

The Goal of a Socialist Planned economy

The means of production would be owned in common and managed democratically. This requires central planning of production. The planning administration would be radically transparent and use entirely open source software and algorithms on publicly available data sets. This would allow easy verification of the created plans by anyone.

This system differs from the systems practiced by the old USSR and pre-deng China in two main ways. First historical socialist states were party dictatorships rather than actual worker democracies, which aside from general issues with authoritarian government, limited the accountability of the government and economic planners to consumers and workers. It also prevented development of the planning system as old inefficient methods of economic planning became politically entrenched.

Secondly the methods of planning they did have were technologically and theoretically primitive. For instance the Soviet economy was mainly planned using physical paper spreadsheets, and the computational and communication infrastructure necessary for efficient economic planning only began to exist in the early 90s at which point most former socialist states had already moved away from economic planning.

Distribution of Consumer Products

Consumer products would be distributed through publicly owned and operated stores at prices set in labor vouchers. Prices would be iteratively adjusted to their "clearing rate", the price at which sale of a given product equals its rate of production.

Long term production of products would be iteratively adjusted until their cost of production equals their price. If a good has a cost of production higher than its long term price, relative production of that product would be decreased. Likewise if a product has a cost of production lower than its long term price, relative production of that product would be increased.

In this way production of existing goods would be regulated to ensure maximum fulfilment of consumer demand.

For products that don't have sufficient production volumes to make aggregate "flows", a simple auction system would be used to distribute and price products. There would also be systems in place for consumers to crowdfund "batch" production of certain niche goods similar to something like how the website mass drop functions. There would also likely be a system for individual consumers to commission customized unique products as well.

Job Allocation and Remuneration

Anyone could work any job they are qualified for, the rate of compensation for each job would "float" at it's clearing rate. Basically job compensation could be iteratively and automatically adjusted so that the target amount of each worker is achieved. If more people want to work a given job then are needed then relative compensation would be decreased, likewise if fewer people want to work a given job then are needed then relative compensation would be increased.

Assuming workers seek the highest compensation relative to their labor, this would also ensure each jobs compensation is equal to the relative labor required by it. If any job required less labor relative to it's compensation compared to other jobs, the workers would either flock to it or be reluctant to leave which would result in compensation being decreased via the mechanism described above. Likewise if any job required more labor relative to it's level of compensation compared to other jobs, then it would quickly lead to an increase in compensation.

Obviously there's an issue if the target amount of a certain amount of worker is higher than the amount of people actually qualified for that job, or rather the required amount of a given qualification to fill job targets is higher than the actual quantity of those qualifications in the workforce. This would result in the compensation for jobs requiring scarce qualifications increasing until the cost of products requiring those qualifications increases to a be in equilibrium with sale prices. This would not be a catastrophic failure, but it would result in the compensation for jobs requiring scarce qualifications being the result of the economic rent based on the scarcity of those qualifications rather than the actual labor required by those jobs. The primary concern is that if workers can profit of of having scarce qualifications rather than performing socially necessary, then workers could effectively rent seek, by influencing

institutions responsible for managing qualifications to artificially restrict training and development of those qualifications, in the same way that professional associations under capitalism already do. This is simple to handle of course by simply applying an economic rent to the use of scarce qualifications within the planning process so that the amount of each qualification "demanded" is not higher than the amount of that qualification that exists within the workforce.

There is also an issue if a section of the workforce has very limited qualifications, the method described above could result in workers with extremely low qualifications being "trapped" and forced to accept compensation lower than the average rate of compensation/over labor required, in which case it would be necessary to apply a negative rent/subsidy to the use of those qualifications so that the amount of that qualification is demanded that it is subject to competitive pressures that leave compensation in line with the labor required by that job. If the cost of subsidizing full "competitive" employment in this way is higher than the actual value created by those jobs, including economic inefficiencies as a result of that subsidy, (or maybe when subsidies end up costing atleast half of the value created?) then that class of potential workers should be classified as disabled and simply compensated an average income.

Education and Human Capital

Education and training would be free or cheap. Additionally education for in demand skills would be compensated similar to a job. If application of economic rent to scarce qualifications in the economy is used to prevent the runaway wage effect, then decisions regarding investment into human capital should be the same as investment decisions into standard capital, ie, investment targeting the largest amount of rent saving over cost.

Labor Cost Accounting

Factors of production would be priced based on their accumulated labor cost, ie the direct labor cost of producing an item, plus the direct labor cost of it's direct inputs, plus the direct labor cost of it's inputs inputs and so on. Costing factors of production in this way is easily calculatable with iterative algorithms to whatever degree of accuracy is needed in time linear to the complexity of the economy (complexity as defined by the number of distinct products and workplaces).

Of course there would also be rents and quasi-rents applied to the use of economic inputs which the demand for exceeds supply when priced based on direct labor cost. Rents would be calculated iteratively as well, by simply increasing the rent cost applied to a factor of production if more of it is required by the initially calculated production plan than actually exists. Likewise if the rent on a factor of production is above zero (or possibly as low negative as the natural depreciation rate for that factor of production) and if less of the given factor is demanded than exists. The total quantity of rents and directly labor costs should be normalized against the total direct labor costs so that total economic costs of production still equals the actual labor performed within production.

There would also be additional costs applied based on medium term scheduling and logistical/transportation costs.

Accounting for Cost and Value of Byproducts of Production

Obviously not all production processes result in a single output, many production processes have either positive or negative byproducts. To account for this the total

Ecological Sustainability

To ensure economic efficiency within ecological sustainability ecological limits, ie maximum pollution emissions and whatnot, would be determined by direct democratic referendum (based on projections of damages and costs). Those environmental limits, for instance a global limit of carbon emissions, would then be treated as a “fixed” input within the production process, with associated economic rents computed as well. This would ensure that the environmental limits are not overstepped and that the remaining polluting ability is used as efficiently as possible.

Evaluating Workplace Efficiency

Individual workplaces would be compared against similar workplaces to judge efficiency and productivity. Likewise goods would regularly inspected to ensure quality. If a workplace is especially productive then it would be studied and would have any positive ideas or innovations

spread as widely as possible. Likewise an unproductive workplace would be examined more closely and any issues would be fixed if they are found.

Investment and Developing the Means of Production

Funding to develop the means of production would be met out of general taxation, and in general the goal of reinvestment is to increase overall productivity and to save labor by reducing labor cost, of products and services within the economy. The most direct way of doing this is by decreasing economic rent by increasing supply of scarce Means of Production. For every scarce input with rent, a marginal cost to decrease a certain amount of rent in labor cost should be calculated in labor cost which should then be used to direct reinvestment, with more investment spent on , or otherwise investment proposals should be developed and funded in order of decreasing rent saving / cost until the

Research and Product Development

Contrary to popular belief, a capitalist market economy doesn't actually encourage investment into innovation, it only encourages adoption of *existing innovations*. Since innovation benefits everyone, not just the company who directly invests in it, investment into developing does not provide a competitive advantage in the long/medium term. Therefore private companies are highly reluctant to invest in innovation within a pure competitive market economy.

The way that capitalist states traditionally attempt to get around this issue is to implement the concept of "intellectual property", wherein any innovations developed by a company become "owned" by that company and can allow or disallow other entities from using that innovation. This allows the innovator to privatize most of the benefits of the innovation, via monopoly pricing and sale of licenses to use the innovation, which gives private businesses the incentive to invest in developing innovation. The issue is that intellectual property can only profit the owner of that intellectual property to the extent it creates artificial scarcity therefore limits the spread of innovation. Either intellectual property laws are weak/non-existent, in which case investment into innovation has no incentive, or intellectual property laws are strong, in which case the actual implementation of new innovations are highly limited.

A socialist economy would not have this issue, since innovation would be funded collectively and for the benefit of the entire economy. Obviously, a socialist society would also have the same mechanisms of basic government research as any modern capitalist country, though it would likely be better funded, but the main difference would be that a socialist society would also collectively fund development of individual products as well.

In the case of consumer products, such as a phones, clothing, software, media, and whatnot, design firms, or really anyone with an idea, would create and submit product proposals which would then be voted on publicly using a system of quadratic voting. Proposals with the highest level of votes/cost would then be funded and developed in descending order until the total amount of funding put aside for consumer product development, as determined by direct democratic referendum, is used up.

Industrial products, industrial machines/equipment, enterprise software, airplanes, basic research, and so on, would be developed in a similar way, with individuals and design firms creating and submitting proposals, but instead of using votes, proposals would be approved on the basis of projected savings/cost and would be funded out of the general reinvestment/development fund, again as determined by democratic referendum.

Media Development

Investment into the creation of new media would function essentially the same as new product development as outlined above.

Workplace Democracy

Day to day management of individual workplaces would be performed by the workers of that workplace either directly or through elected managers.

Proletarian Democratic Government

Workplaces then elect a delegate to represent them at a local workers assembly, which then elects their own delegate to higher level assembly and so on until the highest level

assembly represents all the workers of a country or the world. This highest level assembly then appoints and oversees an economic planning administration. Strict term limits would be put in place to prevent the formation of permanent political class. Retirees, students and those unable to work would also organize council's that then elect delegates to ensure political representation.

Socialist Public Economy and Finance

Funding levels for public goods and services would be determined by direct democratic referendum, and be paid out of general taxation. Taxes would be flat "head taxes", ie a certain amount of labor each worker is responsible for contributing to general fund. After a worker has contributed enough labor to pay their taxes, they would retain the full value of their labor, no matter how much labor they contribute.

To prevent inflation government spending should be exactly equal to revenues collected via tax. To ensure that taxation is as democratic as possible, all categories of government spending, and related tax collection, should be determined by and adjusted by direct democratic referendum.

Public Administration