

11. More Democracy

(Joseph Heath, *Filthy Lucre* MS)

It's difficult to think of a single social problem that some relatively large constituency on the left doesn't think can be solved by "more democracy." Kids acting up in school? Clearly what they need is more control over their educational environment. Workers slacking off? Things would be better if they could elect their own supervisors. Rival tribes killing each other? The problem must be a lack participatory clan governance structures.

Obviously very little of this can be derived from enthusiasm about the responsiveness of real-world democracies to any set of pressing social problems. It is based rather upon an idealized model of how democracy could function. From this perspective, democracy is an all-purpose decision-making mechanism, one which allows us to substitute the "will of the people" for any of the elite, hierarchical, or authority-based institutional arrangements that have traditionally dominated the basic structure of society.

This view of democracy reaches its highest expression in the ideal of "cyberdemocracy," or "e-democracy," in which citizens could use the internet, or maybe even their cell phones, to vote every time an important decision has to be made on any question. With enough public input, it might be possible to cut elected representatives out of the picture entirely and directly aggregate the preferences of individual citizens into a majority decision. This would truly be "government by the people."

Unfortunately, most of the theoretical work that has been done on the subject of democratic decision-making lends no support to this sort of optimism. It turns out that, not only is there usually no way to aggregate individual preferences into a unified "general will," often there is no coherent "will of the people" there to begin with. Democracy, it turns out, is a problem-solving mechanism for people who have already solved most of their problems.

These are some of the major findings generated by a branch of economics known as "public choice theory." Unfortunately, much of this literature is larded up with anti-government vitriol and right-wing bias, sometimes to the point of absurdity. For example, public choice theorists often start from the assumption that politicians are self-interested, which they then interpret to mean "motivated only by extrinsic incentives." If businessmen are out chasing money, what are politicians chasing? They are after votes. Thus everything they do – every decision that they make – is motivated by the desire to secure reelection. The public choice theorist then asks "How well will government serve the public interest?" Several complicated mathematical formulae later, the answer emerges: "Not very well."

Many people have commented on how unrealistic this model is. For example, it assigns zero weight to either patriotism or political ideology. It also assumes that politicians have no commitment whatsoever to the public good, or to the welfare of others. What fewer people have noticed is how *American* the assumptions are. For example, public choice theorists typically presuppose free votes in the legislature, along with individual responsibility for campaign finance. As a general analysis of democratic institutions outside the United States, where party politics dominate the behavior of legislators, this is completely unhelpful.

Because of this parochialism, combined with naïve cynicism about government, public choice theorists have made it a little bit too easy to dismiss their work as simply warmed-over right-wing ideology. This is unfortunate, since there are a number of extremely important results that have been established in this literature, about the legitimacy and robustness of democratic decision-making procedures. All of these raise serious doubts about the possibility of extending democratic decision-making procedures into the economic sphere, and none of them depend in any way upon the unflattering assumptions that public choice theorists often make about either politicians or voters.

First the good news. One of the central attractions of democracy has to do with what is sometimes called the “wisdom of crowds.”¹ Abraham Lincoln claimed, a long time ago, that “you can fool some of the people all of the time, and all of the people some of the time, but you can not fool all of the people all of the time.” The reason for this is that fooling people is mildly improbable. Thus the more people you try to fool, or the more often you try to do it, the more improbable your achievement becomes. If this is correct, then “rule by the many” is better than “rule by the few,” simply because it allows us to tap into the law of large numbers as a source of cooperative benefit.

The first person who tried to formalize this intuition was the Marquis de Condorcet, back in the 18th century. The issue at the time had to do with the optimal size of juries. The thought was that a larger jury would be more reliable, yet putting too many people on a jury would increase the difficulty of reaching a decision. In order to balance the two, Condorcet needed to develop some sort of more formal representation of the two factors.

It was his method of formulating the issue of reliability that has had the most impact. Suppose that the average person has a moderate ability to detect lying, so that when a defendant gets up on the stand and says “I didn’t do it,” 60% of the time a juror is able to determine whether this person is telling the truth. If a jury consisting of 10 people reaches a unanimous decision that the defendant is guilty, what are the chances that this person is, in fact, guilty? Well, in order for the jury to be wrong, it would have to be the case that all 10 ten people were wrong simultaneously. Although each individual on the jury will be wrong 40% of the time, the chances that all ten of them will be wrong is quite small (around .01%).

Suppose that a majority of six believes that the defendant is guilty, while four vote to acquit. What are the chances that the majority is right? In a jury of 10 people, the probability is over 70%. As the size of the jury increases, this probability increases as well. With 100 jurors, if a majority of 60 votes for conviction, one can be over 99% certain that they are correct. This is much better than any expert at lie-detection could ever achieve. Thus a large number of people who are only so-so at solving a particular problem can perform much better than a single individual who is extremely good at solving it.²

The jury theorem is, however, based upon some rather heroic assumptions. The most important is that each juror’s chances of detecting the truth must be independent of that of the others. In other words, each must function like a coin toss. If the jurists influence one another, then all bets are off, because one person getting it wrong can increase the probability that others will get it wrong. (This possibility is played up, to comical effect, in the game “broken telephone.” If each person heard the message independently, then had to repeat it back, errors would occur, but the message heard by the majority would almost certainly be the correct one. But when people have to pass the message along, from one to the other, the message heard by the majority is almost certain to be worse than the one heard by the first person in the chain.)

The “wisdom of crowds” also stands to be undermined by any *systematic* biases in the way people make decisions. For example, it has been shown that good-looking people are more likely to acquitted by juries than ugly people (a fairly significant bias, more powerful than race.³) Perhaps the reason that jurors are mistaken 40% of the time, rather than 30%, is that they are overly credulous when it comes to lies told by good-looking people. But this means that when a good-looking person takes the stand, everyone on the jury is likely to be misled. Thus the probability that one person will be

1 Popularized by James Surowiecki, *The Wisdom of Crowds* (New York: Random House, 2005).

2 Interesting generalization of this idea, see Lu Hong and Scott E. Page, “Groups of Diverse Problem Solvers can Outperform Groups of High-Ability Problem Solvers,” PNAS, Nov. 16, 2004, 101(46): 16385-16389.

3 Ronald Mazzella, Alan Feingold, “The Effects of Physical Attractiveness, Race, Socioeconomic Status, and Gender of Defendants and Victims on Judgments of Mock Jurors: A Meta-Analysis,” *Journal of Applied Social Psychology* 24 (1994): 1315–1338. Physical appearance and socio-economic status are the two consistent biases that have been uncovered. Race and gender are not a source of bias.

mistaken is not independent of the probability that others will be mistaken, and so the “coin toss” analogy does not hold. In order for the jury theorem to hold, error must be truly random.

Despite these restrictions, one can see many instances of “jury theorem” outcomes in everyday life. James Surowiecki uncovered a particularly nice example for his book, *The Wisdom of Crowds*, from the TV quiz show *Who Wants to Be A Millionaire?* Contestants had to answer a series of multiple-choice trivia questions. If they were stumped, they had three “lifelines.” One was to have two of the incorrect answers removed (leaving only two options to choose from), another was to telephone a friend and ask for advice. The final option was to poll the studio audience. As it turned out, the friend was right 65% of the time, but the studio audience selected the correct answer an impressive 91% of the time (or more precisely, the answer that received the most votes from members of the studio audience – called the “plurality winner” – was correct 91% of the time).⁴

There is a fairly obvious “jury theorem” explanation for this. After all, these were not trick questions, they were trivia questions. Thus the correct answer was usually a piece of information that was widely available, and that people would have encountered in all sorts of different ways, from a variety of different sources. Because of this, each individual’s chances of answering correctly would be relatively independent of everyone else’s. A certain number of people could be expected to make mistakes (either because they didn’t know, or couldn’t remember correctly), but those people could be expected also to divide up their answers fairly randomly between the other three options. Thus it is not terribly surprising that the plurality winner was usually the correct one.

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Friends of democracy, however, should be wary of French aristocrats bearing gifts. What Condorcet giveth, Condorcet also taketh away. While his jury theorem is relatively well known among public choice theorists, he is far better known for what is called the “Condorcet voting paradox.” And as the name suggests, this result is not quite as congenial for those who are enthusiastic about popular decision-making.

One of the basic rules of individual decision making is that a person’s preferences should satisfy “transitivity.” This means that if you prefer apples to oranges, and oranges to bananas, you should also prefer apples to bananas. If your preference ordering didn’t satisfy this transitivity constraint, someone could just keep offering you different pieces of fruit from among these three, and you’d keep changing your mind about which one you wanted. You would give up the banana in exchange for an orange, give up the orange in exchange for an apple, but then give up the apple in exchange for a banana. Once you started cycling in this way, there would be a good case to be made for the claim that you simply didn’t know what you wanted, or that your fruit preferences were incoherent.

Luckily, people typically do have transitive preferences (and when intransitivities are pointed out to them, they quickly rearrange their preferences in order to restore order).⁵ What Condorcet showed, however, is that if you put a bunch of people together, the fact that each individual has perfectly transitive preferences doesn’t guarantee that the *group* will have a transitive *social* preference. In particular, a democratic decision-making procedure like majority rule can generate what are called “cyclical majorities.” Every time the group is offered a new option, the majority accepts it, even when the option is one that has been rejected in the past. Furthermore, when these sort of intransitivities arise, no one has any incentive to change his or her preferences, in order to eliminate them. When this happens, there simply is no such thing as the “will of the people.”

To see how this can happen, imagine a very simple election with three voters and three parties. They must choose between electing a representative of the Liberal, Conservative or NDP party. Suppose that Bill is a classic Canadian centrist. He prefers the Liberals to the Conservatives, but the Conservatives to the NDP. Ted is a Western populist. He likes the Conservatives most, followed by the

4 *Wisdom of Crowds*, p. 4.

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NDP, then the Liberals. Finally, Frank is an ideological leftist. He prefers the NDP to the Liberals, and the Liberals to the Conservatives. Now suppose that the three of them try to hold a vote. In this case, having all three options on the ballot will not work, because each party will get just one vote. So they decide to do a series of pair-wise comparisons, to eliminate the options one at a time. They start by voting for Liberals vs. Conservatives. Bill and Frank vote for the Liberals, and so the Conservatives are eliminated. Now they compare the Liberals to the NDP. Ted and Frank vote for the NDP, and so the Liberals are eliminated.

That would seem to settle the question. But just to make sure that the NDP really is the best choice, they decide to have one final vote to compare the NDP and the Conservatives. Surprisingly, the NDP gets eliminated. Both Bill and Ted vote for the Conservatives. But if the Conservatives are back in, what about the Liberals? The majority prefers the Liberals to the Conservatives. But the majority also prefers NDP to the Liberals. And prefers the Conservatives to the NDP. What’s going on here? The voters are stuck in a loop. Although each person’s individual preferences are coherent, the social preference ordering is intransitive. No matter which option they pick, there will always be a majority that supports it. However, each different option is supported by a different majority. Thus the process of pair-wise comparison can, in principle, go on forever. There is simply no such thing as the “will of the majority” in this case. There are three different parties, and a different majority that supports each one of them.

Individual preference

	First pick	Second-pick	Third pick
Bill (centrist)	Liberals	Conservatives	NDP
Ted (populist)	Conservatives	NDP	Liberals
Frank (leftist)	NDP	Liberals	Conservatives

Social preference

Liberals beat Conservatives	Bill and Frank in the majority
NDP beat Liberals	Ted and Frank in the majority
Conservatives beat NDP	Bill and Ted in the majority

Figure 11.1 Condorcet Voting Paradox

It is sometimes thought that more complicated voting schemes (such as Borda counting, in which people rank all the options in order of preference) can be used to resolve these sorts of problems. This is not the case.⁶ Furthermore, one can see from inspection that such systems could not possibly work. In Condorcet-paradox situations, majority rule will always fail to generate a decision, simply because there is no majority preference. Instead, there is a different majority in support of each different option. Of course, it is not always the case that individual preferences will be of the sort that generates an intransitive social ordering. However, it should be noted that as the number of options increases, the probability of an intransitive ordering increases. So while majority rule can be used to settle very simple questions, in which there are only two options, it becomes increasingly useless as the number of options increases.

It would be difficult to understate the importance of this finding. For example, it means that referenda are completely defective as a way of resolving even slightly complex policy questions. When there is an intransitive social preference ordering, anyone who controls the agenda is able to effectively determine which outcome will prevail, simply by determining the order in which the pair-wise comparisons will be made. Thus referenda carry with them significant potential for manipulation.

6 William Riker, *Liberalism against Populism* (San Francisco: W.H. Freeman, 1982), pp. 69-94.

Take, for example, the two referenda that have been held on the subject of Quebec secession. There is a reason that Canadians call this the “neverendum.” Polling data over the past thirty years has consistently shown that there is no absolute majority in favor of any specific constitutional option. There are three basic possibilities: the status quo, secession, and some sort of “renewed federalism.” In 1980, for instance, during the first referendum, polls showed support for the status quo at 28%, support for outright secession at 25%, and support for various fuzzy constitutional accommodations in the 40% range.⁷

In the 1980 referendum, the “No” side essentially won by convincing voters in Quebec that the choice was between “renewed federalism” and “secession.” However, the 1992 attempt at constitutional change (the Charlottetown accord) was rejected in a referendum by a majority of Quebec voters, in favor of the status quo. This led to a second referendum on secession in 1995, which again failed. The vote was much closer this time around, not because support for secession had increased, but because the failure of the Charlottetown referendum made the choice seem more like “status quo” versus “secession.”

It’s not difficult to see that there might be a cyclical majority here. As most observers have noted, the “sovereignist” movement in Quebec has two major constituencies: the “*pur et dur*,” who want outright secession, and the so-called “soft nationalists,” who would like to see “an independent Quebec within a united Canada.” The crucial difference is that the *pur et dur* prefer the status quo to renewed federalism, because they know that compromise diminishes the allure of separatism. The soft nationalists, on the other hand, would like to see constitutional reform, but if rebuffed, are willing to separate. Finally there are the anglophones in Quebec, who just want the whole thing to go away.

Constituency preferences

	First pick	Second-pick	Third pick
Anglo	Status quo	Renewed federalism	Secession
<i>Pur et dur</i>	Secession	Status quo	Renewed federalism
Soft nationalist	Renewed federalism	Secession	Status quo

Social preference

Renewed federalism beats secession	Anglos and soft nationalists in the majority
Status quo beats renewed federalism	Anglos and <i>pur et dur</i> in the majority
Secession beats status quo	<i>Pur et dur</i> and soft nationalists in the majority

Figure 11.2 The Quebec Neverendum

This is not merely a hypothetical example – the sequence of votes shown in Figure 11.2 is exactly what happened in the first two referenda, and *almost* what happened in the third. (Furthermore, it is entirely possible that after a secession vote, the government of Canada would have responded with an offer of renewed federalism, which would have sent everyone back to square one again.) It is not farfetched at all to think that Quebecers are stuck in a Condorcet voting paradox. And if this is so, then a referendum is *completely lacking in democratic legitimacy*. It is neither useful nor appropriate as a way of resolving the constitutional question.

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The Condorcet voting paradox is one of the best-kept secrets in democratic societies, primarily because it undermines so many of the claims that are often made about the virtues of democracy. It is

⁷ Allan Kornberg; Keith Archer, “A Note on Quebec Attitudes toward Constitutional Options,” *Law and Contemporary Problems*, 45, (1982): 71-85 at 76,

particularly damaging for those who think of democracy in so-called “populist” terms. It shows, for example, that referenda are inherently flawed as tools for democratic decision-making. It also reveals the flaw in many other demands for more direct, or “grassroots” democracy.

Consider, for example, the campaign for “electoral recall.” Proponents of this system think that members of a constituency riding should be able to recall their representative (i.e. fire him), without having to wait for the next general election, if he betrays their trust in some way. However, in countries like Canada, which use the “plurality rule” for the election of representatives, this is a terrible idea. Under plurality voting, candidates don’t have to receive a majority of votes in a riding in order to get elected; whoever gets the most votes wins. But because the country has a fairly robust three-party system, it is typically the case that the majority of electors in a given riding didn’t vote for the candidate who is elected – and thus, in principle, would be happy to vote for recall.

Because electoral recall imposes a pair-wise comparison between the representative and some unspecified replacement, it could generate a constant cycling of representatives, not to mention a state of perpetual electioneering, as representatives seek to defend themselves against the constant threat of recall. Since this problem is such an obvious feature of electoral recall, one suspects that many of its proponents are not really interested in promoting democracy, but rather hope to use recall as an indirect way of limiting the size of the state, by preventing any government from ruling effectively.

People sometimes take issue with the fact that representatives can be elected without the support of the majority. (Furthermore, it is an immediate consequence of the plurality voting system that a party can win the majority of seats in the legislature, even if it doesn’t win a majority of the popular vote.) But short of limiting the number of options to two, it is not clear what can be done about this. Introducing fancier voting systems, like proportional representation, amounts to little more than trying to square the circle. No voting system can fix the underlying problem, which is that, when dealing with questions of even moderate complexity, majority rule is often an indeterminate decision procedure, *because there is no coherent majority preference*. Thus what democratic institutions seek to accomplish, typically, is not to promote greater public input, but rather to cut off public input in some sort of plausible or non-arbitrary way, so that necessary decisions can be made.

These and other problems with majority rule have led to widespread disenchantment among left-wing democratic theorists with voting as a mechanism of democratic control. Populism (which one can define loosely as a commitment to “more votes, more often, about more things”) has become almost exclusively a right-wing creed. The left has been moving toward so-called “deliberative” conceptions of democracy. According to this view, what really matters in a democracy is not the fact that people get to register their views every so often at the ballot-box, but rather the background processes of public discussion and debate, which leads to the formation of more informed preferences. The Condorcet voting paradox is only a problem, they claim, if you take preferences as given. Once you realize, on the other hand, that people’s attitudes can change through participation in the democratic public sphere, then the problem becomes less acute.⁸

There is, of course, something to this, although much less than most “deliberative democrats” imagine. Democratic governments are responsive to public opinion, even when the fear of being voted out of office is quite remote. Processes of argumentation and debate do have a surprisingly powerful influence upon the political system. Yet as a *decision-making mechanism*, deliberation is not a substitute for voting. At best it is merely a prelude.⁹ People can argue with one another until they’re blue in the face, the chances of achieving unanimity on any controversial political question are basically zero. So eventually, you have to vote. And as soon as you stop deliberating and start voting, all the old Condorcet problems are back on the table.

So while deliberation has the potential to improve the quality of *individual* preferences, it

8 Perhaps the most serious attempt to produce an “agenda” from all this is Bruce Ackerman and James Fishkin, *Deliberation Day* (New Haven: Yale University Press, 2004).

9 Jim Johnson and Jack Knight article in *Political Theory*.

cannot solve the problem of incoherent *social* preferences.

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One of the most extravagant bits of wishful thinking on the part of the progressive left, over the course of the 20th century, was the thought that capitalism might be replaced by some form of “economic democracy.” We are not talking about worker-managed firms here – as we have seen, there is no reason you can’t have these within a market economy. No, the thought was that democratic decision-making might actually replace the price system as a means of coordinating production and consumption. Economic decisions, according to this view, would be made by “the community of associated producers.”

Naturally, there was never any question of workers getting together, as a group, and deciding how much of this and how much of that should be produced. As the Soviet experience showed, a phalanx of math geniuses can’t solve that problem, so there’s no reason to think that a bunch of average joes sitting around a room should be able to do any better. Instead, what was usually being contemplated was some sort of decentralized mechanism, in which individual production groups (typically worker coops) would each make decisions about what to produce, and some sort of democratic mechanism would be used to aggregate this into a coherent economic plan.

Now there are certain ways of thinking about democracy that encourage optimism about this sort of arrangement. In *The Wisdom of Crowds*, Surowiecki slides from talking about the uncanny ability of groups to guess the number of jellybeans in a jar, to the uncanny ability of gamblers to predict the outcome of the Superbowl, to the uncanny ability of the stockmarket to predict winners and losers. No distinction is drawn between the wisdom of crowds and the wisdom of markets. This suggests that the decision-making of crowds might be substitutable for the decision-making of markets, or that we might have democracy *instead of* capitalism. This is extremely misleading.

The problem is that economic decision-making requires a feedback loop, which democracy has a difficult time providing. Take a very concrete example. Suppose that we decide to coordinate economic output by having all the workers at all the factories hold their own little meetings, and decide how much they are going to produce in the upcoming year. All of these “proposals” could then go to a central planning board, which would examine them for consistency. Of course, each proposal for a given level of output will be based upon certain assumptions about inputs. In order to make x number of batteries, for instance, workers at a given factory are going to need a certain quantity of various metals, use of heavy equipment, etc. These “inputs” are in turn the “outputs” of other work groups, such as the miners, who are responsible for digging up the metals. But these miners use equipment that runs on batteries!

The battery-makers, when they submit their plan, are going to be making certain assumptions about how much metal the mines are going to produce. But the miners, in order to calculate how much they can produce, are going to be making certain assumptions about how many batteries they will have access to. In order to avoid a complete fiasco, it is essential that these assumptions be mutually consistent. This is hard to do without the market. (In the former Soviet Union, for instance, giant piles of manure used to accumulate by the side of railroads, due to lack of coordination between those who manufactured fertilizer and those responsible for producing the bags to put it in.¹⁰ This *despite* the giant planning bureaucracy.)

No serious person believes that it is possible to make the sort of fine-grained alignment of proposals needed here through democratic means. Even setting aside the Condorcet voting paradox, the sheer level of complexity makes it impossible. There is, however, one alternative to the market as a way of coordinating production plans. This is to develop a set of scarcity prices using what’s known as a Walrasian auction (after the 19th century economist, Léon Walras). If you scratch the surface of any

10 Alec Nove, *The Economics of a Feasible Socialism*, 2nd edn (London: Harper Collins, 1991) p. 96.

plan for “participatory” or “democratic economics,” these days (such as the “parecon” proposal favored by the crowd at *Z* magazine), you will find that at the heart of it there is a Walrasian auction doing all the heavy lifting.

Adam Smith thought that the most important thing about the market was the incentives it provided. The invisible hand allowed us to get by with only a minimum of public-spiritedness. In the early 20th century, however, Frederich Hayek argued that it wasn’t the incentives provided by the market that were so important, but rather the information. In particular, it was the way marketplace competition generated a set of scarcity prices that represented its more important contribution.

If this is true, and it is really only the information that counts, then there may be no need to have a full-blown market to organize production. In particular, it may be possible simply to run a simulation of a market, in order to determine an appropriate system of prices. Once these prices are determined, managers can be given their marching-orders, as they are under capitalism. This is the central idea underlying parecon – to have a giant simulation of the market, run by computer, as an alternative to either capitalism or central planning.

Walras’s auction is quite simple. It is a mechanism for generating a market-clearing set of price, without requiring any real-world price competition among either buyers or sellers. One individual (the auctioneer), starts out by specifying a set of prices for all goods and services in the economy. These can simply be picked out of the blue, or they can be based upon some guesswork about scarcity. Producers are then invited to submit proposals, based upon these prices. How much would you purchase, in the way of inputs, and how much could you produce, in the way of outputs? Consumers submit similar proposals: How much would you work, what would you consume?

Once the auctioneer receives these bids, he then aggregates the proposed level of consumption and production. The goal is to have the two match – so the number of batteries (or heads of lettuce, or dustpans) being produced under the proposal is identical to the number of batteries (or heads of lettuce, or dustpans) that people want to consume. A market in which the two match is said to have been “cleared” by the price level. However, it would be pretty much a coincidence if any market cleared the first time around. Inevitably, people will want to produce too much of one thing, not enough of another (relative to what they want to consume).

The auctioneer responds to this by adjusting the prices. In any market where proposed consumption exceeds proposed production, he raises the price slightly. In any market where proposed consumption is less than proposed production, he lowers the price. He sends these revised prices back to the producers and consumers, and invites a second round of proposals. He then takes this second set of proposals, aggregates the proposed consumption and productions levels, and repeats the operation. Eventually, through this process of small adjustments (or *tâtonnement*), a set of prices can be reached that clears all markets simultaneously.

The basic mechanism here is not complicated. In fact, you can find simple spreadsheet macros that will conduct Walrasian auctions. However, the number of iterations can be rather daunting. Micheal Albert, the architect of the parecon proposal, contemplates the possibility of 20 or more iterations of the planning cycle with equanimity (each requiring that all producers draw up completely new production plans, and that consumers draw up new consumption proposals). Even this number, however, is optimistic. Furthermore, in order to make the entire thing tractable, he stipulates that the planning exercise will occur once a year. As a result, households are required to work out the *entire year’s* consumption in advance. Thinking of having some friends over for a barbeque next summer? Better figure out right now how much cole slaw you’re going to need, because the cabbage farmers are taking orders right now...

Albert adds on a number of gratuitous features than make the planning process even more cumbersome. (For example, he plans to combat “consumerism” by requiring households to aggregate their plans at the neighborhood level, with an additional process of democratic deliberation and revision. In practice, this means that your neighbors get to snoop through your consumption plan, and

vote down anything they don't like. Albert acknowledges that this raises privacy concerns, but figures these can be addressed simply by having the household plans be evaluated anonymously. This is preposterously inadequate, since the only person capable of defending an idiosyncratic consumption request will be the person who made it. Thus the overall effect of the proposal is to remind readers of how much we take for granted the freedom and autonomy that is afforded to us by capitalism. Imagine an economy in which you couldn't just take your money and buy things, but rather had to submit all requests to a committee, who would then ask you to justify your demands. How much of what you buy could you really *justify* under cross-examination, and moreover, how much of it would you *want* to?)

Even if you take a more stripped-down version of the parecon proposal, without the suffocating communalism, it's easy to see that the rigidities of the planning system would instantly generate an almost comprehensive system of black markets. One person ordered 32 boxes of cake mix, but only 78 rolls of toilet paper. Another ordered 90 rolls of toilet paper, but only 8 boxes of cake mix. What do you know? November rolls around, they decide to exchange toilet paper for cake mix. Soon it becomes like a "prison economy," with cigarettes as currency. (Naturally, cigarettes will only be available on the black market, because your neighbors won't approve of you smoking them.) Before long, planners will start looking at these black market prices, in order to get information about relative scarcity. Soon they're be making adjustments in the plan as the year proceeds, based on black market signals

At this point, what's a good pareconer to do? Succumb to creeping capitalism, or start cracking down on "capitalist acts among consenting adults"?¹¹ Not an attractive choice. Authoritarianism is certainly a dubious route to choose, as a way of preserving "democratic" economic planning. Besides, how likely is it to succeed? Remember the "war on drugs"? The mere fact that such expediciencies must be contemplated is troublesome. Perhaps there's a reason that no one has ever succeeded in sustaining a democratic political system in a non-capitalist economy.

11 Robert Nozick, *Anarchy, State and Utopia* ().