

PHILLIPS AND ROZWORSKI FAIL TO ADDRESS THIS ESSENTIAL POINT ABOUT NEGOTIATING BETWEEN PREFERENCES. SURE, DEMOCRATIC MANAGEMENT MIGHT BE ABLE TO SOLVE SOME BIG OBVIOUS PROBLEMS WE FACE TODAY, BUT ONCE THAT'S DONE WE'LL BE SUBJECT TO HARSH DIMINISHING RETURNS AS THE FRACTAL COMPLEXITY OF INDIVIDUAL DESIRE BECOMES INSURMOUNTABLE.

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BOOK REVIEW

THE PEOPLE'S REPUBLIC OF WALMART

REVIEWED BY FRANK MIROSLAV

Let me begin by saying that I'm glad this book exists. Phillips and Rozworski are upfront about their book not containing any radical new insights into questions of economic planning, but instead they compile arguments made by others in a highly readable format, something that those on the left who argue for economic planning have needed for some time. The arguments I see online for economic planning tend to be fairly scattershot and unstructured; such a text will almost certainly improve their discipline.

Furthermore, despite disagreeing profoundly with the claims made in the book, I would still love to see further research done into the question of planned economies and voluntary attempts at a planned economy. While I think the objections I've laid out are pretty comprehensive, nothing would change my mind faster than seeing such projects carried out even on a relatively small scale. Not to mention, both empirically and theoretically, there's a massive space to investigate common ownership and management of the commons using modern information technology that has gone unexamined, as well as potential failure modes.

Unfortunately, they break no new ground. Market anarchist critiques of the currently existing economy are incredibly potent at also knocking down this form of socialism. The insistence that Amazon and Walmart are successful islands of planned order within the chaotic market completely ignores larger questions of how our current institutional arrangement allows them to exist. The dichotomy between corporate capitalism and socialism-as-planning is false. As Phillips and Rozworski correctly point out, much of actually-existing-capitalism is planned. And such a framing also excludes serious [non-capitalist market alternatives](#). While I'm sure Phillips and Rozworski would roll their eyes at such a distinction, our arguments are not so easily dismissed.

Let us start with the most erroneous claim. The supposed economies of scale that they champion as proof of planning winning out in the capitalist marketplace are in fact the result of deliberate state investment. Kevin Carson's award-winning article on the subject of transportation subsidies makes clear the ludicrous degree to which the transportation network that firms like Amazon and Walmart rely on require the socialization of costs to the rest of society. It's worth reading in its entirety, but I'll quote the most damning part here:

Virtually 100 percent of roadbed damage to highways is caused by heavy trucks. After repeated liberalization of maximum weight restrictions, far beyond the heaviest conceivable weight the interstate roadbeds were originally designed to support, fuel taxes fail miserably at capturing from big-rig operators the cost of pavement damage caused by higher axle loads. And truckers have been successful at scrapping weight-distance user charges in all but a few western states, where the push for repeal continues. So only about half the revenue of the highway trust fund comes from fees or fuel taxes on the trucking industry, and the rest is externalized on private automobiles.¹

A similar argument can be made about why workers at these firms have to accept such low wages. The fact is that the state and capitalism conspire together to force workers into such positions (which should be no surprise to anyone familiar with Marx).

Phillips and Rozworski also stumble in trying to demonstrate the inefficiency of free markets. The example they use: an internal market set up by the Ayn Rand inspired CEO of Sears Edward Lampert, which failed dramatically and lead to all sorts of inter-firm conflict. However such an approach resembled not a networked market, but instead individual firms competing for a

1. Kevin Carson, "The Distorting Effect of Transportation Subsidies," *Foundation for Economic Education*, October 22nd, 2010.
2. Michael Piore and Charles Sabel, "Italian Small Business Development: Lessons for U.S. Industrial Policy" in *American Industry in International Competition: Government Policies and Corporate Strategies*, ed. John Zysman and Laura Tyson (Ithaca and London: Cornell University Press, 1983).
3. Michael Piore and Charles Sabel, *The Second Industrial Divide* (New York: Basic Books, 1986), 32.
4. Andrew "Bunnie" Huang, "Tech Trend: Shanzhai," *bunnie: studios*. February 26th, 2009.
5. Paul W. Cockshott and Allin Cottrell, *Towards a New Socialism* (Nottingham: Spokesman Books, 1993), 35.
6. Cosma Shalizi, "In Soviet Union, Optimization Problem Solves You," *Crooked Timber*. May 30th, 2012.

subjectivity, calculation problems, and a phobia of markets as a tool for overcoming them. Until it gets it shit together on these issues, it will forever be caught in an unresolvable tension that guarantees that any serious project it attempts will have inherent contradictions that doom it from the outset.

single entity. Contrast such an environment with the decentralized networked economy that operates in the Emilia-Romagna region of Italy:

[Emilia-Romagna,] a vast network of very small enterprises spread through the villages and small cities of central and Northeast Italy, in and around Bologna, Florence, Ancona, and Venice... These little shops range across the entire spectrum of the modern industrial structure, from shoes, ceramics, textiles, and garments on one side to motorcycles, agricultural equipment, automotive parts, and machine tools on the other.²

The economy operates in a dynamic, organic fashion in which firms both compete and cooperate with each other:

The variability of demand meant that patterns of subcontracting were constantly rearranged. Firms that had underestimated a year's demand would subcontract the overflow to less well situated competitors scrambling to adapt to the market. But the next year the situation might be reversed, with winners in the previous round forced to sell off equipment to last year's losers. Under these circumstances, every employee could become a subcontractor, every subcontractor a manufacturer, every manufacturer an employee.³

This attitude of cooperation also undermines the cancerous data hoarding of companies like Amazon and Walmart. Consider for example the Chinese shanzai -- underground small-scale hacker-manufacturers:

An estimate I heard places 300 shanzhai organizations operating in Shenzhen. These shanzai consist of shops ranging from just a couple folks to a

few hundred employees; some just specialize in things like tooling, PCB design, PCB assembly, cell phone skinning, while others are a little bit broader in capability. The shanzhai are efficient: one shop of under 250 employees churns out over 200,000 mobile phones per month with a high mix of products (runs as short as a few hundred units is possible); collectively an estimate I heard places shanzhai in the Shenzhen area producing around 20 million phones per month...

Interestingly, the shanzhai employ a concept called the “open BOM” — they share their bill of materials and other design materials with each other, and they share any improvements made; these rules are policed by community word-of-mouth, to the extent that if someone is found cheating they are ostracized by the shanzhai ecosystem.⁴

Now obviously such practices take place under capitalism and so I’m sure there’s a whole host of problematic aspects that occur in both examples. But it’s a quantum leap over the strawman that Phillips and Rozowski use to show how a competitive market breaks down. Also, I’m sure that in terms of the metrics we care about (worker treatment and negative externalities) these enterprises do considerably better than the giant firms that they hold up as examples of planning working.

But we could spend all day in citation wars over the particulars, endlessly caught in debate as to whether something was *really* a free market or planned, quibbling over to what degree an instance of planned economic activity worked because of larger institutional dynamics gets us into weeds where we get caught in counterexample after counterexample. I want a deeper analysis that gets to the roots of the debate. Thankfully, the authors link to a text that does exactly this.

economies is likely the association with the USSR and the fact that the left has failed to articulate anything substantial in that regard. But such cross contamination is likely to occur as it has a long history. From the French New Right’s Gramscian influence, and Richard Spencer writing his master’s thesis on Adorno, to the emergence of softer social conservatives who say the future of their ideology is something closer to [Bernie Sanders or Alexandria Ocasio-Cortez](#) than the coalition built by William F. Buckley, or even those who [advocate for state subsidization of working class wages in a dark parody of workerist leftism](#), there’s a long, if buried, history of such appropriation and mutation. How much of a leap is it from advocating for a protectionist conservative social democracy to straight-up defending a planned economy to defend your heritage? If fleshed out arguments for planning start gaining traction among the left, how long until the reactionaries start noticing?

Now, obviously none of this is to imply that Phillips or Rozowski or any of the left-wing thinkers they cite in defense of planning are reactionaries. What I am doing however is pointing out that economic planning, no matter how democratic, contains within it the possibility of drifting in unpleasant directions. The fact that few have made this connection is almost certainly due to how relegated planning has been in the discourse since the end of the Soviet Union, but there’s no reason to believe that it’ll remain a purely “left-wing” position in an age in which the political assumptions that defined the 20th century are shattered by the various accelerating forces that will define the 21st.

The fact such issues are left unaddressed is bad enough, but what’s worse is that it took until 2019 for someone to publish a comprehensive defense of economic planning in the age of ubiquitous computing. Sure, the left *might* be able to beat the neoliberals and implement their ideas of planning, but those ideas were built on shaky ground to begin with. Such a failure is the result of the left still being caught between deep insights into

within a couple of years (I'll say by 2025 so you can hold my feet to the fire if it doesn't happen).

After all, planning requires a highly legible economic sphere, as well as ways to objectively measure the labor of an individual and a defined list of what economic activity can be done. The capacity for such systems to be used towards reactionary ends is pretty obvious once one realizes their obsession with strict social roles and castes. Not to mention that the ability to define what is valuable completely removes the negotiating power of unwashed masses to route around moralistic impositions that come from above and also the capacity to stop any new products or services that might disrupt the "natural order" of things.

Such a drift would seem ludicrous to many, but the right, [much like the left](#), is not built on any key foundational insights but instead the result of a happenstance alliance between social conservatives, anti-communists, and liberal capitalists, which itself was held together by a confusing mix of synthetic tradition, defenses of hierarchy, privilege, fear of communism, and -- yes in some cases -- a genuine (if distorted) desire for freedom. In the last decade, we've seen shifts in various directions that suggest such an alliance is on its last legs (and indeed probably would have died years ago if the US wasn't a two-party state) which means the emergence of new approaches. From the French New Right (Guillaume Faye or Alain de Benoist), to American reactionaries that were kicked out of the conservative movement for being too openly racist (such as Samuel Francis), many reactionaries have converged on a localist, anti or limited market position in reaction to the destruction wrought on their traditions by global capitalism.

Now such a shift does not necessarily mean that they'll embrace planning. But there's a long history of once marginal figures on the right adopting left-wing ideas towards their own ends. The only thing that's stopped them from investigating planned

Paul Cockshott and Allen Cottrell's *Towards a New Socialism* (1993) is what they ultimately turn to when it comes to explaining how a planned economy will work, which explores the question in detail. To be fair, they don't accept the claims in that book at face value and call for further investigation into the subject (a line of research that I 100% support despite my skepticism when it comes to planning). However, in taking such a line, they inherit structural problems inherent in the work that, to the best of my knowledge, nobody has actually picked up on ([not even Len Brewster of Mises.org in his 2004 review of the book](#)).

As long as we have human labor, we need some way to evaluate the worth of that labor so calculation can occur. But the key question here is how does one differentiate between different forms of labor? The solution proposed by Cockshott and Cottrell is to assume that skilled labor is merely the product of the labor involved. I quote:

We can envision the establishment of a baseline level of general education: workers educated to this level only will be regarded as 'simple labour', while the labour of workers who have received additional special education is treated as a 'produced input', much like other means of production. This notion of skilled labour as a produced input may be illustrated by example.

Suppose that becoming a competent engineer requires four years of study beyond the basic level of education. This four-year production process for skilled engineering labour involves a variety of labour inputs. First there is the work of the student—attending lectures, study in the library, lab work, etc. As stated earlier, this is regarded as valid productive work and is rewarded accordingly. It is counted as a 'simple labour' input. Second is the work of teaching,

distributed over the number of students being taught. This is a skilled labour input. Third, there is the 'overhead' work connected with education (librarians, technicians, administrators). This may be a mixture of skilled and simple labour.²

Such a scheme reads like a libertarian parody of a socialist society. While modern revisions of this plan might be open to alternatives models of education, one still has to overcome the gaping problem of quantifying the diversity of educational styles (not to mention the fact that many people learn outside of institutions or on the job). Oh and then there are the problems of useless investment in the educational institutions and what's even being taught to students. Oh and there's also the problem that such a mechanism is pretty useless at evaluating the labor of jobs that we don't even know exist yet (and even when they do exist, there's also the problem that the educational requirements may change over time). The contradiction of such an organizational approach with the demand for high-tech, dynamic social order is unresolvable. For all that the various thinkers on the subject of information age economic planning have done to try and distance themselves for the mess that was state socialism, such a solution immediately brings to mind the worst aspects of the bureaucratic stupidity that ensued in those system.

Despite many socialists claiming to have banished them, Hayek's arguments about subjectivity and tacit knowledge haunt these arguments around planning. And where Hayek lurks, Mises is not far behind. Sure, once you have the labor values for everything in the economy, you can crunch the numbers for your plan in a couple seconds, but there's the problem of negotiating between the preferences of everyone taking part in the economy. Cosma Shazili's excellent article *In Soviet Union, Optimization Problem Solves You!* describes this problem perfectly:

There are many institutions which try to reconcile or

our subjectivity and knowledge into a single number that helps us interact with others, allowing the distances between our capabilities to be bridged by assumptions, to avoid the problems that come with delegating to experts (that inevitably emerge with a high tech complex social order). The capacity for prices to enable autonomous positive-sum relations between individuals is what has made capitalism capable of overcoming hurdles and challenges that would have destroyed any other system. However at the same time the current system *must* restrict our freedom of action so as to maintain the disparities of power. As such, despite all the noise made about revolutions in finance, currency as a technology remains limited in its capacity to augment our freedom *by the demands of the survival of capitalism itself*.

Capable of compressing a vast amount of information into a single value, money allows for the negotiation of preferences at a level that no other technology has achieved to date. Indeed, if Phillips and Rozowski can defend planning with an appeal to the corporate form by saying that it can be turned to good, then I can certainly defend currency just the same. Its capacity for enabling distributed, stigmergic action and it's flexibility in how it can be created and used makes it one of the most impactful technologies we've ever uncovered, worthy of sitting alongside such inventions as language in terms of expanding our capacity for action.

So, while democracy may give us warm fuzzies when it comes to making collective decisions, it's currency that lets individuals of radically different backgrounds work together, find common ground, and develop positive sum relations, or at the very least respect their differences. The turn of many libertarians towards reactionary ideologies is in part due to the realization that money allows and perhaps even encouraged fraternizing with The Other or The Outside.

In fact, I'll go one further and state that I think it's highly likely we'll see the reactionaries advocating for economic planning

networked organization.

Now of course, every ideology is guilty of not understanding such dynamics, but the left is both a) supposed to be better than this and b) not in a position where it can afford such mistakes. Trying to separate collective action problems from economics is impossible: organizational efficacy is tied to questions of information flow and processing, as well as broader questions about incentives. We want to unleash the individual agency of all and that means not tying them down in endless meetings and low bandwidth communication.

This reveals blind spots in the thought of radical intellectuals on the subject of organization and cybernetics, like Stafford Beer of CyberSyn fame. Calls for decentralization and autonomy are all well and good, but individuals quickly run into the problem of expressing preferences in a timely manner. Democracy centralizes this process, stifles our capacity to express particulars, demands we sacrifice unpopular preferences in a zero sum game, and forces us to partake in *fucking* meetings. Centralized control over a complex system doesn't magically get more effective because everyone gets a say in how the control is administered.

These problems of information flow and specificity have pervaded all forms of social organization. But in an age of accelerating complexities, these issues are exacerbated to the point where the usual tricks can no longer overcome them. The notion that we can get the dynamic technological world that Phillips and Rozworski call for when we're dealing with such an outdated organizational form is questionable indeed.

And this is where currency proves itself to be incredibly useful. While it's true that Hayek's initial example about the price of tin reflecting disruption is dated in the age of ubiquitous communication networks (at least outside of circumstances in which such information is unavailable), there's a lot more that prices give us than that. Prices let us compress the complexity of

adjust divergent values. This is a problem of social choice, and subject to all the usual pathologies and paradoxes of social choice. There is no universally satisfactory mechanism for making such choices. One could imagine democratic debate and voting over plans, but the sheer complexity of plans, once again, makes it very hard for members of the demos to make up their minds about competing plans, or how plans might be changed...

Dictatorship might seem to resolve the difficulty, but doesn't. The dictator is, after all, just a single human being. He (and I use the pronoun deliberately) has no more ability to come up with real preferences over everything in the economy than any other person. (Thus, Ashby's "law of requisite variety" strikes again.) He can, and must, delegate details to the planning apparatus, but that doesn't help the planners figure out what to do. I would even contend that he is in a worse situation than the demos when it comes to designing the planning apparatus, or figuring out what he wants to decide directly, and what he wants to delegate, but that's a separate argument. The collective dictatorship of the party, assuming anyone wanted to revive that nonsense, would only seem to give the worst of both worlds.

This brings us to the second political problem. Even if everyone agrees on the plan, and the plan is actually perfectly implemented, there is every reason to think that people will not be happy with the outcome. They're making guesses about what they actually want and need, and they are making guesses about the implications of fulfilling those desires. We don't have to go into "Monkey's Paw" territory to realize that getting what you think you want can

prove thoroughly unacceptable; it's a fact of life, which doesn't disappear in economics. And not everyone is going to agree on the plan, which will not be perfectly implemented. (Nothing is ever perfectly implemented.) These are all signs of how even the "optimal" plan can be improved, and ignoring them is idiotic.⁶

While they make mention of this article in the book, Phillips and Rozworski fail to address this essential point about negotiating between preferences. Sure, democratic management might be able to solve some big obvious problems we face today, but once that's done we'll be subject to harsh diminishing returns as the fractal complexity of individual desire becomes insurmountable. (Incidentally, this is probably why the most successful "socialist" economies are those of a wartime nature, as optimizing preferences for many becomes easier as desires are simplified to basic survival and destroying the enemy.)

However, to be fair, it's likely that if such a social order was achieved, it would actually see a massive jump in terms of productivity and the reduction of externalities simply because our current system is *so* inefficient and broken. As Kevin Carson likes to point out, our modern economy is the equivalent of a horribly complicated Rube Goldberg machine which exists largely for the purpose of extracting rents and maintaining power imbalances. Supplanting such parasitic behavior would dramatically increase wealth for all, but socialists aren't the only people calling for such changes. Libertarians, self-described neoliberals, left-liberals, heck even the alt-right are all partly aware of the degree to which our economy is restrained by the state. But this doesn't make them right on anything else, nor does it even make their solutions to such state imposed scarcity correct. Even the most dumbfuck alt-right economic scheme might actually be better in the short term simply because disrupting our currently existing intellectual property regime would unleash so much wealth that forcing the

most [educated cohort out of the workforce](#) and into the home might still be an overall positive economically.

Of course the real problem isn't making the world a better place once we've won, but instead getting there. And again the knowledge/calculation problems that undermine planning also apply to basically every other aspect of social organization. And it's here, in this space that was articulated by Hayek and Mises, but has since been expanded by our understanding of fields like cybernetics, information theory, and complexity theory, that any left-wing movement worth a damn needs to become comfortable. Not just for simple strategic reasons, but also because expanding individual agency is synonymous with increasing complexity, information flow, feedback, etc and as such there are good prefigurative reasons to investigate such questions so as to prepare for the world that we want.

Furthermore it explains why states and corporations haven't won. If planning was as effective as Phillips and Rozworski say it is, we'd all be dead. The US empire would not be caught in endless war against insurgents abroad, activists at home would not be a constant thorn in the side of the state, and the broader open source movement would just be a cute sideshow if large hierarchical organizations were not constantly tripping and stumbling as they tried to move through the world.

By refusing to take such arguments seriously, socialists cut themselves off from some *really good arguments* against the current economic order. Phillips and Rozworski are correct to point out the contradictions within neoclassical economics that ignore the degree to which planning occurs within firms, but [Johanna Bockman's *Markets in the Name of Socialism*](#) (2011) not only addressed such contradictions in significantly more detail, it also showed that just as many socialists as other economists came to the conclusion that free markets and socialism were in fact *synonymous* because of their capacity to enable decentralized