

**READING INTERROGATIONS #6**  
**SOCIOLOGY 929: ENVISIONING REAL UTOPIAS**  
**MARCH 13, 2008**  
**CHAPTER 6. SOCIAL EMPOWERMENT AND THE ECONOMY**

---

**1. Edo Navot**

Most of my response consists of questions and objections to Roemer's idea of market socialism, so I'll save questions on the other proposals for others to make. Before I go on about market socialism, though, I wanted to say that I felt like I lost touch with, or that the chapter didn't reconnect enough, to the framework of the socialist compass. Could we use discussion to do the work of placing these proposals more explicitly in the context of the different routes to socialism, and implications this might have? **[This is certainly worthwhile. I think the basic idea is that these proposals should all, in one way or another, connect either directly to the fundamental social justice principles laid out in chapter 1 which provide the motivation for the critique of capitalism and the search for alternatives, or they should embody some aspect of the pathways to social empowerment. The Roemer proposal figures in these issues in three principle ways: 1) it weakens capitalist power by making the concentrated private control over economic resources no longer a central source of power over the economy – the egalitarianism of the distribution of capital assets reduces the agency-power linked to those assets; 2) it advance the equal access to the material means to live a flourishing life condition by distributing profits more or less equally; 3) it directly moves along one pathway of social empowerment – the statist socialist path -- by enhancing the capacity of state power to direct investments by strengthening the state's planning capacity (through the mechanisms of setting the conversion rates for coupons to dollars in different sectors).]**

If we are still looking at these proposals as possible institutional features of socialism then I have deep reservations with Roemer's market socialism. Obviously, equal distribution of ownership of public corporate stock would dramatically change the nature of decision-making within firms. But how much would it change? To what degree would equal distribution of stock ownership rewrite the nature of the capitalist firm? Insofar as contemporary elements of capitalist firms are preserved, I find this proposal objectionable for socialism (and I don't have a principled objection to markets in socialism per se). First, I think we can imagine an alternative mechanism for raising investment capital, perhaps one that is democratic instead of market-based (market socialism would be only imperfectly democratic because, even though accumulated wealth can't be passed on to children, we know that markets produce deep inequalities without inheritance, as in the labor market). **[In Roemer's model these inequalities are likely to be quite small because most people would actually allocate their coupons to mutual funds and therefore they would receive dividends on a more or less per capita wealth basis].** Also, market socialism wouldn't improve the principle-agent problem between owners and managers. I don't see how it would improve the incentives

for corruption that are pervasive for upper managers. **[I agree that this is an issue, but I think it would be more tractable than in capitalist firms as they currently exist because managers would not have stock options and other mechanisms that are especially corruption-inducing. One could imagine combining this asset mechanism with internal democratic accountability within firms – robust co-determination schemes for example – which might also help mitigate the P/A problems within firms. Stakeholder councils of one sort or another could substitute for boards of directors.]** This also raises the question of whether we would leave labor market earnings structures intact. I think the inequality inherent in wage earnings, regardless of wealth equality, is too onerous for an egalitarian socialist society. **[Roemer’s proposal does not touch on the labor market. He agrees with you that this is a more serious source of income inequality now than is wealth inequality. Still, one might imagine that this kind of market-diffused ownership structure might create a general economic environment in which taxation policies on market wages could have an equalizing effect. What if Roemer market socialism was combined with unconditional basic income?]**

The proposal also claims that equal ownership of stock would eliminate problems of capital flight and the reduction of ‘bads’ (p. 4) but I’m not sure this is the case. It would displace the incentives to relocate a factory or pollute, etc. onto the population at large rather than managers, and the population would have to weigh the costs and benefits and make the decision. While morally having that choice is good (and better than leaving it in the hands of a few), wouldn’t this also place people in the deeply uncomfortable position of potentially having to choose between their job and more coupon dividends, or similar conflicts of interest? **[That is exactly what we want in a democratic economy! We want people to be in the uncomfortable position of facing trade-offs themselves rather than having other people impose the trade-offs on them. In any case, in terms of the jobs vs dividends problem – the capital flight issue – since dividends will only be about 15% of average income, the pressure would surely be in the direction of jobs over dividends. The pollution issue is less obvious: a democratic polity as a whole might choose more growth with more pollution. But that is still surely better than this balance being decided by the rich who have a disproportionate financial stake in negative externalities.]**

My biggest objection to Roemer’s market socialism is that it would necessitate a strong and centralized state. It requires a powerful central bank, in all likelihood a technocratic, not democratic, institution. Egalitarian stock ownership may also exacerbate irrational market behavior, like runs, herd behavior, bubbles, etc. which can produce economic downturns and produce human suffering, or necessitate further centralization and concentration of power in the central bank. Finally, the system requires robust enforcement against the black market trade between coupons and dollars that would inevitably occur and I think this policing would constitute not only an undesirable but also eliminable form of repression. **[These concerns seem to me to be all reasonable worries, but the issue is still: what alternative would avoid these without generating other problems. Certainly direct state ownership and command-and-control central planning has worse effects. What about a cooperative economy – the parecon type**

structure proposed by Michael Albert? That seems to avoid issues like a strong central bank, but it is very hard to see how it would actually function since it rejects markets altogether. If you have firms which are internally democratic, and markets that play an important role in their interactions and their interactions with consumers, then I think you will need a strong state to avoid this becoming capitalist.]

---

## 2. Julian Rebon

### *Equal-Asset social market*

Is a market economy possible without the tendency to concentrate and centralize production? **[There are two distinct issues here: 1) the concentration and centralization of production, and 2) the concentration and centralization of capital? In a socialist market economy, the former tendency would be mainly the result of economies of scale: where there were significant nonlinearities in production functions so that bigger enterprises can produce more efficiently, then such concentration would be likely. But there should be no tendency for a concentration and centralization of capital in the sense of the centralized agency control over economic processes. That is one of the key ideas here: ownership cannot concentrate much even if units of production do.]** If the state forbids some market exchanges, then there could develop a “black market”. The economic system could work with parallel markets, one legal and democratic, another illegal and capitalist. **[This could indeed be a problem. My personal view is that if the equal-asset market socialism would work well on its own terms – if it was reasonably efficient and gained widespread popular support because of its egalitarianism, then a reasonable monitoring and enforcement system would be possible. But I don’t have a specific answer to the problem.]** Capitalism is a very expansive system, how we can avoid the tendency for capital accumulation?

Another issue is the control and management of the enterprise in this model. Are the workers employees of the coupon owners? Would the management be bureaucratic without workers participation? **[Employees are employed by firms, and coupon owners buy stock in the firm which gives them property rights in the dividends of the firm. Precisely how the governance of the firm is organized is a distinct problem. The most natural governance form in keeping with the social empowerment model of socialism would be some kind of stakeholder council in which employees and coupon-based stockowners would be represented along with other relevant stakeholders, depending upon the size and complexity of the firm.]**

### *Social economy*

In my opinion, a very important element in order to support the social economy is education in new values. It is very difficult work in self-management wave if the workers

have the capitalist values. But we have another problem, we don't know how to make another socio productive form. How to regulate work and distribution without generating more inequality? The mechanism employees in the capitalist production aren't neutral. They produce inequality and discipline. We need to produce equality and democracy. **[There are two issues here – one about institutional design and one about cultural preconditions. In terms of institutional design, there is a great deal of research and historical experience in the operation of the cooperative form of production in which workers are both the owners of the firm and democratically govern the firm. So I think we do know something about how to organize such firms, what designs lead to increasing inequalities, what kinds of production are effectively organized this way and which are not. A key issue that is often not given enough weight is the problem of credit markets and access to capital of cooperatives. One of the reasons for the durability and relative success of Mondragon as a regional complex of co-operatives in Spain is precisely that early on they developed a cooperative bank oriented towards loans to coops. The cultural values issue is of course a chronic problem with any proposal for democratic-egalitarian transformation, but it is also very hard to know how much weight this really has. It is always available as an “explanation” (or excuse) for the failures of any experiment, or any historical cases. The hope of supporters of the social economy and cooperatives is that the experience of working in these settings itself generates new cultural dispositions, but we know that this often does not happen.]**

Another very important aspect is the network between coops. Like the world experience shows, the networks allow to the coops adapted a market changes and to overcome the collective egoism. Other problems (education, funded, etc.) can be tackled by the network. A possible form is building a coop economic group. **[This is absolutely right – that is a key to the Mondragon experience. As a political matter, then, part of the agenda should be thinking about the way state policy might help build support structures for a more vibrant cooperative sector. The university of Wisconsin has a coop research center that is pretty interesting in providing some of this network support: <http://www.uwcc.wisc.edu/>]**

One questions more. In your text you focalize in service non profit enterprise. In argentine, we have a very important social economy experienced in production of goods.

### *Unconditional basic income*

My question is the scale that this proposal could be avoiding the *capital flight* if the basic income were significant. I believe that it's necessary “universal scale”, or at least, a regional scale with a closed economy system. What do you think about it? **[The very generous welfare states of Northern Europe already devote a huge percentage of the GDP on state-generated programs of various sorts – 40-50% in Sweden, for example. In such places there is not a serious problem of capital flight in spite of the fact that these have been open economies deeply dependent upon global markets. In those countries, any way, an unconditional basic income might actually not imply an increase in taxation. Another issue here is the extent to which a basic income can be**

**politically forged as a redistributive strategy within the wage-earning classes – the broad working class and middle class however you want to define these categories – rather than between capital and labor. At least in the fairly affluent countries, *in principle* it would be possible to raise taxes for social purposes entirely from labor earnings since a significant part of the population earns enough to have discretionary income (i.e. they are well above basic subsistence levels). Of course, people might not want to pay these taxes because of a lack of social solidarity or other objections to unconditional basic income, but this is an ideological/cultural and political constraint, not an economic one driven by fears of capital flight.]**

---

### 3. Wes Markofski

The introduction to this chapter on socialist alternatives to capitalism—or more specifically on strategies for increasing social power over the economy—continues to reconstruct traditional Marxist notions of socialism into a still related but substantially distinct vision of socialist alternatives. For the state, where traditional Marxist socialism rejected private ownership and conceptualized public ownership over the means of production as state ownership, Erik distinguishes “statism” from social empowerment over the economy. For the economy, where traditional Marxist socialism rejected markets and assumed central (state) coordination over the economy in any socialist alternative, Erik (and the other theorists cited here) considers “market socialism” a desirable and viable socialist alternative to capitalism. I imagine that this openness to market mechanisms and principles as a building block of socialism may be controversial and worth discussing among our group. I think that one advantage of “market socialist” proposals is that using and transforming *familiar existing institutions* (like markets) in radical ways is one very useful way of thinking about socialist trajectories. In asking, as this book does, how we get from the *world we live in* today to a more *socially empowered alternative* world that transcends capitalism, it is useful to push the limits of familiar institutions as much as possible towards socialist alternatives, rather than assume that radical transformation necessarily means the dismantling and negation of existing institutions that actually may or may not be intrinsically antagonistic to social empowerment. **[The market component of market socialism is, for many theorists, not merely instrumental for transition purposes, but part of the destination design as well. This may also have the instrumental virtues you indicate, but that is not the primary motivation for the use of markets: decentralized spontaneously coordinated (rather than fully planned) production and exchange is seen as a necessary component of a complex economic system.]** Proposals like Roemer’s Equal-Asset Market Socialism embody radical transformations in the direction of democratic egalitarian principles while having the strategic and practical benefit of being *conceivable* for advanced capitalist societies precisely because it contains an element of familiarity and institutional continuity with existing practices. Building the new world out of the shell of the old can increase achievability, viability, and reduce “transition trough” dynamics.**[Roemer’s proposals are not exactly “building the new world in the shell of the old” since it is hard to imagine how you go from an ordinary stock market with shares purchased in dollars and in the hands of concentrated wealth holders to a**

**coupon economy without there being some major discontinuity. Social capitalism proposals – like using pension funds to buy shares and ultimately control corporations – is more compatible with your metaphor. Roemer in fact developed his proposals in the context of the demise of the USSR and the possibility of converting state ownership into market socialism.]** Another reason to think that markets might have a real role to play in socialist alternatives (besides practical complexity problems with central coordination) is that the right kind of markets *can* be a mode of social empowerment over the economy by preserving the power and freedom of **citizens to control their private economic resources and exert power over the economy** through economic investment and spending decisions. **[It is not clear why this would count as *social* empowerment even it is a kind of private citizen empowerment. That is, the power doesn't come from the voluntary mobilization for collective action of citizens but from their freedom to deploy their own assets.]** This is, of course, a controversial statement, and under current capitalist conditions markets do *not* do much to increase social empowerment, but under different “rules of the game” one can see the benefit of maintaining markets along the lines of a “recombinant centralization” basis, where the decentralization of decision-making power over economic resources (whether individual and/or communal as in the *Parecon* proposal) might be accomplished better through disciplined decentralized market mechanisms than through concentrated centralized economic coordination.

---

#### 4. Rodrigo Salgo

Two points I want to mark.

The first refers to the link between social economy and social capitalism. Sometimes you refer the cooperatives as social capitalism forms and others as social economy (chapter 3 and chapter 6). I'm not sure when you can characterize a cooperative in one way or another. **[I think this has been an ambiguity in my own thinking, but probably cooperatives are better thought of as a form of social capitalism: the cooperative members collectively own the firm and have power over economic activities by virtue of that ownership: this is the capitalist component. But they are democratic and egalitarian and – depending upon the details of how the cooperative is organized – may not have individual shares in the firm. At least in the most social forms of cooperatives members have equal voting rights, but may not really have any “private” ownership. If they leave the co-op they do not take any capital with them.]** Is it the market that they produce for? **[Most cooperatives do produce for a market – i.e. they produce for anyone who wants to buy what they make, and they sell at prices that reflect market competition.]** Many autonomous economic activities of the civil social indirectly or directly compete in capitalists markets. On the other hand, many take-over enterprises are very democratic and egalitarian between its members and prioritize people and work over capital. Both of them are non-profits activities. In your definition of social economy you suggest that this involve the production and distribution of goods and services. Is it necessary to involve both of these spheres (production and distribution)? **[I was focusing on social economy activities that do produce things –**

**goods and services – rather than a social economy activity that was exclusively for distribution, but I would imagine that we couldn't have purely distributional social economy activities.]** The sphere of distribution refers to a market. **[Distribution need not imply a market. A public library distributes books to people – it does not produce the books – but the mechanism is not a market mechanism. The childcare cooperatives and elder cooperatives in the Quebec social economy produce directly for need and the service is distributed to people, but again this is not really for a market.]** Is it necessary to build a parallel non-capitalist market to sustain the social economy? **[A social economy as I define it implies production and distribution oriented to satisfaction of needs, and thus it does need an alternative distribution system to work well. This is not so much a parallel market as a parallel mechanism]** If it's not the market they produce for, what are the factors that allow us to incorporate a cooperative in the social capitalist form or the social economy form? **[This is probably the best way of distinguishing a social economy cooperative from a social capitalist cooperative: the former produces directly for need the latter for a market.]**

You recognize a potential problem the distortion of the social economy by capitalist market relations: “operating in a market context where the rhythm and pressure of the market are generated by capitalist dynamics makes it difficult for social economy firms to reproduce themselves as egalitarian, needs-oriented enterprises”. This means that they produce in a capitalist market? Or that the capitalist markets conditions can replicate in a non-capitalist market? **[I was mainly trying to note the problem of competition coming from capitalist firms within the same arena as social economy firms. This is why the Quebec social economy involves creating barriers to such competition.]**

The other point refers to the link between social capitalism and statism. In some of the most radical expressions of the take-over enterprises experiences in Argentina the workers of those enterprises demanded to the state to “Stacitize the enterprise under workers control” (I'm not sure this is the right translation). This means that the state would own the enterprise (state ownership via expropriation) but the control and use of it would be carried out by workers. Thus, workers argued that would prevent the enterprise became private owned (and workers in small capitalists) and it would be growing more socially owned. The proposal was not viable primarily by the refusal of government officials to transform private companies into state enterprises and private workers into state employees, since this was recorded as an increase in "expenses" from the state and increased fiscal deficit, at a time where it is touted downsizing and austerity of it. I think this alternative of “statism under workers control” does not specifically fix onto the statist category because the state would not have the control of the means of production. Such control could lead to a larger empowerment of civil society to the extent that not only the workers themselves would control the means of production but also the civil society would be entitled to have an impact on the enterprise, but not from the mediation of a bureaucratic state, but directly to the workers who are the ones who control that means. Could be imagined this alternative as a hybrid between statist and social capitalism? If in statist conceptions of socialism the power and control over the production and distribution operates primarily through the state, can we think the alternative to this, considering a state ownership with workers control (decentralized decision making)? It could represent an alternative more in line with our wishes to the extent that limits deficits of statism (centralizing state control) and also of social capitalism (collective

private initiative)? **[This is a very interesting conception – “state ownership + workers control.” I think a lot hinges on precisely what powers accompany the state ownership component of this. This is, of course, always an issue in the ownership vs control discussions, since to own is in and of itself to have some kind of control, otherwise it doesn’t mean anything. I can imagine a way of understanding this in which state ownership was a form of *social* ownership, which would give the society at large a claim on some of the revenues generated by the firm and would regulate access to credit in various ways. But I am not sure: this would need elaboration in order to be clear.]**

Other examples of this are the processes of discussions that take place now in Buenos Aires on transport services subways and trains. Some social movements and unions are raising the state of these services under the control of workers and users.

## 5. Sung Ik Cho

First, I see differently the basic logic of the social economy. According to the Figure 6.1 of four ways of childcare provision, a social economy childcare seems to be based on the value of ‘benevolence’ and ‘collective’ interests. Also, its logic of meeting needs is described as “I help you because it is good for you”. Of course, the consequential effects of the social economy would have such positive effects as solidarity and cooperation. But it does not seem similar to the norm of benevolence or something like charity. Rather, I think that the social economy is built upon the recognition of common needs and interests among members of civil society. Thus, the prevailing norm of the social economy can still retain partially the norm of “I help you because it is good for me.” In other words, it’s more like, **I help you because it is good for us, not just good for you. [I of course agree with what you are saying here in the most general sense, and certainly the idea of a social economy is not the same as charity. Still, there is a principle of service here that means a central motivation is meeting the needs of others. This is a point that G.A. Cohen emphasizes in a very good essay called “Back to Socialist Basics.” When a social economy eldercare provider helps the elderly the central motivation for providing the service is helping people, meeting their needs. This is consistent with still saying that the reason we want a strong social economy is that it is good for everyone, but the reason we provide a specific social economy activity such as childcare services is because it is good for parents and children.]** The norm of benevolence, therefore, seems to me more incompatible and even exclusive with the dominant norm of the capitalist market like the pursuit of individual self-interests. That’s why certain kinds of charity and benevolence exist marginally outside of the capitalist market. On the other hand, the norm of the social economy is in tension between common needs and individual interests, transforming individual interests into collective and common needs.

Second, in understanding the ways of social empowerment in relations to the economy, what seems unclear is the role and features of the market. The alternative form of the market is characterized as voluntary and decentralized exchanges for collective interests. This kind of market appears distinguished from the centralized market system in the statist socialism. However, this characteristic becomes blurred when it is compared



to the capitalist market itself. Then, the difference between the alternative social market and the capitalist market is the civil society's control over the market rather than the state's. However, this calls into question the scalability problem of the social market. If the alternative social market should avoid a centralized bureaucratic control of the market and also build a sound network of coordination and cooperation among people at the same time, the only thing that I can come up with is a strong moral glue of putting people together without any command and control mechanism and competitive individual interactions. Yet, I think such moral cements can be constructed within the homogeneity of the community, limiting the scale of the alternative social market. **[I don't think it has to be the case that the state plays no important role in a social economy market. The Quebec case involved the state quite actively in framing the social market through subsidies and modest regulation. The coops are organized in a decentralized way and they democratically make decisions and organize their affairs, but the subsidies come from centralized sources, and these subsidies are essential in removing real competition from the process and allowing the needs-oriented cooperatives to function well.]**

---

## 6. Pablo, Ruth & Santiago

This chapter focuses on the pathways to social power over the production and distribution of goods and services. It specially analyzes the potentialities and limitations of five economic institutional designs which have been implemented or could be with more or less success. All of these designs point out mechanisms and structures to change some aspects of the economic organization combining with market in the allocation of resources. We really enjoyed the chapter and yours proposals are very interesting. We send our comments

### Pablo

In the other chapters and this one we have understood socialism as a form of social empowerment which towards democratic radical institutions proposes to construct an egalitarian and emancipatory society. In this project, some kind of market is not only not rejected but needed. This project incorporates theoretical concepts and assumptions of the Critical approaches in social science such as Marxism. This theoretical framework explains the structures and mechanisms in capitalist's societies which limits human capacities to flourish their lives. Particularly, these mechanisms which cause harm and unnecessary sufferings are the pernicious effects of the market and the relation of exploitation between social classes rooted in the private ownership of the means of production. What I want to know is which is the contribution of Marxism for the projects of social empowerment of the economy since: a) they co-exist with market, and b) they do not challenge the capitalist's relations in the main/core economic activities. **[I am not so sure that these proposals do not challenge capitalist relations in the core of the economy if you take them all together. Roemer's market socialism removes completely private ownership of corporations in the conventional sense. The resulting firms still function within markets, but there is no longer a real capitalist market in capital itself. Unconditional Basic Income significantly deproletarianizes**

**labor by restoring the connection between workers and their means of subsistence, so they no longer are forced to work for capitalists. Social capitalism in its various forms impinges on conventional capitalist powers. And so on.]**

Some experiences analyzed in the text such as Quebec's ones are very interesting because either they express social empowerment and seems to be an efficient way of organize childcare and eldercare. In my opinion, these experiences are rooted in the periphery of the economy. I am referring to the main economic activities as the production of energy, industrial goods and food resources, etc. In order to construct a democratic egalitarian society, which would be the role of the state to transfer to these activities social empowerment? **[Some of these activities could be controlled directly by the state – especially energy and utility companies. Others could be organized as complexes of cooperatives along the Mondragon way. And some might remain quasi-private firms with stakeholder councils. As I explain in the socialist compass metaphor, I think the problem is creating a hybrid system within which the social empowerment dimension is dominant. What is unclear is how far this can go – what the limits of social empowerment are, and what the strategies to push along these pathways would be].** Could socialism co-exist with private corporations? **[In the logic of hybrids social empowerment can coexist with private capitalism. The thing which is uncertain is whether social power could ever become dominant so long as capitalist firms continue to exist. Is there a stable, sustainable equilibrium in which you have dominant socialist relations with a subordinate capitalism?]** I think that the state has to take an active role to create scenarios of competition between social economy and private firms. By this way, what is better to a social empowerment project organizations of production and distribution of goods and services based on state power or economic power? **[I do agree with you that the state does need to take an active role in this process.**

Finally, I would like to discuss the connections between social economy projects and national feelings. Some experiences like Quebec and Basque Country are rooted in national movements which claim the independency. Could be interpreted these experiences as some ways of resistance? **[I think that it is probably the case that these forms emerge in areas like Quebec as a way of differentiating Quebec from the larger national socioeconomic system. I am not sure if this counts really as national resistance, but perhaps that is a good way of seeing it.]**

## **Ruth**

We find the Quebec Social Economy the most realistic of all cases presented in the chapter.

Could projects like the childcare system applied to (i) welfare activities in healthcare, educations, etc? (ii) Local basic services like public transportation? (iii) Local commercial restaurant services? If yes, how to diffuse the idea in the population? **[I think that the social economy model is excellent wherever needs-oriented production and services can be organized at a community level, and thus certainly applies for the examples you give. I think it would be harder where there are complex goods production involved, especially if these are capital intensive.]**

Could a social economy bargain successfully with large Capitalist Corporation? How? **[The social economy generally needs backing by the state. This is true for worker cooperatives as well: they cannot easily bargain with large corporations without state backing to provide cheap credit and good information services, etc. I think a proactive, engaged democratic state could provide such services for cooperatives – and the social economy – in ways which would make them able not only to bargain with corporations, but compete with them successfully in a variety of contexts.]**

### Santiago

What should be the role of the state in protecting the social economy from capitalist power and interference? **[Subsidies are critical to provide the providers with a “living wage” so that the price of the services to users does not have cover the costs of production. The rule that these subsidies are only provided when the firm is a cooperative democratically run by the members blocks access of capitalist firms to the market.]**

How to articulate a participatory budgeting with the social economy? **[Interesting point. I would think that participatory budgeting might be especially useful in allocating resources for the infrastructure investments that support social economy activities – buildings, centers, clinics, communications systems, etc. The PB could become a kind of participatory planning for the infrastructure of social economy services especially.]**

Is possible to generate solidarity and social cohesion in the social economy organization?**[This will always be an uneven process, I think: the social economy will be filled with heterogeneous needs and associations formed to provide for those needs. So long as there are budget constraints on the subsidies that make these viable, there will be some competition and conflicts, and these work against cohesion. On the other hand, through social movement associations – a meta-associations (movements of movements) – some of this could be smoothed over.]**

You say: “in the social economy organizations...the representatives includes of different kinds of cooperatives and nonprofit organizations, community development groups and a variety of the larger social movements”. I believe that in the civil society the groups have a different interest, so the consensus is very difficult

## 7. Guillaume Neault

For this week’s interrogation, I will comment on Roemer’s proposal of Equal-Asset Market Socialism and on *la belle province’s* Social Economy. I think the mechanism Roemer proposes to distribute equally ownership is a fantastic idea, but I am not sure I understand it fully. In this case, I would like to raise a few questions for clarification purposes. It is mentioned that “everyone, upon becoming an adult, is given an amount of coupons equal to his or her per capita portion of the total coupon-value of the shares in the economy and [a]t death, all of one’s coupon revert to the common pool, to be redistributed to the next generation.” It seems to me that the availability of coupons

would depend on population change – growth and decline. Here is my assumption: old individuals are more likely to be aggressive with their investments because they have no interest to redistribute coupons to the common pool. It is likely that they will prefer to buy high-risk (high-return) shares. **[In fact the elderly generally adopt low-risk strategies because they value having a flow of dividends since they no longer earn an income through employment. The general investment behavior of people become more risk averse with age ingeneral.]** Let's say you started the Roemer project in 1965. Upon reaching adulthood, baby-boomers will be given an initial portion of coupons, but the per capita total coupon-value for those born in the 1980's would be much less (supposing baby-boomers are still alive). **[The economy has a total value denominated in shares. Young adults get coupons equal to their per capita share of that total value, which they then use to buy stocks at whatever the price of stocks are in the coupon-denominated stock market. Mostly they will do this by putting their coupons in mutual funds rather than directly playing the stock market, but in Roemer's scheme both are possible. So, even if boomers are still alive, the young adults still get the coupons to buy shares that reflect the value of the economy at that point.]** My question would be: is the method for distributing coupons fair or is it contingent upon other factors? If, let us say, we decide to increase the number of coupons available, are we not devaluating our currency? **[There is certainly a problem of valuation of the total share economy in order to determine the amount of coupons to give people, and this could generate stock inflation or other problems.]** Another point: dabbling on the stock market may lead to huge losses for individuals, and so to prevent that, it is likely that people will hire financial consultants for a fee in dollars. In this case, coupon-socialism would be indirectly reinforcing profit driven businesses. **[The fees probably would be percentage fees of the dividends earned, and this indeed would stimulate competition. But that is [part of what Roemer wants – egalitarian ownership with enough market competition to sustain dynamism.]**

I think your formulation '...examples of social economy activities to the extent that they are rooted in the associational life of civil society' is quite nice, as it emphasizes the necessities of social, economic, and state resources to constitute a social economy. I want to ask two questions about social power. You defined social power as 'power rooted in the voluntary association of people in civil society and based on the capacity to organize for collective action of various sorts.' Would you say that social power is a property of the individual, or is a relational concept applicable to individuals in civil society? **[Social power is a capacity that is actualized through associations. An individual in a sense can "have" social power if that individual is in a position to activate such associational collective action, but it is the associational action that is the stuff of the power in question.]** If a wage-earner (caregiver) works in a non-profit business, would we be speaking of a social economy? **[A nonprofit that is rooted in civil society rather than being the arm of a corporate NGO would be part of the social economy.]**

---

## 8. Tod Van Gunten

Does Roemer's equal-asset market socialism eliminate exploitation? According to the text, "by *socialism* Roemer means a society within which capitalist exploitation has been eliminated and ownership of the means of production is equally held by all citizens" (2). This definition mentions the elimination of *capitalist* exploitation but I certainly hope that socialist exploitation is an oxymoron and capitalist exploitation is more or less redundant in this context. **[Exploitation in socialism is not an oxymoron even if we might hesitate to call it socialist exploitation: there will be markets, including labor markets, and a person with a scarce and valuable skill would be able to extract significant rents which can easily be exploitative. This could be counteracted, of course, by taxes and regulations, but it would not be capitalist exploitation since it is not based on ownership of capital.]** We discussed earlier the fact that exploitation figures in the list of the crimes of capitalism, and I can't think of any reason why socialist exploitation would be any better. The post-labor theory of value discussion of exploitation we saw earlier states that "The economic interests of capitalists – the profits that they command – therefore depends on extracting as much labor effort from workers at as little cost as possible" (Chapter 2, p. 6). I don't see anything in the blueprint for market socialism that changes this. **[What changes in market socialism is that the profits generated by this extraction are distributed to the entire population on a more or less per capita basis, so the exploitation generated specifically by capital-ownership has disappeared. Workers have their effort appropriated, but the profits that embody that appropriation are distributed in an egalitarian manner.]** One might imagine that because the holders of coupons are also workers they might attenuate their demands for productivity increases when voting for corporate directors – but one could equally imagine that workers would prefer to concentrate their holdings in other industries and thereby exploit other workers. Is it possible to predict in advance how the dynamics of this system would develop? In any event, it seems to me that market socialism fails (part of) Roemer's own definition of socialism, unless I am missing something. This raises the question: how do we rank-order real utopian goals? Is reducing inequality more important than eliminating exploitation? **[Reducing inequality is definitely more important than eliminating exploitation – the reason we care about exploitation is largely because of its inegalitarian consequences, at least in my view.]** Does it even make sense to think about ordering goals in this way?

---

## 9. Catherine Willis

I find the readings for this week particularly difficult to respond to. One of the reasons for this is that the implementation details and the context essentially 'make or break' the initiatives under discussion. The issues that I will talk about here are no exception. **[By "implementation details" do you mean the specific details of how an institution was initially implemented/constructed? Or do you mean the details of how it is implemented in an on-going way – how it is organized and run?]**

Having accepted that central planning is not feasible (p1), we need to think about the mechanisms that ensure that social planning will allow **all needs to be met**. **[This may be too demanding a condition since “social planning” need not provide for the satisfaction of all needs. Just as the capitalist economy doesn’t provide for all needs – much is produced within the family, for example through domestic production – even in a socialist economy not everything has to be produced through socially empowered processes.]** In many of these example the balance between providing social goods and producing enough to pay for them is but one of the challenges. We also need to make sure that they are offered in adequate quantity. Will the **invisible hand** of the social economy reach in to make it all work? **[The social economy is not strictly organized through the “invisible hand,” at least if we allow for a significant role for more aggregate level priorities to be set. The social economy has market-like features, but it is also heavily planned in the sense of target levels of provisions provided. It is a bit like public schools in that there is planning based on the anticipated number of children and the number of teachers and classrooms needed, but in the social economy case the actual provision of the services is done through decentralized cooperatives rather than centralized administrations.]** Applying these questions to the example from the chapter of childcare or non-medical homecare services for the elderly helps illustrate the issues at hand.

If we see these as public goods, they should be accessible to all. First, we can wonder how to respond to a shortage of people willing to form cooperative daycares? The article states that the daycare system currently employs “6000 people, half of whom were previously unskilled welfare recipients”. From this we can guess that the salaries paid to the employees, while decent, are not high. Furthermore, salaries, along with lack of respect for the work they do are common complaints from coop daycare workers). This leads us to two questions. First of all, if the government is indirectly determining the salary of the employees by deciding on the subsidy amount, how different is it to work in a daycare coop than for a private provider; has exploitation really been reduced? **[This of course will all depend upon the political balance of forces that shape government policy. The full socialism as social empowerment ideal includes a deeply democratic, participatory state in which the prospects for decent standards of living connected to daycare cooperatives would be high.]** Secondly, should there be a shortage, what is the government’s role in increasing provision of services by offering higher subsidies (and allowing for higher salaries); can the government afford this? **[Again: under democratic-egalitarian conditions the government “can afford” this if it is a democratic priority. In capitalism it might not be able to afford expanded services because the priorities are not set democratically.]** Are there other means of fulfilling this public good? Lastly, if the state essentially controls the operating budgets of these coops, how do its users and its members all ensure that their needs are met? **[“The State” can either be an autonomous actor imposing priorities or can be subordinated to civil society – democratic accountability. One of the attractions of strictly market provision is that it creates the *illusion* that consumers decide what the priorities are; they don’t need to ask anyone or mobilize to have needs met. They just buy on the market what they need. This is an illusion because of huge inequalities in ability to influence the market through consumer choice, and because market processes are not autonomous responses to consumer action. In any case, any other system**

**requires collective organization for needs provision and this means that there will be situations in which users will be frustrated because their priorities don't carry enough weight.]**

While I appreciate that these details can't all be treated in the chapter, I believe that these questions raise some issues and contradictions (notably between the role of state and civil society in ensuring access to public goods for all) that would be relevant to several different real-utopian strategies.

---

## 10. Molly Noble

### Equal-Asset Market Socialism

There are two things that come to mind when thinking about a stock market based economy based on the attributes of the current stock market. One is the problem of insider trading which is already a problem in stock market partly due to the fact that it is hard to prevent and is easily done. How would the state be more effective at regulation and ensuring that everyone has equal access to information provide about different corporations? **[I think the issue here is to think about the incentives people would have in using insider information. In a capitalist context the key idea is that you buy stocks when they are cheap and sell them when they are expensive – so insider trading gives people advantages in these transactions (selling when you knowe the price is about to drop, for example). But in capitalism you get dollars from these sales – capital gains are in ordinary money. In a coupon-based market socialism, the “capital” gains are in coupons and are only useable for the purchase of other stocks. This should greatly dampen the incentives to play these games, and if the incentives are lower, then it is easier to monitor.]** The second is the separation of ownership and control. Again, problems have already arisen in light of current decentralization of ownership in the stock market with efficiency, liability, working conditions and possible loss of ownership control. Also, this model does not put any more control in the hand of the workers; in fact it intensifies diffusion of ownership. Given the specificity of different working environments and the varying interests of different groups of workers, what makes the public more aware or protective of workers' interest any more so than corporate private owners? What role would workers have in the corporate decision making process? Could this somehow create a situation in which workers are pitted against the public or a public decision making entity? What is to ensure that self-serving managers don't absorb the decision making responsibility and power? **[Roemer's model does not specify the governance mechanism of firms. It *could* be ordinary boards of directors elected by share owners with all of the problems this entails when there is diffusion of ownership – i.e. lack of real accountability of boards of directors. An alternative is to have *stakeholder* councils of elected representatives of workers, managers, shareowners, community members, perhaps the state, etc. And this can be combined with works councils for governance matters internal to firms where workers are the main stakeholder. In any case, there are a variety of designs for governance that would be consistent with diffuse egalitarian asset ownership.]**

In terms of the specific design proposed by Roemer, I would question the role of the state in determining the exchange rate between coupons and dollars and the public policy that “encourage investment in some sectors over others.” What is to prevent people with the means of persuasion from corrupting what I’m assuming is supposed to be an unbiased process to set policy and manipulate exchange rates so as to favor private interests? Is there a mechanism for ensuring that the policy process is democratic and allows for deliberation between different interested parties and is it open for public discourse and debate? **[The issue of corruption – or more broadly “rent seeking” -- is likely to be significant wherever there is state regulation, and even under ideal conditions it should be possible for clever people to “game the system.” That being said, I think the question is whether this design increases or reduces (a) the incentives for people to engage in high-stakes corruption, and (b) the ability to act on those incentives. I don’t have a clear answer to this, but if this particular component of the social empowerment agenda is combined with the deepened democracy agenda, then perhaps the increased transparency of political action makes corruption more difficult, and the egalitarian coupon character of the asset mechanism reduces the incentive.]**

### Social Economy

My biggest concern regarding the policies of a social economy is alleviation of social responsibility of the state. **This is essentially a concern of privatization and accountability. To what extent is the sort of hybrid organization you discuss a form of privatization?** Many non-profit organizations, because they have qualities that both challenge the current system and are an arm of it, are extremely difficult to categorize in terms of their social value and capacity to engender social empowerment - they often have ends that are inherently at odds with their means. Because of this it is important to ask not only what sector is best able to provide certain services (state, private, non-profit, etc) but also whose responsibility it is to provide those services. I can think of examples of public-private partnerships (such as business improvement districts) that could arguably fall under the category of social economy but that because they depend on the resources (social, cultural, political and economic) of specific communities, effectively provide a justification for disproportionate levels of development in already advantaged areas. **[You are absolutely on target here that things like the social economy can provide the ideological cover for the state to simply withdraw from effective responsibility over some area of human needs. Decentralization and “devolution” often has this character as well: under the symbolic cover of bringing services closer to the local level the services are simply abandoned to the market or the family. Whether or not this is the case depends crucially, I think, on the political forces in play and the strength of social movements within civil society. The same formal institutional design will have very different effects depending on the balance of forces and the character of communities, etc.]**

Minor contention regarding Figure 6.1 – I would argue that some forms of **family childcare are motivated by collective concern**, or by a collective interest to meet needs that are unattended to by either the state or market. **[I was using the term “family childcare” to mean something much narrower – the stereotyped provision of**



**childcare by parents – mainly mothers of course – to their own children, not a social network based way in which families in a community collectivize childcare services through bonds of reciprocity. That is actually more like a network form of social economy.]** The example I am most familiar with is in low-income neighborhood or buildings where childcare is often shared and split between different families on different days. I suppose it could be argued that this stems from the private interests of families to ensure that care is provided for their own children, however I can think of cases where individuals without children would share in the childcare responsibility of the community and also that the community networks extended beyond childcare.

### **Unconditional Basic Income**

You argue that universal basic income “will increase the collective power of organized labor” essentially because it creates conditions under which employers will compete with each other to attract workers as opposed to workers competing against each other – thus driving wages down – for employment. **[The issue is not so much that this intensifies competition among capitalists, but that it gives workers a) a better exit option, and b) it provides all workers with an unconditional strike fund. While the first of these does increase individual bargaining, unions will be stronger when the members have better individual bargaining positions since the members are less vulnerable.]**

However, it seems that this is more an argument for the increased power of labor on an individual level more so than the collective power of organized labor. I would argue that one of the sources of power of organized labor stems from the realization of a collective interest of workers to enhance working conditions. Thus the root of empowerment is in wide spread inability to meet means of subsistence. Since universal basic income negates an inability to meet the means of subsistence I could see such a policy leading to the increased atomization of workers. Interest in employment and additional income would come from individual pursuit of a higher standard of living than can be met with the individual allowance. **[This is an interesting argument. If I can reframe your point, you are suggesting that there are two forces in play affecting the power of unions under conditions of UBI, one which you are stressing and one which I raised: 1) the incentive for workers to join unions declines since they are under less pressure from the labor market; 2) if workers are in a union, their capacity to act collectively increases because of the two factors I stated above. So their collective organizations will have more power but individuals will have less incentive to to join those collective organizations.]** In addition, since class position is associated with different standards for quality of life, I could see a tendency for people to secure work that maintains the quality of life they are accustomed to living under – in such a case unconditional basic income would reproduce inequality rather than diminish its effects.

Also – how would inflation be accounted for under a policy of universal basic income and what would happen in the event of a depression/recession? It seems that it would be hard to guarantee the maintenance of the allowance during a fiscal crisis thus deepening the crisis. **[These might indeed be problems, but I am not sure why they are any worse than any other problems facing the state, taxation, etc.]**

---

## 11. Eduardo Cavieres

I am wondering about the ways that would be needed to contextualize these proposals under a socialist agenda. I am probably referring to the ideological side of these proposals. For their success, I do not only see the need to refine some of its technical elements but also to create some alongside institutions that can reinforce commitments and social purposes. Generally speaking, this task has usually been in the hands of some sort of ideological institutions such as churches, schools, and the media. I think that it would be interesting to see how such institutions would need to look like in order to promote these egalitarian utopias. **[Some of these proposals contain within themselves an implicit vision of the cultural and ideological process for the diffusion of the different proposals: the idea is that exemplary demonstration projects create models that other movements can copy. The Quebec social economy or the Porto Alegre PB become visible experiments that “another world is possible” and provide a template that can constitute a point of departure for other attempts. In this diffusion process intellectuals can play a very big role by clarifying how things work and what side conditions are needed for them to work well.** However, I know this chapter deals with a specific focus which is related to the economy, and the point I make would better fit the previous chapter, but the reason I mention it here is because some of the limits that the experiences mentioned have had relate to certain “incapability” of maintaining those more ideological stands rather than because of technical flaws in the proposals themselves. Along, with that I am wondering if the complexities of the proposals would attempt or not, against the goal of producing broad participation and instead would start concentrating decisions again in few hands. That also would require special efforts to update people’s knowledge in relation to these innovations. My sense is that economy is much harder to comprehend than political governance. **[It may be that the economy as a whole is harder to comprehend than the political system, but many of these specific proposals involve reorganizations of specific economic processes in ways that enhance social empowerment, and this may not be so hard for people to understand. The Quebec social economy is pretty straightforward, after all.]** Still, as many of these experiences have already been put in place, this might definitely prove me wrong.

Finally, as we have some Argentineans compañeros I wanted to ask them about the “Movement of Recovered Companies” that appeared in the Documentary “The Take” (La Toma). I am aware that documentaries are just that, but still I will be interested in knowing if the experience of these workers had any real impact in the country, and if the lessons they gained are helpful or not, for thinking in ways workers can become owners of companies, but most of all of how can run them under a model of collective decision making.

---

## 12. Charity Schmidt

Within the discussion of a universal basic income, the expectation is that it would increase the collective power of labor. But, since we have been able to observe the decreasing relevance of labor unions and their decreasing power relative to capitalist interests (example: auto unions in Detroit), why should we always have the assumption

that growth in labor unions will increase social empowerment? Even if they elevate the empowerment of its particular members, labor unions can be socially divisive and a mechanism for exorcising individualistic interests. They are not inherently collectively minded. What potential problems do labor unions pose for such initiatives proposed in this chapter? What problems do they pose for associational democracy? **[This is a big set of issues, somewhat beyond the parameters of the discussion for this week. Briefly, it is of course the case that unions like any other basis of collective action and social power might not contribute to a broad process of increasing social empowerment: they can be exclusionary, divisive, sectarian, etc. The same can be said of any social movement or political party. However, unions are almost always closely tied to the working class or to class locations close to the working class (i.e. contradictory class locations with a strong working class dimension), and they usually contribute to the balance of forces between popular social forces and elites, so that increasing the power of unions at least increases the potential for social empowerment. There are few circumstances in which it is good for popular social forces for unions to be destroyed: it may be important to struggle within them to make them more inclusive or to shift their strategies in more solidaristic directions, but this is different from saying that the interests of popular forces are improved when unions are weakened. Under special conditions that could be true, but that is rare. In any case, UBI has the potential to strengthen the potential for associations of workers in general, not just existing union structures.]**

All the proposals discussed in this chapter come down to an important factor; who controls the state? Since the state is the regulating mechanism, it would be essential for the state to be formulated in a way that really promotes social empowerment. For example, the state would determine the value of coupons... this poses serious questions about the relationship between capital and the state. For the UBI as well, since the state would be the mechanism for such redistribution and organizing the economy accordingly. I think this points to the danger of such reforms being made in a piecemeal fashion. How can such initiatives be carried out and furthermore maintained in a socially responsible manner without an extreme increase in the democratic nature of the state itself? **[But isn't it equally the case that efforts to institute reforms like these is part of the process of pushing for a more democratic state? I don't think that there is an inherent sequence here where first the state must be made deeply democratic and only after that is done can we start building social power over the economy. We will discuss this issue in the transformation sessions, but I think building social power over the economy is one of the components of pushing for a more democratic state for a range of reasons.]**

In the discussion on market socialism, the Central Bank is the decision making body for determining the exchange value of coupons, etc. At least in the U.S., isn't the Central Bank a private entity? The problems this poses are obvious! We would need a requirement that the Central Bank is government-run, correct? And, in countries where this is not the case, how is it possible to socialize the Central Bank? **[The expression "central bank" in the design of market socialism is meant to be simply the name for the site for the conversion of coupons into dollars when new shares are issued. There**

is no assumption that this is the same institution as currently goes under that name, and certainly it could not be a private institution – it would have to be public and accountable in some sense to democratic authority – although relative independence might also be needed for various reasons.]

---

### 13. Rodolfo Elbert

The book discusses different ways in which institutional designs can develop a social and democratic control over the economy within a fundamentally capitalist economy. [The wording in this sentence slightly overstates what I claim. I claim that it is possible to make advances of social empowerment within capitalism, but not that it is possible to “develop a social and democratic control over the economy” within an economic structure that remain “fundamentally capitalist”. The latter formulation implies that somehow capitalism could remain dominant with the hybrid and yet you could achieve social & democratic control over the economy. My argument is that it is only by eroding the capitalist character of the economy that such advances can occur.] Ruling out any possibility of state led or grassroots participatory planning of the economy (which should be further analyzed), Wright states that we are only left with some kind of market economy. [What I rule out is *comprehensive planning* – i.e. having an entire, complex economy planned – but not that planning as such is impossible.] Given the relevance of the notion of market for this framework, I think this concept should be discussed further in the introduction of the chapter. The author says that markets are understood as decentralized, voluntary exchange (134). Does this mean that markets in general are like that and has historically been like that? Is that an ideal type of concept? Or capitalist markets are like that? In other words, he does not discuss the historical making of markets in order to see the specificities of the capitalist market that might (or might not) impede a social and democratic economy. Could it be the case that the hierarchical and irrational character of markets within capitalism is a fundamental obstacle to the achievement of a decentralized voluntary exchange? Why not? [Even capitalist markets are built around decentralized voluntary exchange. They of course vary enormously along all sorts of dimensions: the degree of concentration and centralization of production; the degree of regulations and restriction imposed on the exchange process; the degree of social embeddedness of exchange within social networks and other forms of reciprocity; the degree of collective organization and control over specific aspects of markets, including labor markets; and so on. So, when I say that decentralized voluntary exchange is the pivot of markets the point is to draw a contrast with authoritative allocations through plans, but not to claim that this is a full description of how markets in a socialist economy (i.e. an economy within which social power is dominant) would function. In particular, I think markets in a socially empowered democratic economy would have a much deeper range of constraints on them, especially around labor markets and capital markets, than exists in capitalism.]

After this general discussion, I would like to center my attention in the particular examples discussed in the chapter. I think that (bracketing any general questioning of the idea expressed in the first sentence of the interrogation), both the Social Economy as

developed in Quebec and the Universal Income are social institutions that could imply real advances in the social condition of the majority of the population in a certain country. I don't think the same is applicable to the example of equal-asset market socialism. I find this proposal very imaginative but not very realistic, and I wasn't able to understand the specific historical mechanisms that would make this kind of social system workable.

It seems to me that the potential drawbacks of the proposal are much greater than its potential benefits. 1. The most important firms under capitalism are based in stock owners. I think that this kind of ownership is one of the most impersonal ways of appropriation available in capitalism. We have numerous examples of companies that don't care about the environment, super-exploit their workers, give bribes to public officials, just in order to increase the earnings of stake-holders. The managers might be the direct responsible for these actions, but the property mechanisms has also a lot to do with these perverse dynamics. Why should we believe that this form of ownership will not continue to have this damaging character for human flourishing that currently has? If there is no direct state management of the economy, we can assume that high-profit enterprises like gold extraction would continue to exist. Why wouldn't these enterprises be bought by enough people as to operate freely on their interest? Maybe it won't be a "wealthy owner", it will be "many wealthy owners", but the problem would still exist. **[This is the point of Roemer's discussion of the problem of "public bads". Here is the central idea: in a capitalist context in which ownership is concentrated among wealthy owners, they have a big incentive to avoid regulations that are in the public interest and, because they are rich, they have the means to block and undermine effective regulation. The result is a range of public bads. In an egalitarian-asset economy, individuals have very weak interests in any given company because ownership is so dispersed and the stream of income from ownership is a relatively small part of anyone's income. The result is the regulation for public wellbeing is much easier, subject only to the constraints of democratic will formation. This, of course, leaves open the governance mechanisms of these corporations. I think the natural complement to coupon=share ownership is stakeholder boards of directors – which include worker representatives – and strong workers councils within firms.]**

2. Why would someone want to increase his coupons if they can not be exchanged for dollars? **[The coupon-value of your portfolio affects the flow of dividends you receive (i.e. profits of the firm which are distributed to share owners) which are paid in dollars].**

3. It is stated that this form of socialism implies the elimination of most forms of capitalist exploitation, since capitalist exploitation rests on the exclusion of direct producers from ownership of the means of production p.138. However, I am wondering if this is not an even worst social system. Wouldn't we go to a more perverse system of self-exploitation? Workers would still be exploited by companies (i.e. they would have antagonistic interests with the company, as their salaries would still have to be paid by the company), but now, the paradox would be that they might be also the owner of coupons supporting that company. **[Several points here: first, is self-exploitation really exploitation? If you receive your per capita portion of the surplus generated by your laboring activity, then why is this exploitative? Second, your point would apply to all worker-owned firms as well, worker co-ops which pay their members a wage and then divide up the profits. Third, in Roemer's market socialism workers in general**

would not concentrate their shares in the firm in which they work. Rather what they are likely to do is have a diversified portfolio representing a broad range of firms in the economy. In a sense everyone gets their per capita share of total societal profits, not of their own firm specifically. Now you could interpret this as perpetuating exploitation since some people who do not contribute to the surplus – retired people, people working in nonprofit social economy firms, etc., -- still get their per capita share of the surplus. But is this kind of “exploitation” objectionable? 3. Finally, I think that rather than more democratic, this kind of socialism would be **more authoritarian than even current societies**. If not, I don’t understand in which ways the state would impede people changing their coupons for dollars. **[Of course there might be a black market and other illegal strategies, but coupons are basically like a voucher that can be used to purchase only one thing: shares in corporations. The shares are sold on a stock market and people buy them just as in a current stock market, with the one pivotal change that you cannot use dollars to buy stocks. Since all of this is likely to be organized electronically, and organized by the state, it should be relatively easy to be sure that each person’s coupon account is used for this single purpose.]** For example, we can assume that in this society, worker’s salaries would still be not sufficient to afford serious health problems. Which institution would prevent a worker with this kind of problems changing his coupons for dollars in order to pay for health care? **[The idea of coupon socialism is NOT that this is the only institution for dealing with workers wellbeing. There would still be unconditional universal health care provided free for everyone – say, along the Canadian lines. There would still be free public education, and a wide range of other social-ist policies – perhaps unconditional basic income. So, the issue here is simply transforming one pivotal aspect of capitalism – the nature of the property rights over capital and how these are reproduced – as part of a broad agenda of social empowerment.]**

---

#### 14. Ricardo Donaire

One of the basic points of social empowerment over the economy is that the institutional devices of this proposal leave a substantial role for markets. Socialism is thus understood as market socialism and not as a centralized planned socialism. In this market socialism “decentralized exchanges involving market-prices” would play a significant part of economic organization.

However, persistence of markets implies **all their negative and corrosive effects over society**: fight for living, general seek for personal enrichment, selfishness and search of self-interests, corruption, etc. **[These are all effects of unregulated, highly competitive, disembedded markets. It is not at all obvious that they are strong and consistent effects of the sheer existence of markets as one aspect of the economic structure.]** These corrosive effects over pre-capitalist modes of production are well-known, even when they tried to prevent them through the building of institutional constraints. Why would not this happen in the proposed socialism? (Even some theorists has held that one of the principal causes of the bureaucratization and fall of the USSR

was precisely the persistence of generalized mercantile production – I am thinking of Ernest Mandel, for example). **[I know that there are theorists who believe that the USSR was a perverse form of capitalist economy and that this explains, for example, Stalinism, but I don't think this is a very compelling analysis of the causal processes at work in that economic structure. ]**

Another problem linked to persistence of markets in market socialism: would they keep on functioning under the logic of supply and demand laws? If so, what kind of socialism is this where producers can not control their production and their working conditions because these are imposed by markets laws and concurrency against their own free will? **[Supply and demand “laws” are really just information signals about what people want in the market and about the availability of commodities to satisfy those wants. They do not dictate to producers what to do – although they may generate pressures and impose some constraints – especially when they occur against egalitarian and democratic background conditions. They certainly do not dictate working conditions, intensity of labouring activity, or many other things, but they provide extremely valuable information for producers if they in fact care about the preference of other people. Any planning process – whether centralized or decentralized and democratic -- also provides such information and also imposes constraints on producers. It is not at all obvious whether the real autonomy of producers – autonomy in the sense of the workers in a particular firm having effective autonomy to do what they want – would be greater in a comprehensively planned economy or in an economic system in which markets played an important role and planning was directed at regulating the conditions of market activity, the broad allocations of investment priorities, and other parameters.]**

Finally, when studying social empowerment over the state in the former chapter, especially at the time of analyzing the participatory budget experience, one of the highlighted elements of the “empowered emancipatory governance” model was the “recombinant decentralization” where there is “a strong role for central coordination of decentralized empowered bodies”. However, when analyzing social empowerment over the economy in the current chapter, this element is dismissed because “comprehensive planning, whether organized through centralized bureaucratic institutions or through participatory decentralized institutions, no longer seems a viable alternative” (p.1). Why is such empowerment thought as possible over the state but not over the economy? Why could people build participatory institutions to plan public budgets but not to plan the whole economy?

**[The key issue in the problem is the *comprehensive* in comprehensive planning. Recombinant decentralization within EPG in fact is not a form of comprehensive central planning over state activities: it is a system for disseminating best practices, coordinating decentralized decisions, and monitoring the democratic and participatory quality of the process. Those principles would also be involved in whatever “planning the market” occurred in a democratic-egalitarian socialist market economy.**

**But why not comprehensive planning of the economy? Why not get rid of all aspects of the market? There are three main issues: 1) the degree of complexity is many orders of magnitude greater than the issues involved in ordinary state**

activity. Think of all of the menus and kitchens in the restaurants of a large city and imagine the comprehensive planning of the inputs to restaurants – which is still a very simple matter compared to manufacturing involving inputs and production from all over the world. A decentralized information process in which producers react directly to each other and to consumers simplifies the information conditions for this process in ways which make it tractable. 2) It is crucial in any kind of planning – whether by separate firms or by centralized institutions – to have meaningful indicators of the trade-offs that are faced for alternative uses of a given resource. This is an important, but minimal condition, for an efficient use of resources (efficient in the ordinary sense – not using some very valuable resource in a context in which a much cheaper resource would work just as well). For this you need some kind of price attached to the inputs used in production. There are billions of prices to be assigned to inputs in this process. Some kind of market process helps generate relative prices in a way that provides the relevant trade-off information to producers and to planners. Attempts to assign prices on the basis of purely administrative data have never been successful. 3) Given these two efficiency considerations, comprehensive planning would end up imposing greater constraints on the freedom and autonomy of both individuals and collectives – that is, people would actually end up with a weaker ability to democratically and collectively participate in shaping their own destinies both because the decline in efficiency itself reduces such autonomy and because the planning process would necessarily impose more restrictive constraints on their actions. “Efficiency” here, it is important to stress, is not some technocratic value. It is a central part of our capacity to meet needs and sustain the conditions for human flourishing.

Now, all of the above does not show that markets can function under democratic-egalitarian conditions without restoring capitalism. One possibility is the following two propositions:

**Proposition I:** A democratic egalitarian economic structure in which social power is the dominant form of power needs some significant role for markets in order to operate with minimum necessary efficiency.

**Proposition II:** The presence of markets and market-shaping prices inevitably undermines social power and generates capitalist relations.

**Conclusion:** democratic-egalitarian socialism is impossible.

This is my core argument here: If we want to increase social empowerment within the economy and move as much as possible towards an economy structure within which social empowerment (democracy) dominates the allocation of resources and the control of production, then we have to figure out ways in which markets can help solve information problems without those markets destroying social power. The conventional bourgeois economics view is that the only way you can have effective markets is for them to be *capitalist* markets. This is why economists constantly treat “market economy” and “capitalist economy” as interchangeable expressions. I reject the view that markets require capitalist property relations and capitalist class relations. But for this to be true it is critical to drop the binary conceptual map of markets vs planning and replace it with a multidimensional



**conceptual space in which planning and market exchange interpenetrate and some aspects of economic allocations are directed primarily by market-based mechanism and other aspects are directed by deliberative planning mechanisms.**