

YUGOSLAVIA AS THE PATHBREAKER FOR GLOBAL SOCIETY

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I. INTRODUCTION

The Yugoslav theorists and ideologists of Self-Management have the tremendous advantage and unique position of being able to practice true praxis. By this I mean that they have lived and worked in a country that did *bona fide* introduce self-management and progressed through a process of praxis, that is, action followed by reflection and reflection followed by action, towards fuller and fuller, and historically more perfect forms of self-management. By contrast, the few of us in the West who have been studying self-management have been less privileged. We could only look from a distance at the Yugoslav experience and a handful of other less important ones in developing our scientific field. Worse than that, a majority among the few were handicapped over the years by looking at the Yugoslav self-management reality through eyes and glasses which were not produced within and for the observation of self-management, but rather which emanated from the bosom of the capitalist world. Even to this day the majority of students of self-management in the West think that they can study their subject through non-participatory methods which are as oppressive and work as much from the top-down as a capitalist enterprise.

Given this state of things one might wonder — and many have wondered over the years — whether the economic and other sciences of self-management developed in the West can be of any use and have any objective validity. My feeling is that to the extent that the Western scientists do recognize the limitations of their scientific universe, that is of their own capitalist paradigm within which they live, they can with a good deal of effort reach results of objective value. I feel personally that I have been privileged through an intensive contact with my late brother Jan of the International Labor Office (ILO) who was extremely close to Yugoslavia by both mind and heart in forming my own consciousness over the past twenty years since I

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first visited Yugoslavia and since I began to study closely the subject of self-management.

What I want to do in this paper is to give a very broad account of the principal results of my twenty years of thinking; and to try to substantiate on the basis of that account three major theses that I submit as my contribution to your gathering celebrating the thirtieth anniversary of self-management in Yugoslavia. These three theses are:

- I. Yugoslav self-management of 1980 and beyond is not only a Yugoslav phenomenon but something consistent with evolution towards an optimal form of any human group or society.
- II. Self-management in the place of work cannot exist and grow in the absence of such self-management in all other domains of life; and as such self-management must always be understood as an all-encompassing system of human existence comprising not only its own practice but also its own system of thought — or paradigm.
- III. As such and for the reasons implied Yugoslavia's experience with self-management must be considered as a path-breaker for all societies of the world although these will in detail have to seek their specific formulations on the road of historical progress, if there is to be progress. Even if most people around the world do not realize it, and many might want to contradict it, nonetheless, I consider it my obligation to thank our Yugoslav friends for what they have done for all their fellows and comrades of the human family. These thanks should particularly go to the late President Tito in whose memory this paper was written.

II. THE FIELD OF ANALYSIS DEFINED

When we speak of self-management whether in its narrower sense in a factory or in its very broad sense concerning all areas of life, quite obviously we have in mind the process by which individuals or groups of people influence and control their lives and the social and natural environment in which they live. The principal if not the sole objective of this paper is to analyze these processes of control with a view to finding what are or what are likely to be the socially optimal forms. But optimality of course implies selection from among a broader set of possible solutions. The concrete purpose of this Section is to discuss and lay out what are the possible forms. In this discussion also we want to clarify certain concepts and categories which are indispensable for the subsequent discussion of social optima.

The first thing to note, already implicit in our initial statement, is that self-management and the processes of control must be thought of at least initially as concerning all aspects of life, the realm of production and transformation of useful products being definitely only a part of the whole set.

The second matter to note is that when we speak of self-management we have in mind conscious and deliberate processes, deliberate decisions on whether to act or not. We do not speak of biologically spontaneous and predetermined processes such as digestion or breathing. Still another matter is that the processes of self-management and self-determination can be categorized into either those concerning an individual or those concerning social groups. It will be the latter that will concern us most in this paper. It will also be useful to note that some processes of control — in fact the most complex ones — are processes undertaken only once, while others — such as assembly line production in a factory, or driving an automobile and thus adapting to the natural environment of the landscape — can become subject to highly repetitive actions and activities which often can be internalized and in fact become automatic, a little bit like the process of digestion that we referred to already.

It will also be useful to make use of the concepts of health on the one hand and pathology on the other of the processes of self-management and control. An example of a pathological state would be the neglect by an individual of an imminent danger of certain death emanating from the social or cultural environment. By contrast, individual sanity (or in a transposed sense of social sanity) would be a resulting *rational action* permitting the avoidance of the fatal threat.

The broadest set of alternatives over which we want to discuss the optimality of course involves in the social context the various forms of control over social or natural environment that have been exercised historically and which are currently distinct from self-management however defined. For example, states of slavery where the owner decides in most matters, various forms of despotism or dictatorship where major social and political matters concerning the entire nation are decided by a single individual or a small group. The state of Western-type capitalist democracy where a certain fiction of equality of vote stands in flagrant contradiction to highly authoritarian and despotic forms of government not only in the place of work and elsewhere, but even in the political sphere owing to the disproportionate power of wealth, money and position of work.

Most essential in moving into a more careful analysis of our subject, quite obviously, are the concepts of participation or self-management on the one hand and the concept of *involvement* on the other. These two categories must be linked together, only those somehow involved being justified or called on to participate in the control, or self-management of a given social or individual process. Quite obviously an average American should not be participating in Yugoslavia self-management simply because he has no involvement in the Yugoslav political or economic processes.

Although this will be our concern later on, even here it ought to be noted that both involvement and participation or self-management must be thought of both subject to (a) possible variations of intensity and (b) possible variations in nature or quality. For example, the involvement of a capitalist owning a share of common stock in the United States has a quite different and distinct involvement in a

factory than does a worker of that factory. Both intensity and nature or quality of the involvement are different. Innumerable other examples of similar differentiations could be given and some will be essential to us later on in our discussion.

Still another essential distinction and categorization important for our discussion is that between current self-management, participation and decision-making processes and what we might call constitutional ones, concerning long range determination of rules and structures, and frameworks of conduct. Societies express their control over the natural or social environments in both the constitutional and what I would call parliamentary domains and both may or may not be subject to self-management and self-determination. In medieval monarchies constitutions were given by the king as much as the statutes of the General Motors are given by the owners, neither of the two constitutional forms of determination being or even resembling what we would call self-management.

With these major concepts and categories in mind we can now turn to the essence of our analysis. Further concepts and categories will have to be introduced, but these for the most part will be such as are necessary to determine the forms of optimality.

III THE PRAXIS PROGRESSION

My work leads me to the conclusion that the optimal government or control of our social and natural environment finds itself, figuratively speaking, at the intersection of two major social theories: 1. the theory of praxis progression; 2. the theory of optimal participation. Most of this paper will consist of sketching of what I mean by this statement. Still continuing the parabolic statement, let me also say that the core of the intersection is human dialogue which, as a street light at the crossroads at midnight, allows us to find the way where to go. I will try to sketch the first theory in this Section of my paper and the second in the next.

What I refer to as the theory of praxis progression is something that I have dealt with in greater detail elsewhere¹⁾ and which by no means represents exclusively my own ideas. Rather what I have in mind has a lot to do with Marxian thinking; and for me directly the ideas which I am about to present have grown from a study and reflection on work of Paulo Freire, a great humanist — or Christian — Marxist, pedagogist of our times.

The dominant fallacy of Western social science and in particular of Economics, the field which I used to belong to and know best, is

¹⁾ Unfortunately I do not have any published works of my own to point to in reference to the two theories because my by now quite extensive writings on these subjects have been systematically rejected in the West by both conventional and "progressive" means of publication. However, the work I am mainly referring to here is *Through Participation and Dialogue to a World of Justice*, Wassenaar, The Netherlands, 1975-76.

to consider human beings with their consciousness as constants with very little dynamics or evolution in them. These constants, endowed with given preferences which presumably are given for all possible states of the universe, then lead them to action or expression of preference either through market relationships or by means of quoting or other communication to some kind of social welfare function. Without going further into any positive details we want to note that such theories completely neglect the real phenomena of highly incomplete and rapidly changing preferences; of the fact that the process of choice and action itself is subject to human satisfaction or lack thereof — in fact these processes may be the very essence of life; the phenomenon of learning, imitation and emulation; the most fundamental phenomenon of human interaction that is dialogue (to be more carefully defined below) which may be the very essence of social existence and social reflection.

Counterposing to this static and individualistic, noninteractive and ahistorical view of man, I submit that individual and social choice, the control of one's social and natural environment that we spoke about before, is the very essence of the ongoing process of life; it is a process which some may like to think of as men's participation in creation. The process can be good or bad, optimal or less good, healthy or pathological and it itself constitutes the essence of and purpose of life (rather than, as the Western economists would like to have it, some maximization of social or private utility function). The process at least in its healthier and more optimal forms is one of praxis, an ever evolving sequence of action and reflection and so forth, in various domains by various individuals or groups. The process itself is at the same time the instrument by which individuals and humanity attain their objectives, well-being and, if we want, happiness; but it is not only an instrument, it is also part of the objective in itself of generating satisfaction, happiness or as the case may be unhappiness.

To be more precise and to develop a little more my own more precise thinking on the subject, I would define praxis progression in the following way:

All intelligent and sane (non-pathological) life of individuals, societies or of all humanity, over short periods of time or very long ones covering many generations, can be seen as one or more concurrent and or consecutive "praxis progressions." By praxis progression we understand a series of some seven or fewer consecutive stages or states of consciousness or action. The stages as I see them can be described as:

1. no consciousness
2. naive or primitive consciousness
3. critical consciousness
- 4a. denunciation or
- 4b. approval of a certain state
- 5a. enunciation or
- 5b. no sequel
- 6a. testing and experimentation or

- 6b. no sequel and finally
- 7a. change or revolution or
- 7b. no sequel

These terms are largely self-explanatory. All have been used, even if perhaps with somewhat different meanings, in the literature. The praxis progression leading to change has seven stages whereas that involving critical consciousness formation followed by approval and thus continuation of the previous state contains only four stages. The praxis progression can be arrested temporarily or permanently at any of these stages. When that happens we are facing a case of either insanity (pathology), individual or social, or absence of intelligence. The praxis progression by an individual or by a group also can be, and often is, interrupted by action external to the individual or group and in that case we can think of oppression.

In the case of a fully evolving progression all the way to change (7a) normally there will follow evaluation of the action or change which took place and this in fact is nothing but the beginning of a new praxis progression leading only to stage 4, approval in cases where the change or revolution attained is deemed successful and corresponding to the original intentions (enunciation).

But let us now move from definitions and generalities to some concrete examples which will illustrate our argument and at the same time suggest some aspects of optimality or lack thereof involved. The first example concerns an individual and I present it primarily to illustrate and give substance to the perhaps too-abstract statement above. It also illustrates the important fact that many praxis progressions can lead to automatization or quasi-automatization as a result of frequent repetition. Our example not only concerns a single individual but involves praxis progressions which may last only a few seconds. The domain or context of this progression is driving an automobile (or a horsecart, for that matter). In fact the whole action of driving an automobile from one place to another can be visualized as a very large number of strictly consecutive praxis progressions of either the seven stages ("a" type) or the four stages ("b" type): A person is driving on a straight stretch of the road. The activity is quasi-automatic and we are in a state of naive consciousness, having advanced from the state of no consciousness in which we were before entering the car to start driving, from time to time entering a state of critical consciousness and verifying the straightness of the road and approving the state of continuing the driving straight (4b). Suddenly a curve occurs in the road and we first acquire a critical consciousness in the sense that we realize that if we continue the preceding action of driving this car straight something very bad will happen.

That critical consciousness does not suffice and we first acquire a state of mind which we refer to as denunciation, attaching so to speak a value to the fact that there is a curve and if nothing is done we will have an accident. From that state of denunciation we first form a theoretical abstract model (project) of what should be done in the corresponding state we referred to as denunciation; we

enunciate (although only mentally in the example at hand) that what we are going to do is to turn the wheel to adjust to the curve. If we were driving the car for the first time in our lives we would not know by how much to turn the wheel and we would have to enter a state of testing and experimentation. But since we learned driving years ago we have learned by experience and fully automatized that stage in the praxis progression — that is, we can omit it. And thus we proceed immediately to the action, the revolution — that is the turning (revolution) of the wheel. Thereafter, after turning the wheel back again and skipping the stage of evaluation which now also is internalized, we find ourselves again on a straight stretch of the road or with new curves and we repeatedly apply similar praxis progressions of either the "a" or "b" type. Ultimately we stop and leave the automobile, whereby we again return to a state of no consciousness in the context at hand.

We are illustrating here not only the case of "skipping" with repetitive activities and situations. We can also see in concrete terms what is meant by sanity or lack of intelligence. An insane person starting from naive consciousness might progress to any one short of the final seventh stage of the progression and not move to the next, thereby ultimately causing an accident. Similarly a creature without sufficient intelligence, say a dog or a monkey, to whom one would hand over the driving of a car might not even move beyond the stage of naive consciousness and thus also cause an accident.

Similarly, and this has significant analogies for the praxis progression in the social context to which we will come later, the driver might be prevented from moving beyond the state of naive consciousness or held back at any one of the junctures between two stages by some external agent or as a matter of some side effects of the process of driving itself. The latter can be illustrated by car sickness resulting from motion or gasoline fumes in the particular case of driving. The former situation can be illustrated by a driver's irrational action or inaction forced upon him by the threat of a gangster who may have forced his way into the car.

Of course all such interruptions of the "free flow" of the progression interfere with and conceivably can entirely destroy what we have termed before as sane, non-pathological and intelligent life. While an obvious and perhaps trivial observation in the context of our driving example, the notion of pathology can become less trivial and far more useful in understanding what is going on in the world when we come later to the social forms of praxis progression and when we try to understand better the problems of optimality of our control and management of our social and natural environment.

Before we proceed to social situations which are our principal concern another one from the individual domain ought to be noted — one that lasts not a few seconds but all or most of a person's life span. The praxis progression that we have in mind is human life itself. Note that we all pass at birth from no consciousness to naive or primitive consciousness; we accept things uncritically as we receive them from our parents or our teachers. And in many respects many of us remain in that stage for all of our lives, assisted in that stagnation by most

willing business advertisers or political ideologists and propaganda men. But living intelligent and sane lives must involve a complete praxis progression with stages of critical examination and consciousness formation, denunciation (or sometimes approval) followed by an enunciation of what one wants to do with one's life in view of such critical consciousness. The terms of "vocation" or "calling" come to mind here. The rest of life then corresponds to the last two stages of experimentation (searching) and actual change or revolution.

The fact that many remain in the state of naive consciousness, for example believing the myth that making money is their purpose in life or any other myth, is probably less their own fault than that of the environment or social system in which they live. Education, social consensus and certain self-conserving mechanisms of an established order often obstruct any individual's life praxis progression at any of its stages. In this they act very much like the case of the gasoline fumes, or as an exorbitant and uncontrollable speed of the vehicle.

Let us now turn to the social domains which lie at the heart of our interests. First, we must note a fundamental difference and make a subsidiary definition. The fundamental difference is that the "reflection" part of praxis in the context of an individual cannot be directly transposed into the social context of two or more individuals. But the transposition can be effected by introducing the notion, so important to us as noted already, of *dialogue*. The process of dialogue among involved individuals, members of society, we define as a process of human interaction, not only transmitting but also and above all creating knowledge. We thus make a dialogue identical with underlying *social reflection* in the process of social praxis progression. With that in mind all the above discussion of individual praxis progression can be extended to and become most useful in the context of social praxis progression.

Of course major questions remain such as who ought to participate in the dialogue and how; how are subjects (progressions) selected; moreover the issue of decentralization to dialogical size of groups becomes very important. But to these we will come in the next section. Here let us elaborate on some other essential aspects of dialogue and the social praxis progression. We recall that as much as the individual progression the social praxis progression is the instrument through which in a changing world communities of people ought to control their social and natural environments if they are to behave optimally. Abandonment of such a process or its interruption or any of the many possible pathologies, whether in the individual or social context, always implies inefficiency or sub-optimality, if not impossibility.

The essential role of dialogue in the social praxis progression is immediately apparent. Without it the process of praxis in the social context hardly can exist. Just imagine a process of voting or some other transmission of individual wills to final social action. Not only is such a process infinitely more cumbersome but of the many functions and roles of the dialogue it fulfills only one; namely, one-way transmission of desires or preferences. In many Western countries this is extolled as the great principle of democratic government; yet from our point

of view it is not the second but the eighteenth best solution. Note for example, that it permits all kinds of indoctrination or outright purchase of attitudes of those who are to vote by those who happen to have money and need the votes. But this is not the place to discuss the weaknesses of Western democracy.

Rather and more positively, let us note in a shortened manner the various essential functions of dialogue which cannot be found in any possible substitute for it. We already noted dialogue as an instrument of exchange of information and above all a means of creation of knowledge similar to individual reflection. Moreover dialogue can form consensus. Dialogue can educate in the deeper sense than just transmission of information. Dialogue in itself is normally subject to positive utility and satisfaction (note that voting *per se* normally is a big bother and many people tend to avoid it). This is not to say that dialogue contradicts voting; but very often it makes it unnecessary in small groups and makes it far more meaningful in larger ones. Dialogue is also much more expeditious by immediately recording changes in objective or subjective conditions. Moreover it can elicit immediate responses which otherwise might take months or years. Perhaps most important, it is far more difficult to cheat or pretend in a direct dialogical relationship than with an impersonal ballot box or questionnaire. Normally also dialogue can create and deepen friendships and people's feelings towards each other — even if at times negative ones; but it does not leave people indifferent as cold fish. Dialogue also creates empathy and sympathy. It allows us to put ourselves into other people's shoes and identify oneself with others. Dialogue very importantly selects automatically topics for discussion which are of greatest concern to a group and thus is self-correcting and far more expeditious. It is infinitely more difficult — and this is the essence of Paulo Freire's ideas — to oppress mentally a dialogical group than an individual or a group of separated individuals. In fact in Paulo Freire's thinking (unlike in our already more systematized presentation) dialogue is *per se* the very essence of critical consciousness formation.

We also ought not to forget that attitudes, positive or negative, can vary in intensity from mild and lukewarm to violent. These cannot be easily expressed in votes in ballot boxes but as we all know are very easily and convincingly transmitted in a dialogical human intercourse.

Dialogue is simply the *sine qua non* of the social praxis progression and thereby it is the only way to social sanity — not to speak of optimality which is quite obvious. How much this is true can be illustrated by the problems of traditional voting and representative democracy in the United States, an increasingly complex society. The negative externalities — or the fumes' effects, or the uncontrolled driving effects of our above example — are so much apparent and we do not even know whether there are actually self-correcting mechanisms to this sub-optimal situation.

We ought to turn in greater detail only later to some concrete situations or examples of social praxis progression, after we have outlined in the next section the other key theory of optimal participation. But even now a very broad example most pertinent to this meeting

ought to be in order: the entire process since the Second World War that Yugoslavia and its people undertook in moving to its forms of self-governing and self-managing socialism can be thought of as one gigantic national praxis progression wherein the nation as a whole, assisted by its leadership, engaged in a process of dialogical reflection and action. In fact I would say more precisely that Yugoslavia has been engaging in an ongoing process of consecutive praxis progressions in defining, improving and adapting its overall practice of self-management.

On the other side of the spectrum, as I would see it, any major issue coming before a workers' council, whether accepted for action or not (whether our type "a" or type "b") in fact is a case of complete praxis progression. The dialogue within the council, and that among the workers working on corresponding projects is the very essence thereof.

IV. THE RULES OF OPTIMAL PARTICIPATION

In the preceding Section we have developed the theory of social praxis progression without answering some fundamental questions. These include who ought to participate in the dialogue or in the praxis progression; how should he or she participate; how should the subjects for participation be selected? Also there is the question of what should happen when dialogue for one reason or another is not possible. Obviously we will not be able to answer the fundamental question of our inquiry about optimal self-management or governance of our social and natural environment unless we can also give answers to these questions. The answers are contained in what I refer to as the theory of optimal participation. I have devoted to it a monograph of some four-hundred pages. Since there is this far more careful and detailed statement, I can concentrate on the general ideas and rely more on intuitive rather than formal proofs.

Let us begin with an example. The domain in question is capitalist factory production, wherein we may say that capitalist control and profit-making by stockholders is also a form of "participation." Indeed, it is a form of participatory production in which all the votes are given to those who own capital and no votes are given those who work, and similarly for distribution of profits.

It does not take much argument to be convinced that there is something incorrect, or certainly sub-optimal, in this form of participatory decision-making. Of the many things wrong with this kind of participatory management, one seems to be most central, at the heart of the problem. It is that different people and different groups of people are treated unequally. Implicitly or explicitly somehow we all have it in ourselves that people are equal and that in some sense, perhaps difficult to define, they ought to be treated equally. This we may call the axiom of equality. It is indeed an axiom because while we may all feel its correctness it is difficult to prove. I take this axiom as a point of departure, relying on our willingness to concur with or accept it. If

anyone disagrees I feel that the burden of proving the contrary ought to be on him.

Of course the axiom of equality, while intuitively appealing, is not directly applicable without proper qualifications. If we want to speak about equality in the context of participation we obviously must mean some kind of equality of power or decision-making weight. But the question immediately arises, power over what, over what domains of decisions? For example, should a resident of Belgrade have a voice in deciding on issues of public safety in Titograd equal with someone living in Titograd? Obviously not. What this example brings out immediately is the question of involvement. In some way the degree of involvement must be brought into consideration.

The axiom of equality with respect to participation can now be more clearly stated: people ought to have equal weight or power in decision making if their involvement is equal. For example, two workers who work eight hours a day on the same job ought to have the same decision making power. By contrast, if someone has a heavier involvement, however defined, he ought to be given a greater weight or power.

Of course, there is the problem of measuring and expressing the degree of involvement, but that problem is not insurmountable. In some situations, as in our example above of working hours, there are objective measures of the degree of involvement. In other situations there is no reason why people themselves could not self-determine their degree of involvement over specific segments on the assumption that aggregate involvement is the same among individuals. A good example here is the participation by the teaching staff on the one hand and the technical staff on the other of an educational institution. Both of them *in total* have aggregate equal involvements per person; but they themselves may self-determine that the teaching staff's involvement is relatively heavier within the domain of educational matters whereas the technical and other staff of the school may self-determine that their involvement is heavier in their own domain of interest.

What we have said thus far is that in order to attain a social optimum, participation in decisions and in power ought to conform to intensity of involvement as between different individuals, while aggregate intensity, that is the aggregate decision making power over some well-defined area, ought to be the same for all individuals. This participation according to involvement suggests another important law which takes us out of the customary uni-dimensionality of socio-economic analysis: involvement can differ among people not only in intensity which can be measured in terms of hours or degrees or percentages, but also, more fundamentally, in terms of quality. For example, take a drug which can serve to preserve one person's life, and to someone else serve just as an opiate or alcohol to give him a more or less pleasant sensation. Obviously the two persons' involvement is fundamentally different in kind and not only in intensity. We may say that the first person is involved vitally because his or her life depends on the drug, while the second person is involved superficially or even pathologically.

The real world of human beings is full of such instances, of such differential involvements. In the area of industrial organization we immediately think of the involvement of stockholders as compared to that of the workers. Stockholders of a factory can be scattered around the world, never even having seen the factory. By contrast workers who spend eight hours a day, thirty or forty years of their lives in that factory are involved in quite a different manner. Their own involvement is infinitely more direct and approaches the vital involvement of the person in our example regarding medication and survival.

It is immediately apparent that if participation according to involvement is to vary with intensity there is a far stronger reason to let participation and decision making power vary with the nature of involvement. While it is simple to match involvement with participation according to some exact index of degree or intensity, the matching of quality or nature of involvement with the quality or nature of participation is less straightforward. But it happens that there is always some kind of internal (organic) logic which in some sense confirms our notion of multi-dimensionality. For example, the internal logic in our case of a vitally or non-vitally needed drug is that the person who needs it vitally ought to have some kind of absolute preference over the other person or persons, irrespective of how many others there are and irrespective of how rich they may be.

Similarly the qualitatively different involvement of workers must be recognized in determining participation irrespective of ownership. Even in socialist self-management the true basis for that self-management is that involvement of human beings in work much more so than social ownership.

Thus we have introduced in our concept of optimal participation the notions of first, involvement; second, intensity of involvement; third, nature or quality of involvement. There are three other very important considerations which must be brought in: first, there is the *dialogue*, in the sense that we have elaborated on already; second, *decentralization*; and third, *constitutionality*. All are interrelated: we will elaborate on them briefly and will direct the reader to a detailed analysis elsewhere.²⁾

The fact of life is that social preferences — the crux of participation — are not a result of some kind of adding of individual preferences. Rather they result from a very complex process involving learning, education, dialogue, emulation, feelings of sympathy or antipathy, and a number of others. Central to all these is a dialogue among people which not only transmits but also and above all creates knowledge and preferences.

People involved in a dialogical relationship form something quite different from voting democratic groupings. Dialogical groups cannot be very large. This brings us to the issue of decentralization of larger social bodies and to the issue of the optimal decentralization and opti-

²⁾ Please see footnote number 1.

mal size of dialogical groups. Also there is the issue of optimal delegation of representatives to higher decision-making bodies, in order to make them as truly dialogical as possible.

Decentralization as much as the introduction of decision-making by intensity of involvement and by nature of involvement brings in the issue of long range constitutional decisions as distinct from short range parliamentary-type decisions. For example decentralization or restructuring of an enterprise or of a political entity is something that is done constitutionally with reference to decades and not on an *ad hoc* parliamentary basis. A lasting constitutional basis also has the effect of purifying the decision-making process from possible problems of not revealing the truth or pretending.

All we have done here is to sketch some principal characteristics of an extremely complex process. But even such a sketch does not leave any doubt about the necessity of introducing these factors into the design of an optimal participatory process. All these considerations lead to a formulation of what we may refer to as the *fundamental law of optimal participation*, which also summarizes our second theory necessary in defining the optimal governance of people over their social and natural environment.

To attain an optimal order and fullness of life in society, the following is necessary:

In all areas of human endeavour all those, and only those who are involved, should participate in all decisions. Their participation must be according to both the intensity and nature of their involvement. The participation should be democratic and there should be a flexible constitutional framework for this democracy. Decision-making should be optimally decentralized by application or devolution of power to such levels that dialogue and direct participation are always possible.

V. ON THE DIMENSION OF JUSTICE

Our account would not be complete if we were not to discuss the significant subject — highly significant for our analysis — of *justice*. It overarches our entire analysis; it conditions the optimality of human governance over social and natural environment and in turn is conditioned by it. It is also intimately linked to the axiom of equality. As much as that axiom our notion of justice is axiomatic and as such can be proven only from beyond the realm of rational thought — from one's heart, if it may be put that way.

While elusive to the rational mind on the level of definitions the dimension of justice has a very concrete and specific role to fulfill in our present context. The dialogue which is at the heart of our subject is impossible without and in a sense must always be imbedded in an atmosphere of justice realized and felt by all participating in such a dialogue.

For example the well known phenomenon of collective bargaining in Western capitalist countries can never be equated with what we have called dialogue. Collective bargaining is full of withholding of information, even deception and treachery, strategizing, pretense, and so forth. Why? Because it involves a situation which is fundamentally one of injustice where those who do not work and are far less involved in the human process of production try to rip off, or squeeze from, the working community as much as possible. In turn organized labor, not having any illusions about the nature of things, tries to strike as good a bargain as possible.

Compare this to the true dialogue of a workshop or a broader community where the fundamental rules of participation are applied. Once such ideal conditions are fulfilled there permeates an overall feeling of justice and fairness and people are truly able to share knowledge and create knowledge without deception, without withholding of information, everybody trying to learn as much as possible for the benefit of the group as a whole. I do not say that every workers' council or self-managed workshop works this way; but this is certainly something that is possible and in many cases effectively does occur. The at least implicit sensation of overall justice is realized by those who participate.

In fact the precise application of the fundamental law, which calls for the participation according to nature and intensity of involvement, basically aims at the creation of the atmosphere of justice. It is only those involved in the deepest or most serious manner, such as workers of a workshop or immediate members of a family, who can participate in the dialogue. Interference from owners or from government officials in the first instance or interference from a self-centered mother-in-law or someone else not belonging directly to a family will always render true dialogue impossible and as such from our point of view will lead to something far less than optimal.

But the notion of justice as considered here has other even more concrete significance. The broad rules of optimality briefly developed in this paper lead to and have behind them an entire theory and system of optimal decentralization. Space and time did not allow its full statement here but I have presented this theory elsewhere,³⁾ which in the practical realm is so well known to the Yugoslavs.

The essential if not sole remaining problem of decentralization, once the decentralized units (workshops, communities, families or other) are defined, is the problem of democratic and participatory transactions and relationships (I call them in my writings *inter-group links*) between the decentralized units.

For example, in a shoe factory, take a decentralized department producing soles of shoes which it supplies to the next department fitting to the shoes the tops and producing the final product. The residual if not the only major remaining problem is that of transfer pricing of the semifinished product in transactions between the two departments. And there is the related very practical problem of how

³⁾ *Op. cit. Through Participation and Dialogue to a World of Justice*

to adjust these transfer prices over time when productivity in the two departments and other conditions change differentially. In Western capitalist literature and theory this is usually referred to as the problem of bilateral monopoly. As the greatest mathematicians of this century have shown, it does not have any scientific solution. But for us as for any child, it is quite obvious that the transfer price problem can be resolved once an overriding principle of justice is adopted by the entire community — the community of the enterprise and of the nation as a whole: there will always be a unique transfer price of the soles in our example, corresponding to a given distribution of income — presumably equality in the case of equal skills and equal types of labor — deemed just and fair by the community. And also there will normally be a set of constitutional rules, according to our fundamental law of equality, that will make it possible to adjust this "just and fair" transfer price over time with changing conditions.⁴⁾

The dimension of justice indeed penetrates the whole world of optimal governance of the social and natural environment. We need only recall the preceding example involving the use of a drug in two situations, one for survival and the other for "kicks." Along the same lines but far more suggestive is the problem of control of world supply of foods by those starving in the world on the one hand and those living in opulence on the other. According to the law of optimal participation those starving are vitally involved in the domain of food supplies whereas the others are involved only superficially or less vitally; and thus it is the deeper qualitative involvement that should take priority in the participation in control and determination. But the precept of the fundamental law is nothing but what most normal people would call the requirement of fundamental human justice — even if world market forces governed and supervised by profit-making traders (and sometimes governments) may be contradicting such precepts of human justice.

VI. THE EXPERIENCE OF YUGOSLAVIA AND THE PRESENT PERSPECTIVE

In this Section I would like to conclude by bringing out the most important elements of my analysis, and I would like to do so in conjunction with an overall account of the Yugoslav experience as I see it from the vantage point of an external observer of many years.

Placing first things first of course we must note what is most fundamental: the experience of self-management in the domain of work and production which has evolved in Yugoslavia over the past thirty years. From the point of view of the broad theory presented in this paper, this experience represents without any doubt the most significant concordant between theory and practice anywhere in the world. As such the experience also eliminates the most violent and flagrant contradiction of both the theory of praxis progression and of optimal par-

⁴⁾ *Op. cit. Through Participation and Dialogue to a World of Justice*