New Perspectives on Economic Democracy



Ethan Miller and Michael Albert

Four recent contributions to an urgently necessary discussion: how can we think about, and begin to build, sustainable, democratic and egalitarian alternatives to capitalism?

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Life After Capitalism – And Now, Too

Michael Albert

Why have my frequent co-author Robin Hahnel and I devoted great time and energy to developing, describing, and now advocating an economic model to replace capitalism? What are the model's features? How does it differ from other models. And what are its immediate implications?

We address economic vision because in the words of the great economist John Maynard Keynes: "[Capitalism] is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous -- and it doesn't deliver the goods. In short, we dislike it, and we are beginning to despise it. But when we wonder what to put in its place, we are extremely perplexed." We address economic vision to undo that perplexity.

Capitalism is theft. The harsh and subservient labors of most citizens fantastically enrich a few others who don't have to labor at all. In general, those who work longer and harder get less. Those who work less long and less hard get more.

On the upper West Side of New York City, barely a mile apart exist neighborhoods in which the average disposable income is on the poorer side about \$5,000 per year and on the richer side about \$500,000 per year. The richest people in the U.S. are worth more than the populations of whole countries. The poorest people in the U.S. live under bridges in threadbare cardboard shelters, or stop living at all. This gap is not due to different industriousness or talent. It is due to social relations that force the many to enrich the few.

Capitalism is alienation and anti-sociality. Within capitalism the motives guiding decisions are pecuniary not personal, selfish not social. We each seek individual advance at the expense of others. The result, unsurprisingly, is an anti-social environment in which nice guys finish last.

In U.S. hospitals, tens of thousands of people a year die of diseases they did not have when they entered. This is in considerable part a matter of hygiene and other correctable problems. Yet there is no massive campaign to save these lives. It would not be profitable. Starvation the world over has the same root cause; to feed the poor sufficiently is not as profitable as overfeeding the rich. What health we attain, what food we eat, what housing we inhabit, comes to us because someone was seeking not health, sustenance, or shelter for all, but profit for themselves. Economic logic seeks profit rather than social well being. Benefits for the weak arise only as a byproduct, not

an intention, and rarely at that. As Keynes put it, "Capitalism is the astounding belief that the most wickedest of men will do the most wickedest of things for the greatest good of everyone."

Capitalism is authoritarian. Within capitalism's workplaces those who labor at rote and tedious jobs have nearly zero say over the conditions, output, and purpose of their efforts. Those who own or who monopolize empowering positions have near total say. Not even Stalin controlled when people could rest, eat, or go to the bathroom, but corporate owners routinely exercise such power. Corporations annihilate democracy.

Capitalism is inefficient. Capitalism squanders the productive capacities of about 80% of the population by training them primarily to endure boredom and take orders, not to fulfill their greatest potentials. It wastes inordinate resources on producing sales that aren't beneficial, and on enforcing work assignments that are coerced and therefore resisted.

Capitalism is racist and sexist. This is not intrinsic to the relations of production, but occurs because under the pressure of market competition owners inevitably exploit racial and gender hierarchies produced in other parts of society. When extra economic factors reduce the bargaining power of some actors and raise that of others or when they impact expectations about who should rule and who should obey -- seeking profit, capitalists abide and even enlarge the injustices.

Capitalism is violent. The pursuit of capitalist market domination produces nations at odds with other nations. Those with sufficient weaponry exploit the resources and populations of those lacking means to defend themselves, at times even unleashing unholy war.

Capitalism is unsustainable. Markets propel short term calculations and make dumping waste on others to avoid costs an easy and unavoidable road to profit. As a result, money grabbers accumulate and accumulate, ignoring or willfully obscuring the impact not only on workers and consumers, but also on today's environment and tomorrow's resources. We see the results in sky, water, and soil, mitigated only by social movements that force wiser behavior.

I could continue detailing the morbid failings of capitalism, but I don't think it's necessary.

In 2004 only a relatively few people are made so immoral by their advantages, or so profoundly ignorant by their advanced educations, or so confused by media, that they still fail to see that capitalism is now a gigantic holocaust of injustice that is anti-human in virtually every respect.

As John Stuart Mill put it, "I confess that I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human beings." But what do we want instead?

Participatory Economics, or parecon, is built on four institutional commitments.

First, in parecon people participate in economic life via nested workers and consumers councils that repeatedly arise whenever people seek to control their own economies, as most recently in Argentina. The added feature of parecon's councils is a commitment to self managed decision making. People should influence decisions in proportion as they are in turn affected by them.

Sometimes self management is best accomplished via one person one vote and majority rule. Sometimes it entails that a different tally is needed, or consensus, or that only some segment of the whole populace votes. In parecon, the tallying procedures we use are tactics to attain the appropriate self managing say for all involved actors. Such self managing workers and consumers councils of course bear little resemblance to the top down corporate entities we endure today.

Second, remuneration in a parecon is for effort and sacrifice, not for output or bargaining power. In a parecon we will earn more if we work longer, if we work harder, or if we work under more harsh or harmful conditions.

Parecon rejects someone earning by virtue of having a deed in his or her pocket. There is no moral or incentive warrant for that. Parecon also rejects a thuggish economy in which people get what they can take, as in market exchange. More controversially, parecon also rejects that we should get back from an economy the amount we contribute to it by our personal labors.

How much we produce depends on many factors we can't control: our having better tools, or our working in a more productive environment, or our producing more valued items, or our having innate qualities that increase our productivity. Economic incentives need to induce productive labor even when it is onerous. Remuneration for effort and sacrifice makes moral and economic sense. Rewarding the luck of having more productive genes, tools, etc., does not.

Third, participatory economics needs a new division of labor. If a new economy were to remove private profit, utilize self managing councils, and remunerate effort and sacrifice, but were to simultaneously retain the current corporate division of labor, its commitments would be inconsistent. Having 20% of the workforce monopolize largely empowering and pleasurable work and leaving 80% with more obedient, rote, stultifying, and onerous work, guarantees that the former group - who I call the coordinator class - will rule over the latter working class.

Even with a formal commitment to self management, as a result of the work they do, the coordinators will enter each decision discussion having defined its agenda, owning the information relevant to debate, possessing compelling habits of communication, and embodying the confidence and energy to fully participate. In contrast, having been deadened and exhausted by the work they do, workers will come to decision discussions only disempowered and exhausted. Coordinators will determine outcomes, including choosing to remunerate themselves more, to streamline meetings and decision-making by excluding those below, and to orient economic decisions in their own interests.

This is about classes, ultimately. By virtue of their deed to property, owners in capitalism preside over means of production. They hire and fire wage slaves. But eliminating this relation is not the same as attaining classlessness. Another group in place of owners and also defined by its position in the economy, can wield virtually complete power and aggrandize itself above workers. To avoid rule by this coordinator class over workers requires that we replace corporate divisions of labor with a new approach to defining work roles. Parecon calls this third institutional commitment balanced job complexes.

Everyone in any society will by definition be doing some collection of tasks as his or her job. If the economy employs a corporate division of labor our tasks will combine into a job that is either largely empowering or that is largely disempowering. In contrast, a participatory economy will combine tasks into jobs so that the overall empowerment effect of each job is like the overall empowerment effect of every other job. We won't have managers and assemblers, editors and secretaries, surgeons and nurses. The functions these actors now fulfill persist in a parecon, but the labor is divided up differently. Of course some people do surgery while most don't, but those who take scalpel to brains also clean bed pans, or sweep floors, or assist with other hospital functions.

The total empowerment and pleasure that the surgeon's new job affords is made average by remixing tasks. She now has a balanced job complex that conveys the same total empowerment and pleasure as the new job of the person who previously only cleaned up. The domination of what I call the coordinator class over all other workers is removed not by eliminating empowering tasks or by everyone doing the same things. Both these options are not only irrational but impossible. Nor is coordinator class rule eliminated by just extolling rote work as important, which is possible and has even been tried, but which is structurally vacuous. What eliminates coordinator class rule is distributing empowering and rote work so that all economic actors are able to participate in self managed decision making without undue advantage accruing to some due to their economic roles.

Finally, fourth, what if we have lots of workplaces and communities that are all committed to having workers and consumers councils, to using self managed decision making procedures, to having balanced job complexes, and to remunerating for effort and sacrifice, but, in addition to these features, we opt for central planning or for markets for allocation? Would this constitute a new and worthy vision?

With central planning the planners would be distinguished by the conceptual and design character of their labor, and no doubt also by their academic or other credentials. They would seek to have agents in each workplace with whom they could interact and who would be responsible for enforcing the central plan, people who held similar credentials to the planners and were vested with similar dominating rights. The dynamics of central planning are down go instructions up comes information about the possibility of fulfilling them, down go altered instructions up comes more information, down go final instructions up comes obedience. The command structure is authoritarian and as we saw in the old Soviet Union the class implication is to resurrect the coordinator/worker distinction in each workplace and in the whole economy. Central planning undoes our other innovations and so must be rejected as unfit for allocation.

Markets are similar in their unworthiness, and the case is even more important because markets have so much more support around the world, and even on the left.

First, markets would destroy equitable remuneration by rewarding output and bargaining power instead of rewarding only effort and sacrifice.

Second, markets would force buyers and sellers to try to buy cheap and sell dear, each fleecing the other as much as possible in the name of private advance and even economic survival. Markets subvert solidarity.

Third, markets would even produce dissatisfaction as an aim, because only the dissatisfied will buy, and then buy again, and again. As the general director of General Motors' Research Labs, Charles Kettering put it, business needs to create a "dissatisfied consumer"; its mission is "the organized creation of dissatisfaction." Following his own advice, Kettering introduced annual model changes for GM cars -- planned obsolescence designed to make the consumer discontented with what he/she already had.

Fourth, markets also mis-price transactions, taking into account only their impact on immediate buyers and sellers but not on those affected by pollution or, for that matter, by positive side effects. This means markets routinely violate ecological balance and sustainability.

Fifth, markets create a competitive context in which workplaces have to cut costs and seek market share regardless of implications for others.

To do what markets force them to, even new workplaces with self managing councils that favor equitable remuneration and balanced job complexes would have no choice but to maximize revenues to keep up with or to outstrip competitors. We would have to dump our costs on others, gain revenues by inducing excessive consumption, and cut production costs at workers expense. And since to do these things requires both a managerial surplus-seeking mindset, and also freedom from suffering the pains that the managerial choices induce, we would hire folks with the appropriately callous and calculating minds business schools produce, and we would give these managers air conditioned offices and comfortable surroundings, and tell them, okay, cut our costs.

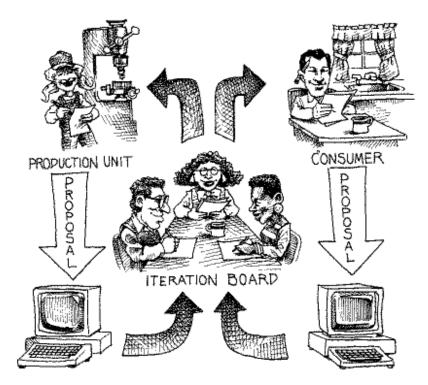
Ironically due to the pressure of markets we would impose on ourselves a coordinator class, not via natural law, and not because we seek to be subservient, but because markets force us to do it to win market share and avoid going out of business.

All these particular ills, I should note, are aggravated the more unencumbered - or in the current lexicon, the more free - our markets are. There have rarely if ever been markets as competitive as those of Britain in the early nineteenth century. Under the sway of those nearly perfectly free markets, however, as the economist Robert Solow put it, "infants typically toiled their way to an early death in the pits and mills of the Black Country." Solow adds that "well-functioning markets have no innate tendency to promote excellence in any form. They offer no resistance to forces making for a descent into cultural barbarity or moral depravity." Markets are therefore ruled out for a desirable economy.

So what replaces markets and central planning to round out the defining features of participatory economics? Parecon's answer is participatory planning.

What we need in place of central planning and competitive market allocation is for informed self managed workers and consumers with appropriate training and confidence and with social motivations to cooperatively negotiate inputs and outputs each accessing accurate information and valuations and each having a say in proportion as choices impact them. What allocation system can accomplish all that?

Worker and consumer councils propose their work activities and consumption preferences in light of best available and constantly updated knowledge of true valuations of the full social benefits and costs of their choices. Councils engage in a back and forth cooperative communication of mutually informed preferences. They utilize a variety of simple communicative tools including indicative prices, facilitation boards, and other features which permit actors to express, mediate, and refine their desires in light of other actor's desires.



Workers and consumers indicate their personal and also their group preferences. They learn what others have indicated. They alter their preferences in an effort to move toward personally fulfilling work and consumption as well as a viable overall plan. At each new step in the negotiation each actor seeks personal well being and development, but each can improve their lot only by acting in accord with more general social benefit and not by exploiting others.

As in any economy, consumers take account of their income and the relative costs of available items and choose what they desire. Workers similarly indicate how much work they wish to do in light of requests for their output, as well as their own labor/leisure preferences.

In capitalism, as the famous advertising executive Ernest Dichter says: "We must use the modern techniques of motivational thinking and social science to make people constructively discontented.... If you are relatively happy with your life, if you enjoy spending time with your children, playing with them and talking with them; if you like nature...if you just like talking to people...if you enjoy living simply, if you sense no need to compete with your friends or neighbors--what good are you economically?"

But in a parecon, not only does no one have any interest in selling at an inflated price, no one has any interest in selling more for the sake of income either - because selling more is not how income is earned. Nor is there any competition for market share. Motives are simply to meet needs and to develop potentials without wasting assets. We seek to produce what is socially acceptable and useful and to fulfill our own as well as the rest of society's preferences as the only way to get ahead personally or collectively.

Negotiations occur in a series of planning rounds. Every actor has an interest in the most effective utilization of productive potentials to meet needs because each gets a share of output that is equitable and grows as the whole output grows. Every actor also has an interest in investments that reduce drudge work and improve the quality and empowerment of the average balanced job complex because this is the job quality and empowerment level that everyone on average enjoys.

I can't fully describe parecon and all its diverse mechanisms and show how the model is both viable and worthy in a summary talk such as this. But my claim is that parecon is not only classless and not only propels solidarity, diversity, and equity - but to the extent possible and with no recurring biases, that parecon apportions to each worker and consumer an appropriate level of self managing influence about each economic decision.

Parecon doesn't reduce productivity but instead provides adequate and proper incentives to work to the level people desire to consume. It doesn't bias toward longer hours but allows free choice of work versus leisure. It doesn't pursue what is most profitable regardless of impact on workers, ecology, and even consumers, but it reorients output toward what is truly beneficial in light of full social and environmental costs and benefits.

Parecon doesn't waste the human talents of people now doing surgery, composing music, or otherwise engaging in skilled labor by requiring that they do offsetting less empowering labor as well, but by this requirement surfaces a gargantuan reservoir of previously untapped talents throughout the populace while apportioning empowering and rote labor not only justly, but in accord with self management and classlessness.

Parecon doesn't assume sociable much less divine citizens. Rather it creates an institutional setting in which to get ahead in their economic engagements even people who grow up entirely self seeking and anti-social must attend to the general social good and the well being of others.

In capitalism buyers seek to fleece sellers and vice versa. Capitalism trains people to be anti-social. To get ahead they must learn the lesson well. In parecon, in contrast, solidarity among citizens is produced by economic life just like vehicles, homes, clothes, and musical instruments are. Due to the logic of remuneration and planning, my gain is built on and derives from your gain and social gain, rather than opposed to each.

Post-Capitalist Alternatives

Finally, what difference does advocating parecon make for present behavior? When Margaret Thatcher said "There is no alternative," she accurately identified a central obstacle to masses of people actively seeking a better world. If a person sincerely believes there is no better future, then he or she will understandably react to calls to fight against poverty, alienation, and even war by replying, go get a life, grow up, face reality.

You might say to me, you can't fight war and poverty, that's a fool's errand. It is like blowing in the wind. It is like fighting gravity. In that context, parecon is a vision aimed to replace cynicism with hope and reason. It seeks to clarify that capitalism is not like gravity - we can replace it.

The citation for the Award of the President of the Italian Republic that I was graciously given yesterday, said that parecon is the "the most powerful and fully articulated challenge to the current models of socioeconomic thought" providing "a new major highway in economic organization as a feasible proposition."

Anyone who believes that about parecon, it seems to me, ought to fight like the dickens not only to ameliorate the current ills produced by capitalism, but to usher in the benefits of this new type economy.

When we all go to movies and see courageous souls of the past represented on the screen, fighting against slavery, or against the subordination of women, or against colonialism, or for peace and justice and against dictatorships, we rightly feel sympathy and admiration for these acts. The abolitionists, the suffragists, the labor union organizers, the anti apartheid activists, all the seekers of freedom and dignity are heroes for us.

It seems to me we should not admire something and then avoid doing that same thing. If we admire standing up against injustice, we ought to ourselves stand up against injustice. If we admire seeking a better world, we should ourselves seek a better world. If we admire rejecting exploitation, alienation, domination, and its violent maintenance, we should ourselves advocate and fight for an economic model and societal structure that will eliminate these horrors.

I believe that participatory economics is such an economy and should be part of such a new society.

Michael Albert is a veteran writer and activist, he currently works with *Z Magazine* and the website *Znet*, both of which he co-founded. The author of fifteen books, including *Parecon: Life After Capitalism* (2003), he lives in Woods Hole, Massachusetts.

Our Eyes on the Prize: From 'Worker Co-op Movement' to Transformative Social Movement

Ethan Miller

The contemporary U.S. worker cooperative movement is somewhat ambiguous about its relationship to capitalism. Members of our movement today range in perspective from viewing cooperatives as an anti-capitalist tool of struggle, "embodying the world that we seek to build," to seeing them as worker-empowering additions to an economic system believed to be either inevitable or in need of only minor modification.

While empathizing with those who feel a sense of "inevitability" in the face of today's powerful capitalist economy (and disagreeing with those who see it as generally acceptable), I hold firmly to the perspective that a more just and democratic economy is both necessary and possible. And I believe that the greatest chance of increasing and assuring viability for the workplace democracy movement may rest in our ability to keep our "eyes on the prize"; that is, on the long term replacement of capitalism--an economy which socializes costs and privatizes benefits--with an economy of democratic cooperation in which costs and benefits are democratically and equitably shared throughout society.

The worker coop movement cannot, by itself, take on the gargantuan task of challenging the culture of competition and greed. Operating as isolated businesses or even as networks of businesses, worker cooperatives have barely a prayer (contrary to what some cooperative activists suggest) of growing to "eclipse" and replace capitalist enterprise simply through successful growth and competition. Without compromising the very democratic, cooperative and justice-seeking core of our movement, we will not "out-compete" the masters of greed and competition on their own terms. We must, instead, work to transform the very terms of the economic game.

Such a task will require more than savvy cooperative business practices in the face of capitalist competition. The worker coop movement must work to build broader alliances, holistic economic and social visions, and contribute to the creation of not only more worker coops, but a *transformative social movement* capable of changing the culture and economy--the "social ecosystem"--in which worker coops struggle to exist.

Embedded in a larger context of social change, worker cooperatives can increase both their viability and their effectiveness as change agents.

This does not mean that we shouldn't play the capitalist game as it now stands. Operating successfully in a capitalist market, worker coops can support movements for social and economic transformation, and achieve victories that no solely oppositional "resistance movement" can ever achieve. To be truly effective, however, these support activities and victories must be placed in the context of a movement for social, economic and ecological justice much larger than the "worker co-op movement."

This broader context requires a holistic movement to create a cooperative solidarity economy and a democratically transformative "culture of change".

Let's begin with the need to build a wider economic movement: Worker cooperatives are a particular – and effective – structure for democratically organizing the *production of goods and the provision of services*. Yet contrary to the inclinations of many on the left, we cannot build a different economy and society simply by advocating for alternative institutions of *production*. An economy is an ecosystem, a cyclical whole that includes processes of **creation** (the "original production" of natural resources by geological, biological, and energetic forces), **production** (human transformation of resources into goods and services), **exchange**, **consumption** (perhaps more appropriately called "use"), the processing of **waste**, and the recycling of **surplus** (sometimes called "investment"). Appropriate to this holistic picture, movements working for a just and democratic economy must generate interventions – and link these interventions together--at every point of the economic cycle.



Indeed, to create conditions under which their success is increasingly possible, worker cooperatives must work to generate, sustain and support institutions at all other points of the economic cycle. Only through intercooperation and solidarity with other economic sectors will worker coops become viable, long-term institutions of social and economic change. Why? Because organizing across the entire economic ecosystem and building a broader social movement is actually the work of *constructing reliable markets* – "solidarity markets" – for goods and services produced by worker cooperatives. Inter-cooperation and movement building is about worker coops moving from a passive place of "entering markets" to an active place of *constructing* them. Such work feeds the "bottom-line" of the financial ledger *and* advances the cause of social and economic justice.

What does this "movement building" look like? One crucial aspect of integrating the worker coop movement into a holistic effort for social change is the creation of a shared story and through this, the development of longterm solidarity between worker cooperatives and other groups working for democratic, community-based economies such as local currencies, consumer cooperatives, housing coops and intentional communities, economic justice advocacy groups, neighborhood associations, local food system projects and more. Like the "solidarity economy" movements of Latin America, in which worker cooperatives are often integrated with many other alternative economic initiatives, we must find creative ways to weave our diverse work together with a common language into a coherent tapestry. The recent "Roundtable on Economic Alternatives in Practice," held in western Massachusetts by the Center for Popular Economics (December 2005), which brought together many different democratic economic projects to share ideas, build relationships and forge collaborations, is one emerging example of organizing that worker coops could facilitate and support on local, regional and national levels. Others would include the emerging participatory budget initiatives in Lawrence (MA), Toronto, Guelph and elsewhere, and the recent coalitions around community benefit agreements in Los Angeles and several other U.S. cities (see Shelterforce, Spring & Summer, 2006). Further examples from the solidarity economy movement outside of the U.S. abound. I delve into some of these more deeply in GEO's recent collaborative issue with Dollars and Sense magazine (see Ethan Miller, "Other Economies Are Possible," first published there, and reprinted below).

Building these wider economic connections is crucial. But even a solidarity economy movement cannot succeed without being intimately linked to broader social change work. It is our connections with the work of anti-racism, feminism, queer liberation, environmental justice, ecological sustainability, immigrant's rights, counter-recruitment and peace advocacy,

labor organizing, grassroots community development, and other movements for cultural and institutional change that will generate the collective power and momentum needed to effect long-term transformation and generate widespread, committed support for worker cooperatives as economic and social-change institutions.

Such work is already apparent throughout the worker coop movement. Green Worker Cooperatives in the South Bronx is making connections between worker control, environmental justice, and other crucial issues facing urban communities of color. Democratically-controlled collective bookstores and infoshops such as Red Emma's (Baltimore, MD) and Wooden Shoe Books (Philadephia, PA) are overtly supportive of movement-building work and actively support other social justice efforts by providing venues for public meetings and discussions and distributing educational information. Technology cooperatives such as Electric Embers (San Francisco, CA), Riseup (Seattle, WA), the Gaiahost Collective (Shutesbury, MA), C4 (New Orleans, LA), and the Brattleboro Tech_Collective (Brattleboro, VT), contribute significant resources to support diverse movement-building efforts with information technology. And the list could go on: many other worker cooperatives contribute to social justice efforts at many levels and in many forms.

These examples stand out as pioneers of cross-sector movement-building. Yet the worker coop movement has yet to integrate such visionary connective work into its core practice and identity. In this spirit, the U.S. Federation, along with its constituent local and regional networks, could do much to promote a culture of connection between the worker cooperative movement and other groups and movements working towards a broad vision of social, economic and ecological justice. Let's build this vision into our work and into our ongoing debates and conversations about the future of the U.S. worker cooperative movement. The possibilities are numerous and exciting. It is not easy work, of course--especially considering the demands placed on worker-owners by a cut-throat competitive market--but it is the work that we as cooperators must embrace if we choose to believe that another economy, and another world, is possible.

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Other Economies Are Possible: Building a Solidarity Economy

Ethan Miller

Consider this: thousands of diverse, locally-rooted, grassroots economic projects are in the process of creating the basis for a viable democratic alternative to capitalism. It might seem unlikely that a motley array of initiatives such as worker, consumer, and housing cooperatives, community currencies, urban gardens, fair trade organizations, intentional communities, and neighborhood self-help associations could hold a candle to the pervasive and seemingly all-powerful capitalist economy. These "islands of alternatives in a capitalist sea" are often small in scale, low in resources, and sparsely networked. They are rarely able to connect with each other, much less to link their work with larger, coherent structural visions of an alternative economy.

Indeed, in the search for alternatives to capitalism, existing democratic economic projects are frequently painted as noble but marginal practices, doomed to be crushed or co-opted by the forces of the market. But is this inevitable? Is it possible that courageous and dedicated grassroots economic activists worldwide, forging paths that meet the basic needs of their communities while cultivating democracy and justice, are planting the seeds of another economy in our midst? Could a process of horizontal networking, linking diverse democratic alternatives and social change organizations together in webs of mutual recognition and support, generate a social movement and economic vision capable of challenging the global capitalist order?

To these audacious suggestions, economic activists around the world organizing under the banner of *economia solidaria*, or "solidarity economy," would answer a resounding "yes!" It is precisely these innovative, bottom-up experiences of production, exchange, and consumption that are building the foundation for what many people are calling "new cultures and economies of solidarity."





Origins of the Solidarity Economy Approach

The idea and practice of "solidarity economics" emerged in Latin America in the mid-1980s and blossomed in the mid to late 90s, as a convergence of at least three social trends. First, the economic exclusion experienced by growing segments of society, generated by deepening debt and the ensuing structural adjustment programs imposed by the International Monetary Fund, forced many communities to develop and strengthen creative, autonomous and locally-rooted ways of meeting basic needs. These included initiatives such as worker and producer cooperatives, neighborhood and community associations, savings and credit associations, collective kitchens, and unemployed or landless worker mutual-aid organizations.

Second, growing dissatisfaction with the culture of the dominant market economy led groups of more economically privileged people to seek new ways of generating livelihoods and providing services. From largely a middle-class "counter-culture"-similar to that in the Unites States since the 1960's-emerged projects such as consumer cooperatives, cooperative childcare and health care initiatives, housing cooperatives, intentional communities, and ecovillages. There were often significant class and cultural differences between these two groups. Nevertheless, the initiatives they generated all shared a common set of operative values: cooperation, autonomy from centralized authorities, and participatory self-management by their members.

A third trend worked to link the two grassroots upsurges of economic solidarity to each other and to the larger socioeconomic context: emerging local and regional movements were beginning to forge global connections in opposition to the forces of neoliberal and neocolonial globalization. Seeking a democratic alternative to both capitalist globalization and state socialism, these movements identified community-based economic projects as key elements of alternative social organization.

At the First Latin Encuentro of Solidarity Culture and Socioeconomy, held in 1998 in Porto Alegre, Brazil, participants from Brazil, Mexico, Argentina, Peru, Nicaragua, Bolivia, Colombia, and Spain created the Red latinoamericana de la economia solidaria (Latin American Solidarity Economy Network). In a statement, the Network declared, "We have observed that our experiences have much in common: a thirst for justice, a logic of participation, creativity, and processes of self-management and autonomy." By linking these shared experiences together in mutual support, they proclaimed, it would be possible to work toward "a socioeconomy of solidarity as a way of life that encompasses the totality of the human being."

Since 1998, this solidarity economy approach has developed into a global movement. The first World Social Forum in 2001 marked the creation of the Global Network of the Solidarity Socioeconomy, fostered in large part by an international working group of the Alliance for a Responsible, Plural, and United World. By the time of the 2004 World Social Forum in Mumbai, India, the Global Network had grown to include 47 national and regional solidarity economy networks from nearly every continent, representing tens of thousands of democratic grassroots economic initiatives worldwide. At the most recent World Social Forum in Venezuela, solidarity economy topics comprised an estimated one-third of the entire event's program.

Defining Solidarity Economics

But what exactly is this "solidarity economy approach"? For some theorists of the movement, it begins with a redefinition of economic space itself. The dominant neoclassical story paints the economy as a singular space in which market actors (firms or individuals) seek to maximize their gain in a context of scarce resources. These actors play out their profit-seeking dramas on a stage wholly defined by the dynamics of the market and the state.

Countering this narrow approach, solidarity economics embraces a plural and cultural view of the economy as a complex space of social relationship in which individuals, communities, and organizations generate livelihoods through many different means and with many different motivations and aspirations-not just the maximization of individual gain. The economic activity validated by neoclassical economists represents, in this view, only a tiny fraction of human efforts to meet needs and fulfill desires.

What really sustains us when the factories shut down, when the floodwaters rise, or when the paycheck is not enough? In the face of failures of market and state, we often survive by self-organized relationships of care, cooperation, and community. Despite the ways in which capitalist culture generates and mobilizes a drive toward competition and selfishness, basic practices of human solidarity remain the foundation upon which society and community are built. Capitalism's dominance may, in fact, derive in no small part from its ability to co-opt and colonize these relationships of cooperation and mutual aid.

In expanding what counts as part of "the economy," solidarity economics resonates with other streams of contemporary radical economic thought. Marxist economists such as Stephen Resnick and Richard Wolff, for example, have suggested that multiple "modes of production" co-exist

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alongside the capitalist wage labor mode. Feminist economists have demonstrated how neoclassical conceptions have hidden and devalued basic forms of subsistence and caregiving work that are often done by women. Feminist economic geographer J.K. Gibson-Graham, in her books *The End of Capitalism (As We Knew It)* (1998) and *A Postcapitalist Politics* (2006), synthesizes these and other streams of thought in what she calls the "diverse economies perspective." Addressing concerns that are central to the solidarity economy approach, she asks, "If we viewed the economic landscape as imperfectly colonized, homogenized, systematized, might we not find openings for projects of noncapitalist invention? Might we not find ways to construct different communities and societies, building upon what already exists?"

Indeed, the first task of solidarity economics is to identify existing economic practices-often invisible or marginal to the dominant lens-that foster cooperation, dignity, equity, self-determination, and democracy. As Carola Reintjes of the Spanish fair trade association Iniciativas de Economia Alternativa y Solidaria (IDEAS) points out, "Solidarity economy is not a sector of the economy, but a transversal approach that includes initiatives in all sectors." This project cuts across traditional lines of formal/informal, market/non-market, and social/economic in search of solidarity-based practices of production, exchange and consumption- ranging from legally-structured worker cooperatives, which engage the capitalist market with cooperative values, to informal affinity-based neighborhood gift networks.

At a 2000 conference in Dublin on the "Third Sector" (the "voluntary" sector, as opposed to the for-profit sector and the state), Brazilian activist Ana Mercedes Sarria Icaza put it this way: "To speak of a solidarity economy is not to speak of a homogeneous universe with similar characteristics. Indeed, the universe of the solidarity economy reflects a multiplicity of spaces and forms, as much in what we would call the 'formal aspects' (size, structure, governance) as in qualitative aspects (levels of solidarity, democracy, dynamism, and selfmanagement)."

At its core, solidarity economics rejects one-size-fits-all solutions and singular economic blueprints, embracing instead a view that economic and social development should occur from the bottom up, diversely and creatively crafted by those who are most affected. As Marcos Arruda of the Brazilian Solidarity Economy Network stated at the World Social Forum in 2004, "a solidarity economy does not arise from thinkers or ideas; it is the outcome of the concrete historical struggle of the human being to live and to develop him/herself as an individual and a collective." Similarly, contrasting the solidarity economy approach to historical visions of the "cooperative commonwealth," Henri de Roche noted that "the old cooperativism was a utopia in search of its practice and the new cooperativism is a practice in

search of its utopia." Unlike many alternative economic projects that have come before, solidarity economics does not seek to build a singular model of how the economy should be structured, but rather pursues a dynamic process of economic organizing in which organizations, communities, and social movements work to identify, strengthen, connect, and create democratic and liberatory means of meeting their needs.

Success will only emerge as a product of organization and struggle.
"Innovative practices at the micro level can only be viable and structurally effective for social change," said Arruda, "if they interweave with one another to form always-broader collaborative networks and solidarity chains of production-financedistribution-



consumption-education-communication." This is, perhaps, the heart of solidarity economics-the process of networking diverse structures that share common values in ways that strengthen each. Mapping out the economic terrain in terms of "chains of solidarity production," organizers can build relationships of mutual aid and exchange between initiatives that increase their collective viability. At the same time, building relationships between solidarity-based enterprises and larger social movements builds increased support for the solidarity economy while allowing the movements to meet some of the basic needs of their participants, demonstrate viable alternatives, and thus increase the power and scope of their transformative work.

In Brazil, this dynamic is demonstrated by the Landless Workers Movement (MST). As a broad, popular movement for economic justice and agrarian reform, the MST has built a powerful program combining social and political action with cooperative, solidarity-based economics. From the establishment of democratic, cooperative settlements on land re-appropriated from wealthy absentee landlords to the development of nationwide, intersettlement exchanges of products and services, networks of economic solidarity are contributing significantly to the sustenance of more than 300,000 families-over a million people. The Brazilian Solidarity Economy Forum, of which the MST is a part, works on an even broader scale, incorporating twelve national networks and membership organizations with twenty-one regional Solidarity Forums and thousands of cooperative enterprises to build mutual support systems, facilitate exchanges, create cooperative incubator programs, and shape public policy.

Building a Movement

The potential for building concrete local, national, and even global networks of solidarity-based support and exchange is tremendous and yet barely realized. While some countries, notably Brazil, Argentina, Colombia, Spain, and Venezuela, have created strong solidarity-economy networks linked with growing social movements, others have barely begun. The United States is an example. With the exception of the Rural Coalition/Coalicion Rural, a U.S.-Mexico cross-border agricultural solidarity organization, the United States has been nearly absent from global conversations about solidarity economics. Maybe it's harder for those in the "belly of the beast" to imagine that alternatives to capitalism are possible. Are alternative economic practices somehow rendered more invisible, or more isolated, in the United States than in other parts of the world? Are there simply fewer solidarity-basedinitiatives with which to network?

Perhaps. But things are changing. An increasing number of U.S. organizations, researchers, writers, students, and concerned citizens are questioning capitalist economic dogma and exploring alternatives. A new wave of grassroots economic organizing is cultivating the next generation of worker cooperatives, community currency initiatives, housing cooperatives and collectives, community garden projects, fair trade campaigns, community land trusts, anarchist bookstores ("infoshops"), and community centers. Groups working on similar projects are making connections with each other. Hundreds of worker-owners from diverse cooperative businesses across the nation, for example, will gather in New York City this October at the second meeting of the United States Federation of Worker Cooperatives. In the realm of cross-sector organizing, a broad coalition of organizations is working to create a comprehensive public directory of the cooperative and solidarity economy in the United States and Canada as a tool for networking and organizing.

It takes no great stretch of the imagination to picture, within the next five to ten years, a "U.S. Solidarity Economy Summit" convening many of the thousands of democratic, grassroots economic projects in the United States to generate a stronger shared identity, build relationships, and lay the groundwork for a U.S. Solidarity Economy Alliance. Move over, CEOs of the Business Roundtable!

Wishful thinking? Maybe not. In the words of Argentinian economist and organizer Jose Luis Corragio, "the viability of social transformation is rarely a fact; it is, rather, something that must be constructed." This is a call to action.

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Solidarity and Participatory Economics

Michael Albert

In his article, "Other Economies Are Possible," Ethan Miller argues passionately and effectively on behalf of a movement that has developed in Latin America and to an extent also in Europe, called "solidarity economics." What is this movement about? And what is the connection, positive or critical, between solidarity economics and the other post capitalist vision so prevalently presented on ZNet, participatory economics?

The solidarity economics movements seeks to unite what Miller calls "thousands of diverse, locally-rooted, grassroots economic projects ... such as worker, consumer, and housing cooperatives, community currencies, urban gardens, fair trade organizations, intentional communities, and neighborhood self-help associations" or "islands of alternatives in a capitalist sea." Their glue for unity is the idea of economic projects fostering solidarity and democracy. The connection they seek is "horizontal networking" including "webs of mutual recognition and support." The aim of all this is in Miller's words to "generate a social movement and economic vision capable of challenging the global capitalist order."

On first reading this certainly seems like it would be a movement parecon advocates would support and wish to relate to, indeed a movement parecon advocates would like to be a part of. For participatory economics proposes a set of key institutions – workers and consumers councils, self managed decision making, remuneration for duration, intensity, and onerousness of work, balanced job complexes, and participatory planning – precisely conceived to deliver an economy that generates by its operation both solidarity and democracy, and even more, empathy and self management.

So given the congeniality of shared purpose that ought to unite solidarity and participatory economics, why haven't the two gotten together, or more together, since there some ties already?

By their own self definition the solidarity economists say they have in common with one another "a thirst for justice, a logic of participation, creativity, and processes of self-management and autonomy." What could be more in tune, as well, with the shared commitments of participatory economics? From my perspective, at least, so far this seems like a perfect match.

The difficulty in getting more together must rest, if it has any basis at all, in some additional commitments of the solidarity economy folks, or, one might as easily say, in some additional commitments of parecon. Supposing serious differences do exist, it just rests on which commitments ought to be retained, and which jettisoned, in order to be most effective together.

Solidarity economy advocates seek "self-organized relationships of care, cooperation, and community." So do advocates of parecon, so that is not a problem.

Miller quotes J.K. Gibson-Graham, who asks, "If we viewed the economic landscape as imperfectly colonized, homogenized, systematized, might we not find openings for projects of non-capitalist invention? Might we not find ways to construct different communities and societies, building upon what already exists?" Parecon is very much about constructing workplaces and communities that embody the seeds of the future in the present, though it is also about fighting to alter existing institutions, as well. There is no problem lurking here, either, I think.

But then we come to what may be a difficulty. Miller says, "At its core, solidarity economics rejects one-size-fits-all solutions and singular economic blueprints, embracing instead a view that economic and social development should occur from the bottom up, diversely and creatively, crafted by those who are most affected." Under one reading of this sentence, parecon has no disagreement, and indeed asserts it, very aggressively. But, Miller might mean something else. If his formulation implies that we don't need certain key institutions if we are to have an economy that is participatory, that engenders solidarity, that is equitable, and in which there is real democracy or even self management, then I would have to disagree with him just as I think most advocates of parecon would.

An economy of the future will have an allocation system. All economies do. If it is markets or central planning, then that economy will not be a solidarity or participatory economy.

An economy of the future will have a division of labor. All economies do. And if this includes sequestering empowering work into the hands of a few while most do only rote and obedient work, the future economy will not be a solidarity or a participatory economy.

To have solidarity requires classlessness. Solidarity won't be extensive if some own the economy and others only labor in it. It won't be extensive if some rule the economy and others only obey in it.

So yes, we need an economy which is the product of the will of its members, of course. And we need an economy that is created by an open and hugely democratic process, of course. But we also need an economy that

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arrives at institutions that attain its stated aims – or else the aims will only be nice rhetoric, disappearing once contrary institutions push them aside.

Miller quotes Marcos Arruda of the Brazilian Solidarity Economy Network saying that "a solidarity economy does not arise from thinkers or ideas; it is the outcome of the concrete historical struggle of the human being to live and to develop him/herself as an individual and a collective." I find this way of presenting what I hope is Arruda's point somewhat strange. How is it that solidarity economy activists are critical of markets and of private ownership unless they have thought about these, very carefully, and not simply experienced the pain? Indeed, a huge number of people experience alienation or poverty but don't reject markets, capital, or other adverse institutional structures, because they haven't thought seriously about the origins of the ills that they suffer or, I suspect more often, they think there is no alternative, having not thought closely about that. People thinking and the ideas that emerge are not our enemy, unless it is too few people or poor ideas.

In fact, most anything humans do arises in considerable part from their ideas which are often initially held or at least made coherent and presentable for assessment by only a few folks, most desirably after much discussion, testing, and debate. It seems to me the kind of sentiment Arruda offers may have a confusion in it. He wants to say, I think – or perhaps I should say, I hope – that solidarity economics is not imposed by a few on the many and is not an abstract creation of impossible features but, instead, is a well conceived campaign rooted in what is both possible and desirable. But Arruda's words seem to me to have, whether he means them this way or not, an underlying inclination to denigrate thought and to imply that if something is thought through carefully, and especially if something is debated, proposed, and then strongly advocated, it must be elitist. This seems to me to be a suicidal perspective which rejects good thinking as well as elitist thinking. More, the fact is we have all been engaging in activism for quite some time now. It may well be that it is the thinking side of the balance between thought and action, not the activism side, that has gotten too short shrift, at least when we are talking about putting forth an alternative to capitalism, markets, corporations, etc. Plenty of thought, often quite redundant, goes into discussing what's wrong with the current world. But not much thought, when you consider it, goes into what we want in place of the current world, not just to ameliorate pain today, but to replace it with liberation tomorrow.

Similarly, Miller quotes another solidarity economy advocate Henri de Roche as noting that "the old cooperativism was a utopia in search of its practice and the new cooperativism is a practice in search of its utopia." I don't get this formulation either, I must admit, though it is an artful turn of

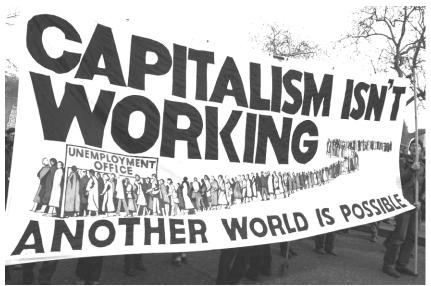
phrase. Doesn't one want to connect thought and practice? Whether ideas arise from dreams or from wishes or from sober assessments of experiences, or whatever else, of course the key point is that we should test them in the cauldron of experience, and refine and improve them based on lessons so attained. But regarding practice and vision our attitude has to be "both and," not "either or," doesn't it?

Miller notes that "unlike many alternative economic projects that have come before, solidarity economics does not seek to build a singular model of how the economy should be structured, but rather pursues a dynamic process of economic organizing in which organizations, communities, and social movements work to identify, strengthen, connect, and create democratic and liberatory means of meeting their needs."

Again, I think maybe I don't get it. First off, no proposer of an economic model has ever to my knowledge suggested that all economies should in all features mimic the model. In fact, there has been no model offered, ever, that specifies all features of an economy. Models typically, instead, specify some key institutions. The advocate of a model says that an economy we would like – a solidarity economy or a participatory economy, for example – needs to flexibly incorporate those highlighted features if it is to achieve what it seeks.

For example, if you want classlessness, the pareconist says, you can't have markets, central planning, private ownership of productive property, or corporate divisions of labor. And, having rejected those options, as a result of thinking carefully about their implications and measuring them against shared values, parecon then offers as an alternative participatory planning, social responsibility, and balanced job complexes. And isn't this doing exactly what it means to pay serious attention to our experiences and to try to distill from them insights bearing on how we ought to conduct economics? If solidarity economy advocates would agree that it is, then there is every reason to hope for increased relations between these two approaches. But it will be hard to have ties if solidarity economy advocates say that the minute someone argues on behalf of some particular type of institution, say balanced job complexes or participatory planning, arguing that this is part of what people should strive to create instead of simply advocating whatever plurality of diverse choices people freely make, then that person has foregone connection to building a better economy. I have encountered both types of attitude in my own experiences with solidarity economy advocates, so I am not sure which is more prevalent.

Suppose movements in some place and time work to "identify, strengthen, connect, and create democratic and liberatory means of meeting their needs," to use Miller's description. Suppose they then think over their experiences and become convinced that to accomplish meeting needs



consistent with their values requires certain new institutions. Would these activists be wrong to think things through in such a manner? If they did so, should they not say what they conclude? And isn't such a conclusion quite plausibly correct? And if it is correct, wouldn't it help to inform others about it when they also try to develop experiments in better economic organization or try to win changes in existing workplaces and communities in accord with better economic organization?

Suppose a group sets up a workers coop of the sort that solidarity economy tries to link. These activists work hard and long and discover that despite all participants' commitments to full democracy, and even to self management, as long as old corporate style divisions of labor are in place, these virtues are stunted and even obliterated. So the members then consider this realization and conceive of a new division of labor, let's say balanced job complexes, and enact them with great success. Wouldn't it make sense that they make this known and urge that this new way of apportioning labor be incorporated into future experiments in better economy, to avoid the experiments succumbing to internal class divisions? Suppose as time passes and initial euphoria and intensity decline and these activists endure considerable backsliding and difficulty in their attempts to act in a solidaritous manner, internally and regarding those who relate to their product. Unlike others who experience this trend, however, this group thinks hard about it and decides it isn't due to a flaw in their commitments, but is instead an imposition from the market pressures all around them. So they then also think through the operation of the market as it imposes on them behaviors contrary to their inclinations and conducive to old style decision-

making and divisions of labor, and they come up with a critique of the market and with a proposal for an alternative to it, let's say participatory planning. Shouldn't they make their judgments known to others, too. Shouldn't they urge, hoping for debate and discussion to test their insights, that experiments in the construction of solidarity economics need to be antimarket and to understand its ill effects and work on by-passing them, ameliorating them, or even replacing markets to eliminate those effects? If the answer to all these questions is yes, then, again, it seems to me that solidarity economics and parecon ought to be able to break bread and much more.



Miller says, "Success will only emerge as a product of organization and struggle." Well of course success in building a new economy depends on organization and struggle, and any advocate of parecon, or for that matter any advocate of any vision for a better economy or a better society, will agree. Then Miller quotes Marcos Arruda, once again, saying this time that "Innovative practices at the micro level can only be viable and structurally effective for social change if they interweave with one another to form always-broader collaborative networks and solidarity chains of production-finance-distribution-consumption-education-communication." Miller then adds, "this is, perhaps, the heart of solidarity economics -- the process of networking diverse structures that share common values in ways that strengthen each." Okay, this is excellent, is my reaction. But shouldn't the common values be made explicit and doesn't producing in a good way mean

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that we have to have an opinion about what organizational structures and methods in fact constitute producing in a good way? And doesn't the same hold for distribution/allocation, and consumption? And, as well, shouldn't we be fighting for improvements in the larger economy too, in workplaces and in communities, as well as constructing our own new projects?

Solidarity economy or participatory economy? My answer is both. Solidarity economy is way ahead in developing ties among practitioners of change and also in addressing highly detailed aspects of experiments in change. Unity between these movements, solidarity economy which is quite large and parecon which is much smaller, would help parecon greatly regarding understanding and elaborating such ties and connections, and regarding committing to them, as well. But I think participatory economics has something to lend this potential union, too. Parecon, I think, is out in front at having seriously assessed experiences in alternative economy and extracted from them insights about the central logic both of markets and capitalism, and especially of a better alternative economy writ large.

Parecon certainly urges the need to build experiments in future organization today, which is what solidarity economy centrally emphasizes. No problem there. Parecon also urges the need to organize and fight for changes inside existing economic institutions, which I suspect solidarity economy agrees is centrally important, even though it doesn't itself emphasize that. There is probably no problem here, either. Parecon urges that a few key institutions are necessary if an economy is to foster solidarity, equity, self management, etc., and that certain others must be rejected, if those are the goals. This, however, may be a problem, though I can't see why it ought to be. Pareconists should have no problem, at least in my view, relating to a movement that contains lots of people who think differently about these matters, or who even think markets or private ownership have a place in the future, supposing the people are open to discussing these claims. Is solidarity economy equally open to incorporating and relating to the work and ideas of people who do have strong ideas about future institutions, both those favored and those rejected? If so, let's get together!

Michael Albert is a veteran writer and activist, he currently works with *Z Magazine* and the website *ZNet*, both of which he co-founded. The author of fifteen books, including *Parecon: Life After Capitalism* (2003), he lives in Woods Hole, Massachusetts.