

Book Review: *Economic Justice and Democracy: From Competition to Cooperation*, by Robin Hahnel, New York and London: Routledge, 2005, 423 pp., ISBN: 0415933455(paperback, \$19.95), 0415933447 (hardback, \$80.00).

October 20, 2005

To be progressive is simple. It is to make what assumed to be impossible possible. It is to give people a hope of achieving a better society. But it is not an easy task at all. To change people's habits of thought is a hard nut to crack. What Robin Hahnel is attempting in this volume is breaking such habits and inspiring us to move forward in the aim of building an alternative economic system (a 'participatory economy') based on the principle of equitable cooperation by replacing the current greedy capitalist system. The model of participatory economy, initially proposed by Michael Albert and Robin Hahnel, becomes richer and concrete. This volume not only provides a more convincing answers to the criticisms of previous works (e.g., technical impossibility of participatory planning, undesirability, incompatibility with human nature), but also adds important issues such as environment, international trade and investment.

In the part I, Hahnel challenges the conventional conception of economic justice from a left-wing economist perspective. While the contribution (or marginal productivity) based theory justifies and perpetuates increasing inequality in the capitalist system, he argues, the effort and sacrifice based theory of justice supports a more equitable and humane reward system. And also, he refutes the misguided notion of economic democracy (which is commonly described as economic freedom and the majority rule) and suggests 'economic self-management' as a democratic operational rule. Following such novel conceptions, Hahnel criticizes communist, social democrat, and libertarian socialist regimes as well as the capitalist system in the part II. In all, they have never succeeded to organize its people and resources in an efficient and democratic way. Moreover, the devastating critique of the on-going social democratic system (or the third-way) is that it is doomed since they compromise the cooperative social principle with the greedy market principle. It thus is degenerative rather than progressive in the longer-period since it does not have a vision beyond capitalism.

In the part III, Hahnel articulates how to design the participatory economy. The upshot is that if decisions of production and consumption are

carried out by democratically organized worker and consumer councils, the participatory economy is not only efficient, incentive compatible, but also equitable and just. People engaged in self-managed councils have every reason to treat environment wisely rather than abuse it for the profit. The proposed ‘greater-than-50-percent-rule’, furthermore, guarantees less developed countries more gains from trade. The very strength of the model is its incentive-compatibility. Thus it is reasonable to believe that the model, if it is put into place, is stable over time as well as feasible and desirable. In Part IV, reforms and policy issues as an intermediate goal under the capitalist economy are discussed. Arguably, Hahnel puts more emphasis on the wage-led policy rather than the investment-promoting policy. The underlying idea is that the investment-led growth policy has an inherent deficiency that accumulated capital is not necessarily kept being invested. On the other hand, the wage-led aggregate demand policy not only increases workers’ income, but also induces the expansion of investment and reduces unemployment since the increased wage income generates profitable sales opportunities.

In fact such a theoretically designed model of equitable cooperation can be found in the reality in varying forms and degrees. Just mention some, local currency movements, worker takeovers (Argentina), the Mondragón cooperative network (Spain), consumer and producer cooperatives, participatory budgeting in Kerala (India) and Port Alegre (Brazil). Hahnel argues in the last part of the book that those movements should be discussed and practiced in a broader range in order to transform the current capitalist system eventually.

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