

Author Replies to Critics

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INTRODUCTION

When one has spent over forty years thinking, working, and writing about where twentieth century socialism went wrong, and what a desirable alternative to capitalism might look like, there is no greater pleasure than finally being taken seriously by others. I was invited to come to Potsdam Germany in the summer of 2022 to meet with a group of European academics for three days to discuss my most serious contribution to this discussion, *Democratic Economic Planning* (Routledge, 2021). I had taken to referring to this book as my ‘magnum opus’ because it was both the most comprehensive presentation of many things I had argued for previously (parts I, II, and III), and also contained my latest proposals for how to combine annual participatory planning with investment planning, and several kinds of long-run development planning as well (parts IV and V).

The three-day workshop in Potsdam Germany held true to its billing as an intensive working session. A half dozen participants presented their critical responses to various aspects of what I proposed in *Democratic Economic Planning*, after which I was given the opportunity to ‘respond to my critics’ as they put it. Three participants have now taken the time to refine their critiques in writing, and I have again been given the opportunity to respond in writing as well.

I thank Dr. Philipp Dapprich in particular, who was the chief organizer of the workshop in Potsdam and one of the three ‘critics’ I respond to here. And I thank Dr. Kuch and Professor O’Neill who took the time to continue our discussion in writing, now to be shared with others.

There is a great deal to be done if the promise of a democratic, participatory, socialism is to finally bear fruit in the twenty-first century. A deeper and more productive discussion of how best to solve problems that will inevitably arise is a first, but necessary step. After deliberation I’ve decided to organize my response to my ‘critics’ as follows:

(1) I will briefly summarize where I believe a critic and I are mostly in agreement.

(2) I will acknowledge that a critic disagrees with me on some point, but explain why, at least for my part, I believe the disagreement may *not* need to be resolved, at least at this point.

(3) Finally, I will address where a critic and I do, indeed, disagree, and explain why I believe the disagreement *does* matter.

RESPONSE TO PROFESSOR O'NEILL

POINTS OF AGREEMENT

Professor O'Neill disagrees with me more than my other two 'critics'. Even so, it is important to recognize that on balance we agree about a great deal more than we disagree about.

(1) We agree that democratic planning is the desirable alternative to capitalism we should promote and seek, rather than champion some version of market socialism, as many others do.

(2) We agree that labor time alone is not an adequate measure of what it costs society to produce something. Environmental costs must somehow be considered and included as well.

(3) We both think the socialist calculation debate did, in O'Neill's words, take "a mistaken turn when the model of society of 'associated producers' who could consciously decide among themselves what and how to produce was replaced by a model of a single central 'decider' who would allocate resources" (O'Neill 2025, 27).

In the big picture, that is a great deal we agree about!

DISAGREEMENTS WHICH MAY NOT MATTER

On several issues O'Neill goes to great lengths to explain how much he disagrees with me, but as I will explain, for various reasons I do not feel it is necessary to resolve our dispute.

(1) O'Neill takes exception to my use of the assumption that individuals seek to maximize their own wellbeing or 'utility'. I think O'Neill misconstrues *why, and for what purpose* I make this assumption, and

therefore in my opinion this ‘disagreement’ is not as important as O’Neill believes it to be.

I do *not* believe humans always behave ‘rationally’, by which I mean given our preferences we always choose what is in our individual, self-interest. Sometimes we simply make mistakes—indeed, many of us make mistakes, all the time! But perhaps more importantly, we sometimes consciously choose to behave in a way which we recognize to be contrary to our own self-interest, and frequently the world is better off when we do so! In short, I am well aware that if the goal is to *predict* how people *will* behave, to simply assume they will behave in their own self-interest will often prove to be a poor predictor.

But what if instead of predicting human behavior our goal is to analyze and evaluate how particular economic institutions affect, or influence human behavior? If that is our research agenda, it makes sense to ask: Given her preferences, what would it be rational for her to do *when confronted by the choice she must make by some particular economic institution*? Because whatever the answer is to *that* question, is also the answer to *this* question: What kind of behavior does an economic institution promote? Or, to be more precise, what kind of behavior does an economic institution *tend* to promote, or *tend* to discourage.

For example, does it promote people to behave in ways which are unfair or detrimental to others? Does it promote behavior which is demonstrably wasteful of scarce economic resources? Does it lead us to work more, or in less pleasant ways than needs be? In other words, if our goal is to evaluate the impacts of economic institutions, i.e. to deduce what kind of behavior those institutions tend to promote or discourage; asking what those institutions would make it individually rational for someone to do is the sensible way to proceed, even if people often do not actually behave in that way.

Concretely, this is how we can demonstrate that markets will tend to induce people to consume fewer public goods and more private goods than is socially efficient. This is how we can demonstrate that profit maximization will induce monopolists to produce less than the efficient amount of a product. This is how we can demonstrate that in a market economy when there are negative externalities in producing or consuming something, too much will tend to be produced and consumed. This is how we can demonstrate that central planning will predictably induce workers to lose interest in economic self-management, to their detriment. So if our goal is to evaluate and develop critiques of economic institutions such as

markets, private enterprise, and central planning, assuming that consumers and workers will behave rationally is a sensible way to proceed.

(2) O'Neill argues that my recommendation that worker councils should seek to reward effort is both difficult to implement in practice, and also humiliating to workers who are less able. Again, I think our disagreement about this matters less than O'Neill does. But rather than repeat here what I wrote in the section titled "Measuring effort and sacrifice" on pages 109–117 of *Democratic Economic Planning*, let me simply quote my conclusion:

In sum, critics raise important issues proponents of participatory economics do not wish to belittle. In the end we can only say: (1) Estimating the value of people's contributions to collaborative outcomes is also an imperfect science and subject to question. (2) While proponents of participatory economics *recommend* rewarding effort as an equitable social norm that is compatible with efficiency, in the end we *propose* that individual worker councils rate their members as they see fit and expect they will go about it in very different ways. (3) Finally, perhaps the best defense for having coworkers judge one another's efforts at work is the defense attributed to Winston Churchill for democratic government: 'No one pretends that democracy is perfect [...]. Democracy is the worst form of government [...] except for all the others'. In a similar vein, while effort rating by coworkers will not doubt prove difficult and quarrelsome at times, failing to monitor and reward effort or judging workers on some basis other than their effort, or assigning someone other than one's workmates as judges would be worse. *In short, our critics no doubt are right. Remuneration according to effort, or sacrifice, as judged by one's coworkers is the worst possible system of compensation [...] except for all the alternatives!* (Hahnel 2021, 114–115)

Socialists have been arguing over how workers should be compensated for well over a hundred years, and I do not expect we will have come to full agreement on this issue before new socialist experiments are launched, which is why I propose that each worker council grapple with this issue and settle this matter as they see fit. If Professor O'Neill and I found ourselves working in the same worker council, it appears we would disagree to some extent during that debate. And if either of us was sufficiently upset with the outcome of that debate, he would look for work in a different council where workers were practicing a reward system more to his liking.

(3) Professor O'Neill argues at great length that a careful reading of Von Mises, Neurath, Hayek, Weber, Lange, Wicksteed, and Kapp supports

his claim that not all costs and benefits are commensurable, and we must therefore embrace *value pluralism*. Below I will respond *only* to the issue of incommensurability—which I do believe is important, and about which we do, indeed, disagree. However, I will not dispute whether or not O’Neill has in my opinion misrepresented some of these authors’ views on this matter, because I do not believe that is necessary and think it would take us too far afield.

DISAGREEMENTS WHICH DO MATTER

(1) Professor O’Neill argues that certain benefits and costs are not commensurable.

I acknowledge that some benefits and costs are much more difficult to estimate and quantify than others. However, in the end we must make choices *because we must act*. And the fact that we must act implies that we should do the best job we can to not only identify all the costs and benefits when we act, but also to quantify and compare all the costs and benefits. What can we do with economic benefits and costs to which no magnitude is attached, or which we label ‘incomparable’? Nothing.

Or, let me put it this way: Only if we believe the magnitude of some cost or benefit is *infinitely* greater than the magnitude of another cost or benefit is it impossible to compare them. In which case the cost or benefit we believe to be infinitely smaller should simply be ignored! However, if we do not believe this to be the case we should do the best we can to compare them in order to make the most sensible choice we can based on whatever information we have—even if we suspect that our guesses have a large margin of error.

This will sometimes be very difficult, and we will know full well that our estimates may well prove to be wrong. Especially when dealing with costs and benefits of investment and long-run development plans which will materialize far in the future, it will be difficult to do this in the present when we must generate, approve, and launch plans for the future. And especially when it is difficult to estimate when an environmental tipping point may be reached. This is why I was particularly pleased to be able to demonstrate how to identify errors in estimates of future costs and benefits after results from early years are known, in time to adjust plans for the remaining years, and thereby improve outcomes considerably.¹ But consider the alternative: We throw up our hands and give up on

¹ See “Welfare Gains from Updating Investment Plans”, in *Democratic Economic Planning*: 232–236.

trying to make the best decisions we can. But perhaps worse still, we condemn ourselves to debates over what to do where prevailing depends not on the strength and merits of one's argument about costs and benefits, but rather on how stubborn one is willing to be.

(2) O'Neill and I disagree about whether or not environmental sustainability requires socialists to abandon one of our traditional goals, namely to continue to increase labor productivity.

To his credit O'Neill now admits that I have *proved* that it is *theoretically possible* to continue to increase labor productivity indefinitely without putting additional strain on the natural environment as long as we also increase what ecological economists call environmental 'throughput' efficiency to the same extent.² In his words: "Hahnel makes a logical point here that is quite correct [...]. It is logically possible to have increasing GDP and a decreasing physical and energy throughput in an economy". (O'Neill 2025, 44) However, by continuing to insist that this is impossible in practice, O'Neill and others in the steady state and de-growth movements would prevent socialists from projecting a vision where, among the many benefits of socialism, we continue to promise that labor productivity, and therefore income, will continue to rise as well. *And I believe this disagreement matters a great deal!*

For two hundred years socialists have not only been promising followers we would eliminate exploitation and democratize economic decision making; we have also promised that socialism would increase economic wellbeing for all. The vast majority of people living in lesser developed countries today have yet to enjoy the benefits of economic development, as have a significant percentage of people living in more developed countries as well. While redistribution can help solve this problem, the fact is that if labor productivity ceases to increase a majority of people will remain in poverty permanently. So why would they march behind banners for a steady-state economy, or worse still, banners calling for de-growth? The answer is they will not. And the tragedy is there is no need to shackle our program with these self-defeating banners.

As Professor O'Neill admits, the important question is to what extent it will prove possible to increase environmental throughput efficiency so that increasing labor productivity can be sustainable. He says: "My own view is that given the evidence it is implausible to assume that the kinds

² For proofs of theorems and extensive discussion of implications see Hahnel (2017, ch. 2).

of efficiency saving and substitution Hahnel outlines can do the work he believes it can do. They will not be sufficient.” (O’Neill 2025, 45)

As always, how much pessimism or optimism is warranted remains to be seen. I do not underestimate the power of the fossil fuel industry to obstruct a transition to renewable energy sources, as was on display once again at COP29 hosted in Baku with gas flares from oil fields blazing in the background. I do not underestimate the magnitude of the setback the re-election of Donald Trump means for US climate policy and international climate negotiations. But I do believe the political obstacles to absolute decoupling are now far more daunting than the technological obstacles. And I feel quite certain that the poor of the world will not rally to the flag of de-growth, which would surely doom the movement to prevent cataclysmic climate change before it is too late to failure.

(3) Finally, Professor O’Neill calls our name for our environmental strategy—‘kicking the can down the road’—ill-advised, and demands to know what happens when we reach the end of the road.

Some natural resources are renewable. And therefore, as long as environmental throughput efficiency increases as fast as labor productivity, we will never run out of them. But some resources are non-renewable. In which case, as a matter of simple logic, if there is even one good which enters either directly or indirectly into the production of every good, and if production of this ‘basic’ good requires a positive amount of *any* input from the natural environment which is non-reproducible, *no* positive production program is *infinitely* sustainable.³

But this does not mean that a sustainable *strategy* is impossible. As much as it may stick in the craw of some environmental activists and Professor O’Neill, the *only* strategy to achieve environmental sustainability is one that amounts to ‘kicking the can down the road’, like it or not.

What does such a sustainable ‘coping strategy’ look like? Not only do we need to search for new technologies that increase environmental throughput efficiency in general, we need to search for new technologies that substitute renewable throughput for non-renewable throughput, and new technologies that substitute non-renewable throughput that is farther from exhaustion for non-renewable throughput nearing exhaustion. We also need to adjust *the proportions in which we consume different*

³ Ironically, the doomsday scenario which steady-state and de-growth theorists obsess over is actually not gloomy enough! While they reason that the existence of non-reproducible resources means that we must not increase (steady-state), or must decrease economic production (de-growth); in truth *no positive level of production* would prevent the disaster they obsess over!

goods to consume more goods and services which are less throughput intensive and fewer goods and services which are more throughput intensive, to consume more goods and services produced by reproducible resources and fewer goods and services produced by non-reproducible resources, and to consume more goods and services produced by non-reproducible resources which are farther from exhaustion and fewer goods and resources that are nearing exhaustion.

But what can be said to those like Professor O'Neill who say: Kicking the can down the road is not a good strategy as you reach the end of the street. You need to sort out the problem before you get there. The answer to these environmental doomsayers is simple: *Kicking the environmental can down the road is what environmental sustainability has always been about, and it is not pointless at all!* Even in a worst case scenario in which there is a non-reproducible service from nature that proves to be impossible for human production activities to do without, i.e. that remains 'basic' because no change in technology or adjustment to our consumption bundle permits us to do without it altogether, 'ultimately' can be a very, very, very long way off. Yes, at some point the solar system will no longer exist. Before that, planet Earth may become as lifeless as Mars. But scientists correctly assume these 'endings' are a long way off, and more to the point, they are irrelevant to the debate over whether or not human economic well-being can continue to grow for the time being.

RESPONSE TO DOCTOR KUCH

POINTS OF AGREEMENT

I want to begin by thanking Dr. Kuch for understanding what has long been our objective:

It is no exaggeration that [...] ruling out new forms of authoritarianism [...] was always the driving force behind Robin Hahnel and Michael Albert's model of a participatory economy.

The model aims to strike at the heart of the widely held assumption that economic planning can only mean central planning, which in turn, is often equated with 'state socialism with a command economy'

Albert and Hahnel share the distrust of central planning, but they reject the presupposition that economic planning *necessarily* implies central planning.

Comprehensive planning can mean participatory planning, and its fundamental aim is to enable local worker and consumer councils themselves ‘to coordinate their interrelated economic activities, rather than relegate coordination to market forces or a central planning bureau’. (Kuch 2025, 50)

Yes! Exactly!

I also want to note that Dr. Kuch agrees with our goals for a desirable economy, which we have long argued are important for everyone to make very clear before beginning to make proposals:

I largely agree with Hahnel’s set of basic normative principles, including efficiency, economic democracy, economic justice and sustainability. (Kuch 2025, 50)

In his section 1 Dr. Kuch also agrees with our critique of central planning, specifically endorsing our analysis of the ‘cat and mouse game’ problem, the ‘bias against worker autonomy’ problem, and the problem of ‘ripple effects’. He even presents some of our more subtle arguments more elegantly than we have:

The bias against worker autonomy under central planning and the centralized command structures will tend to engender unintended consequences that snowball over time, thus exacerbating the initial problems. This can be expected when preferences are endogenous, that is, when attitudes and personalities are shaped internally by the practices in which individuals routinely partake. (Kuch 2025, 53)

Yes! Thank you.

And while critics have sometimes misconstrued or misrepresented our proposals, in section 2 Dr. Kuch does neither, but instead presents how we propose to do annual participatory planning accurately.

The participatory planning procedure is designed to generate a comprehensive plan for the entire economy for the upcoming year [...]. At the outset, councils are empowered to freely formulate production proposals and consumption requests as they wish. In the subsequent planning rounds, the process allows participants to adjust their proposals [...]. How do participants respond to one another? At this point, Hahnel and Albert’s model offers an ingenious institutional innovation [...]. While a PE firmly belongs to the council-democratic paradigm, this is the distinguishing feature that sets it apart from other approaches in that framework. In Hahnel and Albert’s model it is the Iteration Facilitation Board (IFB) that functions roughly like a Walrasian auctioneer [...] and makes decentralized coordination between

councils possible—without any detour through higher-level councils, let alone a central planning authority. (Kuch 2025, 54-55)

Kuch goes on to explain correctly, how proposals from a worker council can be easily evaluated and rejected if it fails to use scarce productive resources efficiently; and how proposals from consumer councils can be easily evaluated and rejected if its social cost exceeds the effort ratings and allowances of its members *without need for a central authority to do so*. In his words:

It enables decentralized coordination between worker councils and consumers through indicative prices, while a central planning authority is neither necessary for generating nor for implementing the comprehensive plan [...]. While responding to indicative prices, worker councils and consumers remain fully autonomous, and they are enabled to decide responsibly. (Kuch 2025, 57)

Once again, *thank you for representing our proposals accurately*.

DISAGREEMENTS WHICH MAY NOT MATTER

(1) Dr. Kuch voices this objection to our proposals regarding where research is done:

The R&D efforts, which under capitalism are typically dispersed among thousands upon thousands of capitalist companies and their R&D departments, are now [in a participatory economy] largely concentrated within two centralized institutions. In effect, the national federations will wield control over enormous material resources. (Kuch 2025, 60)

I have no problem with worker councils carrying out any R&D research they wish. I also have no problem granting new worker councils some latitude in the first few years in supplying goods and services whose benefits are at least as large as the social costs of producing them. Especially if new worker councils are pursuing innovative ideas, granting them a few years leeway to prove their work is social beneficial can make sense. Moreover, I discussed two possible remedies if federations who must approve new applicants as ‘credible’ appeared to be too conservative in their certification: We could mandate that a larger percentage of new applicants be approved than the historical approval rate. Or we could allow new worker councils to apply for approval to a board which was not comprised of representatives from their industry federation which might have a perverse incentive to bar new entrants.

I also argued that there is a dysfunctional bias in capitalist economies, where only producers, and never consumers engage in R&D. While I believe producers and worker federations are best situated to explore new technologies, why wouldn't consumers and their federations be best suited to exploring new products? However, there is another reason to have federations carry out much of the research in a participatory economy. We don't allow worker councils to patent new technologies they come up with because it is inefficient to prevent other worker councils from using the most productive technologies available. It was because we realized that this might diminish incentives for individual worker councils to engage in research that we wanted to make sure plenty of resources would be devoted to figuring out better ways to produce ever more desirable goods and services that we nominated federations to play this role.

(2) In his section 3 Dr. Kuch criticizes what he calls the 'centralizing tendencies in participatory planning'. I think we disagree less than he does. I also think the problems he raises are unavoidable—unfortunate facts of life, to put it differently. But most importantly I went to great lengths to express my concerns that ordinary workers and consumers might lose interest in investment and long-run development planning, and their participation might wane, and I said as much in my conclusion to part V:

Notice that in all the various kinds of long-run development planning we found that various federations and ministries must be heavily involved [...] before an agency uses those estimates to calculate an efficient [...] plan. Which means that those participating in generating crucial estimates and using them to calculate development plans are *delegates* to federations, *officials* in ministries, and *staffs* of different development planning agencies—*which, to be frank, worries us!*

Of course these delegates and officials represent ordinary workers, consumers, and citizens. Of course the selection process, terms of office, conditions for recall, and whether delegates receive instructions from those they represent about how to cast important votes, are all important considerations affecting how much voice and control those who they represent will have. Of course the staff of development planning agencies merely turn the data given them into efficient development plans. And of course, once plans have been drawn up they should be subjected to debate and approval by the national legislature and/or popular referenda. Nonetheless, we worry that especially for those who are long accustomed to being denied access to decision making power, and are understandably suspicious that their participation will continue to be meaningless, the absence of more direct

participation by ordinary people in the formulation of various long-term development plans is problematic. We offer three thoughts on this subject in closing:

We have not discussed the role for political movements, campaigns, and parties. Socialist visionaries sometimes give the impression that none of these social, advocacy or political groups will be necessary in a truly desirable society—like old war horses, they are no longer needed when peace breaks out. We believe quite the opposite. We believe the assumption that political advocacy organizations will no longer be necessary in socialism is naïve and utopian in the worst sense of the word. We believe that in a society where the majority have more time and far greater opportunity to become involved in decision making of all kinds, that both traditional and new kinds of political advocacy groups will become even larger and stronger, and that passions will continue to run deep about issues they address. So we think it is important to imagine the development planning procedures we have described—and the delegates and officials who participate in them—as being subjected to intense scrutiny and agitation of all kinds by various advocacy groups of interested citizens.

Nonetheless, we believe that because delegates do play important roles in estimating effects necessary to determine efficient long-term economic development plans, because staffs in ministries use those estimates to calculate efficient long-term plans, and because popular participation is largely limited to selecting and monitoring representatives and voting in referenda on different overall long-term plans, it is all the more important that ordinary workers and consumers participate directly and actively in both investment planning and annual planning by proposing and revising self-activity proposals for their workplaces and neighborhoods—as we explained in parts III and IV is perfectly possible.

Finally, we are open to any suggestions for how to increase popular participation in [development] planning. While we had that goal very much in mind when designing the proposals offered here, we may have ignored opportunities to increase more direct participation by workers, consumers, and citizens. We believe we have broken new ground in demonstrating how workers and consumers can participate directly in planning their own activities, and coordinate them with others efficiently and fairly during annual planning. Any similar path breaking ideas about how to involve workers and consumers more directly in the formulation of long-term development plans are welcome! (Hahnel 2021, 291-292)

I hope this lengthy quote suffices to demonstrate that I clearly share Dr. Kuch's concerns. However, I do not believe the solution to what he

calls 'the centralization dilemma' is to embrace market socialism, to which I now turn.

DISAGREEMENTS WHICH DO MATTER

(1) Despite our large areas of agreement, and our shared concern that it may prove difficult to keep ordinary workers and consumers interested and engaged in investment and development planning; in the end Dr. Kuch 'makes his peace' with market socialism:

When considering which economic system to promote [...] I believe market socialism is preferable. The risks posed by centralization under participatory planning simply seem too dangerous. (Kuch 2025, 71)

He also suggests that while I do not admit it, I may have made my own peace with market socialism:

There is an important argument for market socialism that applies even if on sides with participatory planning. Hahnel argues that transitioning from capitalism to a participatory economy through a sudden and total rupture is both unfeasible and unwarranted; the path to participatory planning 'travels through a transition period' (DEP: 33). He recommends starting by gradually universalizing cooperative ownership while introducing participatory budgeting programs at the local level, along with planning investment, long-term development planning and public goods at the national level. What does such an institutional arrangement amount to? Well, obviously this looks much like market socialism. *In the end, it seems that Hahnel, to some extent, is a market socialist as well.* (Kuch 2025, 71)

I must say when I read Dr. Kuch's closing sentence it came as a surprise. And I immediately mused about whether or not I should simply accept his kind invitation to join the ranks of market socialists. After all, among those who champion an alternative to capitalism there are still many more supporters of market socialism than there are people who support democratic planning. However, while I did write that particularly in more developed countries we might want to prepare ourselves for the eventuality that both social democracy and market socialism may well play a role in the *transition* to a full participatory, socialist economy; I remain a self-declared 'market abolitionist', by which I mean I believe markets play *no* role in a *truly desirable* economy. So while I am flattered by Dr. Kuch's invitation to join the ranks of market socialists, I must continue to respectfully decline.

(2) I cannot repeat my full argument in opposition to market socialism here. My critique of market socialism was only briefly summarized in *Democratic Economic Planning* on pages 33–45, which is perhaps why Dr. Kuch thought I might be open to an invitation to reconsider my allegiances. But I have written at much greater length elsewhere on why I believe ‘settling’ for market socialism is a mistake which I very much hope socialists will avoid in the twenty-first century. The late Erik Olin Wright and I ‘debated’ this subject at great length in our book, *Alternatives to Capitalism: Proposals for a Democratic Economy* (Verso, 2016). While we both surprised ourselves when we discovered more common ground than we anticipated, Wright remained a market socialist, and I have yet to convert!⁴

(3) Finally, it is also not clear to me why Dr. Kuch believes that market socialism would avoid the ‘centralization dilemma’ which concerns us both. Most versions of market socialism substitute markets for annual planning, yet voice support for investment and development *planning*, even if they do not spell out how they propose this be done as fully as I have. Since I believe that is where the greatest danger of ‘over centralization’ lies—i.e. that it will prove most difficult to keep workers and consumers actively engaged in investment and long-run development planning of different kinds—I don’t see how embracing market socialism necessarily solves the ‘centralization dilemma’.

However, I am pleased that Dr. Kuch found much in my work of value, and credited me for having at least addressed important issues which others have not. And as I said, I share many of the concerns he raised about how to prevent ordinary worker and consumers from losing interest in participating in investment and development planning and continue to look for ways to avoid that undesirable outcome.

RESPONSE TO DOCTOR DAPPRICH

POINTS OF AGREEMENT

While there is plenty for proponents of a desirable alternative to capitalism to continue to disagree about, it is important that we treat one another’s efforts in the spirit in which they are offered, and interpret what others propose accurately without misrepresentation, even if we then

⁴ For more on my arguments against markets see also Hahnel (2007, 2008, 2009).

disagree in some way. So I thank Dr. Dapprich for his accurate summary of how our proposal differs from others in the literature:

The participatory economics model [...] represents an important contribution to the debate about feasible alternatives to capitalism. What distinguishes the model from other proposals like market socialism or cybersocialism, is the central role given to the participation of citizens in economic planning. Citizens form worker and neighborhood consumer councils which develop production and consumption proposals [...]. An iteration facilitation board plays a mere perfunctory role. This way economic planning is done entirely by the citizens themselves, not planners employed at a central planning agency. (Dapprich 2025, 73)

There is [...] a notable difference between participatory economics and more centralized forms of planning. Worker and consumer councils submit their own proposals for production and consumption [...]. While this is subject to certain conditions, for example consumption proposals may not exceed the allowances of consumers, the decision power does not rest with a central agency. Councils are thus not given instructions from a central control point, as they are in more centralized models of planning. This is meant to ensure the autonomy of councils and allow citizens to manage their own affairs through them. (Dapprich 2025, 76)

Dr. Dapprich also clearly understands, and presumably supports one of our chief goals:

Hahnel posits ‘economic self-management’ as a key ideal to be realized through the model. He suggests that ‘decision-making input, or power’ should be assigned ‘in proportion to the degree one is affected by different economic choices’. Citizens should, in other words, be given the ability to manage their own affairs. In so far as they are affected by a decision, they must get a say. (Dapprich 2025, 75)

DISAGREEMENTS WHICH MAY NOT MATTER

It is admittedly a bit ‘tricky’ to argue that a criticism which someone makes may not matter, since clearly the critic believes it does! But in a number of areas I find myself in this uncomfortable situation.

(1) Dr. Dapprich worries that a tyrannical majority in a worker council might impose its will on members who disagree. He writes:

Consider a worker council that passes by majority vote a production proposal that would make one of their members redundant, forcing her to find employment with another worker council [...]. The procedure of a majority vote fails to consider the interests of the minority

entirely. No matter how strong her interest in not being made redundant, the worker in question will only have a single vote on the council. (Dapprich 2025, 78)

There are two decisions which must be made here. Does *someone* need to be let go? If so, *who* should that be? If the answer to the first question is ‘yes’ this will presumably be because the worker council discovered they could not put together a proposal where the social benefits of their outputs was at least as large as the social costs of their inputs except by reducing their workforce. I see no reason the decision to do so should not be made by a majority vote.⁵ But of course this does not settle who that worker should be.

A common demand which many unions have fought for is that layoffs be done by seniority. I remember when discussing this with Professor Rawls during his office hours that he suggested layoffs would better be done by lot. But I think each worker council should make this decision for itself... *by majority vote*.

The extreme case of laying off some members is shutting down a worker council entirely. In a section titled “birth and death of worker councils” on pages 104–105 in *Democratic Economic Planning* I discuss what I think could, and should be done in that case:

There may be situations where ‘the numbers lie’, and a worker council whose proposal has a social benefit to cost ratio less than one is actually not using resources inefficiently. This is why we need appeal procedures which should ordinarily be conducted by the industry federation a worker council belongs to. Moreover, any council in danger of being disbanded should be provided help by their industry federation. After all, there may be some reason a particular group of workers are not coming up with proposals to use resources as effectively as other groups of workers in their industry. Before disbanding the council some workers from the council should be sent to work as guest workers in more successful worker councils in the industry to see how they are doing things, and the industry federation should send members from successful councils to consult and work as guest workers in the council in trouble. (Hahnel 2021, 104)

⁵ If a worker council wants to make a vote to reduce its number of members require a super majority, I think they should be free to do so. But I would not recommend giving every employee the power to ‘block’ a decision to lay anyone off, much less a veto over being laid off him or herself, which is what Dr. Dapprich’s argument sounds like it amounts to.

Moreover, when workers are laid off in a participatory economy this need not mean they must suffer personally.

Since the annual production plan provides for full employment, *there will be jobs for them in more successful worker councils*, if not in their own industry then in others. Moreover, their expected income working elsewhere should be as high, or higher than it was in the council that was disbanded, which apparently was struggling to come up with a proposal with a SB/SC ratio as high as one. And finally, a participatory economy can and should provide the kind of generous stipends for retraining and relocation provided by labor market boards to laid-off workers in Sweden and Norway during the heyday of social democracy in Scandinavia during the 1970s. (Hahnel 2021, 104)

(2) In a similar vein, Dr. Dapprich worries that neighbors in their consumer council may infringe on a consumer's freedom to choose, and argues "that neighborhood consumer councils as collective decision-making bodies should not play a significant role in consumption planning" (Dapprich 2025, 85).

In early versions, co-authored with Michael Albert, we did suggest that neighborhood councils might wish to comment on individual consumption requests which they deemed to be detrimental to the individual making them. However, after considerable negative feedback from my students, I have changed my mind, and now made quite clear that in my opinion as long as someone's income is sufficient to pay the social cost of providing their consumption request, I believe it should be approved automatically, as I said quite clearly in *Democratic Economic Planning*:

Household consumption requests are approved by their neighborhood consumption council. In most cases, the process is straightforward: Do the effort ratings and official allowances of a household's members justify the social cost of producing the household's private consumption request? [...] *This is a simple calculation requiring no discretion on the part of the neighborhood council.* (Hahnel 2021, 123–124)

Dr. Dapprich does seem to be aware of this, although I don't see why he feels he has to be 'charitable' about acknowledging as much:

The question now arises, whether neighborhood consumer councils also have the power to reject consumption requests by individual households which are consistent with their allowances [...]. To be charitable, I will thus assume that councils at least in most cases

cannot reject a consumption request that is within the household's allowance. (Dapprich 2025, 86)

Putting that issue aside, which we do not appear to disagree about, I do think we disagree about whether or not neighborhood consumer councils can and should play a useful and meaningful role. Because I believe one place where participatory democracy can grow and flourish most easily is in the neighborhoods where people live, I believe it is important to make neighborhood councils important to people's lives. While I no longer support giving them a veto over individual consumption requests which are justified by a household's income, I do propose other ways which make them important 'players', so to speak.

First, there are important practical issues which must be dealt with in the real world even if they fall below philosophers' radar. Since the distributive maxim in a participatory economy is 'to each according to his or her effort *and need*', how do we propose to take care of measuring differences in need?

We propose that households also be allowed to apply to their neighborhood consumption councils for permission to consume more than they otherwise would be permitted to do because of some special need or circumstance. In which case the neighborhood council would have to decide if the request was warranted by some special need or consideration that standard procedures had failed to account for. (Hahnel 2021, 124)

And, since individuals should be free to save and borrow, how do we propose that be done?

Anyone can save by consuming less than her consumption allowance for the year, deferring the remainder for later use [...]. However, what if a person borrows year after year and in amounts that cast doubt on her ability to pay society back all she owes? In capitalism loan officers in banks and those who approve credit limits on credit cards make these judgement calls. In a participatory economy we propose to leave monitoring the credibility of personal loan requests up to neighborhood consumption councils since they are also in charge of approving and aggregating household consumption requests, reviewing special need requests, and handling adjustments to consumption requests throughout the year. In all likelihood neighborhood councils will need to create a credit committee, and credit committees in different neighborhood councils will need to coordinate lending activity among themselves. But with regard to saving and borrowing for consumers,

we propose something similar to what a system of community credit unions would be like today. (Hahnel 2021, 122-123)

In other words, we propose giving these important powers, if you will, to neighborhood councils, which is, indeed, quite the opposite of “neighborhood consumer councils as collective decision-making bodies, should *not* play a significant role in consumption planning” (Dapprich 2025, 85) in Dr. Dapprich’s words.

We also propose that neighborhood consumer councils and federations of consumer councils play a crucial role in decisions about how much and what kinds of public goods should be produced. As a matter of fact, in contrast to market systems, we claim this as one of the more important ‘virtues’ of our annual participatory planning procedure. We have created an incentive compatible procedure for determining the efficient amounts of different public goods to produce. Neighborhood councils and federations of neighborhood councils are responsible for expressing demand for public goods during annual participatory planning. Admittedly, ordinary people will only participate directly in formulating demands for local public goods, and will participate in expressing demand for higher level public goods only through representatives they choose. And we have voiced concerns that democracy through ‘representatives’ can fail to stimulate interest in participation by those who have long been excluded from making important economic decisions which affect them. But unfortunately, we see no easy remedy for this. However, because different levels of public goods comprise between a third and half of what economies now produce, these neighborhood councils and federations of consumer councils are where a great deal of economic decision making power resides in a participatory economy, which was very much by design.

(3) Let me just say that my formal philosophical training consists almost entirely of two courses I took with Professor John Rawls in 1966 and 1967 when he was putting the finishing touches on his magnum opus.⁶ I was only made aware of what Dr. Dapprich describes as “the neo-republican or neo-Roman conception of liberty” (Dapprich 2025, 81) in 2021 when several faculty members in the philosophy department at Tulane University based their critical evaluation of my theory of economic justice on this theory of liberty when I was invited there to discuss my work on

⁶ I visited Professor Rawls often during his office hours to argue over various aspects of his theory of justice, and probably owe my scholarship to study for my PhD in economics at American University to the kind recommendation he wrote on my behalf.

economic justice.⁷ However, while I hesitate to write this, and will be happy for someone to enlighten me, I still do not see how anything in the neo-republican theory of liberty suggests that *any particular procedure we have proposed* is at fault or errs in some way.

(4) Finally, let me correct one factual error. Dr. Dapprich writes “the participatory economics model also requires citizens to fill out consumption *surveys*” (Dapprich 2025, 81). No it does not. Consumers make consumption *proposals*. That is, during the annual participatory planning process consumers say: This is my income, and this is what I want to consume. As long as their income is sufficient to cover the cost of providing what they ask for, that’s it, they get it. Surveys play no role in our annual planning procedure.⁸

DISAGREEMENTS WHICH DO MATTER

In contrast to areas where I think we may be able to find more common ground than perhaps Dr. Dapprich believes, there are some areas where I agree with him... we simply disagree.

(1) He writes: “As I will show, these grounds for democracy cannot be used as reasons for giving significant power to worker and consumer councils” (Dapprich 2025, 74).

I do not see from what he wrote that he has shown this. Moreover, if he had shown it I would reject whatever grounds he is talking about which he believes do not provide reasons for giving significant power to worker and consumer councils. In other words, I remain firmly a proud member of a long tradition of ‘council communists’.

(2) He writes: “Rather than citizens participating in the formulation of an economic plan through their membership in councils, citizens should

⁷ Specifically, the philosophy faculty at Tulane grilled me for two days on my book, *Economic Justice and Democracy: From Competition to Cooperation* (Routledge, 2005), as well as my article, “Economic Justice: Confronting Dilemmas,” *Journal of Economic Issues* (54, 1), 2020: 19-37.

⁸ After political economy my second field of expertise as a professor was environmental economics. I am therefore fully conversant with a large literature about willingness to pay surveys as a means to discover how much people care about protecting the environmental. While these surveys are often useful in market economies, where otherwise negative environmental “externalities” go unaccounted for, the problems with their reliability are legion and well documented in the literature. Therefore, I am especially proud that we have included features in our annual planning procedure which lead victims of pollution to truthfully reveal how much they believe they would be damaged by pollution, and thereby eliminate any need for willing to pay surveys, which are notoriously inaccurate.

instead vote on general institutions and procedures of planning” (Dapprich 2025, 74).

Unless Dr. Dapprich is expressing support here for the institutions and procedures I have proposed for doing participatory annual planning, investment planning, and development planning—which seems unlikely—I am adamantly opposed to this kind of thinking which I believe inevitably leads to the disenfranchisement of ordinary workers and consumers and elevates a coordinator class to power over them.

(3) He writes: “The neo-Roman case against participatory economics boils down to this: Freedom requires the absence of arbitrary power, not participation in arbitrary power” (Dapprich 2025, 83).

Indeed, we must focus laser attention on who has power to decide what. I don’t know what exactly Dr. Dapprich means by ‘arbitrary power’. I do know what power I consider to be unjustified: *Whenever anyone has more power over any decision than others have who are equally or more affected, I consider it wrong, undesirable, or arbitrary if you will.* In which case I do not understand why a ‘neo-Roman perspective’ would fail to see our proposals in a favorable light.

(4) Dr. Dapprich writes: “Giving this process the semblance of democracy in which citizens can participate in economic decision-making as voting members of a council can be described as a form of sham participation. The participatory economics tradition should be more honest about the limited role that these councils in fact have” (Dapprich 2025, 91).

Semblance of democracy? Sham participation? Not honest about the limited role councils play? We certainly do not offer sham participation, or the semblance of democracy! And worker and neighborhood consumer councils play a central, not a limited role in a participatory economy.

We place fewer limits on what councils can do than *all* other models of democratic planning. And the only limits we do place are there *because productive resources belong to all*, so those using them should not use them wastefully; and *because producing goods have social costs*, so consumers should not consume more than their fair share. What we have worked hard to create are the most meaningful and impactful ways for workers and consumers to *make*—not ‘influence’, not ‘guide’—economic decisions so each person has decision making *power* in proportion to the degree he or she is affected. Sometimes that means a consumer chooses what to consume—period. Sometimes that means everyone gets one vote. But, as I have explained is usually the case regarding economic decisions,

most often that means some people should get more say, while others get less say.

This is why Milton Friedman’s ‘free to choose’ slogan doesn’t fit most situations we face—because that would too often disenfranchise other affected parties. This is why central planning, even where everyone got to vote on the weights for all the different consumption goods in the planning objective function, doesn’t work—because that would too often give others as much say as me even when I am more affected than they are. Indeed, this is why achieving *economic self-management* considerably complicates designing a desirable economy. I don’t understand how Dr. Dapprich can call this “giving the *semblance* of democracy” (Dapprich 2025, 91), and I don’t think there is anything *sham* about it.

(5) I conclude by noting that I find the following passage simply baffling. As I read it, either Dr. Dapprich is providing the traditional rationale for central planning Or, he is making a high level, philosophical, logical point of distinction that is above my pay grade.

It could be the case, for example, that citizens get to express their preferences at a council meeting, the minutes of which are passed on to a benevolent central planning agency. Alternatively, citizens might fill out individual preference surveys. The central planning agency would then make the final decision and thus retain power, but would do so while being informed about the preferences of the population. To solve the epistemic problem of discovering preferences, it is not necessary that the expressions of preferences by citizens are binding or that citizens hold political power. Citizens must simply be able to voice their preferences in some way. I do not mean to suggest that citizens should not hold political power—there may be entirely different reasons for this, such as the protection of their interests—but simply that this is not strictly necessary to solve the epistemic problem about which Hahnel is concerned. (Dapprich 2025, 80)

But perhaps I am confused about an ‘epistemic problem’ I should be concerned about.

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