WHAT IS SOCIALISM?

The recent debate in Weekly Worker about market socialism raises questions about what is meant by socialism. Strict supporters of Marx contend that the future society cannot have markets, commodities and wages. They assume that all that was said by Marx is sufficient to define what we mean by socialism. This means that the difficulties of realising socialism in the USSR is ignored, and instead it is assumed that the only principled form of socialism is one without money, the price system, or wages. What is being argued is that the new social formation will be very different from capitalism, and will effectively not inherit any of its features, except the latest forms of technology. In contrast, the supporters of market socialism accept that many features of capitalism are progressive and therefore can be incorporated into the development of socialism. This would include the role of the market, or the relationship of the supply of goods to consumer demand. What would be different is that the domination of capital is replaced by the role of industrial democracy, which will become the basis to create goods for the market. However, the strict supporters of Marx maintain that this system is unworkable, and will instead result in the producers being defined by the commodity system of wage labour creating goods for the market. But the advantage of the approach of market socialism is that the process of change from capitalism is limited and incorporates the advantages of the previous mode of production. It is also based on the recognition that the working class will prefer a system of distribution based on the most efficient allocation of consumer goods. However, will this type of society be able to realise the principles of co-operation, solidarity and the overcoming of exploitation and alienation? This is a question we must investigate in terms of a comparison with the Marxist conception of socialism.

In the past the strengths of Marxism was based on the analysis of the relations of production under capitalism. Marx was able to outline how wage labour was exploited because of the imperatives of the process of capital accumulation. Hence it was quite logical and predictable that the perspective of Marxism advocated collective class struggle in order to transform this situation and create new relations of production. This analysis could be connected to the aim of social ownership and the democratic organisation of the economy. The problem was that the role of consumption did not correspond smoothly with this analysis. This was because the workers as consumers expressed the importance of individual or family behaviour, and therefore could not be understood in terms of collective class activity. Hence within Marxism there was generalised mistrust of the role of the market, and the importance of consumption was neglected. Marxism was a theory based on the significance of production and the neglect of consumption. What this meant was that an important aspect of the economics of socialism was being ignored, and therefore the defenders of capitalism could claim that only a system based on production for the market could ensure the efficient allocation of goods to consumers. The actual experience of the Soviet Union did not resolve this problem because it was apparent that the economy was based on an emphasis on the means of production (industry) and a neglect of the importance of consumer goods. This meant rationing and queues became a regular feature of the situation within the USSR. Furthermore, the quality of goods was low because of the lack of market controls. It was apparent that the attempt to build so-called socialism was failing because of the limitations in the sphere of consumption.

Thus market socialism developed because of the recognition of the necessity to resolve the problem of consumption within a socialist economy. However, it was also understood that this would not meant the revival of the influence of capital within the sphere of production. Various Trotskyists have rejected the validity of market socialism because they have interpreted the economic problems of consumption as being those generated by Stalinism. In this manner they have denied the importance of the issue concerning how to provide the goods that people need without a market. Instead of directly providing an answer to this question, Michael A. Lebowitz suggests that the creation of a new type of 'rich human being' is able to relate to the issue of need in a constructive and efficient manner.(1) The assumption is that with the transformation of the character of production will generate individuals who in an emancipatory manner will be able to define their wants without the intervention of market mechanisms.(2) The problem is that this understanding has only suggested in formal terms how the overthrow of capitalism will logically result in a new type of person that is better able to define their wants. But he has not been able to outline in precise practical terms how this possibility is realised. Crucially he has not established how the process of production can be improved in order to be able to meet the demands of people as consumers. What is the relationship between production and consumption? This relationship is not established by the assumption that producers will become non-alienated. Instead the definition of a 'rich individual' is only established by means of comparison between the limitations of capitalism and the possibilities of an alternative. In contrast, the potential efficiency of socialism, or the creation of more goods in order to realise an increased demand, has not been established.

Lebowitz conceives of socialism as the increased ability of human beings to change their circumstances, and themselves in the process. (3) This may be a good definition of the superiority of the alternative to capitalism, but the problem is that this perspective is limited to the role of production. We are not told how the connection of production to consumption can bring about the self-improvement of human beings. Instead it is within the realm of production that the conception of emancipation is generated and promoted because the combination of self-government and self-management of the producers means that this situation represents: 'the process by which the producers act as the collective subject who transform themselves as they transform circumstances and make themselves fit to create a new society.”(4) This understanding implies that what happens within production is sufficient to generate the process of the liberation of society. Hence it is not necessary to explain any relationship between production and consumption because the act of consumption is effectively defined as that of self-interest: “Our own social product, this connection of “mutually driven individuals”, drives us and gives us impulse. The market is our connection as mutually indifferent individuals, and it is a power over us. The contrast between this relation of people who relate to each other as separate property owners and one in which activity is “the off-spring of association”, that is one in which the activity is based on the premises of a community, could not be sharper for Marx.”(6)

But the major problem is not that of the market, but rather the fact that production is based on a system of the domination of capital in the form of independent property owners, and they exchange their commodities in order to realise profit created by labour. In contrast, the act of consumption is not in and of itself an expression of these imperatives of capital but is instead necessary in order to realise human need. Marx may be critical of how the market functions under capitalism, but does this mean that it can be made redundant in terms of the activities of the future society? Marx does not provide a satisfactory answer to this question, except to suggest that the character of production provide a related level of consumption, and therefore implies that the market has become superfluous. This standpoint may be justified if all the consumers were producers, but this is not the situation. Furthermore, producers cannot create all the goods they want in relation to their own form of activity. Instead exchange is unavoidable if people are to obtain what they need in order to realise their needs. Hence, this situation means a form of mediation is required in order to ensure that the process of exchange of goods is realised in the most efficient manner. Consequently, the role of the market is unavoidable. Furthermore, prices are required in order to establish whether a good will sells, or if not, the price has to be lowered or even increased, in order to connect supply and demand. The fact that the market is occurring under a socialist economy means that prices will be kept low in order to ensure the highest levels of consumption. Thus the character of the market will have changed in order that the priorities and aims of socialism are upheld.

The question will be asked as to whether the importance of the market has undermined the attempt to develop socialism? A definitive answer to this question will be provided concerning whether the impulses of the market encourage the re-emergence of production based on the exploitation of labour. But there is no necessary or logical reason for this possibility, and instead the role of the market is to promote the most efficient allocations of goods in order to address the question of demand for goods within society. In contrast, an economy without a market is characterised by shortages, and the centralisation of the means of production does not result in the promotion of the connection between production and consumption. This has been the experience of the history of the economies of Eastern Europe and the USSR, and in order to try to improve in order to meet human need various attempts were made to introduce the market. The problem was that this process was related to the re-introduction of private ownership of the means of productive activity.

Lebowitz does not have any alternative to the role of the market apart from the vague comment that: “What is so obvious is that the joint product characteristic of this relation – in producing directly and consciously for others, we not only satisfy the needs of others but we also produce ourselves as rich human beings.”(7) However, he fails to establish any precise conception of the process of exchange of goods apart from the vague sentiment that people will want to help each other. This moralistic view does not provide a satisfactory understanding of an efficient process of exchange. The problem is that whilst Lebowitz can envisage a system of production based on the principles of solidarity and community, he is unable to extend this conception in order to establish a satisfactory analysis of the exchange of goods in order to meet needs. Instead in a dogmatic manner he contends that: “The solidarian society, in short, is the presupposition for productive activity consciously undertaken for the needs of others.”(8) The problem is that he reduces the principles of exchange to one of morality and ethics, and does not outline the role of incentives. The incentive that is still important is that the process of exchange of use values, via the role of price and money, provides the ability to meet needs. Instead Lebowitz presumes a communal society of free individuals who produce for each other. This view is a good justification of an image of a utopian society, but it fails to establish reasons why people should produce for each other in the form of consumption. It is still the role of the market which provides this reason. This is because the market can reconcile self-interest with the general requirements of society. Indeed, this prospect can realise its highest levels under socialism when production for others is mediated by the role of the market.

Possibly one of the most important errors in the approach of Lebowitz is to deny the individual aspect of needs. He comments: “Satisfaction of communal needs and purposes as the goal of productive activity means that instead of interacting as separate and indifferent individuals, we function as members of a community. Rather than looking upon our own capacity as our property and as a means of securing as much as possible in an exchange, we start from the recognition of our common humanity, and thus we understand the importance of conditions in which everyone is able to develop her full potential. When our productive activity is orientated to the needs of others, it both builds solidarity among people and produces socialist human beings.”(8) This approach may be valid in that the aim of a socialist society is to realise the needs of a common humanity, and to that end our activity is based on the aspiration to meet the wants of others. But this standpoint is only true to a certain extent because many of our needs are of an individual character. The very food that we eat, and the many consumer items we require, can only be created and utilised in individual terms. This means that we have to have a process of exchange that is able to realise individual requirements. In this context, the role of the market is still indispensable, and is necessary in order to supply the individual goods that we require in order to realise our very specific wants. In this 10context one of the aims of production will be to create the many different types of use values that are able to express the wants of the individual. In this sense, the market is still the most efficient basis to allocate goods in individual terms. Indeed, even goods of a collective character, such as health provision, or educational requirements, are expressed by individual preferences. This is why the criteria of the success of a socialist society will be based on the unity of the role of the collective and individual. But what will not be present in a socialist society will be the ability to utilise wealth in order to achieve a higher level of services. Instead the service provided to the individual may have a unique aspect, but they still represent an equal level of quality.

Lebotwitz is right to consider that social ownership and workers management will define the character of production under socialism. The problem is that he ignores the character of consumption because of ideological issues. He obviously considers it difficult to define the role of consumption, except in the most narrow and collective terms. Thus: “Finally, productive activity orientated towards communal needs and purposes has as its condition the development of community. Without this focus upon the community, production tends to be self-orientated in its character and exists as a means rather than as an expression of one's capabilities and self.”(10) But the idea that all the productive activity of socialism can be community orientated is absurd. Instead we would argue that the superiority of socialism would be its very ability to realise the diverse forms of individual taste and demand. The very superiority of socialism would be indicated by the fact that many repressed forms of aspiration for the most unique type of good would be overcome. Hence individual taste would flourish, and the task would be to unite the collective character of production with the generation of the most individual forms of use value. This process can only be realised with the utilisation of the role of the market because this is still the mechanism to ensure the ability to connect demand with supply. In contrast, Lebowitz denies any role to the market in the name of community. He does not seem to recognise that the aspirations of the individual are a genuine part of what constitutes the community. Hence, his approach tells us what production will be like, but he can only indicate what consumption will not represent in his conception of socialism. This means that he is unable to outline how the principles of production are connected to those of consumption. Instead he subsumes consumption into the role of production. In this manner he can uphold the argument that he is against any form of the market under socialism. Instead the role of consumption is defined in the most general and vague terms as an application of the needs of the community. But the fact that the consumer is largely an individual is ignored by his perspective. Thus the question of demand for a variety of use values becomes inexplicable in relation to the one-sidedness of his approach.

The conclusion of Lebowitz's reticence about the role of the market within socialism is that he envisages the development of a society without material self-interest as the only principled basis for constructing the new society. (11) This standpoint is an illusion because the importance of self-interest is an irreducible aspect of the human condition because we are all individuals with different interests, and so the role of the community cannot express and realise all of these interests. Instead we require the process of exchange in order to enable individuals to obtain the goods they require. It is not possible to subordinate the role of individual interest to the importance of the community because we are people with diverse interests and so require a variety of use values in order to satisfy our individual requirements. It is true that the primary principles of socialism may be co-operation and solidarity, but these aspects must be reconciled with the significance of private and individual needs, which can only be achieved in terms of the role of exchange, and in turn this means some form of market mechanism. Consequently, whilst it is vital that working people develop a mode of production that is in their interests, and is in accordance with their aspirations, it is unrealistic for Lebowitz to suggest that satisfying community needs is in opposition to self-interest. (12) Instead the very recognition of the aims of the community should be connected to the attempt to realise the needs of the individual in the most efficient and appealing manner. The only manner in which this reconciliation of community and individual can be realised is by the aims of productive activity being related to meeting the diverse needs of the people. This possibility can only be established in terms of the role of the market. In other words it is dogmatic and ultimately authoritarian to try to create an economy that represses the importance of self-interest in the name of the community. Instead we have to reconcile these aspects in the most progressive manner, not in the form of accepting the re-introduction of capitalism, but instead by relating socialism as an economic system of workers self-management with the role of the market.

Lebowitz does not believe that this situation is possible because what is being suggested is competition between autonomous economic units in order to sell more goods to the individual customer.(13) However, the alternative that is being proposed is very vague, because what is being advocated is a process of distribution (without prices) to pre-established customers. In this manner the role of the market is avoided: “As a vertically integrated process, there would be no place for prices in the relationship between steps in this production chain …...Further, individual units within the complex would not have the option of producing and selling to whomever they want. Rather it is essential that producers recognize their interdependence and responsibility to the final consumers.”(14) This view implies that in order to provide an alternative to the market goods have no prices, and they are not distributed by shops. Instead the product goes direct from producer to customer. This approach implies a static world in which demand never changes, and instead production for the purpose of distribution remains constant. Such a conception is unreal and ignores the fact that shops, or distribution centres, are needed in order to cope with the issue of the changing level of demand for the good. Furthermore, price is an accurate indicator of the level of demand, and is the most effective basis to tackle the problem of shortages of a good, or over-production. Prices can be changed in order to establish some form of equilibrium between supply and demand. Instead of a market Lebowitz implies that direct contact between producers and consumers be established. This sounds reasonable, but is entirely impractical. The producers would never have time to produce the use values if they spent all the time with the customers! Instead it is more practical to have proper centres of distribution, or shops that can monitor the level of demand for the good. However, ultimately demand can only be established in terms of the role of price. This is precisely why a market is needed in order to mediate between production and consumption.

Given the limitations of Lebowitz's understanding of the role of consumption within socialism it is not surprising that he is suspicious of its importance. Hence his aim is to reduce demand for consumer goods: “Take for example, the disease of consumerism we inherit from capitalism. How else but through the battle of ideas can we ideologically change this pattern? How else but by insisting upon a concept of human development that is not the accumulation of things but the development of rich human beings?”(15) The implicit assumption is that coercion will impose what is being arbitrarily defined as an acceptable level of demand for a variety of goods. Instead of reliance on the role of the state, which Lebowitz admits is necessary, it would be preferable to adjust the level of prices in order to encourage spending on more worthwhile products. This should have the desired results without a repressive process of dictating people’s tastes and behaviour. However, it is also necessary to recognise that changes in price can only bring about limited results. Hopefully the very non-alienating character of society should create incentives to engage in a modest and constructive lifestyle.

Instead of reliance on the market Lebowitz advocates the importance of social rationality. He defines this term in the following manner: “Social rationality call for discussion within communities and workplaces in order to explore how to economize on the use of the product in short supply and also how to expand its output and availability. Social rationality thus makes the collective worker a subject in the process of thinking and doing in the search for solutions.”(16) What is obvious is how inefficient is this procedure of collective consultation about rectifying the discrepancy between demand and supply when compared to the role of the price mechanism. Instead of adaptation to the prospect of a shortage economy, the modification of prices can bring about optimum results without any major upheavals and disturbances to economic and consumer behaviour. However, Lebowitz rejects the common sense of changing price levels in order to resolve supply and demand issues not on the grounds of economic efficiency but instead because it promotes individual irrationality: “ In contrast focus upon individual rationality resolves the problem of shortage in two ways. On the one hand, by increasing the price of the product in question and forcing every person to make an individually rational decision....In general, in this conception of rationality, atomistic individuals respond to price signals that stand outside of them; communal needs and communal purposes are the least of their concerns. This individual rationality is social irrationality.”(17) The problem with this criticism is that Lebowitz utilises how the market operates under capitalism, and so suggests that this type of market would also be irrational under socialism. But instead of the role of the market under capitalism, which encourages harsh decisions by consumers because of high prices and promotes intensified exploitation of producers, the market under socialism would be guided by its principals of social rationality. In this context the relationship of the individual with the community would be the basis for the role of the market, and low prices would encourage the consumption of the most versatile and worthwhile goods. The role of prices would be to encourage expenditure on the items that contributed most effectively to meeting needs. In this manner individual rationality and social rationality are reconciled. Instead in an unreal manner, Lebowitz implies that socialism is based on the rejection of principle of individual rationality. This standpoint is an abstraction because it is impossible to transcend the role of the individual, and their diverse needs. Instead the challenge for socialism is to reconcile the importance of the individual and community.

The above argument is meant to indicate that Lebowitz's attempt to advocate a socialist economy without the role of the market is unrealistic. Instead the challenge is to create a type of society that is able to connect market mechanisms with the aims of developing socialism. This means establishing the connection of workers self-management with the development of a form of market that is compatible with this character of production. It is also necessary to suggest that the USSR was a society without a developed market, but this was not an expression of socialism but was instead the regime of an elite based on an over-centralised economy. The USSR was nearer to socialism when in the period of the New Economic Policy it had an extensive market based on the petty-bourgeois commodity production and trade of the peasantry. Stalin ended this situation not in order to advance the process of the creation of the market, but instead in order to establish the economic domination of a ruling party elite. Instead of adapting to Stalin's view of socialism, it is necessary to develop theoretical models of the role of the market under a contemporary socialist economy.

FOOTNOTES:

(1)Michael. A. Lebowitz: The Socialist Alternative, Monthly Review Press, New York 2016 p43

(2) ibid p50

(3) ibid p57-63

(4) ibid p59

(5) ibid p59-60

(6) ibid p68

(7) ibid p79

(8) ibid p79

(9) ibid p87

(10) ibid p88

(11) ibid p108-109

(12) ibid p118

(13) ibid p141

(14) ibid p142

(15) ibid p157-158

(16) ibid p158

(17) ibid p158-159