

Eco-localism: A Constructive Critique

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In the aftermath of the collapse of communism, debate about alternatives to capitalism has divided into three camps: advocates of market socialism, proponents of democratic planning, and supporters of community-based economics. Few anti-capitalists—whether they favor market socialism, democratic planning, or community-based economics—deceive themselves that there is more than a tiny minority in any advanced economy who are ready to replace capitalism at this time. Most of us understand all too well how strong capitalist hegemony is at present. Moreover, market socialism, democratic planning, and community-based economics are all visions of a thoroughly democratic economy, and supporters understand that this means that until a super-majority supports their vision of a more desirable future, it cannot come to fruition. Therefore, advocates of all three alternative visions understand that—with the exception of a few countries where significant portions of the population may now, or soon, support abandoning capitalism—the struggle to eventually replace capitalism must, for the foreseeable future, concentrate on fighting to reform capitalism and building experiments in equitable cooperation within capitalism.

The Importance of Economic Vision

Despite important differences of opinion about how best to organize a desirable alternative to capitalism, advocates of market socialism, democratic planning, and community-based economics should be—and usually are—staunch allies both in most reform struggles to combat the ill-effects of free-market capitalism and most projects that promote equitable cooperation over competition and greed. But if replacing capitalism is not on the near horizon in most of the world, why devote time and energy to debating the pros and cons of different post-capitalist visions now, particularly if this reminds people who need to work together of their differences?

Some anti-capitalists advocate denouncing capitalism as the root source of many of today's problems. But when asked what kind of economy should replace capitalism, they answer in deliberately vague and general terms: “a just and democratic economy” or “an economy that is not wasteful and destructive of the environment.” There are understandable reasons to be concerned about the pitfalls of visionary thinking. But rejecting discussion and debate over how we can better organize our economic activities to achieve economic justice, economic democracy, and environmental sustainability is self-defeating—no more so than today, when the destruction wrought by capitalism to the natural world and the human community is becoming increasingly apparent and impossible to ignore.

Some hesitate to spell out how a post-capitalist economy should be run for fear of putting people off. They worry that saying we are anti-capitalist risks alienating people we work with in reform movements, since most people working in reform movements assume the capitalist system is sound and only flawed in its application. However, it makes little sense to risk putting people off by saying we reject the capitalist system itself without trying to explain in concrete terms what we want instead. Others eschew debates about economic

vision for fear it will lead to sectarianism that divides us unnecessarily and distracts us from focusing on more urgent tasks. Given the history of sectarianism on the Left, there is every reason to fear this dynamic. But we must guard against sectarianism on many issues, and the advice to table economic vision would only be sensible if it were true that deliberations on this issue were unnecessary.

Still others claim that specifying how societies or communities can create economic systems that incorporate social justice, environmental health, and other democratic values is totalitarian, because it robs those who will live in post-capitalist economies of their democratic right to manage their economy as they see fit when the time comes. This argument is nonsense. Since when did discussing difficult and momentous issues in advance impede deliberative democracy rather than advance it? I can't see that this would be a problem unless those debating such matters attempt to impose their formulae on future generations. And nobody I know who discusses *democratic* post-capitalist possibilities has any such pretensions.

Of course there is a time and place for everything. There are venues where pontificating on the inherent evils of the capitalist system is inappropriate and counterproductive. Similarly, there are venues where discussing arrangements for how those in worker councils could manage themselves or how different groups of workers and consumers might coordinate their interrelated activities fairly and efficiently is out of place. The question is not whether every commentary, speech, conference document, article, or book must explain how a problem today is linked to capitalism, or how it could be solved in an alternative economy. Rather, it is whether theorizing about economic vision and testing our convictions in the flesh, where possible, plays an important role in the movement to replace the economics of competition and greed with the economics of equitable cooperation.

The simplest argument for the value of visionary thinking lies in the question: How can we know what steps to take unless we know where we want to go? For those of us who believe we are attempting to build a bridge from the economics of competition and greed to the economics of equitable cooperation, we must have some idea of where we want the bridge to end as well as where it must begin.

But the strongest reason for embracing the issue of what we would do when capitalism falters is our track record of failure. This is not the first time people have been entreated to jettison capitalism for a better alternative. While communist economies were not failures for the reasons widely believed, they were colossal failures nonetheless. And they were certainly *not* the desirable alternative to capitalism that was promised. So people have every reason to be skeptical of those who claim there is a desirable alternative to capitalism. They also have every right to demand more than platitudes and generalities.

Reasonable people—not only doubting Thomases—want to know how our alternative to capitalism would differ from the last one and how it would work in concrete terms. Literally billions of people were misled by our anti-capitalist predecessors, with terrible consequences. We should not deceive ourselves that many today are willing to accept our assurances on faith that we have it right this time. We avoid contentious issues about the alternative to capitalism only at our own peril. It may be that God has given 21st-century

capitalism the rainbow sign, but salvation from doomsday will be no faith-based initiative. We must show an overwhelming majority of the victims of capitalism how a better system can work. We must provide convincing answers to hard questions about why our procedures will not break down, get hijacked by new elites, or prove incapable of protecting our natural environment. If we cannot do these things, the economics of equitable cooperation will remain little more than a prayer on the lips of the victims of competition and greed.

The time has passed for excuses and intellectual laziness. Critics of capitalism must think through and explain to others how we propose to do things differently and why outcomes will be significantly better—especially since the sacrifices people must make on the road to replacing capitalism will often be great. Therefore, there must be good reasons for people to believe the benefits will be great as well—if not for themselves, then at least for their children.

This does not mean we must agree right now on what the best alternative to capitalism looks like—which is fortunate, because at this point there is no agreement on whether the best alternative is some form of market socialism, community-based economics, or democratic planning. The debate about alternatives to capitalism in the wake of the collapse of communism is still in its infancy. Nevertheless, the quality of the debate over economic vision must inspire confidence that the movement for equitable cooperation is busy tackling this crucial task effectively. How best to organize a system of equitable cooperation is not a trivial intellectual problem, and the answers will not be obvious without a great deal of deliberation, which must take place before the answers are needed.

Community-Based Economics

Supporters of community-based economics reject corporate capitalism, market socialism, and democratic as well as authoritarian national planning. In their place they offer a vision of largely self-reliant, local economies governed by the kind of direct democracy once used in New England town meetings. A growing number of radical environmentalists and young anarchists argue that only reducing the scale of economic institutions and increasing the self-sufficiency of local communities can satisfy libertarian goals, reduce alienation, and promote ecological balance.

Supporters of community-based economics seek to avoid the negative repercussions of both markets and bureaucratic planning by eliminating the “problem” these allocative mechanisms address—coordinating a division of labor among geographically dispersed groups. By decentralizing large, national economies into small, autonomous economic communities, they also hope to promote face-to-face democratic decision-making and create incentives for local communities to take the environmental effects of their activities into account. They argue that while participatory democracy does not work in large groups where people do not know one another and cannot meet face-to-face, it can work in small communities where it is possible for people to know each other personally. They also reason that once the consequences of choices all fall “in my back yard,” the IMBY principle will force local communities to protect their environment.

Of course, just as there are different models of market socialism and democratic planning, community-based economics comes in many different flavors. Murray Bookchin

was the founder of the school of social ecology and is the best known proponent of their post-capitalist vision, libertarian municipalism. Howard Hawkins, a long-time activist and 2006 Green Party candidate for the U.S. Senate in New York has also written along similar lines. David Korten and Paul Hawken have argued that an ecological society can best be achieved through democratic pluralism in books that have reached wide audiences. Gar Alperovitz and Michael Shuman have both written widely about the advantages and feasibility of what Shuman calls self-reliant communities and Alperovitz calls a decentralized, pluralist commonwealth. E.F. Schumaker's classic defense of localism has helped spawn a whole school of Buddhist economics. Kirkpatrick Sale is a well-known proponent of bioregionalism. Herman Daly, founder of the school of ecological economics, argues for a less radical version of regional self-reliance, while Roy Morrison has written persuasively about a more radical vision he calls ecological democracy. These are only some of the different versions of community-based economics that appear in a wide-ranging and growing literature.

While I recognize that community-based economic visions have important differences, I believe many suffer from important weaknesses they share in common. But before exploring their weaknesses, I want to reaffirm important points of agreement between supporters of at least one version of democratic planning, known as "participatory economics," and supporters of community-based economics.

Points of Agreement Between Participatory Economics and Community-based Economics

Supporters of participatory economics and community-based economics have a great deal in common.

1. While today's capitalist economies can and must be reformed to make them more just, democratic, and less environmentally destructive, as long as our economies are dominated by giant corporations and driven by market forces, we will never achieve environmental sustainability, economic justice, or economic democracy.

2. The traditional socialist response to capitalism was fatally flawed and does not serve as a positive model. Those who ruled in centrally planned economies unfortunately chose to compete with capitalism in a race that confused economic growth with economic development and ignored the importance of environmental preservation. But more fundamentally, central planning and hierarchical management are inherently incompatible not only with economic self-management but also, ultimately, with economic justice. As Steve Welzer aptly put it: "The socialist experiment was increasingly discredited during the 20th century as it became clear that the promise of egalitarianism and 'peoples' control' was a chimera in one socialist experiment after another."

3. While employee-managed models of market socialism overcome some of the flaws in capitalism and centrally planned socialism, and while worker-owned firms, or producer cooperatives, can play an important transitional role in combating the economics of competition and greed, as long as market forces play a dominant

role in economic decision-making, we will never achieve a sustainable economics of equitable cooperation. So worker-ownership by itself is no panacea, nor is market socialism the alternative to capitalism that we seek.

4. A desirable alternative to capitalism must be up to the challenge of replacing today's environmentally destructive technologies and products with technologies and products that are much more environmentally benign. In particular, our energy and transportation systems must be completely transformed to halt rapid environmental deterioration. A desirable alternative must also eliminate perverse incentives in capitalism that relentlessly drive consumers to seek satisfaction through invidious consumerism and drive producers to engage in what ecological economists call "uneconomic growth."

5. Desirable economies promote diversity rather than uniformity and initiative rather than passivity. This means that local communities and "direct producers" must be free to run their own economic affairs—as long as they do so in socially responsible and environmentally sustainable ways. As Welzer put it, our "vision runs counter to the civilizational trend lines which have been leading in the direction of compelled uniformity and monoculture." Instead, we advocate "re-empowerment of communities and participatory decision-making, enhanced local autonomy, and more humanly scaled institutions and technologies."

6. Finally, we must discard old theories of how capitalism will be replaced and face up to the fact that, in Welzer's words, "there will be no 'final conflict' ushering in the new era, but rather a generations-long challenge to build the new society within the shell of the old." Much of my most recent book, *Economic Justice and Democracy: From Competition to Cooperation* is devoted to developing a more realistic understanding of how capitalism can be replaced and the role different kinds of social activism can play in this process. More specifically, I agree with Welzer that for the time being we must "a) constrain corporate power through regulation, b) undermine the dominance of corporations by fostering the development of community-based alternative organizations [such as] co-ops, credit unions, Community Supported Agriculture, land trusts, locally owned businesses, [and] municipally owned enterprises, and c) gradually reallocate social resources away from the corporations toward the emergent alternative institutions." But while we agree on all this and more, I have serious reservations about community-based economic visions.

Critical Questions About Community-Based Economics

Although I recognize differences between various versions of community-based economics and sympathize with the participatory and ecological goals of those who propose them, all versions suffer from the last four problems raised below. However, since many of the more popular versions of community-based economics do not reject private enterprise, I'll address that issue first.

1. It is one thing to ally with small, locally owned businesses in campaigns against Wal-Mart and another thing to argue that privately owned business has a positive role to play

in our long-run vision of a truly desirable economy. Welzer is among those advocates of community-based economics who argue that we should be “hospitable to many forms of free enterprise and private ownership, provided always that the size of private enterprise is not so large as to divorce ownership from personal involvement.” While it may be the case that big business is always bad, it does not follow that small business is necessarily good.

Large corporations are not the only businesses that exploit their employees, overcharge their customers, and despoil the environment. Single proprietorships, family-owned businesses, and locally owned businesses—where ownership is *not* “divorced from personal involvement”—have also been known to pay their employees poorly, provide inadequate benefits, deny their employees control over their work lives, and price gouge their fellow community members who find it difficult to travel to shop elsewhere. Local chambers of commerce—which are invariably dominated by local business owners—are seldom reliable allies in campaigns against local pollution and sprawl. Moreover, it is no accident when local business owners behave in socially and environmentally destructive ways. There is every reason to fear that small, locally owned businesses—which are subject to the forces of market competition just as larger businesses are—will engage in socially and environmentally destructive behavior whenever their profits are increased by doing so. This is not to say that large corporations do not usually do more damage than small businesses. But often this is simply a matter of scale—i.e., when a large, powerful organization acts in a harmful way, it does more damage than when a small organization with less power behaves in the same way.

In other words, not all proponents of community-based economics reject private enterprise and markets as part of their long-run vision. Some, whose vision includes space for private firms alongside producer cooperatives and “properly socialized” markets, seem to accept private markets, because they confuse what we must tolerate during the transition from competition and greed with economic relations that are truly consistent with equitable cooperation itself. Others mistakenly believe that some private enterprise and some markets are compatible with sustainable, equitable cooperation.

However, proponents of community-based economic visions do not need advocates of participatory economics like me to raise this point. For many years proponents of community-based economics have engaged in active debate over whether or not private enterprise—even if small and locally owned—is ultimately compatible with economic justice, economic democracy, and environmental sustainability.

More radical visions of community-based economics do reject private enterprise and markets entirely, even if they recognize that we must put up with them during a lengthy transition period. Like those of us who support participatory economics, advocates of libertarian municipalism, ecosocialism, and communitarian anarchism all argue that there is no place for either private enterprise or markets in a truly desirable economy. In this matter advocates of participatory economics agree with Joel Kovel, an ecosocialist who appreciates the need for local power but is critical of making it an end in itself, and who argues that combining private enterprise and market forces with people seeking to practice equitable cooperation is “like trying to raise weasels and chickens in the same pen.”

2. Unlike some versions of market socialism and democratic planning, no “model” of community-based economics is a real model in the sense that it specifies rules and procedures for how to make all the different kinds of decisions that must be made in any economy. For this reason, all versions of community-based economics are really “visions” rather than coherent “models.” Sometimes proponents are blissfully unaware that they have failed to address important issues that will inevitably arise. Sometimes proponents refer to the lack of specific, concrete answers regarding *how* something would be decided as a virtue compared to what they criticize as “deterministic” models of market socialism and democratic planning. But this response misses the point. It is impossible to evaluate a proposal for how to run the economy until it is a full and complete proposal.

This failure should not be confused with the problem of explaining how to move from today’s capitalist system to a community-based economy. Advocates of community-based economics often address problems of transition more extensively than they answer exactly how they propose particular issues be decided once we get to a community-based economy.

Nor should the failure be confused with lack of speculation about what kinds of decisions enthusiasts imagine people will make in a community-based economy. Since proponents of community-based economics are motivated by strong convictions that people need to a) choose radically different technologies and products, b) change their priorities regarding leisure versus work, and c) accept the necessity of zero growth of what ecological economists call “material throughput,” authors often write at length about the differences between the decisions *they believe* will be made in their community-based economy and the decisions made in today’s capitalist economies. The problem is that any professional economist knows there are certain categories of decisions that must be made in any economy, and until a proposal is comprehensive enough to specify how a proponent suggests these necessary decisions be made—i.e., until we have what economists call a formal model of the economy proposed—it is literally impossible to evaluate whether or not the economy would do what its proponents claim it would.

3. One manifestation of this second problem is that when push comes to shove, no version of community-based economics proposes that communities be entirely self-sufficient. Joel Kovel provides an excellent critique of extreme localism:

A pure community, or even “bioregional” economy is a fantasy. Strict localism belongs to the aboriginal stages of society: it cannot be reproduced today, and even if it could, it would be an ecological nightmare at present population levels. Imagine the heat losses from a multitude of dispersed sites, the squandering of scarce resources, the needless reproduction of effort.... This is by no means to be interpreted as a denial of the great value of small-scale and local endeavors.... It is rather an insistence that the local and particular exists in and through the global whole; that there needs to be, in any economy, an interdependence whose walls are not confinable to any township or bioregion; and that, fundamentally, the issue is the relationship of parts to the whole.

In other words, it turns out that autonomous communities are really only semi-autonomous for a number of valid reasons:

1. Not every local community can produce everything its members will want to consume.

2. Even if complete self-sufficiency were possible, whenever there are significant differences in opportunity costs of producing goods in different communities, it is inefficient to forego a division of labor among them.
3. Whenever there are true economies of scale that surpass the customer base of a local community, it is inefficient to forego a division of labor between communities.
4. If communities were completely self-sufficient, serious inequities would arise whenever some communities were better endowed with natural, physical, or human capital than others.

Unfortunately, when enthusiasts acknowledge that communities will only be semi-autonomous, they fail to explain precisely how they propose that the “semi” part be handled. Instead we invariably find nothing more than what amounts to hand-waving accompanied by declarations of faith that democratic communities can work this out between themselves satisfactorily. It is not enough simply to say that relations between communities “must be nondependent, nonmonetary, and noninjurious.” In the likely event that communities rediscover the advantages of some division of labor, no proposal I have seen in the extensive literature promoting community-based economics—precisely because they are not truly models—provides an answer to the question of how “autonomous communities,” which are nonetheless not completely self-sufficient, should go about arranging the division of labor between them.

How do communities decide how much of a division of labor they want to engage in? What if one community wants a greater division of labor than another community wants? Most advocates of community-based economics offer no answer to this important question.

Murray Bookchin is a rare exception. In Bookchin’s vision of libertarian municipalism, no community must acquiesce to a greater division of labor than it prefers. For Bookchin, this is what it means for communities to be autonomous. But this rule empowers the community that wants the least division of labor among communities to impose its preference over the preferences of all other communities. And it is unclear why a community that is better endowed with natural, human, and/or physical capital would not be tempted—even if unconsciously—to take unfair advantage of this implicit veto right in Bookchin’s proposal.

Even if communities can agree on how much of a division of labor they want, how do they go about deciding how to distribute the burdens and benefits of this division of labor? How do they jointly manage their division of labor? Should goods and services not produced by every community be traded between them in free markets? If so, why would this not lead to the usual litany of inequities, instabilities, and inefficiencies that advocates of community-based economics rightly criticize in capitalism and market socialism?

Some advocates of community-based economics emphasize that they do not support free markets but only “socialized markets.” Besides the obvious question of exactly how to “socialize” a market, it is unclear why “socialized markets” would do more than simply reduce injustice, inefficiency, and environmental damage. Other advocates of community-based economics naively presume that it would be easy for communities of good faith to discover “fair” terms of trade between them. But this is simply not the case. Not only are free-market terms of trade unfair and inefficient, terms of trade based on labor hours are

also unfair and inefficient. But if the terms of trade between communities should not be left to market forces, and if there is no simple formula to guide them, how should communities manage their mutually beneficial economic relations?

The only solution is that they must plan their economic relations—in which case, the question becomes *how* they should go about planning them. How would they avoid the authoritarian dynamics of central planning? Simply asserting that communities will decide all this “democratically” is not a good enough answer. How to organize planning among communities democratically is neither obvious nor trivial, and none of the proposals for community-based economics I have read adequately address this fundamental issue.

The problem of devising desirable allocative mechanisms to coordinate the division of labor between different communities won’t go away, and advocates of community-based economics do not provide a satisfactory answer to how they would coordinate cooperation between communities that under close scrutiny always turn out to be only “semi-autonomous.” A particularly unfortunate consequence of their failure to solve the problem of designing a desirable allocative mechanism is that markets become the implicit fallback option for many advocates of community-based economics when the need for a coordinating mechanism arises.

4) Advocates of community-based economics also fail to provide concrete answers to crucial questions about how local communities would make different kinds of internal decisions. Even in a community of several thousand people, there will be different groups of workers and consumers, different neighborhoods, and different kinds of economic decisions to make. It is impractical for the whole community to vote on each and every economic question that comes up. What would the agenda for such a meeting look like? Who would be responsible for setting this agenda? Moreover, a democratic vote of an entire community does not provide its citizens with decision-making power *in proportion to the degree they are affected* in the many cases where not all members of the community are equally affected by a particular economic choice. Nor can all decisions be left entirely to the work groups that form within these communities. Many of the decisions groups of workers make affect other groups of workers and must be coordinated with consumers and community residents as well. Are relations among different groups of workers and consumers to be coordinated through markets within communities? If not, what would the community planning procedures be like? Proponents of community-based economics unfortunately have little to say about how these internal decision-making problems should be solved.

It is not good enough to say that the ultimate power over all economic decisions resides in the community assembly where all have voice and one vote, because “one big meeting,” even of only a few thousand residents, just doesn’t work. Leaving economic relations between different groups in the community to the marketplace is also unacceptable. Saying this will all be worked out by those who live in a community-based economy demonstrates an admirable commitment to democracy but misses the point. Nobody is proposing that people in future economies live by rules we lay down today. The question is whether those arguing for community-based economics can describe desirable ways of answering such questions when they inevitably arise. Otherwise, community-based economics becomes little more than a “faith-based initiative.”

5) In a community-based economy, the “in my back yard,” or IMBY, principle works only for local pollutants—i.e., for pollutants that adversely affect only the inhabitants of the local community where they are generated. It does not work when pollution from one community fouls not only its own nest but the nests of other communities as well. What happens when sulfur dioxide from a utility plant located in a county in Ohio comes down as acid rain on hundreds of counties in Pennsylvania, New York, and Connecticut, or when run-off carrying manure from a chicken farm on a tributary of the Capon River in West Virginia contributes to dead zones in the middle of the Chesapeake Bay? In a community-based economy, there would be insufficient incentive for the community where the utility plant or the chicken farm was located to curb its polluting activities, because only part of the negative consequences would occur IMBY, while a significant part of the negative effects would take place NIMBY, but in someone else’s. To simply observe that local communities would have an incentive to negotiate with one another regarding curbing emissions of non-local pollutants and point out that they are free to do so is no more helpful than observing that nation states today have an incentive to negotiate with one another on curbing carbon emissions to prevent climate change, and pointing out that they are free to do so.

Participatory Planning: Not What Many Critics Think

Many who are unfamiliar with debates among advocates of democratic planning are unaware that there are important differences of opinion over how democratic planning should be organized.

The model of a participatory economy is only one version of democratic planning. It is designed to promote: a) *economic justice*, defined as economic reward commensurate with effort, or sacrifice; b) economic democracy, or *self-management*, defined as decision-making power in proportion to the degree one is affected by a decision; and c) *solidarity*, defined as concern for the well-being of others—all to be achieved without sacrificing economic *efficiency* while promoting a *diversity* of economic lifestyles. The major institutions used to achieve these goals in the model of a participatory economy are: 1) *democratic councils* of workers and consumers, 2) *jobs balanced* for empowerment and desirability, 3) *remuneration according to effort* as judged by one’s workmates, and 4) a *participatory planning* procedure in which councils and federations of workers and consumers propose and revise their own activities under rules designed to yield outcomes that are efficient and equitable.

This participatory planning procedure is quite different from the two most common versions of national, democratic planning: the *one-big-meeting* approach and the *referendum* approach. In the first, representatives or delegates from all the different groups of workers and consumers in the economy meet to propose, discuss, debate, and decide on a feasible national economic plan. In the second, a team of experts develop a number of alternative, feasible, national economic plans which are then put to a vote in a national referendum.

With the phrase “one big meeting,” I do not mean to imply that representatives of different constituencies would meet only once. As a matter of fact, I am convinced this approach would result in endless meetings where representatives would go over the same ground repeatedly as they discuss and debate different plans. Coming up with an agenda for such an ongoing series of meetings and formulating coherent criteria for evaluating alternative

national economic plans presented at such meetings would almost certainly prove impossible. Yes, delegates at the meetings could avail themselves of experts to help formulate coherent proposals, and delegates to the big meeting could appoint sub-committees to work out pieces of the puzzle to be brought back to the larger group. But the fact remains that this process does not generate the kind of information people need to evaluate different options. Consequently, I suspect that if people ever tried the “one-big-meeting” approach to national, democratic planning, a plan with little merit would eventually emerge after interminable discussion and debate to receive a majority vote, simply to settle on something, because participants would realize that further deliberation of the kind they were engaged in would hold little prospect of yielding a superior result.

I find the referendum approach unattractive, because it fails to provide people with decision-making input in proportion to the degree they are affected by different economic choices. A referendum on national plans gives everyone equal say over every economic decision. But since decisions about what I and my co-workers produce and how we produce it affect us more than they affect other groups of workers, we should have more say in the decisions concerning those issues—just as other groups of workers should have more say than I and my co-workers over the decisions that affect them more.

Plainly put, a referendum is not self-management, nor is it suited to the kind of back-and-forth sharing of opinions necessary for “deliberative democracy” where people tell each other about their circumstances and sometimes influence the views of others in the process. Still others point out that when experts formulate feasible national plans to be put to a vote, the experts cannot take advantage of tacit or local knowledge, which critics argue implies a great loss of efficiency.

While both these points are well taken, it is important to understand that these *practical* problems arise from a larger, more *fundamental* problem. Referenda on national plans do not take seriously an essential fact of economic life: Most economic decisions affect different people to different degrees. People who are drawn to the idea of local self-management take this fact seriously. Therefore, if we want economic self-management, we need to search for decision-making procedures that give people more say over decisions that affect them more, and some, but less, say over decisions that affect them less.

Michael Albert and I carefully designed our participatory planning procedure not only as an alternative to authoritarian planning and markets, but also as an alternative to both the one-big-meeting and referendum approaches to democratic planning. However, since our procedure is unique among models of national, democratic planning, perhaps it is not surprising some would fail to notice the difference.

Some market socialists have criticized our model of a participatory economy on grounds that it would become a nightmare of meetings going nowhere, failing to notice that there are actually no meetings at all in the participatory planning process we proposed. A recent critic misconstrued participatory planning as a referendum approach, which, he argued, would fail to promote “deliberative democracy” sufficiently. Apparently he failed to notice that participatory planning is actually a proposal for how to organize deliberative democracy among worker and consumer councils and federations so that their deliberations can be constructive.

If the participatory planning procedure is neither a one-big-meeting nor a referendum approach, how do we propose that a national economic plan be determined? How can a process that arrives at a binding, comprehensive, national economic plan allow for local self-management?

The participants in our planning procedure are the worker councils and federations, the consumer councils and federations, and an Iteration Facilitation Board (IFB). Conceptually, the planning procedure is quite simple. 1) The IFB announces preliminary estimates of the social opportunity costs of all final goods and services, capital goods, natural resources, and categories of labor. 2) Taking these opportunity costs into account, consumer councils and federations respond with consumption proposals. Worker councils and federations respond with production proposals listing the outputs they propose to make and the inputs they need to make them. 3) The IFB then calculates the excess demand or supply for each final good and service, capital good, natural resource, and category of labor, and adjusts the estimate of the social opportunity cost for the good up, or down, in light of the excess demand or supply. 4) Using the new estimates of social opportunity costs, consumer and worker councils and federations revise and resubmit their proposals. Individual worker and consumer councils must continue to revise their proposals until they submit one that is accepted by the other councils. The planning process continues until there are no longer excess demands for any goods, any categories of labor, any primary inputs, or any capital stocks—in other words, until a feasible plan is reached.

If there are no meetings between the different worker and consumer councils and federations, where is the deliberation? Deliberation takes place inside each council and federation regarding its own proposal and how to revise it during each iteration of the planning procedure—because decisions about what they, themselves will do are the decisions that most affect their members. The manner in which those in other councils and federations “deliberate” about what my council or federation has proposed to do is carefully constrained to protect my self-management. The guiding principle is that others would not be able to intervene unless they believed my proposal would inefficiently or unfairly use scarce productive resources belonging to everyone. The procedure is designed to provide others with quantitative information necessary to determine if this appears to be the case. Therefore, others have an incentive to intervene only if they have reason to believe this truly is the case.

Because we recognize that quantitative information often does not tell the whole story—i.e., that an exchange of statistics is not all there is to deliberative democracy—we also recommended that councils provide qualitative information about the whys and wherefores of their proposals to supplement the quantitative signals others will consult. Deliberation can also take the form of requests for face-to-face meetings with representatives from other councils to explain or seek explanation. It can also include face-to-face meetings that are part of appeal procedures.

We labored mightily to avoid overburdening the main planning process with meetings—particularly meetings without a clear agenda and clear criteria for settling disagreements. We tried to come up with a procedure that avoids unstructured, inefficient deliberation where everyone proposes, debates, and votes on what everyone will do. Instead

we devised a format that provides meaningful deliberation through a carefully structured, social, iterative process where workers and consumers have a great deal of control over what their own economic activities will be. The procedure also enables them to effectively protect themselves from socially irresponsible behavior by others.

The participatory planning procedure also allows for community self-management. Neighborhood consumption councils have sole responsibility for proposing what local public goods they wish to consume. They are also responsible for revising their proposals in light of further information about the social costs of different options.

But what about issues that affect larger “communities,” like all residents in a ward, city, county, state, region, or nation? In effect, community-based economics ignores the existence and importance of these larger “communities,” because it provides no vehicle through which larger communities can express their interests. In their haste to protect the self-management rights of local communities from being infringed upon by larger communities, proponents of community-based economics ignore the legitimacy of larger communities and fail to structure decision-making procedures in ways that provide larger communities with means of exercising their self-management.

In contrast, participatory economics recognizes the legitimacy not only of local communities but of larger communities as well, and provides for federations of communities working up through wards, cities, counties, states, and regions to the national community. The participatory planning process affords these larger communities self-management, because federations participate in the planning process on an equal footing with worker and neighborhood consumer councils.

Federations of larger “communities” are singularly responsible for proposing what larger level public goods they wish to consume. It is also their sole responsibility to revise their proposals in light of further information about the social costs of different options in subsequent iterations of the planning procedure. This is how participatory planning addresses the fact that not all pollutants are local. When only a neighborhood is affected by a pollutant, the neighborhood council controls how much will be permitted, just as local communities in community-based economic visions do. But when a pollutant affects larger communities, it is the federation representing the larger community that controls pollution levels in the participatory planning process.

With hindsight, it is clear that in our haste to explain how participatory planning differs from both command planning and markets, Michael Albert and I neglected to adequately explain how participatory planning also differs from most ideas about how to organize national, democratic planning. Since participatory planning gives local groups of workers and consumers and local communities much more power over their own activities than they have in other versions of national democratic planning, I hope those attracted to community-based economics will find our approach to democratic planning less objectionable.

Allies in Thought as Well as in Struggle

I believe as discussion continues, supporters of participatory economics and community-based economics will become even closer intellectual allies than many of us already are. We share the same values—an unwavering commitment to environmental sustainability, economic democracy, economic justice, and diversity. We all understand that economic democracy means direct, active, effective, grassroots participation—not delegating authority to representatives or abdicating decision-making to market forces. For my part, I see nothing in a participatory economy that should displease proponents of community-based economics, particularly since participatory economics is “agnostic” with regard to the degree of community self-sufficiency that will prove desirable. This is not to say that critiques of participatory economics have not appeared in radical libertarian journals. But from what I have read, there is little if any disagreement over values, and much of the disagreement over institutions and procedures voiced by our anarchist critics is based on a misreading and misinterpretation of what supporters of participatory economics have actually proposed. I also think those attracted to community-based economics may find that problems with their vision I have raised here are nicely resolved by some features of a participatory economy. In any case, I regard most contemporary advocates of community-based economics as intellectual allies—like our council communist, syndicalist, anarchist, and guild socialist forebears. I invite them to consider the procedures of participatory planning when they think further about how they would coordinate economic relations among communities that are, in fact, only *semi*-autonomous. I further invite them to reflect on how they would propose communities comprised of different groups of workers and consumers apportion decision-making authority internally as well.