

Individual Differences and the Potential Tradeoffs Between the Values of a Participatory Economy

COSTAS PANAYOTAKIS

Department of Social Science, New York City College of Technology (CUNY), 300 Jay Street, Brooklyn, NY 11201, USA; email: cpanayotakis@citytech.cuny.edu

Abstract

This paper argues that a closer attention to the variability of such subjective characteristics as preferences, life philosophies and attitudes towards work, individual talents, and levels of intelligence raises a number of issues of relevance to the literature on participatory economics (and, to a lesser extent, to that on market socialism). In particular, it is argued that a thoroughgoing integration of such subjective characteristics into the literature on participatory economics reveals a number of previously unrecognized tradeoffs between the values that a participatory economy would seek to promote.

JEL classification: A13, B51, D63

Keywords: Marx; market socialism; participatory economics; exploitation; values

1. Introduction

The purpose of this paper is to raise some questions about the implications of the sacrifice-based accounts of economic justice and exploitation advanced by Hahnel (2004, 2005, 2006) and Albert (2004). In particular, I will argue that Hahnel's and Albert's work fails to recognize the full implications of individual differences between people and that, in doing so, glosses over some important tradeoffs between the various values that their vision of a participatory economy is supposed to embody.¹ In developing this argument

1. "We want a solidarity economy But we also want a diversity economy, an equity economy, and a self-managing economy. Indeed we want one economy that fulfills all these aspirations simultaneously. Parecon thus arises from, respects, and seeks to provide additional dimensions to solidarity economics" (Albert 2004: 15). In analyzing the possible tradeoffs between some of these values, as well as between some of these values and efficiency, this article seeks to qualify Albert's ambitious claim. In other words, the relevant question is not whether a participatory economy would fulfill all these aspirations simultaneously. The question is to what extent each of these goals would be served by a participatory economy and at what cost to all the other goals identified in the passage above.

Author's Note: I thank the reviewers of this article for their insightful and thorough comments. The article has greatly benefited from their constructive feedback.

Review of Radical Political Economics, Volume 41, No. 1, Winter 2009, 23-42

DOI: 10.1177/0486613408324407

© 2009 Union for Radical Political Economics

I will be discussing Hahnel's and Albert's problematic treatment of "reward according to effort" and "reward according to sacrifice" as synonyms, the implications of the Davis-Moore thesis for participatory economics, and Hahnel's sacrifice-based alternative to Marxism's contribution-based concept of exploitation.

2. Albert's and Hahnel's Conflation of "Reward According to Effort" and "Reward According to Sacrifice"

In their discussions of economic justice, Hahnel (2004, 2005) and Albert and Hahnel (1991: 8-9) have often contrasted three different distributive principles.² The first principle, characteristic of capitalist society, distributes the wealth produced in society in accordance with the contribution that one's physical and human capital has made to the social process of production. One of the problems with such a distributive principle is the "Rockefeller grandson problem," namely the fact that, under this principle, those few individuals who have inherited large amounts of wealth can, without ever having to work themselves, count on a large portion of the economic pie produced by others.

The second principle avoids the "Rockefeller grandson problem" by stipulating that individuals should only be rewarded in accordance with what they contribute to production through their work. According to this principle, individuals are not entitled to the product of their physical capital but they are entitled to the product of their human capital. The problem with this principle, according to Hahnel and Albert, is that people's ability to contribute to production through their work is a function not just of their effort but also of their training and talent. Since the distribution of talent is the product of the "genetic lottery," its possessors are just lucky and do not deserve to be rewarded for its contribution to production any more than Rockefeller's grandson deserves to be rewarded for the product of the physical capital he was lucky enough to inherit.

Hahnel's and Albert's preferred distributive principle is therefore to reward people according to the sacrifice they have incurred while participating in the social process of production. The magnitude of such sacrifice depends on a number of factors, such as length and intensity of work, and the pleasantness of one's work and training. According to Hahnel and Albert, since people have greater control over the sacrifices they make for the production of socially valued goods and services than they do over the family they are born into or the talents they are born with, this third distributive principle is the fairest of the three. At the same time, however, Hahnel and Albert agree that, in an ideal society, this third principle may, for humanitarian reasons, sometimes have to be complemented with

It should be added here that to the values of solidarity, diversity, equity, and self-management, Albert and Hahnel (1991: 8-9) add that of efficiency and Hahnel (2002) that of environmental sustainability. Chapter 2 of Hahnel (2002) offers a useful overview of what each of these values entails.

2. A fourth principle, "payment according to need" (Albert and Hahnel 1991: 8-9), is also discussed in Hahnel's and Albert's various works, but this principle is treated as a humanitarian principle rather than a principle of justice (Hahnel 2005: 31-32). Albert (2004: 22) also mentions a fifth principle of remuneration, rewarding people according to bargaining power. Unlike the first four principles, however, which could lay claim to normative validity depending on one's political (conservative, liberal, or radical) point of view, the fifth principle may not be able to lay such claim, but it is nonetheless ever-present in all societies that encourage and allow individuals and groups to get as much as they can get away with.

distribution according to need. An AIDS victim, for example, whose treatment is very expensive, should be provided with treatment even if his/her sacrifice for the sake of the common productive effort is not high enough to justify the cost of the treatment.

While Hahnel and Albert's defense of distribution according to sacrifice is compelling, there are potential complications when one tries, as Hahnel and Albert do, to base an economic system on that principle. Hahnel and Albert advocate a marketless economic system organized around worker and consumer councils and co-ordinated by a participatory planning procedure.³ In Hahnel's and Albert's vision of a participatory economy, individual rewards would be based not on performance as determined by a labor market but on the evaluations of one's co-workers. Such peer evaluations would judge the intensity of one's effort and, combined with the number of hours one worked, give a fair assessment of the rewards that any worker could lay claim to. Reaching this fair assessment of rewards would be facilitated by the fact that, in a participatory economy, people would hold jobs that were balanced for empowerment and pleasantness. Instead of a hierarchical occupational structure, in which a minority hold jobs that are pleasant and socially empowering, while the rest work in jobs that are often monotonous, dangerous, and disempowering, a participatory economy would be made up of jobs that combined some desirable tasks with some less desirable tasks. In this way, the degree of sacrifice required by an hour of work would be equalized and the combination of peer evaluations and hours of one's work would be enough to determine fair compensation for each worker.

One problem with this argument is that it assumes that sacrifice can be measured without reference to subjective characteristics of workers, such as individual preferences as regards to work and leisure. This is surprising given the fact that Albert and Hahnel (1991: 52) clearly recognize that individual preferences in this respect vary and so would the tradeoffs between consumption and leisure of different workers in a participatory economy. There are a number of reasons for such differences in individual preferences. In general, the sacrifice that an hour of work implies for any given individual is obviously a function of the opportunity cost of this lost hour. An individual who gets most of his/her satisfaction from his/her leisure activities would be sacrificing more when working for an hour than an individual whose favorite activity was part of their job complex. For the first individual an hour of work would mean an hour less of the activity that s/he most enjoys in life, while for the second individual it might mean only half an hour less of the activity that s/he most enjoys in life (assuming that, in the second individual's job complex, his/her favorite activity takes up half of her work time).

Interestingly, one of the reasons for this difference between these two individuals could be their differential talents with respect to the activities that they are most interested in. Suppose, for example, that the activity they are both most interested in and derive most satisfaction from is playing music. If the first person is not a very talented musician, they would probably not be able to make playing music part of their job complex. The second person, by contrast, may be able to make it part of his/her job complex precisely because s/he is naturally very talented in this activity.⁴ So differences in people's talents would be

3. For descriptions of the structure and operation of a participatory economy, see Albert and Hahnel (1991: chapters 2-4), Albert and Hahnel (1992: 49-56), Albert (2004: chapters 4-13), Hahnel (2004: 282-84), and Hahnel (2005: chapter 8).

4. I choose music as an example because Albert (2004: 114-15) himself uses it as an example of an activity in which genetic endowment may affect performance.

the first reason why, even in a participatory economy, an hour of work of average intensity would not represent the same level of sacrifice for all individuals.

Second, people may have different preferences because they subscribe to different philosophies of life or are affiliated with different cultural traditions. So, for example, even the participatory economy envisaged by Hahnel and Albert might contain (at least) two different types of people: hedonists, viewing work in purely instrumental terms, as an unfortunate part of the “realm of necessity” that makes activity pursued for its own sake in the “realm of freedom” possible (cf. Marx 1991: 958-59); and productivists, more inclined to view work as “life’s prime want” (Marx 1978: 531), as a deeply meaningful activity and an ideal way for any individual to serve his/her fellow human beings. In addition, people’s attitude towards work could be a function of their cultural upbringing. Thus, for example, Weber (1976) has contrasted the Protestant view of work to the traditionalist outlook of pre-modern societies. According to Weber, Protestantism valorized work as a way to serve God in this world and undermined the pre-modern view of work as simply a means to the attainment of a traditional standard of living.

Both these reasons for diverse individual preferences have interesting implications. The existence of differences in talent presents a participatory economy with a tradeoff between equity and efficiency. If people’s ability to do what they are most interested in as part of their job complex depends on their talent in that area, then on average talented people will sacrifice less for each hour of paid work than less talented people do. If people’s ability to do what they are most interested in as part of their job complex does not depend on their talent in this area, then efficiency is likely to suffer. In his discussion of incentives for training, Hahnel (2005: 234-36) makes it clear that a participatory economy would have to compromise to some extent the principle of rewarding people according to sacrifice. Indeed, Hahnel argues that, in the absence of higher pay for trained workers, one of the motivations for people to get training would be so that they could be admitted to educational programs qualifying them for jobs that they are interested in and which, for that reason, would improve the quality of their life. Hahnel (2005: 235-36) recognizes that such a state of affairs would entail an injustice for those not admitted to educational programs they liked, but adds that “this injustice is much less than occurs in economies where remuneration is based on the value of one’s contribution rather than the sacrifices one makes.”

This point has important implications for the debate concerning radical socio-economic alternatives to capitalist society. Hahnel (2005: 175) and Albert (2004: 152-53) misleadingly criticize market socialists for supporting a system that would reward people not according to sacrifice but according to personal contribution. In this respect, Hahnel and Albert argue, market socialists are on the same boat as liberals. While some market socialists (Schweickart 1993: 245-49) openly recognize the affinity between the values of liberals and those of market socialists, others (Roemer 1994: 17) agree with Hahnel’s and Albert’s rejection of the legitimacy of “self-ownership,” or the ability of individuals to be the exclusive beneficiaries of their individual talents. As far as Roemer is concerned, market socialism’s deviation from the principle of rewards according to sacrifice is a manifestation of a necessary tradeoff between justice and efficiency. Efficiency, according to Roemer (1994: 120), does require wages to be determined in a competitive labor market, even though “social-democratic methods,” such as progressive taxation, could be used to reduce the inequalities that a competitive labor market would inevitably generate (Roemer 1994: 119). In this respect, neither Roemer’s nor Hahnel’s and Albert’s models would completely adhere to

any of the distributive maxims laid out by Hahnel (2004, 2005) and Albert (2004). In both Roemer's market socialist model and in Hahnel's and Albert's participatory economy, talented individuals would disproportionately benefit from their own talents. Hahnel's and Albert's model would try to reduce this disproportionate benefit through the abolition of labor markets, while Roemer's model would do so through progressive taxation. In this sense, it is misleading to think of the choice between market socialist and participatory economies as one between compensation according to contribution, on the one hand, and compensation according to sacrifice, on the other. Where in the continuum between these two principles the respective systems would lie could be debated, but the very debate would testify to the fact that, as far as equity is concerned, the difference between these systems would be one of degree rather than of kind.

The second reason for individual differences when it comes to the choice between work and leisure would be differences in people's predispositions, philosophies of life, and cultural background. The degree of sacrifice that an hour of work of average intensity would demand from an individual would therefore depend on this individual's predispositions, life philosophy, and cultural background. A hedonist working for an hour could be said to make a larger sacrifice than a productivist who viewed work not as a necessary evil, but as a deeply meaningful activity worth pursuing for its own sake. The productivist would be much more likely to derive satisfaction from work and might even come to experience leisure as a burden:

"In the evening when his wife and daughter read together, he wants to go to bed. Sundays he looks at the clock every five minutes to see when the day will be over – what a futile life!" In these terms the son-in-law (who had emigrated from Germany) of the leading dry-goods man of an Ohio city expressed his judgment of the latter, a judgment which would undoubtedly have seemed simply incomprehensible to the old man. (Weber 1976: note 115, page 283)

Strict adherence to the principle of compensation according to sacrifice would therefore require a society to take into account not just "objective" factors, such as hours of work or work intensity, but "subjective" factors, such as attitudes towards work. Taking such factors into account would, however, create great complications for a participatory economy. Hahnel's and Albert's response to the claim that measuring effort may be less feasible than measuring performance could not be transposed to this set of problems. Workers could, as Hahnel and Albert point out, evaluate the intensity of each other's effort by observing each other at work, but they cannot readily observe people's preferences and life philosophies.⁵ This would be even more the case if compensating people for being more averse to work would give everyone an incentive to dissimulate their true preferences and overstate their aversion. If everybody lied and everybody was given the benefit of the doubt, the distribution

5. Weisskopf (1992: 16-17) has raised a similar point when he argued that, in a participatory economy, "people would have an interest in understating their natural talents and abilities and in encouraging the perception that good performance had much more to do with their personal input than other factors," while expressing doubt that it would be easy for one's co-workers to "disentangle an individual's personal efforts from the person's natural abilities" (26). My point here is that, even if one's co-workers could disentangle effort from talent, they would still be unable to observe their co-workers' life philosophy and what this philosophy entails for their enjoyment of work.

of rewards might not be different from what it would have been if subjective factors were not taken into account. In that case, however, the original problem would remain as the greater sacrifice, on the part of hedonists, would not be compensated more than the lesser sacrifice of the “productivists.”

This scenario is not far-fetched, especially if Hahnel’s and Albert’s participatory economy is meant as a model that could be implemented even before a massive cultural revolution has generated a new type of human being untainted by the selfishness and greed endemic in capitalist societies.⁶ Indeed, Albert (2004: 285) clearly does not assume such a cultural revolution when he claims that a participatory economy would harness the self-interest of the greediest individual to the good of society.⁷ In the absence of a cultural revolution, however, the scenario spelled out above could actually get even worse, if only some individuals were greedy and dishonest enough to be willing to dissimulate their preferences. If that were the case, the greedy and dishonest individuals would actually end up being compensated more handsomely for their sacrifice than those individuals unwilling to lie for personal gain. Clearly, such a state of affairs would lead to increasing levels of cynicism that would undermine both the viability of a participatory economy and its ability to promote desired values such as solidarity. If, following Albert and Hahnel (1991: 8), we define solidarity in terms of people’s willingness to take into account the welfare of others as well as their own when they act, it is clear that a society that would reward people willing to increase their welfare at the expense of others and penalize people not willing to do so would not be a society conducive to social solidarity.

This means, however, that, because of the aspect of individual sacrifice resulting from different individual outlooks and life philosophies, it would be very difficult for a participatory economy to reward individuals according to sacrifice. A society that tried to take subjective aspects of sacrifice into account would either fail to achieve a more just outcome or would end up rewarding not just those who sacrificed the most but also those most willing to misrepresent their preferences. Thus, a participatory economy is faced with a potential tradeoff between justice and solidarity, as the attempt to really reward people according to sacrifice could create the space for opportunistic behavior that would, in its turn, undermine solidarity.⁸

The salience of this tradeoff would of course be reduced in a society having attained high levels of solidarity. Once such levels are attained people would be less likely to pursue gain at the expense of others by misrepresenting their preferences. This would not be the case at the beginning, however. In view of capitalism’s propensity to reward individuals for being greedy and for pursuing gain even at the expense of others (Albert 2004: 290-91),

6. In fact, one of the criticisms of Hahnel’s and Albert’s model of a participatory economy has been that it may presuppose “a prior transformation of people’s basic consciousness from one that is individually oriented to one that is socially oriented” (Weisskopf 1992: 17-18). For their response to this charge, see Hahnel (2005: 248-50) and Albert (2004: 289-93).

7. See also chapter 5 of Albert and Hahnel (1991), where the authors construct a formal model of a participatory economy that would work even in the absence of “interpersonal empathy.”

8. The difficulty that a participatory economy would have in rewarding people fairly without undermining social solidarity is clearly relevant to the debate between participatory economics and market socialism, as two of the reasons supporters of the former cite in rejecting the latter are the injustices and anti-social behavior that are supposed to be intrinsic to any market economy, whether capitalist or not. See, for example, Hahnel (2005: 173-77, 178-79).

people's transformation from *homo economicus* to *homo socialis* would require "many years of practicing socially responsible behavior, and observing that others have done likewise" (Hahnel 2005: 250). To the extent that the operation of a participatory economy managed to resocialize individuals and to increase social solidarity, it could conceivably make it possible at a later stage to reduce the injustices implicit in a society that originally rewarded individuals not according to sacrifice but according to effort.

This means that there might be (at least) two phases in a participatory economy, just as there were to be two phases in the communist society projected by Marx (1978). Hahnel's and Albert's model of a participatory economy rewarding effort corresponds to the first stage envisaged by Marx.⁹ As Marx points out, the justice provided by this first stage is necessarily an imperfect one:

But one man is superior to another physically or mentally and so supplies more labor in the same time, or can labor for a longer time; and labor, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This equal right is an unequal right for unequal labor.... Further, one worker is married, another not, one has more children than another, and so on, and so forth. Thus, with an equal performance of labor, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right instead of being equal would have to be unequal. (530-31)

As Marx points out, rewarding individuals according to effort does not take into consideration any differential needs they may have. In Marx's example, people with more children will have a greater need than people with fewer children. The differential need that this paper has been focusing on thus far is the need for leisure. Marx also makes reference to the diversity in people's talents. I have also discussed this diversity with regards to the greater ability that this diversity would give talented people to pursue jobs that were more interesting to them and thus required less sacrifice on their part.

While there are certain parallels between this paper's critique of Hahnel and Albert and Marx's discussion of the first stage of communism, there are also important differences, especially with regard to the second stage of communism that Marx envisages. According to Marx (531),

In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but life's prime want; after the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly – only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banner: From each according to his ability, to each according to his needs!

As this passage makes clear, the second phase of communism would not reward people according to effort but according to need. Thus individuals with more needs would no

9. Albert's and Hahnel's model of participatory economy does, however, have one feature in common with Marx's second phase of communism, insofar as "balanced job complexes" are intended to mitigate "the antithesis between mental and physical labor" that, as the passage below makes clear, would be overcome in the higher phase of communism envisaged by Marx.

longer have to do with less. This vision parallels that of a non-capitalist society rewarding not according to effort but according to sacrifice, so that hedonists, who have greater need for leisure, are not rewarded less than productivists.

There is an important difference, however, between the conditions for the realization of Marx's vision and the conditions for the realization of a society that rewards according to sacrifice. One of the conditions that Marx identifies is a universal change in people's attitude, so that people do not see work in purely instrumental terms but experience it as "life's prime want." This condition clearly goes against the thrust of the discussion in this paper, since the whole point of distinguishing between reward "according to effort" and reward "according to sacrifice" is that, in a diverse society, not everybody can be expected to view work in the same way. Thus, the condition for a society in which people can be rewarded according to sacrifice would be a level of social solidarity that would be strong enough to prevent people from trying to increase their reward by misstating their preferences.

The second condition that Marx identifies are productive forces that would be developed enough to make material abundance possible. Marx's coupling of developed productive forces with a radical change in people's attitude towards work is interesting here because the combination of these two conditions would point in the direction of a post-scarcity society. Indeed, these conditions could be sufficient to bring about the end of scarcity if people's desire for material wealth was not, as is usually assumed by mainstream economics, insatiable. In the absence of human insatiability, highly developed productive forces could eliminate material scarcity, while the transformation of work into "life's prime want" would also mitigate society's need to view leisure as a scarce good. Not facing the need to trade material wealth for free time, the highest phase of communist society, as described in this passage, would in effect have turned "the economic problem" into a thing of the past. In such circumstances, social solidarity would not be hard to attain and preserve. As people would have no incentive to pursue gain at the expense of each other, social solidarity would not be the condition for but the logical consequence of the highest, post-scarcity phase of communism.

Things would be different in a participatory economy in which work is not universally viewed as life's prime want. In such a society the existence of "balanced job complexes" would probably mean that even those lucky enough to be paid for spending part of their day doing what they would have loved doing anyway might still see leisure as a scarce good. In fact, as long as there were some people in a participatory economy who did not view work as life's prime want, leisure would not cease to be viewed as a scarce good. As long as this was the case, even a high level of productive development, capable of satiating people's desire for material goods, would not remove the incentive for some individuals to pursue gain at the expense of others. This is why diversity in people's attitudes toward work would make solidarity a crucial precondition for the attainment of a higher stage of participatory economy in which people are rewarded according to sacrifice rather than according to effort.

It is starting to become clear at this point that Hahnel's and Albert's abstraction from the subjective aspects of sacrifice has important consequences for their analysis of a participatory economy. To begin with, this abstraction obstructs our ability to evaluate the extent to which a participatory economy would be consistent with the distributive principles laid out by Hahnel and Albert. In particular, abstracting from differences in individual preferences is what leads Hahnel and Albert to conflate effort with sacrifice. In their discussion of

their preferred distributive principle, these two are treated as synonyms. This is only plausible as long as one ignores the subjective aspects of sacrifice. When one recognizes those subjective aspects, distribution according to effort, which is what Hahnel and Albert advocate, is shown to be a form of distribution according to contribution rather than a form of distribution according to sacrifice. The difference is that Hahnel and Albert do not propose to reward individuals according to their contribution to economic output but rather according to their contribution to the labor inputs that this output requires.¹⁰ In this respect, the model of participatory economy that Hahnel and Albert propose could be said to give an unfair advantage to productivist individuals who, for one reason or another, have a greater taste for work than they do for leisure.

This discussion has a number of implications for Hahnel's and Albert's discussion of the different distributive maxims and the way they would apply to a participatory economy. To begin with, rewarding people according to sacrifice has to be recognized as a distributive maxim that is distinct from rewarding people according to effort. It is the latter distributive principle that regulates the participatory economy model envisaged by Hahnel and Albert, but the justice that this principle would dispense is an imperfect one. A transition to the more just principle of rewarding people according to sacrifice would presuppose a higher level of solidarity, which, once attained, would arguably signify the transition of a participatory economy to a higher stage.

There is, however, one potential obstacle to such a transition and that is the fact that the lower phase of a participatory economy could potentially divide the population into two camps, the talented and/or productivist individuals benefiting from the unfair advantage that they would be given in this lower phase and the less talented and/or hedonistic ones suffering from an unfair disadvantage. In other words, the imperfect justice of the participatory

10. In this sense, effort refers to such objective features of work activity as time spent working and the level of intensity at which such work is performed. Sacrifice, on the one hand, refers to the differential impact of a given level of effort on individuals who are different in terms of such subjective attributes as life philosophies and attitudes towards work. Interestingly, the principle of reward according to sacrifice may have been at the basis of Adam Smith's version of the labor theory of value (1909: 39):

Equal quantities of labor, at all times and places, may be said to be of equal value to the laborer. In his ordinary state of health, strength and spirits: in the ordinary degree of his skill and dexterity, he must always lay down the same portion of his ease, his liberty, and his happiness Labor alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared.

This formulation defines the value of commodities in terms of the quantity of labor, and thus sacrifice, that they exact. This argument can easily turn into a justification of market exchange, since it seems to suggest that, in exchanging commodities, their producers compensate each other exactly for the level of sacrifice they incurred in the production of their respective commodities. This is, of course, not the case, as people's diverse talents and life philosophy-related attitudes towards work imply that exchanging commodities that embody equal amounts of labor does not necessarily imply an equal distribution of sacrifice between the two parties to the exchange. The flaw in Smith's argument is that it is not possible to conclude that labor's value never varies, if labor's value is defined in terms of the sacrifice such labor requires on the part of the worker. The sacrifice, and thus value, of labor to the worker depends not just on such objective factors as its duration but also on subjective characteristics, such as taste for work, that may vary from one person to the next. Smith abstracts from such differences by assuming not just that work is always experienced by workers as a sacrifice and a "curse," but also that workers experience work as a curse to exactly the same degree (Marx 1973: 610-11).

economy envisaged by Hahnel and Albert could limit such an economy's ability to increase levels of social solidarity and, in doing so, could also end up obstructing the evolution of a participatory economy into a higher stage regulated by the principle of rewarding people according to sacrifice rather than according to effort.

3. "Reward According to Effort" as a Homogenizing Force

Interestingly, there is also a way in which the imperfect justice of rewarding people according to effort could mitigate the division just discussed. Such a development would not necessarily be a desirable one, however, since it would come at the cost of undermining one of the values that, as Hahnel and Albert are right to insist, should be central to the emancipatory project, namely diversity. Moreover, such a development would preclude the realization of the attractive vision just sketched out, namely of a higher stage of a participatory economy, that would be both diverse and just. The basis for such a development would be the fact, discussed by Hahnel and Albert (1990) in their work on welfare economics, that individual preferences are to a large extent endogenous to the economic systems in which they are formed.

According to Hahnel and Albert, a rational individual will not only seek to pursue those courses of economic action available in a given system that are most consistent with his/her preferences, s/he will also seek to transform those preferences over time with an eye to developing that set of preferences that will allow the highest level of satisfaction within that system. In particular, Hahnel and Albert (1990: 142-45) argue, rational agents recognize that their utility functions will change in response both to changes in their individual personality traits, skills, knowledge, and values, and to their life experiences, including their consumption of various types of goods and their participation in various types of activities. In view of this fact, it is rational for utility-maximizing agents to cultivate those individual characteristics and partake in those types of consumption and activities that, in the context of the given economic system, would increase their future utility by transforming their utility functions. This is what Hahnel and Albert (1990: 83) have in mind when they refer to the possibility of "purposefully molding preferences." So, for example, Hahnel and Albert (1990) criticize market systems not just for the externalities and underprovision of public goods that they entail, but also for warping people's preferences in favor of activities that involve negative externalities and against activities that involve positive externalities. In a market system pollution-related externalities, for example, will not just lead to a greater consumption of material goods than optimal, they will also increase the taste for such goods more than it would be optimal. And the opposite can be said for public goods.

In Hahnel's and Albert's participatory economy endogeneity of preferences would encourage people to transform their preferences away from hedonism and towards productivism. If productivists and hedonists get paid the same for an hour of work of average intensity, but the sacrifice this hour entails is higher for the hedonist than it is for the productivist, it is clear that the return per unit of sacrifice is higher for the productivist than it is for the hedonist. Although, in the short term, this would lead to hedonists working less than productivists, in the long term endogeneity of preferences would take the form of a gradual depletion in the ranks of hedonists and a corresponding increase in the ranks of productivists.

This depletion would not even have to take the form of individuals consciously undertaking a change in their own attitudes towards work. This depletion might be the product of socialization processes carried out by rational parents aware of the greater payoff of productivist values. In other words, just as many parents today inculcate the importance of hard work into their children because they want their children to grow up to be economically secure and successful, parents in a participatory economy might inculcate productivist values into their children because they want their children to be happy. By raising them to be productivist, parents would ensure that their children could get rewarded (rather than being penalized) for doing what they had been taught to love (work). Thus, one of the unintended consequences of Hahnel's and Albert's participatory economy would be a tendency to homogenize the population in the direction of productivism.

This is a problem since, as Albert (2004: 41) is right to point out, diversity of outlooks, philosophies of life, and lifestyles is a desirable trait for any alternative to capitalist society. Moreover, since one of the arguments dear to many market socialists is the ability of the market to cater to a diversity of tastes (Miller 1989: 32-33; Weisskopf 1992: 18-19), this point has obvious relevance for the debate between market socialism and participatory economics. To the extent that this homogenization trend would cut in favor of productivists rather than hedonists, it could also be problematic from an ecological point of view, since it might entail a greater level of material production than would be the case in a more diverse non-capitalist society. In this respect, the imperfect justice of rewarding people according to effort could weaken a participatory economy's claim to environmental sustainability.

Another effect of the homogenization induced by endogenous preferences would be, however, to alleviate the original injustice that was originally responsible for the homogenization trend. As the number of hedonists decreased and the number of productivists increased, the number of people required to make greater sacrifices for production would also be reduced. In the limiting case, if everybody became equally productivist, the claim of Hahnel's and Albert's participatory economy to be just would be strengthened, but this result would be achieved at the expense of diversity. Moreover, this result would be more compatible with the vision of conquering scarcity through the spread of a uniform experience of work as life's prime want than it would be with the vision of a diverse participatory economy making increased levels of social solidarity into a basis for the implementation of a reward system based on individual sacrifice rather than individual effort.

All in all, in abstracting from differences with respect to attitudes towards work, Hahnel and Albert proceed as if all individuals were hedonists. This is the case because it is precisely from a hedonist's point of view that work represents a sacrifice that calls for compensation. Thus with respect to the question of work, Hahnel and Albert are closer to Adam Smith than they are to Marx (cf. footnote 10). Hahnel's and Albert's opinion in this respect seems problematic in view of the fact that even in contemporary capitalist societies, riddled as they are with alienating working conditions, people do not just think of work as a means of income. As economists and social scientists engaged in "happiness research" report, "[t]he marked fall in happiness caused by unemployment is not solely due to loss of income. Indeed, the distress occurs even if one compensates for the reduction in income as well as for other factors that may indirectly be connected with unemployment" (Frey and Stutzer 2002: 107).

It has been noted that the imperfect justice of a participatory economy could have adverse environmental consequences. Ironically, the same can be said about a feature of participatory

economy that is aimed at ensuring that such a society would be equitable. According to Albert (2004: 282), all children should be guaranteed an average income, so that parents do not “have to take less product for themselves, in order to clothe, feed, and otherwise provide for [them].” Although such a measure is commendable for protecting children’s right to equal opportunity, it would also reduce the incentive of parents to have fewer children. This could add to population growth and the impact this growth has on the environment. In making this point, I do not seek to endorse “the recurrent neo-Malthusianism that holds that if only the lower classes would stop their wanton breeding, all will be well” (Kovel 2002: 10). As many ecosocialists, including Kovel, have rightly pointed out, the expansionary logic of capitalist society is much more to blame for the ecological crisis we are currently facing than population growth. Nonetheless, as Saral Sarkar (1999: 129), another eco-socialist theorist, points out, even if we are able to support more people by, for example, growing more food, “we should try to stop population growth rather than grow more food. For both population growth and growth of food production have an adverse environmental impact.” In any case, the point here is that Albert’s pursuit of justice through a guaranteed income for children might be less compatible with environmental sustainability than a policy that sought to equalize parents’ incomes without regard to the size of their families. This would be especially the case if an underlying trend in a participatory economy depleted the ranks of hedonists and increased the number of productivists. On the other hand, to the extent that people’s choice whether to have children and how many of them is partly a reflection of their life philosophy and cultural background, it could be argued that the policy proposed by Albert might reduce the financial pressure felt by people with a taste for large families, thus protecting diversity of lifestyles in this respect.

As this discussion illustrates, a participatory economy would face complex tradeoffs that are glossed over in Albert’s and Hahnel’s analysis. Although such an economy would avoid the environmental problems that result from market externalities, it would face other problems relating both to its failure to be perfectly just and to its attempt to provide equal opportunity to children. The uneven justice of a participatory economy would also have a contradictory impact on diversity. While its tendency to reward effort rather than sacrifice would reduce diversity in one way, its provision of an average income for all children would increase it in another. In addition, to the extent that the provision of a guaranteed income for children increased diversity by contributing to population growth, a participatory economy could also entail a tradeoff between diversity and environmental sustainability.

4. Participatory Economics and the Davis-Moore Thesis

Another way in which Hahnel’s and Albert’s participatory economy could lead to homogenization becomes clear when one considers their claim that reward according to a worker’s effort would lead to a more efficient use of human talents than reward according to his/her personal contribution to output (Hahnel 2002: 285). Albert (2004: 232), in particular, uses the example of a number of runners and their likely performance under different reward systems. If they are rewarded according to the outcome of the race, then each runner would only run as hard as she needs to finish ahead of the runners who are less talented than she is. If, on the other hand, they are rewarded according to the extent to which they improve (or fail to improve) their personal best times, they would all have an incentive to

run as hard as they can. Since the latter reward system rewards runners for their effort rather than their talent, Albert reasons that a participatory economy would likewise increase society's ability to make an efficient use of the human talent at its disposal.

Although this argument is plausible when it comes to increasing the effort levels of workers within a given line of work, it says nothing about the allocation of workers with differential levels of talent among the various lines of work within a society. One of the traditional sociological arguments concerning the desirability of some degree of inequality, the Davis-Moore thesis, focuses precisely on this issue. According to Davis and Moore (1945), inequality makes it possible for society to encourage its more talented members to compete for the functionally most important positions by assigning to these positions higher rewards.

This is a claim that is relevant to Hahnel's and Albert's argument, in general, and their discussion of the different distributive maxims, in particular. Indeed, Hahnel and Albert cite "the doctor-garbage collector problem" as one of the reasons they oppose distribution according to contribution of one's human capital. There is no ethical justification, Hahnel and Albert argue, to reward brain surgeons with high salaries and short workdays just because they were lucky enough to be born with talent and/or to have access to good quality education. The rewards of brain surgeons and garbage collectors alike should, according to Hahnel and Albert, be commensurate to their effort, not to their talents or training.

While Hahnel's and Albert's critique of the inequalities enjoyed by brain surgeons is compelling on ethical grounds, the thrust of the Davis-Moore thesis is to argue that these inequalities may still be functional for society insofar as the position of a brain surgeon is more functionally important for society than that of a garbage collector. In the debate that Davis and Moore's article unleashed, Davis and Moore's reference to the differential functional importance of social positions was challenged,¹¹ but one rough criterion that could be used to compare the functional importance of different positions would be to compare the costs that would be inflicted on society if the respective positions were not filled by diligent and competent individuals. Albert (2004: 56) himself implicitly admits the greater functional importance of the position of brain surgeons when he concedes that "[a] skilled brain surgeon has greater ability to benefit her patients than a garbage collector to benefit his 'clients.'" He fails, however, to meet the challenge of the Davis-Moore thesis head on when he views this difference as merely a manifestation of the fact that "people are born with unequal 'talents' for benefitting others, and differences in education and training or even just location can instill in people different abilities to benefit others even when they do not have significant genetic differences" (Albert 2004: 56). What Albert misses here, and the Davis-Moore thesis emphasizes, is that the ability of a brain surgeon to benefit their clients more than a garbage collector is not just a product of the brain surgeon's genetic traits and training. It is also a function of what a brain surgeon does as well as of the ability of society to ensure that the people who are genetically most suited to become brain surgeons choose to do so rather than going into garbage collecting. It is for this reason that the Davis-Moore thesis presents an argument against Hahnel and Albert's contention that "[r]ewarding the occupant of a job for the contribution inherent in the job itself does not enhance performance" (Albert and Hahnel 1991: 50). High rewards for functionally important jobs could enhance the performance of those holding those jobs if they motivated those with the relevant talents

11. See Tumin (1953: 388); Huaco (1963); Collins (1974: 421). For overviews of this debate see Huaco (1966).

to seek those important positions rather than pursuing other interests they may have, and to carry out the tasks of this position diligently so that they do not risk losing the higher than average rewards associated with these positions.

A common and valid objection to the Davis-Moore thesis is that in stratified societies, in which most economic resources are controlled by a privileged minority, the concept of "society" may be a reification that conceals the fact that what is important or beneficial for one group may not be so for others (Collins 1974). Thus, for example, in a capitalist society rewards are more likely to be determined by what is useful to the corporate capitalist elite than by what is useful to the average citizen (Buckley 1963). This is why advertising and lobbying professions are handsomely paid and are well positioned to compete for human talent, even though their effect is to undercut consumer sovereignty and corrupt the political process. In an egalitarian participatory economy, by contrast, consumer councils could conceivably provide a mechanism for democratically deciding which tasks are especially important to society and should not be compensated just on the basis of effort or sacrifice. This might not prove necessary, of course, if it is determined that the rule of paying according to effort was sufficient to ensure that the most talented members of a participatory economy were indeed recruited to the most important positions.

It remains an open question whether the principles of reward envisaged by Hahnel and Albert would permit the kind of efficient use of human talent that the Davis-Moore thesis is concerned with. On the one hand, the egalitarianism of a participatory economy rewarding individuals simply on the basis of effort would mean that functionally important positions would be less able to attract talented individuals from competing, but functionally less important, lines of work. Similarly, the institutionalization of balanced job complexes would mean that functionally important positions would also be less able to attract talented individuals through the provision of more desirable working conditions. On the other hand, as critics of the Davis-Moore thesis have pointed out, the ability of a society to reap the advantages of inequality specified by Davis and Moore very much depends on the extent to which this society offers equal opportunity for success to all its members (cf. Buckley 1963; Huaco 1966). For the most talented individuals to fill the most important positions in society it is not sufficient that important positions are rewarded well, it is also necessary that all individuals, independent of class background and ascribed characteristics such as gender and race, have an equal opportunity to discover and cultivate their talents. Thus, while the greater equality of outcome characterizing Hahnel's and Albert's participatory economy would partially obstruct the flow of talented individuals to important positions, its greater equality of opportunity would widen the pool of talented individuals competing for each of these important positions.

In discussing the relevance of the Davis-Moore thesis to Hahnel's and Albert's model of a participatory economy, the focus so far has been on material rewards and such factors as working conditions. As Davis and Moore (1945: 243) recognize, however, these are not the only rewards that can be used to motivate individuals:

One may ask what kind of rewards a society has at its disposal in distributing its personnel and securing essential services. It has, first of all, the things that contribute to sustenance and comfort. It has, second, the things that contribute to humor and diversion. And it has, finally, the things that contribute to self respect and ego expansion. The last, because of the peculiarly social character of the self, is largely a function of the opinion of others, but it

nonetheless ranks in importance with the first two. In any social system all three kinds of rewards must be dispensed differentially according to positions.

As this passage indicates, society motivates its members through material and non-material rewards alike. Moreover, as Tumin (1953: 392) has rightly pointed out, the logic of the Davis-Moore thesis does not require, as Davis and Moore arbitrarily assume, that "all three kinds of rewards must be dispensed differentially according to positions." Thus, in a society having attained high levels of social solidarity, it is conceivable that non-material rewards could be sufficient to motivate individuals even in the absence of the other two types of rewards. In fact, the main response that Hahnel and Albert seem to have to the Davis-Moore thesis revolves around the increasing importance that non-material rewards are likely to have in a participatory economy.

Indeed, in a participatory economy, Albert and Hahnel (1991: 53-54) and Albert (2004: 234-36) argue, contribution to the common welfare would replace conspicuous consumption as the major source of social esteem. This would give individuals an incentive to be as serviceable to society as they could be. Since the best way for individuals to achieve this goal would be by pursuing those of their talents that are most useful to society, the importance of social esteem as a motivating factor would encourage individuals to cultivate those of their talents and go into those lines of work that would allow them to make as high a contribution to social welfare as possible.

As far as the function of inequality identified by Davis and Moore is concerned, therefore, the important question is whether the importance of social esteem in a participatory economy would increase enough to compensate for the absence of other types of incentives, such as material inequalities and major differences in the conditions of work enjoyed (or endured) by different types of workers. If that were the case, then the search of social esteem, in combination with the equality of opportunity that a participatory economy would afford its members, could conceivably be sufficient to ensure that people would focus on those of their talents that were most socially useful and choose their line of work not according to what they were most interested in but according to the opportunity that different lines of work would afford them to serve the common welfare.

While a participatory economy may be able to channel talented people into society's functionally most important positions, it would do so precisely by preserving some degree of inequality. To be sure, this inequality would not be material inequality. However, the increased ability of social esteem to motivate individuals would also imply that individuals had become more invested in getting their society's approval and that those lucky enough to be most interested in the lines of work that would allow them to best serve the common welfare would get greater satisfaction from their participation in the production process than everybody else.

While in this respect non-material inequalities might be comparable to material inequalities, they are preferable to material inequalities insofar as the latter can more easily undercut an egalitarian society's ability to provide equal opportunity to its members over the long term. Indeed, even meritocratically-based inequalities could lead to the reinstatement of class divisions if talented parents used their higher than average income to increase the opportunities of their children. This has an important implication for the debate on alternatives to capitalism because it suggests that, in this respect, a participatory economy might have an advantage over a market socialist society. Indeed, the greater tolerance of market

socialism for income inequality would make it harder to achieve and preserve full equality of opportunity for all its members.¹²

The discussion so far has established that even a participatory economy could only satisfy the efficiency condition specified by the Davis-Moore thesis by deviating from the principle of rewarding people according to effort. The people who would benefit from this deviation would be the people with a talent for filling functionally important positions and with a greater interest in the activities such positions entail than in the pursuit of other lines of work. In this respect, the efficiency condition laid out by the Davis-Moore thesis puts a premium not just on certain types of talent but on a conformist willingness on the part of individuals to explore not the talents that are most interesting to them as individuals but rather those of their talents that are deemed important from the point of view of society as a whole. This encouragement of conformism would apply to any society meeting the Davis-Moore condition, including societies with a participatory economic system. If there were (material or non-material) rewards attaching to functionally important positions, one could expect two things. On the one hand, people with the talent to fill functionally important positions would be more likely to seek such positions, even if that prevented them from exploring other lines of work that might be more interesting to them. On the other hand, the principle of endogenous preferences would lead us to expect a long-term alteration of people's preferences, so that people actually developed a greater taste for activities, such as filling functionally important positions, with higher payoffs.

This means, however, that the efficiency gains laid out by the Davis-Moore thesis would come at the expense of diversity, as people were discouraged from exploring a wide variety of talents and came to focus their attention on those talents that were deemed to be most useful to their society. To the extent that the outcome of this process was a growing homogenization of society, the likelihood of an individual being interested in an activity other than the functionally most important position they can fill would be reduced, and so would the unfair advantage of individuals who happen to enjoy the most those of their talents that allow them to fill functionally important positions. This scenario then illustrates a number of tradeoffs that a participatory economy would have to face: the efficiency condition laid out by Davis and Moore could be fulfilled only by giving unfair advantage to individuals who have talents that allow them to fill functionally important positions and tastes that make them enjoy those positions over other positions they could also fill. This unfair advantage would probably give rise to a homogenizing trend, pitting efficiency not just against justice but also against diversity. At the end of the process, however, justice would be restored as a result of the reduced diversity in people's preferences, thus further complicating the relationship between efficiency and justice. As this analysis makes clear, a close attention to the implications of the variability of human preferences with regard to different activities reveals that the issues raised by the Davis-Moore thesis have much more far-reaching consequences for the analysis of a participatory economy than is acknowledged in Hahnel's and Albert's treatment of these issues.

12. By the same token, participatory economies might not have such a clear advantage with regards to the Davis-Moore thesis if the motivational force of people's need for social esteem did not increase enough to compensate for the disappearance of non-material incentives. If this were the case, as far as the function of inequality discussed by Davis and Moore is concerned, the likely advantage of participatory economies with respect to equality of opportunity would have to be weighed against market socialism's ability to attract talented people to functionally important positions through the use of both material and non-material rewards.

5. Individual Differences and Hahnel's Sacrifice-Based Conception of Exploitation

A central theme in this paper has been the connection of individual differences to a number of important tradeoffs between values that, as Hahnel and Albert point out, would be important to a participatory economy. I will therefore conclude by highlighting the possibility of a tradeoff between justice and efficiency that is implicit in Hahnel's replacement of the Marxist contribution-based theory of exploitation with a sacrifice-based one. Using distribution according to sacrifice as a yardstick of fairness, Hahnel (2006: 16) defines exploitation as "unfair economic outcomes that result from explicit social relationships," such as the employer-employee and lender-borrower relationships. Using a simple corn model that distinguishes between capital-intensive and labor-intensive technologies, Hahnel (2006) explains how even competitive labor and credit markets can produce exploitative outcomes that reward employers and lenders more than their sacrifice would warrant, while rewarding employees and borrowers less. Moreover, what makes such exploitative outcomes possible, Hahnel argues, is the relative scarcity of capital.

The possibility of a tradeoff between efficiency and justice becomes clear in one of the scenarios that Hahnel (2006) uses to illustrate his theory of exploitation. In this scenario, all individuals start with an equal endowment of scarce capital and the technologies are such as to allow each individual to survive by working 3.5 days a week. Then Hahnel proceeds to consider what would happen if some of the individuals in the model were able to amass some extra capital by working more than 3.5 days during the first week. To begin with, Hahnel explores the implications of such a development in the context of autarky, an institutional framework in which capital and credit markets are absent, so that any capital available can be put to work only by the owners of capital themselves. Hahnel's model suggests that, in the context of autarky, working 3 extra days in the first week would allow the individuals who did so to amass enough capital to be able to work 1 day a week from that point on. According to Hahnel, it would be unfair for the minority who worked extra hard on the first week to work less than everybody else for ever, and this would be so even if the option of working extra hard during the first week had been open to everybody. In Hahnel's (2006: 14) view,

sacrifices merit commensurate reward. Assuming a zero rate of time discount for convenience, anyone who works 3 extra days in the first week is entitled to work 3 fewer days at some point in the future, but that is where the line is drawn. According to the radical theory of economic justice, it is not fair for those who work 3 extra days the first week to work 2.5 fewer days per week than everyone else indefinitely.

According to Hahnel, the people who worked extra hard the first week should share the gains made possible by their accumulation of capital with everyone else. Should they do so, Hahnel tells us, everybody's workweek from that point on would be reduced to 3.25 days a week.

Hahnel's argument may be defensible from the point of view of justice but its adoption in this case might be counterproductive from the point of view of efficiency. The reason for this is that the scenario in question implies that "[w]ith a zero rate of time discount, the rational choice for everyone is to work 3 extra days the first week to only work ... 1 day a week every week in the future" (Hahnel 2006: 14). In other words, just as the extra work

of the few in the first week raised the possibility of reducing everybody's workweek to 3.25 days, extra work on the part of all those who did not choose to take this option would have reduced everybody's workweek even further, thus leaving everybody better off. This means that those who chose not to work extra hard on the first week were acting against their best interests. In Hahnel's interpretation, those who acted against their interests can be seen as "dimwitted," who should not be penalized for being less talented than those wise enough to discern and act in accordance with their true economic interest.

There is, however, another possible interpretation of this scenario. In this interpretation there is not a sharp division between wise people who can recognize their interest and dimwitted people who cannot. Instead, people are seen as possessing varying levels of intelligence, in the sense of their having to make varying levels of effort if they are to understand the implications of Hahnel's economic model and, thus, to recognize the course of action that best serves their interest. If this were the case, the willingness of individuals to make the effort necessary might depend on the payoff of such an effort. In a society operating according to Hahnel's radical distributive principle, this payoff would be low. Anyone who took the time to understand their true interest and proceeded to act accordingly would have to share the benefits from his/her accumulation of extra capital with everybody else in their society. As a result, the less economically savvy individuals might be less likely to make the effort necessary to recognize what course of action is in their best interest. In this sense, the presence of some degree of injustice could, in this scenario, turn out to be in everybody's interest if the more privileged lifestyle of a savvy minority that did not fully share the benefits proceeding from its accumulated capital encouraged everybody else to emulate this minority's example and, by working harder, to accumulate capital and achieve a reduced workweek for everyone.

In Hahnel's definition, the unfair advantage of the savvy minority refusing to share the benefits stemming from its accumulation of capital would turn to exploitation the moment labor and credit markets were introduced into the scenario. The introduction of labor and credit markets would increase the benefits stemming from the minority's accumulation of extra capital. It would do so because it would ensure that that part of the capital that had not thus far been put to work by the savvy minority would now be put to work either by the workers this savvy minority could now employ or by the borrowers of capital to which this savvy minority could now lend. As Hahnel points out, the relative scarcity of capital would guarantee that the savvy minority would receive the lion's share of the productivity gains made possible by the introduction of labor and credit markets. This means, however, that the introduction of labor and credit markets would generate even greater inequalities than the inequalities under autarky. Hahnel (2006: 16) refers to the former type of inequalities as exploitative because they are mediated by "explicit social relationships," such as the employer-employee and creditor-borrower relationships. By increasing inequalities even beyond the level of inequalities in the framework of autarky, the onset of exploitation would further dramatize to the non-savvy majority the potential payoff of following the example of their savvy counterparts.

In other words, the optimal level of exploitation from the point of view for everybody involved might not be zero (where everybody is compensated exactly according to hours worked) but just high enough to motivate people to make the effort necessary to recognize their interests. Implementing Hahnel's distributive maxim might satisfy the requirements of justice by equalizing everybody's workweek at a high level. Deviating from the principle of

rewarding people according to sacrifice/effort, on the other hand, might initially lead to unequal workweeks but provide people with a greater incentive to act according to their interests, thus making it possible to reduce everybody's workweek faster than might be the case in a society that strictly observed the principle of rewarding according to sacrifice/effort.¹³ Thus, although Albert (2004: 292-93) and Hahnel (2006: 13) are undoubtedly right to point out that exploitation often gives rise to ideological justifications of inequalities that obscure the ability of the oppressed to recognize their true interests, this paper's interpretation of Hahnel's scenario suggests the theoretical possibility of situations where the presence of some degree of exploitation may do more to advance people's recognition of their economic interests than a society in which exploitation, as defined by Hahnel (2006), is completely absent.

To be sure, this point should not be overdrawn. The positive function that a moderate level of exploitation could have in the scenario discussed above stems from the fact that the underlying assumptions of that scenario make it relatively easy for individuals to accumulate capital and enjoy the benefits that such accumulation entails. In existing capitalist economies, by contrast, it is often those who work hardest who have the least chance of achieving anything but a bare survival. Thus, while in the scenario discussed above exploitation could help individuals recognize their interest in accumulating capital by working extra hard on the first or second week, this theoretical possibility can hardly be used to justify the gross injustices that characterize actually existing capitalism.

6. Conclusion

The purpose of this paper has been to demonstrate that a closer attention to the variability of such subjective characteristics as preferences, life philosophies and attitudes towards work, individual talents, and levels of intelligence raises a number of issues of relevance to the literature on participatory economics (and, to a lesser extent, to that on market socialism). In particular, it has been argued that a thoroughgoing integration of such subjective characteristics into the literature on participatory economics reveals a number of previously unrecognized tradeoffs between the values that a participatory economy would seek to promote.

References

- Albert, M. 2004. *Parecon: Life after capitalism*. London and New York: Verso.
- Albert, M., and R. Hahnel. 1991. *The political economy of participatory economics*. Princeton, NJ: Princeton University Press.
- . 1992. Socialism as it was always meant to be. *Review of Radical Political Economics* 24 (3 & 4): 46-66.

13. If the principle of "reward according to effort" was implemented, the workweek for everyone might continue to be reduced if the wise minority continued to act on their interest in working extra hard in the present so as to work less in the future. In that case, however, the reduction of the workweek would be slower than it would be if, by the second week, the advantages of exploiters in a society that did not implement Hahnel's distributive principle highlighted to everybody else the advantages of working extra hard for one week in order to work much less from that point on, thus convincing everybody to act on their true interests.

- Buckley, W. 1963. On equitable inequality. *American Sociological Review* 28: 799-801.
- Collins, R. 1974. *Conflict sociology: Toward an explanatory science*. New York, San Francisco, and London: Academic Press.
- Davis, K., and W. E. Moore. 1945. Some principles of stratification. *American Sociological Review* 10: 242-49.
- Frey, B. S., and A. Stutzer. 2002. *Happiness and economics: How the economy and institutions affect well-being*. Princeton and Oxford: Princeton University Press.
- Hahnel, R. 2002. *The ABCs of political economy: A modern approach*. London and Sterling, VA: Pluto Press.
- . 2004. Economic justice. *Review of Radical Political Economics* 37 (2): 131-154.
- . 2005. *Economic justice and democracy: From competition to cooperation*. New York: Routledge.
- . 2006. Exploitation: A modern approach. *Review of Radical Political Economics* 38 (2): 1-18.
- Hahnel R., and M. Albert. 1990. *Quiet revolution in welfare economics*. Princeton, NJ: Princeton University Press.
- Huaco G. A. 1963. A logical analysis of the Davis-Moore theory of stratification. *American Sociological Review* 28: 801-804.
- . 1966. The functionalist theory of stratification: Two decades of controversy. *Inquiry* 9: 215-240.
- Kovel, J. 2002. *The enemy of nature: The end of capitalism or the end of the world?* Nova Scotia: Fernwood Publishing, and London and New York: Zed Books.
- Marx, K. 1973. *Grundrisse: Foundations of the critique of political economy*. New York: Vintage Books.
- . 1978. Critique of the Gotha program. In *The Marx-Engels reader*, ed. R. C. Tucker, 2nd ed., 525-541.
- . 1981. *Capital: A critique of political economy*, vol. 3. London: Penguin Books in association with New Left Review.
- Miller, D. 1989. Why markets? In *Market socialism*, ed. J. Le Grand and S. Estrin, 25-49. Oxford: Clarendon Press.
- Roemer, J. E. 1994. *A future for socialism*. Cambridge, MA: Harvard University Press.
- Sarkar, S. 1999. *Eco-socialism or eco-capitalism? A critical analysis of humanity's fundamental choices*. London and New York: Zed Books.
- Schweickart, D. 1993. *Against capitalism*. Cambridge University Press and Paris: Editions de la maison des sciences de l' homme.
- Smith, A. 1909. *An inquiry into the nature and causes of the wealth of nations*. New York: Collier.
- Tumin, M. M. 1953. Some principles of stratification: A critical analysis. *American Sociological Review* 18: 387-94.
- Weber, M. 1976. *The Protestant ethic and the spirit of capitalism*. New York: Charles Scribner's Sons.
- Weisskopf, T. 1992. Toward a socialism for the future in the wake of the demise of the socialism of the past. *Review of Radical Political Economics* 24 (3 & 4): 1-28.