By understanding your economic exploitation, you can build class consciousness and solidarity with your fellow workers, to sharpen class struggle at work.

#3: A scientific understanding of class structure is our path to worker power

Marxism shows us how class struggle requires both theory and practice to succeed, rooted in a scientific study of the material class structure of our society. Many powerful working class and liberatory movements in the past have failed because they didn't understand the difference between their real vanguard, and likely reactionary elements within their movement. Marxism is a living science, based on a rigorous understanding of the concrete class nature of ourselves, our comrades, and our society. Only through understanding the real working class, as it actually exists and evolves, will we develop the capacity to enact and utilize worker power.

A following section in this handbook (*Mapping the Working Class - Class Analysis Guide* on Page 10) will guide you in how to undertake this Marxist class analysis at your workplace.

#4: The rich history of socialist construction is our guide

Marxism is not a dogma, but an evolving method proven by successful past revolutionary movements. The climate crisis means we don't have the luxury of wasting time in socialist construction, or blindly falling into the same mistakes made by past socialist states. We must learn from the successes and failures of these states, particularly the USSR and the People's Republic of China, in their valiant efforts in pursuit of the north star of communism.

Combating Economic Myths

What is an economy? A natural and social system, with a thin financial layer

Every economy is first and foremost a natural system. Humans emerged, and always exist, within the natural world, no matter how separate from it we may seem or feel. We use digital tools in glass and cement cities, but every single one of our tools and technologies flow from the creativity of human labour and intelligence, themselves products of nature, sculpted by evolution.

Everything we use comes from the natural world, no matter how high tech or modern it may seem. Our gadgets need rare earth metals, our electricity comes from renewable energy or fossil fuels, everything we eat is ultimately agricultural, and all of our waste remains somewhere on earth. Modern existence is not completely disconnected from nature, but rather shows the boundless depth and oneness of our natural existence.

Additionally, just as everything we do ultimately comes from nature, everything we do ultimately impacts nature as well. Climate change has revealed this fact, which indigenous societies have always known, to capitalist nation states. So socialist economics isn't only concerned with balancing financial budgets; we also need to ensure a symbiotic relationship with the atmosphere, bodies of water, plants and animals, and every other human being.

That's because every economy is also fundamentally a social system, within which people labour in order to meet a society's needs. This labour encompasses hunter-gatherers, peasant farmers, plantation slaves, medieval craftspeople, women in countless domestic contexts, and the many types of wage labour. Since all economies exist within the same natural world, each economy is thus defined by the social relationship within which people labour. There are those who do the work, and those who reap the benefits. In a just economy, those who do the work reap the benefits. The harder someone works, the more benefit they will gain.

However, economies in class society are defined by exploitation rather than justice. Exploitation is the process of extracting surplus from the labour of others. Social elites use physical, cultural, or market power to drive the masses to work for the elite's benefit. Hunter gatherer societies are the least exploitative societies, as everyone labours and benefits in roughly equal amounts. These societies account for the vast majority of humanity's existence, but are also scarcely present on earth today. Since then, the exploitation of class society has taken as many forms as labour: slaves work for owners, peasants for their lords, factory workers for factory owners, tenants for landlords, women for their husbands, employees for shareholders, and so on.

So, a socialist economy is both a natural and social system, one which takes these natural and social roots seriously, and prioritizes natural and social outcomes equally with economic outcomes. Disregarding the natural and social aspects of economic decisions can only lead to environmental destruction, planet-scale pollution, and the massive global inequality against which we're currently organizing and struggling.

The productive economy ≠ the stock market

Junk economics tells us that the economy is only money in motion, or piled in big vaults. However, money is just a layer on top of the real productive economy. It is a means to an end, not an end in itself. We cannot eat it, we cannot wear it, we cannot shelter within it. Focusing on money obscures the economic roots of social and political problems. This emphasis on finance over natural and social factors reaches its peak in junk economics' worship of the stock market.

Recent years have seen huge stock market gains in tandem with rising homelessness, cost of living crises, and worse working conditions. Frequent stock bubbles and inevitable crashes do lasting damage to workers, our jobs, and our communities. However, capitalist interests overlap almost perfectly with stock market performance. So capitalist media forefront the stock market, ignoring discussions on reducing economic inequality or improving workers' quality of life.

A stock market is where companies can raise money from investors, competing for investment, with the most effective companies surviving in the market. In a vacuum, it can be a good way to invest excess money in other people's ideas, for collective benefit. However, the real process of historical development leaves modern stock markets far from this ideal.

A key junk economics' assumption is that all money invested is invested productively, in new jobs, goods, services, or technologies. Modern stock markets struggle to produce new jobs, or even increase productivity, especially in socially productive ways. Investment is an important component of production, but far from the only one. Skilled workers, raw materials, industrial machinery, are each, and collectively, more important. Without these materials and a workforce in place, investment is just lifeless and impotent money. In modern stock markets, these piles of money are expanded through manipulation rather than production. Rather than financing new economic production, holding stocks become financial ends in themselves, until they crash.

No matter how tempting it is, workers must never be tricked into thinking that a rising stock market is good for everyone, or that we should invest in the capitalist's stock market. In class society, there are always winners and losers, and on the stock market, workers are always the losers. The market always crashes, and when it does, capitalists buy up our foreclosed homes, lower our wages, crush our rights, and deepen our oppression. The capitalist class of institutional shareholders, company owners, and professional traders uses insider information to ensure they always make money when ours is wiped out. Stock markets today struggle to connect investment with new production, encourage fraud and scams, and drive gains that actively harm workers, our families, and our hard-won rights.

This gets to a central, and mistaken, belief of any capitalist economy: that anything profitable must be socially positive. A quick look at the news should disillusion anyone serious about peace and liberation of this notion. War is extremely profitable for weapons manufacturers. A housing crisis is extremely profitable for real estate investment trusts. Price fixing scandals are extremely profitable for grocery monopolies. So this belief can only hold true for someone disinterested in peace, shelter and healthy food, or invested in war, homelessness, and hunger.

The profit motive is no longer socially productive

The profit motive has defined the historical rise and dominance of capitalism since the beginning, in 13-14th-century Italian city-states like Venice and Genoa. Profit-seeking companies and states drove huge economic gains, developed new technologies, and built a world market for trade. For European elites, this brought kingly wealth and power. For European workers and peasants, the profit motive brought poverty and dispossession. For the peoples of the Americas, Asia, and Africa, the profit motive brought invasion, disease, and conquest.

Technological progress depends on a society's mode of production. Capitalism's profit motive was the catalyst for overcoming the stagnation of feudalism. It enabled capitalism to bring inventions like railways and electricity, and incredible advances in agriculture and science, but at great cost to Indigenous people, workers, and peasants across the world. Pursuing profit has led to positive and negative outcomes, rather than strictly positive ones, like capitalists want us to believe. Additionally, as capitalism has developed, profit-seeking has become less effective at creating productive outcomes. Instead of helpful inventions or scientific advances, we get two hundred new flavours of each type of junk food, deadlier weapons, or moronic assets like NFTs. That's because, on a historical scale, capitalism's profitable productivity has been exhausted.

This is because everything we buy has two aspects: a) a use value, and b) an exchange value. Use value is what something does, what we use it for, its material and physical qualities. A loaf of bread's use value is its taste, nutritional value, and freshness. A ladder's use value is its height, steadiness, and durability. However, two use values like bread freshness and ladder stability can't be directly compared. This makes direct exchange difficult. Enter exchange value, the price that the good or service can be sold for on the open market. While we can't directly compare the use value of a loaf of bread and a ladder, we can use money to compare their exchange values (say $3.50 for a loaf of bread and $75 for a ladder). However, this becomes a problem when exchange value is prioritized, as it always is under capitalism.

Anything produced under capitalism is produced because a capitalist thinks they can profit by selling it. Therefore, anything that can be profitable will get produced, whether or not it is useful. This is capitalism's 'production plan,' shaped by the profit motive. While useful things like bread and ladders have been produced for profit, we need to recognize that, under capitalism, bread gets baked and ladders get manufactured only because it's profitable for companies. Production happens for sale rather than use, for profit rather than because of social needs.

The contradiction between use and exchange value shows the exhaustion of the profit motive. Once a progressive boost over feudal stagnation, capitalism's present monopoly stagnation makes the profit motive a deadweight on productivity, especially for the working class. Unable to produce use values, our labour and resources are wasted on useless goods with high exchange values. We need to build our economy around the material and cultural needs of the world's entire population, not the greed and enrichment of a few oligarchs and their profit motive.

That is the guiding principle of socialist economics, rooted in Marxist theory.

AI will not solve all of our problems; it will make them worse

We must start by understanding that artificial intelligence (AI) does not exist. It is a marketing term used by tech companies and investors that currently create and sell large language model (LLM) chatbots and image generators. There is no connection between human intelligence and what these models do. They do not know anything. Instead, they are plagiarism machines, which mimic human thinking through statistical assumptions based on their training on enormous data sets. These data sets include the entire breadth of actual human knowledge and creation, all of which has been stolen. What these chatbots and image generators do is repackage real humanity's intellectual production to us as if it was the new, creative product of intelligent computers. It is not. AI is just the plagiarism of our history of knowledge and creation.

The real hype around AI, beyond these LLM chatbots and image generators, is artificial general intelligence (AGI). If created, this would be the type of true intelligence, like human intelligence, which today's AI is sold as. Not only does AGI not exist, but more and more experts in the field believe that it is impossible. Even companies like Apple are beginning to admit that these models become less effective as their complexity increases. Check out Apple's recent paper "The Illusion of Thinking: Understanding the Strengths and Limitations of Reasoning Models via the Lens of Problem Complexity." to learn about these critical problems with AGI development.

So if 'AI' cannot actually do what its backers claim, why is it being shoehorned into every aspect of our society and economy? Because politicians and capitalists are hoping AI is a technological solution to our increasing political, social, and economic problems. This will fail. Solving any problem requires getting to its roots. Look how social media was sold as a solution to a real lack of human connection in capitalist society. Using a technological solution for a social problem worsens existing problems, and even creates new ones, rather than solving them.

The capitalist class and their political mouthpieces either realize they can't overcome the capitalist roots of these problems, or they're in denial about it. That's why AI is being sold as a universal solution to the massive list of crises we're facing. But if AI won't actually solve these problems, why are governments and corporations still pouring so many resources into it?

First, is because it will increase their profits by replacing workers and deskilling work. Labour power is a major cost for every company (especially in tech), so they will take every opportunity to replace workers with AI tools, even if it means lower quality work. Instead of doing our jobs well, we may oversee AI tools doing our jobs poorly, correcting their mistakes, for a lower wage.

Second, because capitalism is on the defensive. AI is sold as our golden ticket, but it will really be used to oppress and surveil us, to propagandize against our working class interests, and attempt to prevent resistance as our social, economic, and political problems get worse. The environmental impacts of AI will also make our environmental problems worse, with AI's massive electricity and water consumption currently around that of Germany, and only increasing. In this way, AI will deepen all of our social problems, so we must resist it.

The economic change we need is only possible through political change

Workers are told that politics is the process of a population, with shared interests but differing opinions, finding compromises that everyone can live with. This is false. Actually, politics is class struggle, between exploiting and exploited classes, with opposed interests. One class rules each society, as a dictatorship. Western ‘democracies’ are dictatorships of the capitalist class, while socialist states are dictatorships of the working class. In liberal democracies, every political party fundamentally serves the capitalist status quo, no matter their rhetoric or policies.

Classes develop organically in each economic system, based on how the society’s production and output are divided. This is a class' ‘relation to the means of production.’ Each organically developing class is called a ‘class-in-itself.’ They have a shared material existence and interests, even if they aren’t aware of them. To achieve political goals based on these economic realities, a class-in-itself must become a ‘class-for-itself.’ This involves organizing its members, becoming conscious of its historical purpose, and strategizing to take power.

Feudal societies had a landed aristocratic class that benefited from the labour of the peasant class, with a growing bourgeois class of merchants, bankers, lawyers, and others. Capitalist societies replaced feudal societies on the historical stage when the bourgeois class became a class-for-itself, through bourgeois revolutions like in England, France, and the USA. The societies built under bourgeois dictatorship are capitalist, primarily composed of the ruling and exploiting capitalist class, and the ruled and exploited working class. Socialist societies have replaced capitalist societies when the working class (often in alliance with the peasant class) became a class-for-itself, through socialist revolutions like in the USSR, China, and Cuba.

This type of analysis is called materialism, with material class and economic conditions as the analytical foundation. The opposite of materialism is idealism, with ideas as the analytical foundation. While ideas are powerful historical forces (think of Jefferson, Lenin, or Mao’s intellectual impact in their respective revolutions), ideas always arise from their material economic and social context. Marxists specifically use dialectical materialism. It can sound intimidating, but its core ideas are intuitive: 1) Everything is connected, with events dependent on/determined by each other; 2) Everything is constantly changing and in motion; 3) Quantitative changes become qualitative changes; and 4) Development is the struggle of contradictory opposites.

A political system develops according to its internal contradictions, which play out through class struggle. A ruling class can use reform to maintain power while making concessions (ex. FDR’s New Deal strengthened capitalism despite conceding to workers’ needs). Reforms can reduce the negative effects of a society’s contradictions, yet the contradictions remain, ever-sharpening. Capitalist reforms like rent control or higher wages offer workers short term relief, but aid long term capitalist class dictatorship. Under ongoing climate change, the capitalist long term is an existential threat to all life on earth. To achieve a socialist economy, the working class must become a class-for-itself, organizing, educating, and seizing power based on dialectical materialist analysis.

Mapping the Working Class - Class Analysis Guide

The working class is a broad term that encompasses a unique class composition in every individual economy. All workers under capitalism are exploited, because we must sell our labour power for less than the value we produce by labouring for our bosses. But we are not all exploited equally. This is because class is not an eternal identity, but an ongoing process. Only by studying social and economic developments can we define the working class. Class is principally determined by your relation to the means of production. However, understanding secondary factors like your degree of economic exploitation, your inclusion in/exclusion from organized labour, and your degree of racialization, are crucial for a clear understanding.

We encourage all workers to write a report using the following questions to clarify the class composition of your workplace and industry, and send it to se4wp@proton.me. We will help you analyze your workplace, and direct your organizing and political education efforts.

Your Industry

- What industry are you in? Who are the major companies in your industry?
- What is the social function of your industry? How does the profit motive affect your work?

In the Workplace

- What are the major issues at your workplace?
- What is the demographic breakdown of your workplace?
- What techniques does your boss use to divide your workforce?
- If you ran the company, what three reforms would you make in your workplace? What is preventing these changes from happening now?
- Do you think your co-workers relate more to the bosses or each other? In what ways?

Your Union

- Is your workplace unionized? How engaged with union work are your co-workers?
- What is the biggest problem you have with your union?
- What three reforms would you like to see in your union? What is preventing these changes from happening now?
- What are some political (non-economic) reasons you would be willing to strike for?

Economics & Politics

- What is the breakdown in political attitudes among your co-workers?
- Do you and your coworkers feel that the current political system represents your needs? What is preventing the system from improving your quality of life?

Outside of Work

- What are the major issues that you and your co-workers face outside of work?
- Are you living paycheck to paycheck? Do you think your co-workers are as well?
- How much has your rent risen in the past five years?
- Have you had to cut back on buying goods like food and clothing as prices rise?

Mapping the Working Class - Workshop + Discussion Guide

This document helps working class organizers and activists raise class consciousness in their workplaces, and mobilize fellow workers in pursuit of political power. One of the best ways to do so is through group discussion. Whether within your political organization, union local, or simply a group of interested comrades/workers, use this outline and these prompting questions to start, lead, and guide the discussion.

Allow each comrade/worker to speak freely on their own interests and ideas, remain committed to healthy and constructive debate, and finish each discussion with concrete practical steps to mobilize around ideas from the discussion. Every session should begin from a place of solidarity, engage in an honest and open struggle of ideas, and end with a stronger, clearer, more unified political line and strategy, committed to by all.

- **Introductions**
  - Go around and have everyone introduce themselves, and their job
  - Give an overview of the handbook for those who haven't read it (*make all efforts to ensure comrades read the handbook before the workshop*)

- **Socialist Economics vs. Junk Economics**
  - Q: What are some economic goals that you would fight for?
  - Q: What economic justifications have you heard to prevent something socially positive? Or to enact something socially negative?
  - Q: What's an 'economic fact' that you think is bullshit but can't prove it?

- **Debunking Myths**
  - Q: What's something useless that gets produced because it's profitable?
  - Q: Has AI been implemented at your job? If yes, how has it affected your work?
  - Q: What is your experience investing with the stock market?
  - Q: What do you think is holding back necessary economic and social reforms?

- **Mapping the Working Class**
  - Q: Where does your work sit in relation to production (raw material extraction, production, distribution, reproduction (care/education), circulation (retail), etc.)?
  - Q: Do you understand how your company and industry function? What technical or economic operations would you like to learn more about?
  - Q: What are some particularly exploitative aspects of your company/industry?
  - Q: How would you run your company differently? What about your union?

- **Mobilization**
  - Commit to writing a report mapping the class character of your company/industry
  - Research the technical or economic concepts discussed in the session
  - Connect with comrades from other organizations at the session
  - Reach out to SEWP for further guidance at se4wp@proton.me

Get in Touch

We are always looking for more workers and activists to get involved with SEWP. You can do so in the following ways.

- Read and share our posts at sewp.ca
- Follow SEWP on Instagram (@read.sewp)
- Contact us at se4wp@proton.me if:
    - You are interested in writing for us
    - You have economics questions that you want answered
    - You have language fluency for translating SEWP materials into other languages
    - You want us to host a SEWP workshop for your political, labour, or community organization (either in-person or virtually)
    - You want guidance and support to write a *Mapping the Working Class* report on your workplace/industry