

Editors' Note

Economic planning is often associated with authoritarian dictatorships. Critics of planning have maintained that the connection between planning and totalitarianism is not a historical coincidence, but rather inherently ingrained in the idea of economic planning. According to these critics, planning will always lead to too much centralization, hierarchical command structures, and the inevitable loss of individual freedom. On the other hand, a number of thinkers have proposed models of planned economies which are intended to be explicitly democratic and protect the autonomy of the individual. Some of these models were explicitly developed in response to the failure and collapse of the Soviet Union. While former Eastern Block countries turned towards market economies, socialist scholars contemplated how planning could be improved. Given the political zeitgeist in the post-Soviet era, these discussions remained largely hypothetical though.

Recent years have seen an increased interest in economic planning, as planning is argued to be essential for a successful green transformation in the face of anthropogenic climate change. Capitalism is understood to be incompatible with such a transformation, as it externalizes environmental costs and fails to mobilize necessary investments at the scale necessary. Current debates have largely accepted the premise that economic planning needs to be more democratic than it was in the past. However, the precise relationship between economic planning and democracy often remains underdeveloped. There also needs to be further consideration of the role that freedom and individual autonomy might play within such planned economies. The contributions to this special issue all, in one way or another, deal with these matters.

This special issue developed out of an author-meets-critics workshop on Robin Hahnel's 2021 book *Democratic Economic Planning* at the University of Potsdam, funded by the Fritz Thyssen Foundation. Hahnel's book is the most comprehensive presentation of the participatory economics model (ParEcon), which Hahnel first developed together with Michael Albert in the 1990s. What is most notable about the ParEcon model is that planning is not done by some central planning agency, but by citizens, in their roles as workers and consumers, themselves. Workers and

consumer councils are meant to provide spaces for democratic participation, in which citizens develop production and consumption proposals. These proposals are adapted in response to iteratively adjusted prices. An iteration facilitation board is meant to run this process but is said to retain a mere perfunctory role without any real decision-making power. That power is supposed to remain with the citizens themselves. Those who are most affected by a decision should get the ultimate say.

Three of the papers in this special issue by participants of the workshop in Potsdam are in direct response to Hahnel's *Democratic Economic Planning*. John O'Neill is a veteran to the debate, as he has previously engaged with the ParEcon model in a 2002 *Science & Society* special issue on alternatives to capitalism. In his current contribution, he argues that ParEcon insufficiently rectifies the ecological harms of markets due to its market mimicking price mechanism. O'Neill insists that ecological values are incommensurable and thus cannot be reflected in prices. Hahnel's attempt to capture environmental costs in the iterative prices of goods would thus be futile. O'Neill also rejects Hahnel's insistence that continued growth can be compatible with environmental sustainability. Furthermore, O'Neill argues that the ParEcon mechanism for rewarding effort, based on ratings by co-workers, would lead to undesirable and pervasive surveillance and humiliation.

ParEcon is supposed to be an alternative to central planning. However, Hannes Kuch's contribution expresses the concern that the model will inevitably lead to significant centralization. While the organization of the economy is based on workers' and neighbourhood consumer councils, these councils form federations at various levels. As Kuch points out, these federations end up playing significant roles in shaping the economy, including as gatekeepers for new councils, as appellate bodies, and by making adjustments during a plan period. According to Kuch, this leads to much more centralization than Hahnel admits and intends. This puts into jeopardy the goal of avoiding centralization.

The contribution by Jan Philipp Dapprich focuses on the democratic character of the ParEcon model. The paper argues that participation of workers in councils does not sufficiently protect workers' interests and freedom. Individuals can be outvoted by their co-workers. The majority of a council can thus ignore individual interests and come to dominate individuals. According to the perspective developed in the paper, democratic decision-making processes should not be used to make individual planning decisions, but to develop the general institutions and

procedures of planning. It is further argued that when it comes to consumption planning, the ParEcon model already affords very little room for democratic decision-making. Consumption planning relies on individual choices of consumers, affording them individual autonomy, and not collective decision making by a council.

Robin Hahnel's contribution directly responds to these three papers. For each paper, Hahnel notes substantial points of agreement and argues that some disagreements might not matter. Nonetheless, substantial areas of disagreement remain. With O'Neill, Hahnel continues to disagree on the best way to deal with environmental factors in planning. With Kuch, Hahnel disagrees on whether market socialism might be an attractive alternative to planning that avoids centralization. With Dapprich, Hahnel maintains significant disagreements on the role of democracy and participation in economic planning. A further counter-reply by John O'Neill addresses potential misunderstandings.

Three further contributions to the special issue were submitted independently from the workshop and are not primarily focused on ParEcon. They nonetheless deal with similar themes. Dennis Graemer outlines Hayek's republican critique of socialism and argues that socialism can be made compatible with republican freedom. Graemer argues that a socialist economy need not be run by the government and proposes publicly-owned statutory corporations as an alternative form of organization. Heiner Koch argues that economic planning furthers collective freedom, while acknowledging difficulties in making collective freedom compatible with freedom on the individual level. Angus Heberton and Martin O'Neill argue that economic planning can and should play an important role in mixed market economies. In an interview, Ha-Joon Chang discusses the need for pluralism in economics and the relationship between the economy and democracy.

Overall, all the contributions to this special issue advance the debate on the proper role for economic planning within an alternative political economy. In so doing, the papers try to address the most important criticisms levelled against economic planning, namely, too much centralization, hierarchical command structures, and the inevitable loss of individual freedom. If the contributions to this special issue are correct, none of these problems are inherent features of economic planning, but rather the result of particular choices in institutional design and implementation.

EDITORIAL NOTE

JAN PHILIPP DAPPRICH
UNIVERSITY OF POTSDAM
GUEST EDITOR
<dapprich@uni-potsdam.de>

FABIAN SCHUPPERT
UNIVERSITY OF POTSDAM
GUEST EDITOR
<schuppert@uni-potsdam.de>