

Sociology 292. *Envisioning Real Utopias.* Reading Interrogations
Week 6: Parecon

1. Adam Jacobs

Let me say initially that although I will be critical in this response, I think the formulation of parecon is an impressive achievement and I, for the most part, like what Albert is saying. Still, at some level parecon seems to me an economist's fable, a different one from the neoclassical model with fundamentally different first principles, but still a fully formed theory of behavior. Has Albert reified the public in the same way that economists reify the private? Do we really want to be this engaged? Isn't this model still technocratic? Will people really think about opportunity costs in the way that Albert outlines on p. 164: 'if a peanut factory makes soy nuts, chicken farmers have less soy feed, which increases beef output, which affects leather production, which reduces some plastic production, which reduces economies of scale in plastic production, which raises the price of VCRs'? This is the same deterministic mechanism that makes perfect sense to economists but is not usually borne out by behavior.

Occasionally parecon seems almost sufficiently contrived to give Hayek the benefit of the doubt. When Albert tells us that 'society has presumably decided in its year's consumption plan how much theater it wants,' parecon seems like a bureaucratic dystopia – shouldn't theater be spontaneous, freely available, even overabundant, in a utopia? But rather than fault Albert on this point, it is worth remembering two things: first, that 'in parecon there is no class of owners that occupies a level above others ... there is no commanding class above others' (170); second, that the elimination of private ownership probably means that more of society's resources will be allocated to theaters, costumes and education in acting, and that these factors will mean theater can flourish outside of (in addition to) the amount that has been allocated in the economy.

A question about the mechanism of parecon – it appears that the same process determines all goods. To be extreme, the decisions about string production and nuclear power plants are conducted along the same lines, which is fine, but require the same level of engagement from people, which might be frivolous. Isn't it wasteful, or at the very least tiresome, to go through this process from top to bottom? Shouldn't participation be dependent on interest, to some degree?

An exciting element of parecon is that it can change the kind of production – that is, it can give us more of the right kind of production, by appropriating the time spent on advertising and goods that no one really ever demanded. But will it? Won't people want more SUVs, and not fewer? Albert seems to presume that the deliberative system will allow good to win out over bad outcomes – ultimately disallowing harmful goods that will adversely effect the majority. But isn't this a collective action problem writ large? Or does his extension of Green Bans (see p. 15) on undesirable goods effectively curb the collective action problem that results in sprawl, inadequate public transit, etc? I was also

interested by the fact that people face more direct consequences for demanding cheap goods: they allocate resources away from potentially better products, and they may even have to work to produce the cheap good. (Cheap here refers to quality rather than price).

Practical critiques of parecon – how will we get there, could this work in only one country, if so what about capital flight – don't seem very fruitful in this case. Albert has posited a fully extent, closed system. However, I will ask the globalization question anyway: under parecon, is there an incentive to lower prices by either moving jobs overseas or, absent that, purchasing goods from lower-wage countries? Without private ownership, it seems that this incentive is gone. Moving a factory away, or purchasing from lower-wage countries, directly reduces society's resources. In either case the externality is gone: the capitalist who gains personally at the expense of society, or the consumer who gains personally at the expense of society. Is this just a self-evident consequence of eliminating private ownership?

A final cheap shot: where are race, gender, status, sexuality and family in this analysis? Nancy Folbre hassled Roemer on this point, and rightly so I think. I was surprised that Albert never even addressed the corollaries, positive and negative for race relations, household economies, and discrimination. After our discussion last week about how homogeneity helped cooperatives function, isn't Albert assuming an unreasonable amount of homogeneity among the actors in parecon?

2. Jay Burlington

My interrogation centers on parecon's method of allocation.

For the purposes of making decision about allocation, Albert advocates 'decentralized participatory planning' (p. 122), in which members of a parecon, in their respective capacities as producers and consumers, come to determine what will be consumed and produced through a series of proposals, which end up being negotiated at successively higher and higher levels before agreement is reached.

Changing tastes and interests?

Albert proposes that initial proposals (though only with respect to types of goods) be made one year in advance. I think I personally would find this maddening. It is hard to see where 'spontaneous' consumption decisions fit into this model. Perhaps it is only an illusion, but I do think that my tastes and preferences evolve and develop, and I do not think I (and I would assume many others) would enjoy living my life planned out in this way.

The difficulty of making consumption decisions (so far) in advance seems to be amplified if one considers the issue of entertainment services. How would these be allocated? Although presumably one could propose to allocate a given amount of income for

entertainment services, how does one know what one wants to consume before a product is created?

System unravels if everyone an independent producer?

It also seems possible that, since everyone can apply to do whatever they want (though it is not clear to what extent this is regulated), that so many people might wish to be entertainers (writers, musicians, other kinds of artists) that the system would not be able to support them all. What is to stop everyone from saying they want to be an entertainer and then offering bad entertainment? Or does one get to be an entertainer only if enough people request your services?

More generally, couldn't many people become independent producers of various sorts, and only offer for production things they decide they want to make? How effective will the councils and so forth be at getting people to agree to change?

Asymmetrical bargaining power?

Albert tries to eliminate power differences in negotiation, but it seems he is not successful at doing this. Albert claims that bargaining power will not become an issue in a parecon because, since all will earn the same income. After a round or two of exchanging proposals, "what would then happen is that consumer federations, industry councils, and individual work units would negotiate adjustments in consumption and production..." (p. 133). What is to stop one group from having an advantage in negotiation over others? Could those in charge of an essential good (say oil) not be able to unyieldingly state that their job tasks are "very very difficult", and thereby reduce their work time and increase leisure at the expense of the rest of the parecon/society?

3. Linda M. Zech

Interrogation #6: Parecon – Life After Capitalism (Albert)

The two aspects of Albert's Parecon system which I find most troubling are the job complex concept and the role of complete information. These features would be almost impossible to achieve in the real world and would be likely to create subclasses and power inequities. Solidarity would suffer and the goal of rewarding effort and sacrifice undercut.

Information Required For Decision-Making:

It is inconceivable that councils could obtain all the information that would be of interest to every decision maker about the impacts of an action. Presumably only a certain number of persons would have the task of assembling the basic information, with individuals assigned the task of bringing to the table whatever else they may think important from his or her personal perspective. Even with a group effort to assemble information that may be relevant about the impact of a decision, there may be

information that is not even known to members of the group ahead of the decision. Or information important to one or more persons may not be within the specialized knowledge of the rest of the group – so it may in fact be unknowable by the entire group.

This task of assembling information becomes even more Herculean when councils are making decisions beyond the smaller units size. One could imagine that a national level decision might require something in the nature of a legislative hearing on a new law to bring in all relevant information. Not everyone who might be impacted by the decision could possibly spend the time necessary to consider all information someone might think relevant.

Assuming it is possible to gather all information necessary for workers or consumers to make informed choices – how do you disseminate that information? Won't there be a spin – even if the gatherer doesn't intend it? Albert speaks of placing the burden on the person who is dramatically affected by a proposed action to influence others. For example the man who would die if the temperature fell to 68 degrees in his plant. In a small unit it may be possible to communicate this information with persuasive power where others know the person and feel sincere empathy. But what if the action to be taken will harm someone without skills at persuasion? What if the impact on him or her will be very large, but he or she cannot express it in a way that moves others.

Even allowing for different mechanisms of decision making (one man one vote, consensus, 2/3 vote, etc) some person will have a natural advantage in prevailing on their position that have nothing to do with the mechanisms. Attempts at equity will not eliminate innate endowments (via genetics) or the effects of experience that make it possible for individuals to obtain greater power by downplaying some information and highlighting other. Framing techniques are well known in psychology as devices which can be used to alter choices in response to the same basic problem.

In individual councils there would almost certainly be a group who would rise to the top as the wise ones, the ones to whom others turn for assistance to help them get their views expressed. This would create a subclass of more powerful advocate workers (or consumers) who have a special role in society. Favors, goods or services might be offered outside the economy to obtain the assistance of this class. The advocates could assist others or not as they choose, whether or not their own views are consistent with that argued. While this might only be a small group, it would nonetheless create a tear in the fabric Albert's system. And as he has said, the system must function as a whole, and not piecemeal. If there is a subclass of elite advocates on councils, will the system as a whole not eventually break down ?

Job Complexes

The idea of job complexes that include a variety of tasks, some pleasant and empowering, some unpleasant and not empowering, but where all jobs have the same average level of empowerment is obviously very desirable but completely impossible beyond the smallest integrated firm setting.

For starters, in order to rate tasks that will eventually make up a job, someone must make a decision whether the job is pleasant or not, empowering or not, and then rank it against other tasks in the firm. The tasks in the firm must be compared to tasks in other workplaces so that across workplaces individuals all have the same average job rating. Whether a task is pleasant or unpleasant, other than very extreme examples, will be subjective. Will a vote take place on every task? Will the firm's work council determine if replacing the toner in the copier is pleasant or unpleasant? Will they decide if it empowers an employee or that it is not? What if it is unpleasant, but empowering? (for anyone who does not know how to change the toner when copies are needed the person who can do so may feel he or she does have power).

In a parecon, there will be a mix of task in the job complex for every worker – so that one group cannot be privileged to work only jobs that are enjoyable and which impart power in society. Although Albert states that he is not expecting physicists or brain surgeons to give up their primary tasks, he does want them to mix up their rewarding professional work with more mundane tasks. But this assumes that all brain surgeons view their medically related tasks as pleasant and empowering, but would view changing bedpans as unpleasant and unempowering. While his assumption may be true in this example, even though he is not a brain surgeon and doesn't have a subjective view of how pleasant their work is, the assumptions about pleasantness of those foreign to tasks may not be valid.

For example, it is possible that a brain surgeon only went into that profession because a parent made him. He has good skills, but hates the pressure of his job. After all, suicide and drug abuse are very high for doctors. Perhaps he is empowered by his job, because he performs a task that many are not trained to do. And he can make life or death decisions affecting human beings. But he does not find it pleasant. How then would his job be ranked?

Perhaps he is assigned the menial task of cutting the grass at City Park to balance what is viewed as the highly rated surgeon's tasks and the higher ranking of hospital workers in general. Perhaps he loves being outside, with the breeze in his hair, the sun on his face. Even if based on an objective council created scale, he has a good mix of tasks that meets the average of every other worker; his own subjective view of that mix may be quite different. How then is he to be compensated? If he hates the surgeon's job, but forces himself to use the skills he has cultivated, will he be paid more than for cutting the grass? Doesn't that create an internal conflict with the job complex notion? How can Albert explain why this worker may be paid more for the surgeon's job – viewed by rankings as pleasant and powerful, and less for cutting the grass – viewed by rankings as mundane, unpleasant and unempowering? What values are furthered by this scenario?

It may be possible in a small business setting, like Albert's Northstart publishing house, to mix and match duties and responsibilities, and to share power among similarly gifted or trained professionals. But I have grave reservations that this approach can be expanded to all other types and sizes of firms. In other circumstances it is likely to be inefficient to employ individuals in tasks outside their specialized routines - and

substitute someone who has little skill or experience. Skills may atrophy if not used regularly.

The firm will lose the additional value added by these specialists obtained in their initial training. In addition, some jobs required regular practice and ongoing training to perform jobs adequately. (e.g. teachers, lawyers, athletes). This cost of the training would be ongoing, and would create even greater inefficiencies if the workers requiring this training were taken out of their professional position regularly.

Albert also assumes that there will be little incentive to move from one job to another based on financial or power related incentives. And yet, it is possible that there may a huge demand for a particular job complex because of individual preferences. For example, working near the ocean may appeal to more people than working in a downtown concrete and steel facility. In addition, there may not be sufficient pleasant and empowering tasks to divvy up in a workplace. Where work is composed of relatively simple tasks, and there are only one or two aspects that can be deemed pleasant, it may be weeks before a worker gets to do the pleasant task. Of course, Albert would argue that a workplace that has a low overall average would have its workers placed in another workplace part of the time where the averages are much higher. But, this mix may be impossible based upon geographic restrictions. There may be no high average workplace in the entire community.

In a parecon there would be people performing tasks they cannot do well. This is because they will be required to do a mix of tasks for which they may not have been prepared and for which they do not have the right personality traits. And they will expect to be rewarded for their extra effort and sacrifice when doing things they do not do well and don't enjoy – even though it is not clear society will be benefited from their sacrifice. It is not clear how this will lead to empathy or solidarity or equity. And it certainly will not lead to efficiency.

4. Elizabeth Holzer

I suspect that most of the class discussion will be exploring weaknesses of Albert's presentation, so I would like to bring to the table what I thought was a fruitful line of reasoning that Albert had on the ideal consumer, in hopes that we might develop it more fully, ideally within the market framework.

We have for the most part talked about patrons (to use Hansmann's term) as workers rather than consumers (excepting Adam's comment on consumerism in an earlier class). But consumers have an enormous impact on the economy, of course. Albert presents two characteristics of ideal consumers that I consider reasonable. First, "participatory consumers must weigh the benefits of consumption requests against the sacrifices required to produce them." Second, "participatory consumers must distinguish

reasonable consumption requests from ones that are excessive or overly modest” (Albert 123). The first is what really caught my attention, so given that preferences are neither fixed nor entirely internal to the individual—“real people’s preferences arise in social interaction” (Albert 125)—my question is, what would be an effective institutional design to achieve this end. His participatory councils, regardless of how nested they may be, sound hopelessly inefficient. So, within a market system:

How can consumers receive accurate information about the sacrifices required to produce a good?

What incentives can we create to encourage the self-interested consumer to take into account the costs of these sacrifices? How can we tap into the normative structures that make normal people avoid acting with cruelty in face-to-face interactive?

5. Richard Thomson

Week 6 Interrogation – Parecon

1. Ease of Communicating the Parecon Model to Others – Personally, I find that a major obstacle to many reforms is the inability to plainly summarize the proposed reform and the rationale for implementing it (i.e. as if one is organizing behind the proposal and has to persuade others of its’ importance, since most people won’t read the book). For example, Economists utilize terms like “free-market” “deregulation” “privatization” etc. to clearly make their case. I feel most of the proposals that we have discussed this semester would be relatively easy to articulate in a few sentences (although Roemer might be pushing the boundaries of this a little bit). Parecon, on the other hand, would be nearly impossible to explain in a few sentences. Moreover, since Parecon is quite a discontinuous break from capitalism, even if an individual perfectly understood the details of Parecon, they would be unlikely to be persuaded to trade-in the few perks they get from capitalism for Parecon. I would hypothesize that the more dense and hard-to-articulate a theory is, the less probable is its’ adoption (when adoption requires persuading a large mass of people of the benefits of the theory).
2. Replication of Commanding or Coordinating Class – Albert is concerned about the Commanding or Coordinating Class under both capitalism and Socialism, yet he fails to find fault with the possibility of all the worker-, consumer-, and planning-committees which could after a period of implementation begin to have a set of interests “for itself” which diverge from the constituencies it is supposed to represent, leading to a re-coalescence of power and a re-constituting of a Commanding or Coordinating class.
3. Role of Persuasion in Parecon - In many instances during the elaboration of Parecon, Albert mentions that workers and consumers will have to persuade council members at several differing levels of the importance of their preferences

- and proposals. For example, workers and consumers will compete to demonstrate the impact that economic activities have on them – so that they get a say in how these economic activities are conducted. A current example of the contentious nature of this process would be when a job re-analyzed and re-evaluated – workers, managers, and engineers all have a stake in how a job is analyzed and evaluated, and correspondingly these stakeholders all differ in their analysis and evaluation of jobs. Who decides how much stake is given to each stakeholder in this process, and in all the other economic processes? What is the impact of this “politicization” of the economic process? Can this “politicization” lead to inefficient outcomes and individual opportunism (e.g. benefits accruing to friends and family of committee members, or those who can afford to hire lobbyists to make their case)?
4. Do consumers and workers know ahead of time what their preferences will be? Since people’s preferences unexpectedly evolve and change over time – what impact will this have on the efficiency and equity of Parecon planning? In Parecon what is the role for demand-driven, market push economic activity such as advertising and other things that creates demand where it was not present before?
 5. If a worker- or consumer-council disapproves of an individual or organizational preference or proposal, will an informal or secondary market develop in the trade of items not approved by the formal market?
 6. Would anyone take a mentally-challenging job in Parecon? – Under Parecon’s balanced job complexes, those who work the same amount of hours receive the same income, despite the peculiarities of the job itself or the impact that the job has on society. The author appears quite concerned about remunerating those who endure physically-demanding work, but less so about mentally-demanding work. Would people have an incentive to try to find either the least-physically-demanding job (input minimization) or most physically-demanding job (income maximization)? Would society really be better off by having Mozart (Einstein, Van Gogh, etc.) mop the floors and take out the trash in their offices, instead of working on their next big creation?

Random Thoughts – These random thoughts do not need comments, I provide them in case anyone else wants to discuss them:

7. Does Parecon live up to the goals set by the author? The introduction lays out a formidable set of goals to which Parecon is supposed to live up to. With the information provided in the rest of the book, can Parecon live up to these goals and ideals? Do we have enough details to make this determination? Will the manifest consequences be overwhelming? Conversely, the question could be posed, is Albert trying to do too much in Parecon? Is Albert’s attempt to make Parecon the “silver bullet” for all those who want economic change, does he actually oversell its’ ability (for example, the discussion in the Introduction about Parecon and international trade)?
8. Does he throw the “baby out with the bath water?” – Alberts argues that people shouldn’t benefit from genetic inheritance anymore than financial inheritance.

- Couldn't a case be made that genetic inheritance is a "random event" and therefore people are willing to accept the results of random events (i.e. similar to rolling dice, or flipping coins); but people are less-willing to accept the results of non-random events, such as how the political and legal process defines how much people can pass on to their children in inheritance.
9. The consequences and implications of the "social ownership of property" were not discussed. Additionally, the specifics of how Parecon organizations will obtain financial capital to form, operate, and grow were not adequately detailed.
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6. Matias Scaglione

Michael Albert's "Participatory Economics" and the problem of allocation

Michael Albert's whole proposal of Parecon (Participatory Economics) suffers from what I believe are serious and insurmountable defects, among which the solution to the problem of allocation appears as the decisive one. Albert's Economics –a very unfortunate word, as long as Economics is the name of the official discipline that is supposed to study 'the economy'– is conducted by workers and consumers; the workers create the 'social product' and the consumers 'enjoy' it. The evanescent exchange of a commodity for money in the capitalist market is supplanted for a 'decentralized participatory planning' through councils of workers and consumers, in which an 'indicative price' is achieved through subsequent iteration of proposal of councils, at different levels of "social aggregation". Let us concede –just for critical purposes– that the entire set of Albert's extremely loose concepts and assumptions are right until the participatory planning. Let us assume an economy (or economics?) in transition with workers–consumers decided to jump from a market economy to a participatory planning in, let's say, year 0. Following Albert's social engineering, workers and consumers would develop a first proposal 'using last year's final prices as starting indicators of social costs and benefits' (125). Here we have two alternatives: (i) the society develops, for all the commodities of the economy, a huge vector with the initial (artificial) prices that better represent some measure of 'social costs and benefits'; (ii) the society let the planning iteration to take place based in the old capitalist-market price system. If the society chooses the first system and we assume that the decentralized planning works well: will the subsequent prices depend on the first prices centrally assigned (and, of course, on the method of price calculus)? If the society chooses the second system, and assuming also that the decentralized planning works well: is there anything that assures that the prices are going to reflect the so-called "social costs and benefits", whatever they are?

But this is not the main problem with Albert's allocation. Once the society decides the system of initial pricing, the iterative planning starts. The day 1 of year 0 the workers-consumers has to make their first proposal. There is no need of Economics of Information to realize that the system faces an enormous asymmetry of information (the workers have much more information about their products than the consumers) and that

the set of decision of the consumers are big enough to paralyze the best trained shopaholic –even if the society chooses the abovementioned first option. Summing up: we have two ‘actors’ that have to reach a ‘consensus’ on the prices of the commodities: the worker is very well informed and has a very limited –if not unitary– set of decision, whereas the consumer has a very poor information that worsens *vis-à-vis* the size of the decision set of consumption. The final question is: what would assure that the system would not collapse the very first day of implementation?

7. Eric Freedman

(Note: I haven’t quite finished the section where Albert addresses various concerns and counter-arguments [part IV], so if he has an answer to anything I raise here, just refer me to where he addresses it.)

1. No labor markets?

In his model, Albert argues for balanced job complexes instead of a labor market. I am confused about how different firms are able to recruit interested and qualified employees without a labor market. For example, suppose after going through the iterative planning process, hospitals realize there are not enough nurses to care for the sick (or, rather, not enough medical employees whose jobs partly entail nursing functions.) They could increase the wages of these nurse-like workers in the hopes of attracting more applicants, the rational being the nursing must be undesirable work, therefore requiring more sacrifice, and therefore warranting higher pay. But in this instance it seems that the social utility of the job’s outputs, as much as the inherent unpleasantness of the job, is causing the scarcity of employees and the necessary increase in wages. The shortage of nurses stems from the combination of the job’s unpleasantness and its importance to consumers. The value of outputs, Albert maintains, however, is not a morally sound basis on which to determine pay. My basic concern here is that the participatory economy seems unable to efficiently respond to shifts in demand for labor from sector to sector, and from firm to firm. This brings me to my second point:

2. How to get people to act like Albert wants them to act?

In the case listed above, it seems to me that a firm experiencing a shortage of labor, if the employees working there had in interest in rectifying the situation (of course, they don’t have such an interest since they nor anyone else owns the firm, but assuming for now that they do), then they would want to raise the wages for the jobs that are unfilled. But this move, as explained above, would violate the principles of parecon. There are countless other occasions where the parecon system only works when people act the way that Albert wants them to act. How do we ensure that workers are rewarding people for effort and not for bribery? How do we ensure that people aren’t trading on the black market? In

general, what are the specific incentives people have for making the system work? (We need not assume that people are entirely self-interested, but I think it is important NOT to assume that people will be marketable more altruistic under parecon than they are under capitalism.) Too many times, it seemed like Albert was saying, “In parecon people would do this” or “people would do that,” without explaining why they would, at least without the strong arm of the state forcing them to.

8. Chang

1. The conflicts of values

The imagination of Michael Albert is wonderful. I agree with him about the opinion on globalization and the problem of externalities. His critics on global capitalism are appropriate in that, first, the problem of externalities is common in capitalism and second, globalization tends to create cultural homogenization not cultural diversity. Diversity is beautiful. The more important and difficult thing, however, is to find the common base among diversity.

When we evaluate the alternatives, - if we separate the feasibility from the logic of alternatives, then, the values which Albert suggests will be very important criteria to judge the alternatives. He suggests five values: equity, self-management, diversity, solidarity, and efficiency.

My question is about the conflicts of values. What’s the relationship between diversity and solidarity? I think more diversity might tend to reduce solidarity. The diversity of interests does not enhance solidarity. And cultural diversity might be harmful to the plan to enhance solidarity. How to harmonize two values in Parecon?

According to Albert, “solidarity implies that individuals in an economy respect one another’s circumstances and well-being as part of economic life. And participatory planning is designed to attain solidarity.” So, participatory planning is key characteristic of Parecon. Participatory planning is “the system in which worker and consumer councils propose their work activities and consumer preferences in light of true valuations of the full social benefits and costs of their choices (12).”

Eventually, the problem is “Is it possible to get true valuations of the full social benefits and costs of the choices without market?” The same question applies to the possibility of job complexes.

9. Stuart Meland

- 1) *Is simplicity essential to success?*
- 2) *Is the “ownership of the means of production” concept the axis of all socialist reform?*

I can’t help but wonder whether any system can survive if it is too complex for the general public to understand. Capitalism evolved out of the traditional barter system. If I

spend all of my resources making corn (maximum efficiency), I will have extra to sell or exchange for clothes, tools, etc. Like soccer, capitalism is a very simple give and take exchange. The concepts are easy to understand with little experience or effort. Not to say that capitalism is not complex, especially on a macro level, but the entire system is built on a very intuitive theoretical base. Participatory economics is a mess of rules and institutional mechanisms that are meant to prop up a wholly constructed economy. Is it too convoluted to survive?

I can't overlook the significance of Chapter 4 in which Albert declares a moratorium on the ownership of the means of production. "In short, we simply remove ownership of the means of production as an economic consideration. Property in the form of means of production becomes a non-thing. It has no bearing in a participatory economy" (90). Albert restates this goal a dozen or more ways, casting off the concept as if it is an understood evil which requires little or no explanation, much like abolishing murder or organized crime for the construction of a civil society. Why is the concept "the ownership of the means of production" the axis of all or most socialist reform? And most importantly, is it correct to assume that if we eliminate private ownership of the means of production that egalitarian dreams will miraculously be fulfilled? Could it not be possible that the private ownership of the means of production is a necessary evil, without which no economic growth is possible? Historically, if no one ever owned and subsequently benefited from the ownership of the means of production, where would our society be?

10. Patrizia Aurich

The participatory economy that Michael Albert proposes for the participatory part consists of a flexible approach to decision making. The main institution in this is the council, for one point the workers councils and the other the consumers councils. I do not want to debate these different settings, but rather the general approach on decision making pursued by Albert.

I found the conception of a flexible approach difficult. Albert's argument is that there are two main goals which would have to be considered: self-management and participation. In order to reach a high level of participation he thinks it necessary to give people the opportunity to vote in relation to the impact the following decision will have on them. He suggests two possible methods for achieving this: one is the method of consensus, one consists of the distribution of voting rights according to the impact a decision has on one. Both methods obviously have their difficulties as Albert himself concludes. The first one includes the right to block a decision by veto, which in a situation with imperfect information will make consensus hard to find. (Though I am not sure if even perfect information will resolve this issue, since the people still need the skill to recognize their interests as less important than others.) The second process requires determination of the impact of the impact on people before even agreeing on a process of decision making. This requires a decision making process itself, which again find its major obstacle in the imperfect information problem. There are certain situations in which one will work well (for example the hiring decision: everyone is effected strongly by the decision, therefore you can employ veto rights) and others in which it won't.

Recognizing all these difficulties of the proposed decision making processes (Albert: 101/102) Albert concludes that in a participatory economy there should be no prejudgement of which process to employ, but rather only the broad norms mentioned above, self-management and participation, as a guideline in deciding which decision making process to employ. The effected groups should themselves decide how to go about decision making. I wonder if this openness doesn't produce wrong decisions, which are unintendedly not within the participatory norm. I am surprised that Albert does not consider of how to reach an implementation and acceptance of these norms. It makes the whole question of how to make decisions rather unimportant, which in my opinion does not go with the proposed equality especially in trying to make sure people's voices get heard in relation to their effectedness.

11 César Rodríguez

I found it difficult to understand precisely how the different aspects of Albert's Parecon proposal come together. Thus, in what follows I will focus on a particular element of Parecon that I found especially puzzling, in the hope that by discussing its content and its integration with the other elements of the proposal we'll be able to make better sense of what exactly Albert is proposing.

The specific component I have in mind is the idea of participatory consumer councils. Albert builds on the experience of participatory budgeting in Porto Alegre and extends the principle of participation underlying that institution to virtually all spheres of the economy, including private consumption. It is far from clear, however, how he extrapolates from consumption of public goods—in the Porto Alegre case, for instance, the consumption of public services—from the consumption of private goods. Albert seems to believe that the same type of deliberative dynamics that makes the participatory budgeting process of Porto Alegre work will also operate in discussions about the consumption of goods like cars, houses or personal computers.

The problem with this proposal, of course, is that consumers' preferences are highly heterogeneous, and that no amount of participation and solidarity seems to be enough to solve the inevitable disagreements about the consumption of private goods. Albert waives his hands at this objection, but, if we are to take seriously his proposal, I think it is one that must be considered carefully.

This is so not only because it pertains to the specific realm of consumption, but also because the underlying difficulty plagues many other elements of Albert's proposal. Recall, for instance, Hansmann's pessimistic assessment of co-ops as incapable of dealing with issues of interest heterogeneity. Even if Hansmann's reservation may be exaggerated in the case of co-ops, they point to a problem that would be pervasive in Albert's Parecon. Indeed, by extending the principle of participation and self-management typical of co-ops to other realms of the economy, Parecon exacerbates the problem of interest heterogeneity. For instance, how would the rule that "if you work at a

particularly unpleasant and disempowering task for some time each day or week, then for some time you should work at more pleasant and empowering tasks” work? (p. 105). There will undoubtedly be deep disagreements about the definition of what is unpleasant and pleasant work, and about how people with different interests and abilities should be rewarded. Again, no amount of participation seems capable of solving this problem.
