A Participatory Economy

A model for a new economic system

learn more at **participatory economy.org**

Introduction

A Participatory Economy (also known as “Parecon” for short) is a model for how a modern economy of millions of people could be organised around democracy and cooperation instead of competition or top-down command.

The model was developed by visionary thinkers, Michael Albert and Robin Hahnel. Drawing on libertarian socialist ideas and real-world examples throughout history, their motivation was to inspire hope, inform strategy and to demonstrate that a viable and better alternative to the two dominant economic systems of the last century, capitalism and a command economy, is possible.

An assembly being held in July 2025 by the UK group *Assemble*.

Citizens’ Assemblies

Instead of politicians making the decisions, a citizens’ assembly is formed as a representative group of ordinary people randomly selected as a cross-section of the wider population. They are given the time, information, and support needed to learn about, discuss, and make decisions on important issues. Ireland has used citizens’ assemblies to address issues like abortion and climate policy.

Morning Star Tomato Processing Company

The Morning Star, based in California, is the largest tomato processor in the world. It is a self-managed organisation, with no managers or fixed hierarchy. It has 400 workers and annual revenues of $700 million.

Suma Cooperative

Suma is a worker co-operative based in the UK with no bosses. Workers multi-skill, usually between desk and manual work, and contribute to collective management. Drivers often drive for part of the week and work in the warehouse or offices for the remainder. Desk workers are encouraged to do manual work for at least one day per week.

A colourful, striking Suma truck parked outside the Suma warehouse.

Values

First we need to be clear about what values a desirable economy should be based on. The key values of a Participatory Economy are defined as:

Self-management = For every individual to have a say in a decision based on the degree that they are affected by it.

Justice = To fairly share burdens and benefits so that any differences in income from work are based on differences in effort or sacrifice.

Solidarity = To foster an awareness of shared interests, togetherness and concern for the well-being of others.

Environmental Sustainability = To nurture our natural environment and protect it for future generations.

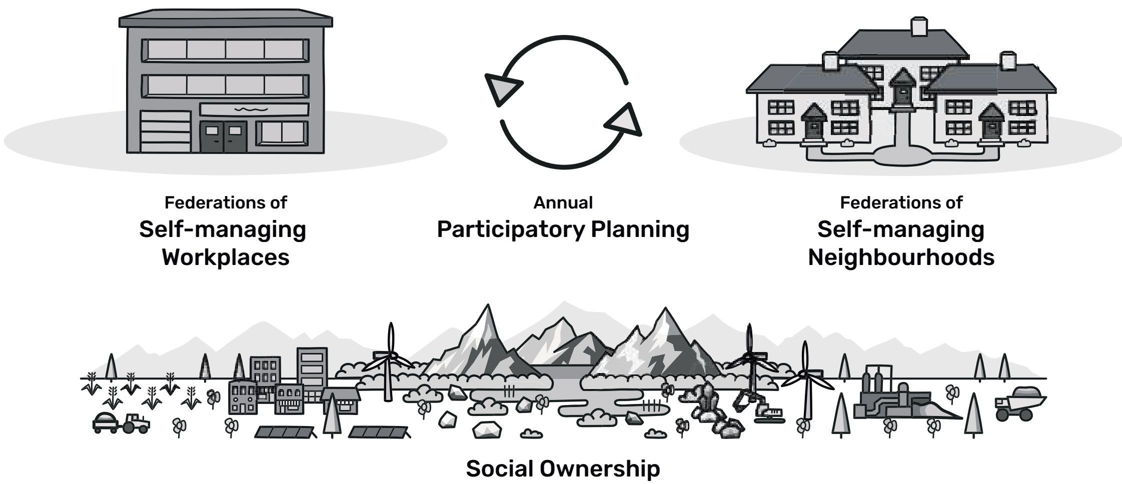
Efficiency = To use our scarce resources and human talents wherever they return the greatest increase in human well-being.

Diversity = To recognise that each individual is unique and to create a large variety of options for people to fulfil their lives.

Institutions

What are the institutions to achieve these values? The defining institutions of a capitalist economy are private ownership of productive resources, top-down corporations, and market competition. In contrast, the major institutions that make up a participatory economy are:

1. **Social ownership** of the productive “commons”.
2. **Democratic workers’ councils.**
3. **Democratic consumers’ councils.**
4. **Participatory planning:** a democratic planning procedure that these councils use to coordinate and plan themselves how to best use society’s resources.



Participatory Budgeting

Participatory Budgeting is a democratic decision-making process, in which ordinary people living in a community decide how to allocate part of a public budget. It started in Porto Alegre, Brazil, in 1989, as an anti-poverty measure that helped reduce child mortality by nearly 20%. Since then it has spread to over 3,000 cities around the world, and has been used to decide budgets from states, counties, cities, housing authorities and schools.

Members of the community viewing proposals for how money should be spent.

Council Confederations in Rojava, Syria

In the Kurdish controlled region of Syria called Rojava, they have organised their political system around confederations of democratic assemblies.

Real-World Examples

Here are some examples of elements of a Participatory Economy being implemented in practice today.

Worker Cooperatives

Worker Cooperatives are businesses which are democratically owned and controlled by their workers. There are around 85,000 in the world today.

Cooperation Jackson

In Mississippi, USA, Cooperation Jackson is a solidarity economy network, made up of; a federation of worker-owned, cooperative enterprises; a cooperative incubator; a cooperative education and training centre; and a cooperative bank.

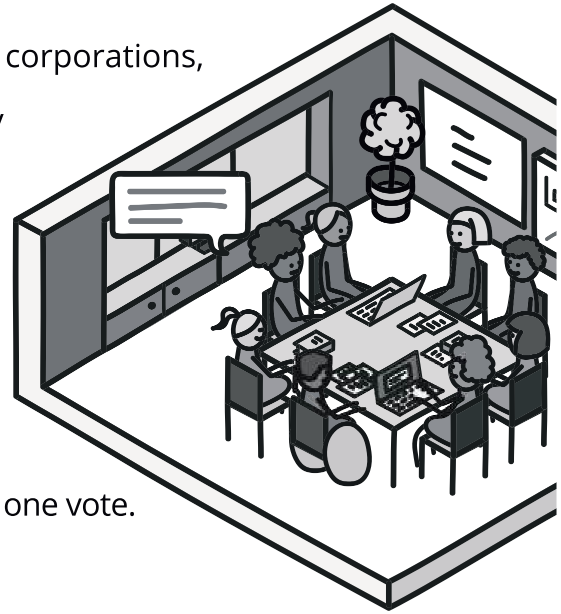
Cohousing

Cohousing are intentional communities, created and democratically run by their residents. Each household has a self-contained, private home as well as shared community space. Residents come together to manage their community, share activities, and regularly eat together. Decision-making in cohousing communities is often based on forming a consensus.

Social Ownership

The things we use at work to produce goods and services, such as materials, machines, buildings and knowledge, often called ‘capital’ or ‘the means of production”, are a product of thousands of years of human endeavour which each generation inherits as a gift. In a participatory economy, these productive resources are owned equally by everyone in society. Everyone has a right to benefit from and decide on how they are used. This is also often called ‘the commons’.

Democratic Workers' Councils



Instead of hierarchical top-down corporations, work in a participatory economy is organised by self-managing workplaces. Every worker is a member of a democratic decision-making body for their workplace, called the workers' council, where every member has one vote.

Members of workers' councils:

- Plan and decide together what to produce and how.
- Divide up tasks into jobs that are balanced for empowerment so that everyone has the confidence and knowledge to participate in decisions.
- Distribute income fairly between themselves based on any differences in effort or sacrifice.
- Elect recallable and rotated representatives to federations for decisions affecting their industry.

Investment and Development Planning

The National Federation of Consumer Councils and Worker Councils, assisted by Research & Development departments, along with ministries, will take part in participatory planning procedures to propose investment and longer-term development plans. Investment plans will include decisions about how much of society's resources to use for producing new capital stocks and which particular machines, equipment and buildings to produce. Investment and longer-run development plans will ultimately be approved and decided by a vote in the national legislature or by a national referendum.

Annual Planning

Before the start of every new year, every workplace, household and federation council participates in an annual planning procedure, which is likely to last a few weeks to complete. The procedure occurs over a series of rounds.

In each round prices are announced, and every workplace and every household makes a proposal about what they expect to produce or consume for the year ahead. The process repeats itself over several rounds, with consumers and workers reacting to changes in prices and adjusting their proposals, until there are no longer any excesses in supply or demand. By the end of the process an efficient, fair and environmentally sustainable plan for the year is achieved.

During the year, just like today, there would be places to shop for goods and services, and every person would have an electronic debit card that is charged whenever they purchase a good or service.

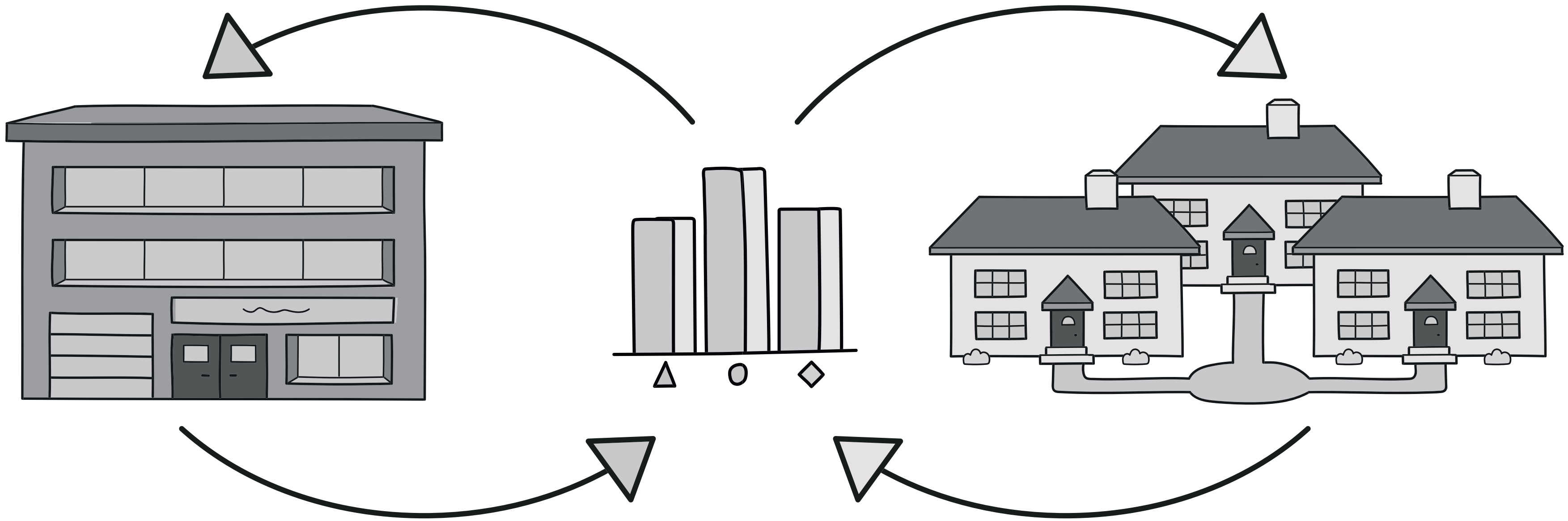
Democratic Consumers' Councils

Every resident or 'household' belongs to their local neighbourhood consumers' council, where every member has one vote. This is a direct decision-making body where residents can make proposals and decide on the consumption of local public goods and services where they live.

Members of consumers' councils:

- Discuss and decide together what collective goods they'd like to fund, such as a library.
- Make decisions around the distribution of any income based on needs.
- Elect recallable and rotated representatives to higher level federations of councils for collective consumption decisions covering their city, region and nationally.

Participatory Planning



A participatory economy is a democratically-planned economy. There is no market exchange or central planning. Instead, decisions over the distribution of society's productive resources and which goods and services to produce are made via decentralised democratic planning procedures. There are three types of planning:

1. **Annual Planning** – for distributing productive resources for the year ahead (1 year)
2. **Investment Planning** – for deciding on which capital resources to increase (1-5 years)
3. **Development Planning** – for deciding on long-term structural changes (5-20 years)