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## Building socialism and communism: Planning and the process of transcending markets

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DEPARTMENT OF ECONOMICS WORKING PAPER SERIES

**Building Socialism and Communism:  
Planning and the Process of Transcending Markets**

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Working Paper No: 2008-09

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## **Building Socialism and Communism: Planning and the Process of Transcending Markets**

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### **Abstract**

This short paper will make the following 8 points. 1) As a background to what this paper will consider, it will accept both that planning is an inherent and essential aspect of socialism, and that not only the details but the very basic nature of the planning that will be appropriate in today's world for supporting (various) transitions to socialism has to be created. 2) It will focus on just one of the many questions that need to be resolved concerning the appropriate basic structure of today's socialist planning, the question of the role of markets in planning for socialism. 3) This paper will discuss the essential nature of capitalist markets in relation to shaping their participants in ways appropriate for capitalism (any mode of production creates its own presuppositions), and therefore in ways inappropriate for either living under socialism or effecting the transition from capitalism to socialism. 4) It will review Marx and Engels' position that immediately after the seizure of power by a workers' government, capitalist commodity production and capitalist markets will still exist. 5) It will review Marx and Engels' position that the transition to socialism will involve a withering away of both capitalist markets and commodity production, and that under socialism these will already both be transcended. 6) Then this paper will argue, closely based on Marx and Engels' writings, that under socialism there will necessarily be a single market, albeit a market of a different nature from today's markets, which I will call "a socialist market" (and I will carefully indicate its fundamental difference from capitalist markets). 7) It then will argue that notwithstanding that a socialist market is both necessary for socialism and different from capitalist markets, it will still represent a barrier to the transition from socialism to communism. 8) Finally this paper will discuss what will be necessary for the transcendence of this single socialist market, a *sine qua non* for completing the transition to a communist mode of production, which Marx indeed saw as a society without any markets.

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## I. Introduction

Historically, planning has been seen by Marxists as an essential and integral part of socialism. Three statements to this effect by prominent Marxists follow.

In the one volume of his life's master work, *Capital*, that Marx lived to see published, he wrote:

The veil is not removed from the countenance of the social life-process of material production, until it becomes production by freely associated men, and stands under their conscious and planned control. (Marx, 1867, 173)

A bit over a decade later, Engels wrote

Only conscious organization of social production, in which production and distribution are carried out in a planned way, can lift mankind above the rest of the animal world as regards the social aspect, in the same way that production in general has done this for mankind in the specifically biological aspect. (Engels, 1873-82, 331)

Almost 100 years later Che echoed the same commitment to planning. Like Marx and Engels, Che understood that for socialism planning is not simply a superior way to coordinate an economy for greater output. More importantly, planning is an essential part of socialism in that it represents one aspect of humans becoming the subjects of their own history, that is, it represents one aspect of human self-development that is both the purpose of, and the essence of, socialism and communism.

... centralized planning is the mode of existence of socialist society, its defining characteristic, and the point at which man's consciousness finally succeeds in synthesizing and directing the economy towards its goal: the full liberation of the human being within the framework of communist society. (Guevara, 220)

A particular type of planning for a non-capitalist society was developed in the USSR 75 years ago, and subsequently modified there and in various other countries up to 1991. It is this author's opinion that this original planning design had both aspects suitable for socialist development, and other aspects that were constructed deliberately as barriers to authentic socialist development, because authentic socialism would have threatened the privileged elite that arose in the USSR by the 1930s. For the purposes of this paper, however, no particular evaluation of the experience of the USSR is needed or attempted. The important point for this paper is that those societies that today aspire to a transition to socialism need to develop a new method of planning for socialism. Further, they cannot develop it as

they might abstractly want to, but they must create it in today's world which is economically and politically dominated by the neoliberal form of capitalism.

There are many issues that need to be determined in creating a new model of planning for a transition to socialism. Among them are 1) the balance of centralized and decentralized planning, and beyond that their integration, for they are not simply substitutes as is frequently presented, but they are also complimentary; 2) the role of top-down versus bottom-up versus iterated up-and-down planning; 3) the appropriate targets and instruments for both planning and control (i.e., the implementation of a plan); and many others. I maintain that at this historical moment, again especially given the world dominant neoliberal model of capitalism, the question of the appropriate role and nature of markets in a plan for building socialism is one of the most important questions facing those who are trying to create the necessary new planning methods.

The purpose of this paper is to reflect on the appropriate role and nature of markets in the planned process of building socialism.

As many authors including this one have repeatedly stressed, it is methodological nonsense to say anything normative about socialism unless one indicates what one considers socialism's goals to be. There are many terms used to indicate socialism's central goal that all really indicate the same concept: (authentic) human development, development of one's human potential, the opportunity to develop human potential abilities or capabilities, becoming more fully human, development of one's species-being, or a simple phrase that Marx and Engels used a lot which for them indicated the same issue, achieving freedom.

The rest of this paper will be organized as follows. In section II I will discuss what a market is, and as part of the definition of what a market is, some of the things that all markets by their very nature do to people engaged in them. With that established, in section III I will then review Marx and Engels' position on capitalist markets starting immediately after the seizure of power by a workers' government, and then during the transition to socialism. In the following section I will discuss their position concerning a fundamentally different type of market that they held would exist under socialism. I will refer to this market as a socialist market, and carefully indicate how they saw this as different from capitalist markets. Section V will argue why Marx and Engels, at the same time that they argued that there would be a single non-capitalist market under socialism, held that this market was a barrier to the further social transformation to communism. That position then leads to the obvious conclusion in the next section of how members of a socialist society, whose goal of further human self-development drives them to work for a communist mode of production, would have to relate to this

non-capitalist market in a socialist society. The penultimate section discusses transcending this socialist market. The final section concludes.

## II. Markets – What They Are and What They Do

On the surface, markets are places where things that are considered equivalents are exchanged (goods, services, labor power for money, money for promises of future goods or services, and so on). Note that even this basic definition of a market rests squarely on what a market does. But markets are also much more than that, again exactly because they do much more.

For the purpose of the topic of this paper, the aspect of markets that we are concerned with is that they are cultural institutions that dialectically shape the nature of the people who participate in them. On the one hand, they shape the character of the participants in ways that I will discuss. On the other hand, the collective nature of the people involved in the markets, their institutions, culture, laws, and norms, shape the nature of the markets.

It is important to understand that there are two opposing but simultaneously existing characteristics of markets. The first are characteristics common to all markets. These come out of the common nature as places where things considered to be equivalents are exchanged. Below I will describe a few of these characteristics that are important to the issue of transcending markets in general.

For a general understanding of markets, however, one also needs to understand that these exchange institutions are parts of larger social organizations. As such they take on particular characteristics according to the nature of the society they are part of. This will be important for the issue of the one market that Marx argued would still exist in socialism (and would have to be transcended in building communism), which I will discuss below. Karl Polanyi, in his master work *The Great Transformation* (1944) on the rise of capitalist markets, stressed the idea (and coined the now much used phrase) that markets are *embedded* in a given society, and that their nature will be partly determined by the nature of that society. Not all markets are capitalist markets. Capitalist markets are very particular markets, embedded in a capitalist society and therefore they take much of their nature, much of how they operate, from the nature of capitalism.<sup>1</sup> Engels was making the same point when he ridiculed Dühring for trying to explain the crises of modern capitalist markets by describing imaginary

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<sup>1</sup> In feudalism most (not all, there were capitalist markets during feudalism) markets involved artisanal production. Leaving aside the complicated issue of the role of apprentices (which varied between locations and between Masters depending in particular on the number engaged), production for marketing was done by the person (or family) that sold the goods. These markets therefore were fundamentally different from capitalist markets since there was neither hired labor-power nor production of surplus value, which came to be respectively the form and goal of markets under capitalism.

crises on the Leipzig book market. He compared Dühring's treatment of markets as all alike, independent of the system they are part of, to describing "a storm on the ocean by the storm in a teacup." (Engels, 1878, 372). We will see that Marx described a single market embedded in socialism, a market which did not involve commodity production and which was subordinate to social planning. Such a market clearly would be fundamentally different from capitalist markets, though we will see it would still have certain characteristics common to all markets and as such would be a barrier to transcending socialism.

We now return to expand on the claim that all markets share some characteristics that come from their nature as places where things considered to be equivalents are exchanged, regardless of what mode of production they are embedded in. Conservatives have long praised markets for the following characteristics, common to all markets.

i) One does not need to care about, or even to know, the person one is dealing with. Hence markets reward and strengthen indifference, lack of empathy and anonymity. Recall Adam Smith's famous example of the Butcher and the Brewer.

ii) Decisions to buy, sell, work or hire are made by individuals in ways that do not need to involve social consultations. Hence markets reward and strengthen a false Robinson Crusoe humanly-disconnected sense of individuality (as opposed to an authentic social individuality that requires skills of social communication and social decision making).

iii) People need only a minimum of information to function in markets, essentially the price of the good and the prices of some close substitutes. Hence markets reward and strengthen a partial and incomplete understanding of the economic system, and extended from that the social system, that people are part of.

iv) Markets do not rest on either commitment by the buyer or seller, or human trust, and so markets reward and strengthen successful deceit and betrayal.

But all these human traits that markets reinforce are exactly the opposite of what a more human socialist society would reinforce. Socialists have long argued the following issues are important for socialism and its goal of human development.

i) Humans are collective beings by nature, not only in their production but in their very essence – how they learn, how each individual becomes what she becomes, etc. Marx referred to this as our species-character. Having empathy and feelings of solidarity for others (which requires as a prerequisite that one knows who one is interacting with) is essential to the socialist vision of a future non-alienated society.

ii) Authentic human development requires having collective control over all aspects of one's existence ("the realm of freedom"). Hence the skills of group communication and collective social decision making are necessary for building socialism.

iii) To collectively control one's social environment, for example the economy, society needs to understand how it functions. Notice this is a long standing difference between defenders of markets and socialists. For the former, it is a virtue that one need only know a few prices, and then via the non-understandable process referred to as the 'invisible hand,' everything will work out well, in fact better than if one tried to understand the complex system and act to control it for the good of humanity. Socialists to the contrary not only believe that humanity has the ability to understand the economy it lives in and control it for its benefit, they hold further that such understanding is a part of the never-ending process of developing our humanity. Socialists adhere to the Enlightenment idea that humans have the ability to continually come to understand more and more about both the physical and social worlds we live in, and further, that it is exactly this that makes us distinctly human. The theoretical defense of markets involves a rejection of the central belief to the Enlightenment.

iv) While humans are in their essence collective beings, capitalist ideology, and to some extent capitalist practice, hide our collective nature. Commitment and trust are both part of our authentic collective essence. Furthermore, they are necessary for us to see through the capitalist obfuscation and recognize our species-character.

Hence we see that market participants are conditioned by markets. In particular, the human traits that markets reinforce, which capitalist advocates of markets promote as their strengths, are exactly the opposite of the traits that socialists stress would be part of an authentic development of today's humanity.

### III. Socialism and the Necessary Withering away of Capitalist Markets

It is well known that as early as the *Communist Manifesto*, Marx and Engels advocated, *as a process*, the end of capitalist markets and hence commodities. This implies that Marx and Engels recognized that when a workers' government first takes power it will face an economy still dominated by capitalist markets and commodity production. They then laid out what such a government should do about these capitalist markets. The first step is "to raise the proletariat to the ruling class, to win the battle of democracy," and then



[t]he proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the State, i.e., of the proletariat organized as the ruling class ... (Marx and Engels, 1848, 52)

The phrase “by degrees” (hence a “withering away,” not an abrupt elimination) is not a minor insertion, but rather central to their vision. They continued, that the transformational process would have to begin with “inroads on the rights of property and the conditions of bourgeois production,” (ibid.) (again, “inroads on” and not an abrupt elimination of), and then being even more specific, that it would occur

.... by means of measures, therefore, which appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production. (ibid.)

So it will be a process, the first steps of which in themselves seem so weak that they appear inadequate to effect a transformation, but which launches a process whose logic keeps leading to further and more profound transformations. Again, finally, there will be a process of “[e]xtension of factories and instruments of production owned by the state.” (ibid, 53) The point is not that there will not be appropriation and seizure of bourgeois property, as there indeed likely will be. The point is that it will be a process over time that results in a withering away of capitalist markets and property *as the ability is being developed to replace them by social production*, not an abrupt elimination of them.

So capitalist markets are to wither away in a process of the transformation of private production to state production, which as we saw in the opening of this article, will require social planning. In 1878 Engels described this transformation’s socialist significance. I will cite this quote at some length because it so clearly expresses why transcending capitalist markets is so essential to socialism – again, as stated above, not (just) because of the issue of material output, but more importantly, because of its essence in the human transformation that is the essence of socialism and communism.

The seizure<sup>2</sup> of the means of production by society eliminates commodity production and with it the domination of the product over the producer. The anarchy within social production is replaced by consciously planned organization. The struggle for individual existence comes to an end. It is only at this point that man finally separates in a certain sense from the animal kingdom and that he passes from animal conditions of existence to really human ones. The conditions of existence environing and hitherto dominating humanity now pass under the dominion and control of humanity, which now for the first time becomes the real conscious master of nature, because and in so far as it becomes master of

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<sup>2</sup> Engels also referred to the seizure on the preceding page as “the social appropriation.” We saw above that he and Marx also thought of it that way in the *Manifesto*.

its own social organization. The laws of man's own social activity, which have hitherto confronted him as extraneous laws of nature dominating him, will then be applied by man with full knowledge and hence be dominated by him. ... It is only from this point that that man will himself make his own history fully consciously, it is only from this point that the social causes that he sets in motion will predominantly and ever increasingly have the effects he wills. It is humanity's leap from the realm of necessity into the realm of freedom. (366-7)

This paper will only in passing touch on the issue of so-called "market-socialism," to the extent that a critique of the concept flows from the discussion above. The argument of this paper that achieving socialism (not only communism) is inconsistent with markets and commodity production, and requires that they be replaced through a process of the social appropriation of the means of production that are then regulated by social planning, makes it clear that one cannot base a process of transition to socialism on the increased use of markets.

#### IV. Socialism and the Necessity of a Socialist Market

Along with all of the above concerning the withering away of capitalist markets and commodity production as a necessary and essential aspect of building socialism, Marx also wrote the following very clear statement of the necessity of a single different type of market under socialism.

Accordingly, the individual producer receives back from society – after the deductions have been made – exactly what he gives to it. What he has given to it is his individual quantum of labor. For example, the social working day consists of the sum of the individual hours of work; individual labor time of the individual producer is part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labor (after deducting his labor for the common funds), and with this certificate he draws from the social stock of means of consumption as much as costs the same amount of labor. The same amount of labor which he has given to society in one form he receives back in another. (Marx, 1875, 323)<sup>3</sup>

Here Marx clearly describes a market, an institution for the exchange of equivalents. The labor time expended by one producer is exchanged for goods produced by an equivalent amount of social labor time by other producers (here through the use of labor certificates). What is key to the functioning of this market, however, is that it is embedded in socialism, and socialism as we have seen above necessarily has regulated planned production to meet human needs. Further, in socialism the participants are conscious of the social processes they are part of and collectively control them. The exchange then effectively is of social labor times, by producers who understand their labor as part of

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<sup>3</sup> This passage by Marx is his best known reference to his vision of this future socialist market, but not the only one. For example, he offered exactly the same system of distribution according to contributed labor time a decade earlier in his master work *Capital* as one way for the division of output by an association of free men. (Marx, 1867, 172)

the total social labor time. Both of these are exactly the opposite of conditions in capitalist markets. In line with the discussion above about markets being embedded in a given broader social structure and taking some of their characteristics from that, it is appropriate to call this market described by Marx a “socialist market,”<sup>4</sup> to distinguish them from capitalist markets, feudal markets, and so on. In particular this described socialist market is fundamentally different from capitalist labor markets, and a great human advancement over them.

## V. The Socialist Market as a Barrier to Communism

At the same time that Marx described how socialism, a phase in the process of the transition to communism, would necessarily entail a single socialist market, he was clear that this socialist market constituted a barrier to that same process of transition from the capitalist to the communist mode of production. He introduced the discussion cited above of this socialist market with the following.

What we have to deal with here is a communist society, not as it has *developed* on its own foundations, but, on the contrary, just as it *emerges* from capitalist society; which is thus in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society from whose womb it emerges. (ibid.)

Marxists nearly universally agree that there will be a period of transition from capitalism to socialism that will involve overcoming many of the human relations of capitalism. However, it is clear from the context of his writings surrounding this last quote that Marx was here talking about deformations that will still exist in the lower phase of communism itself, socialism. Specifically, Marx elaborated on how the socialist market described above is “stamped with the birth-marks of the old society” and thus represents a barrier to the further transition to communism. Here I will indicate three fundamental (related) ways this socialist market is a barrier to the continuation of the transition process beyond socialism. The first two are fairly straightforward considerations related to the discussions above on the goal of socialism and what markets do to humans engaged in them. The third point is on a deeper theoretical level, and was presented by Marx in this same brief discussion of the nature of socialism and its transcendence.

1) As discussed above in section II, the exchange process that is part of Marx’s socialist market *in itself* leads to the atrophy of empathy, solidarity, commitment, trust, social communication, and social collective decision making, which are necessary for a communist society. It must be stressed that as such this socialist market stands in contradiction to other institutions of socialism (again reflecting

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<sup>4</sup> Marx never gave any name to this institution or practice, he just described it, in a number of places.

the transitional nature of socialism). Planning and enterprise collective self-management, for example, further the development of exactly these necessary human characteristics. This is the simplest and most direct way that this socialist market constitutes a barrier to humans becoming the subjects of history, a barrier to the transition to a communist mode of production.

2) In addition to the atrophy of the qualities and abilities just listed, section II also indicated that markets tend to obfuscate an *understanding* by participants of the true functioning of the economy they operate in. The socialist market based on the exchange of one person's social labor for the goods created by an equal amount of social labor by other people creates the illusion of the system being simply a system of exchange by individuals of their products (which we saw Marx stressed it was not). The contrary understanding is of human production as a thoroughly social process, with social output being more the result of the interactions between the people<sup>5</sup> involved because of the inherent social and cooperative nature of human labor, than the result of a summation of individual contributions. The socialist market hinders this necessary understanding. Marx and Engels' vision of the socialist society as an association of free producers required that the members of the society understand this. "Let us now picture to ourselves, by way of change, a community of free individuals, carrying on their work with the means of production in common, in which the labor power of all the different individuals is consciously applied as the combined labor power of the community." (Marx, 1867, 89).

This lack of a full understanding of the true social nature of production is a barrier to the further transition to communism in two ways. First, we have seen that an understanding of all social structures by the participants in them is considered an essential aspect of socialism in itself, part of authentic human development. The second way this lack of understanding constitutes a barrier takes us to a deeper theoretical issue raised by Marx in the transition beyond socialism to communism.

3) We saw above that this socialist market is based on the "exchange of equal values." (Marx, 1875, 86) This in turn rests on a concept of "*equal right* [which] here in principal [is still] *bourgeois right*." (ibid.) In this socialist market this concept of equal right involves an equal right to the proceeds of labor of equal "duration or intensity, otherwise it ceases to be a standard of measurement."<sup>6</sup> (ibid.) But by socialism recognizing that equal right, even though this is an advance over capitalism in that it "recognizes no class distinction, because everyone is only a worker like everyone else," it still necessarily "tacitly recognizes the unequal individual endowment and thus productive capacity of the

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<sup>5</sup> Including that an individual's productive abilities are also partially socially determined.

<sup>6</sup> In socialism this bourgeois principle of exchange of equivalents becomes real as described though the effective exchange of equal contributions of social labor time. Under capitalism, although goods of equal value indeed (on average) are exchanged, "principle and practice are .... at loggerheads" (Marx, 1875, 86) because what is really exchanged is a wage, which one gets not for the value created but for the value of one's labor-power, for goods whose values result not from the labor of their owner but rather from the owner's legal claim to the labor of others through the laws of property.

workers as natural privileges.” (ibid.) To say this another way, this process of equally measuring the labors of workers itself consists of considering them “regarded *only as workers* and nothing more is seen in them, everything else being ignored.” (ibid., 87) All the other aspects of their humanity, which on the one hand make all sorts of contributions to society other than material output, and on the other hand are what fully constitute the workers as humans, are not taken into account. And that includes in particular, when one is talking about the distribution of the socially created total product, *their needs*. Some of these needs are just parts of the workers which they are born with (more health care needs, more education needs, etc.). Others needs they have because of activities they engage in that enrich their lives, or even contribute to the perpetuation of society. “Besides, one worker is married, another is not; one has more children than another, etc., etc. Thus, given an equal amount of work done, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, etc.” (ibid.)

Consider the following hypothetical illustration. A family has two children, and one is chronically sick, to the point he cannot even work around the house. Would a humane family say that because that child worked less he should receive less food? To the contrary, because the child has more (medical) needs, any decent family would of course devote more of its resources to this child who contributed less to the household production, than to the well child who contributed more. This of course is an example of distribution based on need as opposed to being based on any form of contribution by the children, any form of exchange of equivalents.

For Marx and Engels this issue of the concept of right that underlay the society was an essential distinction between socialism and communism. “In a higher phase of communist society .... the narrow horizon of bourgeois right [can] be crossed in its entirety and society inscribe on its banners; From each according to his ability, to each according to his needs!” (ibid.) Hence the socialist market, which is based on and reinforces the concept of right of the exchange of equivalents, is a barrier to achieving the higher concept of right based on need that is the necessary concept of right for the communist mode of production.

## VI. Resolution of the Intrinsic Contradiction of a Socialist Market

In a short paper presented in May, 2006, to the 3d International Conference on the Work of Karl Marx and the Challenges of the 21<sup>st</sup> Century in Havana, Michael Lebowitz (2007) considered this same issue of Marx’s discussion of the barrier that this socialist market represented for the transition to socialism, what those barriers did *not* mean for that transition, and what had to be done to overcome them. While he never used the term ‘socialist market’ that I have used in this paper, (part of) the heart

of his paper was a discussion of Marx's presentation in "The Critique of the Gotha Programme" of what followed from the private ownership of the means of "the personal condition of production, labor-power." As discussed above, this implies bourgeois right which is equal right, and that implies the exchange by each worker of his social labor for socially produced goods embodying an equivalent amount of social labor, a process which is the socialist market I discussed. Lebowitz and Marx described all this as a *defect* from the perspective of communist society, which I have preferred to call a *barrier*. I think this better expresses its role in blocking the social dynamic and does not just indicate it as a shortcoming, but nevertheless it refers to the same issue. Lebowitz then made two related points. First, this defect (or barrier) of private ownership of labor-power (or a socialist market) is inherently contradictory to another characteristic of socialism, the common ownership of the means of production. Such a contradiction implies an unstable social formation, and over time any such contradiction would tend to resolve itself by either going forward to an internally consistent communist mode of production or backwards to an internally consistent capitalist mode of production. The second point, and really the political motivation for his paper, was that if one accepted the defect or barrier and even talked about building the future communism on it, one would actually end up instead building the basis for a return to capitalism. One does not build the future society on relations that are defects from its own perspective, one does not transcend a barrier to building a future society by accepting it as insurmountable. Even worse, one does not transcend a barrier by declaring that it is not a barrier but rather a consistent part of the future society.

And that takes us to the point of this section, what has to be done about this inherent barrier in socialism to the transition to communism.

When you consider these brief notes {"The Critique of the Gotha Programme" – A.C.}, however, in the context of *Capital*, the *Grundrisse*, the earlier works and the dialectics of Hegel, it is clear that Marx understood that, rather than building upon its defects, the point is to *struggle* against them. When you build upon the defects inherent in the old society, rather than building the new society, you are *strengthening* the elements of the old society. (Lebowitz, 485)

What concretely would this struggle consist of? One can give a general answer, since it involves social change and we know the general nature of social change from history. For Marx a struggle for social change consists of two dialectically related components – a struggle to change the institutions that people live under and the relations among people, and a struggle to change the consciousness of the people involved in the process, that is, to change the social nature of the people themselves, as it exists at that particular moment.

This need to simultaneously and dialectically change institutions and human relations on the one hand, and people's consciousness on the other hand, has long been understood and written about by (many) people struggling to transcend capitalism. My concern here is to indicate that this same joint process will be needed to transcend socialism, to continue the movement from capitalism to communism beyond socialism. And this is a particularly important issue to think about *today* for any country that has overthrown the political power of capitalism and has a government committed to building socialism, long before it has reached that goal of socialism, which itself involves a lengthy process of change. The reason that all aspects of this joint process must be thought about is to avoid building a new institutional structure that reinforces instead of weakens capitalism during this process of building alternatives to capitalist institutions (and changing relations among people and changing their consciousness).

So even before achieving socialism, and recognizing as Marx did that a single socialist market will be a part of socialism, one should be struggling against this socialist market as the precursor to the struggle to move from socialism to communism. As always, that will involve struggles about institutions, relations among people, and consciousness. Concerning institutions, some institutions, by the nature of their product or by the nature of the welfare concept of social democracy, already *partially* function on the base of need even under capitalism. Free public education (one of the demands of Marx and Engels in the *Manifesto*) is one example of such an institution. But notice that exactly because this free education today is embedded in capitalism it only partially addresses humanity's need for self development. Capitalism has instituted it because for the last few hundred years it has needed workers with a basic education. For capitalism, free education is offered as part of its profit drive. Education under capitalism is something that both does serve the workers in their struggle for self development, and at the same time is limited in how much it serves them, specifically because it is aimed at giving them skills needed for modern production and not skills like critical thinking, authentic social analysis, group decision making, and so on. This is actually the underlying tension that gave rise to the broad struggle in education in the advanced industrial countries during the 1960s and 1970s for a humanist advanced education, one aimed at developing people, instead of one aimed at preparing them for jobs in capitalist society. With the rise of neoliberalism that struggle was beaten back (but never completely crushed), along with most other progressive struggles in the advanced industrial world. Our concern with the issue here, however, is that this is the type of institution that one could most easily try to extend into an authentic need-based institution, to begin to introduce that as the governing criterion for the development of social institutions. A struggle like this

would be necessary under socialism in relation to the socialist market in all spheres of production, but it could also be realistically fought for in some spheres of production long before reaching a socialist society.

The same is true of free universal health care, which is both seen by capitalism as serving its profit purposes<sup>7</sup> and something won by workers in social struggle. Again, it is under partial attack in most advanced industrial countries, under the concept of reducing it to a (limited) welfare program for those falling through the cracks of the capitalist system as opposed to being a human right based on need. Hence a political struggle is needed today to defend and extend it. But the important point here is that an ideological struggle is needed as well even under capitalism, as part of the long process of the fight for a future communist society, to raise the social consciousness about the human need for distribution and production based on need in those spheres of the economy where the idea can most easily be understood today. For health care, a need based system would have a socially determined optimal level of services (involving more doctors and more facilities in most cases), and all services would be equally accessible to all, requiring the elimination of all options of paying more for better treatment.<sup>8</sup>

Free public transportation is an example of an extension of need-based production and distribution to a new sphere arguably socially understandable today. The growing awareness of the huge impending environmental disaster creates the possibility to argue for this on the basis of its contribution to saving the planet. At present, this of course would be funded by taxes. It is important that progressives not try to avoid this issue by fostering illusions that by taxing enterprises people will get the benefit for free, for of course the enterprises will just pass these taxes on in their prices. To the contrary, it is necessary to use all such issues as a tool for creating the consciousness that a better world can only be built through people collectively and democratically deciding (as opposed to capitalists deciding) what part of total human production will be used to meet what human needs, part of Marx and Engels' vision of a communist society.

So to move beyond socialism to communism requires that society move from the socialist concept of right based on the exchange of equivalents to a need-based concept of right. This is equivalent the idea of moving beyond the private ownership of the means of the personal condition of production, labor-power, to a system where individual labor is both understood as, and carried out as, part of the socially planned expenditure of the total social labor-power.

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<sup>7</sup> And in general correctly seen that way by capital, as witnessed by the tremendous cost to capital in general in the United States from not having such a system, with only a few particular branches of capital benefitting greatly from its absence.

<sup>8</sup> Which we have seen both gives the rich access to the best existing services, and dynamically over time tends to degrade the services offered to the poor.



There is one final issue to mention. Critiques of moving beyond capitalism have long argued that people would have no motivation to work, to produce. Of course under socialism with its socialist market as described here, this issue does not arise. If one wants to consume anything beyond what is already provided free and collectively, one can do so only by contributing to social labor. But for the communist transcendence of the socialist market, the transcendence of the exchange of equal labor time to distribution based on need, people indeed would need to have a different motivation to work. Two simple solutions exist to this problem. First, people could labor out of a combination of an understanding that society can only provide in accord with people's needs if the goods and services are produced, with the belief that as a member of society who enjoys all of society's material and non material benefits, it is one's duty (as well as one's claim to social respect) to contribute to social production in accord with one's abilities. Alternatively, one could combine the socialist goal of human development with the understanding (as argued above) that humans develop themselves in important ways through their work.<sup>9</sup> Either of these would suffice to provide the necessary motivation to work in a communist mode of production whose concept of right was need, and of course they are not mutually exclusive. Marx referred to this latter basis for work, and the transformed nature of both work and humans, in a communist mode of production with the well known terse poetic phrase:

... after labor has become not only a means of life but life's prime want .... (Marx, 1875, 324)

## VII. Conclusion

Marx and Engels described the process of the withering away of capitalist markets and commodity production as an essential part of the process of transcending capitalism. The process of the replacement of these markets by social economic planning and collective economic and political self-governance are key to this withering away that marks the phase of socialism. They described in their writings, however, a non-capitalist, non-commodity market that will still exist under socialism. This involves the exchange of one person's contribution of social labor to society for goods produced by society that embody the same amount of social labor. But while this market is not a capitalist market, and being embedded in a socialist society it is connected to institutions such as social planning and enterprise self-governance that represent essential advances toward communism, it nevertheless has to be transcended as part of the process of building a communist mode of production. That transcendence of socialism must consist of a *struggle* by society to transform both the institutions and relations

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<sup>9</sup> Recall that Marx and Engels' theory human development consisted both of individual development and species development, and likewise labor developed both the individual and the species.

involved in this socialist market, and the consciousness of the members of society. Above all, to transcend socialism it will be necessary to transcend the bourgeois concept of right of the exchange of equivalents that underlies the socialist market, and replace it with the concept of right of 'to each according to his needs' that is an essential component of the communist mode of production.

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