

A Review Essay: In Search of Economic Justice

ROBIN HAHNEL HAS WRITTEN an important book that will be of real value to all libertarian socialists (a term he uses very broadly to cover anyone who wants to replace capitalism with a system characterized by the direct control of workers and consumers over their own economic activities).

The book is divided into four sections. In the first section, Hahnel examines the concepts of economic justice and economic democracy in an effort to get the Left to have a clearer sense of what its aims ought to be. He also tries to dispel various myths that, he argues, have debilitated movements for economic justice and democracy in the past. Part two is a critique of capitalism, of Communism (using the term as popularly understood: the single-party states with centrally-planned economies, exemplified by the Soviet Union), and of social democracy, as well as an analysis of where libertarian socialism went wrong.

In part three, Hahnel examines democratic postcapitalist visions. He analyzes market socialism and community-based economics and finds them both lacking. He summarizes the vision that he favors, participatory economics, describing and defending its main features and adding two new aspects to the model that he and Michael Albert have elaborated in many other writings.[1] In the fourth and final section, Hahnel proposes a general strategy for the Left – a way to reach the goal of a society of “equitable cooperation.” His strategy combines working for reforms – though in a particular way – with constructing and being part of experiments in equitable cooperation within capitalism.

I. Economic Justice and Economic Democracy

THE GENERAL ARGUMENT of the chapters on economic justice and economic democracy will be familiar to those acquainted with Hahnel's and Albert's writings. Almost everyone supports the notion of economic justice, but there are many different ways to define the term. To conservative defenders of capitalism, economic justice means everyone should be remunerated according to the value of the contribution of their physical and human capital – that is, according to the value of their capital and their personal skills. In this view, it is perfectly fair that the good-for-nothing, ignoramus with a huge inheritance earns more than the hard-working genius who comes from poverty. There is widespread agreement that this notion of economic justice is morally repellent (witness the campaign commercials of billionaire Michael Bloomberg that go to great pains to show that he “earned” rather than inherited his fortune). An alternative definition that is often used – even by some on the Left (most market socialists, for example) – is that people should be remunerated according only to the value of the contribution of their personal skills: their intelligence, their athletic ability, or what-have-you. If your personal characteristics benefit society a great deal you deserve more than someone whose personal characteristics benefit society only a little.

But many differences in our contribution to society are the result of genetic differences over which we have no control. If it offends our sense of right and wrong that the good-for-nothing heir has riches that he did nothing to earn, then it ought to be just as problematic to compensate people on the basis of their intelligence, which they likewise inherited and did nothing to earn.

To be sure, schooling and training can enhance the value of one's genetic endowment, and these can involve a sacrifice that ought to be compensated. Education takes time that could be used for earning money or for leisure. But if society paid students – not just to cover their tuition costs, but a

stipend so that they forego no income while at school – then there would be no moral reason to pay those with extra schooling more than others (26). Therefore, argues Hahnel, we ought to define economic justice as compensating people according not to their capital, nor their skills, but to their effort or their personal sacrifice. This is not the same as saying that everyone should receive equal income, but it in fact represents equality at a deeper level. Some people will prefer to be compensated in a higher standard of living, while others will prefer more leisure (including working at a more leisurely pace). There is no reason society ought to impose a single view of the appropriate number of work hours or the appropriate pace of work. Everyone is thus compensated equally, in terms of the sum of income and leisure, with the precise mix of these up to each individual (29, 37).[2]

Of course, there are many who can't or don't work at all: the young, the old, the infirm. Whichever definition of economic justice we use, says Hahnel, we will make exceptions for these people. One other definition of economic justice generalizes this point and proposes that people should be compensated according to their needs. (So, for example, those in cold climates *need* more heating oil than those in more temperate climates.) Hahnel says compensation according to need and sacrifice is his view of how society ought to be organized, but that, strictly speaking, need is a matter of humaneness, not economic justice. I'm not sure this distinction is compelling, but it's certainly the case that need alone is a problematic standard. Everyone will agree that food, medical care, and so on, are needs that society must provide. But once we get beyond *basic* needs, then what? No one *needs* a DVD player or a stereo or a seat at a basketball game. Are these all absent in a good society? If such things do exist, how are they allocated? Do I need the stereo more than you because I *really* enjoy music, while you are only a minor enthusiast? If you really like a whole lot of things while I am less of a fan, do you get them all and I none? Certainly the Marxian

“each according to their needs” is a just way to dispense life’s necessities. But beyond that, for *wants*, compensation according to sacrifice indeed seems to represent economic justice.

There are many other proposed principles of economic justice. John Rawls’s difference principle[3] says that inequality is justified only if it improves the condition of the worst off. Hahnel argues that the Rawlsian principle under at least one plausible interpretation could be a potent argument against both capitalism and market socialism. But more generally, Hahnel notes that Rawls implicitly assumes that efficiency is to be valued more than equality. Yes, we might agree that a society where one person made \$55,000 and everyone else made \$50,000 is preferable to a society in which everyone made \$10,000, but Rawls requires us also to prefer a society where one person makes a billion dollars a year and everyone else makes \$10,001 a year to a society where everyone makes \$10,000. *If* there is a trade-off between efficiency and equality, says Hahnel – though he doubts there is – then people should have the right to decide democratically which they prefer, rather than automatically assume, as Rawls’s difference principle does, that efficiency should be determinative.

TURNING TO ECONOMIC democracy, Hahnel asks how we should make decisions. Letting each individual decide things for him or herself makes good sense when the decision affects only the individual in question. But it makes no sense when one person’s decision affects others. Likewise, majority rule – which weighs the opinions of everyone equally – is appropriate when everyone is affected equally by a decision. But it is quite inappropriate when different people are affected differently, perhaps some not at all and some a great deal. True democracy, says Hahnel – what he calls “economic self-management” – occurs when people have input into a decision

proportional to the degree they are affected by it. Markets tend to promote the “everyone decides for themselves” view of democracy, ignoring the extent to which your decision, for example, to emit some pollutant into the atmosphere might affect others. And “even the most democratic version of central planning conceivable would still deny people economic democracy by failing to let those who are more affected by a decision have more say over that choice” (55).

This definition of economic democracy offers important insights, but I think Hahnel underestimates the difficulty in operationalizing it. He writes:

Of course it will never be possible to arrange for decisions to be made in ways that every person enjoys perfect economic self-management, any more than it is possible to ever achieve perfect economic justice no matter how well an economy is designed to promote justice (54).

But it seems to me that institutions for realizing economic justice are far more easily constructed than those for economic self-management. The participatory economics model he describes in part III of the book provides a reasonable approximation to economic justice; I’m not sure the same can be said about self-management, as I will discuss below when I consider his model in more detail.

Hahnel believes that the Left has been burdened by its lack of clarity over the meaning of economic justice and economic democracy. He argues as well that there are a variety of myths that the Left has long held that it ought to jettison if it hopes to make progress. It is not the case, he says, citing the work of Nobuo Okishio, that there is an inevitable tendency for the rate of profit to fall, leading to capitalist

collapse.[4] “Despite a number of attempts by die-hard Marxists during the 1970s and 1980s to rescue the falling rate of profit crisis theory,” notes Hahnel, “by the end of the century” the theory was rejected by “virtually all open-minded political economists” (58). “Nor, unfortunately,” Hahnel observes, “does capitalism nurture the seeds of its own replacement in ways most 20th-century progressives believed it would. It does not generate a growing, homogeneous, working class whose economic activities lead them to see the advantages of seizing and managing the means of production themselves” (61-62).

More controversially, Hahnel argues that the common Marxist view that there are only two classes that we need concern ourselves with – capitalists and proletarians[5] – ignores the class of “coordinators,” the professional/managerial class that has interests antagonistic to both capitalists and workers. As long as the Left fails “to recognize that a class of coordinators could rise to ruling class status in public enterprise economies,” Hahnel rightly argues, it will be unable “to understand the non-socialist nature of the so-called ‘socialist’ economies” (64-65). If there are only two classes, and the capitalists are expropriated, then obviously the workers must be in control (though perhaps it’s a “deformed” workers’ state, or some other contortion). Lenin and Trotsky were not Stalin. But when Lenin said “We want the socialist revolution with human nature as it is now, with human nature that cannot dispense with subordination, control and managers” and that piece-work, much of Taylorism, and “*unquestioning submission* to a single will” are necessary for modern large-scale industry; and when Trotsky declared that socialism is expressed “not at all in the form in which individual economic enterprises are administered,” they were reflecting the perspective and interests of the coordinator class, not the working class.[6]

Another Left myth, says Hahnel, is the belief that the economy

is always the decisive factor, with sexism and racism being merely problems within the superstructure. Hahnel calls this problem *economism*, “attributing unwarranted importance to economics in some way or another” (65). This is a useful point. Hahnel notes that “to assume that economic forces and class struggle are *always* most important is unwarranted, to reduce explanations of war, gender oppression, and racial discrimination to economic motives is untenable, and to demand that oppressed racial and gender groups always subordinate their struggles to the class struggle is unconscionable” (66). But Hahnel overreaches, I think, when we says that economism “can take the form of referring to a society as ‘capitalist’ when it is also patriarchal and racist” (65). But societies which have these three characteristics are also heterosexist, authoritarian, and able-ist. I’m not sure we need to say all these things each time we refer to a particular society. So why use the term “capitalist” as the general-purpose designation? Since all current-day societies are racist, sexist, heterosexist, able-ist, and authoritarian, these terms don’t distinguish between one group of countries and another, while the term capitalist does. Despite this overstatement, Hahnel’s general argument that we should avoid reducing everything to economics is a valuable one.

II. Capitalism and Communism

IN PART TWO, Hahnel offers powerful critiques of capitalism and Communism, as well as of the practice of social democracy and libertarian socialism in the 20th century. Hahnel is not content to show that many people are suffering under capitalism; he aims to establish as well that the intrinsic workings of capitalism lead to unjust, undemocratic, and inefficient results. Hahnel compellingly demonstrates that the capitalist market doesn’t provide what people want, in part because it’s a system of “one dollar, one vote” (79). When initial conditions are unequal – as is typically the case under capitalism – even “voluntary, informed, and mutually

beneficial exchanges" taking place under competitive conditions "will still be coercive and lead to inequitable outcomes" (81). Capitalism undermines political democracy, not just economic democracy. Capitalism is profoundly inefficient (defining efficiency not as the simple volume of output, but socially-valuable production), and inherently plagued by externalities and biased price signals. And even if capitalism worked perfectly, it would distribute the costs and benefits of economic activity in a manner inconsistent with economic justice (92).

The first post capitalist societies were single-party states with central planning. Much of the horror of these societies was due to their dictatorial political systems, and it is widely assumed that their economic systems were terrible failures as well. In fact, says Hahnel, "after decades of *outperforming* their Western capitalist competitors, growth rates in the centrally-planned economies had dipped below Western growth rates by the beginning of the 1980s," but they weren't in economic crisis. "After 1985 the Soviet economy was in crisis because it was in a never-never land between an old system and a new one that was never successfully put into place" (104-05).

This doesn't mean, however, that central planning doesn't have serious theoretical and practical difficulties. Hahnel argues that central planning has a strongly antidemocratic bias with a tendency toward inequality and inefficiency. This would be true, he says, even if the central political leadership were elected. In even the best version of central planning, planners send down questions, gather up information from production units (and perhaps consumers), and then send down production orders which must be carried out. But the preferences of producers and consumers are not a given; they can only truly be formulated if everyone knows the impact of their choices on others. Under central planning, however, there is no information flow except from down to up. Moreover,

to assure conformity to the plan, central planners have to be able to hold managers accountable, but this can't be done if the managers are democratically controlled from below. There is thus a tendency for the center to favor giving increased power to managers over workers as a way to make sure that the plan gets carried out.

In the real world, central planning has further problems. There is a strong incentive for managers to lie to the central planners. Since managers get punished for failing to meet their output quotas, it pays for them to underreport capabilities. This either leads to plans based on false information or else, as often happened, the central planners have their own staff of experts to determine the accuracy of the information from each plant, which is wasteful and encourages the development of a police-state. Hahnel summarizes:

Combined with a more democratic political system and redone to closer approximate a best case version, centrally planned economies would have done better than they did. But they could never have delivered economic self-management, and would have always been susceptible to growing inequities and inefficiencies as the inevitable effects of differential economic power appeared (101).

Social democracy is another economic approach, which in Europe at least was quite successful in some respects. Hahnel notes that the "golden age of capitalism" was primarily attributable to the influence of social democrats (109). But despite its "important accomplishments," social democracy also bears a major responsibility for the failure of democratic socialism in the 20th century (109). The problem was not, says Hahnel, that social democrats pursued reforms. Yes, reforms did make

capitalism less harmful while leaving its fundamental institutions intact. But that is not a reason, insists Hahnel, to eschew reforms. No, the problem for Hahnel is how the reforms were pursued. For social democrats, reforms were everything.

It is one thing to say: We are committed to democracy above all else. Therefore we promise that as long as a majority of the population does not want to replace capitalism we have no intentions of trying to do so. It is quite another thing to say: Despite our best efforts we have failed to convince a majority of the population that capitalism is fundamentally incompatible with economic justice and democracy. Therefore we will cease to challenge the legitimacy of the capitalist system and confine our efforts to reforming it (124).

Sometimes when social democrats actually had a chance to move toward radical social change, they balked. When Mitterand and his Socialist Party took power in 1982, they carried out their policy of nationalizing many companies. But they determined to pay the owners for the full value of their assets, which meant that the firms had to extract great profits from their employees. This could only be done if the managers behaved just like the previous capitalist managers. And the ruling socialists had to behave no differently from their predecessors. "My job," declared Alain Gomez, a founder of the Marxist left wing of the Socialist party, CERES, "is to get surplus value" (120).

In these sorts of situations, says Hahnel, the compromises of the social democrats alienated those who might have been their strongest supporters, making it relatively easy for the right wing to roll back so much of what social democracy had accomplished over the 20th century. And by refraining from discussing the limits of the reforms they pursued, and by neglecting to try to build examples of equitable cooperation that could serve as inspiration, support, and practice for

those looking beyond the reforms, social democrats undermined the long-term struggle for fundamental social change.

LIBERTARIAN SOCIALISTS WERE even less successful. (Though identifying with libertarian socialists, Hahnel considers them “by far the worst underachievers among twentieth century anticapitalists” [137].)[7] Hahnel attributes their failure in significant part to a refusal to engage in reform campaigns and movements.

The principal failure of libertarian socialists during the twentieth century was their inability to understand the necessity and importance of reform organizing. When anti-capitalist uprisings were few and far between, and libertarian socialists proved incapable of sustaining the few that did occur early in the twentieth century, their ineptness in reform campaigns doomed libertarian socialists to more than a half century of decline after their devastating defeat during the Spanish Civil War of 1936-1939 (138).

Libertarian socialists well understood the limitations of social democratic reforms, but, suggests Hahnel, this understanding may have led them to give up on reform efforts too easily (152). The question, of course, is how can one pursue reforms in non-revolutionary times without falling into the trap that ensnared social democrats. This is a question that Hahnel takes up in the final section of his book and I discuss it below.

In a postscript to this chapter, Noam Chomsky notes that libertarian successes were not much based on “reform organizing,” but on “creating the facts of the future within the present society.” And their ultimate defeat, Chomsky persuasively argues, came not from failures in their attitude toward reforms but from violence – by the Bolsheviks in Russia

and by Stalinists, fascists, and liberals in Spain. Nevertheless, Chomsky agrees with Hahnel that among some present-day anarchists there is a dismissive attitude toward reforms that don't overthrow the state.

Hahnel also argues that while libertarians were right to reject the Leninist view that workers could not achieve more than trade union consciousness without an external vanguard party, some current-day libertarians have gone beyond this to adopt spontaneism – the belief that when the right circumstances arise, leading to a revolutionary crisis, workers will spontaneously establish liberatory institutions. This was not the view, he notes, of the most successful libertarian movements. In Russia and in Spain there was both a long tradition of communal ownership of land and arduous efforts to build alternative institutions over many years. For example, Hahnel, citing Sam Dolgoff, points out that in Spain,

the intense preoccupation of the Spanish anarchists with libertarian reconstruction of society has been called an "obsession" and not altogether without reason. At their Saragossa Congress in May, 1936 there were lengthy resolutions on "The Establishment of Communes, Their Function and Structure," "Plan of Economic Organization," "Coordination and Exchange," "Economic Conception of the Revolution," "Federation of Industrial and Agricultural Associations," "Art, Culture and Education," and sessions on relations with non-libertarian individuals and groupings, crime, delinquency, equality of sexes, and individual rights (145).

"But what is even more telling," points out Hahnel, "is that the resolutions debated, refined, and approved" at the Saragossa Congress, "had been worked on by every congress of

the Spanish section of the Libertarian International beginning in 1870” (145-46). This is a record of commitment that many of us on the Left would do well to emulate.

III. Vision for the Future

PART THREE DEALS WITH VISION for the future. The word “vision” seems to send chills down the spines of many Leftists, conjuring up images of Don Quixote on LSD in place of no-nonsense Marxian scientific socialism.

Interestingly, the importance of developing a vision of socialism is being recognized by more and more Leftists, the latest contribution being a special Summer issue of *Monthly Review*. [8]

The arguments for attending to the question of vision are powerful. First, there is Hahnel’s telling point that Leftists don’t have such a good track record in promising people that what would replace capitalism would be a society worth dying for or living in. As Hahnel and John Bellamy Foster [9] in *Monthly Review* among others have noted, capitalist apologists have been able to defend the status quo by proclaiming that there is no alternative. If we on the Left can’t answer this challenge, we will never get people to support us.

A second argument for vision is well put by Michael A. Lebowitz in his contribution to the *Monthly Review* issue:

There is an old saying that if you don’t know where you want to go, then any road will take you there. [But] our experience tells us that if you don’t know where you want to go, then no road will take you there. [10]

Of course, not all considerations of vision are equally

compelling. And while it might seem churlish to use some of the *Monthly Review* articles as examples, given their welcome attention to the topic of vision, these do illustrate some of the problems that often afflict vision discussions on the Left.

John Bellamy Foster approvingly quotes Rosa Luxemburg on the importance of democracy (17-18) and he defines socialism as a society controlled by the direct producers (5). Under Stalin, he says, the Soviet Union was neither capitalist nor socialist (5, 11).[11] But then he tells us that in China Mao tried unsuccessfully to combat the rise of a new ruling class emerging out of the Communist Party (CCP) (8-9). But surely Mao – the most powerful member of a dictatorial ruling party – was not a champion of democracy. He was the head of the new ruling class that was the CCP. That his faction within the party lost out to another faction does not make this a struggle against class rule, for democracy, or for socialism. Likewise, Harry Magdoff and Fred Magdoff, who also express their commitment to democracy, favorably quote Mao and Chou Enlai to support their point about the dangers of bureaucratic rule.[12] While not doubting the sincerity of any of these writers' commitment to democracy, many who have been burned by the Left are going to treat this residual enthusiasm for an absolute and murderous tyrant as discrediting any Left pretensions of supporting democracy.

Foster also speaks of "Cuban socialism," with its record of providing healthcare and other social welfare benefits" (10-11), ignoring his own definition of socialism as the direct control of the producers. Yes, Cuba's health accomplishments are impressive, and perhaps many of Latin America's poor would gladly trade places with a resident of Havana (though probably not Costa Ricans, who without a dictatorship have a higher life expectancy than do Cubans). Of course the Left needs to insist that Washington keep its hands off Cuba and end its economic embargo, but to confuse the

Cuban system with socialism makes whatever we say about a better future suspect.

Another contribution to the *Monthly Review* issue is by Bertell Ollman, who has often quoted Oscar Wilde's line that a map without Utopia on it is not worth looking at.[13] In this article, however, Ollman offers a critique of what he sees as the chief characteristics of utopian thinking. "Most American radicals," he says, carry a significant strain of utopian thinking in their DNA" (84). "The various social movements," he charges,

are particularly affected by the frame of mind that sets out ideals – a pollution-free environment, racial/gender/ethnic equality, an end to hunger, durable peace, etc. – before making any analysis of the encompassing capitalist system, and then offering highly charged moral solutions that blithely ignore what would have emerged from such an analysis (84- 85).

Strikingly, however, Ollman gives not a single citation to any modern-day individual or organization. Though there are sprinkled references throughout his essay to Saint Simon, Fourier, and Owen, he provides not one specific example of anyone employing utopian thinking in the past century and a half. So his claims are not readily assessed.

A totally pollution-free environment is indeed utopian in the pejorative sense, but we know this not because of any careful "analysis of the encompassing capitalist system," but from common sense. An end to hunger seems like a perfectly achievable goal in any modern society, but it's hard to see why those who have mastered the three volumes of *Capital* are any better prepared to offer solutions. Achieving racial,

gender, and ethnic equality are extremely complex undertakings, but I am aware of few ideal solutions, simplistic or otherwise, being proffered by any of the social movements, and Ollman cites none. As for durable peace, the peace movement frequently calls for this or that armed force to withdraw from this or that country, but it seems to me there is rarely any thought given beyond the immediate war.

MARX, SAYS OLLMAN, raised six main criticisms of utopian thinking:

(1) utopian thinking tends to produce visions of the future that are unrealistically rigid and complete; (2) there is no basis for determining if a vision constructed in this speculative manner is desirable . . . ; (3) equally, there is no clear way of determining if it is possible . . . ; (4) . . . utopian visions undermine the possibility of making a dialectical analysis of the present as a temporal dimension in which the future already appears as a potential; (5) . . . results in ineffective ways of arguing; and (6) . . . leads to ineffective political strategies (89-90).

“Rigid” and “complete” in Ollman’s first point are very different things. Rigidity is indeed a bad trait, but completeness is necessary if a vision is going to be judged for whether it is desirable and possible – which are Ollman’s points two and three. Whatever one thinks of Hahnel’s proposed economic model, it is laid out in enough detail so that others can decide if they like it and if they think it is possible. Compare that with some of the sketchy “principles that would contribute to a better world” which Magdoff and Magdoff offer instead of any model:

1. *The elimination of human domination and exploitation of other humans*

3. *A minimum number of basic rights for all people: three nutritious meals a day; a job; a decent home; good education; health care; and protection of the disabled and aged.*

4. *The elimination of hierarchy among people. At a minimum, real, vigorous affirmative action*

6. *Rotation of jobs between managers and subordinates*

7. *Differences in pay from top to bottom should be small . . . (54-55).*

These seem extremely vague, impossible to judge, and in fact contradictory. What does it mean to eliminate domination and exploitation? If domination, exploitation, and hierarchy are eliminated, why are there managers and subordinates? Why are there pay differences? Why is it only the basic minimum of three meals, a job, housing, education, and healthcare that are guaranteed?

Ollman says there is no way to determine whether a vision is desirable without engaging in a detailed study of capitalism. But first of all, surely everyone doesn't have to study everything. And since the amount of Left effort expended on describing the ills of capitalism vastly exceeds that devoted to vision, visionaries are by no means operating in a vacuum. Moreover, the suffering caused by capitalism is known to most people through their daily lives, not through in-depth social and economic analyses. So it is rather straightforward to assess any detailed vision: compare it to what we know about

the present from our own experience.

Ollman's claim that there is no way to determine if a utopian vision is possible seems similarly unconvincing. If a vision is described in rich enough detail, others can assess its plausibility. What seems much harder to do is to assess a very superficially-described vision which we are told follows from a Marxist analysis of capitalist dynamics. Of course, assessing any vision will call for us to draw upon insights from psychology, sociology, economics, history, and other disciplines. (For example, what sorts of incentives are needed to get people to work?) But these insights do not really come from the study of capitalism.

Ollman charges that "prioritizing and emphasizing the future in the manner of utopian thinkers preempts the time and even the interest required to make a serious study of the present" (92). But, again, this assumes we must all study the same thing. Even if we grant that studying the present is more important than thinking about the future, it surely doesn't follow that every individual ought to focus on studying capitalism, or that, to use an economists' formulation, the marginal benefit from another study of capitalism to add to the tens of thousands that exist is greater than the marginal benefit from another study of possible futures that will add to the tiny existing literature.[14] And, of course, understanding future options can also help us understand the present.

UTOPIAN THINKING, asserts Ollman, provides us with "a weak and ineffective way of arguing for socialism." Ollman charges that there is no empirical evidence that utopian arguments move people in a leftward direction, long-lastingly (94), but of course there's no empirical evidence that Marxist arguments (or anything else for that matter) do either. Says Ollman:

For Marxists, all arguments for socialism are based on an analysis that demonstrates that capitalism is not only responsible for our worst social and ecological problems but contains the means for their solution as well as the seeds of a new world that would follow (95).

But why is this convincing? What if capitalism didn't contain the seeds of the new world (as Hahnel claims it doesn't) – would that make us less desirous of socialism? What if capitalism actually contains the seeds of several possible futures within it? Would we then be indifferent between these?

Ollman says that in the absence of an “objective study” of “what needs to be corrected, utopians rely heavily on the meaning of such key concepts as ‘freedom,’ ‘justice,’ and ‘rights’ to make their case.” And such terms, he says, have been so manipulated by the capitalist consciousness industry that they “convey little and convince less.” For example, people understand freedom as meaning simply being left alone (95). But I think Ollman is triply wrong here. First, I think the moral arguments are right: I want a society without racial discrimination, for example, because it's moral, not because my objective study shows me that, in Ollman's words, “equality, in socialism, is not just a goal; it is an interest and therefore a need” (87). Second, I suspect that arguing that racial discrimination is unjust is more persuasive than trying to convince someone that they should support a society without racial discrimination because “it is an interest and therefore a need.” And, third, the capitalist consciousness industry is going to be hard at work no matter what we do: if we don't confront head on the manipulated definitions of such terms (as Hahnel does, for example, with economic justice), we concede the field.

In Ollman's view,

perhaps the most important argument against the utopian way of arguing is that, though it addresses our ideal future, it carries out the debate on their terrain. Instead of forcing capitalists and their "paid hirelings" to defend what is intolerable and unnecessary in present-day society, it allows them to sit back and pick holes in whatever sounds untidy or unlikely in our hopes for the future (96-97).

But, as already noted, proponents of the status quo don't try to defend the intolerable; they just claim that there's no alternative. So if all we do is offer yet another analysis showing that people are poor, exploited, and suffering, we have no answer to the "there is no alternative" argument. We just depress people. On the other hand, if we can suggest a better future, those who know the pain of capitalism firsthand will have reason to work for change.

Ollman's final argument is that utopianism "leads to adopting ineffective political strategies for bringing about the desired changes." The social change strategy of "many modern-day utopians," he says, is to make "appeals to the rich and powerful" (98), but he cites no examples later than Robert Owen. "What utopians of all kinds try to do," says Ollman, is achieve economic and social power first and then political power, rather than the other way around (99). This characterization, however, while applying to a few such as John Holloway, does not apply to most of those who theorize about future societies.

But – and here's the truly encouraging thing – after this extended critique of utopian thinking, Ollman asks whether "the reasons that kept Marx from integrating more of his

vision of communism into his analysis of capitalism still apply,” and he concludes that they do not.

Projecting communism as a realistic and desirable alternative inherent in the workings of capitalist society, providing sufficient detail to make it comprehensible, attractive, and believable, has become one of the more urgent tasks of socialist scholarship (101).

Whether “communism” (in Ollman’s utopian sense) is inherent in capitalism, the urgency of discussing the future is increasingly evident.

IV. Post-Capitalist Possibilities

IN RESISTING presenting more than the basic principles of socialism, Magdoff and Magdoff write,

If the new society is to be socialist, it won’t be constructed along the lines of models designed by intellectuals or parties. Socialism by its very nature must be built by the people in accord with their wishes (54).

Hahnel provides a powerful response to arguments of this sort: There are those who

claim that describing how better to make economic decisions is totalitarian because it robs those who will live in post-capitalist economies of their democratic right to manage

their economy as they see fit when the time comes. This argument is nonsense. Since when did discussing difficult and momentous issues in advance impede deliberative democracy rather than advance it? Only if those debating such matters attempt to impose their formulas on future generations would this be a problem. And I know of none who discuss democratic post-capitalist possibilities who have any such pretensions (166).

One such post- capitalist possibility is market socialism (which, contrary to Foster [p. 16] and Magdoff and Magdoff [p. 48], is not based on the Chinese model). There are several market socialist models.

John Roemer has proposed a “coupon economy” where everyone is given a share of society’s assets. As Hahnel shows, however, the benefits of such a system would be small in terms of equalizing income (even though improving the income distribution is, in Roemer’s view, his model’s main virtue). Additionally, Hahnel notes that under a coupon economy there would eventually be highly unequal profit income, and work relations would remain unchanged.

Other market socialist variants feature employee-managed firms. But here, even without property income, labor markets will distribute labor income unfairly. Economic activities coordinated through markets – whether under private or public enterprise market systems – are inevitably inefficient and antisocial. And as firms respond to market pressures, there will be strong incentives to allow class divisions to grow between workers and their managers, and worker self-management will atrophy (173). Hahnel quotes market-socialism advocate Tom Weisskopf admitting some of these problems:

under market socialism there must be some people occupying positions of key decision-making responsibility, and in all likelihood such people will have higher incomes as well as greater power than most of the rest of the population There would be ample scope for inequalities associated with differential skills, talents and responsibilities (180).

Another model is community-based economics, where society is broken up into small-scale, relatively self-sufficient, democratic communities. Hahnel identifies several serious problems with community-based economics.

Hahnel notes that, “unlike many versions of market socialism and democratic planning, no ‘model’ of community-based economics is a real model in the sense that it specifies rules and procedures for how to make all the decisions that must be made in any economy. For this reason all versions of community-based economics are really ‘visions,’ not coherent ‘models’” (182).

Moreover, there is no clear explanation for exactly how self-sufficient the communities are supposed to be. Under Murray Bookchin’s version, no community need accept a division of labor it opposes, meaning that those who want the least cooperation can impose their will. This means, for example, that communities that are fortunately endowed can reject redistribution to their less fortunate neighbors.

In addition, there are no clear mechanisms for decision-making within the communities. Several thousand people cannot make all the necessary economic decisions in one big meeting. Nor can decisions be left up to individual workgroups, given that their choices have effects on others.

THE MODEL OF a post-capitalist economy that Hahnel puts forward is called participatory economics, a model that he, along with Michael Albert, have been developing, promoting, and refining for more than two decades. The basic features of the model – spelled out in much greater detail in some of their other writings – are as follows:

- Economic production is carried out by workers councils. Each job is composed of tasks – as in any economy – but instead of several desirable and empowering tasks being bundled together into one job and several undesirable and disempowering tasks being bundled together into another job, each job is made up of a mix of the two sorts of tasks, so that everyone has a “balanced job complex” – of roughly the same level of desirability and empowerment. Balanced job complexes do not mean an end to specialization. (An artist would do a mix of desirable/empowering and undesirable/disempowering art tasks; a scientist would do a mix of science tasks.) And though Hahnel doesn’t make it clear in this book, it is clarified elsewhere that no assumption is being made that everyone is intellectually equivalent; equalizing empowerment does not mean equalizing intelligence. There are empowering jobs at many different levels of intellect, from figuring out how to best to accomplish some other tasks, to determining how best to satisfy consumers, to planning for the future.[15]
- Remuneration is based on the principle of economic justice discussed earlier: namely, remuneration according to effort, with effort being judged by one’s workmates. For people who put in the same number of work hours at roughly the same level of intensity, their remuneration is the same.
- Production proposals are put forward by workers’ councils, and consumption requests by nested consumption councils – which incorporate the consumption requests of individuals, living units, neighborhoods, regions, and

the whole society. There is then an iterative participatory planning process that tries to reconcile the production proposals and the consumption requests, getting them more and more in sync with each iteration. The process is helped along by Iteration Facilitation Boards, which have no power to make decisions (unlike planners in central planning models) or even to monopolize information, since the social costs and benefits of all the requests and proposals from each level are available for all to see and decisions made democratically. The process does not implicitly favor individual consumption requests over social requests (as markets do).

Various criticisms have been raised regarding this model, and Hahnel seeks to address some of the main ones here. He shows in some detail how the model provides the right incentives to promote efficiency and innovation and sufficient incentives to induce people to work and to educate or train themselves. He shows that the model provides at least as much freedom as other systems – no system, for example, can allow everyone to have the job they most desire (if we were all poets and baseball players, everyone would starve). Though not offering “absolute” freedom, which is internally contradictory whenever people’s desires to do as they please interfere with one another, a participatory economy is consistent with the general principle that “restrictions on the right of some individuals are justified when they are necessary to protect more fundamental rights of others” (246).

In replying to the criticism that a participatory economy requires too much time spent on information processing and meetings, Hahnel first notes that the time for these activities under capitalism is far longer than usually realized. Second, he points out that while democratic decision making may take more “meeting time” than autocratic decision making, democratic decisions take less time to monitor and

enforce than autocratic ones (218). He then argues that critics overstate the meeting time required in a participatory economy. Here I think he goes too far. Councils and federations of councils, he says, don't hold face-to-face meetings with others, or even representatives of others; they simply "submit their own proposals and vote thumbs up or down on the proposals of others" (219). After a few iterations of the plan, he says, IFBs could define several feasible plans consistent with the already settled contours of the plan – and then people could vote on these "without ever meeting or debating at all" (219). Hahnel is right that deciding such things in a big meeting would be impractical and a nightmare, but the only two choices are not one big meeting or the sort of referendum democracy that Hahnel is proposing. Referenda without the opportunity for debate seem to me contrary to the social deliberation that ought to be part of democratic governance. Elsewhere, I have proposed a mechanism of nested councils that I think can offer the opportunity of democratic deliberation without prohibitive meeting time.[16]

ANOTHER CRITICISM OF participatory economics revolves around the question of how "effort" could be measured. Hahnel points out that the alternative – calculating remuneration by output – is complicated as well. (How, for example, do you determine the output of individuals who work in groups?) Critics raise issues of inadequate information, gaming the system, cliques, and other interpersonal dynamics. Hahnel argues convincingly that no one knows better what your effort is than those who work closely with you. There might be some cases where a small democratic workplace is less able to deal with a loafer than is an authoritarian workplace. (For example, Hahnel quotes a report by Paul Burrows regarding a bookstore run on participatory economic principles, which indicates that people sometimes let grievances or inequities persist for fear that the potential conflict with a coworker would "create a more

negative work environment than the continuation of the inequity or grievance itself" [369-70].) But I think Hahnel gives an appropriate answer to his critics when he notes that the participatory economics model doesn't insist on any one way of a workplace rating its members' contributions. Some workplaces could choose to have each member of the workgroup openly giving a rating to each other member; other workplaces might set up an effort-rating committee, maybe even composed of outsiders. Hahnel's guess – and I agree – is that in practice people would choose more transparent and participatory schemes.

Favoritism and even systematic discrimination can of course intrude into the rating process, but these are dangers (and realities) under other economic systems as well, and there's no reason workers couldn't have some sort of grievance procedure to mitigate these sorts of problems. As Hahnel summarizes,

Ultimately the question is not whether people's efforts, or personal sacrifices in work, will be perfectly estimated, because, of course they will not be. Instead the question is if most people will feel they are being treated fairly most of the time – and if not, if people feel they have reasonable opportunities for redress (229).

There is one other problem with the effort ratings, though, that I do not believe Hahnel adequately addresses. What is to prevent a group of coworkers from all exaggerating the effort of one another? Hahnel writes,

to prevent the possibility of "effort rating inflation" the

average effort rating a council awards its members cannot exceed the worker council's ratio of the social benefits of its outputs divided by the social costs of its inputs . . . (190).

But consider two workplaces. Assume that in both workplaces the social benefits of the output and the social costs of the inputs are the same (say, the societal average). How can we tell whether this average output was achieved by having workers of average skill put in an average amount of effort, by having workers of above average skill put in a below average amount of effort, or by having workers of below average skill putting in an above average amount of effort? For workplaces with large numbers of workers, we can assume that the law of averages will apply; but for small workplaces, the workforce could easily be below or above average in skill level.

Some critics worry that in a participatory economy individual workers could fake ineptitude as a way to get remunerated at a higher level for a given level of output. I don't think this sort of gaming by an individual is much of a danger, because your co-workers would see your daily efforts (and could revise their estimates of your abilities based on later observations). But there won't be this same sort of first-hand knowledge to thwart a whole workplace from inflating its effort ratings. So while I think there are good reasons to think that this sort of cheating won't be common – the dynamics of the system tend to promote cooperation over competition, there are high levels of transparency, the consequences of antisocial behavior don't snowball into greater power to engage in further such behavior – I don't think the social benefits to social cost ratio will prevent it.[17]

A final problem with the participatory economics model is the question of whether it actually accomplishes Hahnel's goal of economic self-management: that is, letting everyone have a say proportional to the degree to which they are affected by the decision. I think it does give people zero input where they are affected not at all and equal input when they are affected equally – and these are important achievements of the model – but does it really give me one-third the say in a decision relative to someone who is affected by the decision three times as much as me? Unlike some aspects of the model which are documented in great mathematical detail,[18] the claim that the model yields self-management seems to me unproven.

V. Criticisms of the Model

MUCH OF HAHNEL'S DESCRIPTION and defense of the participatory economics model will be familiar to readers of his other books, those of Michael Albert, and those of the two of them together. Here Hahnel offers two new aspects of the model. Both of them seem to me problematic, even partly inconsistent with some basic principles of the rest of the model. Stung by criticism that, in the words of one Left Green, participatory economics is nothing but "industrialism with a human face" (195), Hahnel is determined to show how a participatory economy would protect the environment. He first points out, quite usefully and sensibly, that it makes no sense to call for zero pollution or zero depletion of nonrenewable resources. "Unless we plan to vacate planet earth, zero pollution and no resource depletion are impossible. But fortunately, they are also unnecessary" (196). Our goal, he says, must be sustainability, not zero impact, and he claims that a participatory economy can attain this goal better than any alternative system.

In each iteration in the annual planning procedure there is an indicative price for every pollutant in every relevant

region representing the current estimate of the damage, or social cost of releasing a unit of that pollutant into the region.

The determination of what is a pollutant and what is not is made by federations representing those who live in the region, aided by experts. The relevant region is wherever people believe they are affected by the pollutant in question. Workplaces, in generating their production proposals will then include the cost of any pollutants they propose to emit as part of the total social cost of their proposal, just as are other costs of production.

The consumer federation for the relevant region looks at the indicative price for a unit of every pollutant that impacts the region and decides how many units it wishes to allow to be emitted. The federation can decide they do not wish to permit any units of a pollutant to be emitted – in which case no worker council operating in the region will be allowed to emit any units of that pollutant. But, if the federation decides to allow X units of a pollutant to be emitted in the region, then the regional federation is 'credited' with X times the indicative price for that pollutant (199).

There seem to me two things wrong with this procedure. First, by giving veto power to a region it will lead to a more extreme version of the NIMBY (not in my backyard) problem that plagues capitalism. Say we need a vaccine to save millions of lives, but the factory that produces the vaccine pollutes. Where do we locate the factory? The region where the pollution would cause the least harm says we do not want any pollution, hence we veto construction of the factory in our region. Presumably, the society would not let itself just die out; some region would step up and be socially responsible and

volunteer to have the factory built within its borders. But this is nothing more than a giant game of chicken – who's going to concede first – with the most socially irresponsible regions benefiting most.

A key principle of a participatory economy is supposed to be that people have input into a decision in proportion to how much they are affected. But allowing veto power is a very different decision-making rule. And why allow veto power for environmental issues but not for other equally important issues? I suspect Hahnel has allowed the complaints of environmentalists to cause him to elevate environmental protection to the most important social concern, trumping all others. Perhaps it is the most important, but that needs to be determined by some democratic procedure.

Moreover, the definition of “an environmental issue” is not well-defined. Is it only the emission of physical pollutants? What about noise pollution? What about maintaining open spaces or picturesque vistas? Surely a participatory economy will want to have at least as broad an understanding of the term “environmental” as do environmental impact statements (EIS) in the United States today. Here, for example is what is considered in the EIS for construction on the site of the former World Trade Center:

potential impacts to land use and public policy, urban design and visual resources, historic resources, open space, shadows, community facilities, socioeconomic conditions, neighborhood character, hazardous materials, infrastructure/safety/security, traffic and parking, transit and pedestrians, air quality, noise, coastal zone, floodplain, natural resources, electromagnetic fields, environmental justice, and construction.

All these impacts, of course, are worthy of serious consideration. But would we really want to give veto power to those who are affected by any of these considerations?

Even without the veto, Hahnel's environmental procedure seems inconsistent with his general decision-making rule. The problem is that he defines the relevant region as that geographic area where residents believe they are affected by a pollutant, without taking into account the *degree to which* people are affected. Whenever some are affected a great deal and others very little (though not zero), Hahnel's procedure yields a bizarre result. Say there is a proposal to build some facility in a town which causes huge amounts of pollution for the residents of the town and trivial, but nonzero, pollution throughout the county. The relevant region under Hahnel's definition is the county. The people in the county want the facility built and they agree to allow X units of the pollutant to be emitted, for which they will be compensated. County residents then receive compensation for the pollution, but the town residents, who are harmed much more by the pollution, receive the same compensation as those who are harmed much less.

I think the way to make this work is to use nested regions. That is, each geographic area where the environmental impact is different is considered a separately-impacted region. And each region then has its own indicative price that must be compensated. So in the example above, the indicative price for the pollution caused by the facility is one thing for its impact on the town's residents and a far lesser price for its impact on the county outside the town. The facility will then be "charged" for the indicative price for the pollution it is causing in the town plus the indicative price for the (lesser amount of) pollution it is causing in the county beyond the town.

Some will object that even eliminating the veto and using nested regions, Hahnel's procedure presumes that we can

actually calculate indicative prices that reflect the dollar value of the harm pollution causes. This objection actually has two parts: (a) that environmental harm cannot be compensated for, that unbalanced ecosystems are beyond compensation; and (b) that most environmental harm does not lend itself to quantitative assessment, as opposed to qualitative statement. I think, however, that Hahnel is quite right that zero harm is not a standard real human beings in real societies can adopt. And while not all environmental impacts can be measured quantitatively, we are always implicitly attaching cost assessments to our qualitative judgments (would we forego \$1 million in lost output to maintain, say, a pristine wilderness? what about \$1 billion or \$100 billion? – which of course translates to that many more hospitals and schools, etc.). The best we can do is strive to make decisions about what we do and what we impact as democratically as possible, informed by as much information as possible.

HAHNEL'S SECOND ADDITION to the participatory economics model deals with the international economy. As he poses the question:

Is it possible for a country practicing participatory economics to function in a global economy that is still largely capitalist? Is it possible for a country seeking to practice participatory economics to benefit from international economic relationships without betraying its core principles? (208).

His answer is that:

As long as a participatory economy is interacting with a wealthier economy, its principles of justice do not prevent it from trying to strike the best bargain it can get. A moral problem only arises when a participatory economy interacts with a poorer economy. But a participatory economy can always agree to terms of trade that would give a poorer trading partner more than 50% of the efficiency gain from specialization and trade. . . . As long as efficiency gains from international economic relations are shared according to this "greater than 50% rule," both the participatory economy and its poorer international partners will benefit, but the benefits will be shared in a way so the gap between the wealthier participatory economy and its poorer international partners is diminished by their interaction (208).[19]

Hahnel notes that it is no argument against applying his 50 percent rule to point out that the citizens of the poorer economy have not committed themselves to participatory economics or its distributive principles; after all, he says, it is wrong to torture a prisoner of war even if that prisoner has not agreed to refrain from torturing me (209). But I think his 50 percent rule suffers from another problem: it is based on an assessment of the relative wealth of another economy as a whole, rather than of the specific individuals who stand to gain or lose from the transaction. That is, should a participatory economy in a rich society apply the 50 percent rule when buying coffee or shirts from a much poorer country? The rule says yes, but what if the entire benefit from the transaction goes to the rich capitalist who owns the coffee plantation or the garment factory, with the impoverished workers getting nothing? Or what about selling goods to a firm in a rich country, where in fact the beneficiaries are the residents of an impoverished neighborhood? In dealing with a

trading partner whose income distribution is moderately egalitarian, we can be fairly confident in assessing whether the beneficiaries of a trade are better off than us or not, but in operating within a capitalist world this won't generally be the case. And because most economies do not provide outsiders (or most insiders, for that matter) with sufficient information to judge the actual impact of a trade, it is hard to see how the 50 percent rule could be applied in practice.

Perhaps a partial solution is to establish organizations in the participatory economy similar to those set up by "fair trade" groups and labor unions in rich countries that investigate labor conditions abroad and issue advisories to consumers. These organizations would determine (as best they could, given the limited information) the actual beneficiaries in international transactions and provide reports to those responsible for importing or exporting. But it has to be acknowledged that these determinations – and hence the application of the 50 percent rule – would not be easy.

One other problem with the 50 percent rule is that it would allow a participatory economy to allocate 51 percent of the benefit of a trade to an economy that was far, far poorer. This would mean that the income gap between the two countries would narrow, but would not be eliminated for centuries. Presumably, the greater the gap, the higher the percentage of the benefit ought to accrue to the poorer party.

Hahnel proposes the 50 percent rule simply to show that a participatory economy can participate in the global economy without violating its core principles. He is putting forward a rule that tells us which trades are permissible, not which trades among the many permissible trades we ought to choose. There is no reason that political criteria cannot play a role here – favor trade with more rather than less egalitarian or participatory systems, and be averse to trade with more rather than less exploitative or oppressive systems – just as current

U.S. law (in a much more modest way) may prohibit imports made by child or prison labor.

In his discussion of international economic interactions, Hahnel refers not only to trade, but to interest rates and profit rates generated abroad (which should also be subject, he says, to the 50 percent rule). Many Leftists will immediately dismiss loaning money to or investing money in poor countries as activities that an equitable economy should never engage in. Unfortunately, Hahnel doesn't offer a rationale for their legitimacy. The issue is worth considering.

Certainly a rich country that has transformed to a participatory economy would not eschew giving foreign aid to poor countries. We of course want rich capitalist countries to give as much of their aid as possible in the form of grants, not loans, so as to minimize the dangers of the debt trap, to reduce the continuing control the rich nation maintains over the poor one, and in general because a \$1 billion grant is worth far more than a \$1 billion loan. In the real world of finite resources, for every dollar in grants that a donor nation can afford, it is likely to be able to afford many times as many dollars in loans. (Ignoring issues of collateral and default, a loan at less than the market rate of interest is a grant – but not of the face value of the loan, but of the difference between the market interest rate and the subsidized interest rate. So a loan of \$1 billion at 1 percent interest a year, when the prevailing market interest rate is 3 percent is equivalent to a grant of 2 percent of a billion, or \$20 million per year.) So there's probably no reason why a rich participatory economy could not give some of its aid in the form of subsidized loans (especially if it also asks for less collateral than a market loan would demand) without violating any of its principles. Such loans might readily be offered in the circumstance where a poor country needs financial assistance to carry out some project or experiment in

equitable economic relations or democracy. But it seems much harder to justify a loan to support some activity where we know the benefits will be distributed very unequally within the poor country. In a case where people were starving, but we knew that our aid – whether in the form of loans or grants or even bags of rice – would end up disproportionately, though not entirely, in the hands of local elites, we still might do it if the situation were dire enough, though we'd surely try to figure out which method would most benefit those at the bottom.

In all the examples discussed thus far, the 50 percent rule doesn't really apply, because the rich country is seeking no benefit at all. What about a case where there are gains to be had by both countries? Say our participatory economy, P, has a great need for a particular rare plant that grows only in country X. (The plant is needed for environment-enhancing projects that the participatory economy engages in to a much greater extent than do other countries.) Assume that X has a capitalist economy.[20] Country X says we don't have the capital or the technology to produce this plant, but you can either lend us the money to establish a company to do so or invest and set up your own company, hiring local labor. Under the first option, it might be possible for P to require, as a condition of its loan, that the company be organized on participatory economic principles, or at least on relatively egalitarian principles. (In the capitalist world, banks and other lenders impose all sorts of requirements on borrowers, often highly inegalitarian in their impact.) Under the second option, P could set up a participatory economic company, which of course would have to interact with the non-participatory economic units within X, but at least internally the company would reflect the economics of equitable cooperation. But that means that the company is not "owned" by P or citizens of P (as with traditional direct investment), but by the workforce of the company, mostly citizens of X. And what happens when the workforce votes to fire their workmates from P, jack up

the “price” of the plant, and so on. The company workforce is not part of the same political or economic system as the residents of P and so many of the dynamics that encourage people to see their shared interests in different workplaces within P are unlikely to be operating in this case. In short, it seems hard to imagine the foreign investment option being able to work in a manner consistent with participatory economic principles.

The question of how to relate to the international economy has a more immediate relevance: by analogy, it raises the question of how an experimental institution built on participatory economic principles but existing within a larger capitalist society ought to relate to other economic units in the society. Hahnel’s notes that his 50 percent rule can be applied in economic dealings among producer and consumer cooperatives (358), but the rule can be applied more generally to serve as a guideline for how a participatory institution should relate to the non-participatory outside economy.

VI. How to Get There

A QUESTION OFTEN ASKED of those who put forward visions and models for the future is whether there is a way to get there and if so, how. Sometimes this question is used simply to stifle any theorizing about the future at all, but it is an important question, one that Hahnel takes up in the final section of his book.

Basically, Hahnel offers a three part answer: (1) We need to work on reform campaigns and in reform movements, both because they make life better and because victories encourage people to ask for more. (2) We need to pursue reforms in the right way, continually pointing out the limits of reform campaigns and movements, both in order to avoid raising false expectations and to persuade people to look beyond a patched-up capitalism. (3) We need to get involved in real experiments in equitable cooperation – and to do so *now* – mindful of their

limits within capitalism, so that we can continually refine our visions of the future based on actual practice, as well as to give more and more people the benefits of experiencing different kinds of social relations.

Hahnel rejects the idea that there are such things as “nonreformist reforms” that are qualitatively different from and better than “reformist reforms.” Every reform, if successful, “will make capitalism less harmful to some extent” (154-55). This might seem to suggest that Hahnel thinks all reforms are equally valuable to pursue, as long as they are pursued in the right way. But in fact, he does believe that some reforms lend themselves much better than others to long-term social change. For example, he notes that

Beside judging if a particular reform is “winnable,” those who work on financial reforms must judge how the reform will affect efficiency and stability in the real economy, must ask if it will decrease rather than further increase income and wealth inequality, must consider whether it will give ordinary people more or less control over their economic destinies, and most importantly, must evaluate if winning the reform will strengthen the broad movement struggling to replace the economics of competition and greed with the economics of equitable cooperation (263).

In his chapter on “Economic Reform Campaigns,” Hahnel provides an extremely useful survey of current economic reform campaigns (mostly in the United States), for each one assessing its value, discussing the best way to frame arguments on its behalf, and pointing out its limitations. He discusses financial reforms, full employment macropolicies, industrial policy, wage-led growth, rescuing welfare, tax reform, living-wage campaigns, fighting privatization, single-

payer healthcare, rebuilding public education, community development initiatives, and antisprawl initiatives. Just a few sample highlights from his rich discussion are possible here.

He thinks we should campaign for full-employment macropolicies for the same reason capitalists oppose them – “it diminishes their bargaining power.” But at the same time we should never tire of pointing out that capitalism will never be able to assure that every citizen has a socially useful job with fair compensation, and that a just economy could do so (265-66). Industrial policy reforms have great danger – they can be hijacked by corporations and make the economy less democratic (as occurred in France, Japan, South Korea, and Taiwan); but when unions and cooperatives and grassroots organizations are involved in the process, industrial policy can prove extremely valuable. Hahnel concludes that “industrial policy reform work within capitalism is recommended only for movements fighting for equitable cooperation that are already very strong” (269).

Leftists have long campaigned for progressive taxes with the argument that the rich should pay more because they can afford more. While not rejecting this argument, Hahnel notes that a stronger argument is that, because people should be remunerated based on effort, the rich on average deserve less of what they earn than do those with lower incomes (277).

Critics of increasing wages through living wage campaigns often argue that higher wages mean higher unemployment for society. Hahnel presents theoretical and empirical evidence to refute this claim. In any particular local area, on the other hand, the criticism has more force, but, says Hahnel, “the lessons those working on living wage campaigns need to draw from this is not to give up, but to expand the living wage into adjoining jurisdictions, and to press for restrictions on the right of businesses to pick up and move” (279).

“In all reform campaigns,” notes Hahnel, “there is always

tension between those who want to hold out for more far reaching, significant changes and those who preach the practical necessity of a more incrementalist approach.” The struggle for healthcare reform in the United States “is a rare case where the incremental approach is actually less practical than fighting for significant reform because there is simply no way to extend adequate coverage to all and control escalating costs through the private insurance industry” (283). In this case, “settling for anything less than universal, single-payer coverage is not only immoral, it is impractical as well” (284).

Hahnel summarizes his advice regarding reform campaigns this way:

While a necessary first step, the reforms outlined in this chapter will suffer the same fate as the best efforts of twentieth century reformers unless twenty-first century activists never tire of explaining what economic justice and democracy mean, unless we take every opportunity to explain why private enterprise and markets are fundamentally incompatible with equitable cooperation, and unless reforms are accompanied by expanding experiments in equitable cooperation and new safeguards within progressive economic movements (291).

Turning from specific reform campaigns to economic reform movements, Hahnel assesses the potential and pitfalls of working in the labor movement, the anticorporate movement, the environmental movement, the consumer movement, the poor people’s movement, and the antiglobalization movement. In each case he tries to show “how people can participate in ways that are not only effective at winning important reforms but also build momentum for a fuller program of equitable cooperation”

(295). Again, there is only room here to discuss a few of Hahnel's interesting observations.

In his consideration of the environmental movement, Hahnel analyzes two approaches to dealing with the problem of pollution – pollution taxes and tradable pollution permits, the latter having been endorsed in some cases by the Environmental Defense Fund – and shows why the tax approach is far preferable. (However, it should be noted that Hahnel seems to only be considering policies on a national level, not the international level, where the absence of a taxing authority may make tradable emission rights more compelling.[21]) Hahnel also argues that it is critical for the environmental movement to build powerful political coalitions and that it is just as important for the movement to come up with policies that “fully compensate different categories of ordinary people” who might be harmed by environmental regulations “as it is . . . to come up with policies that stop environmental destruction” (315).

FOR THE ANTIGLOBALIZATION movement, the key challenge, says Hahnel, is how to avoid dividing the movement along north-south lines over the issues of labor and environmental standards.[22] Hahnel writes:

I strongly suspect there are other reforms that would better preserve the living standards of first world workers than fighting to achieve some level of universal labor standards, especially if labor standards are achieved only in exchange for further trade and capital liberalization. And if pressing for labor standards in trade treaties threatens to drive a wedge between organizations representing first and Third World workers in the anti-globalization movement while other reforms do not, it is almost surely a counterproductive

strategy for slowing the race to the bottom effect. In sum, the AFL-CIO would do well to take their cue from organizations representing Third World workers regarding how the AFL-CIO can best help them improve their bargaining power, because the members of the AFL-CIO will be best served by whatever helps Third World workers most (335).

In his analysis of the labor movement, Hahnel persuasively argues that if this movement is to help prepare people for thinking beyond capitalism, then labor unions must be democratic. It's a disgrace, says Hahnel, that unions are often even less democratic than mainstream politics. One problem is corruption – which radicals need to build reform movements to fight, not bringing the government in – but another is electoral rules that heavily tilt elections toward incumbents.

Hahnel asserts that unfortunately “most unions have fallen into the ideological trap of justifying wage demands on the basis of the market value of their member’s contributions” rather than by arguing that economic justice requires remuneration based on effort. “This approach fails to challenge the legitimacy of capitalist profits and CEO super salaries, and creates obstacles to solidarity among workers in different industries and occupations.” Hahnel asks what the best way is for a union to convince its members they are being unfairly compensated. Is it to “[t]ell them they are being paid less than their marginal revenue product” or that they are being paid less than their sacrifices entitle them to? (299) The latter, says Hahnel, is not just a more sound ethical argument, but more convincing as well. But I think the task for radicals in unions is tougher than Hahnel indicates. Of course an argument in terms of marginal revenue product has little appeal. But there is another argument that has lots of intuitive appeal, with the same dangerous political

consequences: telling union members that they are not being paid more than others with fewer skills. (I recall a flyer put out by my college faculty union comparing our salaries to those of public school teachers in nearby communities.) I agree that we need to make the case for remuneration based on effort, but it won't be as easy as Hahnel suggests.

Hahnel says that a good step in the right direction would be for unions themselves to pay wages based on the remuneration-for-effort principle. "The average wage of elected union leaders and staff members should be the same as the average wage of those they represent." This makes perfect sense if workers earn roughly the same wage. But in many workplaces wages are a function of seniority. One can discuss whether there is any justification for this – it might for example reflect the differential need of people of different ages, for which seniority is a proxy – and we can fight for future wage increases to tend to bring the top and bottom closer together rather than further apart, but in any event the practice is currently widespread. Do we want workers with above-average experience to have to take a pay cut to work for the union? (And, correspondingly, that less experienced workers have a financial incentive to hold on to union office?) Presumably, our union work won't get us very far demanding that those earning above average wages should have their incomes cut.[23]

Work in unions has always been difficult for radicals. Some have sought positions of union leadership, which usually requires all sorts of compromises with radical principles. Others have remained in the rank-and-file, and joined one revolutionary sect or another for psychological and social support. Hahnel rejects both these options, though he doesn't really give an argument against the second approach other than the implicit argument that he disagrees with the political views of the existing sects. But if we replaced "revolutionary sect" with "a caucus or organization committed to equitable cooperation, economic justice, and democracy," I don't see

what the problem would be.[24]

Hahnel offers another option: activists who want to serve as union officials should commit to “equitable living communities” as a way to avoid the temptations of corruption and to assure coworkers of their political integrity. In an endnote he explains that “Equitable living ‘communities’ need not be geographically defined or encompass all aspects of a person’s life. While many experiments reviewed in [the next chapter] have taken this form, more flexible alternatives are also discussed” (402n4). But his brief discussion in the next chapter (372-74) makes clear that instances of such non-geographic, non all-encompassing equitable cooperation do not yet exist anywhere and the details of any such arrangement have not been worked out. One possibility, he says, is that people could exchange their entire annual incomes for incomes based on effort (taking account, he says, of tax obligations and expenses for dependents, medical care, and retirement). Such arrangements seem to me admirable, like Peter Singer’s proposal that people in rich countries give away 10 percent of their income, but, also like Singer’s idea, this is not persuasive as a strategy for social change. Hahnel admits this would require a level of trust far beyond what his participatory economics model requires and in that respect instead of encouraging people to take equitable cooperation models seriously might have precisely the opposite effect. Hahnel says “We need to create more ways for people to make partial commitments to live according to the principles of equitable cooperation short of joining full scale intentional communities or working in participatory economics collectives” (372). I think he’s right, but this doesn’t strike me as one of those ways.

Hahnel is persuasive, however, in arguing that the Left needs to promote experiments in equitable cooperation, not as “the” road to social change, but as a part of the process. Hahnel surveys a large number of such experiments, ranging from

important efforts in Kerala, India, involving millions of people, to workplaces of half a dozen people. Included in his discussion are local currency systems, worker participation, worker ownership, worker takeovers in Argentina, consumer cooperatives, participatory budgeting, and collectives in the United States and Canada that are explicitly organized according to the principles of participatory economics. All such experiments have their limits given that they take place in an inhospitable capitalist environment. But they also have real value:

They provide palpable evidence that a better world is possible. They are an invaluable testing ground for ideas about how to achieve equitable cooperation. Living experiments in equitable cooperation begin the process of establishing new norms and expectations among broad segments of the population beyond the core of anti-capitalist activists. And experiments in equitable cooperation provide opportunities for activists in anti-capitalist reform campaigns suffering from burn out to rejuvenate themselves instead of drifting back into personal lives in the capitalist mainstream (341).

Hahnel doesn't avoid hard-headed analysis of different sorts of experiments. He examines local currency systems, for example, and finds they are useful in some respects, but "counterproductive when participants deceive themselves about how much can be accomplished and see nothing wrong with allowing the laws of supply and demand to determine the terms of their labor exchanges" (345). Worker-owned firms, he finds, are constrained in many ways by capitalist dynamics. Incrementally increasing the number of such firms "is *not* a feasible transition strategy" to the economics of equitable

cooperation, but it can be an important *part* of such a strategy. Participatory budgeting, as pioneered in Porto Alegre, Brazil, had some potential but “has been reduced to a way to co-opt citizens into deciding how to distribute a budgetary shortfall they never agreed to in the first place, and many Workers Party activists have started calling it ‘participatory austerity’” (363).

Hahnel summarizes his view of experiments in equitable cooperation:

there is little point in either pretending experiments are flawless or vilifying those struggling to create something better. What is needed is to nurture and improve those that already exist, to build new ones that can reach out to people who continue to live in their traditional communities, and eventually to link experiments in cooperation together to form a visible alternative to capitalism in its midst (374).

Such experiments are, for Hahnel, a crucial part of what the Left ought to be doing:

Since both reform work and building alternatives within capitalism are necessary, neither is inherently more crucial or strategic than the other. Neither is more ‘revolutionary’ or ‘reformist’ than the other (380).

The other thing the Left ought to be doing, of course, is giving serious, non-dogmatic thought to both what it is we want and how we can best get there. Hahnel certainly doesn’t

have all the answers, but there is no doubt that his book is a major contribution in this regard and should be a starting point for subsequent analysis.

NOTES

1. See, for example, Albert and Hahnel, *Looking Forward*, Boston: South End Press, 1991; Albert and Hahnel, *The Political Economy of Participatory Economics*, Princeton: Princeton University Press, 1991; Albert, *Parecon: Life After Capitalism*, London: Verso, 2003; and, in these pages, Justin Podur, "Participatory Economics: An Interview with Michael Albert," *New Politics*, no. 35, Summer 2003.
2. Thus, in Hahnel's view, a low income is not a "punishment," but simply an indication that someone's personal preference for intensity of work happens to be below the societal average (p. 28) (though at one point, Hahnel slips and says that in his preferred economy there are "material penalties for below-average efforts" [p. 226] which carries the implication of wrong-doing).
3. See John Rawls, *A Theory of Justice*, Cambridge, MA: Belknap Press of Harvard University Press, 1971.
4. Hahnel gives a simple explanation of Okishio's result in his *The ABC's of Political Economy: A Modern Approach*, London: Pluto Press, 2002, especially pp. 123- 25.
5. Marxists of course make reference to the petite bourgeoisie, but in the standard Marxist view this group was destined to collapse into the proletariat.
6. Citations from Maurice Brinton, *The Bolsheviks and Workers' Control, 1917-1921*, London: Solidarity, 1970, pp. 24 (Lenin, *State and Revolution*), 40-41 (Lenin, *The Immediate Tasks of the Proletariat Government*), 66 (Trotsky, *Terrorism and Communism*). Hahnel notes,

“Stalin was by no means the only communist leader to preach the virtues of ‘one man management.’ Lenin and Trotsky campaigned against worker self-management in Soviet enterprises and proclaimed the advantages of ‘one man management’ long before Stalin. And Mao in China and Che Guevara in Cuba were no less adamant in their support for ‘one man management’ as opposed to worker councils” (391n16).

7. Though counting himself a libertarian socialist, Hahnel prefers to call his vision “equitable cooperation” rather than “socialism.” Michael Albert made an argument to dispense with using the term socialism for our goal, given its sorry history, in “Is Socialism Still on The Agenda?” *New Politics*, no. 30, Winter 2001. I lean in favor of using the term socialism for what I want precisely because I don’t want to use the term socialist to apply to the grotesque societies that have called themselves socialist.
8. Volume 57, no. 3, July-August 2005. Hahnel notes that *Monthly Review’s* former editor, Paul Sweezy, wrote to him back in the 1970s turning down a submission, but indicating that while he favored scientific socialism to Hahnel’s utopian socialism, he considered it an open question which would prove more insightful and wished Hahnel the best of luck in his work. (p. 390n3)
9. “Renewing Socialism,” *Monthly Review*, July-August 2005, p. 1.
10. “The Knowledge of a Better World,” *Monthly Review*, July-August 2005, p. 62.
11. For Foster, it wasn’t until the 1930s that the Soviet Union ceased being “in any meaningful sense socialist” (p. 11). But, of course, it was as early as 1918 that Lenin wrote “our task is to study the state capitalism of the Germans, to spare no effort in copying it” and

not “shrink from adopting *dictatorial* methods to hasten the copying of it,” and in practice the Bolsheviks dismantled most of the incipient socialist structures – workers’ councils, collectives, and so on – by 1921 (see Brinton, *The Bolsheviks and Workers’ Control* [quote p. 42]). 12. “Approaching Socialism,” *Monthly Review*, July-August 2005, p. 45.

13. Bertell Ollman, “The Utopian Vision of the Future (Then and Now): A Marxist Critique,” *Monthly Review*, July-August 2005, p. 78.
14. As a totally unscientific, but nonetheless suggestive experiment, when the words “Marxism” and “capitalism” are put into the Amazon.com search engine, you get 23,524 titles; when “Marxism” and “utopia” are entered, you get 21. One might also note that Hahnel, who has been among the most vigorous Left voices pushing for attention to vision, has also produced major analyses and critiques of capitalism, including *Quiet Revolution in Welfare Economics*, Princeton University Press, 1990 (with Michael Albert), *The ABC’s of Political Economy*, and *Panic Rules! Everything You Need to Know About the Global Economy*, Cambridge, MA: South End Press, 1999. The same can be said of many others who have written on vision, including Michael Albert, Murray Bookchin, David Korten, John Roemer, and Tom Weisskopf, among others.
15. See Albert, *Parecon: Life After Capitalism*, p. 107.
16. See “Parpolity: Political Vision for A Good Society,” revised November, 2005, <http://www.zmag.org/shalompol.htm>.
17. This being said, however, it should be noted that even if no mechanism were devised to deal with this problem, it would hardly lead to the demise of a participatory economic system. In the United States, for example, some 12-14 percent of all tax monies due are not paid, even

after enforcement measures (see Internal Revenue Service, "Understanding the Tax Gap," FS- 2005-14, March 2005, <http://www.irs.gov/newsroom/article/0,,id=137246,00.html>).

18. Especially in Albert and Hahnel, *The Political Economy of Participatory Economics*.
19. Hahnel discusses efficiency gains from international trade – and why trade usually aggravates global inequality – in chapter 8 of *The ABCs of Political Economy* and appendix B of *Panic Rules!*
20. In a later chapter on "Experiments in Equitable Cooperation," in which Hahnel assesses the lessons of the Mondragon cooperatives in Spain, he urges "stubborn adherence" to the principle that cooperatives should lend only to members or to other cooperatives (355), which suggests that Hahnel may approve only of international loans to other participatory economies. But his analogy about torturing prisoners suggests the opposite: that by applying his 50 percent rule a participatory economy can loan to or invest in a non-participatory economy without violating its principles.
21. See Tom Athanasiou and Paul Baer, *Dead Heat: Global Justice and Global Warming*, New York: Seven Stories Press, 2002.
22. Hahnel has addressed some of these matters in the pages of *New Politics* ("Globalization: Beyond Reaction, Thinking Ahead," no. 29, Summer 2000; "Imperialism, Human Rights and Protectionism," no. 30, Winter 2001) and in his book *Panic Rules!*
23. And, of course, even the worst-paid first world workers make above-average wages on a global scale.
24. One problem with many of the existing sects is that they employ "democratic centralism," a principle that says

once the party or organization has reached a democratic decision, all members are bound to accept and follow it. In practice, in many such organizations the decisions are not reached democratically, but even when they are, democratic centralism will often be experienced negatively by those who are not members of the party or organization. It is extremely alienating to have a discussion with someone only to discover that no matter how persuasive your arguments, no matter how much effort you make to find some middle ground, your interlocutor is bound by democratic centralism to maintaining the party line.