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# Participatory Economics and the Self-emancipation of the Working Class

Tom Wetzel

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# Contents

What is Class? . . . . .	5
The Techno-managerial Class . . . . .	6
The “Communist” Countries as Techno-managerialist . . . . .	8
Structuralism Need Not Be Deterministic . . . . .	9
Structuralism versus Neoclassical Economics . . . . .	11
What is Participatory Economics? . . . . .	13
1. Worker and Consumer Self-management . . . . .	14
2. Participatory Planning for Allocation . . . . .	15
Why We Say, “Abolish the Market System!” . . . . .	16
Central Planning is Techno-managerialist . . . . .	18
What is Participatory Planning? . . . . .	19
3. Balanced Jobs . . . . .	20
4. Consumption Shares Based on Work Effort or Sacrifice . . . . .	21
Implications for Strategy . . . . .	25
How Does the Working Class Become Revolutionary? . . . . .	26



aware of differences in skill development and consciously work to bring out in people their latent abilities, to play a positive role in the movement. There are a variety of things that can be done in this direction. Things like encouraging people to speak, to participate in debates, study groups and activist schools to develop knowledge and the ability to theorize one's experience, to develop speaking and writing abilities, and to develop critical thinking skills.

Through a conscious and collective practice of developing skills in people, we can ensure that people are better able to play an active role in the movement.

If organizations are not to be simply run by professional cadre or reduced to a hardcore of committed activists, we need to figure out ways that make it easier for the average working person to be involved in movements.

We also need to develop within organizations the equivalent to the participatory economics idea of balanced jobs. The idea is that we do not want to replicate a techno-managerial hierarchy. We want to consciously work to share knowledge and skills, to develop leadership skills and knowledge in the rank and file participants.

A slogan that has been popular among quite a few syndicalists, anarchists, and Marxists was Flora Tristan's saying from 1843:

The emancipation of the working class must be the work of the workers themselves.

This slogan assumes that it is possible for the working class, through its own collective action, to create an economic system where workers are no longer a subjugated and exploited class. I am assuming here that class is to be understood as differentiation that is caused by the existence of power relations over the system of social production. Social production I take to be the system by which humans create goods and services for each other. The "self-emancipation of the working class" thus assumes that a classless society is possible.

How is this possible? My take on Participatory Economics is that it is an attempt to specify, in an economic program, what the necessary conditions are that would need to be achieved to have a sustainable economic system in which workers are no longer an exploited, subjugated class; that is, Participatory Economics is an attempt to specify the structure of a classless economic system, and thus an economic program for the "self-emancipation of the working class."

## **What is Class?**

From the point of view of radical political economy, a plausible account of how capitalism works requires that we look at the various ways that different groups exercise power over production and allocation in the economy. A basic explanatory hypothesis, then, is that there is a division of society into classes based on the most basic power differences in social production. Larry Ellison doesn't have the same power at Oracle as a janitor or system administrator.

But what sort of power is the basis of class difference? Here is where Participatory Economics differs from Marx. Marx held that class antagonism in capitalism is based on the ownership of the means of production. This leads Marx to hold that there are only two main classes in developed capitalism.<sup>1</sup> The people who own the means of production are the capitalist or investor class. The proletarian or working class are those who are forced to sell their capacity to work to capitalists, due to the fact they do not have means of production which they could use to earn a livelihood within the market.

The worker who sells an employer the right to make use of her working abilities for a period of time can't separate herself from the abilities she sells. She can't tell her working abilities to go to the office or store and stay in bed. She has to be there herself. But will she be motivated to use her working abilities in ways that would be profitable to the owners who hire her? That is not a foregone conclusion. Marx considered the distinction between a worker's capacity for work and the work he or she actually does for the capitalist firm as the basis of a struggle, a class struggle.

## The Techno-managerial Class

But Participatory Economics points out that, in fully developed capitalism, there is not only the capitalist class and the working

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<sup>1</sup> Anarchists often accept Marx's two-class theory. For example, this is what the Workers Solidarity Movement says: "Classes are defined by their relationship to the means of production; their relationship to the factories, machinery, natural resources, etc. with which the wealth of society is created. Although there are groups such as the self-employed and the small farmers, the main classes are the workers and the bosses. It is the labour of the working class that creates the wealth. The bosses, through their ownership and control of the means of production, have legal ownership of this wealth and decide how it is to be distributed." (<http://flag.blackened.net/revolt/ws91/class31.html>) I like to use the phrase "the bosses," too, but notice how it slides over the distinction between the capitalist and techno-managerial classes.

The Wobblies have an old slogan, that "We Are All Leaders." As an ideal, as what we aim for, I think that is right. But the question is, How do we ensure that our practice comes to approximate to that ideal?

The existing society is divided by all kinds of inequalities, inequalities of access to education and knowledge and opportunities to develop skills. Inequalities along lines of class, education, gender and race will be reflected in these differences in people in these ways.

Some people have more knowledge about how things work, a more theoretical understanding, some have more formal education than others, some are more self-confident than others, some have had opportunities that have enabled them to develop skills like public speaking or articulating ideas. Others may have the latent ability to develop such skills but they've just not had the opportunity to develop them through practice.

Someone who has worked for years taking orders from bosses, from people with more education than them, may have developed a habit of deferring to people who more authoritative or more educated.

That there are these differences in the real, presently existing capabilities of people is a consequence of what I called the "structuralist" theory of society, that your position in the class structure or other structures of inequality like patriarchy and racism, will also affect what skills, preferences, habits you have or lack and how you tend to view your life prospects.

This tells us that any movement that organizes itself in a purely spontaneous way will spontaneously tend to replicate within itself these inequalities that have been shaped by the larger capitalist society. That's because, if we do not have a program for overcoming the effects of the structures of inequality on people, they will simply be reproduced within mass organizations or movements.

This means a genuinely egalitarian movement cannot be created in a purely spontaneous fashion. We need to consciously be

## How Does the Working Class Become Revolutionary?

The working class is not revolutionary now. If anyone thinks they are ready right now for a spontaneous revolution, they will need to provide us with an explanation of why the revolution hasn't already happened. Social systems of oppression reproduce themselves over time by the social structures, like class position or structural racism, having an impact in the psyches and habits and expectations and behaviors of everyone. That is why a revolution that can overcome oppression, and not just replicate a new form of oppression, requires a more or less lengthy process of change in the working class itself, a change in people.

If the working class is to emancipate itself from class oppression, it must gain the self-confidence, leadership skills, self-organization, and cohesion that would enable it to take over the running of production. That is, it must change itself. And it does so through a process of struggle, of becoming mobilized and self-organized. This is because people learn about the structure of power that dominates them by fighting it, and they acquire more motivation to learn more and acquire skills to organize by making the commitment to fight.

The development of larger-scale movements also begins to give the people involved more power, and this then alters the perceptions of ordinary folks because now they see that there is perhaps the power to change things. And the degree of change that people begin to see as possible will be shaped by their perception of the willingness of others to fight, and to support each other.

But if we are to have a self-managing, emancipatory outcome to a revolution, the movements for social change that are the main social forces must be themselves self-managing in order to develop the right habits of thought and expectations and capabilities in the participants.

class. There is a third class, another group of hired labor whose role is to control the labor process, to control the working class.

This is the group I call the techno-managerial class; Michael Albert and Robin Hahnel call this the "coordinator" class but the meaning is the same.

Entrepreneurial owner-managers like Larry Ellison or Bill Gates are of course capitalists, but many managers do not have major holdings in companies they manage; they are members of the techno-managerial class. Also in this class are the various financial officers and key advisors and consultants who help run corporations and control the workforce – lawyers, top engineers, architects, and so on.

This is the group into whose hands are concentrated the levers of decision-making power, of conceptualization of how things are to be produced and what is to be produced, and of supervision and control over the workforce.

The power of this class is based on things like credentials, education, expertise, connections, knowledge related to power and production. A person who does financial analysis and decision-making about production month after month gains a concentration of knowledge about the running of production. A person who runs a lathe or sweeps the office, even if he or she has gone to college, isn't as likely to gain that kind of knowledge critical to power in the economic system.

The techno-managerial class tends to have a meritocratic or professionalist outlook reflecting the basis of its power.

This class is separate from the working class in virtue of the power they have over it, yet they are separate from the capitalist class because, like the working class, the power and economic prospects of the techno-managerial class are not based on ownership but on their work abilities, their knowledge and expertise. This class has conflicts with the investor or capitalist class above it, and struggles with the working class below it.

## The “Communist” Countries as Techno-managerialist

What this tells us for the project of working class self-emancipation is that we must have a program that can not only eliminate the subjugation of the working class to a capitalist class, we need to also have a program to eliminate its domination by a coordinator or techno-managerial class.

A lesson of the 20th century, in our view, is that the techno-managerial class has the capacity to become a ruling class. This is exactly what we think happened in the countries ruled by Marxist-Leninist parties – the USSR, China, Cuba and so on.

Some Marxists and anarchists like to refer to the former Soviet Union or Cuba as “state capitalist.”<sup>2</sup> But this is misleading because it is based on the Marxist bipolar division: Only labor or capital are classes around which an economy can be organized, so if labor is subjugated, the system must be capitalist.

The failure to recognize the existence of the techno-managerial class, and its ability to be a ruling class, is a key blind spot in the thinking of Marxism and some anarchists as well. It also makes it difficult to explain the differences of the Soviet economy from capitalism, such as the absence of the private accumulation process driven by market competition. A key factor in the crisis that led to the Soviet system’s demise was the tendency of managers to hoard labor and other resources to ensure they could meet the requirements of the techno-managerial planning hierarchy. This differs

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<sup>2</sup> Workers Solidarity Movement says: “Since the early 1920’s anarchists have recognised that the Russian economy is capitalist because it maintains the separation of producers from their means of production and undervalues their labour to extract surplus value for a ruling class as in all Capitalist countries.” The “separation of the workers from their means of production” refers only to the ownership relation. And further: “Absence of private property in the Soviet Union is often put forward as evidence that Stalinist countries are not Capitalist but some new ‘Post-Capitalist’ property form.” Note that they assume here that it is the property ownership relation that determines the class nature of the system.

## Implications for Strategy

Lastly, I want to point out that participatory economics has implications for strategy, for what we do and how we organize now.

The nature of any new social formation that emerges from major social conflicts, or an upheaval that takes on a revolutionary dimension, will be determined by the character of the main social forces at work in that process.

This means that a movement run by and for workers, that is characterized by the properties of internal self-management espoused by participatory economics, will be essential in the revolutionary process and the emergence of such a movement will prefigure and foreshadow that change.

The only way that we can ensure that a society that is self-managing emerges as the result of such a social process is if the main movements that are working for change have a self-managing character and practice, so that people have developed the egalitarian and democratic practices and habits required for society itself to be self-managed.

The way in which people organize themselves for change is important in shaping what the outcome will be down the road.

How do we ensure that social forces in a revolutionary process do not contain within themselves the seeds of a new techno-managerial class emerging, as has happened in the various “Communist” revolutions?

To avoid this outcome we need mass organizations that avoid corporate-style hierarchies, or hierarchies that concentrate the expertise, knowledge, and decision-making in a few.



to us for production. But if people do not have any limits on what they are permitted to demand for their consumption, we can't have any meaningful way of measuring how much they prefer various productive outcomes.

Some people would respond to this by pointing to the community and workplace assemblies, as the means of input for preferences. However, if decisions about allocation and consumption were made in a purely collective fashion by neighborhood or work assemblies, this leaves no room for individual or sub-cultural diversity in preferences for production to be reflected appropriately in what is produced.

Having decisions about what styles of shirts are to be produced made collectively by assemblies denies to each person the personal self-management of their own consumption decision about shirts. It violates the principle of self-management.

Participatory Economics thus proposes an alternative consumption principle, for those who are able to work:

To each according to their work effort or sacrifice.

The idea here is that your effort or sacrifice is really the only thing that is under the voluntary control of each person, and so it is thus the only equitable way to determine consumption shares.

Once jobs are "balanced," as proposed by Participatory Economics, the level of sacrifice or effort required by jobs will tend to be similar, so size of consumption shares, based on work, would tend to be equalized, and consumption differences would be mainly determined by how much each person chose to work, and perhaps modified by considerations of need as determined by the particular community.

from the capitalist tendency to generate a "reserve army of the unemployed" to restrain prices for labor-power in a labor market.

The key historical meaning of the "Communist" experience is that the working class remained a subjugated and exploited class despite the fact that there was no capitalist ruling class; this could happen precisely because the techno-managerial class has the capacity to be a ruling class. The historical lesson we should draw from this is that we need an economic program that can show how the division between the working class and techno-managerial class can be eliminated in a post-capitalist economy.

## **Structuralism Need Not Be Deterministic**

Participatory Economics derives from the tradition of radical political economy. This tradition assumes that society has a structure, that there are power relations, relations that structure inequalities of power in society.

Class is the basis of the economic structure, but Participatory Economics does not assume that it is the only social structure, it does not assume that class is the only form of oppression. Rather, the existing society is a complex system of oppression, that is riven by a variety of structures of inequality – gender inequality or patriarchy, structural racism or national oppression, and structures of political authoritarianism like the state. These other structures of oppression also give rise to dynamics of conflict and struggle which have their own dimension and are interwoven with the class system.

When we look at the class or economic structure, we are abstracting from this more complex totality. Of course, we can ask, What is the relationship between economic structure and things like racism, sexism, and the state?

Marx put forward the view that the economic structure is more basic than the structures or dynamics of gender, race or national-

ity, or political conflict or state action. To say that the economic structure and class conflict are more “basic” than racism, for example, means that, for Marx, the emergence and development of racism is to be understood in terms of how it derives from the economic structure<sup>3</sup> – for example, that it helps the domination of the bosses to divide the working class. Marx’s “historical materialism” is based on the hypothesis that the economic structure is “more basic” than the structures of patriarchy, racism, and the state.

Participatory Economics does not presuppose either an acceptance or rejection of Marx’s “historical materialism.” Michael Albert and Robin Hahnel hold, in fact, that the economic or class structure, patriarchy, structural racism or national oppression, and political authoritarianism or statism are all equally basic forces in the existing society.

Nonetheless, even if one rejects “historical materialism” and rejects the idea that economic structure and class conflict is more basic than the other forms of social oppression, it does not follow that class struggle is not central to the process of social change, and the elimination of capitalism. To see the importance of class struggle to the process of change, it is sufficient to see that class oppression is in fact basic to the existing capitalist society, even if other forms of oppression are not reducible to class division.

The power of numbers and the importance of actions involving mass worker movements such as seizures of economic facilities are quite clear in revolutions and major challenges to capitalist power in the past century. The working class form the majority of the population and their subordination in social production is a central facet of the existing system of oppression. The emancipation of the working class is not possible without their active involvement in the process of social change.

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<sup>3</sup> For example, this is how Milt Fisk explains the Marxist concept of class as basic in *Ethics and Society: A Marxist Interpretation of Value*, (1980) p. xv.

of production is simply an open-access resource for people to take whatever they want.

For one thing, isn’t this just an encouragement to the most greedy and aggressive to consume more, and leaving less for those who are not as self-assertive of their “need” or who have more scruples? And is that the sort of result we want to encourage? And don’t we want to limit the amount of time we all have to spend working? And how can we do that if there is no limit to what people consume?

To avoid wanton waste, we need to be able to measure what economists call the social opportunity cost of the inputs and outputs of the production process. If I spend my work time making shoes, I can’t also spend that same time building houses or writing books or whatever. That follows from the laws of physics – I can’t be in two places at the same time. So, if my work time is committed to making shoes, there are a lot of other things that I could have done that I won’t be able to do. All those things that won’t get done are the “social opportunity cost” of me spending my time making shoes.

Or if we use a piece of land to grow pinto beans, we can’t also use that same land to grow canteloupes or to build houses on or use for a soccer stadium. So, if we commit a piece of land to growing of pinto beans, all the other things that we now can’t do with that land are the social opportunity cost of using that land to grow pinto beans.

To ensure that our economic activity isn’t wantonly wasteful, we need some way to measure how much we value the inputs and outputs to production. This is in fact the role that prices play in Participatory Economics; prices do not require the existence of money as cash or capital.

But in order to measure the value to us of the inputs and outputs to production, this requires a social communication process in which people register what their preferences are for the possible things we could produce using the various resources available

How is each person to gain access to their share of consumption? What is the principle governing distribution? How does a person become authorized to consume at a given level?

The most controversial part of Participatory Economics is the answer it gives to this question.

One traditional principle about consumption that some Marxists and anarchists have put forward is the communist principle,

From each according to ability, to each according to work.

The “from each according to ability” part has been interpreted by anarchists like Makhno<sup>5</sup> and Isaac Puente and the Spanish anarchists of the ’30s to mean there is a requirement for able-bodied adults to work. This is basically the idea that we won’t allow there to be social parasites.

As to the “to each according to need” part, I think this does make sense in a lot of cases. If someone is injured in an accident, it’s an impulse of simple human solidarity to say they should be taken care of, irrespective of whatever they may have done to contribute to social production.

And Participatory Economics accepts this idea, and says that how far it is to have application is really up to particular communities to decide, and may differ in different areas of the world, depending on their particular political history or culture.

Nonetheless, what we do also say is that it isn’t feasible to run an entire, complex, industrial economy, with millions of people and tens of thousands of products, on the basis of the “to each according to need” principle, if this is interpreted as saying that the output

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<sup>5</sup> See pp. 230-231 in Alexandre Skirda, *Facing the Enemy*. Or Abad Diego de Santillan: “Work in the new economy must be a social obligation.” After the Revolution (1937), 1996 Jura Books edition, p. 80.

At the same time, the existence of multiple forms of social oppression, and the way that racism and sexism are interwoven with social production itself, means that any such social process of change is also likely to involve an alliance of social movements, not limited solely to issues and organizations developed along lines of class such as workplace unionism. Nonetheless, self-managing mass organizations based in the workplace struggle, as envisioned historically by anarcho-syndicalism<sup>4</sup>, would be a key component of the alliance of forces for change in the direction of social self-management.

## Structuralism versus Neoclassical Economics

Because the tradition of radical or critical political economy sees class structure or structures of power over production and allocation as necessary to have adequate explanations of how the economy works, and to our understanding of why people have the preferences and beliefs they do, and why they act as they do, it is a structuralist theory. This differs from the dominant, mainstream economic theory – “neo-classical” economics, which tends to reduce all explanation to an assumed distribution of preferences among people.

The reduction of the explanation of the workings of the economy to “preferences” is necessary to the propaganda goal of neo-classical theory; their aim is to try to legitimize capitalism as a system that does the best job of meeting everyone’s desires, and in so

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<sup>4</sup> As I understand it, anarcho-syndicalism is a revolutionary strategy; it holds that workers self-emancipation, and the creation of an economy based on self-management, is made possible through the emergence of mass self-managed workers organizations, rooted in the class struggle. The self-managed character of these organizations both prefigures workers self-management and provides the means for workers to create such a self-managed economy. See my talk at: <http://www.zmag.org/content/showarticle.cfm?SectionID=41&ItemID=2515>

doing, to mask the structures of oppression that capitalism is based on.

This doesn't mean that radical political economy refuses to recognize that there are such things as preferences. "Preference" is a better term than Marx's term "use-value" because it brings out the fact that use-value is a relative property. A knife has use-value as a pencil-sharpener; I've used knives to sharpen pencils. But I'd prefer to use a pencil-sharpener because it is better, it doesn't use up the pencil as fast. So, the utility that things have for people is always relative to the alternatives that are available to them.

But how are preferences shaped or caused? Why do people have the preferences they have? Neoclassical economic theory takes preferences for granted, it does not explain how they may be impacted by economic structures and activities. Rather, it is assumed that preferences are fully-formed external to the economic system. This is a highly implausible theory about human preferences. This theory is derived from the liberal individualist or egoist theory of people as fully-formed prior to their membership in social formations or social structures.

A structuralist view, on the other hand, will tend look at how people's preferences are shaped by things like their position in the economic structure, or the dynamics of the capitalist system. If a person is forced into a life of working always under the thumb of bosses, if their prospects are dependent on pleasing someone who has power over them, what effect will that have on that worker's personality? If people are subjected continually to manipulative and widespread advertising campaigns, and only certain kinds of consumer goods and not others are readily affordable or available to them, will that have an impact on your "preferences"?

I think it clearly will. A busperson or janitor who takes the bus to work and who shares a rented apartment with four people will tend to look at life and politics a bit differently than a corporate lawyer who owns an apartment building.

The idea is that jobs would be systematically re-designed throughout the economy. What we would look at would be things like the tasks that involve creativity, conceptualization, decision-making or personal empowerment in the economy, on the one hand, and tasks that involve rote work, the doing of manual labor or the not especially pleasant aspects of production.

And what we do is we re-design jobs so that they are balanced between skill and design work on the one hand, and the doing of the physical work, the less desirable or less empowered work. We also systematically change the educational system to democratize access to expertise and information and training, we integrate this with the system of production itself. The idea is to facilitate everyone having the opportunity to have their skills and talents developed, and yet everyone also must do their share of the grunt work, the sheer physical labor of production.

To take an example, right now people are hired in transit system hierarchies to do service planning typically only if they have college degrees. Meanwhile, there is a large group of people who are expected to do the stressful work of driving a bus day in and day out. Yet in fact a lot of bus drivers have an interest in transit and transit planning issues. Some fairly simple techniques are involved in service planning, including rules of thumb and use of some simple mathematical techniques. These things can be taught. So, with balanced jobs, you might have someone who would spend part of their time at work doing service planning or system design work, and part of their time cleaning or driving buses.

That's basically the idea of balanced jobs.

#### **4. Consumption Shares Based on Work Effort or Sacrifice**

There is one further question that any viable economy must have an answer to:

tion to this is the neighborhood councils and federations of these, which deal with collective consumption proposals. But individuals are also allowed to make inputs about what they prefer for their personal consumption.

Workers also make proposals for what they are prepared to produce and for enhancements they want to the work environment.

Through a process of social communication and interaction, which enables people to become aware of the social and environmental consequences of their consumption and production proposals, a process of society-wide negotiation then ensues. There is a back and forth process and the plan itself ends up simply as the aggregation of the proposals from the base, from consumers and producers, once agreement is reached.

There is no construction of a plan by a separate planning body or hierarchy, though of course there would be research and development groups, which are just workplace groups, who could make proposals and give their evaluations of the options. There also need to be groups to aggregate the result of all the inputs from everyone and publish the results.

Participatory planning is the way that we ensure that production is responsive to both the human and environmental costs of production, and also the way that we avoid wanton waste, because it ensures that the system does respond to what people's consumption and work preferences are.

### **3. Balanced Jobs**

There is one more component of Participatory Economics that is also part of our proposal for how to avoid a techno-managerial ruling class from dominating in a post-capitalist system. This is the proposal of balanced jobs.

This is a program that we envision being carried out by the worker federations in industry and is a basic item to ensuring the empowerment of ordinary workers.

Nonetheless, in saying this, I am not suggesting that one's position in a class or racial or other social grouping fully determines what a person does or what they believe, or what they prefer. Structuralism is not necessarily deterministic. I'm saying that structures are factors, they tend to have certain kinds of consequences. Structures are the background capacities of things against which events take place, and which shape the outcome.

It may help here to make an analogy. Let's say I pull out a match and strike it on the sole of my shoe and the match bursts into flame. The end result is a burning match. The stimulus event was me striking the match. But the stimulus by itself isn't sufficient to explain what happened. What if the match head was wet? What if it was a fake plastic match? What if the match stick was so rubbery I couldn't get any traction? So, to explain why the match burst into flame we need to bring in these more stable background factors that we take for granted – the chemical composition of the match, its dryness, the rigidity of the matchstick, and so on.

Those are what I'd call structural factors in the explanation. They are part of the more or less stable background in which the causal process of getting the match to light happened. The idea of a structuralist social theory is that class division and other forms of structural oppression like patriarchy are a background structure like this; it is something you have to look at if you want to get a complete and accurate picture of why things happen the way they do in society.

But the structures by themselves do not cause events or behaviors. They are the background against which events happen and help to shape the outcome.

## **What is Participatory Economics?**

Participatory Economics is an attempt to answer the basic questions that any viable economic program must answer and to

provide an economic program that can ensure that the working class will not be subjugated to a techno-managerial class in a post-capitalist society.

Some people react to Participatory Economics by imagining it to be a kind of blueprint of exactly how people are to live, like Edward Bellamy, Charles Fourier and the other 19th century “utopian socialists” tried to do. But I think that is a misunderstanding. As I interpret Participatory Economics, it is an attempt to specify simply an economic structure, a framework that will enable people to control their own lives, and pursue lives as determined by them, based on their emancipation from class oppression.

Participatory Economics consists of only four components:

### **1. Worker and Consumer Self-management**

First, any economic program must answer the question,

How is the economy run? What is the economic governance structure?

The answer that Participatory Economics proposes is that the basic building blocks for economic decision-making be directly democratic worker councils, and federations of these, as the means to implement self-management in production, and directly democratic neighborhood councils, and federations of these, to implement self-management in regard to consumption.

If there is a hierarchy or class that controls your work in production, if you are subordinated to their aims, this violates the human need for self-management, to have one’s productive activity reflect one’s own plans and goals. Participatory Economics defines self-management in terms of the following principle:

Each person is to have a say over decisions that affect them, and each person is to have a degree of say in proportion to the degree they are affected by them.

tendency to lead to the entrenchment of a techno-managerial ruling class.

That’s because, as long as there is a separate expert planner group who make the plan, apart from the workforce and the general populace, the relationship of the plan-making group to the workforce becomes a relation of order-giver to order-obeyer. We believe this relationship is implicitly authoritarian, and will tend to lead to the replication of internal hierarchy within the production groups themselves, because the central planners will find it more efficient and easier to deal just with one person at the head of a production facility, who can assure enforcement of the plan.

Further, being in a position to make the plan means the planning group would amass knowledge and expertise not available to others, which would make others dependent on them. The relative monopoly over “human capital,” expertise and knowledge, is the basis of a techno-managerial class.

### **What is Participatory Planning?**

Okay, so what’s the alternative? We say that the alternative is to have the entire population directly create the plan themselves. We say everyone should be able to be planners, and participate directly in the formation of the plan. We say the education system and the availability of information should be such as to facilitate this.

This leads to what we call participatory planning. Participatory Economics has a particular suggestion or proposal for how this could work. This doesn’t mean that all decisions are to be made in big meetings. Actually, on the participatory economics proposal, many inputs to the planning process are made directly by individuals, and do not require meetings. In particular, we make a distinction between collective consumption and private consumption.

Capitalism tends to underproduce collective goods and services, and tends to overproduce collective “bads” like pollution. Our solu-

started out in control of the various workplaces through workers councils or collectives.

For one thing, a labor market will give free reign for those who have amassed more “human capital,” more expertise in key information about technology or success in the market, to get firms to give them perks and privileges to get them to work for that firm.

Market competition will atomize workers and get in the way of them agreeing to certain common conditions out of self-defense and solidarity. Risks of losses in the market will tend to encourage workers to hand over tough questions to someone else, to let bosses decide.

As workers become increasingly dependent on people with expertise, and management knowledge, they will become increasingly under their control. If someone spends months, day in and day out, working on financial analysis and planning, and someone else just runs machines or sweeps the floor, how are the workers going to be able to question management decisions? How will they have the information and knowledge to be a real factor in the big decisions?

## **Central Planning is Techno-managerialist**

Okay, so we’re against the market. But we’re also against central planning. And by central planning I don’t mean just the crude, authoritarian form of central planning that existed under Stalinism in the Soviet Union.

There are also proposed economic programs that we would call “democratic central planning,” such as the proposal of Castoriadis in Workers Councils and the Economics of a Self-managed Society or other proposals that involved giving power to craft a plan to a body of elected representatives, with advice from expert planners. The problem is, we believe that such a system would also have a

There are many decisions about work that primarily affect the people in that workplace, the people doing the work, and this is why it is necessary to have vehicles of self-management over work. These are the worker councils, based on face-to-face workplace assemblies.

But there are also decisions that affect people primarily in areas of consumption, such as what kind of housing we want to live in. We therefore need to have vehicles of self-management in the sphere of consumption. The building blocks for self-management in the sphere of consumption are neighborhood councils – geographic bodies based on face-to-face assemblies of residents.

Participatory Economics, however, does not assume that all decisions are necessarily collective. The decision about how to arrange the furniture in my dwelling or what style of shirt I prefer is nobody else’s business but my own. I get to have control over those decisions.

## **2. Participatory Planning for Allocation**

A second question that any viable economic program must have an answer for is:

How are our scarce resources, and especially our precious and limited human time, to be allocated to the production of goods and services? What is the method of allocation?

First of all, I’ll note that scarcity is in fact an inevitable part of the human condition. There are only 24 hours in the day, the laws of physics prevent each of us from being in two places at the same time. If we spend time building houses or making shoes, we cannot also spend that time doing something else.

No economic system will be viable if it is wantonly wasteful in its use of scarce resources, if it does the equivalent of having

people dig holes and fill them in again. For one thing, one of things we would like to have from the emancipation of the working class from oppression is a reduction in the time spent in required work making things for each other. We can't achieve that if we have a system that is wasteful of our work time.

When I say this, I am not saying that for Participatory Economics efficiency or avoidance of waste is the primary value. On the contrary, the primary values for Participatory Economics are putting an end to class oppression and other forms of oppression, ensuring that the working class does not end up under the thumb of a new techno-managerial ruling class as it has in all "Communist" revolutions, and generating an economic structure that supports human solidarity rather than a narrow competitive struggle for advantage over others, and which respects the diversity of human subcultures and individuals.

However, we argue that avoiding wanton wastefulness is an additional necessary condition that an economic system must achieve, consistent with our primary values, if it is to survive.

This is why it is necessary to have a viable answer to the question about allocation of resources.

The two conventional answers to this are the market or central planning.

## **Why We Say, "Abolish the Market System!"**

Mainstream neoclassical economics claims that the market, at least under some abstractly possible but never actually realized ideal, allocates scarce resources so as to best satisfy people's desires. As I see it, this is mere propaganda; the market is actually a system for the allocation of resources by naked economic power. As structuralists, we point out that there are in fact a variety of economic structural features under capitalism that affect allocation – the most important is ownership of the means of

production, but also there is relative monopolization of expertise and levers of decision-making power, concentrations of market power, and things like the success of working class cohesion in struggle against the bosses, which augments their bargaining power within the system.

So, a market is basically a system of allocation by bargaining power.

Participatory Economics on the other hand, is market abolitionist; we agree with that part of the "communist" tradition in radicalism. Here I will mention two reasons we're against the market.

First, markets are in violation of the principle of self-management.

Suppose you drive your car to the local Shell station and buy some gas. Well, the only people who have any say over that transaction are you and the gas station owner; that's the way markets work. Only the buyer and seller have a say.

But, the thing is, other people are impacted. By driving your car you get to stuff your exhaust into other people's lungs. They are deprived of any say over that. Currently the capitalist system is destroying the planetary climate system through over-production of carbon dioxide. This affects people throughout the world but the present system gives them no voice over this. A market system is actually dictatorial since it allows the people who engage in the buying and selling of gasoline to dictate what people will breath without them having a say, and so on for many other effects that are external to the buyer and seller of the market transaction.

These "negative externalities" are a pervasive problem of markets.

Secondly, we also believe that if the market is combined with collective, public or state ownership of the means of production, markets will inevitably lead to the entrenchment of a techno-managerial ruling class. The working class will continue to be a subjugated and exploited class. This would be true even if workers