

Sociology 298 Lecture 12
Envisioning Real Utopias
March 22, 2002

I. The Theoretical Context: Classical Marxist vision of emancipatory change

Recall the central theses about emancipatory alternatives to capitalism within classical Marxism:

Thesis 9. The revolutionary transformation thesis. *Since capitalism becomes increasingly unsustainable (thesis 7) while the class forces arrayed against capitalism become increasingly numerous and capable of challenging capitalism (thesis 8), eventually the social forces arrayed against capitalism will be sufficiently strong and capitalism itself sufficiently weak that capitalism can be overthrown.*

Thesis 9.1: *The necessity of rupture thesis:* the destruction of capitalism must be *ruptural* rather than *incremental* (i.e. that the destruction takes place in a temporally-condensed historical episode)

Thesis 9.2: *Revolutionary violence thesis:* Because of the institutional power of the defenders of capitalism, any radical rupture with capitalist social relations requires *violent overthrow* of the state rather than *democratic capture*.

Thesis 10. The transition to socialism thesis: *Given the ultimate non-sustainability of capitalism (thesis 7), and the interests and capacities of the social actors arrayed against capitalism (thesis 8), in the aftermath of the destruction of capitalism through intensified class struggle (thesis 9), socialism, defined as a society in which the working class collectively controls the system of production) is its most likely successor (or in an even stronger version of the thesis: its inevitable successor).*

Perhaps the central problem for the Marxist tradition as a coherent, distinctive tradition of critical social theory is to reformulate a theory of emancipatory social change in light of the general skepticism in the adequacy of these theses. One possibility, of course, is abandon the attempt at a real social theory of emancipation as such. What we would have is an elaboration of moral ideals – of the principle of social justice and human flourishing – and a critique of existing institutions in terms of the ways they block those principles, but no real theory of the historical production of an alternative. In any given, concrete context of social change and social struggle we would still be able to ask the question, “which options best advance these principles.” But we would not attempt to theorize system-level alternatives. In a way this is the stance taken by many feminists: in any given context there is an answer to the question, “Which social change among the alternatives that are possible now is most consistent with the aspirations of women’s liberation?” Very little attention is given to the system-level transformation problem, except in gestures.

Critics of capitalism in the Marxist tradition have been very reluctant to give up the system-level critique. This may, in part, be just nostalgic, radical stubbornness, and unwillingness to scale back one's political and theoretical aspirations. But I also feel that the institutions of capitalism are so powerful, naturalized, and – to use a word we will decipher later – hegemonic, that it is worth continuing to pose the problem of system-level alternatives and the conditions for their realization. That is, basically, the aspiration of what I call “envisioning real utopias.”

II. Viability & Achievability

In thinking about alternatives to existing social institutions – whether we think of this as system-level alternatives or alternatives to particular institutional complexes – it is useful, I think, to distinguish between the analysis of the viability of an alternative and the analysis of its achievability. Achievability refers to the concrete political possibilities of forging political coalitions that (a) would adopt the alternative as part of a political project, and (b) have sufficient strength to be able to institute the alternative. Viability refers to the effective functioning of the alternative once instituted: its sustainability, the problem of its unintended consequences, and so on. Classical Marxism focused almost exclusively on achievability: that was the guts of the theory of revolutionary socialism: it was achievable because capitalism would become nonviable and there were sufficiently powerful social forces to implement socialism. My work on envisioning real utopias focuses more on viability, not achievability. This is not because the problem of the strength of potential political coalitions that might adopt a proposal as a project is unimportant, but because I feel that one of the ways of facilitating the formation of coalition is to have clear, compelling ideas of viable alternatives.

III. The context of emancipatory change

1. strongly-integrated totalities vs loosely-coupled systems

The idea of radical transformation of an entire social order is pretty mind-boggling, and in one sense it is surprising that anyone takes this idea seriously. This is what Frederick Hayak calls the “fatal conceit” of radical intellectuals: that they are smart enough and can control the unintended consequences of social change well enough that they could put into practice such schemes for massive societal change. In his view, society is far too complex a system and unintended consequences are fundamentally uncontrollable. A project of totalizing social change therefore is a Pandora's box, perhaps a frankenstein: embarking on such a project necessarily unleashes uncontrollable unintended consequences, and the effort to control them generates catastrophe. The collectivization campaigns in the USSR in the 1930s or the Great Leap Forward in China are horrifying 20th century examples.

Hayak's critique should be taken seriously, not dismissed out of hand. But it is premised on a particular conception of the project of radical societal transformation, a conception grounded in

the view of society as a strong, integrated totality. Let us contrast this with a view of society as a loosely coupled system:

- **strongly-integrated totality:** There is some singular principle which fully integrates all significant institutions and relations in a society. A society is like an organism, nearly every organ fulfills crucial functions. You cannot massively change any part -- or at least, you cannot change any part in a way that contradicts this unifying principle -- without calling into question the whole. Society as a totality, is thus both strongly integrated and fragile: fragile in the sense that it cannot tolerate much deviation from system-integration principles.
- **loosely-coupled system:** Societies are systems of interconnected parts, but these are loosely coupled and it is a variable property of such systems how fragile they are, how much they can tolerate discordant elements. A society is more like an ecosystem than an organism: some ecosystems are robust and can accommodate fairly substantial change, others are fragile.

2. Implications of the loosely-coupled system view:

- No capitalist society is purely capitalist. Capitalism is always combined with other principles of social organization. Some of these complement capitalism and make the social order more stable than it would be if it were purely capitalist; others may contradict capitalism.
- interstices, articulations, metamorphoses: possibilities for emancipatory transformation emerge and can be put into practice by taking advantage of the capacity of capitalist society to muddle through in spite of contradictions. Two broad images of this process:
 1. *interstitial innovation:* social changes that occur in the spaces outside of central capitalist institutions. Workers coops, gender-egalitarian families, urban deliberative citizen councils would be examples.
 2. *disarticulation and transformation of dimensions* of core institutions: occupational safety and health, works councils, basic income – various ways in which aspects of core capitalist relations are split off from capitalism, transformed, and rearticulated.

IV. Examples of Real Utopian Ideas

1. Universal Basic Income

1.1 The model

The basic idea is quite simple: Every citizen receives a monthly living stipend sufficient to live at a culturally-defined respectable standard of living, say 125% of the “poverty line.” The grant is *unconditional* on the performance of any labor or other form of contribution, and it is *universal* – everyone receives the grant as a matter of citizenship right. Grants go to individuals, not families. Parents are the custodians of minority children’s grants.

With universal basic income in place, most other redistributive transfers are eliminated – general welfare, family allowances, unemployment insurance, tax-based old age pensions – since the basic income grant is sufficient to provide everyone a decent subsistence. This means that in welfare systems which already provide generous anti-poverty income support through a patchwork of specialized programs, the net increase in costs represented by universal unconditional basic income would not be extraordinary, particularly since administrative overhead costs would be so reduced (since universal basic income system do not require significant information gathering and close monitoring of the behavior of recipients). Special needs subsidies of various sorts would continue, for example for people with disabilities, but they are likely to be smaller than under current arrangements. Minimum wage rules would be relaxed or eliminated: there would be little need to legally prohibit below-subsistence wages if all earnings, in effect, generated discretionary income.

1.2 Attractive features from the point of view of radical egalitarianism.

(1) significantly reduces one of the central coercive aspects of capitalism.

When Marxists analyze the process of “proletarianization of labor” they emphasize the “double separation” of “free wage labor”: workers are separated from the means of production, and by virtue of this are separated from the means of subsistence. The conjoining of these two separations is what forces workers to sell their labor power on a labor market in order to obtain subsistence. In this sense, proletarianized labor is fundamentally unfree. Unconditional, universal basic income breaks this identity of separations: workers remain separated from the means of production (these are still owned by capitalists), but they are no longer separated from the means of subsistence (this is provided through the redistributive basic income grant). The decision to work for a wage, therefore, becomes much more voluntary. Capitalism between consenting adults is much less objectionable than capitalism between employers and workers with little choice but to work for wages. By increasing the capacity of workers to refuse employment, basic income generates a much more egalitarian distribution of real freedom than ordinary capitalism. As the philosopher Philippe van Parijs has put it, unconditional basic income is a way of distributing real freedom to all on a more or less equal basis.

(2) generates greater egalitarianism within labor markets.

If workers are more able to refuse employment, wages for crummy work are likely to increase relative to wages for highly enjoyable work. The wage structure in labor markets, therefore, will begin to more systematically reflect the relative disutility of different kinds of labor rather than simply the relative scarcity of different kinds of labor power. This in turn will generate an incentive structure for employers to seek technical innovations that eliminate unpleasant work. Technical change would therefore not simply have a labor-saving bias, but a labor-humanizing bias.

(3) Anti-poverty.

BIG directly and massively eliminates poverty without creating the pathologies of means-tested antipoverty transfers. There is no stigmatization, since everyone gets the grant. There is no well-defined boundary between net beneficiaries and net contributors, since many people and families will freely move back and forth across this boundary over time. Thus, it is less likely that stable majority coalitions against redistribution will form once basic income has been in place for some length of time. There are also no “poverty traps” caused by threshold effects for eligibility for transfers. Everyone gets the transfers unconditionally. If you work and earn wages, the additional income is of course taxed, but the tax rate is progressive and thus there is no disincentive for a person to enter the labor market if they want discretionary income.

(4) Decommodifies caregiving activity.

BIG is one way to valorize a range of decommodified caregiving activities which are badly provided by markets, particularly caregiving labor within families, but also caregiving labor within broader communities. While universal income would not, by itself, transform the gendered character of such labor, it would counteract some of the inequalitarian consequences of the fact that such unpaid labor is characteristically performed by women. In effect, universal basic income could be considered an indirect mechanism for accomplishing the objective of the “wages for housework” proposals by some feminists: recognizing that caregiving work is socially valuable and productive and deserving of financial support. The effects of basic income on democracy and community are less clear, but to the extent that basic income facilitates the expansion of unpaid, voluntary activity of all sorts, this would have the potential of enhancing democratic participation and solidarity-enhancing activities within communities.

1.3 Problems/objection

There are, of course, significant questions about the practical feasibility of universal basic income grants. Two issues are typically raised by skeptics: the problem of *labor supply*, and the problem of *capital flight*.

(1) labor supply

A universal basic income is only feasible if a sufficient number of people continue to work for wages with sufficient effort to generate the production and taxes needed to fund the universal

grant. If too many people are happy to live just on the grant (either because they long to be couch potatoes and or simply because they have such strong preferences for nonincome-generating activities over discretionary income) or if the marginal tax rates were so high as seriously dampen incentives to work, then the whole system would collapse. Let us define a “sustainable basic income grant” as a level of the grant which, if it were instituted, would stably generate a sufficient labor supply to provide the necessary taxes for the grant. The highest level of such grants, therefore, could be called the “maximally sustainable basic income grant.” The empirical question, then, is whether this maximally sustainable level is high enough to provide for the virtuous effects listed above. If the maximally sustainable grant was 25% of the poverty line, for example, then it would hardly have the effect of rendering paid labor a noncoercive, voluntary act, and probably not dramatically reduce poverty. If, on the other hand, the maximally sustainable grant was 150% of the poverty level, then a universal basic income would significantly advance the egalitarian normative agenda. Whether or not this would in fact happen is, of course, a difficult to study empirical question and depends upon the distribution of work preferences and productivity in an economy.

(2) capital flight, disinvestment

Apart from the labor supply problem, universal basic income is also vulnerable to the problem of capital flight. If a high universal basic income grant significantly increases the bargaining power labor, and if capital bears a significant part of the tax burden for funding the grant, and if tight labor markets dramatically drive up wages and thus costs of production without commensurate rises in productivity, then it could well be the case that a universal basic income would precipitate significant disinvestment and capital flight. It is for this reason that Marxists have traditionally argued that a real and sustainable deproletarianization labor power is impossible within capitalism. In effect, the necessary condition for sustainable high-level universal basic income may be significant politically-imposed constraints over capital, especially over the flow of investments. Some form of socialism – in the sense of democratic political control over capital – may thus be a requirement for a normatively attractive form of basic income. But it may also be the case that in rich, highly productive capitalism, a reasonably high basic income could be compatible with capitalist reproduction. Particularly in generous welfare states, the increased taxes for funding a basic income might not be excessive, and the technological and infra-structural reasons why capital invests in developed capitalist economies may mean that massive capital flight is unlikely. Maybe.

2 Empowered participatory democracy

The second example concerns the problem of deepening democracy. Democracy is in many ways an ideal subject for a discussion in the spirit of envisioning real utopias. After all, the very idea of democracy is a example of real utopian thinking: democracy means rule by the people. What an extraordinary, radical, egalitarian ideal: power should be vested in the people, not a hierarchy, not a king, not an elite, but the people. Of course, defenders of democracy have always recognized that this ideal requires concrete institutions, and such institutions will always embody compromises, compromises that reflect the difficult trade-offs any institution faces between

different values. In the case of democracy, for example, many people have argued for representative democracy instead of direct, participatory democracy not because representative democracy is the perfect embodiment of democratic ideals but because it is pragmatically the best compromise between values of democracy on the one hand and various other values, such as efficiency or the right of individuals to devote most of their time and energy to private rather than public concerns.

But why do we need a real utopian discussion of democracy? For many people it may seem obvious that representative democracy – the institutions that we currently have in place – as good as we can do. Perhaps they need some tinkering – campaign finance reform, more public debates among candidates, rules that make third parties more viable – but given the complexity of the society in which we live, most people – and most scholars of the subject – believe that there is no alternative to representative democracy.

I believe that there is urgency to this topic, not simply because I believe we can do better – that democracy can be enhanced beyond the constraints of existing institutions – but because our current institutions themselves are becoming less satisfactory for dealing with the problems we face. As the tasks of the state have become more complex and the size of polities larger and more heterogeneous, the institutional forms of liberal democracy developed in the nineteenth century — representative democracy plus techno-bureaucratic administration — seem increasingly ill-suited to the novel problems we face in the twenty-first century.

The Right of the political spectrum has taken advantage of this apparent decline in the effectiveness of democratic institutions to escalate its attack on the very idea of the affirmative state. The only way the state can play a competent and constructive role, the Right typically argues, is to dramatically reduce the scope and depth of its activities. In addition to the traditional moral opposition of libertarians to the activist state on the grounds that it infringes on property rights and individual autonomy, it is now widely argued that the affirmative state has simply become too costly and inefficient. The benefits supposedly provided by the state are myths; the costs—both in terms of the resources directly absorbed by the state and of indirect negative effects on economic growth and efficiency—are real and increasing. Rather than seeking to deepen the democratic character of politics in response to these concerns, the thrust of much political energy in the developed industrial democracies in recent years has been to reduce the role of politics altogether. Deregulation, privatization, reduction of social services, and curtailments of state spending have been the watchwords, rather than participation, greater responsiveness, more creative and effective forms of democratic state intervention. As the slogan goes: “The state is the problem, not the solution.”

In the past, the political Left in capitalist democracies vigorously defended the affirmative state against these kinds of arguments. In its most radical form, revolutionary socialists argued that public ownership of the principle means of production combined with centralized state planning offered the best hope for a just, humane, democratic and egalitarian society. But even those on the Left who rejected revolutionary visions of ruptures with capitalism insisted that an activist state was essential to counteract a host of negative effects generated by the dynamics of capitalist economies -- poverty, unemployment, increasing inequality, under-provision of public goods like training and public health. These defenses of the affirmative state have become

noticeably weaker in recent years, both in their rhetorical force and in their practical political capacity to mobilize people. Although the Left has not come to accept unregulated markets and a minimal state as morally desirable or economically efficient, it is much less certain that the institutions it defended in the past can achieve social justice and economic well being in the present.

Perhaps this erosion of democratic vitality is an inevitable result of complexity and size. Perhaps the most we can hope for is to have some kind of limited popular constraint on the activities of government through regular, weakly competitive elections. Perhaps the era of the “affirmative democratic state” -- the state which plays a creative and active role in solving problems in response to popular demands -- is over, and a retreat to privatism and political passivity is the unavoidable price of “progress”. But perhaps the problem has more to do with the specific design of our institutions than with the tasks they face as such. If so, then a fundamental challenge for progressives is to develop transformative democratic strategies that can advance our traditional values — egalitarian social justice, individual liberty combined with popular control over collective decisions, community and solidarity, and the flourishing of individuals in ways which enable them to realize their potentials.

2.1 The Model

One such proposal can be called “empowered participatory governance”. There are many elements which go into this institutional model, but three seem especially important: the ideal of deliberation and the ideal of empowerment:

(1) *empowered participation*: In a representative democracy, ordinary citizens are involved in politics only to the extent that they chose decision makers -- their representatives -- through elections and voice their opinions through various channels of communication. The ideal of empowered participatory governance involves ordinary citizens directly in the problem-solving arenas through which public decisions are made. This is therefore a form of direct democracy, or what is sometimes called participatory democracy.

(2) *deliberation*: In a conventional liberal democracy, the basic idea is that political decisions are the result of majority rule, where majorities are constructed through various complex processes of mobilization of support and bargaining. Bargaining involves compromises, and through such compromises conflicts of interests may be resolved, but the bottom line is that the majority rules by exercising power. The deliberative democratic ideal, in contrast, emphasizes the problem of *consensus formation* through public dialogue rather than power-based bargaining. Conflicts are resolved more through creative problem-solving in which there is transformation of interests of the participants than through mobilization of power resources.

(3) *Recombinant decentralization*: Many discussions of decisionmaking pose an alternative between top-down, command-and-control centralized decisionmaking and autonomous decentralized decisionmaking. The EPG model argues for a reconfiguration of the link between

centralized and decentralized elements in a system of decisionmaking: the primary locus of policy-making is decentralized in empowered participatory venues, but these decisions are then reaggregated at more centralized sites where they are integrated and coordinated. EPG combines strong central and vibrant local sites of decisions.

In a nutshell, therefore, the question is this: Can institutions be designed in such a way that ordinary citizens are empowered to directly engage in deliberative coordinated problem-solving and decision-making over important policy matters? The model of empowered participatory governance is an attempt at charting out the parameters of such institutional design.

2.2 Skepticism

There are good reasons to be skeptical about a proposal like this. After all, we live in a society deeply divided by inequalities of wealth and income, a society in which racial divisions remain acute, where powerful corporations exert tremendous influence on politics. The conflicts of interests structured by these divisions are real, not imaginary. How is it possible to imagine a democratic process of genuine consensus formation in the face of such inequalities? And how often have we heard calls for harmony, for team work, for win-win solutions to problems that are really ruses for protecting privilege and power. Perhaps empowered participatory governance is just another illusion, a new form of window dressing behind which the rich and powerful will continue to call the shots where it counts.

Perhaps. But perhaps not. Perhaps the system has more cracks and fissures in it, more social spaces within which new institutions can be built. An interesting empirical example may help to give more credibility to this general idea.

2.3 An Empirical Case: Participatory Budgeting in Porto Alegre, Brazil

(1) The basic story

In the city of Porto Alegre, Brazil, a dramatic democratic innovation in city government was introduced in the late 1980s. Here is the basic story. In 1988 the PT won the mayoral election but did not control the city council. They therefore faced the problem that their budget priorities – massive redirection of city spending to the most disadvantaged parts of the city – were likely to get mucked up in the city council. The solution was a kind of dual power idea: instead of compiling a budget in the Mayor's technical planning office, the PT divided the city into 17 regions each of which had a direct, participatory budget assembly. The city as a whole has about 1.5 million people, so this means roughly regions of about 100,000 residents.

Each assembly first meets in March each year, the beginning of the budget planning cycle. Any resident of the region can attend the assembly and vote on its proposals. At this first meeting a regional council of delegates is chosen in the assembly, with one delegate for roughly every 25 people at the meeting. This means that mobilized groups have an advantage – they can bring their members to the meeting and get their people as delegates on this delegate council. (One of the consequences – incidentally – has been the considerable growth of vibrant secondary associations in civil society in Porto Alegre.). This delegate council then meets weekly for three months in different neighborhoods, hearing petitions, discussions of proposals ranging from day care centers

to pot hole repairs and working out a regional budget priority document. In June this document is voted on – in a largely ceremonial event – at a second plenary meeting of the regional assembly. At this meeting two delegates are selected for a city wide budget council which then meets for six months to reconcile the budgets from every region. It is at this point that city technocrats enter the game in a serious way, providing numbers, evaluating feasibility, etc. By November a final budget document is submitted to the Mayor who then submits it to the city council where – so far – it has been rubber stamped each year. One other interesting detail: there are seven city-wide thematic regions on things like culture, sports and leisure, transportation. These were introduced in part to deal with middle class dissatisfaction at the process, in which their priorities tended to be marginalized, but also in recognition that some budgetary issues were not easily disaggregated to a regional level.

(2) Empirical Consequences

How can we evaluate this experiment? A number of indicators suggest that this is a serious institutional experiment in deepening participatory democracy:

- 1) there has been a massive shift in spending towards the poorest regions of the city. As one would predict in a deliberative process where reasons and needs rather than power play the central role in allocations, the neediest parts of the city have gotten the most funding.
- 2) participation levels of citizens in the process have been high and sustained. In the 1997 cycle about 8% of the adult population participated in at least one meeting.
- 3) the vote for the PT has increased in each election, indicating that this process has generated high levels of legitimation. In the last election, for the first time, they won the state level Governor's office as well.
- 4) The right has been unable to demonstrate any corruption in the process, in spite of considerable efforts at doing so.
- 5) there are some indications that tax compliance has increased even though tax surveillance and enforcement has not really changed, suggesting that the democratic legitimacy may have begun to affect norms of civic responsibility and obligation.

3. Market Socialism

3.1. The Problem

Traditionally Marxists have drawn the following contrasts between capitalism and socialism:

	Capitalism	Socialism
Direct Producers	Separated from means of production	collectively own means of production
	separated from means of subsistence	united with means of subsistence
Property rights	private ownership of means	state ownership
Distribution wealth	inegalitarian	egalitarian
coordination of economy	markets	planning
Relations among producers	competitive & individualist	cooperative & associative
class power	capitalist class = ruling class	working class = ruling class

For each term, socialism is seen basically as the negation of the corresponding term for capitalism. The crucial point is this: in traditional Marxism, while different aspects of the normative criticisms of capitalism are then seen as rooted in different elements in this list, these two sets of attributes are seen as wholistic gestalts. You can not radically change one element without transforming all of them.

In the discussion of BIG we explored the possibility of changing one of these elements -- separation of workers from the means of subsistence -- without tampering much with the rest. Today we will explore another change that stops short of turning every element on its head. The

idea is to change the mechanisms which distribute property rights in means of production without changing anything else and see what the economy would look like. The central question is this:

can we imagine a property rights regime which has the effect of destroying the power of the capitalist class and eliminating capitalist exploitation without undermining the markets mechanisms that make capitalism efficient.

Why would we want to even attempt this? The main reason is this:

Historical experience and theoretical arguments have provided compelling evidence that central planning of complex economies is fraught with inefficiencies. Many of us used to believe that this was due to the authoritarian quality of the bureaucracies and state that did the planning, but this is only part of the story. There are a number of problems with centralized problem that have been identified by prosocialist analysis:

1. **information.** The most crucial problem is that any centralized planning process is overwhelmed by the amount of information required to make planning decisions and is too slow to react to changes in production. The result is that it creates all sorts of rigidities and inefficiencies in the allocation of resources. Decentralized “planning” does not solve this unless the decentralized entities are as small as firms and they have power to actually make allocations. If this is the case, however, what we have looks a lot like markets. None of this would be a grave problem of technologies were constant and unchanging. The problem is that there is constant innovation -- which we want -- in both process and product, and this constantly requires producers to make adjustments which are blocked in a command allocation system.
2. **risk taking.** Coordinated Planning of production has a deep problem of managing risk-taking. It is very hard to make risk-takers accountable for their gambles if they are gambling with other people’s resources. Markets have the virtue of creating a specific incentive structure for gambles with innovation.
3. **incentives.** I think the incentive problem is over-rated. Incentives for *effort* are quite compatible with planning and the absence of real markets. Incentives for accountable risk taking are more difficult.

This does not mean that planning is impossible. One can enhance the capacity of the state (communities) to set priorities -- to plan the market as some people say -- but this is not the same as directly planning the details of production. If this argument is correct, then we need to take serious the problem of combining socialist values with market mechanisms.

To many people the expression “market socialism” is an oxymoron: either the markets have to be massively curtailed for socialist principles to mean anything, or the socialism has to be deeply

corrupted to enable markets to work properly. Roemer, challenges this view by elaborating a relatively simple device which, he believes, will enable an economy both to have well-functioning markets and to remain faithful to the egalitarian ideals of socialism. This is what John Roemer's proposal attempts to do.

3.2. The Basic Model

How does Roemer propose to accomplish this? In a nutshell, his proposal involves creating two kinds of money in an economy: *commodity-money* (referred to simply as "money"), used to purchase commodities for consumption, and *share-money* (referred to as "coupons"), used to purchase ownership rights (stocks) in firms. These two kinds of money are nonconvertible: you cannot legally trade coupons for dollars. Coupons are distributed to the population in an egalitarian manner. Citizens, upon reaching the age of majority, are given their *per capita* share of the total coupon value of the productive property in the economy. With these coupons they can then buy shares from which they derive certain ownership rights, including rights to dividends from the profits of firms and the right to vote for at least some of the people on the boards of directors of firms. There is thus a stock market, but the stocks can only be purchased with coupons, not dollars. Shares and coupons are nontransferable. You cannot give your shares away, but must sell them at the market coupon rate, and you cannot give your coupons away. At death, all shares and unspent coupons revert to the state for redistribution. The nontransferability and nonconvertibility of coupons prevents ownership from becoming concentrated: the rich (in dollars) cannot buy out the poor.

In order to reduce risks, most people in such a system would probably invest their coupons in stocks via various kinds of mutual funds rather than through direct purchases of stocks on the market. The mutual funds would create diversified portfolios and would monitor firm performance in order to attract investors. Some people, however, would prefer to invest their coupons directly, and inevitably some would do well and others poorly. As a result, over time some inequality in stock ownership would emerge. Because of the prohibition of intergenerational transfers, however, this inequality would remain quite small.

How do firms raise capital to buy machines and raw materials in this system? In the book, Roemer argues that since stocks are sold for coupons, not dollars, firms cannot directly raise capital by selling stocks. Financial capital is raised primarily through credit markets organized by state banks. In subsequent discussions of his proposals he has modified this mechanism. In the revised formulation, firms are allowed to turn the coupons they receive from the sale of stocks into cash in the state banks. The rate of conversion of coupons-into-money is determined through the planning process in which investment priorities would be established through democratic deliberation and implementation would take place through a state planning agency. Different conversion rates of coupons into money could therefore be established for different sectors as a way of encouraging investments for specific social objectives. This involvement of the state in capital markets allows for a significant degree of flexible "planning the market". The result of this

scheme, Roemer argues, is relatively freely functioning market mechanisms along with a sustainable egalitarian distribution of property rights, a roughly equal distribution of profits, and a significant planning capacity of the state over broad investment priorities. Thus: market socialism.

This, of course, is just a rough sketch of how such an economy would work. Many other details would need to be worked out. For example, there is the question of whether or not small private firms would be allowed, firms whose property rights would not be organized through the coupon stock market. Roemer believes that there is no reason to prohibit small, private capitalist firms in this model -- small restaurants and shops, but also small manufacturing firms. This, of course, raises the problem of what rules of the game will govern the conversion to such businesses into the publicly traded market socialist firms when they cross some threshold of size. The model, therefore, is not a comprehensive blueprint for how a market socialist economy should be designed, but rather a specification of its core organizing mechanism.

3.3. Consequences

(1). Class structure & exploitation.

This economic mechanism has massive consequences for class structure. Above all, the class of rich capitalists is destroyed. The ownership of the means of production is roughly equally distributed throughout the population. Because intergenerational transfers of coupons and stocks is prohibited, there is very limited scope for accumulation of wealth in means of production. Roemer's market socialism, then, might be thought of as a kind of "people's capitalism", a capitalism without capitalists. The question, then, is whether or not this way of organizing property rights would positively serve the values involved in the traditional socialist indictment of capitalism.

The most obvious effect of coupon socialism is on inequality, since the profits of firms will now be distributed relatively equally in the population. However, this probably would not have as big an impact on overall inequality as one might expect, since labor market earnings, the major source of income inequality in developed capitalist societies, and interest payments on savings, would not be equalized. In Roemer's estimates, an equal distribution of profits would only amount to a few thousand dollars per capita per year. Nevertheless, the equalization of profit income would have an impact on inequality, and would certainly make a meaningful difference in the standards of living of the poor.

To more radically approach the egalitarian values of socialism, therefore, the coupon mechanism would have to be supplemented by other institutional devices. For example, universal basic income grants could be adopted as a redistributive mechanism

(2). Democracy

Coupon-socialism would enhance democratic capacity of different levels of government for several reasons. First of all, the threat of disinvestment and capital flight in response to state policies would be considerably reduced since firms are now owned by the population at large. In particular, this would mean that the capacity of the democratic state to raise taxes in a coupon-socialist economy would be greater than in a capitalist economy. The sustainable level of taxation that a state can raise is an indicator of the state's capacity to democratically control the social surplus. This is not to argue that a maximally unconstrained democratic state would necessarily opt for the highest sustainable level of taxation, but it does mean that the scope of democracy is enhanced if the democratic state has the capacity to raise taxes to higher sustainable levels. In these terms, it seems likely that the democratic state in a coupon-socialism would have considerably enhanced capacities for taxation since it would not face the threat of disinvestment and capital flight in the face of rising tax rates. Among other things, this means that the level of egalitarian programs such as basic income that the state could sustain are also likely to be higher. By enhancing democratic political capacity, therefore, coupon socialism also potentially enhances economic equality.

There are other, more subtle democracy enhancing effects of coupon socialism. Roemer argues in some detail that coupon-socialism will reduce the production of "public bads", such as pollution, in the economy. The argument is that where there is massively unequal distribution of income from property holdings there will be a group of property-rich people who have a positive interest in the production of public bads like industrial pollution, since for them such pollution represents a significant source of income (by enhancing their profits). What is more, because they are property-rich, they are in a position to have a disproportionate effect on the political process through which state policies of regulation of pollution is produced. Equalizing property-wealth thus has the double effect of first, partially equalizing political power, and second, changing the incentive structure for pollution regulation.

(3). autonomy

The internal organization of production within coupon-socialist firms could in principle be just as hierarchical and alienating as in conventional capitalist firms. Indeed, John Roemer himself is rather unsympathetic to issues of workers control within production. He feels that the choice of institutional arrangements within firms should be mainly thought of as a pragmatic issue: which kind of organization will be the most efficient in the standard neoclassical economics sense. If it turns out that Tayloristic, despotic organization of the labor process is the most efficient, then Roemer believes workers would prefer this to more democratic organization since they will prefer the higher levels of productivity.

In spite of Roemer's own skepticism on this matter, I think that there are reasons why worker autonomy and democracy within firms is likely to be facilitated by coupon-socialism. In a coupon-socialist economy the issue of the internal organization of firms can become a matter of public deliberation and democratic choice. Since threats of disinvestment are weaker, and the

specific interests of employers in maintaining dominance within production have been reduced, a less constrained public debate over the trade-offs between alternative forms of organizing the labor process can take place.

(4). Efficiency & rationality

The core critique of capitalism as wasteful and irrational centers on the anarchy of the market and the way this generates various forms of irrational allocations: business cycles, hyper consumerism, pollution, unemployment, etc. Market socialism might appear to give up on this problem since it tries to preserve well functioning markets. In fact, coupon socialism does offer the prospect of taming the market if not transcending it. By destroying the power of a class of people whose power is rooted in their private control over market resources, coupon socialism makes planning the market much more feasible and thus greatly expands the scope for democratic debate over priorities of economic development. BIG would be easier in coupon socialism than capitalism, for example. And more generally, a green economy with a trajectory towards reduced consumerism becomes an available objective.

(5). Community.

Community is the value least well-served by coupon socialism. Coupon socialism, like capitalism, places competition at the center of economic interaction. Individuals compete on labor markets every bit as much as in capitalism and firms compete in commodity markets. While democratic planning might moderate some of the undesirable by-products of such market competition, the central mechanism of economic rationality remains organized around greed and fear rather than solidarity. This, in turn, means that the kind of individualistic, greed-centered culture of capitalism is likely to continue in coupon-socialism. Such a culture reduces the potential that the enhanced democratic capacity would lead to more egalitarian social outcomes.

This is a serious challenge to coupon socialism from the vantage point of classical socialist values. There are two principle lines of response. First, unless a more community-enhancing alternative to markets is institutionally feasible, then it may be a sad fact about coupon socialism that it does not provide a context for realizing this important value, but nevertheless this would not be a reason for rejecting coupon-socialism. Second, even though markets remain important in coupon socialism, it is possible that the social space for nonmarket principles of social organization would be enhanced. If coupon-socialism enhances the democratic capacity of the state to appropriate surplus, then in principle the democratically controlled portion of the surplus could be used for community-enhancing purposes. Instead of seeing economies as falling on a continuum from pure market mechanisms to pure communitarian mechanisms, it may be more useful to see economies as combining in complex ways both principles in different social contexts. It is thus possible that in spite of the continued presence of market competition in coupon socialism, a culture of solidarity and generosity could still be nurtured. Still, the anti-communitarian features of coupon

socialism are real and undermine its attractiveness as an institutional design for furthering socialist values.

3.4. But is this Socialism?

To many people coupon socialism is a socialism without passion. It is a socialism that tries to mimic capitalism as much as possible by juggling property rights and institutional design in the stock market just enough to get a more or less egalitarian distribution of dividends. Yet, ironically, even though the result may be more like a “people’s capitalism”, it still would require the massive redistribution of the wealth of the capitalist class and thus may be politically as infeasible as more traditional images of socialism as democratically controlled state ownership. One might argue that since this proposal is no more achievable in practice than more radical socialisms, why not advocate the more radical alternative. At least the more radical alternatives embody a utopian vision which may inspire and mobilize people. It is hard to see workers on the barricade under the banner of “Smash capitalism; build coupon-stock market socialism!”

Such objections, I think, miss the critical value of constructing models of what might be termed a sustainable egalitarian economy. Especially at this point in history, it is important to have a clear and rigorous understanding of the normative implications of various alternatives to capitalism that attempt to accomplish socialist values. As a proposal, coupon-socialism is thus like the proposals for guaranteed universal basic income -- proposals that attempt to further socialist values by transforming specific features of capitalism. Basic income does this by breaking the tight link for most people between income and labor market participation characteristic of capitalism. In capitalism workers are separated from both the means of production and the means of subsistence, and it is this double separation which shapes their class relation to the capitalist class. By restoring workers’ access to the means of subsistence, basic income grants can be seen as a partial deproletarianization of labor. In this way it transforms one crucial aspect of capitalism in an egalitarian direction. Coupon-socialism does the same thing with respect to separation from the means of production. By creating a mechanism for an egalitarian distribution of property rights in means of production independently of anyone’s contribution to the economy, coupon socialism would transform another of the central features of capitalism which block socialist values.

Coupon-socialism is thus not meant to be a blueprint of some final destination of social struggles for human emancipation. Rather, it is a model designed to counter the claim that the only efficient and sustainable way of organizing property relations in a developed economy is through capitalist private ownership. Re-establishing the belief in viable alternatives to capitalism is a critical task for leftwing intellectuals, and Roemer’s models are a provocative and innovative contribution to this effort.

V. Conclusion

Basic income, empowered participatory governance and Market Socialism – and other kinds of proposals which we could discuss – in various ways challenge the prevailing idea that there are

no alternatives to capitalism and representative democracy as we know them. If people generally believed that capitalism was inevitably doomed within their lifetimes, then this itself would undercut the notion that there was no alternative. But if this belief is dropped, then articulating alternatives is a necessary condition for putting alternatives on the historical agenda.

Envisioning real utopias, however, is meant to be more than just an ideological ploy for challenging fatalism. Because of the contradictory quality of social reproduction in capitalist societies, it is possible that under certain political conditions aspects of these institutional designs can become part of pragmatic projects of social reform even within capitalist society, as shown in the Porto Alegre case. There are many possible capitalisms with many different institutional arrangements for social reproduction. One crucial issue for people morally committed to a radical egalitarian and democratic notion of social justice is the extent to which it is possible to introduce and sustain significant aspects of emancipatory institutional arrangements in some varieties of capitalism. Although the constraints of power and privilege in existing capitalism necessarily make any emancipatory project within capitalism difficult, this does not imply that elements of emancipatory alternatives cannot be prefigured within the contradictory reality of capitalism itself. Envisioning Real Utopias is thus, ultimately, part of an active agenda of social change within capitalism rather than simply a new vision of a destiny beyond capitalism.

Appendix: Other EPG examples

Habitat Conservation. Efforts are being made to create forms of empowered participatory governance in a number of settings of environmental regulation. In particular, in the formulation and monitoring of habitat conservation plans to protect endangered species experiments are underway in the United States to create habitat councils embodying some elements of this kind of model. This is an interesting case. The Endangered Species Act in the United States has traditionally been enforced through a zero development policy for habitats that are designated as the protected habitat for an endangered species. This has a number of undesirable consequences: 1. it enormously raises the stakes in battles of designating a particular creature as an endangered species – developers oppose every move. 2. Once a species is on the list, the government agency involved in enforcing the act is under great pressure to minimize the area of the protected habitat which often turns out to be sub-optimal for the species concerned. But zero-growth has one big advantage: it is easily monitored. In an setting of severe mistrust and antagonism between environmentalists and developers, it seems like the surest solution. But both environmentalists and developers would have their interests better served if limited development were allowed, since carefully designed but limited development would be compatible with species preservation and would lower the opposition to putting species on the list and make it possible to extend the boundaries of protected habitats. The problem, then, is how to design those more complex rules and enforce them. Participatory Habitat Conservation councils is one experiment to solve this problem.

Community Policing. Chicago some recent innovation in community policing also have this character. Police Beat councils have been created in each of the 270 or so beats in Chicago. At these councils any resident of the beat area can participate a deliberate about policing priorities for that beat. The police then must report back to the council on a monthly basis to give an account of what they have done with respect to these priorities. Perhaps this is window dressing, a new form of co-optation of opposition; but there is evidence that at least in some of the beats in the poorest areas of Chicago this has lead to significant levels of active neighborhood involvement in the on-the-ground practices of the police.

Principles of Empowered Participatory Governance

These experiments in deepening democracy differ in many respects, but underlying them is a kind of implicit institutional model. This model is based on what might be termed three process principles and three institutional design principles:

Process Principle 1. Bottom-up empowered participation: Participation in EPG institutions does not just give people a way of expressing their views on matters of public concern, but involves real popular empowerment – actual decision-making powers significantly involving direct participation. In the familiar institutions of representative democracy, ordinary citizens are

involved in politics only to the extent that they chose decision makers – their representatives – through elections and voice their opinions through various channels of communication. The ideal of empowered participatory governance involves ordinary citizens directly in the deliberations and problem-solving through which decisions are made.

Process Principle 2. Pragmatic orientation. At the center of political decision-making in EPG institutions is what might be termed a pragmatic orientation towards concrete problem-solving. The idea is to bring people to the political table who share a common interest in accomplishing certain concrete, practical goals – in solving practical problems – even if they also have significant conflicts of interests outside of the immediate problem-solving agenda. This may mean that certain issues are “off the table” because they are not tractable to such a practical orientation, and this in turn may mean that the pragmatic orientation deflects political energy away from more radical challenges to inequalities of privilege and power. But the idea is that pragmatic solutions to real problems are often possible in spite of these broader conflicts and inequalities, and further, that in the long run empowering people to deal with concrete problems can set the stage for more profound reconfigurations of power.

Process Principle 3. Deliberative solution generation: Within EPG decisions are made in a way that gives a significant role for active deliberation rather than simply bargaining, strategic maneuvering, logrolling, and so forth. In a conventional liberal democracy, the basic idea is that political decisions are the result of majority rule, where majorities are constructed through various complex processes of mobilization of support and bargaining. Bargaining involves compromises, and through such compromises conflicts of interests may be resolved, but the bottom line is that the majority rules by exercising power. The deliberative democratic ideal, in contrast, emphasizes the problem of *consensus formation* through public dialogue rather than power-based bargaining. Conflicts are resolved more through creative problem-solving in which there is transformation of interests of the participants than through mobilization of power resources.

Design Principle 1. Devolution. Since empowered participatory governance targets problems and solicits participation localized in both issue and geographic space, its institutional reality requires the commensurate reorganization of the state apparatus. It entails the administrative and political devolution of power to local action units – such as neighborhood councils, personnel in individual workplaces, and delineated eco-system habitats – charged with devising and implementing solutions and held accountable to performance criteria. These bodies are not merely advisory bodies, but rather creatures of a transformed state endowed with substantial public authority to act on the results of their deliberation. Decision-making is moved downward to the locus of problems as much as possible.

Design Principle 2. Centrally coordinated decentralization. Though they enjoy substantial power and discretion, local units do not operate as autonomous, atomized sites of decisionmaking in empowered participatory governance. Instead the institutional design involves linkages of accountability and communication that connect local units to superordinate bodies. These central

offices can reinforce the quality of local democratic deliberation and problem-solving in variety of ways: coordinating and distributing resources, solving problems that local units cannot address by themselves, rectifying pathological or incompetent decision-making in failing groups, and diffusing innovations and learning across boundaries.

Unlike New Left political models in which concerns for liberation lead to demands for *autonomous* decentralization, empowered participatory governance suggests new forms of *coordinated* decentralization. Driven by the pragmatic imperative to find solutions that work, these new models reject both democratic centralism and strict decentralization as unworkable. The rigidity of the former leads it too often to disrespect local circumstance and intelligence and as a result it has a hard time learning from experience. Uncoordinated decentralization, on the other hand, isolates citizens into small units, surely a foolhardy measure for those who don't know how to solve a problem but suspect that others, somewhere else, do. Thus these reforms attempt to construct connections that spread information between local units and hold them accountable.

Design Principle 3. State-centered institutionalization. A third design characteristic of these experiments is that they colonize state power and transform formal governance institutions. Many spontaneous activist efforts in areas like neighborhood revitalization, environmental activism, local economic development, and worker health and safety seek to influence state outcomes through outside pressure, but they leave intact the basic institutions of state governance. By contrast, EPG reforms attempt to remake official institutions. These experiments are thus in a sense *less* "radical" than most varieties of activist self-help in that their central activity is not "fighting the power." But they are *more* radical in that they have larger reform scopes, are authorized by state or corporate bodies to make substantial decisions, and, most crucially, try to change the central procedures of power rather than merely attempting occasionally to shift the vector of its exercise. These transformations attempt to institutionalize the on-going participation of ordinary citizens, most often in their role as consumers of public goods, in the direct determination of what those goods are and how they should be best provided. This perpetual participation stands in contrast, for example, to the relatively brief democratic moments in both outcome-oriented, campaign-based social movements and electoral competitions in ordinary politics in which leaders/elites mobilize popular participation for specific outcomes. If popular pressure becomes sufficient to implement some favored policy or elected candidate, the moment of broad participation usually ends; subsequent legislation, policy-making, and implementation then occurs in the largely isolated state sphere. In EPG the goal is create durable institutions of sustainable empowered participation of ordinary citizens in the activities of the state rather than simply episodic changes in the policies of the state.
