

Inclusive Democracy and Participatory Economics

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Although Michael Albert is well aware of the existence of the Inclusive Democracy (ID) project, still, in his new book *Parecon* (Par)¹ he prefers to ignore its existence and follows the trouble-free path to compare Parecon with the disastrous central planning system and the narrowly ecological Bioregionalism, or with social ecology which, in fact, offers no mechanism at all for the allocation of resources as it is based on a post-scarcity moral economy. However, even if may be a good tactics to demonstrate the “superiority” of a proposal by avoiding the dialogue with alternative viable proposals,² it certainly does not help the advancement of the discussion, urgently needed today, on alternative proposals of social organisation. It is therefore the aim of this paper to fill this gap and compare and contrast the ID project with Parecon, which I consider to be the main systematic proposals of an alternative economy recently advanced, so that readers could make their own minds about the pros and cons of each project.

I will begin with a discussion of the general nature of the two proposals and I will continue with the main characteristics of Parecon, which I will then discuss in detail in the rest of the paper, comparing them with the corresponding characteristics of the ID project.

Main elements of the two proposals

The nature of Parecon and the ID project

At the outset, it has to be made clear that Parecon, unlike the ID project, is not a political project about an alternative society. In other words, it is not a model of social organisation in general but simply an economic model. Political, cultural and broader social institutions are completely missing from the Parecon proposal. The explanation

¹ Michael Albert, *Parecon: Life After Capitalism* (London: Verso, 2003).

² No wonder that when I proposed a similar exchange with him in the past he always refused to take part in anything else beyond a discussion of Parecon alone!

given for this is that “models for such institutions still await development” (Par 288). However, given that the Parecon model was developed well over a decade ago, one can hardly accept this explanation. A more plausible explanation is that the issue of political and other institutions and particularly the crucial issue of whether Parecon is compatible with a state (even of the “workers’ state” variety) is left deliberately vague in the hope of uniting the entire broad Left behind the Parecon proposal: from statist socialists to libertarian ones and from anarchists to supporters of the new social movements (Greens, feminists, gay and so on). Still, the fact that no mention at all is made in Parecon on the role of the state hardly justifies the author’s claim that “Parecon is basically an anarchistic economic vision that eliminates fixed hierarchy and delivers self-management” (Par 263). Apart from the questionable validity of this claim even as far as the economic institutions is concerned, as I will try to show below, a libertarian society, to be worth of its name, should clearly be a stateless one — as the one assumed by the ID project. Still, the only condition set by Albert concerning the nature of the non-economic institutions to be developed in the future is that they should be compatible with the Parecon institutions: “institutions existing alongside a Parecon will have to respect balanced job complexes, remuneration for effort and sacrifice, and self-management and (...) will have to interface with participatory planning” (Par 287). However, this general condition of compatibility could easily be acceptable by socialists, anarchists and supporters of the new social movements of almost every persuasion!³

Given the nature of Parecon as purely an economic model, it is not surprising that the main actors in it are determined in the economic field. Thus, the concept of *citizen* is completely missing from the Parecon model and is replaced instead by workers and consumers. No wonder that the model ends up with a distortion of the concept of direct democracy which is not seen as a regime but simply as a procedure⁴ to be used whenever the need arises and be easily substituted by its opposite, i.e. representation, whenever this is not convenient! I will come back below to the crucial issue on whether, in a real democracy, important economic decisions could be left to workers and

³ Not surprisingly, a superficial reading of the Parecon proposals led an economics expert supposedly close to libertarian municipalism to conclude (without bothering to substantiate his claims) that “I remain basically sympathetic to parecon’s overall approach to democratic planning (...) I even prefer it in several significant respects to Takis Fotopoulos’s «inclusive democracy» model, which is inspired in part by libertarian municipalism”.! See Peter Staudenmaier in his exchange with Michael Albert [here](#).

⁴ See on the crucial distinction between democracy as a regime and as a procedure, Cornelius Castoriadis, “La démocratie comme procédure et comme regime” in *La montée de l’insignifiance* (Paris: Seuil, 1996), pp. 221-41.

consumers rather than to citizens, but, at the moment, it may be worthwhile to discuss briefly the distorted idea of democracy proposed in Parecon.

As I hope I made clear in *Towards an Inclusive Democracy* (TID), in a real democracy, citizens take directly all important political, economic and social decisions in demotic assemblies, which are the ultimate **policy-making** decision bodies. Wherever decisions have to be taken at a higher level (regional, confederal) it is assemblies of recallable **delegates** with specific mandates, who coordinate the decisions taken locally, and administer and implement them at the regional or confederal level. This means that the regional and confederal assemblies are simply **administrative councils** rather than policy-making bodies — as all representative bodies are. However, the general impression one gets from reading *Parecon* is that many (if not most) decision-taking bodies in this scheme are policy-making bodies of representatives rather than administrative councils of delegates. This is also the impression one forms from statements like the following one: “workers councils will actuate decision-making structures and ways to delegate **responsibility** (my emphasis) that accord with self-management rather than with unjust hierarchies of power” (Par 93). In another passage he even talks about delegating “authority and autonomy to others” (Par 178) — a clear contradiction in terms betraying an ignorance of the meaning of autonomy which, obviously, can never be delegated to others. It is evident that Parecon is characterised, first, by an obvious lack of understanding of the meaning of individual and social autonomy and therefore of the incompatibility of representation (rather than delegation) with democracy.⁵ Second, as I also stressed in TID, Parecon involves a highly bureaucratic structure (not in the hierarchical sense but in the sense of complex bureaucratic procedures) that was aptly characterised by an astute reviewer in *Anarchist Studies*, as “participatory bureaucracy” which, together with the multiplicity of proposed controls to limit people’s entitlement to consume, “would lay the ground for the perpetuation or reappearance of the state”.⁶ Finally, as I will attempt to show below, Parecon also involves a serious restriction of individual autonomy in general and freedom of choice in particular, i.e. of self-management itself, as a result, mainly, of its exclusive reliance on planning for the allocation of resources.⁷

⁵ This is obvious by statements like the following ones: “I am not sure, for example, why libertarian municipalism feels that no means of representation can ever be designed to function compatibly with popular assemblies, preserving democracy but functioning better in situations that transcend small group concerns”, see [here](#) and [here](#).

⁶ John Crump, “Markets, Money and Social Change”, *Anarchist Studies*, Vol. 3, No. 1 (Spring 1995), pp. 72-73.

⁷ See Fotopoulos, *Towards An Inclusive Democracy*, pp. 253-54.

Main elements of Parecon

Albert defines as follows what he calls the “central institutional and organisational components” of Parecon (Par 84):

1. non-private ownership of the means of production;
2. worker and consumer councils as the main decision-taking bodies;
3. workers have to work an “average” work day in balanced job complexes;
4. remuneration for effort and sacrifice;
5. participatory planning and economic self-management.

Main elements of ID

The main elements of ID, as far as economic democracy is concerned which is seen as a stateless, moneyless and marketless economy, are defined as follows:

1. the means of production belong to each community (*demos*) and are leased to the employees of each production unit for a long-term contract;
2. the ultimate *policy-making* decision body in each self-reliant community is the demotic assembly — the classical Athenian *ecclesia* — and communities (*the demoi*) are co-ordinated through regional and confederal *administrative* councils of mandated, recallable and rotating delegates (regional assemblies/confederal assembly);
3. the aim of production is not growth but the satisfaction of the basic needs (democratically defined) of all citizens — for which everybody able to work has to offer a minimal amount of work — and those non-basic needs for which members of the community express a desire and are willing to work extra for;
4. remuneration is according to need, as far as basic needs is concerned, and according to work offered, as regards non-basic needs;
5. the economic decisions of citizens, which are taken either collectively or individually, are implemented through a combination of democratic planning and an artificial “market” based on personal vouchers. Self-management throughout society.

But, let us examine in detail the main elements of the two proposals.

Ownership of the means of production in Parecon and in ID

Parecon correctly stresses, like ID, that private ownership of the means of production is inconceivable in any alternative society to the present capitalist one. As Albert puts it, the

Parecon project "simply removes ownership of the means of production from the economic picture" (Par 90) and focuses instead on the allocation of means of production to different production processes and on dispensation over the uses of means of production. However, this general stand leaves one important question unanswered. Which form the ownership of the means of production will take? Albert is extremely vague on this matter as the following extract shows (Par 90):

"We simply remove ownership of the means of production from the economic picture. We can think of this as deciding that no one owns the means of production. Or we can think of it as deciding that everyone owns a fractional share of every single item of means of production equivalent to what every other person owns of that item. Or we can think of it as deciding that society owns all the means of production but that it has no say over any of the means of production nor any claim on their output on that account."

However, the question of ownership of the means of production is not simply a legalistic matter but it could have important economic, ecological or social implications, as it can be easily shown if we recognise the possibility of conflicts between the decision-taking bodies. In the ID model no such a problem could arise because, unlike Parecon, it makes concrete proposals regarding ownership. Thus, means of production belong to the **demos** ("demotic ownership") i.e. the general assembly of citizens in a particular area, which leases them to the employees of each workplace for a long-term contract. This is in consistence with the main thesis of the ID project that economic decisions, as far as meeting the basic needs of all citizens is concerned, are taken by the entire community, through the citizens' assemblies. Thus, people, **as citizens**, rather than as workers and consumers, decide collectively on how to meet their basic needs (although not the **satisfiers**, i.e. the means to satisfy them) and individually on how to satisfy their non-basic needs as well as the **satisfiers** for both basic and non-basic needs. At the same time, people at the workplace, apart from participating as citizens in the demotic assemblies which determine the overall planning targets to meet basic needs, they also participate **as workers** in their respective workplace assemblies, in a process of modifying/implementing the Democratic Plan and in running their own workplace.

The significance of positively defining who is the owner of the means of production, as the ID project does, is that it indirectly determines the overall sovereign in society and the arbiter of disputes between decision-taking bodies. Thus, at the local level, it is the people as citizens in the **demoi** who constitute the sovereign and the arbiter, whereas, at the regional level, this role is played by the regional citizens' assemblies and, at the confederal level, the corresponding role is played by the confederal assembly. On the

other hand, the Parecon model, in consistency with its attitude not to take stands on the crucial issue whether the society implied by Parecon is a stateless one or not, does not define who is the sovereign. Is it the federation of workers councils or that of consumers councils or both? If both, whose view prevails in case there is a conflict between the two — something that could easily happen, even if we define strictly responsibilities for each decision-taking body? Consider, for example, the case in which the federation of workers councils decides to produce goods that the federation of consumers councils wants banned as e.g. anti-ecological (petrol-using cars), unhealthy (cigarettes) etc., or the case in which similar conflicts arise as regards the kind of production processes and technologies used.

In a dual system of power, like the one implied by Parecon, such conflicts could easily arise not only because there may be dissent on such issues even among workers themselves, but also because not all consumers are workers, the former including also a very significant part of society which is not at work (young people who may still be in various stages of education, old people who retired, people unable for various reasons to work etc). Alternatively, one has to assume that the implicit assumption made by Parecon is that workers' councils is the sovereign, in which case however a very significant part of the population who do not work and who may well account for half of the total population are simply excluded (de jure or de facto) from crucial final decisions in Parecon. This critical issue of sovereignty, which is highlighted by the Parecon deliberate vagueness on who exactly is the owner of the means of production, if left unanswered, confines the model to the usual workers' paradises imagined by socialist writers of the past. Even more so, if one takes into account that the socialist (as well as the capitalist) experience of the last century has clearly shown that it is at least simplistic to talk only of "ownership" of the means of production rather than of "ownership and control". As the experience, in particular, of socialist statism showed, it is perfectly possible for the means of production not to be privately owned and still be "privately" controlled, not by capitalists but by the party bureaucrats and technocrats (what Parecon calls the "coordinator class"). Furthermore, even if we assume, as Parecon does, that the panacea of job complexes in effect abolishes the coordinator class, the question still remains: who will have the ultimate control over the means of production, particularly in cases of unresolvable conflicts between the decision-taking bodies proposed by the model?

Decision-taking bodies in Parecon and in ID

Parecon decision-taking

The main decision-making bodies in Parecon are the workers' councils and the consumers' councils.

As regards workers' councils, every participatory economic workplace is governed by a workers' council in which each worker has the same overall decision making rights and responsibilities as every other. When necessary, smaller councils are organized for work teams, units, and small divisions. Larger councils are organized for divisions, whole workplaces, and industries (Par 92) Different-sized councils address different issues in accord with the norm that decision-making input should be proportionate to the impact of decisions on those who make them. As Albert puts it, workers' councils ensure self-management "by leaving decisions that overwhelmingly affect a subset of workers overwhelmingly to only those workers and their councils, by assigning most initiative in decisions to those most affected by those decisions, and by weighing or otherwise organizing voting procedures to reflect the differential impacts of voting outcomes on those who will be affected by the decisions."

Concerning the consumers councils, participatory consumption, as described by the Parecon authors in *Looking Forward*⁸ (LF 48) is organized into a system of increasingly larger consumers councils and federations. Consumption planning begins with collective consumption projects, starting at the highest level and working down, and culminating in a vote on an entire collective consumption package (Par 215). Each neighbourhood council is part of a larger county, region, state, and national federation of councils. After receiving feedback from all households the Collective Consumption Facilitation Board resubmits its proposals for households to reconsider (Par 216). Finally, households etc. vote on four collective consumption bundles (Par 217). Collective consumption decisions are made by a referendum of all members (210). As regards personal consumption, the individual consumer considers individual consumption in light of already determined collective plans for the county, neighbourhood etc. (Par 214). Consumers determine their personal consumption needs by taking collective needs into account, as well as the implications of their requests for workers (through computer generated info) (Par 214-15). Decisions about budget allocations to each council member will depend on past histories, work experiences, and needs, and are subject to **collective oversight** to ensure equity and to allow experimentation, although "to guarantee the right of privacy and personal control, average- and below-average requests must not be subject to aggressive oversight" (LF 50). This implies that there must be a measure of average per capita consumption for individuals, neighbourhoods, regions, and states, and there must

⁸ Michael Albert and Robin Hahnel, *Looking Forward: Participatory Economics for the Twenty-First Century* (Boston: South End Press, 1991).

be a way to ensure that individuals, neighbourhoods, regions, and states don't consume above average amounts unless they receive permission from others to do so. Requests for goods and services that place an above average burden on society's productive potentials may be rejected by consumer councils on equity grounds. (LF 49-50). Finally, in neighbourhood consumers' councils, members discuss the implications of consumption proposals for workers and formulate their requests accordingly, whereas decisions about collective consumption will be reached collectively and judged by all affected councils.

However, the dual council structure proposed by Parecon, instead of creating an all round personality of citizen as citizen who expresses the **general** interest, it enhances the market economy's division of people as consumers and workers, and is inevitably leading to the creation of **particular** interests, which potentially may come in conflict with each other, as I mentioned above. In other words, people as workers may have conflicting ideas, views and possibly even interests with people as consumers, and the dualism between workers and consumers councils enhances competition between them.

Apart however of the fact that the Parecon division of society may create possible conflicts between the decision-taking bodies, an even more serious criticism that could be raised is that, as I stressed in a recent article,⁹ it is the interplay of **paideia** and the high level of civic consciousness that participation in a democratic society is expected to create, which will be critical for the establishment of a new moral code determining human behavior in a democratic society. In other words, a genuine democratic society presupposes an *active* citizenship. As Hannah Arendt stresses, "political activity is not a means to an end, but an end in itself; one does not engage in political action simply to promote one's welfare but to realize the principles intrinsic to political life, such as freedom, equality, justice, solidarity, courage and excellence".¹⁰ This conception is of course completely alien to Parecon's vision which adopts an "instrumentalist" view of people (exactly as liberals and socialist statisticians do) — a view that implies that when people take a direct part in political or economic activity (as workers or consumers) they always do so as a means to an end rather than as an end in itself, which can only be the case when people take decisions as citizens.

ID decision-making

⁹ See Takis Fotopoulos, "From (mis)education to Paideia", *Democracy & Nature*, Vol. 9, No. 1 (March 2003), pp. 15-50.

¹⁰ Maurizio Passerin d' Entreves, "Hannah Arendt and the Idea of Citizenship", in C. Mouffe, ed., *Dimensions of Radical Democracy* (London: Verso, 1992), p. 154.

The primary decision-taking body in ID, which is also the ultimate **policy-making** body, is the demotic assembly, in which all citizens living in a particular area beyond an agreed age take part, whereas regional and confederal assemblies are **administrative** councils of mandated, recallable and rotating delegates. There are also decision-making bodies in each workplace, education institution and other places in which a public space could be established, where the assemblies of workers, students, teachers and so on decide about the management of their own places in accordance with the policy-decisions adopted by demotic assemblies (in case of workers' assemblies this involves a process of modifying/implementing the Democratic Plan).

The ID project, which assumes that the general interest is expressed by the demotic assemblies and the particular interests by workplace assemblies, education establishments' assemblies etc. is, to my mind, the best way to reunify work life with community life and, at the same time, transcend the division between the general versus the particular interest. Furthermore, the ID institutions ensure the creation and development of a full democratic consciousness through the creation of an active citizenship rather than an instrumentalist one. An added bonus of the ID proposal is that it involves the creation of as many public spaces as possible, so that both the particular interests and the general interest could be expressed, but in a way that will not allow the former to prevail over the latter.

Organisation of work in Parecon and in ID

The "need" for job complexes

The reasons given by Parecon for the proposed **balanced job complexes** are, first, to secure equal empowerment, given that democracy as such is not enough to give people appropriate impact over decisions if some workers have consistently greater information and responsibility in their jobs than others becoming a ruling "coordinator class" (Par 103) and, second, to ensure equal desirability of jobs. It is argued that classlessness and real rather than merely formal workplace democracy requires that each worker has a job complex composed of comparably fulfilling responsibilities (LF 19), i.e. a combination of tasks yielding a **mix of responsibilities** which guarantee workers roughly comparable circumstances. Everyone in this scheme does a unique bundle of things that add up to an **equitable** assignment. Thus, participatory work complexes could be organised so that every individual would be regularly involved in both conception and execution tasks, with comparable empowerment and quality of life circumstances (Par 111).

Forming comparable job complexes requires that we evaluate each workplace's tasks and carefully combine them into diverse job complexes that are equally empowering i.e. "the half dozen or so tasks that I regularly do must be roughly as empowering as the different half dozen or so tasks that you regularly do if we are to participate as equals in council decision making" (LF 19). The aim, as Albert stresses, is not to eliminate divisions of labour and expertise (Par 104 & 149) but, mainly, to ensure that the average empowerment impact of the sum of tasks in any job in any workplace is the same as the average empowerment for all other jobs across workplaces. This implies balancing job complexes not only *within* workplaces but also *between* them. As Albert stresses, "this and only this establishes a division of labour which does not produce a class division between permanent order-givers and order-takers" (Par 105). In fact, to facilitate the assessment of work tasks as balancing it is even suggested that "job complex committees" could be set up both within each workplace and for the economy as a whole to make proposals on how to combine tasks and assign work times.

General assessment of job complexes

Parecon's proposal for "balanced job complexes" is in effect an attempt to deal in practice with the crucial issue of the meaning of work in a future society. The main problems as regards the allocation of work that a self-managed society faces are, first, how to avoid bureaucratisation and the creation of a new ruling class of "co-ordinators" and, second, how to determine an allocation of work system so that nobody is compelled by economic or physical force to do an undesirable job. However, to start with, it is impossible to deal seriously with the issue of bureaucratisation — a phenomenon common to both the capitalist growth economy as well as the "socialist" growth economy of the Soviet block, unless we deal first with its historical causes and the meaning of hierarchy and division of labour. The immediate questions arising are: why the "coordinator" class of managers, lawyers and the rest arose in the first place, i.e. which objective function of both capitalist market economies and socialist centrally planned ones served? Also, can we really abolish this class, as the balanced job complexes aim, if we do not abolish at the same time this objective function of both systems?

As I tried to show in TID, the objective function served by the coordinator class in both systems could be adequately explained if we refer to the ultimate economic aim they shared, i.e. economic growth, and the means used to achieve this aim, i.e. efficiency (as defined by orthodox economists — see below). Growth and efficiency resulted in a particular kind of "technical progress", the present hierarchical and bureaucratised relations at work and the minute division of labour seen in both systems. The obvious implication is that unless the overall aim of economic growth is replaced by a radically

different aim and means to achieve it, which assumes a different technology and concept of efficiency, as well as the abolition of hierarchical relations of production and the minimisation of division of labour, then, whatever institutional arrangements we introduce like those of the balanced job complexes — assuming they are always feasible, which is extremely doubtful as we shall see next — are doomed to fail. However, Parecon is silent on all these crucial issues, as if economic growth and efficiency (as defined today) would continue to be the aims and means of a Parecon economy, ignoring the basic fact, recognised by Castoriadis long ago, that the “rationalisation” of modernity, whose main imaginary signification is growth, is inseparable from bureaucratization.¹¹ Similarly, he is silent on the kind of technology to be applied, as if it is somehow “neutral” from the overall aims and means of economy and society. Finally, he seems to take for granted the present minute division of labour, which of course is also part of the same package (growth-efficiency-technology) — if not also the present hierarchical relations when, for instance, he talks about “production leaders”¹² — as long as balanced job complexes involve not only rote tasks but also conceptual ones.

Nobody doubts of course the fact that the hierarchical work organisation and the “corporate” division of labour “empowers a few” and “overwhelmingly obstructs self-management” (Par 46). But, the crucial issue is how to replace the present system of work organisation with one securing the autonomy of producers. The answer given by Parecon is through job complexes, participatory planning and equal remuneration for all jobs, which would include diverse tasks that secure an approximate equal quality of life and empowerment. Alternatively, the answer given by early Castoriadis¹³ was through workers’ self-management, the transformation of technology, the abolition of any separate managerial apparatus and the “systematic dismantling, stone by stone, of the entire edifice of the division of labour”, within a system of absolute wage equality and a

¹¹ See Cornelius Castoriadis, *Political and Social Writings* (Minneapolis: University of Minnesota Press, 1988), Vol. 2, p. 273 and *World in Fragments* (Stanford: Stanford University Press, 1997), pp. 37-39.

¹² As Albert points out, “nothing in what we have described precludes exercising leadership. At Northstart (an imaginary publishing house describing his personal experience from Southend) production leaders on particular books exert influence over team members regarding quality and pace of work necessary to get the books completed” (Par 178) — presumably because the team are assumed to be incompetent to assess collectively the required pace of work and quality to get the books completed!

¹³ Castoriadis later abandoned “workers” self-management in favour of the project of autonomy and direct democracy see T. Fotopoulos, “Castoriadis and the democratic tradition”, *Democracy & Nature*, Vol. 4, No. 1 (1998), pp. 157-63 and also my exchange with David Ames Curtis in *Democracy & Nature*, Vol. 5, No. 1 (March 1999), pp 175-188.

real market for consumer goods,¹⁴ instead of the bureaucratic determination of consumption proposed by any kind of planning mechanism, including that of Parecon. Finally, in TID I proposed a society based on an inclusive democracy, with different aims, means and organisation of the economic process. Instead of economic growth, the aim in ID is meeting the democratically defined needs of citizens as producers and consumers, which do not simply refer to the quantity of goods and services produced but also to the quality of life, as determined by the ecological constraints. Efficiency is defined in terms of this aim, and technology is re-constituted accordingly,¹⁵ whereas the structure of consumption is not determined bureaucratically through a plan, as in Parecon, nor through a real market, as in Castoriadis — something that implies serious drawbacks and distortions — but, as we have seen above, mainly, through a voucher system in an artificial market .

Do job complexes secure equal empowerment?

So, let us see first whether job complexes can achieve their aim of equal empowerment. Clearly, even if workplaces are organised democratically through the workplace councils it is still possible, as Parecon stresses, that people who hold jobs conferring greater knowledge or work functions, greater time for personal study and greater self-confidence i.e. managers, or generally people doing conceptual work, may dominate the decision process. This, could create new class divisions arising out of the way work is organised. To my mind, the general requirements for equal empowerment are, first, the abolition of hierarchical relations and, second, the minimisation (if abolition is impossible) of the division of labour.

As regards the former, the problem is not simply one of a hierarchical organisation of production, as Parecon assumes, but of society in general¹⁶ an organisation is characterised as hierarchical when it consists of members/organs which are not equal to each other but instead some (lower units) are subject to the will of others, to which they are in a position of subordination. The hierarchical organisation of society does not just refer to production relations where the boundaries between authority (which is linked to experience, age etc.) and power (which is implied by the hierarchical organisation) are easily drawn. It refers also to institutions where these boundaries are not easily drawn: patriarchal family, schools etc. It should also be made

¹⁴ Cornelius Castoriadis, *Political and Social Writings*, "On the content of socialism, II", Vol. 2, pp.101-108.

¹⁵ See T. Fotopoulos, "Towards a democratic conception of science and technology", *Democracy & Nature*, Vol. 4, No. 1 (1998), pp. 54-86.

¹⁶ Takis Fotopoulos, "Class divisions today—the Inclusive Democracy approach", *Democracy & Nature*, Vol. 6, No. 2 (July 2000), pp. 211-252.

clear that it is only the power implied by a hierarchical organisation that is incompatible with an autonomous society and not just the authority derived from age, experience etc.¹⁷ Similarly, the principle of self-determination is not in conflict with the temporary “power to order” which may be exercised by some members of society with the approval of those at the receiving end.¹⁸ Thus, an economic democracy (see TID, pp. 209-11 & 237-70) functions on the basis of equal distribution of economic power within an institutional framework in which all members are self-managed. Furthermore, this broader definition of hierarchy highlights the fact that its essence lies in concentration of power and not just in the way decisions are taken, which simply determines the type of hierarchy. Therefore, as long as all members of a workplace have equal power, as determined by their access to information and their ability to take part directly (not through representatives) in all decision-taking affecting them, then, irrespective of whether work tasks are organised as job complexes or not, the first requirement for equal empowerment is met.

As regards the latter requirement, which refers to the minimisation of division of labour (on which Parecon is also silent), there is no doubt of course that a significant part of the present unequal empowerment should be blamed on the present institutionalised and minute division of labour. But, what exactly we mean by “division of labour”? The various historical types of division of labour may be classified according to content and form. On the basis of its content, we may distinguish between **technical division of labour** which refers to the division of tasks within a concrete productive activity and **social division of labour** which refers to functional and occupational specialisation. On the basis of its form, we may distinguish between the pre-industrial division of labour, the industrial division of labour which was based on mass production and a high degree of specialisation in the industrial sector, and the present post-industrial one which is based on a high degree of specialisation in the services sector and the information technology. It should be stressed here that the industrial division of labour was not only due to the development of productive forces i.e. to the fact that during the industrial era there was an increase of concentration of production in bigger economic and social units, which inevitably led to greater specialisation and alienation. In fact, the institutioning of the detailed division of labour and the hierarchical organisation of production which accompanied the Industrial Revolution was not the result of an attempt for a technologically better organisation of production but rather, as several studies have shown,¹⁹ of a systematic attempt to

¹⁷ See for this important distinction between authority and power A. Carter, *Authority and Democracy* (London: Routledge, 1979), Ch. 2.

¹⁸ See R.P. Wolf, *In Defence of Anarchism* (Harper, 1970), Ch. 1.

¹⁹ See e.g. R. Edwards, *The Transformation of the Workplace in the 20th Century* (London: Heinemann, 1979) and S. Marglin, “The origin and functions of hierarchy in capitalist production”.

introduce an organisation which would secure an essential role in the productive process to those controlling the means of production. It is not therefore surprising that the process of growing specialisation continues in today's post-industrial division of labour, even though the latter is characterised by smaller production units²⁰ (although concentration at the company level continues unabated).²¹ The institution therefore that the hierarchical organisation presupposes is not the division between tasks and functions, which is conceivable in every social organisation, but the institutionalisation of these tasks and their hierarchical implications.²² This is particularly important in explaining the subordinate position of women or other subordinate social groups, given the fixation of their social activity within the present division of labour.

Therefore, job complexes is neither an element of a non-hierarchical structure nor, necessarily, an element of job equality. Even where job complexes are feasible, people with higher training, skills, talent etc. may still dominate the decision process due to their "authority" described by April Carter.²³ Given the differences in training, experience, natural skills and so on, it is almost impossible to create "comparably empowering work lives" simply by introducing job complexes, as A&H assume, so that "everyone participating in a council has sufficient confidence, skill, knowledge and energy to have equal opportunities to influence council outcomes" (LF 19). In other words, although it is true that the division between manual and conceptual work is significant in creating hierarchical divisions, it will be simplistic to assume that this is the only cause of them. The ultimate cause of hierarchical divisions is to my mind the unequal distribution of institutionalised power among citizens. Therefore the equal distribution of political and economic power, which the institutions of an inclusive democracy secure, is one crucial step in the abolition of hierarchical divisions. These institutions however should include not just assembly decision-taking but also the abolition of any de jure hierarchical divisions at the workplace, the educational place and so on — what we call democracy at the social realm. Still, all these are only the *necessary* conditions for workplace democracy, the only *sufficient* condition for that being democratic paideia.²⁴ To my mind,

²⁰ See e.g. D. Bell, *The Coming of post-industrial society* (London: Heinemann, 1974); J. Gerschuny, *After Industrial Society* (London: Macmillan, 1978); F. Blackaby, *De-industrialisation* (London: Heinemann, 1979); F. Froebel et al., *The New International Division of Labour* (Cambridge: Cambridge University Press, 1980); S. Antonopoulou, "The process of globalisation and class transformation in the West", *Democracy & Nature*, Vol. 6, No. 1 (March 2000), pp. 37-54.

²¹ See Takis Fotopoulos, *Towards An Inclusive Democracy*, p. 68.

²² Marcuse gives a similar meaning to the abolition of division of labour in a communist society, H. Marcuse, *Soviet Marxism* (London: Routledge, 1958), p. 183.

²³ April Carter, *Authority and Democracy* (London: Routledge, 1979), Ch. 2.

²⁴ *Ibid.*

therefore, it is much more important to secure that each type of work task undertaken reflects the real desires of each citizen, in a framework which does not institutionalise the unequal distribution of power in the workplace, rather than to combine the work tasks themselves, even if this is socially wasteful.

It is therefore clear that the social division of labour ceases to have hierarchical implications when the social individuals are really capable of selecting/changing their position in it and when this position does not imply any special social or economic privileges. This implies that balanced job complexes, though desirable wherever possible, is not a necessary, let alone a sufficient, condition to secure equal empowerment. The necessary condition for equal empowerment in production or generally in society is the non-institutionalisation of any extra power or hierarchical status to particular kinds of tasks. So, equal empowerment across workplaces could perfectly be secured, irrespective of whether work tasks are organised as balanced job complexes or not, as long as the following two particular conditions are met:

- first, all citizens as producers take part directly and on an equal basis in the meetings on which important decisions affecting them — and indirectly, through delegates with specific mandates, in all other meetings — are taken, and
- second, access to all important information relevant to these decisions is secured for all citizens affected by them.

Do job complexes secure equal job desirability?

Coming now to the issue of whether Parecon could secure equal desirability of jobs across workplaces, it is obvious that the aim of job complexes is also to provide a solution to the allocation of work problem, which has bothered generations of libertarians and utopian socialists in the past two hundred years or so. In other words, Parecon attempts in this connection to tackle the hot potato of any system in which the allocation of resources is not based on the market system or, alternatively, the central planning mechanism: how to secure freedom of choice as regards employment. In both the market and the central plan systems people are not really free to choose employment since, if they wish to avoid starvation or other intolerable pressures, they have to accept whatever job is available to them through the market or the planning, irrespective of their real desires. The problem arises because of the huge differences between the different types of work not only as regards their implications on decision-making but also on job satisfaction. Thus, if some jobs are less desirable than others the perennial question arises as to who is going to do the former if there is — as there is bound to be — an imbalance between demand and supply of effort.

However, job complexes do not give an answer to the question what will happen if in a society, say, 40% of young people like to be involved in job complexes centered around some form of art activity, which is not unlikely, particularly if there are no incentives for other job complexes centered around more boring or hard tasks (e.g. accounting and building respectively). Clearly, no extension of a builder's range of tasks could make his job complex so artistic as to attract people who prefer to make music or become dancers! The "solution" Albert gives is the classical capitalist one: "like any other job, people apply for the jobs in these fields and if more people want jobs than they are openings, slots are filled based on merit etc. and if anyone wants to participate in the activity despite not being chosen they are free to do so but as a hobby without remuneration" (Par 200-201). However, this amounts to a denial of freedom of choice as regards work, in a similar way as under the present or the planned systems. Clearly, as there is a lot of subjectivity involved in assessing artistic talent, other factors (subjective considerations, contacts etc.) would determine — exactly as today — who gets the much desired job in a theatre, the film or the music industry etc., whereas the candidates who failed to be chosen will have to do job complexes centered in activities outside the preferred ones, if they wish to secure a decent standard of living.

On the other hand, in the ID model, the adjustment mechanism that secures equality of supply and demand for particular types of jobs does not work through the crude exclusion mechanism used by both the present system and Parecon but, instead, it distinguishes between "basic work" i.e. work on meeting basic needs and non basic work. As regards basic work, each citizen has to offer the minimum number of hours required by society for the basic needs of all to be met. As regards non-basic work, demand and supply are balanced through the adjustment mechanism provided by the rate of remuneration, which is determined both by the desires of citizens as producers (index of desirability) and their desires as consumers ("prices"). If e.g. too many citizens wish to work as actors compared to the demand for actors, then, the rate of remuneration for actors will fall accordingly dissuading those who are not particularly keen in becoming actors from following this profession. A similar mechanism is at work at the level of the company. If the plays staged by a particular company are consistently flops (measured in terms of the vouchers offered by citizens as consumers) then it would be the people, voting with their feet, that would decide the future of the company rather than other actors, directors etc., using pseudo-objective criteria, as in the present system and Parecon — of course, special provision could be taken for the support of pioneering art work, even if not in popular demand.

Still, the question remains what happens in case the services of a particular citizen are not required in a specific line of activity, either because the demand for this activity falls,

or because the citizen is unwilling to work, or is antisocial etc? In the present system, as well as in Parecon (Par 206-7), such employees will have to be sacked, or compulsorily transferred to a similar or perhaps a different line of activity. In the ID case, as far as the former case is concerned (sacking for non-personal reasons), if the citizen involved works in the basic goods industries no problem would arise because she could apply and get a job in any similar line of activity. If on the other hand she works in the non-basic goods industries then, as long as she accepts the prevailing rate of remuneration, she should easily find jobs in a similar line of activity elsewhere. Coming now to the latter case (sacking for personal reasons), again, we have to distinguish between basic and non basic work. In the former case, if somebody is not willing to offer the required amount of work, then, she would be excluded from the community for anti-social behaviour, as not being willing to offer the required effort to meet her basic needs. In the latter case, the members of the entire working assembly will decide whether such a person will be excluded from this workplace, something that will only deprive her of the extra remuneration in non-basic goods since, as long as she continues offering the minimum hours of basic work, she will still be entitled to the basic goods and services like any other citizen.

It is therefore clear from the above, that the arbitrary solutions given to such problems by Parecon are entirely due to the non-flexibility of this model, which does not distinguish between basic and non basic needs and work, and also between different rates of remuneration on the basis of non-basic work offered.

Are job complexes feasible?

However, although job complexes might be sometimes a useful step in reducing the huge differences between various types of jobs, they in no way constitute a panacea as presented by Parecon. No doubt that, wherever they are feasible, they should be welcome but, in fact, in today's society in particular in which, due to technological changes, there is a high job differentiation on the basis of training, skill, dexterity, talent etc., job complexes seem to have a limited applicability. In other words, job complexes are feasible only as long as we do not refer to highly specialised jobs (surgeons, opticians, hearing consultants, pilots etc.), or jobs requiring particular talents (musicians, dancers, actors and so on). Furthermore, even within general categories, e.g. if the workplace is a hospital or a university and so on, there is little to be done — if significant waste is to be avoided — to spread work tasks between doctors and people doing administrative jobs, or ancillary manual work (keeping computer data, cleaning etc.). When lives depend on surgeons abilities, for instance, and it is highly unlikely that in any society they will be in abundance, notwithstanding Albert's simplistic assumptions on the

matter (Par 150) — given the high degree of training, skill and experience required — it will be a tremendous social waste to ask them to do some cleaning of hospital corridors, or even do simple manual work (keeping computer records and the like), let alone do some work in other workplaces (community work etc.), so that some balance between job tasks could be achieved! Similarly, even if job complexes are possible in a university, there is no doubt that the bulk of the activity carried out by lecturers will be in their field of study and only a few hours per week could be devoted to manual work. Vice versa for cleaners and catering people who could not teach social or natural sciences, if social waste is to be avoided. The possibilities for meaningful job complexes are even more limited as regards the work tasks involved in workplaces which include highly differentiated activities (e.g. ships, planes, trains etc.) in which engineers, pilots, skippers, train drivers and so on would obviously offer much more to society by spending the bulk, if not all, of their time in their chosen specialisation rather than in activities irrelevant to it.

It is interesting to note that doubts arise as regards the feasibility of job complexes even as regards the very examples Albert uses to illustrate his case. For example, in a hypothetical publishing house Larry's work week involves not only rote work in his workplace (sorting mail, cleaning-up, front desk etc.) and other workplaces (rote work in the neighbourhood and community where he lives) but also production work, typesetting, designing, promotion, proofreading and even assessing submissions! (Par 179). Question: even if we assume that the education system provides such a broad range of knowledge so that everybody could be an expert in designing, proofreading, typesetting, etc. could anyone seriously assume that the education system would provide everybody with adequate knowledge so that she could adequately assess submissions in a variety of knowledge fields, each of which requires years of study on each own — from literature up to politics, sociology etc? Particularly so, if every new book assessed, (particularly if its object is not fiction, on which, again, knowledge and long experience is essential) is supposed to offer new knowledge, or new critical analysis, which implies that even its preliminary assessment cannot be left to people with no specialised knowledge? Still, Parecon suggests that if two members of the publishing house with the same knowledge both agree to reject a book, it is returned to the author — unless some other member wishes to hold it! (Par 179).

However, if balanced job complexes within a workplace are, as I tried to show above, on many occasions impractical, proposing similar job complexes between workplaces would surely look as coming out of science fiction. Few could imagine for instance how the work tasks involved in mining could involve also work tasks in publishing (typing, copyediting, and proof reading, cover designing, organisation of distribution etc.). Still, the

authors use this very example to show why such balances might be needed, given that the former are not likely to find their work equally desirable or empowering as the latter! (LF 20). One could reasonably suspect that the authors have never tried such balances in practice and they simplistically generalise out of their personal experiences in introducing balanced job complexes within a publishing house, which is of course a relatively much easier endeavour. In fact, given the present level of specialisation, doing work tasks in various workplaces in order to achieve balanced job complexes may be very difficult even between workplaces involved in roughly similar types of activity (e.g. between car plants and plants manufacturing refrigerators, or between accounting offices and publishing offices) let alone workplaces involved in dissimilar types of activity (e.g. between a car plant and a publishing house) where it would be almost impossible — unless of course social waste is not as important a factor as the need to balance inequalities between plants. But, then again, one can hardly ignore the waste factor in a scarcity society, like the one assumed by Parecon.

It is therefore clear that although it is desirable that today's extreme job specialisation should, as far as possible, be reduced through a significant decrease in the present minute division of labour, as I suggested above, this should always be considered within the broader context of the possible implications as regards the use of scarce resources. Training in multiple skills and, even more important, changes in technology to promote team work are useful in reducing the present reliance on extreme specialisation but one could easily see the limits on how far this could go. It is true, as I mentioned above, that part of the present high degree of specialisation represents in fact a method used by capitalists to ensure maximum profits and impose their will on workers. Still, the present degree of socialisation is also the result of accumulation of knowledge, both scientific and technical. Although therefore neither technology nor scientific research are autonomous from the socio-economic system, or "neutral",²⁵ this does not mean that many, if not most, of the present job divisions, will not exist in every scarce society. There will always be a need for electricians, plumbers, carpenters, architects, as well as for the various kinds of scientists, doctors, artists etc, and no amount of job complexes will ever reduce the need for their particular skills and training.

Remuneration of work in Parecon and in ID

²⁵ See article on technology.

The general Parecon principle for remuneration is that each worker should have a claim on output in proportion to the relative magnitude of the effort or sacrifice that they expend in their socially useful work (Par 113). All able-bodied adults are expected to work the social average number of hours at a socially average job complex. If we call, Albert suggests, the amount a worker earns for working at an average intensity for him or her at a balanced job complex for 30 hrs the base income then, with everyone having balanced job complexes, each worker will earn either the base income or some higher amount due to having worked longer or more intensely (115). As regards basic needs, Albert follows the old social-democratic tradition and instead of proposing satisfaction according to need (as the ID project does) he declares, first, that particular consumption activities such as health care or public parks will be free to all (Par 117) and, second, that as regards special needs, people will be able to make particular requests for need-based consumption to be addressed case by case by others in the economy.

However, even though the ID project is in accord with Parecon on the fact that we do not live in a post scarcity society (an assumption made by libertarian municipalists who consequently have no problem in adopting the communist principle "according to need" for the satisfaction of all needs) it differs fundamentally from Parecon on remuneration for work. Thus, following the distinction it adopts between basic and non-basic needs, it adopts the principle of remuneration "according to need" for basic needs and "according to effort" for non-basic needs. This way, it is recognised that meeting basic needs is a fundamental human right which cannot be denied to anybody, as long as one offers the minimal amount of work required for this, unlike Parecon where the satisfaction of such needs is left to a few goods declared public and to compassion (Par 37-38).

It is clear that the Parecon principle "rewarding according to effort" is only right when we refer to work for non-basic needs. If, for instance, few people wish to study for many years to become surgeons and many more prefer to begin work immediately after compulsory education then society's needs for surgeons, for instance, could not be met — setting aside the Parecon's naïve ideas on "balanced job complexes" for surgeons! One way to attract more students to extra training is the one suggested in TID. Thus, as regards specialised work requiring extensive training, people engaged in such activities, which are considered by society as meeting basic needs, should be entitled not only to "basic vouchers" but also to non-basic vouchers for each hour of basic work done. However, Parecon simplistically rejects any idea that extra schooling merits extra compensation (Par 36). Therefore, doctors who undergo longer training should not get any extra income because longer training does not necessarily entail greater sacrifice (Par 36). The relevant comparison is, according to Albert, the discomfort that others experience who are working at paid jobs instead of going to school (Par 36). But, this

argument is invalidated by the fact that students are only remunerated, for as long as their studies last, "at some appropriate level based on social averages and special needs" (Par 112), whereas somebody starting work immediately after school may receive a significantly higher income, depending on his effort. In other words, the loss of potential income because of training is completely ignored by Albert!

To recapitulate, the ID proposal to distinguish between basic and non-basic goods and services and correspondingly between basic and non basic work ensures that nobody will have to work more than the minimum required for meeting the basic needs of all citizens, which, unlike Parecon, in ID are met in full. It is up to the individual citizen to decide on whether she will work more, so that she would cover also non-basic needs, or not. This implies that the minimum number of hours that a citizen has to offer is much less than the corresponding "average" hours in Parecon. Furthermore, it is up to each individual citizen to decide if, and for how long, she will work above this minimum number of hours, in contrast to Parecon where these decisions are not left to the individual but are taken at the federal level. Also, whereas in Parecon, the rate of remuneration for all work is determined exclusively by "objective" criteria (number of hours and intensity of effort, also "objectively" assessed) in ID, the rate of remuneration for non-basic work is co-determined by objective criteria (number of hours worked) and subjective preferences and criteria, as they affect the index of desirability and the "prices" of non-basic goods and services.

Finally, as regards basic work, each citizen works the same number of hours needed according to the confederal plan for meeting the basic needs of all, and is "rewarded" with basic vouchers (BVs), the number of which is determined as follows (TID, p 258):

"Each citizen is then issued a number of BVs according to the special "category of need" s/he belongs. Thus, the confederal assembly will determine a list of categories of basic needs for each section of the population using multiple criteria, including sex, age, special needs etc. Then, in cases where this "objective" allocation of BVs has to be amended to take into account personal circumstances, the community assemblies could make appropriate adjustments. As regards caring for the needs of the elderly, children and disabled, those unable to work are entitled to BVs, in exactly the same way as every other citizen in the confederation is. In fact, one might say that the BVs scheme will represent the most comprehensive "social security" system that has ever existed, as it will cover **all** basic needs of those unable to work, according to the definition of basic needs given by the confederal assembly. It is also up to the same assembly to decide whether, on top of these BVs, NBVs will be allocated to those unable to work."

Allocation of resources in Parecon and in ID

Parecon's allocation of resources is, in fact, an improved version of socialist planning, which Albert calls "decentralised participatory planning" (Par 122), but a reviewer of the book in *Anarchist Studies*, I think more appropriately, called "participatory bureaucracy". Planning takes place on the basis of indicative prices which embody accurate estimates of the full opportunity social costs and benefits of inputs and outputs. The planning procedure is briefly as follows. Planners announce at the beginning of the year indicative prices for all goods and services (based on last years' indicative prices). Each consumption and production "actor" responds with consumption and production proposals respectively, taking the prices as estimates of the social costs and benefits involved. Planners then estimate the excess demand or supply for each good and service and adjust the indicative prices accordingly. On the basis of the new prices, "actors" revise and resubmit their proposals until, by a series of iterations, the indicative prices securing equilibrium between supply and demand for each good and service is achieved (i.e. until indicative prices move closer to social opportunity costs)

Efficiency

The first important characteristic of this model that one notices is that it hides its crucial choices under the pseudo-scientific cover of orthodox economics, which is mostly adopted without hesitation — despite the obvious contradiction involved in proposing a radical model which is based on the orthodox economics theoretical tools. Thus, in the pursuit of respectability and recognition by the "serious" economists, i.e. the orthodox economics profession teaching in universities etc., the authors adopt unreservedly even what themselves call "the traditional view" that a desirable economy should be efficient²⁶ and they then proceed to adopt the orthodox Paretian optimality conditions "as a useful definition of social efficiency".²⁷ This gives them the opportunity to express their model in mathematical form (a trademark of "serious" economic analysis which claims to be "scientific").²⁸ But, this leads also their model to inevitable internal contradictions, apart of

²⁶ In M. Albert's and R. Hahnel's *The Political Economy of Participatory Economics* (Princeton: Princeton University Press, 1991) the authors provide what Albert modestly calls "a mathematical model demonstrating Parecon's superior convergency, efficiency, and stability properties as compared to those demonstrated by similar models for market and centrally planned economies"! (Par 147)

²⁷ *Ibid.*, p. 9.

²⁸ *Ibid.*

course from the fundamental contradiction I mentioned of supporting a radical alternative model of society using the orthodox economics theoretical tools with some minor modifications. Thus, the authors themselves have to admit that balancing work complexes for empowerment could sometimes be inefficient²⁹ and (rightly) attempt to justify this on the basis of their political choices rather than on the basis of the strict efficiency conditions they adopted! As they conclude: "any losses in efficiency should be weighed against the importance of participation and reductions in coercive management needed to extract effort from recalcitrant 'underlings'."³⁰

This raises the more general problem of the compatibility of the technical definitions of efficiency they use with an alternative radical model of the economy. As I pointed out in TID (Ch. 2), although in a scarce society social waste should, as far as possible, be minimized this does not mean that we have to adopt the orthodox conception of efficiency, which was also adopted by the central planners, exactly because they shared the same objective as the capitalist West, particularly as far as the maximisation of economic growth is concerned. Thus, efficiency is defined in both systems on the basis of narrow techno-economic criteria of input minimisation/output maximisation and not on the basis of criteria securing, at least, the satisfaction of all basic needs, which is supposed to be the aim of an economic system.³¹ The consequence of the fact that both systems adopted the same ultimate objective to maximise growth and the implied intermediate objective to maximize efficiency (defined in the above technical sense) was that both had in effect to use the same methods of production, in the East as well as in the West. No wonder that a modern Soviet factory, even in Lenin's times (with his encouragement), in no way differed — in terms of internal functioning, hierarchical organisation of production, etcetera — from an equivalent capitalist one. However, Lenin was at least consistent in his objectives and means. The question is how Parecon's objective of equal empowerment is consistent with Pareto optimality!

On the other hand, in ID, efficiency is redefined to mean effectiveness in meeting the democratically defined basic needs of all citizens and the individually defined satisfiers,

²⁹ Ibid, p. 32.

³⁰ Ibid. p. 34.

³¹ The usual definition of *economic efficiency* is in terms of *technical efficiency* (input minimisation or output maximisation for any given combination of inputs) *production efficiency* (which implies that no reallocation of resources could increase output) and *exchange efficiency* (which implies that no further exchanges could improve consumer welfare). Social efficiency is defined as the case where prices equal the true social opportunity cost of inputs and outputs.

as well as the non basic needs — even if this involves a certain amount of “inefficiency” according to the orthodox economics criteria. The reason that ID efficiency may involve a certain amount of “inefficiency” is because other considerations — political (e.g. ensuring self-management) ecological (beyond the externalities recognised by orthodox economics), social, cultural etc. — are more important in an ID than the strict technical economic criteria used by the orthodox economics definition of efficiency and adopted by central planners, as well as by Parecon.

Self-management in Parecon and in ID

As I stressed in TID, apart from the issue of ownership of the means of production, there is the equally important issue of the allocation of resources that arises in every scarcity society. The early Castoriadis' model of workers self-management attempted to solve this problem by proposing reliance on a real market system which, he assumed, will not create the usual problems that a market economy creates (concentration of power, income and wealth, exploitation, unemployment etc.) because of his proposed social ownership of the means of production and wages equality. Thus, the allocation of scarce resources in Castoriadis' economy takes place through planning, which is controlled by the decisions of workers' councils, and through a *real* market based on impersonalised money. On the other hand, the allocation of resources in an ID takes place through planning, which is controlled by the decisions of citizens' assemblies, and through an *artificial* market based on personalised vouchers. However, as I attempted to show in my critique of the Castoriadian proposal, although his model, unlike Parecon, does secure workers' and consumers' self-management, the dynamics of a money-based market economy could easily lead to vast inequalities, even if the initial condition is one of income equality.³²

It is therefore clear, as I stressed in TID (p. 255), that “the issue is how we can achieve a synthesis of democratic planning and freedom of choice, *without resorting to a real market*, which would inevitably lead to all the problems linked with a market allocation of resources”. According to the ID project, the allocation of economic resources is made, first, on the basis of the citizens' collective decisions, as expressed through the demotic and confederal plans, and, second, on the basis of the citizens' individual choices, as expressed through a voucher system. Therefore, the ID system consists of two basic elements as regards the allocation of scarce resources:

³² See my reply to David Ames Curtis, *Democracy & Nature*, Vol. 5, No. 1 (March 1999), pp. 175-188.

- a planning element, which involves the creation of a feedback process of democratic planning between workplace assemblies, demotic assemblies and the confederal assembly and
- a “market” element, which involves the creation of an artificial “market” that will secure a real freedom of choice, without incurring the adverse effects associated with real markets.

The cornerstone of the proposed model, which also constitutes its basic feature differentiating it from socialist planning models, is that it explicitly presupposes a stateless, moneyless and marketless economy, which precludes the institutionalisation of privileges for some sections of society and private accumulation of wealth, without having to rely on a mythical post-scarcity state of abundance.

Parecon is, of course, in accord with the ID project as far as it concerns the rejection of the market mechanism as incompatible with self-management. However, although Parecon is a step forward from the usual socialist planning schemes in which bureaucrats and technocrats attempt to anticipate what the society’s needs as workers and consumers would be, still, it cannot secure self-management for either workers or consumers, as a result of its exclusive reliance on planning to allocate resources. But, in fact, no kind of economic organisation based on planning alone, however democratic and decentralised it is, can secure real self-management and freedom of choice.

Thus, as regards workers, the flexibility given to the workers’ councils is in effect minimal since everything, from inputs and outputs up to the conditions of work implied by these ratios, is in fact being determined at the national level, through the various planning iterations, rather than primarily at the local level and only when this is not feasible at the regional or national level. On the other hand, in the ID project, the opposite is the case as it is the local demotic and workplace assemblies that decide the allocation of resources and conditions of work at the local level. It is only as far as basic needs is concerned that local decisions are conditioned by the confederal plan (but even then there is a lot of flexibility in deciding locally the satisfiers to meet basic needs), whereas as far as non-basic needs is concerned the local assemblies decide exclusively how to meet demand at the local level. The reason this fundamental difference arises is that in Parecon everything is decided through the planning process, within which indicative prices are determined, in contrast to the ID system in which there is a combination of planning and the artificial market that vouchers create, and through which “prices” are determined. This, in turn, is not irrelevant to the fact that in Parecon no distinction is made between basic and non basic needs and everything is decided at the national level

— something that not only reduces significantly the autonomy of the workplaces assemblies but has also significant ecological implications, as I attempted to show in TID.

Furthermore, the freedom of choice concerning work is seriously undermined by the Parecon proposals — a freedom which is not very different from the corresponding “freedom” they enjoy in a capitalist market economy. Neither the right to a job that workers like is established, nor the right to maintain their job. As regards the former, although workers have the right to apply for any balanced job complex they like, still, it is at the discretionary power of the existing workforce to appoint them or not. As regards the latter, whenever an imbalance between demand and supply for a good arises, which is assessed to be the result of misallocating workers and resources, then workers and resources are *shifted* (my emphasis) from some industries to others (LF 50). The reason for this serious undermining of freedom of choice concerning work is that in Parecon there is no allocation of work adjustment mechanism since wage equality is assumed as regards the same intensity of effort. However, such an adjustment mechanism is provided by the ID proposal, as we saw above. Thus, if there is an imbalance between demand and supply for a particular good or service, then, through the change in its “price” and the corresponding change in the rate of remuneration, the supply/demand of work for this particular type of work changes accordingly, to the extent of course that the rate of remuneration affects the supply of work.

Also, as regards consumers, the Parecon model seriously restricts freedom of choice. Consumers, Albert writes, “would begin the year with a working plan including how much of different kinds of food, clothing, meals at restaurants, trips, books, records, tickets to performances and so on they will consume” (Par 132). In other words, consumers are expected to know a year or so in advance how much they will spend on shoes, books, even how often they will decide to go with friends to a theatre or a bar, eliminating in fact (despite the small adjustments and updates allowed by the Parecon system), the main element of joy with respect to meeting needs of this sort: spontaneity. Furthermore, consumers have no choice at all as regards the satisfiers i.e. styles, colours etc. of the clothes, shoes and so on, since they are asked to express preferences for products (socks, shoes etc.) but not for styles and there are no competing companies producing products, but only “product industries” creating at will diverse styles and qualities of goods for different purposes (Par 217). In other words, colours, styles etc. are determined exclusively by the designers of the “clothing” or “footwear” industries, on the basis of statistical studies on the consumption patterns of the past, which, obviously, take for granted what was available at the time! The only therefore choice left to consumers is to buy whatever is available, hoping to persuade enough consumers in the complicated hierarchy of the numerous consumers councils, so that designers sometime in the

future, but not earlier than next year's plan, change styles etc accordingly (whereas of course in a market system relevant changes in consumers preferences can be met within a matter of weeks). This is the reason why, as I stressed in TID, the notion suggested by supporters of planning, including Albert and Hahnel, that people's needs can be discovered very easily "just by asking them what they want", in fact, as it was pointed out by Paul Auerbach et al., "flies in the face of decades of evidence both from East European planners and from marketing experience in the West".³³

These serious restrictions on freedom of choice are the necessary consequences of the fact that Parecon, unlike ID, relies exclusively on planning for the allocation of resources and on top of this does not make any distinction between basic needs and non-basic needs. In the ID case, however, the use of vouchers for the satisfaction of basic and non-basic needs not only meets the spontaneity requirements but also the requirement that consumers should be able to satisfy their preferences as regards styles etc. This is facilitated by the fact that the artificial market created by ID allows consumers to buy specific styles of clothes, shoes, refrigerators etc. rather than propose in their individual plan "clothes", "shoes" etc. (as Parecon requires them to do), inevitably ending up with a similar kind of consumer sovereignty and satisfaction that Soviet consumers enjoyed! The artificial market and the voucher scheme in ID allows for a real freedom of choice (something that real market economies cannot secure given the inequality in income and wealth) because a kind of healthy competition could develop among workplaces — something that is impossible within a system based exclusively on planning, which precludes any kind of competition. Thus, in an ID, a number of citizens could start a demotic enterprise (i.e. an enterprise owned and controlled by the demos) on any kind of production activity they like, as long as their proposal is approved by the demotic assembly and its subcommittees. These new enterprises could "compete" with other enterprises on exactly the same line of activity and determine their production level on the basis of the vouchers they receive (i.e. the revealed preferences of consumers). As no question of unemployment could arise in an ID because all citizens have to work for a minimum number of hours to meet basic needs and as many hours on top of them they wish to meet non basic needs (see for a description of this scheme TID Ch. 6) and also as there is no problem of accumulation (there is no money) or of profit-making (citizens as producers are entitled to basic vouchers as everybody else and non basic ones on the basis of the extra hours work and the rate of remuneration determined) their only incentive in producing goods that are preferred by consumers is the moral satisfaction of

³³ Paul Auerbach et al., "The Transition From Actually Existing Capitalism", *New Left Review*, No. 170 (July/August 1988), p. 78.

doing their job well and the satisfaction that they do the kind of work they have chosen and in the way they themselves decided.

No wonder that the result of Parecon's exclusive reliance on planning for the allocation of resources and of not distinguishing between basic and non-basic needs is that Parecon ends up with a system where each citizen's consumption, production and workload has, ultimately, to conform to the "average":

"If a person did request more than the average, she might be questioned, and if her answers were unconvincing, she would be asked to moderate her request". (LF p 49)

The ecological crisis in Parecon and in ID

Given that the overall objective of Parecon, as well as that of socialist planning and, of course, of the market economy, is economic growth and the implied definition of efficiency it is not surprising that Parecon treats ecological problems as a problem of externalities (exactly as environmentalists do!), which can supposedly be solved by involving many consumer councils (not just the ones where proposals for collective consumption) originate (Par 138-43). This way, ecological problems are in effect reduced to secondary ones like that of pollution, which can indeed be taken into account through the procedure suggested. However, the main ecological problems, like that of the greenhouse effect, whose solution requires a change in the very lifestyle of citizens, necessitate abandoning economic growth as the main objective of production.

Finally, the complete silence of Parecon on the need for radical decentralisation (a decision that obviously cannot be taken by workers councils or consumers councils alone) makes clear that the centralisation characterising both the market and the centrally planned economies — a basic cause of the present ecological crisis — is not even viewed as a problem by Parecon!

On the other hand, the ID project sees the ecological crisis as a main component of the present multidimensional crisis. Therefore, the proposed ID institutions (radical decentralisation within confederated self-reliant local communities, abolition of the institutionalisation of concentration of power at all levels, change in the overall aim of production away from growth) explicitly aim at the reintegration of society to Nature.-