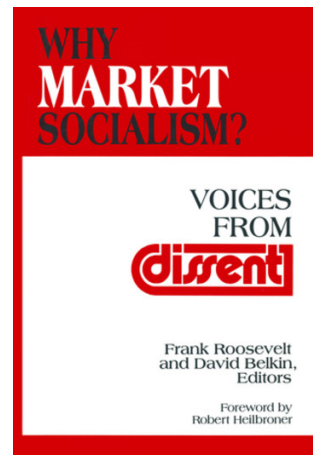


It's Still Fried Ice: On "Market Socialism"



In “Our Road to Power,” an article from the most recent issue of *Jacobin*, Vivek Chibber makes some very familiar arguments about socialism and “central planning.” One hardly has to quote him—they’ve been repeated many times since Alec Nove’s *The Economics of Feasible Socialism* appeared in 1983.

Chibber hedges his bets, but he certainly seems to agree with Nove and other “market-socialists”—even avowed Marxists such as David Schweickart—that deliberately planning a modern, complex economy will lead to failure. Any attempt at what Chibber misleadingly calls “central planning,” however different it might be from Stalinist “command planning,” can’t work; only via market pricing, with its sensitivity to supply and demand, can decisions on what and how to produce be rendered “efficient,” and only market competition can provide incentives to motivate worker-managed enterprises to be efficient and innovative. But we needn’t worry too much, Chibber says; the market “will be constrained so it isn’t the arbiter of people’s basic well-being” and inequalities of wealth “will not be allowed to translate into political inequalities.”

Precisely how “politics” will be able to override “economics”

in “market socialism” is left unexplained. Presently, inequalities of wealth do translate into political inequalities, and there’s little reason to think that those who own (or, as in Schweickart’s model, lease from the state) firms in “market socialism” won’t do all they can to make sure that government policy once again rewards market “winners.” And how much “market constraint” are we talking about here? If it’s constrained too much, what happens to the much-vaunted advantages of the market over planning? Won’t this interfere with “efficiency” and “innovation”?

But what about the Communist experience, Chibber says? We can’t just “handwave it away,” after all. Firstly, Marxist economists such as Hillel Ticktin have gone into great detail about how defective so-called planning in the USSR and like states really was. Secondly, no classical Marxist ever advocated “planning” as it was in the USSR, and as Bertell Ollman reminds us, “Socialism, according to Marx, could only solve the social and economic problems inherited from capitalism because the enormous achievements of capitalism were available as a foundation on which to build. None of these material, social, organizational, political, educational, and psychological foundation blocks were available [in Russia]. Socialism was never understood by anyone before the 1920s as an alternative to capitalism as a way of industrializing and modernizing underdeveloped societies.” If this is handwaving, so be it; it also happens to be true.

Let’s go back to the Marxist basics. Any “socialism” that deliberately retains value-production will be unable, as Peter Hudis puts it, to overcome capitalism’s “inversion of subject and predicate, in which the products as well as the *actions* of people take on the form of an autonomous power that determine and constrain the will of the subjects that engender them.”

Our working lives will remain dominated by *abstract labor*, “a monotonous, routinized activity” that serves as the substance

of value. Businesses in an industry trying to put other businesses in said industry out of business will still be required to work at a uniform rate of exchange that workers themselves do not collectively determine. Furthermore, whatever "planning" that might exist within "market socialism" would be *indicative* planning—planning by remote control, essentially—and there's no reason to think that such "planning" would be better able to overcome "anarchy of production" in a "socialist" context than fiscal and monetary policy, foreign trade and exchange rate policy, urban and regional policy, competition and industrial policy, and prices and incomes policy have done within a capitalist context, where unemployment, inflation, balance-of-payments problems, regional and personal inequality, etc., remain norms.

In capitalist society, which lacks commanding centers of planned regulation, the distribution of productive forces—both people and means of production—among the different branches of the economy, the distribution of the net product between classes, the allocation of surplus value to expanded reproduction, the introduction of technical innovations, etc. are all determined by the law of value. It logically follows that a system of "market socialism," in which the means of production are administered as the collective property of the *immediate* producers (in essence, its shareholders) would, in response to market signals, mimic capitalism, even if this property is formally owned by the public and leased to specific groups of workers. Such a system would be fundamentally unstable and lead back to capitalism, which is the more consistent expression of these relations.

Does this mean that even "early" socialism must dispense with "market categories" (prices, money) entirely? No, because it simply can't. The *a priori* calculations of democratic planning must be tested against what might be called "market expectations" (is there a demand for this or that use-value, are there people trained and willing to perform this or that

type of labor and, if so, in what quantities?). This doesn't equal the domination of the law of value. Following Pat Devine, social ownership of industry should be used to overcome *market forces*, where each private owner acts in an atomistic fashion, in ignorance of the decisions being made simultaneously by all the other owners—while retaining the use of *market exchange*: the output of an enterprise, produced with its current capacity, being sold to another enterprise in the case of intermediate goods and services, or to consumers in the case of consumer goods and services. We shouldn't try to plan *consumption* in advance, but we *must* incorporate planning in advance of significant investment. Consider how transnational corporations today already use electronic networks (intranets) and planning software to manage their operations—for profit. Why *not* use the supercomputers currently used by TNCs (and stock-trading firms) to instead allocate resources and plan for the future, from the workplace level to the global level? Given the delegatory potential of modern IT, there's no reason that this would have to take a “command-central” form.

A central point of socialist economics is to maximize the public good and meet everyone's needs. This requires effective planning and central coordination while creating ample room for local autonomy and initiative. Contra Chibber's doubts, this is technically feasible. But to provide every minute detail in advance would be futile. Ultimately, no mass audience for socialism will be recruited based on how convincingly Marxists answer Ludwig von Mises or Friedrich von Hayek on socialist planning. Even with the inevitable usage of market exchange, socialist society can still be built upon an organizing principle that doesn't capitulate to the “spontaneous” market, that abolishes labor-power as a commodity, and which places human needs at the center of social concern, rather than as a contingent instrumentality of capital accumulation. Socialist production and distribution, even before the coming of relative abundance of all mass-

produced goods and the end of prices and money, will rest upon the solidarity of the associated producers. But advocating "market socialism" won't help us reach that necessary solidarity.