



Review of *Alternatives to Capitalism: Proposals for a Democratic Economy* by Robin Hahnel and Erik Olin Wright. 2016. London: Verso. 148 pages, ISBN 978-1-7847-8504-8 Paper (\$19.95)

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Even before the fall of actually-existing socialism in the form of the Soviet empire, many activists and scholars asked what a humane transformation from capitalism to socialism or communism might look like. State socialism was clearly off of the agenda. Yugoslavia, arguably the most hopeful site of self-management and participatory economics before the 1990s, became a site of horror. What was left?

This short book represents part of what emerged as a dialogue about transformation to a more humane post-capitalist world (more, later, about what is missing in the authors’ conception of “humane”). It is a dialogue between major proponents of two distinct approaches: one, a prescription for a participatory post-market economy, and the other, a strategy of transformation from capitalism. They call their approaches, respectively, *participatory economics* or *Parecon* (Robin Hahnel) and *real utopias* (Erik Wright). One should also mention that the *Parecon* model is largely the product of a long and fruitful partnership between Robin Hahnel and Michael Albert. There is much agreement in the book about ultimate goals: humanity, democracy, empowerment, equity. And the debate is respectful and even mutually laudatory. The book has been praised as an example of the productive and positive way left debate should proceed.



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The organization of the book is straightforward. The proponent of each side presents his case, the other critiques it, and then the proponent makes a rebuttal. What, then, does each approach advocate? *Participatory economics* seeks economic democracy, economic justice, human solidarity, and efficiency through self-governing councils of workers and consumers. Jobs are balanced for empowerment and desirability by the workers themselves. Compensation is calculated according to effort as judged by coworkers. Participatory planning, in which workers councils and consumer federations propose and iteratively revise their interrelated activities without central planners and markets, determines what will be produced and consumed. And *Parecon* includes a transition strategy during which the advantages of the new system will supposedly be demonstrated while markets are “tamed” and eventually replaced by “something far better,” in the sense that a plan of what is to be produced and how to produce it begins from below (empowerment) and generates outcomes that are efficient, equitable, and environmentally sustainable.

Wright agrees with many things in this approach. He praises its commitment to strong egalitarianism as a core value; to an economy based on humanity and justice; to a system where the quality of work and not just the material rewards from work are an issue of justice; and where there is radical, substantively meaningful democracy (that is, participative rather than electoral/representative democracy).

Where Wright departs most from Hahnel is his insistence that a democratic-egalitarian economy will still require markets. He doubts that participatory mechanisms could ever replace markets (a prediction, he insists, rather than a prescription). Wright claims that Hahnel has a “binary” conception of markets (either you have them or you don’t), whereas he proposes a “non-binary” conception in which collective forces can regulate markets to ensure that they do not produce un-compensated externalities and where they more efficiently satisfy the social and individual demands people have on an economy.

Wright goes beyond skepticism in his evaluation of *Parecon*’s proposals for neighborhood consumption councils, which collect information about individual demands and pass them on to producing collectives/planners. He opines, “I don’t understand why my personal consumption should be the business of a neighborhood council...[and]...why does my personal consumption have any effect whatsoever on my immediate neighbors any more than it does on anyone else” (28). His neighbors are not affected “by the content of what I consume, so why should they have any role in that at all? The same goes for my requests for loans and credit: why is this the business of my neighbors?” (ibid).

In sum, while Wright argues against certain elements of *Parecon* models, he also agrees that they should be part of “any sustained discussion of transcending capitalism in a democratic,

egalitarian direction” (46-47). Even more importantly, since we are so far away from such a world, ideas contained in *Parecon* could be the basis of many concrete projects or experiments that would help build such a world in the interstices of the current unjust capitalist system. He simply disagrees with some elements of the system and, moreover, questions the usefulness of making detailed descriptions of post-capitalist societies.

Hahnel's responses to Wright's criticisms are equally generous but sometimes biting. First, he responds to Wright's proposition that, *sans* markets, councils and planners will never be able to work at the level of specificity that will enable them to determine the specific *kinds* of specific goods people will want (size, color, style). Hahnel calls this the “size 6 ½ purple women's high-heeled, leatherless shoe with a yellow toe problem” (51). Planners must know that for the individual who wants this shoe, size 6 will not do, flat soles will not do, red toes will not do. Here, claims Hahnel, the participatory model is actually superior to markets because it takes into account pre-orders as a beginning estimate of demand. Then, producers iteratively change their production plans as more specific demands emerge through data collection. Hahnel uses the example of Amazon.com to show how these elaborate calculations could actually be made and, although it kind of looks like market calibration (as Wright claims), it really is not because producers do not try to *lead* demand but instead begin the process with their decentralized surveys of actual demand. Thus, there will be less speculation and fewer unsold goods; the model will be more efficient. In addition, unlike markets, producers in the participatory economy do not seek extra profit or cost-reduction through uncompensated externalities, or, more accurately, the producers negotiate with local councils about what kinds and levels of externalities (such as pollution) may be tolerated at which level of compensation.

As to Wright's objections to his neighbors knowing what he wants to buy—the “kinky underwear problem” (58)—Hahnel says it will be easy to protect private identities in the planning process. The point is not to control individual consumption preferences but to measure them while relating the legitimacy of individual demands to individual effort in order to determine what people can actually afford.

Finally, Hahnel responds to Wright's criticisms of the following kind: what happens if the members of a workers' council vote against basic features of the *Parecon* ethic? For example, what if they want to reward contribution rather than effort? Here, Hahnel argues that there will be a transition from capitalism, during which it is imperative that workmates of the more individualistic members make strong arguments to win them over to a socialist model. In addition, there must be a national dialogue in which members of the society will come to recognize the ethical advantages of the emergent system. At the same time, estimates of effort also should take into account two other elements of work: a given job's desirability and its (dis)empowerment. An academic, for

example, probably should not be washing cars. At the same time, for most people, writing and lecturing are probably more desirable and certainly less disempowering than washing cars. Thus, an academic should probably be paid less for an hour of academic work than a car washer is paid for an hour of car washing.

The immediate purpose of the *Parecon* model is not to replace capitalism with participatory socialism, but to show that another, more equitable model is possible. Then, it will be a much harder job to actually make the transition from the destructive economics of competition and greed to one of equitable cooperation.

So...what about Wright's model of *real utopian socialism*? How does it differ from *Parecon*? Wright begins by distinguishing between two conceptions of what comprises a *system*. One conception sees a system as an organism in which all parts work together as a functioning whole. Another sees a system as an ecosystem, like a pond, where many species live and interact in interdependent ways. Wright favors the second conception. An ecosystem is transformed when an *alien being* comes into it, finds a niche, expands, and gradually displaces existing organisms. The idea of real utopias, he claims, is akin to the introduction of alien beings into the capitalist system; real utopian projects and experiments introduce solidarity and cooperation into a system of greed and hopefully transform it in humane directions.

Alien interlopers, however, can do different things to an ecosystem. They might cause local adaptations that do not essentially threaten the system. Or they might actually transform the essential nature of the system. In the case of social systems, Wright distinguishes between *ameliorative reforms* and *real utopian transformations*. The former matter, insofar as they ease the suffering of many people, but they are not the building blocks of a new society.

In reality, says Wright, all societies are hybrids of economic, political, and social power. Competitive capitalism is a system whereby economic power dominates and it does so with the cooperation or protection of political power. But no actually-existing capitalist system is pure. They always contain elements of *social* power, which he defines as "the power to mobilize people for cooperative, voluntary collective actions" (79). The problem of transformation, then, is to deepen or expand the socialist elements of real existing power hybrids, which Wright calls "the problem of the *structural configurations of social empowerment*" (81).

Here, Wright introduces a series of "structural configurations," some more capitalist, some more state socialist, and some more socialist. He uses this as a way of justifying his position on markets:

...it is certainly the case that the subordination of economic power to social power—either directly or indirectly via the state—would entail

pervasive democratic regulation of markets far beyond the kinds of constraints on markets within capitalism. But the framework itself does not imply either the possibility or the desirability of abolishing markets (94).

The only things that are undesirable about markets, he claims, are (1) that they can reinforce economic power against other kinds of power (especially, *social* power); and, (2) if inadequately regulated, they can produce externalities that harm people (and, presumably, other living beings). If these outcomes can be avoided, then markets can be a powerful way to calibrate social desires with productive outcomes in the economy.

Yet, for all his talk about social power, says Hahnel, Wright “does not discuss political, cultural, or kinship systems.” As a result, he is “only talking about economic systems not entire social systems” in his presentation of structural configurations (109). This may also be an issue in Hahnel’s *Parecon* model, however, and I will return to this at the end of this review.

Finally, Wright points to three kinds of transformations:

- *Ruptural transformations* create new emancipatory institutions by sharply breaking with existing institutions;
- *Interstitial transformations* seek to build new forms of empowerment in the niches and margins of capitalist society, “often where they do not seem to pose any immediate threat to dominant classes and elites” (101); and,
- *Symbiotic transformations* “use the state to extend and deepen institutional forms of social empowerment in ways that also solve certain practical problems faced by dominant classes and elites” (101).

A most attractive element in Wright’s model of real utopias is this prefigurative insistence that we must begin to build the future we want by supporting liberative and empowering projects now, in the interstices of capitalism, rather than waiting for a revolutionary rupture. Yet he denies the usefulness or possibility of ruptural transformations. He says that the task of real utopia is to find the combinations of interstitial and symbiotic strategies that will increase empowerment and social power.

Wright’s examples of such projects include Wikipedia and open-source software; open-access intellectual property; free publicly-provided goods/services (libraries, public transport); unconditional basic income; and others (103-4). This is probably the weakest element of Wright’s version of *real utopias*. Most of these examples are rather mild things that are arguably less transformative than other perhaps more ruptural utopian projects. His examples are decidedly global-North and primarily middle-class and, as Hahnel argues, are likely to “either fail or become

coopted” (107). Going back to Wright’s metaphor of the ecosystem, are such mild “alien beings” as Wikipedia likely to transform the pond or, in the absence of ruptural alien beings, will they wither and die or, worse, be transformed into projects for profit, as the farmed salmon of the world corrupt the wild salmon until, eventually all are farmed salmon, whether in a cage or not?

While extremely useful and provocative, this volume is also a bit “apples and oranges.” One case, *Parecon*, is a prescriptive and highly-specified model of how a post-capitalist participatory economy might work. *Real utopian socialism* is a highly *unspecified* and abstract model of how a transformation from capitalism to socialism would proceed in terms of reform strategies and forms of transformation. Each side has a number of areas where they agree with the other, especially with respect to goals. Yet three distinct areas of disagreement emerge: whether markets should or could be eliminated in any new system; the desirability of ruptural transformation; and, the degree to which a future model should or can be planned in such a way as *Parecon* attempts to do.

The differences between the two sides often seem more ideological than technical. While Wright makes a number of objections to *Parecon*’s insistence that participatory planning *from below* can solve the problems created by markets, Hahnel has a compelling argument about how iterative planning may be superior to market calibrations even in terms of efficient *and specific* matching of supply and demand. Given its historical externalities and the failure even of highly regulative regimes to tame markets, it is easy to sympathize with Hahnel’s position.

Unfortunately, the main historical examples we can use to adjudicate between the two positions are ones where state regulation or displacement of markets overstepped the bounds of the central planners to perform sufficiently complex and flexible input-output calculations. As a result, most reform models (as in the 1970s and after in the Soviet Union) relied on some kinds of market fixes, including black markets or “second economies.” This does not prove, however, that a different kind of participative planning from below, as in the *Parecon* model, would not replace the need for markets. As usual, the proof of the pudding is probably in the eating or, as more recent phraseology would put it, “we make the road by walking.” Both authors in this volume would probably agree that real transformative experience will tell what kind of markets, or none, will exist in a humane and democratic post-capitalist society. Yet this is not to deny the usefulness of detailed models such as *Parecon* in our active assessments of what a utopian future might be.

The debate concerning the usefulness of ruptural transformation seems even more ideological and reflects past arguments about whether change will come about through revolution or evolution. While Wright’s descriptions of interstitial and symbiotic transformations are useful, it seems like he is jumping the gun to dismiss altogether the possibility that ruptural transformations might be useful, desirable, or even necessary. In my reading, Wright’s arguments are based on a “previous attempts to achieve democratic socialism through ruptural strategies have always resulted in

authoritarianism” kind of logic (see, for example, 102). This may or may not be true. Yet this kind of reasoning not only fallaciously projects history into the future, it also removes weapons that might be useful for future transformations, given the right conditions and given a careful understanding of the dangers of some ruptural strategies. If we are in the business of social transformation, we must be courageous in our application of different strategies. The dismissal of ruptural routes to transformation, especially when balanced by an overweening faith in the possibilities of so-called symbiotic transformation (which clearly favor economic and political powers that be, even if they aim to ameliorate social inequities), seems misguided.

I think Wright’s second misconception is that the “alien organisms” which disturb the pond will be *new*. To the contrary, a society may reach into its past to recover existing practices of solidarity that counteract and eventually may even replace capitalist practices and institutions of possessive individualism. The Zapatistas did not imagine an entirely new system that prioritized solidarity and human need over greed and humiliation. Rather, they knew that the current system was not working and caused great harm; and they reached into their collective experience and found that there were other ways, which they already knew, that were better and which emphasized human dignity and health. They recovered and reintroduced these things, all the while insisting that to “make the road by walking” meant they had to be open to other ideas that might improve their real or imagined “ways and customs.”

As Wright admits, all capitalist societies, no matter how dominated by competition and greed, are also hybrid. They contain “black holes” (Braudel 1979), “cracks” (Holloway 2013), or “shatter zones” (Scott 2009) where practices of mutual aid and solidarity are maintained outside of the control of states. In our work on *exilic spaces*, my colleague Andrej Grubačić and I propose, following Kropotkin (1902), that world history is not primarily a matter of the replacement of one kind of society or mode of production by another, but a continuous struggle between the imposition of institutions and practices of possessive individualism (which change their essential nature between feudalism, for instance, and capitalism) and the defensive popular maintenance of spaces and practices of solidarity and mutual aid (Grubačić and O’Hearn 2016).

This raises a final element of real utopia that is absent in this book but which has begun to be analyzed by anarchists like Graeber (2001). Both authors in the current volume focus on a rather mainstream version of “economy” and “work.” Yet Graeber argues that our definitions of *economy* and *value* should: 1) center on what we would willingly expend our energies on in the absence of a work ethic and system of pay, whether according to effort or contribution; and, 2) include efforts to build community. Once we expand economy and value in this way, we see that “work as opus” (rather than “arbeit”) is also about joy and love, about music and dancing and the *work* of building community (Komlosy 2014). The bottom line, as Ehrenreich (2007) demonstrates, is that

capitalism (or “civilization”) from at least the Middle Ages introduced into the global North a wave of depression while joy receded. Any transformation from capitalism should, in the first instance, prioritize the recovery of joy. Yet there is no mention of joy in either Hahnel’s *participatory economy* or Wright’s *real utopia*...and that ain’t *really* utopia!

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