

WHAT IS PARTICIPATORY ECONOMICS?

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An extract from his book, *Realizing Hope*



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I. INTRODUCTION

Economies incorporate an almost infinite array of components. Two different societies, whether France and Mexico, or the U.S. and South Africa, even if they have the same type of economic system, will have a myriad of economic differences ranging from population numbers and skills to resources and infrastructure, different industries, organizational approaches, patterns of ownership structure, secondary economic institutions, class histories and relations, and details of organization.

The same will also hold for other economic types than capitalism. Different societies with new participatory economies, say a future Italy, Mexico, the U.S., Malaysia, Guatemala, Poland, and South Africa, will have different features beyond the few shared ones that define the economic type. Participatory economics is a proposal for the defining features of a post-capitalist economy.

II. CAPITALISM

Capitalism's first defining feature is private ownership of the means of production. A few percent of the population own almost all industry, machinery, resources, and farmland. They have ultimate control over the disposal and use of this property. They accrue profits from their property's productivity.

Capitalism is also defined by corporate workplace divisions of labor and authoritative decision making. About 20% of the employees of capitalist workplaces do mostly conceptual and empowering tasks for their jobs, while the other 80% do mostly rote and obedient tasks. The 20% make many decisions and affect social choices. The 80% make few decisions and mainly obey orders.

People's income in capitalist economies comes mostly from their bargaining power. We get from economic output what we can take. Ownership of property, a very important contributor to bargaining power, conveys rights to profit. Also important to one's

bargaining power, and thus to the income one can take, is the control one has over needed assets or skills, the value of the output one generates, one's social attributes like gender and race, and one's organizational affiliations such as union membership.

Another defining feature of capitalism is markets. Markets mediate the amount of any particular good or service produced, the relative valuations of different products, and their distribution to different actors. Buyers and sellers benefit themselves oblivious to impact on others. I sell at the highest price I can the least costly items I can. You buy at the lowest price you can the most valuable items you can. We fleece each other.

Competition drives growth and determines relative valuations. The preferences and bargaining power of direct buyers and sellers determine prices. The preferences of people who are affected by but who aren't directly involved in specific transactions go unaccounted. Your desire for a car matters. My dislike for the pollution it will spew doesn't matter. In market exchanges those with more power make out like bandits and "nice guys finish last."

Beyond private ownership of means of production, corporate workplace organization, authoritative decision making, remuneration for bargaining power, property, and output, and market allocation, myriad variations in secondary institutions, population, local history, and impositions from other parts of society distinguish different instances of capitalism from one another. South Africa is different from the U.S. England circa 1900 is different from England circa 2000. India is different from Mexico.

Referring to capitalism, John Stuart Mill, one of the foremost philosophers of the nineteenth century wrote, "I confess that I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human beings."

And the great Latin American writer Eduardo Galeano, explained how capitalism has nearly all its valuations upside down: "From the point of view of the economy, the sale of weapons is indistinguishable from the sale of food. When a building collapses or a plane crashes, it's rather inconvenient from the point of view of those inside, but it's altogether convenient for the growth of the gross national product, which sometimes ought to be called the 'gross criminal product'."

In my own view, admittedly only briefly evidenced here, capitalism is a thug's economy, a heartless economy, a base and vile and largely boring economy. It is the antithesis of human fulfillment and development. It mocks equity and justice. It enshrines greed. It does not serve humanity.

I doubt that many who are reading this want to contest these claims. Similar characterizations of capitalism, for example, are rampant in contemporary literature and other media. In fact, I think that while many people might talk about a humane capitalism, or might not decry capitalism out loud, deep down this isn't due to denying capitalism's ills or to feeling capitalism is liberatory. It is due to feeling there is nothing possible but capitalism, so that operating within its jurisdiction is unavoidable and decrying it is whining about the inevitable. In any event, given my distaste for capitalism, I feel the need to transcend perplexity and proceed to a better economy.

III. PARECON'S VALUES

Participatory economics has completely different defining features than capitalism. Extensive explorations of its economic logic are available online at the parecon web site via (www.zcommunications.org). Parecon seeks to fulfill four key values: solidarity, diversity, equity, and self management.

Solidarity

The first value a good economy ought to have bears upon how its workers and consumers relate to one another. In capitalism, to get ahead, one must trample others. To increase your income and power you must ignore the horrible pain suffered by those left below or even help to push them farther down. In

capitalism, not only do nice guys finish last, but in my own somewhat more aggressive formulation of the same sentiment, "garbage rises."

In contrast to the capitalist rat race, a good economy should be a solidarity economy generating sociality rather than social irresponsibility. Its institutions for production, consumption, and allocation should propel even antisocial people into addressing other people's well being to advance their own. To get ahead in a good economy, in other words, you should have to act on the basis of considering and respecting the conditions of others.

Interestingly, this first parecon value, so contrary to the capitalist logic of "me first and everyone else be damned," is entirely uncontroversial. Only a psychopath would argue that if we could have the same output, the same conditions, and the same distribution of income, an economy would be better if it produced more hostility and ant-sociality in its participants than if it produced more mutual concern. Other than psychopaths, we all value solidarity and would prefer not to trample others.

Diversity

The second value a good economy ought to advance has to do with the options an economy generates. Capitalist market rhetoric trumpets opportunity but capitalist market discipline curtails satisfaction and development by replacing what is human and caring with what is commercial, profitable, and in accord with existing hierarchies of power and wealth. The tremendous variety of tastes, preferences, and choices that humans naturally display are truncated by capitalism into conformist patterns imposed by advertising, by narrow class delimited role offerings, and by coercive marketing environments that produce commercial attitudes and habits.

As a result, within capitalism we seek best sellers regardless of their impact on society instead of seeking a wide range of sellers with as desirable an impact as possible. We seek the one most profitable method instead of many parallel methods suiting a range of priorities, and we seek the biggest of almost everything, virtually always crowding out more diverse choices supporting greater and more widespread fulfillment.

In contrast, responsible institutions for production, consumption, and allocation not only wouldn't reduce variety but would emphasize finding and respecting diverse solutions to problems. A good economy would recognize that we are finite beings who can benefit from enjoying what others do that we ourselves have no time to do, and also that we are fallible beings who should not vest all our hopes in single routes of advance but should instead insure against damage by exploring diverse parallel avenues and options.

Interestingly, this value of diversity, like solidarity, is entirely uncontroversial. Only a perverse individual would argue that all other things equal, an economy is better if it homogenizes and narrows options than if it diversifies and expands them. So we value diversity, not homogeneity.

Equity

The third value we want a good economy to advance has to do with distribution of outputs. Capitalism overwhelmingly rewards property and bargaining power. It says that those who own productive property, by virtue of their ownership, deserve profits. And it says that those who have great bargaining power based on anything from monopolizing knowledge or skills, to using better tools or organization, being born with special talents, or being able to command brute force, are entitled to whatever they can take.

A good economy would instead be an equity economy whose institutions for production, consumption, and allocation not only wouldn't destroy or obstruct equity, but would propel it. But what is equity?

People seeking equity, of course, reject rewarding property ownership. It can't be equitable that due to having a deed in your pocket you earn 100, 1000, or even a million or ten million times the income some other person earns who works harder and longer. To be born and inherit ownership and by virtue of that ownership, despite having done nothing of merit, to vastly exceed others circumstances and influence cannot possibly be equitable.

We also reject rewarding power with income. The logic of Al Capone, Genghis Khan, and the Harvard Business School is that each actor should earn as remuneration for their economic activity whatever they can take. This norm worships not equitable outcomes, but

being a thug. Since we are civilized, we of course reject it.

What about output? Should people get back from the social product an amount equal to what they themselves produce as part of that social product? After all, what reason can justify that we should get less than what we ourselves contribute, or for that matter that we should get more than our own contribution? Surely we should get an amount equivalent to what we produce, shouldn't we?

It may seem so, but suppose Bill and Jill do the same work for the same length of time at the same intensity. If Jill has better tools with which to generate more output should she get more income than Bill who has worse tools and as a result generates less output even though working as hard or harder?

Similarly, why should someone who happens to produce something highly valued be rewarded more than someone who happens to produce something less valued though still socially desired and important to provide - again, even if the less productive person works equally hard and long and endures similar conditions as the more productive person?

Extending the same logic, why should someone who was lucky in the genetic lottery, perhaps inheriting genes for big size, musical talent, tremendous reflexes, peripheral vision, or conceptual competency, get rewarded more than someone who was genetically less lucky?

You are borne with a wonderful attribute. You didn't do anything to get it. Why, on top of the luck of your inheritance are you rewarded with greater income as well? There is no earning happening. No high morality is evidenced.

In light of the implicit logic of these examples, it seems to me that to be equitable, remuneration should be for effort and sacrifice in producing socially desired items.

If I work longer, I should get more reward. If I work harder, I should get more reward. If I work in worse conditions and at more onerous tasks, I should get more reward. But I should not get more for having better tools, or for producing something that happens to be valued more highly, or even for having innate highly productive talents, nor should I get more even for the output of learned skills (though I should be rewarded for the effort and sacrifice of learning those skills), nor, of

course, should I get rewarded for work that isn't socially warranted.

Unlike our first two values, solidarity and diversity, our third value of rewarding only the effort and sacrifice that people expend in their socially valued work, is quite controversial.

Some anti-capitalists think that people should be rewarded for the overall volume of their output, so that a great athlete should earn a fortune, and a good doctor should earn way more than a hard working farmer or short order cook. An equitable economy, however - or at any rate a participatory economy - rejects that norm.

Pareconish equity requires that assuming comparable intensity and duration of work, a person who has a nice, comfortable, pleasant, and highly productive job should earn less than a person who has an onerous, debilitating, and less productive but still socially valuable and warranted job, due to the sacrifice endured. Parecon rewards effort and sacrifice at socially valued labor; it does not reward property, power, or output. You have to produce socially valued output commensurate to the productivity of your tools and conditions, yes, but you are not remunerated in accord with the value of the output, but with the effort and sacrifice you expend.

There are two other anti-capitalist stances regarding remuneration that we should address. They have in common that they take a wise insight past its applicability to a counter productive extreme.

The first approach says work itself is intrinsically negative. Why should anyone thinking about a better economy be thinking in terms of organizing or apportioning work, this stance wonders? Why not just eliminate work?

This stance correctly notices that our efforts to innovate should seek to diminish onerous features of work in favor of more fulfilling features. But it moves from that worthy advisory to suggesting that we should entirely eliminate work, which is nonsense.

First and most obviously, work yields results we do not want to do without. The bounty that work generates justifies the costs of undertaking it. In a good economy, people would desist from excess work before suffering insufficient returns for it. In parecon, we expend our effort and make associated

sacrifices only up to the point where the value of the income we receive outweighs the costs of the exertions we undertake. At that point, we opt for leisure, not for more work.

Second, as the famed geographer and anarchist Peter Kropotkin expressed the point, "Overwork is repulsive to human nature - not work. Overwork for supplying the few with luxury - not work for the well-being of all. Work, labor, is a physiological necessity, a necessity of spending accumulated bodily energy, a necessity which is health and life itself."

In other words, the merits of work are not solely in its outputs, but also in the process and the act itself. We want to eliminate work that is onerous and debilitating, yes, but we do not want to eliminate work per se. We need to keep work, but to figure out how to do it differently than now.

A second and related anti-capitalist stance that rejects our approach to remunerating duration, intensity, and onerousness of work, claims that the only criteria for remuneration ought to be human need. "From each according to ability, to each according to need" defines this perspective.

What this stance rightly highlights is that people deserve respect and support by virtue of their very existence. If a person can't work, surely we don't starve them or deny them income at the level others enjoy. Their needs, modulated in accord with social averages, are met. If, likewise, someone has special medical needs, these too are met even beyond the volume, intensity, or type of work the person is able to do.

The problem with rewarding need arises not when we are dealing with people who are physically or mentally unable to work, for which it makes perfect sense, but when we try to apply the norm to people who can work and have no special medical needs.

For example, can I do no work and still benefit from society's output? Can I do no work and consume as much as I choose, with no external limits? This is obviously not viable. We could have no one working and at the same time have everyone expecting to consume more than now.

Usually, what those who advocate payment for need and people working to capacity have in

mind, is that each actor will responsibly opt for an appropriate share of consumption from the social total and will responsibly contribute an appropriate amount of work to its production.

But how do I know what is appropriate to consume or to produce? And, for that matter, how does the economy determine what is appropriate?

It turns out, in other words, that in real practice the norm “work to ability and consume to need” becomes work and consume in accord with social averages. It implies people responsibly going over and under social averages only when it is warranted.

But when is it warranted? More, how does anyone know what the social averages are? How does the economy decide how much of anything to produce? How does anyone know the relative values of outputs if we have no measure of the value of the labor involved in their production or the extent to which anyone wants them? How do we know if labor is apportioned sensibly and if we need innovations to increase output of some items or diminish output for others? How do we know where to invest to improve work conditions?

Whether one believes that remuneration for need and working to one's ability is a higher moral norm than remuneration for effort and sacrifice - and this too is an open question - the former is not practical unless there is an external measure of need and ability, plus a way to value different labor types, plus a way for people to determine what is warranted behavior, plus an expectation that we will all do so. But this is precisely what rewarding effort and sacrifice instead of rewarding need provides, even as it also enables people to work and consume more or less as they choose, and permits everyone to judge relative values in tune with true social costs and benefits. In other words, the values lurking behind the desire to remunerate need are in fact fulfilled more desirably and fully by rewarding effort and sacrifice.

So, we have our third value, a controversial one even among anti-capitalists. We want a good economy to remunerate effort and sacrifice, and, when people can't work, to provide income and health care based on need.

Self Management

The fourth and final value on which a good economy ought to be built has to do with decisions.

In capitalism owners have tremendous say. Managers and high-level lawyers, engineers, financial officers, and doctors, each of whom monopolize empowering work and daily decision-making positions, have substantial say. And people doing rote and obedient labor rarely even know what decisions are being made much less influence them.

In contrast, a good economy will be a richly democratic economy. People will all control their own lives consistent with others doing likewise. Each person will have a level of influence that won't impinge other people's rights to have the same level of influence. We will all affect decisions in proportion to how we are affected by them. This is called self management.

Imagine that a worker wants to place a picture of his daughter on his workstation. Who should make that decision? Should some owner decide? Should a manager decide? Should all the workers decide? Obviously none of that makes any sense. The worker whose child it is should decide, alone, with full authority. He should be a dictator in this particular case. Sometimes making decisions unilaterally makes sense.

Now suppose instead that a worker wants to put a radio on her desk to play loud, raucous, rock and roll. Who should decide? We all intuitively know that the answer is that those who will hear the radio should have a say, and that those who will be more bothered or more benefited should have more say. The worker no longer gets to be a dictator, nor does anyone else.

At this point, we have implicitly arrived at a decision making value. We easily realize that we don't want a majority to decide everything all the time. Nor do we always want one person one vote with some other percentage deciding. Nor do we always want one person to decide authoritatively, as a dictator. Nor do we always want consensus, or any other single approach to discussing issues, expressing preferences, and tallying votes. All the possible methods of making decisions make sense in some cases, but are horribly unfair, intrusive, or authoritarian in other cases, because

different decisions require different approaches.

What we hope to accomplish when we choose from among all possible means of decision making and for discussing issues, setting agendas, and sharing information, is that each person influence decisions in proportion to the degree he or she is affected by them. And that is our fourth parecon value, called self management.

IV. PARECON'S INSTITUTIONS

When people ask, what do you want?, we can reasonably say we want solidarity, diversity, equity, and self management, but that is not alone sufficient to answer their question. If we advocate institutions whose logic leads to other outcomes or that has damning flaws in other respects, such as markets, corporate organization, and private ownership, what good is our rhetorical attachment to fine values? We need to advocate the values, yes, but we also need to advocate a set of institutions that can make our favored values real without compromising economic success.

Workers and Consumers Councils

Workers and consumers need a place to express and pursue their preferences. Historically, when workers and consumers have attempted to seize control of their own lives, they have invariably created workers and consumers councils as the means to do so.

In a parecon, while workers and consumers councils are essentially like those that have historically emerged in past struggles, there is an additional commitment to self management. Parecon's councils use decision-making procedures and modes of communication that apportion to each member a degree of say in each decision proportionate to the degree he or she is affected.

Council decisions could be made by majority rule, three quarters, two-thirds, consensus, or other possibilities. Different procedures could be used for different decisions including fewer or more participants using different information dispersal and discussion procedures or different voting and tallying methods.

Consider, as an example, a publishing house. It could have teams addressing different functions, such as promotion, book production, editing, etc. Each team might make its own workday decisions in the context of broader policies decided by the whole workers council. Decisions to publish a book might involve teams in related areas, and might require, for example, a two-thirds or three-quarters positive vote, including considerable time for appraisals and re-appraisals. Many other decisions in the workplace could be one-person one-vote by the workers affected, or could require slightly different majorities or methods of accounting and challenging outcomes. Hiring might require consensus in the workgroup that the new person would join, because a new worker can have a tremendous effect on a group that he or she is constantly working with.

The point is, workers decide in groups of nested councils and teams both the broad and the narrower workplace decisions, both the norms and the methods for decision making, and then also the day to day and more policy-oriented choices.

It really isn't very complicated in practice, as compared to in brief description. Longer presentations assess ease of operations, efficiency and quality of outcomes, etc. But for here, the reader may note that for full self management the decisions of a workplace regarding what to produce must also be influenced by the people affected by its production. Those who consume the workplace's books, bicycles, or band-aids must affect their production. Even those who don't get some other product because energy, time, and assets went to the books, bicycles, or band-aids and not to produce what they wanted have to affect the choice. And even those tangentially affected such as by pollution have to have influence. But accommodating the will of the workers with the will of other actors in appropriate balance is a matter of allocation, not of workplace organization, and it enters our discussion a bit later.

Remuneration for Effort and Sacrifice

Parecon's next institutional commitment is to remunerate for effort and sacrifice, not for property, power, or even output. But who decides how hard we have worked? Clearly our workers councils must decide within the context of the broad economic setting established by all the economy's institutions.

If you work longer, and you do it effectively, you are entitled to more of the social product. If you work more intensely, to socially useful ends, again you are entitled to more. If you work at more onerous or dangerous or boring but still socially warranted tasks, again, you are entitled to more.

But you aren't entitled to more by virtue of owning productive property because no one will own productive property in a parecon - it is all socially owned. And you won't be entitled to more because you work with better tools, or produce something more valued, or even have personal traits that make you more productive, because these attributes don't involve effort or sacrifice but instead luck and endowment. Your work has to be socially useful to be rewarded. Effort, duration, and sacrifice producing outputs that aren't desired is not remunerable labor.

Greater output is appreciated, of course, and it is important that the means of accomplishing it are utilized, but there is no extra pay for greater output. Yes, my working longer or harder yields more output, and greater output can even be a revealing indicator of greater effort. But while output is often relevant as an indicator, the absolute level of output is beside the point as a means of establishing the level of remuneration.

Rewarding output is not only morally unwarranted, it is far from the best way of providing people with an incentive to increase output, since output depends on tools, genetic endowment, colleagues, and other factors we have no control over. If one is concerned with increasing output by offering incentives, one should remunerate effort expended in socially valued labor. Effort is the variable the worker controls that impacts output. It's as simple as that.

Both morally and in terms of incentives, parecon does what makes sense. We get extra pay when we deserve it for our sacrifice at work. As to how the economy elicits appropriate use of productive capacities by properly utilizing technology, organization, resources, energy, and skills, that is a matter of allocation, still to come. And as for how in each workplace the duration of our work, its intensity, and its onerousness is determined by the worker's council, that too, while having many possible locally determined forms, becomes clearer as we proceed.

Balanced Job Complexes

Suppose that as proposed we have workers and consumers councils. Suppose we also believe in participation and even in self management. But suppose as well that our workplace has a typical corporate division of labor. What will happen?

The roughly 20% at the top of the corporate division of labor will monopolize daily decision-making positions and the knowledge essential to comprehending what is going on and what options exist. They will set agendas. The decisions of these managers, engineers, lawyers, doctors, and other empowered actors will be authoritative. Even if workers lower in the hierarchy have formal voting rights in workers councils committed to self management, their participation will only be to vote on plans and options put forth by the group of more empowered workers I call the coordinator class.

The will of this coordinator class will decide outcomes and in time this empowered group will also decide that it deserves more pay to nurture its great wisdom. It will separate itself not only in power but in income and status. In other words, it isn't enough to have workers and consumers councils and that try to implement self management and remuneration on the basis of effort and sacrifice. If, on top of those features, we have a division of labor which sabotages our efforts and imposes class divisions, our greatest hopes will be dashed against the structural implications of our job design.

As Adam Smith harshly argued, since "the understandings of the greater part of men are necessarily formed by their ordinary employments, the man whose life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding...and generally becomes as stupid and ignorant as it is possible for a human creature to be." Even if the effects are less disastrous, surely the person doing "a few simple operations" will not be an equal master of economic outcomes to those whose work daily inspires, informs, enlightens, and empowers them.

So what is parecon's alternative to familiar corporate divisions of labor? We seek to extend the insights of William Morris, the noted

nineteenth century artist and wordsmith, who noted that in a better future we would not be able to have the same division of labor as now. We would have to get rid of servanting and sewer emptying, butchering and letter carrying, boot-blackening and hair dressing, as jobs unto themselves. He felt we would apply ourselves to production not to sell things, but to make things prettier and to amuse ourselves and others.

Morris was right not only about changing the motives of work to meeting needs and developing the potentials of those enjoying the products and doing the labor, but also about the need to alter the division of labor en route to that achievement.

Parecon concurs, therefore, with Smith's perception of the debilitating effect of corporate divisions of labor and with Morris's aspirations for future work. That is why participatory economics utilizes what it calls balanced job complexes.

Instead of combining tasks so that some jobs are highly empowering and other jobs are horribly stultifying, some jobs convey knowledge and authority while other jobs convey only stultification and obedience, and those doing some jobs rule as a coordinator class accruing to themselves more income and influence while those doing more menial work obey as a traditional working class subordinate in influence and income - parecon says let's make each job comparable to all others in its quality of life and even more importantly in its empowerment effects.

From a corporate division of labor that enshrines a coordinator class above workers, we move to a classless division of labor that elevates all workers to their fullest potentials.

Each person has a job. Each job involves many tasks. Of course each job should be suited to the talents, capacities, and energies of the person doing it. But in a parecon each job must also contain a mix of tasks and responsibilities such that the overall quality of life and especially the overall empowerment effects of work are comparable for all.

In a parecon there won't be someone doing only surgery and someone else only cleaning bed pans. Instead people who do surgery will also help clean the hospital and perform other tasks so that the sum of all that they do

incorporates a fair mix of conditions and responsibilities.

A parecon doesn't have some people in a factory who only manage operations and others who only do rote tasks. Instead people throughout factories do a balanced mix of empowering and rote tasks.

A parecon doesn't have lawyers and short order cooks or engineers and assembly line workers as we now know them. All the tasks associated with these jobs must get done, of course, but in a parecon they are mixed and matched very differently than they are in capitalist workplaces. Parecon has a new division of labor.

Each parecon worker does a mix of tasks that accords with his or her abilities and also conveys a fair share of rote, tedious, interesting, and empowering conditions and responsibilities.

Our work doesn't prepare a few of us to rule and the rest of us to obey. Instead, our work equally prepares all of us to participate in self-managing production, consumption, and allocation. Our work equally readies all of us to engage sensibly in self managing our lives and institutions.

But to move on to our next institutional feature we should ask what happens if we have a new economy that has workers and consumers councils, self-managing decision-making rules, remuneration in accord with effort and sacrifice, and also balanced job complexes - if we combine all this with markets or with central planning for allocation? Would that constitute a good economy?

Allocation: Markets and Central Planning

First, markets would immediately destroy the remuneration scheme. They would reward output and bargaining power instead of effort and sacrifice.

Second, markets would also force buyers and sellers to try to buy cheap and sell dear, each fleecing the other as much as possible in the name of private advance and market survival. Markets, in other words, would generate anti-sociality.

Third, markets would explicitly produce dissatisfaction because it is only the dissatisfied who will buy and then buy again,

and again. As the general director of General Motors' Research Labs, Charles Kettering introduced annual model changes for GM cars. He put the point: business needs to create a "dissatisfied consumer"; its mission is "the organized creation of dissatisfaction." The idea was that planned obsolescence would make the consumer dissatisfied with the car he or she already had.

Fourth, prices in a market system don't reflect all social costs and benefits. Market prices take into account only the impact of work and consumption on the immediate buyers and sellers, but not on those peripherally affected, including those affected by pollution or, for that matter, by positive side effects. This means markets routinely violate ecological balance and sustainability. They subject all but the wealthiest communities to a collective debit in water, air, sound, and public availabilities.

Fifth, markets also produce decision making hierarchy and not self management. This occurs not only due to disparities in wealth translating into disparate power, but because market competition compels even council based workplaces to cut costs and seek market share regardless of the ensuing implications. To compete, even workplaces with self managing councils, equitable remuneration, and balanced job complexes have no choice but to insulate from the discomfort that cost-cutting imposes precisely those people who they earmark to figure out what costs to cut and how to generate more output at the expense of worker (and even consumer) fulfillment.

In other words, to cut costs and otherwise impose market discipline there would emerge due to market logic a coordinator class located above workers and violating our preferred norms of remuneration as well as accruing power to themselves and obliterating the self-management and equity we desire.

That is, under the pressure of market competition, the firm I work for must try to maximize its revenues to keep up with or outstrip competing firms. If my firm doesn't do that that we lose our jobs and have only equitable poverty. So we must try to dump our costs on others. We must seek as much revenue as possible even via inducing excessive consumption. We must cut our costs of production, including reducing comforts for workers and unduly intensifying labor to win

market share regardless of benefits and costs to others.

To relentlessly conceive and pursue all these paths to market success, however, would require both a managerial surplus-seeking mindset and also freedom for the managers from suffering the pains that their choices induce. So we hire folks with appropriately callous and calculating minds such as business schools produce. We give these new employees air conditioned offices and comfortable surroundings. We say to them, okay, cut our costs to ensure our livelihood in the marketplace.

In other words, we impose on ourselves a coordinator class, not due to natural law, and not due to some internal psychological drive, but because markets force us to subordinate ourselves to a coordinator elite lest we lose market share and revenues, and eventually go out of business.

There are those who will claim that all these market failings are not a product of markets per se, but of imperfect markets that haven't attained a condition of perfect competition. This is a bit like saying that the ills associated with ingesting arsenic occur because we never get pure arsenic, but only arsenic tainted with other ingredients.

On the one hand, calling for perfect markets ignores that in a real society there is literally no such thing as frictionless competition so of course we will always get imperfect markets. But even more important, it also ignores that the ill features of markets we have highlighted do not diminish when competition is enlarged. This is not just true in our thought experiment, but also in past practice. Historically, the closer economies have come to a pure market system without state intervention and with as few sectors as possible dominated by single firms or groups of firms, or with as few unions as possible, the worse the social implications of the sort we describe above have been. For example, there have rarely if ever been markets as competitive as those of Britain in the early nineteenth century, yet, under the sway of those nearly perfect markets young children routinely suffered early death in the pits and mills of the Black Country. The point is, well-functioning markets get various economic tasks done but otherwise do not promote excellence in any form. They do not resist and even facilitate cultural and moral depravity.

And the same broad result of market allocation destroying the benefits sought via councils including equitable remuneration and balanced job complexes have historically held for central planning allocation as well, though for different reasons. Central planning elevates central planners and their managerial agents in each workplace, and then, for legitimacy and consistency, also elevates all those actors in the economy who share the same type of credentials.

In other words, the central planners need local agents who will hold workers to norms the central planners set. These local agents must be authoritative. Their credentials must legitimate them and reduce other actors to relative obedience. Central planning thus, like markets, also imposes a coordinator class to rule over workers who are in turn made subordinate not only nationally but also in each workplace.

The allocation problem that we face in trying to conceive a good economy is therefore that (as we saw in the old Yugoslavia and Soviet Union) even without private ownership of means of production, markets and central planning each subvert the values and structures we have deemed worthy. They obliterate equitable remuneration, annihilate self management, horribly mis-value products, impose narrow and antisocial motivations, and impose class division and class rule - which is to say, they trample and destroy the values we wish to elevate and advance.

Allocation is the nervous system of economic life. It is both intricate and essential. To round out a new economic vision we must conceive a mechanism that can properly and efficiently determine and communicate accurate information about the true social costs and benefits of economic options, and that can then also apportion to workers and consumers influence over choices proportional to the degree they are affected. Desirable means of allocation must allocate resources, labor, and the products of labor in a flexible manner that is able to realign in the case of unexpected crises or shocks. And it must not homogenize tastes but instead abide diverse preferences, preserve privacy and individuality, engender sociality and solidarity, and meet the needs and capacities of all workers and consumers rather than aggrandizing a few. It must operate without class division and rule but with equity and classlessness, and without

authoritarianism and disproportionate influence for a few people but with self management for all.

Self management of allocation is no little ambition given that virtually everyone is at least to some degree affected by each decision made in an economy. In any institution - factory, university, health center, or whatever - many interests ought to be represented in decision-making. There is the work force itself, the community in which it is located, users of its products or services, and institutions that compete for the same resources. Have democracy, must less self management, entails that there are structures that displace and eliminate private ownership of the means of production or resources, an but that also involve all affected parties appropriately in determining outcomes.

While private ownership is problematic, as critics of capitalism have always indicated, the deeper and arguably even deadlier villains, as we have all too briefly indicated above, are markets and central planning. We not only need "directly democratic" workers and consumers councils, but also connections among councils that preserve and enhance democracy and facilitate democratic decisions actually being, as well, informed and insightful decisions.

Participatory Planning

Suppose in place of top-down allocation via centrally planned choices, and in place of competitive market allocation by atomized buyers and sellers, we opt for informed, self-managed, cooperative negotiation of inputs and outputs by socially entwined actors who each have a say in proportion as choices affect them, who can each access accurate information, and who each have appropriate training, confidence, conditions, and motivation to develop, communicate, and express their preferences.

That set of allocation attributes, if we could conceive institutions able to make it real, would, as we desire, compatibly advance council-centered participatory self-management, remuneration for effort and sacrifice, and balanced job complexes. It would also provide proper valuations of personal, social, and ecological impacts and promote classlessness.

Participatory planning is conceived to accomplish all this. In participatory planning, worker and consumer councils propose their work activities and consumption preferences in light of best available and constantly updated knowledge of local and national implications of the full social benefits and costs of their choices.

Workers and consumers cooperatively negotiate workplace and consumer inputs and outputs. They employ a back and forth communication of mutually informed preferences using what are called indicative prices, facilitation boards, rounds of accommodation to new information, and other participatory planning features which permit people to express, mediate, and refine their desires in light of feedback about other people's desires.

Workers and consumers indicate via their councils their personal and group preferences. They learn what preferences others have indicated. At each new step they alter their preferences keeping in mind the need to balance a personally fulfilling pattern of work and consumption with the requirements of a viable overall plan. Each actor seeks personal and collective group well being and development, but each can improve his or her situation only by acting in accord with more general social benefit.

As in any economy, consumers take into account their income and the relative costs of available products to choose what they desire. This occurs for individual consumption, groups, neighborhoods, and regions, all through consumer councils. Workers in their workers councils similarly indicate how much work they wish to do in light of requests for their product and their own labor/leisure preferences.

In a participatory economy no one has any interest in selling products at inflated prices nor in selling more than consumers actually need - because imposing high prices and inducing sales beyond what will be fulfilling to people are not how income is earned. Nor is there any need to compete for market share. Rather, motives are simply to meet needs and to develop potentials without wasting assets, which is to say, to produce what is socially acceptable and useful while compatibly and cooperatively fulfilling one's own as well as the rest of society's preferences. This is true not because people are suddenly saints, but because cooperation is lucrative. Merciless

mutual fleecing simply has no place in a parecon.

Preferences for desired production and consumption are communicated by means of special mechanisms developed for the purpose. Negotiations occur in a series of planning rounds. Every participant has an interest in most effectively utilizing productive potentials to meet needs, because everyone gets an equitable share of output that grows as overall social output grows.

Each person also favors making investments that reduce drudge work and improve the quality of the average balanced job complex, because this is the job quality that everyone on average enjoys.

Plans are of course continually updated and refined. It isn't that there are no errors or imperfections in the day to day and year to year operations of a participatory economy. It is that deviations from ideal choices arise from ignorance or mistake and in no way systematically benefit one sector above others. Mistaken choices and deviations don't snowball or multiply.

To choose what role and position to occupy in a parecon, one consults one's own personal tastes and talents. Of course each person will be better suited and more likely to be happy at some pursuits than at others and will naturally prefer the former. However, there is no choice that one can individually make or that a group can collectively make that would accrue what other members of society would deem unjust power, wealth, or circumstance.

V. CONCLUSION

Participatory economics creates a context of classlessness and social solidarity. In a parecon I can get better work conditions if the average job complex improves. I can get higher income if I work harder or longer with my workmates' consent, or if the average income throughout society increases. I not only advance in solidarity with others, I also influence all economic decisions in my workplace and even throughout the rest of the economy at a level proportionate to the impact those decisions have on me.

Parecon not only eliminates inequitable disparities in wealth and income, it attains just distribution. Parecon doesn't force people to undervalue or violate other people's lives, but produces solidarity. Parecon doesn't homogenize outcomes, but generates diversity. Parecon doesn't give a small ruling class tremendous power while burdening the bulk of the population with powerlessness, but produces appropriate self-managing influence for all.

Parecon's economic viability and worthiness are argued in great detail in the book *Parecon: Life After Capitalism* (Verso Press) as well as on the parecon web site at <http://www.zcommunications.org/znet/topics/parecon>, including addressing detailed concerns about productivity, efficiency, incentives, social relations, etc. Readers who aren't familiar with parecon's features and who haven't yet thought through their logic may wish to consult either of those sources.

But, suppose you have decided at this point that yes, it seems that parecon can produce goods and services to meet needs and that it can allocate them justly while also supporting values you hold dear. The implication seems to be that building organizational vehicles, not

just of opposition, but for self-conscious creation of a new world, must be placed on our agenda. In short, we need to begin organizing to promote the project of a participatory economy, and a participatory society more generally.

We should act without exaggerated images of instant success, of course, but we should also refuse to succumb to cynical or excessively patient delay.

Michael Albert is a founder and current member of the staff of *Z Magazine* as well as System Operator of *Z Magazine's* web system: ZCom (www.zmag.org). He is author of several books on participatory economics.

“What is Participatory Economics?” is a publication of the London Project for a Participatory Society: radicalblogs.org/lpps.

Please send feedback to participatory.society@gmail.com

About the London Project for a Participatory Society....

FREQUENTLY ASKED QUESTIONS ABOUT THE LPPS

What is the LPPS?

The London Project for a Participatory Society (LPPS) is an anti-racist, pro-feminist, anti-capitalist organization, committed to promoting radical social change. We are based in London, Ontario, and participate actively in struggles for social and environmental justice, and for political and economic democracy. The LPPS is an independent, democratically operated, grassroots organization, with a commitment to pluralistic radicalism. Anyone in the London (Ontario) area, who agrees with our mission statement, is invited to join and participate fully in our activities.

What's the relation between the LPPS and the IPPS?

The LPPS is inspired by the discussions about visions of radical social change, and strategies for radical activism, that are taking place within the International Project for a Participatory Society (IPPS), sponsored by Znet and Z Magazine, based in the U.S. At the same time, though, the LPPS is not formally affiliated with the IPPS. Moreover, we operate in complete independence of the IPPS. We see ourselves as a self-contained group of radicals, inspired by and supportive of the work done by IPPS, but focused on contributing to the left locally, here in London, in whatever way we can.

Is the LPPS marxist?...anarchist? ... socialist-feminist? ...or what?

The LPPS is committed to **pluralistic radicalism**, which just means that, although we all agree on the need for radical social change, including the need to replace capitalism, and to eliminate racism, patriarchy, and all other forms of oppression and social hierarchies, we do *not* all share a single social theory or political orientation, such as anarchism or marxism. Some of us may identify ourselves individually as marxists or anarchists or socialist feminists, etc., but the LPPS is a place for radical leftists of different kinds to work together and learn from one another. Members of the LPPS all endorse the group's mission statement.

LPPS MISSION STATEMENT

The London Project for a Participatory Society (LPPS) is a group of activists concerned with inspiring, facilitating, and supporting efforts to develop, share, and promote vision and strategy for attaining radical social change, in the direction of a more participatory and democratic society.

The LPPS stands for a post-capitalist economy based on self-management and equality, for democratic and participatory politics, and for the elimination of patriarchy, racism, and all other hierarchies and oppressions.

The LPPS seeks to promote experimentation with participatory institutions and discussion of proposals and models of a participatory society, in order to demonstrate that there are alternatives to current race, gender, political, environmental, and other injustices.

The LPPS seeks to foster participatory, grassroots social movements, whenever these movements serve to promote political and economic democracy, and/or social and environmental justice.

CONTACTING THE LPPS

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