

# Direct and Economic Democracy in Ancient Athens and its Significance Today

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**Abstract** This article examines the intrinsic relationship between direct and economic democracy as it was exemplified in the case of classical Athens. The aim is to show that the final failure of the Athenian democracy was not due, as is usually asserted, to the innate weaknesses of direct democracy but, firstly, due to the fact that it always remained partial, embracing only part of its population, and, second, that it was never completed by a corresponding economic democracy. This fact implies that any attempt today at establishing direct democracy, which is not complemented by economic democracy, is condemned to failure.

During the Athenian celebrations for the 2,500th anniversary of Cleisthenes' reforms (where there appeared a ridiculous show of the elite who celebrated, by themselves, the most anti-elitist form of democracy that has ever existed!), as well as in the wider 'discussion' that followed on the significance of direct democracy, no reference was made to the relationship between direct and economic democracy. As I will try to show, however, the development of the Athenian democracy amongst its citizens (that is with the slaves and women excluded) kept pace with a determined effort to diminish the socio-economic differences between the citizens. Also, the decline itself of the Athenian democracy was, in my view, directly connected with its failure to become universal, and with the contradiction created by the fact that the political equality which the Athenian democracy had established for its citizens was, in the last instance, founded on economic inequality.

## The Meaning of Economic Democracy

If we define political democracy, which in its authentic form takes the type of direct democracy, as the authority of the people (*demos*) in the political sphere, a fact that implies political equality, then the authentic economic democracy could be correspondingly defined as the authority of *demos* in the social sphere, the sphere of ownership and wealth, a fact that implies economic equality. And, of course, we are talking about the *demos* and not the

state, because the state means a mechanism separate from society, which in present-day representative (capitalist) democracy is controlled by economic and political elites. Economic democracy, therefore, relates to every social system that tends to minimize the socio-economic differences and in particular those differences which are due to the unequal distribution of private property and the consequent unequal distribution of income and wealth. Finally, economic democracy refers both to the mode of production and to the distribution of social product and wealth.

As regards, firstly, the mode of production in ancient Athens, it is well known that the basis of the ancient Greek city was the small independent production of farmers and craftsmen, and not slavery. Although the slaves made up more than half of the population of Athens, many of them either worked as independent craftsmen paying rent to their masters, or they worked side by side with the free farmers in the fields. Slavery, therefore, played a decisive role in the production of economic surplus only as regards the production that was under the control of the state (e.g., the mines at Lavrion) and the big landowners.

### **The Relationship between Political and Economic Democracy in Ancient Athens**

As some contemporary Marxist theorists acknowledge, the mode of distribution of the social product had played a decisive role in the appropriation of the economic surplus in ancient Athens. That is the reason why they define this system appropriation by right of citizenship. In other words, the mechanisms through which the surplus (that usually takes the form of spoils, and tribute income from subservient states, but also income from taxes imposed on the citizens themselves), is extracted and distributed are not economic, but basically political.

The consequence is that the struggle between social groups takes also a political form, mainly as a conflict between the supporters of oligarchy (oligarchs) and the supporters of democracy (democrats). The oligarchs, who were flanked mainly by the big landowners and rich merchants/craftsmen, as well as by the aristocrats, were always in favour of limiting political rights (the right to vote and the right to be elected), but also limiting public expenditure, which, in the last instance, harmed more their own classes. On the other hand, the democrats, who were made up mainly of the lower income strata (although their leaders did not, as a rule, belong to these strata), demanded the broadening of political rights, the increase of expenditure for public works, the payment of salaries with regard to the exercise of public duties, etc. Whereas, therefore, in present day Western democracy the concentration of economic power implies a corresponding concentration of political power, in the Athenian democracy the opposite was true, and the rise to power of the oligarchs was accompanied by a tendency toward economic concentration.

Hence, the citizens' ability to partake of the State's profits and revenue played a critical role in the distribution of economic surplus and therefore the content of economic democracy itself. That is, the more citizens were able to partake in the distributed State revenue, through the possibility of holding state office, their participation in the construction of public works, etc., the greater the degree of economic democracy. Thus, in the Athenian democracy the process for completing political democracy amongst free citizens was accompanied by a parallel process for the broadening-in the above context-of economic democracy. The differentiating characteristic of the Athenian democracy at its peak period, in relation to any other system in the ancient world until today, was a collective conscious effort for the continuous broadening and deepening of political democracy and, to a point, of economic democracy. The importance today of the Athenian experience is not only that it shows the possibility, under certain preconditions, for the organizing and functioning of present-day society on the basis of the principles of direct democracy, which are the only ones that may secure real democracy. Its importance lies also in the fact that it illustrates the incompatibility of political democracy and economic oligarchy.

We could distinguish the following periods in the evolution of Athenian political democracy in relation to the evolution of economic democracy: first, the period prior to Solon; second, the period from Solon to the reforms of Cleisthenes; third, the period from Cleisthenes to Pericles; fourth, the period from Pericles till the end of the Peloponnesian War; and finally, the period of decline of the Athenian democracy.

### **The Transition from Oligarchy to Democracy**

The first, period prior to Solon, is characterised by a significant concentration of economic and political power. The land belongs to a few big landowners whilst the poor farmers who cultivated it, called the *Hectemoroï*, were obliged to pay as rent one sixth of their produce. According to recent research, the relationship of the *Hectemoroï* was not simply the result of economic pressures and debts, but expressed a traditional social status of inferiority which came into existence during the Greek Adark ages@ (1100-800 B.C.), when the weak and the poor offered their services to the powerful in return for their protection. In particular all those *Hectemoroï* who could not pay their rent or, in general, all debtors who were not in a position to pay their loans, lost, both they and their children, their very freedom. Political power was still weak, since real power rested with a few influential families who controlled economic and military power. The few political offices (nine *archons*, the Council of the Areopagus, etc.) belonged, according to one theory, to a hereditary ruling class, the noblemen, while, according to another theory, some property criterion had already been introduced prior to Solon. What is not, however, in dispute is that the right to be elected to the higher offices was monopolised during that period by the upper social and economic strata.

This condition of political and economic oligarchy, combined with important economic changes in production and export trade, led to hard competition between rich and poor, to which Solon was already referring in his poems at the beginning of the sixth century. Solon's reforms, in particular the *Seisachtheia* (the shaking off of burdens) that had preceded the reforms of Cleisthenes, created the economic foundations for *Isonomia* (equality in law) and direct democracy. It should be noted here that the *Seisachtheia* was not simply a law abolishing debts, as is usually asserted. An alternative explanation, based on the fact that Solon in his *lamboi* does not refer to debts, is that the *Seisachtheia* abolished the relationship of the economic dependence of the *Hectemoroi*, who then probably acquired full rights of ownership of the land that they were cultivating. Equally important steps in the limitation of economic power of the oligarchy were the introduction of an extremely progressive income tax to cover emergency needs (on top of the usual indirect taxes) and the shifting of the burden of the expenses for the public duties (*litourgies*) as well as of a great part of military expenses on to the higher classes.

These very important steps towards economic democracy were accompanied by corresponding political reforms. The Assembly of the People (*ecclesia*) in which all citizens participated irrespective of income, acquired the right to elect the leaders (*archons*) and the deputies (we are not dealing here with the disputed historical fact that Solon founded the Council of 400 Deputies *CVouli*, as mentioned by Aristotle), as well the right to scrutinize the *archons*, a previously exclusive right of the Council of Elders (*Areios Pagos*). However, the higher offices of the city remained in the hands of the elite since it is doubtful whether more than one fifteenth of the citizens belonged to the *pentakosiomedimnoi* (five hundred bushel producers), or the knights, from whom the nine *archons* were elected. Even the very right to vote was not universal, since it belonged to those who were enlisted in some family group (*genos*) and many Athenians at that time did not belong to a *genos*.

After the fall of the Tyranny of the Peisistratides, which is viewed today as the outcome of local rather than class conflicts, and the democrats' take-over under Cleisthenes, political democracy was further expanded with direct consequences on economic democracy. Thus,

- First, the differentiation of the citizens on the basis of the class criterion of property size was abolished and was replaced by the criterion of the place of residence.
- Second, not only was the right to vote universalised, but part of the judicial authority was also transferred to the people in the form of jury courts.
- Third, the Council of Five Hundred was introduced, with important preliminary jurisdiction which could influence the decisions of the *ecclesia*. The particular significance of this institution, as regards the democratic tradition, relates to the way its members were elected. The election of its members by lot and for only one year were necessary safety valves that prevented the monopolizing of the office of deputy by professional politicians.

- Finally, *ostracism* was adopted which formed another safety valve in the democratic process (it was abolished after the end of the Peloponnesian War) since, according to Aristotle, the aim of the new institution was to give the people the power to neutralize those who were dominating or exerting undue influence by virtue of their wealth or some other political strength.

## The Completion of the Athenian Democracy

Yet, despite all the ahistorical descriptions which accompanied the celebrations for the 2,500 years of democracy, the Athenian democracy was not completed with Cleisthenes. It took another twenty or thirty years before election by lot was first introduced for the *archons* (with the exception of the office of general which required specialised knowledge and experience) 487 B.C. and for the property criterion which excluded the lower strata from higher offices to be abolished after the battle of Plataia, in 479 B.C. Finally, almost another twenty years had to pass for the Areios Pagos (whose members still belonged to the two richer classes) to be deprived of its privileges, which were transferred to the Assembly of the People, the Council of the Five Hundred, and the jury courts (461 B.C.).

The completion of Athenian democracy was associated with the era of Pericles when both political and economic democracy reached their peak. Political democracy came to its climax, because it was then that the process was completed which made the *'polis'* *autonomous* (it sets its own laws), *self-judging* (jury courts decide on every dispute) and *independent* (the Assembly of the People takes all important decisions), the three elements, which, according to Thucydides, characterise a city as free. Economic democracy also peaked at this time, because it was then that compensation for public duties was established (judicial salary for jury duty, assembly salary for participation in the *ecclesia*, salary for deputies, soldiers, etc.), and it was then that a huge programme for public works was started which not only created the architectural masterpieces of Athens but also strengthened significantly the income of the lower classes. It is therefore not accidental that the greatest achievements of the ancient Greek civilization were accomplished during the Periclean era.

This deepening of economic democracy, however, was not only the outcome of the decisions of the Assembly of the People or the prompting of Pericles. An external factor, the Persian Wars, played a decisive role. The Persian Wars had a double economic effect. First, as Pappasopoulos mentions, given that the privileged position of the higher classes depended basically on land income which, because of the repeated destruction of Attica, it disappeared, so that the poor became on this point similar to the wealthy, and with equality of services combined with the (albeit temporary) equality of properties, it was very natural to bring about during these critical years the equality of rights. Second, the formation of the Delian League and the consequent financial contributions of the allies gave the Athenian

public treasury the financial ability to undertake the expenses for the upkeep of over 20,000 citizens, in the form of compensation for political and military service rendered.

We should particularly stress here the importance of pecuniary compensation in the democratization process. The establishment of any democratic institution in the political sphere is self-cancelling when a large number of its citizens are not in an objective economic position to spend the necessary time required for an effective participation in the democratic procedures. This is because time was, and still is, a huge source of social power. In the democratic Athens of Cleisthenes, in theory, everybody could be elected to the highest offices, while in reality, the lower strata were excluded. As Pappas notes, not even the method of election by lot helped these strata

*because a great number of the poorer people were not drawn, being absent in naval and commercial enterprises, and because the most important state offices, in particular the military ones, were given, now as before, by ordination to the most able, who naturally were not usually the poorer people. Nor did [the poor] regularly attend the Assembly of the People and the courts of the heliasts because they could not abandon, for this purpose, their income-earning jobs.*

And of course it should not be forgotten that despite the significance of participating in the Assembly of the People, the fact that the *ecclesia* assembled only four times in the thirty five days of prytany meant that the office of, for example, a deputy or an *archon* carried significant and disproportionate weight in the decision-making process.

As regards the importance of free time for the functioning of democracy, we could also assume that slavery was not only significant, as it is usually maintained by Marxists, because it created the economic surplus that was necessary for the survival of society in general. In any case, slavery existed in all ancient societies, none of which, however, created democratic institutions similar to those of Athens. *In reality, slavery was helping the reproduction of oligarchy and not of democracy.* Since slave-ownership was a function of the distribution of income and wealth, the rich (who owned more slaves to do work for them) had more time at their disposal for office duties, or even for participation in the Assembly of the People, compared to the lower strata who usually possessed no slaves at all. For this reason the system of compensation for public servants, introduced by Pericles, formed a necessary counterbalancing factor to the unequal distribution of free time.

The conflict between Cimon and Pericles had as its basis the preconditions for political democracy. Cimon supported similar positions to the ones declared by the official celebrants of today's 'democracy', something however that has a faint resemblance to Athenian democracy and was aptly characterized by Castoriades as liberal oligarchy. Thus, for Cimon, the legislating of democratic procedures was sufficient and it was up to each citizen to use

them appropriately, through his abilities and work. On the contrary, Pericles discerned, just like the socialist movement, the merely formal character of political rights when they are unaccompanied by social and economic rights. With the aim therefore of diminishing the economic inequality among citizens, a precondition for political equality, Pericles introduced the system of compensations. This, however, necessitated an even greater limitation of citizenship (it was for this reason that foreigners, in addition to women and slaves, were also excluded from citizenship), and the expansion of tax revenues, through what we now call the broadening of the tax base. The establishment of the Athenian hegemony over other Greek cities played exactly this role.

### **Were the Causes of the Failure of Athenian Democracy Innate?**

The foundations of this democracy were not solid, however, and that is the cause of the decline, which led to its final disappearance once set in motion. The economic factors that supported Pericles' political democracy disappeared quickly. First, the relative economic equality, brought about by the Persian Wars, was completely temporary. The expansion of trade that had followed the Persian War led to concentration of economic power and greater inequality in the distribution of income and wealth. As Paparregopoulos stresses,

*the compensations by the public treasury were more or less sufficient to feed the destitute, yet these people remained always destitute, whereas the richest of the Athenians during these years increased a lot their wealth so a very great inequality of wealth resulted, because of which the poorer on many occasions became the blind instruments of the wealthier.*

Second, democracy amongst the free citizens was founded, in the last instance, on political and economic inequality, not only in regard to the slaves and the women who never had equal rights, but also in regard to the allies cities. It was precisely the imposition of unequal political and economic relations by the hegemonic Athens on her allies that finally led to the Peloponnesian War and the end of the Athenian hegemony, with obvious consequences on the public treasury. With the end of the war and the collapse of the Athenian hegemony, the basic financial source of the economic democracy also dried up. Public revenue was no longer enough, without significant cuts in military spending, to finance the two main ways of supporting the income of the poorer strata that Pericles had used; namely, what we would today call Keynesian public works and the parallel expansion of payments for salaries, etc. The inevitable consequence was the further weakening of the military strength of the city (the increasing use of mercenaries contributed significantly to this process) that finally brought about the end of democracy itself. It is also noteworthy that Athens' decline was not checked by the second Athenian naval hegemony, following the battle of Mantinea, despite its more democratic character in relation to the first hegemony, or, better, because of its more democratic character.

In other words, given that Athens was no longer in a position to impose any more external taxes which would finance its internal economic democracy, the precondition for the continuation of political democracy was its universalization so as to include all the city residents (free citizens, women, slaves) and the further development of economic democracy. This democracy would not be based, as before, on the external financing of the huge public expenditures, but on the drastic reduction of the economic inequality amongst residents, through the heavier taxing of the higher strata and the parallel abolition of slavery which functioned as a disincentive for productive work. Because, whereas the intended function of compensation was to decrease inequality in the distribution of free time (a basic symptom of economic inequality), they finally ended up substituting productive activity itself; financially weaker citizens were converted into public employees who were paid from the surplus produced by the subordinate cities and the slaves.

The final failure, therefore, of Athenian democracy was not due, as is usually asserted, to the innate weaknesses of direct democracy but, firstly, due to the fact that it always remained partial, embracing only part of its population, and, second, that it was never completed by a corresponding economic democracy. This fact implies that any attempt at deepening political democracy today, through the establishment of direct democratic institutions, is condemned to failure if it is not accompanied by a parallel process of deepening economic democracy. It should not be forgotten that if economic inequality undermined and finally led to the collapse of Athenian democracy, such economic inequality is not only compatible with the political inequality of present day Aliberal oligarchy, but it also forms the basis that reproduces it.

### **Lessons from the Athenian Democracy**

The lessons we could draw from the Athenian democracy are therefore as follows: first, that a political democracy which is not based on economic democracy is a contradiction, and, second, that *today*, democracy (in the sense of direct participation of citizens in the political and economic decisions that affect their everyday life) presupposes the greatest possible political and economic decentralisation.

On the basis of the above lessons, the fundamental question is what vision of democracy could be defined today, so that the seed which the Athenian democracy has sown could be fertilized. The answer to this question becomes particularly relevant today, at the close of a century which has seen not only the collapse of the socialist project in its two basic forms (the `existing socialism' of the East and the social democracy of the West) but also an historically unprecedented ecological damage.

The present day ecological crisis is basically susceptible to two solutions: one solution presupposes radical decentralization. The economic effectiveness of the renewable forms of



energy (solar, wind, etc.), which provide unlimited and clean energy, depends crucially on the organization of social and economic life in smaller units. This solution however has already been marginalised by the capitalist system, precisely because it is not compatible with today's concentration of economic and political power. On the contrary, alternative solutions are being advanced which are supposed to concentrate many advantages of renewable energy, but without necessitating any radical changes in the dominant model of development. For example, the programme for the International Thermonuclear Reactor is being advertised as producing clean, safe and unlimited energy. What is usually not mentioned is that for this new form of energy to be commercially viable, it should be produced from vast stations providing massive centralised power. As a researcher aptly stresses, Size is vital to fusion because efficiency requires building big.

But it is not only the solutions being advanced on the ecological problem that are not compatible with any drastic decentralisation. The very dynamics of neoliberalism, in the sense of liberalisation of markets, implies a high degree of concentration of political and economic power. For example, in the European block, the increasing concentration of political power in the European Committee (or, alternatively, the corresponding concentration of political power in the European Parliament that will also satisfy the Euro-left variant of neoliberalism), simply reflects the corresponding concentration of economic power that is revealed by the ongoing process of mass takeovers, mergers, etc. At the same time, however, this very concentration of power in supranational centres and the corresponding withering away of the national ones, keeps pace with a parallel process of dependent economic decentralization which originates in technological changes in production. The critical question, therefore, today is not A decentralization or not, but A what kind of decentralization, dependent or self-reliant?

### **Dependent or Self-reliant Decentralization?**

Neoliberal decentralization is dependent, because it does not lead to the creation of self-reliant local economies but is instead an integral part of today's process of concentration of economic power in the metropolitan centres and of the parallel decentralization of production on a global scale. For example, in Europe, the neoliberal decentralisation follows the shift of productive activity of multinationals from the centre to the periphery (to minimize, mainly, production costs), and implies the reproduction and strengthening of domination-dependence relations among European regions. The metropolitan areas, from where the multinational capital originates, determine the quantity and content of development of the peripheral areas.

These unequal relationships at the economic level are reproduced at the political one, where the tendency for concentration of political power in the European Community institutions enables the economically stronger areas to impose directly their will on the weaker ones. At

the same time, a 'marginal' political decentralization is being advanced, which keeps for the centre all the essential decision-making sectors, not only at the political-military level (defence, foreign policy, etc.) but even at the economic one as well (fiscal policy, monetary control, etc.).

An alternative decentralization should be self-reliant and be founded on the horizontal interdependence of economically self-reliant areas which, organised on principles of direct democracy, are confederated in a united Europe. In this framework, the local economic and political democracy would form the nucleus on which the democratization of society (and, in consequence, of the Europe of the regions) could be based.

### **Democracy and Economic Self-reliance**

Local economic democracy, on which the corresponding local political democracy would rest, should be founded on economic self-reliance. Today, local economies depend on outside centres for the organization of production and work, for covering their needs in goods and services, even for the provision of social services (education, health, etc.). This dependence, however, on outside centres has direct economic and ecological implications. For example, to attract investors, very expensive incentives are used which usually overlook the ecological implications, while the investments themselves do not maximise local employment and create a significant outflow of local income. On the contrary, local self-reliance implies maximal utilisation of local resources and sources of energy, a process that leads to a corresponding maximisation of local employment and, through the multiplier effects, of local income.

Lately, more and more local communities, which suffer the consequences of dependent decentralization, are beginning to encourage local self-reliance through local initiatives, to meet local needs with local resources. For example, the Homegrown Economy Project in the city of Saint Paul, Minnesota uses a number of comprehensive criteria to enhance the local economy in the process of founding new enterprises and supporting old ones. Similar experiments are being carried out in Bologne, Bremen, etc., as I have already mentioned elsewhere.

There are many other ways, however, which could be used in the process of enhancing local self-reliance an indispensable precondition for radical decentralization and local economic democracy. The economic self-reliance of local government, which, not accidentally, came under a merciless attack by Thatcherism, forms a basic component of this process. This self-reliance could be achieved with the shift of the tax burden from the centre to the local level. The citizens could be mainly taxed by the local government, and only a small fraction of their income should be absorbed by the centre to meet nonlocal needs. The citizens themselves could decide on an annual basis, through local referendums and after

discussions in neighbourhood assemblies, etc., about the level of local taxes and the ways to dispose of the tax revenue.

The use of local energy resources, especially natural energy (solar, wind, etc.) would minimize both the dependence of local economies on outside centres, as well as the energy-related implications on the environment. The issue also of local currency for local transactions, complementary to the national, or future supra-national currency within the framework of the Economic and Monetary Union of the E.E.C., would appreciably strengthen the control of local economy by its citizens.

The size of the local economy and of the area that would make local economic self-reliance viable cannot be theoretically defined. However, economies of the size of Cyprus with half a million inhabitants, or even smaller ones such as Seychelles with a population of seventy thousand, do not present economic problems directly related to their size. In any case, local economies could form confederations which would undertake the coordination of economic activity, the redistribution of income between rich and poor (in natural resources, etc.) regions, the taking of measures to block any transfer of the ecological effects of economic activity from one local economy to the other and so on and so forth.

### **The Potential Role of Local Economy in Economic Restructuring**

The revival of local economy, in the context of wider national and supranational entities, could play a decisive role not only in founding economic democracy but also in restructuring the economically weaker regions. Only the lessening of the degree of dependence of these regions on the metropolitan centres would allow the creation of a new production and consumption model, compatible with the economic potential of each region. For example, for a country like Greece, the revival of local economy constitutes today the only way out from the chronic economic crisis, which further deteriorated with the country's entry into the single market of the European Community. Historically, both statism as well as private initiative failed miserably to create a modern productive structure that would be in a position to meet the country's basic needs without a large part of the population, especially of the youth, being condemned to unemployment and emigration.

Local economies could undertake the financing not only of infrastructure projects but also of modern productive units which would have as their goal the local creation of social wealth and the consequent lessening of the local economy's dependence on outside centres. These investment projects would therefore differ radically from present private investment projects which simply aim at maximising the investors' profits. For this purpose, local savings could be mobilized, through the creation of a network of local bank cooperatives similar, for example, to the successful Basque network of the Caja Laboral Popular in Spain. This network would be in an advantageous position to absorb local savings because of its

evident social goals (local development, maximisation of local employment, limitation of the environmental effects of production, etc.).

Also, bank cooperatives could utilize the local funds, which the local government would collect from the European Community through the imposition of *progressive* taxes on land and energy use. The structure of these taxes, (especially in a country like Greece where the burden of income tax falls mainly on wage and salary earners because of the overgrown black-market economy) would guarantee not only social justice in the distribution of the economic burden to finance development, but could also secure the necessary social consensus, as it would tax, in a far greater degree than today, the tax evading higher income strata, since the objective evaluation of land and of the energy use is far easier than the assessment of income.

However, local bank cooperatives, apart from the usual duties to finance (at low or zero interest rates) investments in the sectors proposed by the research programmes, should also offer other specialised services which would allow the establishment of modern units from any interested social group that would not possess the necessary specialised knowledge (for example workers of bankrupt companies, the unemployed workers, etc.). In any case, decentralization of information today is widely spread. For example, in Emilia-Romana, Italy, a whole network has been developed with centres which offer specialised services to the small enterprises (from marketing to industrial research, etc.), while in Japan, with the Kohsetsushi system, each city has its own centre of research and applied technology for small enterprise.

It is obvious that private initiative could not undertake either the coordination of investment programmes or the research work for the sectors in which the new units should be developed, since this work demands a general knowledge of economic data and needs. The fragmentary character of private investment is, anyway, the basic cause of the uneven character of capitalist development. The research therefore on the particular units towards which local investments should be directed as well as on their geographical distribution (that is the potential of local economies to undertake their materialisation) could be undertaken, in a first phase, by the State in cooperation with the local research centres of the network of local banks and, in the future, by the confederation of local economies.

The criteria, however, to be used in this research programme should not be the narrow technocratic economic criteria based on efficiency, but alternative criteria which would aim at the maximisation of local employment, of local (and consequently of national) economic self-reliance and productivity, as well as at the minimisation of the effects on the environment.

### **Direct Economic Democracy and General Interest**

The new productive units could be undertaken, following the successful example of Mondragon, by productive cooperatives under the control of local economies. The social mode of organisation of production should secure the real participation of the workers, i.e., true self-management, beyond the pseudo-`popular' capitalism of neoliberals, the pseudo `soviets' of the socialism in the East or the `workers' participation' schemes of the social democrats in the West. Capitalism, as well as socialism, failed historically to create forms of organizing production that would ensure self-management, as both systems were founded on the division of society into elites who control production (capitalists, bosses, bureaucrats) and those who carry out their orders. Both systems, in order to maximise productivity, relied either on `incentives', ideological, material, and/or on violence, political (State) and economic (unemployment). Self-management however has no need either for incentives or violence, precisely because it is the only form of social organization that is really in a position to turn `work' into creation.

The establishment however of self-managed productive units constitutes only the foundation for a participatory economic democracy. What is also necessary is the establishment of new collective forms of ownership that would ensure control of production, not only by those working in the production units, but also by the local community. The productive units could belong to the local economy and be managed by its citizens in cooperation with the workers working in those units, while their technical management (marketing, planning, etc.) could be entrusted to specialised personnel. Hence, the new forms of organization of production and collective ownership, could not only create the preconditions for a participatory economic democracy (which would form an indispensable complement to a participatory political democracy), but also enhance the `general social interest'. This, in contrast to the partial interest that inevitably is being pursued by the social classes and groups of the hierarchically organised social systems.

In other words, representative democracy, within the framework of the capitalist organization of production, not only is it not a democracy, but, objectively, it is also being used by the ruling elites so as to cover up the true character of a social system based on concentration of political and economic power. On the contrary, the participatory economic democracy transcends class interest, precisely because it entails the abolition of the unequal distribution of economic power. Direct local economic democracy, in conjunction with the development of forms of direct local political democracy, could become the basis for a new form of democracy that might constitute, after 2,500 years, the real completion of the Athenian democracy.

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[1] K. Marx, *Pre-capitalist Economic Formations* (Lawrence and Wishart, 1964), pp. 72-73. Marx, for example, states that: "The pre-condition for the continued existence of the community is the

maintenance of equality among its free self-sustaining peasants, and their individual labour as the condition of the continued existence of their property”.

[2] Hindess and Hirst, *Pre-capitalist Modes of Production* (Routledge, 1975), p. 82.

[3] See Aristotle, *Politics* (Papyros), 1290b, 20. The distinction between democrats and oligarchs, on the basis of the criterion used in the text, is consistent with the definition of democracy given by Aristotle as the case where government is in the hands of the majority of the poor and free citizens, and of oligarchy as the case in which government is in the hands of the minority of the rich and aristocrats.

[4] See *Encyclopaedia Britannica*, 1986 ed., s.v. “Greco-Roman Civilization”, by Paul Petit.

[5] K. Paparregopoulos, *History of the Greek Nation*, ed. N. Bees, vol. A1 (1955), p. 218.

[6] Aristotle, *The Athenian Constitution* (Papyros), chapter viii, 4.

[7] K. Paparregopoulos, vol. A1, p.217

[8] A. Prokopiou, *Athens* (Paul Elek, 1964), p. 97.

[9] Aristotle, *Politics*, 1284a, 20.

[10] A. Prokopiou, p. 148.

[11] K. Paparregopoulos, vol. A2, p. 118.

[12] Aristotle, chapter xxiv, 3.

[13] K. Paparregopoulos, vol. A2, p. 118.

[14] C. Castoriades, *The Ancient Greek Democracy and its Significance for us Today* (Ypsilon, 1986).

[15] Petit, *Britannica*, p. 269.

[16] K. Paparregopoulos, vol. A2, p. 146.

[17] K. Paparregopoulos, vol. A2, pp. 258-59.

[18] J. Vidal, *The Guardian*, 16 Nov. 1991.

[19] See J. Robertson, *Future Wealth* (Cassell, 1989, to be published by Exantas), p. 43.

[20] See *Eleftherotypia*, 22 Sept. 1990, p. 9.

[21] See M. Lutz, *Humanistic Economics* (Bootstrap, 1988), pp. 263-68.

[22] See Will Hutton, *The Guardian*, 1 June 1992.

[23] See C. G. Benello et al., *Building Sustainable Communities* (Bootstrap, 1989), Chapter 19.



