A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. By various names, cooperatives play an essential role in all forms of economic democracy. Classified as either consumer cooperatives or worker cooperatives, the cooperative business model is fundamental to the interests of economic democracy. According to the International Cooperative Alliance’s Statement on the Cooperative Identity, “cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions.

Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights on one member, one vote and cooperatives at other levels are also organized in a democratic manner. According to the United States Federation of Worker Cooperatives: “Worker cooperatives are business entities that are owned and controlled by their members, the people who work in them. The two central characteristics of worker cooperatives are: 1 workers invest in and own the business and 2 decision-making is democratic, generally adhering to the principle of one worker-one vote. While a few are larger enterprises, most are small. Growing steadily between 1970 and 2010, worker cooperatives employ an industrial model called workplace democracy, which rejects the "master-servant relationship" implicit in the traditional employment contract.

To make a reliable difference to company performance, share-ownership has to be combined with more participative management methods. Self-governing enterprises only remotely resemble pseudodemocratic schemes of employee consultation by management; schemes of limited employee participation that leave all critical decisions with a management elected by stockholders; or Employee Stock Ownership Plans ESOPs that are created only or primarily to provide corporations with low-interest loans, lower corporate income taxes, greater cash flow, employee pension plans, or a market for their stock, without, however, any significant changes in control.

In worker cooperatives, net income is called surplus instead of profit and is distributed among the members based on hours worked, seniority, or other criteria. In a worker cooperative, workers own their jobs, and therefore have a direct stake in the local environment and the power to conduct business in ways that benefit the community rather than destroying it. Worker-control can take many forms depending on the size and type of the business. Approaches to decision-making include: an elected board of directors, elected managers, management job roles, no management at all, consensus, majority vote, or combinations of the above.

While membership is not a requirement of employment, only employees can become members. According to Kenneth W. Stickers, the Mondragon cooperatives in the Basque region of Spain have achieved a previously unknown level of economic democracy. Established in 1956, Mondragon has since become an economic model that transcends the capitalist-socialist dichotomy and thereby helps us to imagine creative solutions to current economic problems.

Wolf argues that Mondragon is an example of "a stunningly successful alternative to the capitalist organization of production. A consumers' cooperative is owned by its customers for their mutual benefit. Oriented towards service rather than profit, consumers often provide capital to

Economic democracy - Wikipedia

The model combines system-wide with decentralized decision-making, recognizes the existence of differences of interest and incorporates a transformative dynamic in which individuals modify their attitudes in the light of the positions of others. The model offers a detailed account of how economic activity could be organised in a self-governing capacity and Economic Planning will be of interest to students of economics, politics, sociology, and geography, as well as to a more general audience concerned with the nature of, and prospects for, socialism and democracy - life after capitalism. Seller Inventory AAV Synopsis: This book is a wide-ranging analysis of the nature of economic planning in both capitalist and statist societies. It seeks to establish an alternative to market forces as a means of coordinating decentralized economic decisions.

Devine begins with an analysis of the theory and practice of capitalist planning, central planning and "market socialism". He argues that, while market socialism is currently favoured by many economists who reject both capitalism and the command planning of the Soviet model, it cannot fulfill the promises held out for it. The model offers a detailed account of how economic activity could be organised in a self-governing society. Democracy and Economic Planning will be of interest to students of economics, politics, sociology, and geography, as well as to a more general audience concerned with the nature of, and prospects for, socialism and democracy - life after capitalism.

Book Description paperback. Condition: New. Language: ENG. Seller Inventory More information about this seller Contact this seller. Add to Basket. Book Description PAP. New Book. Shipped from UK. Undetected location. NO YES. Democracy and Economic Planning. Selected type: Paperback. Added to Your Shopping Cart. Print on Demand. Crucial services currently monopolized through licensing should be legislated as human rights. Smith envisioned a balanced economy under a socially owned banking commons within an inclusive society with full and equal rights for all.

Local labor is trained and employed to build and maintain water systems, sewers, roads, communication systems, railroads, ports, airports, post offices, and education systems. According to Smith, all monetary systems, including money markets, should function within fractional-reserve banking. Any shortage of savings within a socially owned banking system should be alleviated by simply printing it.

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launch or purchase the enterprise. In practice, consumer cooperatives price goods and services at competitive market rates.

In his book, From Mondragon To America, Greg MacLeod argues that "in consumer cooperatives where the customer-members own the capital and the employees are subject to capital, the normal dynamic is the adversarial relationship of labor to capital. Sometimes the result is strikes of labor against management. For example, Mondragon has developed a large "hybrid" cooperative which sells groceries and furniture in Spain. Consumer cooperatives vary in organization and operations, but typically follow the Rochdale Principles.

Consumer cooperatives may also form Co-operative Federations. These may take the form of co-operative wholesale societies, through which they collectively purchase goods at wholesale prices and, in some cases, cooperatively own factories. Alternatively, they may be members of Co-operative unions. Consumer cooperatives are very different from "discount clubs," which charge annual fees in exchange for a discount on purchases.

The club is not owned or governed by the members and profits go to investors, not to members. Most food co-ops are consumer cooperatives that specialize in grocery products. Members patronize the store and vote in elections. The members elect a board of directors to make high-level decisions and recruit managers. The ideas of local and slow food production can help local farmers prosper, in addition to providing consumers with fresher products.

But the growing ubiquity of organic food products in corporate stores testifies to broadening consumer awareness, and to the dynamics of global marketing. For example, associated with national and international cooperative communities, Portland Oregon cooperatives manage to survive market competition with corporate franchise. As Lee Lancaster, financial manager for Food Front, states, "cooperatives are potentially one democratic economic model that could help guide business decisions toward meeting human needs while honoring the needs of society and nature". He admits, however, it is difficult to maintain collaboration among cooperatives while also avoiding integration that typically results in centralized authority. According to Smith, "Currency is only the representation of wealth produced by combining land resources, labor, and industrial capital". He claimed that no country was free when another country has such leverage over its entire economy.

But by combining their resources, Smith claimed that developing nations have all three of these foundations of wealth. By peripheral nations using the currency of an imperial center as its trading currency, the imperial center can actually print money to own industry within those periphery countries. By forming regional trading blocs and printing their own trading currency, the developing world has all four requirements for production, resources, labor, industrial capital, and finance capital. The wealth produced provides the value to back the created and circulating money. Smith further explained that developed countries need resources from the developing world as much as developing countries need finance capital and technology from the developed world.

Aside from the superior military power of the imperial centers, the undeveloped world actually has superior bargaining leverage. With independent trading currencies, developing countries could barter their resources to the developed world for the latest industrial technologies. Barter avoids "hard money monopolization" [clarification needed] and the unequal trade between weak and strong nations that result. Smith suggested that barter was how Germany resolved many financial difficulties "put in place to strangle her", and that "World Wars I and II settled that trade dispute". He claimed that their intentions of exclusive entitlement were clearly exposed when the imperial centers resorted to military force to prevent such barter and maintain monopoly control of others' resources. Workplace democracy has been cited as a possible solution to the problems that arise from excluding employees from decision-making such as low-employee morale, employee alienation, and low employee engagement.

Capital owners of a firm wield power within a system of shareholder democracy that allocates voice democratically according to how much capital investment they place in the firm. Labor, on the other hand, rarely benefits from a system to voice their concerns within the firm. She argues that firms are more than just economic organizations especially given the power that they wield over people's livelihoods, environment, and rights. Rather, Ferreras holds that firms are best understood as political entities. Germany and to a lesser extent the broader European Union have experimented with a way of workplace democracy known as Co-determination, a system that allows workers to elect representatives that sit on the board of directors of a company. Common criticisms of workplace democracy include that democratic workplaces are less efficient than hierarchical workplace, that managers are best equipped to make company decisions since they are better educated and aware of the broader business context.

One of the biggest criticisms against capitalism is that it concentrates economic and, as a result, political power in a few hands. Theorists of economic democracy have argued that one solution to this unequal concentration of power is to create mechanisms that distribute ownership of productive assets across the entire population. In Justice as Fairness: A Restatement, John Rawls argued that only two systems could embody the main features of his principles of justice: liberal socialism or a property-owning democracy. Operating under the idea that making ownership more widespread leads to more equitable outcomes various proposals of asset-based welfare and asset-redistribution have been conceived. Individualistic and liberal asset-based welfare strategies such as the United Kingdom's Child Trust Fund or the United States Individual Development Account aimed to help people save money so that it could be invested on education, home-ownership, or entrepreneurship.

More experimental and left-leaning proposals include worker owned cooperatives, ESOPS, or Roemer’s ‘coupon socialism. Ludwig von Mises argued that ownership and control over the means of production belongs to private firms and can only be sustained by means of consumer choice, exercised daily in the marketplace. From Wikipedia, the free encyclopedia. Socioeconomic philosophy. History Theory Criticism. Related topics. Anarchism Citizens' assembly Democratic capitalism Democratic centralism Democratic confederalism Democratic republic Democratic socialism Democratization Democracy and economic growth Democracy in Marxism Democracy promotion Keretanian Libertarianism Libertarianism Majoritarianism Motion Ochlocracy Peaceful transition of power People's democratic dictatorship Polyarchy Populism Sortition Tyranny of the majority Voting Wars between democracies Waves of democracy.
Democracy and Economic Planning

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It seeks to establish an alternative to market forces as a means of coordinating decentralized economic activities. It begins with an analysis of the theory and practice of capitalist planning, central planning and 'market socialism'. It argues that, while market socialism is currently favored by many economists who reject both capitalism and the command planning of the Soviet model, it cannot fulfill the promises held out for it. In the remainder of the book Devine elaborates an alternative model based on the novel idea of 'negotiated coordination'. The model combines system-wide with decentralized decision-making, recognizes the existence of differences of interest and incorporates a transformative dynamic in which individuals modify their attitudes in the light of the positions of others.

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they can hire lobbyists, donate copiously to politicians, and sway public opinion.

But, despite Supreme Court rulings, the modern corporation is not a real person. Rather, the publicly traded stock corporation is what Barnes terms an "autonomous", explicitly designed to maximize return to its owners. A corporation never sleeps or slows down. It externalizes as many costs as possible, and never reaches an upper limit of profitability, because no such limit has yet been established. As a result, corporations keep getting larger. In sales of the Fortune accounted for one-third of U. By they commanded two-thirds. In other words, these few hundred corporations replaced smaller firms organized as partnerships or proprietorships. Corporations have established a homogeneous global playing field around which they can freely move raw materials, labor, capital, finished products, tax-paying obligations, and profits. Thus, corporate franchise has become a perpetual grant of sovereignty, including immortality, self-government, and limited liability.

By the end of the twentieth century, corporate power—both economic and political—stretched worldwide. International agreements not only lowered tariffs but extended corporate property rights and reduced the ability of sovereign nations to regulate corporations. David Schweickart submits that such "hypermobility of capital" generates economic and political insecurity. According to Rasmussen, income inequality in contemporary America increased as the relative share of income for corporations and the wealthiest one percent of households rose while income shares declined for percent of the United States workforce.

After rising steadily for three decades after World War II, the standard of living for most American workers has sharply declined between the mids to the present. While a hundred new billionaires were created since 1980, real weekly earnings for million workers are less in than in when Ronald Reagan took office. According to economist Richard D. Wolff, the s brought an end to the labor shortage which had facilitated more than a century of rising average real wages in the United States. According to David Harvey, "the export of capital and the cultivation of new markets around the world" is a solution "as old as capitalism itself" for the deficiency of effective demand.

Vladimir Lenin viewed imperialism as the highest stage of capitalism. He asserted that the merging of banks and industrial cartels gave rise to finance capital, which was then exported rather than goods in pursuit of greater profits than the home market could offer. Political and financial power became divided among international monopolist firms and European states, colonizing large parts of the world in support of their businesses. Given its expansionist nature, capitalism has little inclination to stay home. While he conceded imperialism is not typically recognized as a legitimate allegation about the United States, Parenti argued: Emperors and conquistadors were interested mostly in plunder and tribute, gold and glory.

Capitalist imperialism differs from these earlier forms in the way it systematically accumulates capital through the organized exploitation of labor and the penetration of overseas markets. Capitalist imperialism invests in other countries, transforming and dominating their economies, cultures, and political life, integrating their financial and productive structures into an international system of capital accumulation. In his book, The Political Struggle for the 21st century, J. Smith examines the economic basis for the history of imperial civilization.

On a global scale, he says developed nations tended to impede or prohibit the economic and technological advancement of weaker developing countries through the military force, martial law, and inequitable practices of trade that typically characterize colonialism. Rhetorically termed as "survival of the fittest", or "might makes right", such economic crises stem from the imbalances imposed by corporate imperialism. Just as cities in the Middle Ages monopolized the means of production by conquering and controlling the sources of raw materials and countryside markets, Smith claims that contemporary centers of capital now control our present world through private monopoly of public resources sometimes known as "the commons". Through inequalities of trade, developing countries are overcharged for import of manufactured goods and underpaid for raw material exports, as wealth is siphoned from the periphery of empire and hoarded at the imperial-centers-of-capital.

This low pay siphoned the wealth of the countryside to the imperial-centers-of-capital. The powerful had learned to plunder-by-trade and have been refining those skills ever since. Smith goes on to say that, like other financial empires in history, the contemporary model forms alliances necessary to develop and control wealth, keeping peripheral nations impoverished providers of cheap resources for the imperial capital centers. Belloc estimated that, during the British Enclosures, "perhaps half of the whole population was proletarian", while roughly the other "half" owned and controlled the means of production.

Under modern Capitalism, J. Smith claimed that fewer than individuals possess more wealth than half of the earth's population. Advocating for an "alternative economic system free of capitalism's structural flaws", [36] economist Richard D. Wolff says reform agendas are fundamentally inadequate, given that capitalist corporations, the dominant institutions of the existing system, retain the incentives and the resources to undo any sort of reform policy.

For example, Wolff goes on to say. The New Deal—era taxes on business and the rich and regulations of enterprise behavior proved vulnerable and unsustainable. The enemies of the New Deal had the incentives profit maximization and the resources their returns on investments to undo many of its reforms after World War II, with ever-greater effect in the period since the s. They systematically evaded, then weakened, the taxes and regulations of the New Deal, and eventually, when politically possible, eliminated them altogether. Business profits funded the parties, politicians, public relations campaigns, and professional think tanks that together shaped the real social effects and historical decline of government economic regulation.

Examples include the destruction of the Glass-Steagall Act, the current assault on Social Security, the shift in the federal tax burden from business to individuals and from upper- to middle-income individuals, and so on. According to David Schweickart, a serious critique of any problem cannot be content to merely note the negative features of the existing model. Instead, we must specify precisely the structural features of an alternative: "But if we want to do more than simply denounce the evils of capitalism, we must confront the claim that 'there is no alternative'"—by proposing one.

For example, Dr. Martin Luther King Jr. Capitalism forgets that life is social, and the Kingdom of Brotherhood is found neither in the thesis of Communism nor the antithesis of Capitalism but in a higher synthesis. It is found in a higher synthesis that combines the truths of both". King
Schweickart notes that it does not guarantee full employment.

Trade unionist and social activist Allan Engler argued further that economic democracy was the working-class alternative to capitalism. In his book, "Economic Democracy", Engler stated: When economic democracy — a world of human equality, democracy and cooperation — is the alternative, capitalism will no longer be seen as a lesser evil. When the working class, not a revolutionary party, is the agency of social transformation, change will be based on workplace organization, community mobilizations and democratic political action. The goal will be to transform capitalism into economic democracy through gains and reforms that improve living conditions while methodically replacing wealth-holders' entitlement with human entitlement, capitalist ownership with community ownership and master-servant relations with workplace democracy.

Assuming that "democracy is not just a political value, but one with profound economic implications, the problem is not to choose between plan and market, but to integrate these institutions into a democratic framework". In real-world practice, Schweickart concedes economic democracy will be more complicated and less "pure" than his model. However, to grasp the nature of the system and to understand its essential dynamic, it is important to have a clear picture of the basic structure. Capitalism is characterized by private ownership of productive resources, the market, and wage labor. The Soviet economic model subordinated private ownership of productive resources to public ownership by collecting farms and factories. It further subordinated the market to central planning—but retained the institution of wage labor. Most proposed models for economic democracy generally begin with democratizing the workplace and the ownership of capital. Other proposals advocate replacing the market with some form of planning, as well.

In worker self-management, each productive enterprise is controlled by those who work there. Workers are responsible for the operation of the facility, including organization, discipline, production techniques, and the nature, price, and distribution of products. Decisions concerning distribution are made democratically. Problems of authority delegation are solved by democratic representation. Management is chosen by the worker, not appointed by the State, not elected by the community at large and not selected by a board of directors elected by stockholders.

Ultimate authority rests with the enterprise's workers, following the one-person, one-vote principle. According to veteran World Bank economic adviser David P. Ellerman it's the employment contract that needs to be abolished, not private property. In other words, "a firm can be socialized and yet remain 'private' in the sense of not being government-owned. In the world today, the main form of enterprise is based on renting human beings privately or publicly. Our task is to construct the alternative. In the alternative type of firm, employment by the firm is replaced with membership in the firm. Economic democracy requires the abolition of the employment relation, not the abolition of private property.

Democracy can be married with private property in the workplace; the result of the union is the democratic worker-owned firm. Alternately, in Schweickart's model, workers control the workplace, but they do not "own" the means of production. Productive resources are regarded as the collective property of the society. Workers run the enterprise, use its capital assets as they see fit, and distribute the profits among themselves. Here, societal "ownership" of the enterprise manifests itself in two ways: 1. All firms pay tax on their capital assets, which goes into society's investment fund. In effect, workers rent capital assets from society. This means that a depreciation fund must be maintained to repair or replace existing capital stock. This money may be spent on capital replacements or improvements, but not to supplement workers' incomes. Italy's Legacoop and Spain's Mondragon multi-sectoral worker-cooperatives have both been able to reach significant scale and demonstrate long-term sustainability.

According to a study conducted by Massachusetts Institute of Technology, the greatest lesson to be learned from these European experiences is the importance of developing an economically integrated network of cooperatives rather than a single cooperative. In a market based economy the cooperative business form suffers from several strategic challenges when operating independently. One worker cooperative on its own is most likely doomed to fail in a highly competitive global economy. However, an ecosystem of several worker cooperatives and support organizations can create an infrastructure that leads to sustained growth and expansion. In Mondragon the cooperative network expanded from a single cooperative polytechnic school to a network of industrial, retail, finance, educational, and research and development firms.

While there is no single approach or 'blueprint' for social control of investment, many strategies have been proposed. For example, Gar Alperovitz claims many real-world strategies have already emerged to democratize and decentralize the ownership of wealth and capital. In addition to worker cooperatives, Alperovitz highlights ESOPs, credit unions and other cooperative forms, social enterprises, municipally owned utilities and public banks as starting points for what he has termed a "Pluralist Commonwealth". Alternately, David Schweickart proposes a flat-rate tax on capital assets to replace all other business taxes. This "capital assets tax" is collected and invested by the central government.

Funds are dispersed throughout society, first to regions and communities on a per capita basis, then to public banks in accordance with past performance, then to those firms with profitable project proposals. Profitable projects that promise increased employment are favored over those that do not. At each level, national, regional and local, legislatures decide what portion of the funds is to be used for public capital expenditures, then send the remainder to the next lower level. Associated with most banks are entrepreneurial divisions, which promote firm expansion and new firm creation. For large regional or national enterprises, local investment banks are complemented by regional and national investment banks. These too would be public institutions that receive their funds from the national investment fund. Banks are public, not private, institutions that make grants, not loans, to business enterprises.

According to Schweickart, these grants do not represent "free money", since an investment grant counts as an addition to the capital assets of the enterprise, upon which the capital-asset tax must be paid. Thus the capital assets tax functions as an interest rate. A bank grant is essentially a loan requiring interest payments but no repayment of principal. While an economy of worker-self-managed enterprises might tend toward lower unemployment than under capitalism - because banks are mandated to consistently prioritize investment projects that would increase employment - Schweickart notes that it does not guarantee full employment.
Social control of investment serves to increase employment. If the market provides insufficient employment, the public sector becomes the employer of last resort. The original formulation of the U. Humphrey-Hawkins Act assumed that only in this way could full employment be assured in a market economy. Economic Democracy adopts this approach. Social control of investment then blocks the cyclical unemployment typical of capitalism. Hungarian historian Karl Polanyi suggested that market economies should subordinate themselves to larger societal needs. He states that human-beings, the source of labor, do not reproduce for the sole purpose of providing the market with workers. In The Great Transformation, Polanyi says that while modern states and market economies tend to grow under capitalism, both are mutually interdependent for functional development.

In order for market economies to be truly prosperous, he claims social constructs must play an essential role. Polanyi claimed that land, labor, and money are all commodified under capitalism, though the inherent purpose of these items was never intended "for sale"—what he labels "fictitious commodities. Schweickart's economic democracy is a form of market economy, at least insofar as the allocation of consumer and capital goods is concerned.

Firms buy raw materials and machinery from other firms and sell their products to other enterprises or consumers. Without a price mechanism sensitive to supply and demand, it is extremely difficult for a producer or planner to know what and how much to produce, and which production and marketing methods are the most efficient. Otherwise, it is difficult to motivate producers to be both efficient and innovative. Market competition resolves these problems, to a significant if incomplete degree, in a non-authoritarian, non-bureaucratic fashion. Enterprises still strive to make a profit.

However, "profit" in a worker-run firm is calculated differently than under capitalism. For a capitalist firm, labor is counted as a cost. For a worker-run enterprise it is not. Labor is not another "factor of production" on par with land and capital. Labor is the residual claimant. Workers get all that remains, once other costs, including depreciation set asides and the capital assets tax, have been paid. Because of the way workplaces and the investment mechanism are structured, Schweickart's model aims to facilitate fair trade, not free trade, between nations. Under Economic Democracy, there would be virtually no cross-border capital flows. Enterprises themselves would not relocate abroad, since they are democratically controlled by their own workers.

Finance capital stays mostly at home, since funds for investment are publicly generated and are mandated by law to be reinvested domestically. The capital assets of the country are collectively owned—and hence not for sale. According to Michael Howard, "in preserving commodity exchange, a market socialism has greater continuity with the society it displaces than does nonmarket socialism, and thus it is more likely to emerge from capitalism as a result of tendencies generated within it. Economic democracy is described as an integral component of an inclusive democracy in Takis Fotopoulos' Towards An Inclusive Democracy as a stateless, moneyless and marketless economy that precludes private accumulation of wealth and the institutionalization of privileges for some sections of society, without relying on a mythical post-scarcity state of abundance, or sacrificing freedom of choice. The proposed system aims to meet the basic needs of all citizens macroeconomic decisions, and secure freedom of choice microeconomic decisions.

Therefore, the system consists of two basic elements: 1 democratic planning, which involves a feedback process between workplace assemblies, demotic assemblies and a confederal assembly, and 2 an artificial market using personal vouchers, which ensures freedom of choice but avoids the adverse effects of real markets. Although David Pepper called this system "a form of money based on the labour theory of value", [58] it is not a money model since vouchers cannot be used as a general medium of exchange and store of wealth. Another distinguishing feature of inclusive democracy is its distinction between basic and non-basic needs. Remuneration is determined separately according to the cost of basic needs, and according to degree of effort for non-basic needs.

Inclusive democracy is based on the principle that meeting basic needs is a fundamental human right which is guaranteed to all who are in a physical condition to offer a minimal amount of work. By contrast, participatory economics guarantees that basic needs are satisfied only for public goods or are covered by compassion and by a guaranteed basic income for the unemployed and those who cannot work. As part of inclusive democracy, economic democracy is the authority of demos community in the economic sphere—which requires equal distribution of economic power. Development - Economic Development.

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