

ROBIN HAHNEL'S "PARTICIPATORY ECONOMICS"

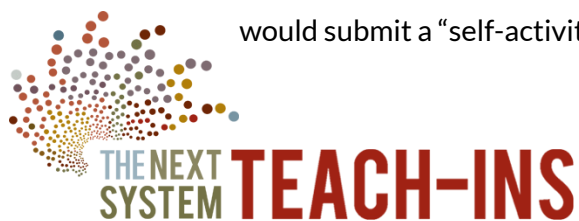
Robin Hahnel, an economics professor at Portland State University, directly challenges the notion that there is no alternative to capitalism through his model, developed with Michael Albert, of participatory economics. In his paper, *Participatory Economics and the Next System*, Hahnel argues that capitalism is no longer sustainable, as the middle class continues to shrink, the financial system is in recurring crisis, and we stand at the brink of cataclysmic climate change. As an alternative model, Hahnel proposes participatory economics, citing evidence of new economic initiatives emerging in support of such a vision.

Hahnel defines the goals, major institutions, and practices of a participatory economy and the implications for a strategy that would realize it. First, the main goals of a participatory economy should be to promote economic democracy, economic justice, environmental sustainability, and human solidarity, while achieving economic efficiency. Second, the defining institutions of a participatory economy are: social ownership of the productive "commons," democratic worker councils and federations, and neighborhood consumer councils and federations. The commons are the resources (natural, produced, and informational) necessary to deliver our way of life. The commons is property held by all, a joint inheritance, that we all steward.

Under participatory economics, workers and consumers would be organized into councils, at both the workplace and neighborhood level. In the workplace, each worker would have one vote in the worker council, the ultimate decision-making body for each enterprise. The worker would be "sovereign" in the workplace, in the same way a stockholder is in a capitalist corporation. Worker councils would feature internal job-balancing committees, tasked with ensuring that all jobs are balanced with a mix of mundane and less pleasant and desirable and empowering tasks. Each worker would be compensated on the basis of an "effort rating" assigned by the worker council, which would grant extra "consumption rights" to workers who make greater sacrifices under such a regime.

Meanwhile, at the neighborhood level, households would submit "consumption requests," along with the efforts ratings of working members, and consumption allowances for those who are too young or old to work, or are otherwise unable to do so. The neighborhood council would weigh household requests with effort ratings and allowances, permitting additional consumption in cases depending on special need. Household members of the neighborhood council would also vote for recallable representatives to higher-level federations of consumer councils: at the ward, city, state, regional, and national levels.

An annual process of participatory planning would then decide which worker councils will use how much of the productive commons to produce goods and services for consumer councils. Each worker and consumer council would submit a "self-activity proposal" to be evaluated by an "iteration facilitation board" (IFB)



on the basis of the opportunity cost of using each type of capital (natural, produced, and human), the social cost of producing goods and services, the damage caused by pollutants, and the social benefits of consuming goods and services. The proposal would go through multiple rounds of revisions until an efficient and feasible plan is reached.

This model of a participatory economy would address some ills of the capitalist system, such as environmental pollution, while remaining agnostic about others, including localism. Hahnel argues that a participatory economy would develop a more judicious and sustainable relationship with the natural environment by considering estimated damage by pollutants in the planning process. Countries adopting participatory economies would be much more inclined to engage in international trade with countries that also adopted the system, and international development would be facilitated through a distribution of 50 percent of any efficiency gain to the less developed trading partner. Decisions on the size of firms, the length of the work week, and rate of growth would be made through the participatory planning process.

Finally, Hahnel lays out the pathways that could help bring about such a next system. The most important element is cultivation of popular will for a system based on sustainable and equitable cooperation. A majority of the population must support making changes for a participatory economy to work. Social movements and campaigns thus need to be much more powerful, and more and larger experiments in equitable cooperation are needed. Only then will we collectively see that there is a viable alternative to capitalism in the face of future crises.