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# Participatory Economics

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My name is Michael Albert. I live in the United States. I work with *Z Magazine* and *ZNet*, an online website. I also happen to be a co-author and advocate; I guess you might say, of an economic vision, called participatory economics, or parecon for short. I am told this film is about that kind of topic.

"What do you want?" is a question often asked to activists. Parecon is a possible answer regarding economics. It is an alternative to capitalism built on a few key values and institutions.

The values are equity, solidarity, diversity and self-management.

Equity refers to how much we get from our work. And the norm is that we should be remunerated for effort and sacrifice, not for property or power. Solidarity is the notion that people should be concerned about one another and benefit in concert with one another rather than be mutually opposed and trampling upon one another. More solidarity is better than less. Diversity is about the range of options we have. A wider range of options is better than homogenizing and reducing the range of options at our disposal. And self-management has to do with how much control we have

over our lives. Self-management means that we have a say in the decisions that affect us in proportion to the degree that we are affected by them.

So for me, developing an economic vision means trying to figure out institutions to accomplish production, consumption and allocation in ways that enlarge equity, solidarity, diversity, and self-management rather than diminishing them.

The institutions I come up with are workers' and consumers' councils, balanced job complexes, remuneration for effort and sacrifice, and “participatory planning”.

Workers and consumers councils are direct democratic vehicles by which workers and consumers can develop, organize, and manifest their preferences. Within these we use self-managed decision-making methods to impact how much is produced, what we consume, and so on.

The idea of balanced job complexes is to overcome the division of labor that we are familiar with. Instead of having all of the empowering tasks in a workplace go to a few people and all of the disempowering and rote tasks go to the rest – about 20 percent in the empowered group, and about 80 percent in the subordinate group – we divide up work tasks and responsibilities so that all of us have comparably empowering work and do a fair share of the rote and the tedious work as well. As a result, we don't have that division between the 20 percent who monopolize empowering tasks and the 80 percent who are left with rote and obedient tasks, a class division, I think. I would call the former group, the “coordinator class”, and the latter group, the working class. We get rid of that by having balanced job complexes, wherein we all have work that empowers us comparably.

In addition, we have remuneration for effort and sacrifice; this determines people's incomes. We get income for how long we work, for how hard we work, and also for how onerous the work is that we do.

Finally, there is also the problem of how do we allocate in the economy.

How does it get decided how much is produced? By whom? Where? Where do the inputs go? How does the economy settle on its outcomes?

The typical procedure now in the United States is called markets; the procedure that used to exist in the Soviet Union not too long ago was called central planning. Participatory economics rejects both markets and central planning and proposes instead "participatory planning". And, indeed, the key elements of participatory economics, as a whole, are workers' and consumers' councils, self-managed decision-making, remuneration for effort and sacrifice, balanced job complexes and "participatory planning". The resulting system is an alternative to both capitalism and what has gone under the name socialism in the past, but has really been an economy which puts that group which has a monopoly on empowering work, the coordinator class, in charge.

Now let's take it all in a bit more detail.

In any economy, at any time, people do their economic activities, their work. That work, in turn, produces an output, the social product, which we can think of, for simplicity, as a giant pie. So the question becomes, how much should each of us get? What share should we get of that product? How big a piece of the pie, so to speak? And that is remuneration. By what norms should it be

determined how much I get back for the labor that I do in the economy?

In some economies, one of the norms is that you should be remunerated for the property you own, which is to say for the product that results from that property, which is called profit. I reject that idea. I do not think it should be the case that because Bill Gates has a deed in his pocket to Microsoft, he is worth more than the population of Guatemala or probably almost as much as the population of Norway. That, for me, doesn't make any sense. It is not economically warranted and it leads to all sorts of injustices and horrors, so I reject it.

Another notion, which is shared by the Harvard Business School and most criminals, is that we should be remunerated by what we can take. It is a sort of thuggish approach to economic allocation. We bargain and use our power to try to take more. So this norm is that we should be remunerated for our power. And, I obviously do not agree with Al Capone or the Harvard Business School that this is either economically or morally wise. I reject it.

And, the third norm, some folks offer is that you should get back an equivalent to the output that your labor generates. This norm seems more desirable. If I do some work and my work increases the size of the social product by a certain amount, shouldn't I get back that much? After all, if I get more than that much I will have taken the product that someone else generated. And if I take less than that much, I will have taken less than I put in. Is that fair?

Of course, if you do believe in this norm, then you think, that for instance Michael Jordan – when the Chicago Bulls were winning the NBA championship every year – should be remunerated each year millions upon millions of dollars for the labor he was doing,

running up and down the court. Why? Because it was valued that tremendous amount by society; society wanted to watch. They got pleasure out of it, enjoyed it. Whether one thinks that is sensible, as I do, I happen to enjoy it, or whether one thinks it is not sensible, is irrelevant. In fact, people enjoyed it; people valued what Michael Jordan produced.

Do we think, however, that people like Michael Jordan should be remunerated for being lucky, so to speak, in the genetic lottery? Michael Jordan was born with certain capacities; I don't have them. I could train from now on to the year 4042, and I would not be able to play basketball in the way that Michael Jordan plays, nor would I be able to compose like Mozart did, and so on and so forth. Jordan and Mozart were born lucky with certain talents that other people admire and can enjoy and benefit from. But what this remuneration norm then does is to flood him with money. I don't agree with that. I don't see why he should be remunerated for luck in the genetic lottery.

I also don't think a person should be remunerated more because he or she has better tools. If I go out in the field and cut sugarcane, and somebody else goes out and cuts sugarcane, and I have a better knife, should I get more? If I have all sorts of better tools, should I get more? If I am bigger and physically stronger, and because of that, even though I work the same length and intensity as others, cut more, should I get more?

The norm that participatory economics comes up with for remuneration is that we should be remunerated for the effort that we expend and the sacrifice that we endure in our work. If our work is more onerous, we should get more. If we work harder, we should get more. If we work longer, we should get more. We have to do socially responsible work, but we should not get more by

virtue of having some additional talent or better equipment or for working with other more productive folks and so on.

Moving on to decisions, you might imagine interviewing a philosopher about how decisions should be made, and the interview goes on for four weeks or something, and is also incomprehensible but I don't think it is that complicated an issue.

Considering the economy, suppose I work in a workplace, and I have a kind of space I work in, and I want to put a picture of the person I live with on my desk. Who should make this decision? If I ask anybody about this, they would say, “Well, you should make it.” If I then ask if I should make the decision by myself, like a dictator, so nobody else has any say, they will think for a minute and say, “Yes”. If I say, “Like Stalin?” They'll say, “Yes, for that decision, to put the picture on your desk; yes, you can make that decision alone, as a dictator.”

And, I then say instead, suppose I have a boom box, as it is called in the United States, a kind of a portable music-player, that I want to put on my desk and play loud heavy metal music. Who makes that decision? Is it again me, like a dictator? And the person will then reply: “No, you should not be able to make that decision, like a dictator, like Stalin.” And I say, “Who else has to be involved?” And they will say, “The people who will hear the music. The people in the neighboring area.” And I say, “What about the person who is two blocks away, who will not hear it?” – “No.” “What about the person who is next door?” – “Yes.”

And, it seems to me that what we have done is to demonstrate a norm. Implicitly we all understand that people should have a say in decisions in proportion to the degree they are affected by them. That's a sort of idea to strive for, that accomplishes what

democracy really ought to mean – which is self-management. It isn't the case that we all should have one vote, and that it should be 50 percent plus one needed to decide whether I can put a picture of my spouse on my desk. That's ridiculous, it shouldn't be consensus. It shouldn't be anyone but me deciding. But when it comes to loud music on my desk then the people who are affected have to have a say. And they have to have a say in proportion to the degree that they are affected, which means, they can easily overrule me, which is as it should be.

So, how do you accomplish this norm of self-management? There is no single way. Some decisions would be one person, one vote, 50 percent plus one decides. Some decisions might need three quarters. Some decisions would be consensus. Some decisions would be literally dictatorial. Some decisions would be taken by a small group in context of a larger framework that has been set by a bigger group. Some would be taken by the bigger group as a whole. There are many different situations and the methods we opt for are all just that, methods or tactics for attaining the real goal. The real goal is self-management. The real goal isn't consensus, it isn't 50 per cent, it isn't any algorithm of that sort, it isn't any method of any one time, it is self-management.

The old decision-making mechanisms in Yugoslavia were very far from what I am talking about, for important reasons that have to do with the institutions. It is very possibly the case, and let us assume that it is true, that when the Yugoslav economy was established with markets, people wanted self-management. People wanted the workers in the workplaces to control the workplaces. If you actually look at the old Soviet constitution, you find the same thing. The workers in the Soviet workplace were supposed to be the final court of appeal, the power over decisions in a workplace. Of course, they weren't. The central planners were. In Yugoslavia,

the market system that they had for doing allocation created a dynamic, which yielded the division of labor in the Yugoslav workplace. It created a situation in which there were managers and engineers and there were other actors who had a monopoly on the daily decision-making positions and on the tasks that empower you, that give you knowledge, confidence and skills requisite to making decisions and developing agendas. And then, there were about 80 percent of the population of Yugoslav workplaces who had rote and tedious work all day long. And those people you could say had a kind of formal power due to the constitution, but they did not have any actual power. When it actually came time for the workers' council in Yugoslavia to meet and make decisions, the 20 percent who had all the knowledge and all the confidence and all the requisite skills totally dominated. To achieve real self-management and real classlessness, that has to be undone and so the task of creating self-management has to be accomplished structurally by institutions which make it viable. And the key structural institution is balanced job complexes and the mode of allocation.

First, let's figure out what this balanced job complex notion is: In any given workplace, there are lots and lots of things to be done, all kinds of tasks. So the typical way of dividing up the work now, is to say: Let's look at all those tasks and let's create jobs. A job is a combination of tasks. A job is a set of responsibilities and tasks that we have. The way that we combine tasks now is that we create a kind of a hierarchy: Here is a job, here is a job, here is a job – up and down this hierarchy. And what characterizes the top of the hierarchy is that the task the person is doing is very empowering. The task that the person does not only requires skills and knowledge, but conveys skills and knowledge. They convey confidence and they give day-to-day control over phenomena in

the workplace. And as you go down this hierarchy, it is very rote and obedient. And, the people are being robbed of their skills and talents by the onerous and obedient labor they do, which does not call for skills and talents associated with making decisions.

So in this context, the bottom group is ruled by the top group and that is the class division that I would call “coordinator class” and working class. If we get rid of that, if we have balanced job complexes, if we take the workplace and divide up the tasks in the workplace, so that you have a job and I have a job, and they are different, because we have different inclinations and so on, but your job has comparable empowering effects for you as my job has for me, and likewise for everybody else, it means, when we sit in our workers' councils or in our work team, and we are worried about what should be done, what should the agenda be, what should the decision be, we are all capable and participating. No one is capable of dominating the rest, because we all have comparable work. We have different work, but it is comparable with regard to empowering effects.

Some people's reaction to the idea of balanced job complexes is: Well, it sounds nice, that we should have our fair share of empowering work and have our fair share of fulfilling work, and nobody should do more onerous and more boring work. But isn't there a serious problem? Doesn't it mean, says the person who is wondering about the desirability of this idea, people who are highly productive are wasting some of their time?

Suppose we have this person who is... Mozart. And we say to Mozart, not only can you compose as part of your job complex, but now in addition to composing you have to do this other stuff like cleaning up, so that your job complex is balanced. Well, every second that Mozart is not composing is a great loss for not just a

few people, but for all of humanity. So, doesn't it make sense to ask Mozart to only compose? But the reply to that, even for Mozart, I think, is, if we organize society so that job complexes with about 20 percent monopolizing empowering work, what we will get is some number of exquisite composers, “X” at any given time. “X” is a big number, 1,000, or 10,000, whatever it might be in a given country. But if we organize society in a different fashion, if we have balanced job complexes, how many people will be doing excellent composing? It used to be the case that 80 percent of society had their skills and talents squashed out of them by their socialization, upbringing, and schooling. With balanced job complexes, that is all gone. Schooling, socialization, and everything else is oriented to have us be the fullest people we can be, the most capable and productive people we can be. We don't have to have our capacities trampled in order to fit slots where there is no capacity needed. That is no longer a part of a participatory economy.

So the first answer is, in a parecon, we will have more Mozarts or composers at a lesser level. We will discover more people who have these talents. Additionally, in an economy, which is organized as ours is now, most creative talent, of course, goes to selling things. It doesn't go to producing works of art that people enjoy, it goes to producing manipulative images or words that try to get people to do things that they wouldn't otherwise have done, as in advertising or other means of manipulation. That is where most artistic talent goes. So, that is the first issue. In the parecon, each talented person spends some time not using their talents, but more talents are revealed and used in total and they are put to more desirable ends.

But let's take a different person; let's take a surgeon. So we have a surgeon now, with our current corporate division of labor, who is doing surgery. And this critic of balanced job complexes says,

“Well, wait a minute. You are saying that in a participatory economy, the person who would have been doing brain surgery in capitalism would have to spend some time cleaning bed pans and other things in his balanced job complex.” – I reply, “Yes, that is right.” And they say, “How can that possibly make any sense? All this training is embodied in this person, all the skills to do the surgery. How can it make any sense for such a person to spend any time cleaning bed pans which doesn't utilize any of that training?”

Well, there are a few answers. The first answer is that, in capitalism, surgeons don't do surgery 40 hours a week. That's not the case, they spend a lot of time playing golf, and they spend a lot of other time manipulating and maintaining hierarchies of power in the workplace. But let's say they did spend 40 hours a week, or 50 or 60 hours a week literally doing only brain surgery. Let's give them their assumptions, a world, that doesn't exist, and still let's see what happens.

Is it the case then that if we have that surgeon not do 40 hours a week of surgery, but 20 hours a week of surgery and 20 hours a week of other stuff that makes it a balanced job complex, it is a loss? Yes, we have lost 20 hours of surgery from that surgeon. What have we gained, other than the 20 hours of less valuable output? We have gained an equitable workplace and an elimination of class distinction. So what we have gained is that 80 percent of the population is now a pool from which there will emerge a tremendous amount of surgical capacity and talent. This capacity will more than offset the individual loss for existing surgeons.

To see how this works, consider that, in the United States, the American Medical Association is an institution of doctors including surgeons. It exists not to further health care, but to defend the relative advantages and power of doctors. And it does

that largely by preventing others from accruing the talents and the skills to do medical work. So it prevents nurses from doing more then a limited amount, which leaves them with limited bargaining power, which leaves doctors accruing more health care wealth. So the answer to the question is, what we gain when we switch to balanced job complexes is not only equity, diversity and solidarity, and not only the elimination of diverse ill effects of class division, but even regarding productivity we gain the productive potentials and capabilities of those 80 percent who are, in a class-divided economy, stamped down.

Beyond remuneration and division of labor, any economy has to deal with allocation. This is the more complicated part of economics. The rest is only difficult in so far as it is very different from what we are familiar with. But, it is not complicated. Allocation can get a little complicated. Each firm has to take stuff in, inputs, with which it produces outputs. How does it get determined how much the firm takes in, how much the firm puts out? How does it get determined what I am going to consume? What, of all the various possibilities, are going to be the ones I am going to consume and how much? How are the relative values of different items that are made available determined? Why is a chair worth 14 shirts, as compared to 12 shirts? What is it that determines these things? The answer is the allocation system.

The two most typical allocation systems employed in economies are markets and central planning. With markets, buyers and sellers compete with one another. They try to get ahead and when the buyer gets ahead, the seller loses; and when the seller gets ahead, the buyer loses. It is a competitive dynamic. Central planning is a dynamic in which there is an apparatus of central planners, which decides the relative inputs and outputs of all the units. In the market system, it is the competitive dynamic between the buyers

and sellers that slowly arrives at the inputs and outputs. In central planning, it is authoritative decree from above. Participatory economics, however, has a different kind of allocation system called “participatory planning.” It is a little hard to describe quickly, but the essence of the idea isn't that complicated.

Workers in their workers' councils including individuals and also groups, teams, and industries, and also consumers in their consumer councils including individual consumers and groups of consumers, have to arrive at economic decisions. There are groups on the consumer side, as well as the producer side, because a lot of consumption is done collectively. For instance, a park is collectively consumed, the roads, the air, whether there is pollution or not. Many things are collective consumption goods that affect groups.

There has to be some sort of communication between consumers organized in their councils and workers in theirs. The communication of central planning takes this form: a central planner sends down instructions, they all send back whether they can fulfill them. The planner sends down instructions, they send back obedience. It is an authoritarian system. In a market system, what happens is the communication is basically each actor proposing what they wish to do, competing in an effort to extract as much as they can. The owner tries to extract as much profit as possible, the employees try to get as high wages as possible, the buyers should try to buy as much as they can for as little as possible, the sellers try to sell at the highest possible price, and so on. In “participatory planning”, in contrast, what happens is the consumers propose what they wish to do and the workers propose what they wish to do. Because of the institutional framework, each is in position to judge and to see and to understand the proposals of the others. There is a second round, where each alters their proposals in the light of the feedback they have gotten from the

whole economy. And there is a third round and a fourth round. What you have is a conscious cooperative effort to determine what inputs and outputs will be. It is a cooperatively negotiated planning among all these actors.

If you work in a capitalist firm, you have an interest in selling as much as possible, to increase revenue as much as possible. You may get a little piece of it as a worker, because the owner has an interest in paying wages in order to profit as much as possible. So if we sell books, and you can get people to use the book as a doorstop instead of reading it, that is fine, who cares. It is the bestsellers list, it is not the most valuable books list, we want to get on. If we can do ads to get people to buy the book subliminally trying to improve their sex live, and the book is actually about how to go fishing, no problem. It is the same with clothes, same with anything else. That doesn't make any moral or social sense. It shouldn't be the case in an economy that you want to produce and distribute something which is not meeting needs. It ought to be the case that you only want to produce more if it fulfills people and that you do not want to spend your time doing work if it is not going to fulfill people, or even worse, if it is going to make people miserable. So you want an economic system in which the true social costs and benefits have to be accounted for. You need to decide what to produce in light of how the products will help and fulfill people, and what will the costs be in using up resources or maybe pollution, or other adverse effects?

”Participatory planning” is a system, which – I claim – accounts for true social costs and benefits, and lets the actors – workers and consumers – influence decisions in proportion to the degree they are affected. So, the final result that you get, such as factory “X” produces so many books, so many bicycles, so many shirts, whatever it may be, and Michael consumes so many shirts, so many

this, so many that, and so much other stuff, and works so much at a balanced job complex; this occurs so that the sum total result is in accord with people's desires and tastes and preferences and respects, effects on the environment, effects on social groups and so on. This is what I think, "participatory planning" achieves via its negotiated cooperative, exchange of information and preferences between councils.

What happens if there is a participatory economy in one country and a capitalist economy in another country? Well, it depends. If there is a participatory economy in a relatively small country and the capitalist economy is in the United States, the United States will seek to squash it, because of what is called the threat of a good example. The United States would want to prevent it from showing the world that it is possible to organize an economy in a way that is humane, that is beneficial, that meets needs and develops potentials and supports values that people aspire to. The U.S. would not want that set of possibilities to become known and advocated. If a movement begins to get close to creating a participatory economy in say Brazil, in Argentina, or in any of a couple of hundred other countries in the world, there will be tremendous international pressure to resist and turn back that process, largely from the United States, Europe, and so on. Even if such a movement would grow in France or in Italy, and if it wasn't happening simultaneously elsewhere, there would again be tremendous international pressure from the United States. That is what empire is all about. The possibility of preventing this pressure from having adverse effect rests with the population of the United States, or Germany, Europe and so on. Movements here have to protect the movements elsewhere from being crushed by us.

Participatory economics is not going to be won in the United States or in Cuba or in South Africa or where ever else next week,

next month, or even next year. It is going to take time. So the question is, what difference does it make to have this vision in your heads for the future? I think it makes a lot of difference.

People ask activists all the time, what are you for? I think they ask that for a very real reason. If you told me I should join a movement against gravity and I said back to you, “You are crazy, go, get a life.” You would understand me. Likewise, if I gave a moving speech about how gravity limits us, or how aging kills us, and then I said, “Join me in a movement against gravity,” or “Join me in a movement against aging,” and people laughed at me and said, “Go get a life, grow up, face facts,” I would have to admit that they were right. But that is what people say to us when we say, “Come join us in a movement against exploitation,” “Come join us in a movement against poverty,” “Come join us in a movement against war,” “Come join us in a movement against racism.” Many say, “Grow up, face facts.” They don't say, “There is no war.” They don't say, “There is no poverty.” Everybody knows there is war and poverty. Just like everybody knows there is aging and gravity. Everybody knows that they ravage us. Just like they know aging ravages us. But they don't join the movement against injustice just like they wouldn't join a movement against aging. And I think a large part of the reason why they don't join the movement against injustice is, continuing the comparison, because they feel it is like gravity or like aging, in that injustice too is inevitable. There is no alternative. There is no way that we could live on a planet that would not yield poverty and racism and all the rest of it. Their view is not that racism or war or inequality is good – or that it doesn't exist. Their view is, “This is just the way it is. So grow up, take into account the reality that we confront.”

I think vision is critically important to help undo that cynicism.

Margaret Thatcher said TINA – there is no alternative. And it isn't enough to reply back, yes, there is an alternative. That is not enough. That is not convincing. It may convince me, it may convince you, but it is not going to convince a 150 million people, or three billion people. People need more than just an assertion. If I assert social movements can end aging, come join me, you don't buy it. You think it is ridiculous. If I say social movements can end war and poverty, most people don't buy it. They think it is ridiculous. So we need compelling vision, which huge numbers of people can, in time, posses, which gives people hope, which gives people the feeling that something better really is possible.

If I work hard and have very little leisure time and somebody comes along and says, “Come join my movement. Come spend what little time you have or at least a significant portion of it struggling in the movement – it is true – it is a struggle, it involves risk, come do that.” “But, why should I do that?” I will reply, “What you are asking me to fight for seems highly unlikely to be won, and if it is won, to make very little difference, because it will just be rolled back. Why should I join your movement? Given that I already understand what your movement has been telling me for thirty years, that capitalism is powerful, that capitalism exudes pressures which control and contours everything. So if you win a little higher wages, capitalism rolls it back. If you win better conditions, capitalism rolls it back. If you win more democracy, capitalism rolls it back, and so on. If I feel that way about the way the system works – which is the way you tell me to feel about it – why should I give my very scarce time to your hopeless movement?”

Some people go out to inspire people and say, “To fight the good fight.” In the United States, this is an expression on the left, “Fight the good fight.” It is sort of like, go fight Mike Tyson and

get your head whipped. Fight the good fight! You are going to lose, but it is the right thing to do. Most people don't want to fight the good fight just for the hell of doing it. They care for their families. They don't want to sacrifice their families by giving up some of their time in order to fight the good fight and get smashed. So, part of the reason why we need vision is to communicate that it isn't just a good fight, but a fight for something real. And, we need strategy too. We need to be able to convey a picture of how people's participation would yield immediate benefits that last and that accrue into a whole new world. So, that is part of the reason for vision. It is largely an emotional or psychological reason.

Another reason why we need vision is to orient what we are doing. It is very possible to seek a new world and wind up with something that you did not want. It has happened over and over again. So, this is one of the reasons that you need to know what it is that you actually desire to achieve. It is so that the process and the struggle and the strategy that you engage in take you to your preferred destination instead of taking you to some new land of horrors. If you have participatory economics as a goal, for example, it has implications for how you should organize and develop movements. It has implications regarding the internal division of labor in our movements, that we should incorporate balanced job complexes. Our activism should lead into the economy that we want. We should not be replicating the hierarchies that exist now, we should not have norms of remuneration, the way it is in society now, but we should view it according to our new norms, that we appreciate, that we learn from, that lead toward what we want.

We should be able to offer with respect to international relations, demands about the IMF, the World Bank, and so on and so forth that aren't just good in the sense of benefiting people, but that also

lead toward what we want. And I think, vision can, in other words, provide motivation, provide hope, provide commitment, and it can also guide. It can let us know, where we want to go, what we should be doing to get there.

Not having vision is as if you went to the airport and you knew only that you wanted to leave. But you didn't know where you wanted to wind up. So you say: Give me a ticket, and you throw money around, and somebody gives you a ticket, and you get on the plane. You very likely wind up some place worse than where you started and certainly not at your preferred destination. That is not smart. To take a trip, you should know not only that you want to leave where you are, but also where you want go, at least in its broad contours, lest you make horrible mistakes in your travels. The same holds for social destinations.

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