

CAPITALISM 4.0 : THE BIRTH OF A NEW ECONOMY IN THE AFTERMATH OF CRISIS

THE FOUR AGES OF CAPITALISM

- **Capitalism** in modern sense is only 150 years old,
 - Crystallized by “the Wealth of Nation (Adam Smith) ”
 - Self-organized system produces mutually satisfactory outcomes
- Found on 4 characteristics
 1. Competitive Spirit (Ambition)
 2. Desire for sensual gratification (Pleasure) and mastery of material world
 3. Acceptance of profit and capital accumulation
 4. Recognition of voluntary exchange and cooperation

CAPITALISM 1.0 (1776-1932)

- COMMON IDEOLOGY :
 - Private property and profit motive was free from human manipulation like natural Phenomena
 - Laissez-faire:
 - Economic and politics are 2 distinct sphere and should remain distinct as possible in interests of both.
 - Dominated throughout this period

CAPITALISM 1.0 (1776-1932)

- Government interventions (tariffs and taxes)
 - Raise revenue
 - Protect domestic industries (favour social interests)
 - Should be disappeared (laissez-faire)
- Strong and well-organised state was needed to enforce contracts and protect private property
- Overweening state stunt economic process by favouring politically powerful and by squeezing private enterprise to support aristocrat luxury or wars

CAPITALISM 1.0 (1776-1932)

- Government interventions (tariffs and taxes)
- Legitimate government (19th century)
 - Confined “Regalian Responsibilities”
 - Justice
 - Law-making
 - National defence
 - Liberal thinkers added
 - Provision of basic education
 - Relief from extreme property and physical exploitation

CAPITALISM 1.0 (1776-1932)

- Success of capitalism 1.0
 - Approached nearest to laissez-faire (late 1860s)
 - Witnessed
 - The second industrial revolution
 - A period of economic acceleration and social progress due to electricity, chemical engineering, petroleum
- Threats of classical capitalism
 - Marx's *das Kapital* (1867)
 - Foundation of trade union (1869)
 - The knight of labour
 - The revolution uprising of the Paris commune (1871)

CAPITALISM 1.0 (1776-1932)

- Problems of communism, fascism and class conflicts
 - Fed by inequalities of 19th century capitalism
- Threats of classical capitalism
- By 1914: the Victorian capitalism was declining
- 1919: Keynes warned of the economic catastrophe by the Versailles treaty
- 1930s: hyperinflation in Weimar, Germany and the great depression

CAPITALISM 2.0 (1931-1980)

- New capitalism born out of economic disaster of the interwar period (capitalism 2.0), which was intellectual symbol was Keynes's *general theory* (1936)
- *The Golden Age of Keynesian economics: "The Economist as Hero."* And soon there were odder juxtapositions: the heroic central banker and the heroic finance ministry bureaucrat.
- *Government needed to raise revenues (from tariffs and taxes) to fight wars.*
- Guilds, landowners, and manufacturers lobbied for tariffs to protect them from low-cost foreign competition.

CAPITALISM 2.0 (1931-1980)

- **Government**

- Until the 1930s, almost no one, especially those in the nerve center of the global economy that was nineteenth-century Britain, believed that politicians could or should do anything to improve or stabilize the workings of the market.
- As public outrage intensified over mass unemployment, the twin threats of socialist revolution and fascist dictatorship forced democratic politicians to engage with the economy in ways that classical economist had never imagined.
- The upshot was that economists, politicians and voters gradually realized that markets and governments were enmeshed in ways that no one had previously understood.

CAPITALISM 2.0 (1931-1980)

- **Government**

- This realization led, in turn, to the defining characteristic of Capitalism 2: a belief that capitalism, if unguided by government, was ruinously and intrinsically unstable.
- Electing benign and competent governments to protect the public and the economy from the inevitable chaos of free markets thus became the most important function of politics, at least in peacetime.

CAPITALISM 2.0 (1931-1980)

- **End**

- From the late 1960s onward, the world was hit by a succession of economic crises.
- Arguably, these started with the inflationary financing of the Vietnam war and great society welfare spending under Lyndon Johnson.
- But other countries, including Britain, Italy, France, and even Germany, also faced severe disruptions, ranging from inflation to assassination and terrorism from the extreme left and the extreme right.
- The deathblows to Capitalism 2 were the breakdown of the international monetary system in 1971, when President Nixon unilaterally closed the U.S. Treasury's "gold window,"¹⁹ and the 1973 Arab embargo, which quadrupled the price of oil.
- The result was a lethal combination of high inflation and mass unemployment that came to be known as stagflation, an economic malady the world had never seen before.

CAPITALISM 3.0 (1931-1980)

- Capitalism 3 began with the election of Margaret Thatcher in June 1979, closely followed by Ronald Reagan's election in November 1980 and the taming of inflation by Paul Volcker's application of monetarism in 1981-82.
- The intellectual inspiration for this great transition came from Milton Friedman and his monetarist followers at the University of Chicago.
- Monetarism was closely related to other “new classical” economic doctrines, which revived the assumption that free, competitive markets, provided they were not distorted by state intervention, would always keep a capitalist economy in balance, producing efficient and rational outcomes, including economic stability and full employment.

CAPITALISM 3.0 (1931-1980)

- Conservative explanations of the breakdown stress the disincentive effects of high taxes, the stifling of private enterprise by overbearing governments, and the militant unions they empowered.
- Marxist accounts, ironically, emphasize some of the same factors, especially the class conflict and pressure for income redistribution promoted by an increasingly powerful labor movement.
- Economic theory today treats inflation as a purely monetary phenomenon, determined by the amount of money created by central banks.
- But there were deep political and sociological reasons why monetary expansion began to produce inflation in the late 1960s, instead of fueling rapid growth of employment and real output, as it had in the previous twenty years.

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CAPITALISM 4.0?

- 1978-the bankruptcy of Lehman (2008)
 - Most governments' and central banks' official objective is to **control inflation**
- In the new capitalism 4.0
 - Central bank will accept more complexities of economies
 - Has more than 1 objectives such as low inflation and adequate growth rate
 - No contradiction among these objectives
 - Rational expectation does not work anymore
 - Must prioritise signal if indicators show contradict signals
 - More responsibilities for government

CAPITALISM 4.0?

Will there be government debt crisis?

- Aftermath of financial crisis, fiscal stimulus plans were launched
 - China's stimulus helped to reverse economic turndown with a quarter
 - Germany's stimulus was the largest in EU and resulted by mid-2009
- Debt must be under control level
 - However, majority agreed that urgent deficit reduction was needed
- Government deficit could continue for many years leading to financial turmoil
 - If government increases tax or cut the spending too quickly, recession which make deficit larger and demand's cutbacks
 - Debt trap paralysed Japan for 20 years

CAPITALISM 4.0?

The great rebalancing of global growth

- The imbalance of growth and consumption (borrowed and consumed too much) are regarded as the most fundamental cause of the crisis.
- 1st group : US, Britain, Spain, France , Italy (trade deficit countries)
- 2nd : China, Germany, Japan and Taiwan (with excessive saving and large trade surplus)
- Chinese strategy : Exported rapidly to American consumers/ Manipulated global currencies (exchange at artificial low exchange rate)/ Recycled money by buy bonds from US treasury and GSEs
- Likewise, Germany
 - Exported car and machinery in EU
 - Recycled money by lending money to homeowners and governments

CAPITALISM 4.0?

- While export-oriented countries run trade surpluses , arithmetically, it will squeeze growth in other trading economies
- If trade deficit countries reduce their government and international borrowing, trade surplus countries redirect their strategies toward achieving balanced trade
 - In Europe, if deficit countries in EU continue to rebalance their economy and reduce trade deficit, Germany's trade surplus will vanish and its export industries will suffer from losses

CAPITALISM 4.0?

- 2007-2009 crisis could be end of America's global dominance
 - In economic model and geopolitical power if fiscal stimulus is withdrawn too quickly
 - The government's debt could be out of control and damaged the domestic economy and paralyzing America's defence
 - In other words, the United States could have the same fate as the Soviet Union in 1970s
- For Europe, it would suffer even more than America

CAPITALISM 4.0?

- The Washington consensus: the formula for prosperity and development is “free market and free people”
- Near-collapse of global capitalism (The failure of Western capitalism) might change developing countries' thoughts
 - Lost interest in Washington Consensus that promoted democracy and liberal economics
- Loss faith in pure free-market thinking is bound to intensify against the continuing displacement of manufacturing jobs
 - Free trade implies all nations should specialise in the economic activities in which they have comparative advantage
- In reality, it cannot
 - Even small countries. They support several industries to
 - Preserve a range of skills
 - Overdependence

CONVERGENCE BETWEEN THE US AND EU

- The collapse of financial capitalism has discredited the Anglo-Saxon model in comparison with more consensual EU approach
- 2007-2009 financial crisis would exacerbate at least 3 structural problems
 - The falling demand for manufactured goods caused by the consumption slowdown in highly indebted countries and exporting countries
 - Southern and central EU faced financial crisis because addition to cheap and seemingly unlimited credit
 - Euro became a source of vulnerability because of market fundamentalist

CAPITALISM 4.0?

- China and US have mutual dependence
 - China: cheap labour and excess saving
 - US : new products, technologies and consumer demand
- Beijing Consensus?: It could never be a model for the affluent, democratic model??
- Why the Chinese model can fail?
 - Has contradiction between the freedom to innovate and compete , which is at heart of capitalism
 - Relies on exports, especially to U.S. consumer market, will become problematic as U.S. reduces foreign borrowing and trade deficit
 - Alternative choice – move toward domestic growth
 - Difficult and slower productivity and economic development
 - Requires soft infrastructure of capitalism – secure property rights, representative government, desire for instant personal enrichment - for next stage
 - China is too poor, too technologically backward, too cultural specific to be credible model and have to deal with population rather than economic growth (income per capita)
 - China's combination of strict authoritarian and political stability, which is less likely to success in other nations.

CAPITALISM 4.0?

Business interests will embrace the new model

- As capitalism 4.0 evolves, the reaction of business leaders will be to oppose the increased interaction of government with private sector
 - In the time, change for cooperation between business and government in all over the world
- Thatcher-Reagan revolution, business leaders took it axiomatic that all regulation and government intervention was damaging to their interests.
- The closure of manufacturing industries was justified as a natural and unavoidable consequence of market economics

CAPITALISM 4.0?

- After financial crisis, reconsideration of the relationships between management, shareholders and government will occur.
 - In the future, business lobbying on defensive contracts will be overshadowed
 - Stop fighting ideological battles against the principle of active government
 - More serious all sorts of proposals for subsidies and taxes directed

CAPITALISM 4.0?

Limits to growth and physical resources

- The market-knows-best idea of capitalism 3.0 assumed that there could be no constraints on the growth of the world economy
 - If there are such limits, market would send the right price signals
- The physical constraints on the future growth of the world economy
 - Run out of raw materials (especially, oil)
 - Run out of carbon-fossil
- When oil prices was \$150 a barrel
 - According to market fundamentalist, created a long-term equilibrium between supply and demand in the energy market

CAPITALISM 4.0?

- Energy-consuming nations can control the demand of oil price by raising its price within their own economy
 - The objective of western governments is to deny energy producers of the unearned rent (can be thought as profit)
- The key objective of energy policy in the future will be
 - To redirect of oil producers rent to governments and taxpayers of energy-consuming world

CAPITALISM 4.0?

- 4 steps in this direction (to transform into electricity-based technologies)
 - For the U.S. Government, to reduce political self-destructive dependence on imported oil (energy taxes like EU- offset by reduction of income tax)
 - For governments around the world, introduce a system of steadily increasing energy or tradable carbon permits
 - Alternative energy become cheaper – also upsurge alternative energy investment
 - For developing countries, to eliminate energy subsidies and replace domestic taxes with global energy tax and carbon trading regime
 - For energy-consuming countries, especially advanced economies, to defy the principles of market fundamentalism by matching taxes on oil consumption with subsidies for alternative energy research investment

THE ENVIRONMENT CAN BECOME A POSITIVE ECONOMIC STORY

- Capitalism 4.0 must have new incentives to reduce pollution
- The U.S. Federal government has halved its energy research spending since 1980s
- The entire global research in all forms of non-carbon energy was very small in 2008
 - By contract, 10 billion around the world on alternative and unclear energy research, and estimated \$250 billion is spent on subsidising the extraction and burning of fossil fuels
 - These disparities imply markets are not signal appropriate price to motivate investment and innovative
 - Probably existence of market failures

CAPITALISM 4.0?

- Political incentives designed to promote investment in a new global infrastructure should be attractive to American business
 - Since the U.S. and Britain have comparative advantages in innovative science-based industries, they would benefit from zero-carbon technological change

PROSPERITY WITHOUT GROWTH

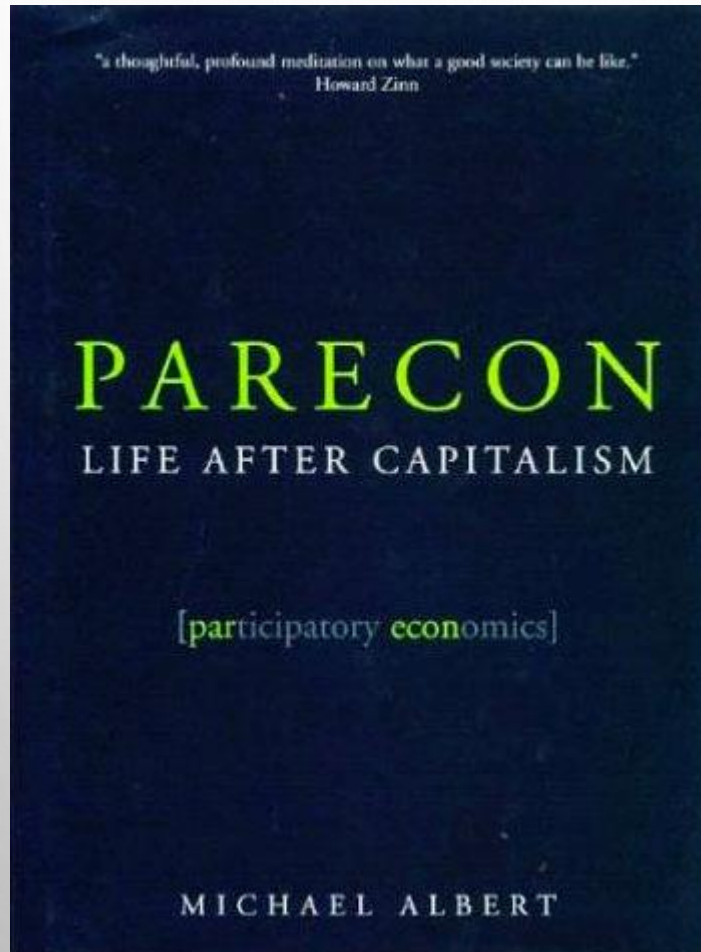
- Developing countries' leader or people focus on economic growth or their power
- How will the conflicting goals of social responsibility and economic growth to be reconciled?
 - Partial answer :
 - Reshaping market incentives to channel more resources into new technologies
 - For government to recapture through taxation or emission trading
 - Extreme example, the mining and sale of asbestos created many jobs and expanded GDP
 - Tens of billion USD were used to compensated their grieving and health

CAPITALISM 4.0?

- CFC refrigerants eliminate atmosphere under 1989 Montreal convention
 - The industry damaged – pass cost to consumers
 - Take economic sacrifice as social gain
 - This can be statistically misleading
- If we have poor measurement, it may actually worse standard living standards
 - No relationship between output and environmental costs
- There are many links to the labour, green and anti-globalisation movements, which against capitalism

TOWARD A NEW ECONOMICS

- How the new ways of thinking help to provide an intellectual and ideological foundation for capitalism 4.0?
 - New fields of economics have been developing
 - Behavioural economics
 - Psychology rather than calculation of rational expectation
 - Not challenge REH (rational expectation hypothesis)
 - Booms and recession caused by market failures
 - Be prevented by making markets more perfect
 - Chaos theory and control engineering
 - Suggest mathematical techniques were wrong
 - Nonlinear complex systems with standard economic assumptions
 - Impressive results but never integrated to macroeconomic and financial market study



PARECON: LIFE AFTER CAPITALISM

INTRODUCTION

- In US, is nearly 3% of world population consume HALF of world's production; beside, 2% of US population owned 60% of the wealth.
- These show the developed countries suffer from inequality, and the less developed countries also face the same problem. The rich get richer and the poor gets poorer.
- How do we enrich consumption and make it more equitable? How do we make allocation just and efficient?

Can we enjoy efficient, justice, democracy, and integrity simultaneously?

PARECON AND GLOBALIZATION

Anti-corporate globalization activists favor sympathetic and mutually benefit global ties to advance equity, solidarity, diversity, and self-management. Two questions arise:

- Why do these aspirations cause anti-corporate globalization activists to be critical of corporate globalization?
- What new-institutions do anti-corporate globalization activists propose to do better job than those existing now?

REJECTING CAPITALIST GLOBALIZATION

- Current **trading international market** overwhelmingly benefits those who enter, but it doesn't equally benefit both party. The benefits go disproportionately to the stronger traders, private and profit seeking corporations, thereby increase their relative dominant
- **Market competition resources** is nearly always zero-sum game. Capitalist globalization promote self-interested and enjoy benefit from privatizing.
- **Cultural communities** value disperse only their megaphone permit. Capitalist globalization creates cultural homogenization not diversity
- Only **political and corporation elites make decision** of capitalist globalizers. Capitalist globalization imposes hierarchy not economies nor politics causing the reduction of people power to say a thing over their communities. Financier in corporate headquarters extend their power. Now profit and power drive all calculation.
- **Capitalist globalization have reduce of people well being, that's why anti-capitalist globalization fight for the better world.**

SUPPORTING GLOBAL JUSTICE

Problem facing

- **IMF, World Bank, and WTO** have established as the written goal to maintain world's economy, promote investment in less developed countries, and other aiding policies; which is actually aiming to expanding and strengthening their own economies.
- **For example**, IMF provides loan to reward that offered open corporate access but punish who did not and financing project to seek profit for major multinationals. WTO had regulate all trades on behalf of the rich and powerful.

ANTI-CAPITALIST GLOBALIZATION AND ECONOMIC VISION

- Even if the internationalist activist try to solve the problem of capitalist globalization as above, a vision problem persists.
- International structures certainly impose severe constraints on domestic choices; domestic markets and corporations around the world propel capitalist globalization
- To combat this belief, anti-globalization activists must not only offer an alternative regarding global economics but also an alternative regarding global economics.
- People must feel that it'll be permanently not just short-term impact by quickly done.

PARTICIPATORY ECONOMICS

- **Capitalism** revolves around private ownership which contributes the difference of wealth and income gap to be wider.
- And in this class division induces the huge difference of decision making that affects quality of life.
- Hence parecon imposed anti-globalization activists to shape alternative global aim: **equity, solidarity, diversity, self-management, and ecological balance.**

COLLECTIVE CONSUMPTION

The capitalist case

- How capitalist organize public goods? Let say there is Jefferson park, where can be collectively consumed by member of capitalist country. It is officially government that decides on the mix of public goods and taxes that will be levied on everyone.
- However, the zoning of country, this Jefferson park will be located near to the people who are wealthier and more powerful. For who has less, their zoning will be more traffic and even toxic sometimes.
- The influence of money over country policy gives rise to "sensible" passivity among most of population in capitalist in Jefferson park.

The participatory case

- Decision is made at the various levels of individuals, neighborhood, ward, country. To fully understand collective consumption requires relating it to the planning of all economic decisions.
- Participatory planning procedures then refine these many possibilities into more precise options or pass them up to more encompassing council for choices to be made by appropriate voting procedure. Although participation by citizen requires that more their time to go managing collective consumption than under capitalism, it is less time than they previously spent compensating for the ills induced by profit-motivated decision.

INDIVIDUAL CONSUMPTION

The capitalist case

- In capitalist, shopping is the quintessential activity, “shop till you drop.” When we consume we know little about what others to produce of what we consume by the limitation of ability to temper our requests out of concern of producer. We can only respect the limit of what is available, our personal budget, and our desires.

The participatory case

- Living in the community that quite observable, he or she considers individual consumption in light of already determined collective plans for the country, neighborhood, and co-housing communities since these collective decision may greatly affect need for private consumption.

ALLOCATION

- In 1983, British economist Alec Nove wrote the book the economics of feasible socialism. He talked about the allocation that we can choose only two ways which are market or central planning, which the two systems that already got rejected.
- Nove believes producers and consumers cannot together arrive in instructions that they mutually carry out without any central agency nor competition and commodity exchange, except with horrible repercussions. He found that the allocation is complex and important.
- The allocation alternative here is “decentralized participatory planning”. The allocation has to be accomplished by selecting its own manner final outcomes with its own particular (participatory economic) properties.

PARTICIPATORY ECONOMICS

- In this new introduced organization, will work based on “balance job complex.”
- For remuneration, it is according to how hard, how long, and how sacrificed in the work.
- The definition of each task in the balance job complex is determined by information and the influenced of consumers' wills and desires.
- Thus, participatory planning is advocated, a system which worker and consumer council propose their works, activities, and consumer preferences.
- The economic vision of parecon is provide inspiration, generate hope, reveal possible, value, and democratize our strategies of what people desire whether to run in the circle or move to something that worse than now we endure.

PARTICIPATORY INFORMATION AND COMMUNICATION

Consumption request by consumers, for informed collective self-management, the following condition must be

- Participatory workers must weigh the gain from working less or using less productive though more fulfilling techniques, against the consequent loss of consumer well-being.
- Participatory workers must distinguish an equitable work load from one that is too light or too heavy.
- Everyone must know the true social benefits and costs of their consumption and production.

FIRST COMMUNICATION TOOL: PRICES

- The key concept of making choice is “social opportunity cost” of doing any particular thing.
- If the economy is functioning optimally, then it will be cognizant of full social effect of both the production and consumption of its input and output.
- The full range of actual choices in the economy, the pattern of production and consumption that result from allocation, will simultaneously determine social opportunity cost of every single choice among total of possibility.
- It is a kind of circular or interactive relationship.

FIRST COMMUNICATION TOOL: PRICES

- Producer and consumer use prices as the relative value and cost of various choices.
- Therefore, price should embody accurate estimates of full social costs and benefits of input and output.
- They should be equal their true social opportunity cost.
- Prices are “indicative” during the participatory planning process in the sense that they represent the best current estimates of final relative valuation.
- In parecon, indicative prices are also flexible in the sense that qualitative information about actual conditions of labor and implication of consuming items provide important additional guidance. However, the quantitative prices are not use alone, rather it has checks and balances.

SECOND COMMUNICATION TOOL: MEASURES OF WORK

- In parecon, job complexes would be balanced by a real social evaluation,
- But measure of hours plus intensity worked would only serve as guidelines for decision since council could grant exception for higher (or lower) consumption requests as conditions and needs warranted.

THIRD COMMUNICATION TOLL: QUALITATIVE ACTIVITY

- To prevent those who make decision based only on enumeration of quantitative costs and benefits.
- The “qualitative activity” can be explained in the sense that those who produces and consumes particular goods must communicate with planning process the qualitative human effects that cannot be fully conveyed by quantitative indicators.

ALLOCATION ORGANIZATION

- In parecon, every workplace and consumers councils' will participate in social procedure or we call "participatory planning."
- Besides the workplace council, we also have industrial council and more variety of councils or "facilitation boards" to facilitate information and collect consumption proposals for large scale investment projects and other requests.

A TYPICAL PLANNING PROCESS

- The first step, individual think about his or her plan for the year. They know that they working in balanced job complex, whether they want to “save” if they have excess income, or “borrow” if they want to consume more than their earned.
- After first proposals are collected, new indicative prices are calculated, and new projections of social average are estimated.
- In the next step, every individual would formulate their response. After the descriptive explanation might seem odd to the person who request, he or she might consult or examine with anybody and come up with the second proposal.
- Once again, all these proposals are summed up and the new information is made available for the third iteration.
- There is neither rules nor limitation on individual's responses; however, there could be changed.

THE PROBLEM OF EXTERNALITIES

- When individuals propose what they want, so the board will receive collective consumption; of course, the interest conflict will arrive.
- The proposal examination will be considered in both benefits and costs that neighborhood have to bear.
- So parecon proposed the deliberative process that is the based logic of council and participatory planning to understand:
- Unlike to markets, we want decisions about goods to account for their full social costs and benefits, the indicative prices of goods to reflect all their effects as best as possible
- We want all people affected to proportionately influence decisions
- When the proposal is made that affect large number of people, it is not just that we want the initially formulated proposal decided on properly. We also want the system to permit and facilitate proposals' improvement

THE PROBLEM OF EXTERNALITIES

- Suppose proposal has negative external effect, the participatory planning should not promote that all those affected decide on collective proposal, but they are able to amend and improve the proposals. And if the negative externalities don't only occur in citizen's council, the proposal will be taken by the higher level council.
- To make decision, all information (both benefits and costs each has to bear) must be transferred, so people can weigh of what they want. Then, the typically decision is made by particular decision-making approach, which normally a majority vote among neighborhood.
- If decision is made by the higher level, the proposal will be more critically sophisticated examined and the debate between level could be occurred.
- The point of collective consumption is the collective impacts through society so the arrive of choices is made based on trying to appropriately the wills of people affected to massage and define proposals so they become optimal and to apportion payment for them in accordance with benefits they bestow, and to correct the negative implications or make restitution for them.

PARECON

Choices of parecon posed can be summarized as a follow:

- 1. Do we want the economy that implement the norms “to each according to the value of his or her personal contribution, property, or power” or economy that obeys the norms “to each according to his or her effort”?
- 2. Do we want anyone to have the opportunity to participate the economic decision making that they are affected by the outcomes of those decisions?
- 3. Do we want a structure of expressing consuming preference that is biased in favor of individual consumption over social consumption?
- 4. Do we want to plan our joint endeavors democratically, equitably, efficiently?

DECISION MAKING

- In capitalist firm, the lordly capitalist has ultimate authority.
- Those in the coordinator class has job overwhelmingly empowering and they administer and otherwise, define daily operations. Workers have jobs that are overwhelmingly low-level and uncreative; they obey or resist.
- The owners are interested in profit and in maintaining the conditions that allow them to accrue profits.
- While the coordinator class such as lawyer, engineers, managers, accountants and other who are empowered by their position and responsible for much daily making decision and definition of workplace, structure and activity.
- They can improve their income by carrying out the owner's agendas. It can arrive interest conflict.

DECISION MAKING

- Every firm in parecon make day-to-day decision about how to fulfill the firm's agreed responsibility.
- These are made within appropriate from everyone affected. Different methods may use different decision.

CASE STUDY

Consider how workers in a book publishing enterprise define and assign task.

Capitalist publishing

- The criteria capitalist publishing uses to determine how to combine diverse tasks into job complexes are profitability and maintaining hierarchies of power and income. Other obsessive attributes, two bear special comments;
- The broader creative powers of most workers steadily erode as most people adapt the quality of their efforts to the low level of their assignments and influence
- Everyone's emotional energies dissipate in efforts to rationalize and defend status and hierarchy
- The result is considerable waste of human resources and immoral denial of most workers' capacities, and reduction of the publishing function to that of producing commodities for a quick killing.

PARTICIPATORY PUBLISHING: NORTHSTART PRESS

Participatory publishing: Northstart press

- Northstart's participatory priorities also require that all workers exercise their talents and express their wills.
- Beyond the equity job definition, council of northstart workers, where each other have equal voice and vote as well as smaller council responsible for appropriate sub-area such as editing and producing fiction, general nonfiction, and textbook.
- Northstart's proposals are altered from iteration to iteration by a process of give-and-take guided by information from other councils.
- As the year progresses, most decisions are taken within particular Northstart team and council, through some require ratification by the whole Northstart council and other require approval of industry and consumer council.

PARTICIPATORY PUBLISHING: NORTHSTART PRESS

Participatory publishing: Northstart press

- It implies that not every decision is equally everyone's affair. Participatory organization allows democracy without intrusiveness.
- At Northstart, production leaders on particular books exert influence over team members regarding quality and pace of work necessary to get the book completed.
- When Northstart members got the decision making whether this publishing company should invest in the technology or not, by investing in this technology, it will help reducing of each person work, so here the idea has to pass the vote or "participatory planning system" that everybody who got affected by this new technology has to decide whether or not to invest.