

Contradictions in the "Lower Phase" of Communist Society

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Marxists have been challenged recently by a leading western student of existing socialism to recognise that Marx's ideas on socialism are "very seriously defective and misleading." Arguing that Marx's comments about the features of a future socialist society have "developed into an *obstacle* to analyses of economics of any sort of feasible socialism," Alec Nove has declared that Marxists should acknowledge "that what is proposed is an unrealisable utopia."¹ Socialist economists, indeed, "cannot even begin to face the real problems unless they openly reject the utopian elements of the Marxist tradition."²

There is, of course, a certain historical irony in the dismissal of Marx's ideas as utopian socialist--- as "some sort of idle dream, not based upon an analysis of realistically envisageable alternatives to an existing situation."³ After all, Marx consistently stressed in opposition to the Utopians the extent to which the development of communism necessarily involved a severe and protracted process of struggle, transforming both circumstances and people. Nevertheless, it is true that Marx did not reject the *goals* of the Utopians: "only the means are different and the real conditions of the movement are no longer clouded in utopian fables."⁴ "Utopian fable," however, is precisely the nature of Nove's charge against Marx: "this kind of utopian thinking must actively mislead, must direct along irrelevant or dangerous roads, anyone who takes it seriously."⁵

Given that the realisation of communist society has indeed proved to be a severe and protracted process, it should not be surprising that views such as Nove's have currency. Nor should we doubt, under the circumstances, that such opinions (or, at least, suspicions) extend to many who do not feel it prudent to voice them. Nevertheless, at the core of Nove's position is a serious misunderstanding of Marx's perspective on the characteristics of socialism and communism.

Much of the charge of utopianism revolves around the concept of "*abundance*", which for Nove "plays a crucial role in Marx's vision of socialism/communism." Since Nove considers abundance (which he treats as free goods) as a utopian conception which *by definition* excludes all conflicts over scarce resources, it follows for him "that what is proposed is an unrealisable utopia." Even with a substantial expansion of productive forces, a *relative* scarcity (and, thus, opportunity costs) would always exist, he argues; accordingly, so too would continued conflicts among individuals and groups over alternative uses of resources and the necessity for mechanisms to resolve such conflicts. "The naive fundamentalist," Nove proposes, "eliminates these problems from his consciousness by assuming abundance, that is, that there will by definition be enough

¹ Alec Nove, **The Economics of Feasible Socialism** (London: George Allen & Unwin, 1983), pp.x.59,13.

² **ibid.**, p.60.

³ **ibid.**, p.238.

⁴ Karl Marx, "First Outline of **The Civil War in France**," in Marx and Engels, **On the Paris Commune** (Moscow: Progress, 1971), p.166.

⁵ Nove, **op.cit.**, p.239.

enough for all these purposes."⁶

Yet, Nove assumes that the Marxian argument is one in which, with abundance ("an unrealisable degree of plenty"), "acquisitiveness would wither away...because acquisitiveness would have lost all purpose."⁷ Can we accept this as a Marxian argument? Such an argument effectively neglects the character of relations of production. Implicit is the conception of a finite (or exogenously given) set of needs which can be saturated with the approach to the appropriate "degree of plenty." The argument "ignores the extent to which social needs, *new* social needs, are produced in accord with particular relations of production;" it ignores the tendency for the need to possess to grow with alienated production.⁸

Indeed, the argument that the mere development of productive forces would ultimately solve "the economic problem" was made most forcefully not by Marx but by Keynes in his "Economic Possibilities for our Grandchildren" in 1930. For Keynes, the approach to this particular long run, one permitting the emergence of "the lilies of the field who toil not, neither do they spin," required the continued reliance upon "avarice and usury" for the accumulation of capital; "for only they can lead us out of the tunnel of economic necessity into daylight."⁹ This is what we can truly call a Utopian fable; its utopianism revolves around the emphasis on productive forces and the disappearance of the concept of productive relations.

If we accept Nove's argument that acquisitiveness does not "wither away" with the approach to "an unrealisable degree of plenty," we must recognise that his argument does not challenge an *alternative* proposition--- *the proposition that, rather, it is the decline in acquisitiveness (the desire to possess things) which generates under conditions of developed productive forces a state which may be described as one of abundance.* For Nove, however, this alternative proposition would represent the "purest idealism," involving inherently far-fetched "assumptions about some imaginary New Man."¹⁰

Nove's opinion, of course, cannot disprove the alternative proposition. You cannot disprove a proposition based upon an assumption about the behaviour of future human beings simply by erasing that assumption and replacing it with a preferred option. The proposition that emphasises a decline in the desire to possess as central to the emergence of the "higher phase" of communist society cannot be logically disproven. Neither, of course, can it be logically *proven!* It is inherently non-falsifiable--- except by the future course of human development. (And, this is itself an unsatisfying test since any non-realisation of the proposition can be met with the response that it is "too soon".) Nevertheless, what can be done is to consider the *logical consistency* of the theory--- to examine whether the posited characteristics of the "lower phase" of communist society foster a tendency for the realisation of the "upper phase". (If they do *not*, perhaps there *is* but an idle dream.) Such a consideration of internal coherence, of course, requires a close analysis of the theory of the lower phase of communism--- something which Nove does not provide.

Nove, in fact, offers very little discussion and analysis of what Marx (as opposed

⁶ *ibid.*,pp.15,18.

⁷ *ibid.*,pp.16,59.

⁸ Cf. Michael A. Lebowitz, "The Capitalist Structure of Needs, Developing Countries and Socialism," **Socialism in the World**, No.13 (1979),p.87.

⁹ John Maynard Keynes, **Essays in Persuasion** (New York: W.W. Norton & Co.,1963),pp.369-72.

¹⁰ Nove, *op.cit.*,pp.17,52,62.

to assorted interpreters) wrote about socialism. And, what he has to say on the question is confused. Nove confounds socialism and communism (on questions such as abundance) because he believes Marxism saw the "one being the incomplete stage of the other, containing many of its essential elements." On this basis, there seems to be little need to distinguish very carefully between the two stages. "The 'socialism' of the **Critique of the Gotha Programme**," Nove argues, "is already a long way towards communism." What essential elements of communism, though, does socialism lack? "The principal difference [is] that rewards would be in accordance with work and not yet with need, and workers would be issued with vouchers in respect of the time they devoted to social labour."¹¹ Yet, this "principal difference" reveals a *crucial distinction*--- one which leads to an understanding that the socialism of the **Critique of the Gotha Programme** is a long way *from* communism.

The Gotha Critique Revisited ¹²

Marx's **Critique of the Gotha Programme**, of course, does not pretend to offer a full sketch of communist society; its object was merely to set out clearly the most obvious differences between the "Lassalleian articles of faith" embodied in the Gotha Programme and Marx's own position. In particular, too, a purpose was to distinguish between the phenomenon of a communist society "as it *emerges* from capitalist society" and one which has "*developed* on its own foundations." That was a distinction (inherent in a dialectical perspective) which Marx deemed necessary to indicate here precisely (and only) because of the Programme's assertion that "the proceeds of labour belong undiminished with equal right to all members of society." Despite Marx's limited object, however, the **Critique** does provide important insights into his conception of the lower phase of communist society.

We know, for example, that Marx accepted, without criticism, the conception of socialism as a "co-operative society based on common ownership of the means of production." Thus, means of production belong to producers as a whole; with no separate class owning the means of production, all within the society are in an equal position as workers. We also know, on the other hand, that Marx believed that an inevitable characteristic within this first phase of communist society was that its necessary relation of distribution was one of distribution in accordance with work (or contribution).

Yet, of course, relations of distribution are only the "reverse side" of relations of production and cannot be treated "as independent of the mode of production." *The relation of production which underlies this specific relation of distribution attributed to the lower phase of communist society is one of production by private owners of labour-power.* Precisely because this society is "economically, morally and intellectually, still stamped with the birth marks of the old society," labour-power remains private property despite the common ownership of the "material conditions of production," despite the partial passage beyond the "horizon of bourgeois right." Producers here remain the

¹¹ *ibid.*, p.11.

¹² No need is seen here to identify each quotation from the **Critique of the Gotha Programme**.

"owners of the personal condition of production, of labour power."¹³

Each producer, thus, combines his or her labour-power with the common means of production and the labour-power of others; the prevailing principle is one of exchange among the owners: "a given amount of labour in one form is exchanged for an equal amount of labour in another form."

For this reciprocity and **quid pro quo**, there must be a *measure* of labour, a measure which allows the comparison between the labour each producer contributes to society and that to which s/he has a claim in the form of particular products of labour. Each producer receives a "certificate" attesting to the quantity of social labour furnished. From owner of labour-power, the producer becomes owner of a certificate--- and, from owner of certificate, owner of articles of consumption ("nothing can pass into the ownership of individuals except individual means of consumption").

Although the relationship necessarily appears in the individual case as one of C-M-C, for the producers *as a whole* the exchange here is an exchange of activities, a collective exchange of activity for the products of that activity. Labour-power is owned, but it is not a commodity since there is no Other outside the producers as a whole to purchase it. Thus, the relation is one of a "pooling" of individual labour-powers, a "partnership" arrangement in which each puts a certain quantum of labour into the "common pot" and, mediated by certificates, takes out its equivalent.

But, of course, those quantities of labour (and, thus, their equivalents) necessarily differ because people differ in their "individual endowments". Where producers relate as owners of labour-power, "equal right" necessarily means unequal distribution, an inevitable "defect". Precisely because the implicit relation among producers was one of individual owners of labour-power, it was clear to Marx that one could not impose the "higher" principle of distribution in accordance with need upon a society whose productive relation spawns the distribution relation of "to each according to his work." To do so would be to violate the reciprocity, the "equal standard," between owners of labour-power. Contrary to the Gotha Programme, the "principal stress" could not be upon the relations of distribution--- but, rather, upon the relations of production which made "defects" inevitable. Only with a higher "economic structure of society and its cultural development conditioned thereby" could a new relation of distribution emerge.

Private ownership of "the personal condition of production," thus, is one relation of the associated producers in the lower phase of communist society. *But it is not the only relation among them identified in the Critique of the Gotha Programme.* For, the producers are certainly simultaneously the common owners of "the material conditions of production." Thus, they exist in these *two* relations--- common owners of means of production, private owners of labour-power.

Yet, it is not enough merely to identify this dual relation of ownership. It is necessary to explore the inherent tendencies of each side of the relation and the nature of their interaction. We cannot assume that, because commonly-owned means of production and privately-owned labour-power are necessarily combined in production, therefore only

¹³ Cf. R. Kosolapov: "While the socialistically socialised means of production are permanently in the possession of the collective and always constitute *common* property, the labour power of every producer remains *individual*, belonging to just one person due to the distinctiveness of his or her bodily constitution." R. Kosolapov, **Socialism: Questions of Theory** (Moscow: Progress, 1979), p 151.

unity and not opposition is present.¹⁴ Although Marx himself did not examine the lower phase of communist society as "seized and penetrated by contradiction," the analysis now is facilitated by the real experience of socialism.

Common Owners of Means of Production

We begin our consideration of the contradictions of the lower phase of communist society by examining tendencies present in the common ownership of means of production *taken by itself without any regard for other aspects of the producers*. Subsequent sections will consider, in turn, private ownership of labour-power on the same basis and, then, the combination and unity of these two sides. Exploration of yet another side, implicit in Marx's conception of the lower phase, then follows.

As common owners of the means of production, producers want to ensure the maximum return from this property. Thus, they want to maximise output per unit of means of production (Y/K). Similarly, they seek the growth of both those means of production (their common property) and the output/income stream from them; their orientation, in this respect, is for expanded reproduction of the means of production. This implies a tendency to restrain current consumption in order to permit its future expansion.

As owners of means of production, producers wish the maximum effectiveness of their property. Thus, they have an interest in efficient coordination of particular components of means of production; duplication, waste, etc. are contrary to their perspective. Unemployment of means of production (or below-capacity utilisation) represents waste to the owners of means of production; it reveals that the sacrifice of current consumption has produced a less than optimum return. In this sense, the side of producers as common owners of means of production tends to foster an orientation to planning in order to take into account consciously all aspects of the interdependency of means of production.

Insofar as underutilised means of production represent waste, there also is a tendency toward "taut" planning. On the other hand, as owners of means of production, the producers have *no* interest in a state of chronic shortage and suction which leaves means of production idle and underutilised. Lags in construction of new means of production, facilities idled for lack of necessary complementary inputs, etc. (i.e., a reduced Y/K) cannot be in the interests of the producers as owners of the means of production. Thus, the goal of maximum utilisation of means of production leads to plans which cannot be so taut that they violate the requirements of proportionality and coordination.

Since no individual producer can act to ensure these goals, it is obvious that, as common owners of means of production, producers require a co-ordinating body which functions as a representative of the owners of the means of production as a whole. Some

¹⁴ Efim Manevich notes (and rejects) the argument of Y.A. Kronrod and some other Soviet economists that since "the bearer of labour power is the joint owner of state socialist property, he is no longer the owner of his own labour power; like the means of production it belongs to the whole of society and is common property." Efim Manevich, **Labour in the USSR: Problems and Solutions** (Moscow: Progress, 1985), p.55.

body is necessary to determine the precise inter-relations between parts of the collective means of production--- coordinating both the utilisation of existing means of production and their expansion. Considering the producers only from their side as common owners of the means of production, such a planning and coordinating body does not in any way act against the interests of individual producers; i.e., the representative of the whole does not impose the interests of the whole against the individual because, as common owners of means of production, the producers have *only* a common, collective interest.

Significantly, insofar as they are common owners of means of production, the producers are in a relation of *equality*. Thus, all producers equally must have access to the means of production; all must have the opportunity to engage in labour and to secure the fruits of production. Further, it follows that the tendency will be one of *equal incomes*. In short, in this relation, there is no basis for monopolisation of the means of production by individuals or groups; nor is there a basis for unequal access to the means of production or differential income--- precisely because all *are* equal as owners of means of production.

Thus, the relation of distribution which flows from the relation of common and equal owners of the means of production is: *to each according to his per capita share*. Since the productive relation considered here is neither one of labour nor of human beings as such, the distribution relation to which it tends is neither "according to labour" nor "according to needs". In this respect, the relation is one in which all differences are "levelled" and in which all producers are viewed homogeneously; treating all as equal in relation to material property, "it negates the *personality* of man in every sphere."¹⁵

Insofar as the orientation of producers as common owners of the means of production is toward the effective coordination of the means of production, there is also necessarily the requirement for the effective coordination of the complementary input, labour-power. Thus, labour-power *also* must be directed (by the coordinating body) to its most appropriate location, its most effective use. In this context, the individual will of the owner of labour-power is entirely inappropriate; it represents spontaneity and anarchy rather than coordination. Labour-power here appears as a mere adjunct of the means of production, as an instrument of production which requires servicing, replacement, etc..¹⁶

Thus, as common owners of means of production, the tendency is for the producers to be owned in common by the means of production; its direction is toward the effective disintegration of the private ownership of labour-power. *At its limit*, this relation points to the emergence of a "barracks socialism", a form of state serfdom.

Nevertheless, insofar as this relation of producers tends toward the recognition of all people as equals, it expresses the unity of human beings as such. In this sense, it expresses in part the relation of human being toward human being--- but only as equal owners, only in alienated form.¹⁷

¹⁵ Karl Marx, **Economic and Philosophical Manuscripts of 1844** in Marx and Engels, **Collected Works**, Vol.3 (New York: International Publishers, 1975), p.295. Manevich's view of Kronrod's position (see previous note) is that "in this way labour power is cut off from the man, from the personality." Manevich, **op.cit.**, p.55.

¹⁶ The concept of "social need", a definite, limited standard for all producers, comes to the fore here. Cf. Agnes Heller, **The Theory of Need in Marx** (New York: St. Martin's Press, 1974), Ch.3.

¹⁷ Karl Marx and Friedrich Engels, **The Holy Family** in Marx and Engels, **Collected Works**, Vol.4 (New York: International Publishers, 1975), pp.39, 43.

Private Owners of Labour-power

As private owner of labour-power, each producer seeks the highest possible return for his or her asset, labour-power. Each producer wishes to maximise the income received for his or her individual expenditure of labour; ie., the goal is to maximise Y_i/L_i --- which can occur either by maximising income for a given quantity of labour or by minimising labour for a given income.

Insofar as the goal is to maximise Y/L , the tendency of producers will be to increase productivity (and thus to defer current consumption where its result will be higher Y/L in the future). However, as private owners, it is not *social* productivity or the productivity of social labour which is critical. Rather, only *private* productivity--- and, *this only insofar as it is reflected in private income*---matters.¹⁸ Thus, the expanded reproduction which is critical to producers as private owners of labour-power is essentially private--- and is common and collective only as a means to the private. Accordingly, as private owner of labour-power, the producer will invest in training and education as a means of increasing future personal income (and will support common investment where it is complementary to this same end); similarly, the producer will defer part of the immediate consumption of the fruits of his or her labour--- but only where the property rights to the income stream thereby generated are assured. Expanded reproduction here is reproduction of self (individual labour-power) in a qualitatively enhanced form.

Since each owner wants the maximum return for his or her property, the producer as owner of labour-power looks to the opportunity to shift this property to better uses. Thus, s/he views restrictions on labour mobility as a violation of property rights. Inherent in this side, then, is the logic of a labour market. Nor is it any type of labour market. The labour market which favours the owner of labour-power as such is one in which the available alternatives are maximised. In this sense, as the owner of labour-power, the producer logically favours a state of chronic labour shortage and suction.¹⁹

Just as s/he wishes no interference with his or her right to shift this individual property, the owner of labour-power similarly wants no obstacles to the right to secure the highest possible return in *each* use. Thus, interferences (for general purposes external to the individual producer as owner of labour-power) which reduce the valuation of labour below the level of its "contribution" are contrary to the logic of this side of the producer. Similarly, the extraction of a portion of the return for this individual asset, labour-power, is perceived as an exaction contrary to his or her individual interests. For the private owner of labour-power, the restriction of income leads to a reduction of contribution.²⁰

¹⁸ Thus, Manevich argues that the failure to increase individual wages when, "through the introduction of new machines", productivity rises "leads to a reduction in workers' direct personal interest in the introduction of new techniques." Manevich, *op.cit.*,pp.249,250.

¹⁹ Cf. Michael A. Lebowitz, "Kornai and Socialist Laws of Motion," *Studies in Political Economy*,No.18 (Autumn 1985).

²⁰ "Every disparagement or ignoring of personal interest affects the overall results of labour....In each case, the result is that workers have less personal interest in what they produce." Manevich, *op.cit.*,p.197.

Since as owner of labour-power, the producer seeks the maximum alternatives for this asset (and thus no barriers to entry or monopoly conditions), it follows that a return in accordance with contribution is best secured by the existence of decentralised production units which compete for the use of labour-power. Thus, not only a labour market but a market economy in general is latent in this relation. Nor is the producer concerned with externalities, duplication of facilities, etc. as such--- since they are, in fact, external to his or her position as individual owner of labour-power.

More than a labour market and a market for the products of labour, too, is implied by the private ownership of labour-power. Expanded reproduction requires the accumulation of money, the money-form of income. For those producers who possess such claims on the products of labour, placement in a general reservoir (a bank) providing a return in the form of interest is entirely in accord with the goal of maximisation of Y_i/L_i . The logic of this process takes the form: $M-M'$. A similar logic underlies the activity of the bank, which is reproduced by lending at higher interest rates than it itself pays. For producers, on the other hand, who borrow (or, alternatively, use their own accumulated funds) for the purpose of expanded reproduction, the logical requirement for maximisation is that returns from expanded reproduction must exceed the cost (interest) of those funds of money.

Thus, latent in private ownership of labour-power, where the relation between producers is unconscious and indirect, is the existence of a money market, credit and banks. In this situation, the goal of maximum Y_i/L_i is enforced on the surface by banks, the mediators between the separate producers; what is internal to the producers as private owners of labour-power is imposed externally by the banks and the money-market. ***In the money market, the private owners of labour-power are posited in their totality.*** Only those expansions of production which promise to yield the highest returns will be undertaken; the market rules over expanded reproduction for the producers as a whole.²¹ Thus, the mutual indifference of the private owners of labour-power means that they "produce an *alien* social power standing above them, produce their mutual interaction as a process and power independent of them." Their mutual interconnection appears as "their subordination to relations which subsist independently of them" and from which they obtain their impulse.²²

Inherent in the producer as private owner of labour-power is the attempt to secure a return in accordance with contribution not only for present labour but also past labour. There is implicit here the desire for unimpeded property rights in the results of past labour--- the ability to transfer such rights in an unrestricted manner (eg., through shares in the results of past labour) and to exercise all property rights over means of production.²³ The tendency, then, of the producer as private owner of labour-power is the

²¹ "Credit was extended to those who were able to pay more. In other words, the line of development was such as to give automatic advantage to those who could pay more, that is, to those who were favoured by the market. Thus, development trends were left to the control of these elements. The elements that began to dominate were the credit system and the banks...." Vladimir Bakaric, **Theoretical Foundations of Social Reproduction in Socialism** (Belgrade: Socialist Thought and Practice, 1974), p.120.

²² Karl Marx, **Grundrisse** (New York: Vintage, 1973), pp.197, 157.

²³ These elements correspond to what the conservative U.S. economist, Steven N.S. Cheung, has proposed as among those necessary for China to become "capitalist". Steven N.S. Cheung, **Will China Go "Capitalist"?: An Economic Analysis of Property Rights and Institutional Change** (Norfolk: Institute of Economic Affairs, 1982), pp.59-60.

disintegration of the common ownership of the means of production. The division between private claims over the results of past labour and private ownership of labour-power portends a similar division within society. *At its limit*, the private ownership of labour-power tends toward the restoration of capitalist relations.²⁴

Nevertheless, what distinguishes producers as owners of labour-power is that their starting-point is human beings rather than things. Intrinsic to this side is the recognition of difference and heterogeneity. The individual owners of labour-power posit a necessary relation between producers with heterogeneous capacities and heterogeneous needs--- but they do so only as owners, only in alienated form. As a relation between individual owners (rather than human beings as such), their indifference to their connection means that they are dominated by it and by the forms of mediation inherent in a market.

The Combination of Forms of Ownership

Each form of ownership present in the "lower phase" of communist society contains its own inherent tendencies, tendencies which stand in opposition. Plan/market and equality/inequality are but two of the antinomies (**summarised in Table I**) which have their roots in the contradictions within ownership. Yet, not only does the lower phase necessarily contain both sides, but these sides interact and infect the character of the other. Neither the common ownership of the means of production nor the private ownership of labour-power is present in abstract and pristine form; and, while under given circumstances one or the other side may dominate, it is always their combination which is determinate.

As common owners of the means of production, producers are prepared to accept the existence of differential incomes (inherent in private ownership of labour-power) insofar as their absence would lead to a fall in Y/K ; ie, such differences are seen as a necessary evil, a concession to bourgeois right. But, this acceptance is begrudging; it contains within it a tendency to correct and compensate whenever the patterns flowing from the private ownership of labour-power are seen as unacceptable.

This tendency, an assertion of the common property side, takes many forms. They include an emphasis upon the expansion of "that which is intended for the common satisfaction of needs," the growth of "social consumption funds", the increased accessibility of basic necessities at subsidised (below-market) prices. The goal here is to achieve "an accelerated rise in the standard of living of those less well-provided for, of those workers with large families, and in faster equalisation of living conditions in different regions."²⁵ (One expression of the common property side, in this combination, is the advocacy of an approach toward distribution "in accordance with needs.") Similarly inherent is an orientation toward reducing or limiting higher incomes by various forms of regulation, price control, taxation (eg., of "technological rent"), etc..

The co-ordination and planning latent in the side of producers as common owners of means of production also generates the tendency toward utilisation of the co-ordinating mechanism, in the context of private ownership of labour-power, to express the interests

²⁴ Cf. Bakaric, *op.cit.*, p.121.

²⁵ *Kommunist*, No.3, 1960, p.30, cited (critically) in Manevich, *op.cit.*, p.248. See also p. 244.

of the common owners as a whole. Thus, bonus and incentive structures which link firms to the centre (rather than to the market), an unwillingness to allow firms to "fail" (because of unemployment implications), "soft budget constraints," an inclination to foster expanded reproduction on the basis of "non micro-efficient" criteria (in order to expand employment)--- *all represent ways in which the centre may utilise the self-interest inherent in private ownership of labour-power in a manner contrary to the spontaneous tendency of the latter*. The subordination of commodity-money relations (and commodity production) to coordination and planning expresses the side of producers as common owners within this specific unity.

Thus, the realisation of the tendencies of private ownership of labour-power occurs within this specific context--- rather than in abstraction. The owners of labour-power act within an environment shaped by the common ownership of means of production. The security provided by guaranteed access to the means of production, for example, affects the behaviour of the owners of labour-power; their labouring activity no longer takes place under the threat of unemployment.²⁶ Similarly, the responsibility for the interests of the whole assumed by the centre reinforces continuing dependence upon the favour of the centre; "the regulatory role of the market," thus, is overshadowed and distorted.²⁷

From the perspective of the private ownership of labour-power, such patterns may be seen as the result of bureaucratic meddling, paternalism and petty tutelage. Yet, the tendencies inherent in common ownership of the means of production reflect more than the particular agency by which they are manifested. Even where distribution of personal income is at the disposal of the producers themselves, there is a tendency to increase personal incomes in such a way as to reduce income differentials (*uravnilovka*)--- regardless of trends in productivity and net income.²⁸ In such a case, there is an implicit assertion by those less fortuitously placed that they are entitled to share in the general increase of wealth within society equally. The implicit assertion is that the means of production are social property and not group property.

While such tendencies may be denounced as "crude communism," as "eating from the big pot", as "petit-bourgeois egalitarianism" and, indeed, as "alien to the proletariat," it is essential to recognise that they are inherent in the side of the producers as common owners of the means of production and can not be abolished by mere exhortation.²⁹ Nevertheless, their impact is to infect and deform the side of private ownership of labour-power.

Despite the negative tendencies inherent in bourgeois right, private ownership of labour-power *also* constitutes an essential part of the lower phase of communist society; it cannot be abolished by the attempt to suppress its effects. Thus, for example, a one-sided focus on the side of common ownership of the means of production will only lead to a tendency to minimise labour. Insofar as producers who are both common owners of

²⁶ Janos Kornai, **Economics of Shortage**, 2 volumes (Amsterdam: North-Holland, 1980), pp. 251 ff. Cf. also Lebowitz (1985), *op.cit.*

²⁷ Peter Bihari, "Hungary: Towards a Socialist Market Economy?", **Studies in Political Economy**, No. 18 (Autumn 1985), p. 18. Bihari argues that, while Hungarian enterprises are more independent since 1968, "their independence can still be interpreted only in the framework of their dependence upon the state."

²⁸ Cf., for example, Robert Stallaerts, "The Interindustry Wage Structure of a Labour-Managed Economy: The Yugoslav Case 1976- 1981," **Economic Analysis and Workers' Management**, 2, XVIII (1984).

²⁹ Manevich, *op.cit.*, p. 175.

means of production and private owners of labour-power view their income as principally a return for the former and only minimally for the latter, they will part with their individual property only to the extent necessary to secure the return for their collective property. On the other hand, additional expenditures of their labour in private transactions in which they secure a greater return (ie., second jobs and an "underground" or "second" economy) are entirely consistent in this situation. The implications for the intensity of labour in the "official economy" and its performance in general are obvious.

Just as the side of common ownership infects that of private ownership, so also is the reverse true. While the necessity for a coordinating mechanism is inherent in the former, the treatment of posts within that mechanism as private property and as a means to secure higher income and privilege, the actions of members of a hierarchy and of managers in seeking private goals, are a reflection of the side of private ownership of labour-power; they represent an attenuation and lessening of common property rights. (A comparable effect occurs through "special stores", "backdoor" transactions and various forms of privileged access in the context of scarcity.) Similarly, as Nove has emphasised with respect to the quality of coordination, "information flows are *bound* to be affected, distorted, by the interest of the information-providers....To expect unbiased information from those interested in the results to which the information is put is to live in cloud-cuckoo-land."³⁰ Rather than appearing in abstract and pristine form, all coordinating mechanisms in the lower phase are necessarily penetrated by the private ownership of labour-power.

Similarly, the place of producers as adjuncts of the means of production from the side of common ownership requires the determination of "scientifically based" work norms--- "established on the basis of the most rational operating conditions for the equipment, methods of working, the elimination of the reduction of losses of working time, taking into account psycho-physiological peculiarities and choice of work and rest regimes ensuring normal intensity of labour." Yet, the interest of producers as private owners of labour-power acts *against* the establishment of any such accurate norms. "Higher norms and their systematic review do not answer the direct personal interests of each worker, for every higher standard leads to a certain temporary reduction in individual earnings."³¹

Further, while universal access of producers to the means of production flows from the side of common ownership of the means of production, the right of access to *particular* means of production ("job-rights") reflects the side of private ownership of labour-power. Job-rights, like group property, involve the private possession of particular means of production; they represent the introduction of the inequality inherent in ownership of labour-power into the ownership of means of production. The private ownership of labour-power tends to particularise all principles of common ownership, thereby deforming the latter.

Thus, each aspect of the lower phase contains within it in some degree this fundamental contradiction within ownership. Just as the form of expression of a relation in a formula, however, is not neutral, neither is the manner of expressing this particular contradiction. In short, the particular identification of the contradiction may serve to conceal its specific characteristics. Manevich, for example, speaks of "contradictions

³⁰ Nove, *op.cit.*, p.20.

³¹ Manevich, *op.cit.*, pp.132,136.

between personal and social interests"--- but such contradictions are not *unique* to socialism.³² It is essential to note that the contradiction between the personal and the social in this specific case is only a *form*, a necessary form of the contradiction between common ownership of means of production and private ownership of labour-power.

Similarly, Kornai has identified the essential contradiction as one between two value systems---"efficiency and socialist ethical values."³³ The combination of these two systems, he argues, "manifests the disadvantages of both conspicuously, and suppresses their advantages. Such a blend of principles and requirements often develops, in which efficiency and ethics are both lost at the same time."³⁴ Since neither one side nor the other can be abolished, however, Kornai pragmatically emphasises the necessity to find appropriate "compromises between the different normative principles."³⁵

This is a case in which the very statement of the problem (the "contradiction") already contains within it the nature of the solution--- *since the efficiency principles are described as being of "general validity"*.³⁶ Kornai's discussion makes it clear that the division between efficiency considerations and socialist ethics corresponds closely to that between characteristics emanating, respectively, from the private ownership of labour-power and the common ownership of means of production. *Under the given circumstances, it is obvious that what is to be compromised is the side of common ownership of the means of production ("socialist ethics")*--- a point made clear by Kornai's proposal to end guaranteed employment, the guaranteed access to the means of production.³⁷

A full exploration of the interaction between common ownership of the means of production and private ownership of labour-power in this specific unity can not be undertaken here. However, on the basis already established, it is possible to ask whether there is not a particular trajectory inherent in this dual relation--- *rooted in a tendency for personal incomes to increase more rapidly than productivity*. (Such a pattern is most apparent where there is a process of interaction between an equalisation tendency and one generating differential incomes.) On the one hand, the specific combination of ownership tends to inhibit the introduction of new technology, to hold back productivity increases and to keep the intensity of labour low; on the other hand, the combination fosters the growth of personal incomes. In the one case, a tendency for inflation and, in the other, a growing intensity of shortages; in both cases, the inherent response is an increased focus on coordination, price controls, etc. The prognosis in all this is a tendency for more or less

³² *ibid.*, pp.15-6. He also refers to "the contradictions between the equal relation of workers to the means of production and the inequality of distribution", but this obscures the *basis* of the distribution relation. *ibid.*, p.176.

³³ Janos Kornai, "The Dilemmas of a Socialist Economy: the Hungarian Experience," **Cambridge Journal of Economics**, Vol.4 (1980), reprinted as "Efficiency and the Principles of Socialist Ethics," in Janos Kornai, **Contradictions and Dilemmas: Studies on the Socialist Economy and Society** (Budapest:Corvina,1985).

³⁴ *ibid.*, p.136.

³⁵ *ibid.*, pp.137-8.

³⁶ *ibid.*, p.125.

³⁷ Cf. Lebowitz, *op.cit.* One interesting exception to the close fit of these divisions is that Kornai includes, under efficiency conditions, the necessity for "careful calculation" of benefits and costs and for the economic use of scarce resources. What is relevant, of course, is the calculation of *social benefits and costs rather than private benefits and costs*--- and this flows from the side of common ownership of means of production rather than private ownership of labour-power. Kornai, *op.cit.*, p.125.

static changes--- swings between the two poles inherent in the division of ownership in the lower phase.

Insofar as the inferred characteristics of the lower phase of communist society are an accurate description of patterns of existing socialism, it is obvious that we *cannot* accept Nove's argument that Marx's comments on the features of socialism "have developed into an *obstacle* to analyses of economics of any sort of feasible socialism". Yet, the question remains as to whether there is any inherent process of development *beyond* the characteristics of the lower phase. In short, does the theory of the two phases possess internal logical coherence?

Those on both sides (of current debates and of aspects of the lower phase) argue that focus on their particular side will lead to growth of productive forces, progressive satisfaction of needs and thus the growing possibility of new distribution relations. The argument reflects precisely the acceptance of a focus on the approach to abundance that Nove criticises--- with the key difference being a judgement as to how productive forces can be developed most rapidly. As noted above, however, such an argument (in either variant) ignores the tendency of the need to possess to grow with alienated production. And, alienated production is certainly inherent in this specific combination of ownership.

Thus, our examination of the combination of common ownership of the means of production and private ownership of labour-power offers *no* reason at all to assume that this specific combination contains an inherent tendency which leads to the higher phase of communist society. On this basis, we would have to argue that the theory linking the lower and upper phases does not appear to be logically consistent, that it amounts to a utopian fable.

However, these two ownership relations are not the only relations of the lower phase; they are merely the only two identified in the **Critique**. There is another relation which is implicit---production in common, production by associated producers.

Producers in Common

Although there was reference to "the co-operative society based on common ownership of the means of production" in the **Critique**, production in common or co-operative production was not explored as a characteristic of the lower phase. Marx certainly could not attack the Lassalleans for failing to recognise the importance of co-operatives. Rather, the problem in the Gotha Programme was that it called for the establishment of producers' cooperative societies "with state aid"---effectively abandoning the standpoint of an independent class movement. To limit Marx's conception of the lower phase of communist society to only what is explicit in the **Critique**, however, is to obscure the element that drives beyond the lower phase.

Co-operative factories, as we know, represented a great "victory" for Marx. They involved the replacement of capital as a mediator between workers in all phases of production---in the purchase of labour-power, in the direction and supervision of production, and in the ownership of the products of labour. The workers here were their own mediators in production---they did not view themselves as brought together and combined by an Other in production. Thus, despite the inevitable defects of the early co-

operatives within the existing system and the fact that the "dwarfish forms" inherent in the private efforts of individual workers would "never transform capitalistic society," Marx nevertheless viewed them as the "first examples of the emergence of a new form."³⁸

Production by associated producers must be recognised as an element in Marx's conception of the lower phase. For, in its absence, what *exactly* would be the difference to the process of capitalist production? The end to capitalist ownership of means of production and products of labour, the end to the purchase of labour-power by capital--- *but not the end to the capitalist "functionary", the alien mediator among workers in the production process*. In the absence of co-operative production, there would be the abolition of "mere money-capital", that act which does not end the relation but brings it merely to a head. Yet, as Marx noted in the **Critique**, it was the goal of workers "to revolutionize the present conditions of production" which was behind their "desire to establish the conditions for co-operative production on a social scale, and first of all on a national scale, in their own country." Present from the outset as an element within the lower phase is the self-management of production by associated producers, the revolution within production itself.

Consider this relation of common production by itself--- *before looking at its combination with the other elements of the lower phase*. Central to associated production is the conscious recognition of the objective interdependence among the producers within the productive unit. The interconnection between their various labours is based on their own plan and expresses their own will---rather than that of a power outside them; "their unification into one single productive body, and the establishment of a connection between their individual functions [*no longer*] lies outside their competence."³⁹ Essential, therefore, to their relation is that they are "expending their many different forms of labour-power in full self-awareness as one single social labour force."⁴⁰

Planning necessarily is an essential aspect in this relation of producers in common. A single will is required within the productive unit to this end. But, the process of directing and supervising loses its "antithetical character" with production by associated producers. Here, producers with a common set of goals subordinate themselves in the labour process to secure those goals; they distribute their labour in a purposeful way in order to minimise the labour required for a given end. "Thus, economy of time, along with the planned distribution of labour time among the various branches of production, remains the first economic law on the basis of communal production."⁴¹ Accordingly, inherent in this relation is the maximisation of Y/L for the associated producers. The duplication or waste of human effort (and, thus, suction and all its effects)--- an obvious violation of interdependence and "economy of time"--- clearly have no place here.

Recognising their objective interdependence in production, the producers acknowledge both their heterogeneity and their unity, both their personality and their common humanity. Their bond is a communal bond, a bond as human beings. Here, the social relations among producers correspond to their objective interdependence. Here,

³⁸ Cf. Marx, **Capital**, Vol.III (New York: Vintage, 1981) pp.512,571; Marx, "Instructions for the Delegates of the Provisional General Council. The Different Questions," in **Minutes of the General Council of the First International, 1864-66** (Moscow: Foreign Languages Publishing House, n.d.), p.346.

³⁹ Marx, **Capital**, Vol.I, p.449-50.

⁴⁰ **ibid.**, p.171.

⁴¹ Marx, **Grundrisse**, pp.172-3.

means of production are means for the associated producers; they are instruments by which to secure their common goals. Thus, no individual producers can lose their links, their access to those means of production. In short, a basic concept of "*solidarity*" among the particular producers is inherent in their relation.

Production in common necessarily begins in a particular production unit. It is based on the actual, objective interdependence of the particular producers---and upon their conscious recognition of that interdependence. Producers in this relation recognise other producers as the presupposition of their own activity and see the results of their activity as the premise of the activity of others. Nevertheless, this relation contains the tendency to extend beyond the particular productive unit to recognition of interdependence *among* productive units. Their dependence upon the suppliers of the conditions of their own labour, their orientation toward coordination of activity, generate a tendency toward the integration of the plans of different productive units. The tendency is for producers to apportion their labour "in accordance with a definite social plan" in order to maintain "the correct proportion between the different functions of labour and the various needs of the associations."⁴²

In short, just as the common ownership of means of production implies the necessity for efficient coordination of means of production, associated production implies the efficient coordination of productive activity. In contrast to the integrative tendencies of means of production, however, here we proceed *from the bottom up*. The process is one of a growing extension of integration among the associated producers, a growth in their conscious recognition of their objective interdependence. Here, "united co-operative societies... regulate national production upon a common plan, thus taking it under their own control."⁴³

We describe here an orientation to the needs of other producers as producers, producers of different use-values--- but, latent is an orientation to the needs of others as human beings. The ultimate extension of this integrative process among the associated producers is one which goes beyond the production of use-values as such to the production of human beings. It emerges with the recognition of human beings as both the presupposition and the result of associated production. Particular outputs and the "direct production process itself" are recognised as mere moments, vanishing moments, in the production of human beings in their relations as associated producers.⁴⁴ Such an extension, though, necessarily involves the end to the separation of the two moments of production---production of use-values and production of human beings; it involves an end to the privileged position assigned to the production of use-values and the subordination of activities which nurture the development of human beings. The expanded reproduction inherent here is expanded reproduction of human beings.

Failure to extend the process of integration beyond the production of use-values represents the continued domination of ownership; it leaves an apparent contradiction of producers vs. consumers. Insofar as the producers' "own need for development", however, necessarily pits them against all social forms which are not yet adequate to permit the full development of human beings, such an extension in the conscious recognition of their interdependence is latent in a society of associated producers.

⁴² Marx, *Capital*, Vol.I,p.172.

⁴³ Marx, *The Civil War in France*, in Marx and Engels, *On the Paris Commune*, op.cit.,p.76.

⁴⁴ Cf. Marx, *Grundrisse*,p.712.

At its limit, then, production by associated producers is "determined by communal needs and communal purposes." Here, "participation in the world of products, of consumption, is not mediated by the exchange of mutually independent labours." Rather, "communality is presupposed as the basis of production" and the "labour of the individual is posited from the outset as social labour." We have here that "free individuality, based on the universal development of individuals and on the subordination of their communal, social productivity as their social wealth."⁴⁵ The need to possess "things", acquisitiveness, has no apparent place here.

Thus, latent in common production is the production of human beings as such, is production for the needs of human beings. In contrast to the call for "distribution according to needs" which emerges from the common ownership of the means of production, here the very *premise* of such distribution is conscious production for needs; ie., the distribution relation flows naturally from the productive relation, their relation as producers, rather than being superimposed upon it. Similarly, it is obvious that, insofar as production of human beings is consciously recognised as the goal and purpose of production, labour is not a burden, is not toil and trouble. Rather, it is the means of self-expression within a community of human beings, the expression of heterogeneity within unity. In contrast to the realm in which labour-power is alienated, is property, there is no desire to minimise labour; in the realm of freedom, labour is life's prime want.

Production in common, thus, contains within it the development of the higher phase of communist society. Its tendencies (**summarised in Table II**) are the very elements in the lower phase which drive toward the development of communism on its own foundations. "The unity of man with man, which is based on the real differences between men" is precisely the higher phase of society to which Marx looked.⁴⁶ Thus, the very element in the lower phase which *does* tend in the direction of the higher phase of communism is one not explored in the **Critique!** To understand the logical coherence of Marx's theory, it is necessary to consider the corpus of his work---rather than to assume that we can find the key to Marx's view of socialism and the transition to communism by looking at a piece which did not have this as its purpose.

Yet, it is obvious that production in common does not exist in the lower phase by itself; it necessarily exists in in a relation with the forms of ownership. On the basis of what we have already noted, it is sufficient to indicate that *both* the common ownership of means of production and the private ownership of labour-power involve the existence of mediators among the producers which are alien to them as associated producers. Relations among productive units occur via these mediators, which become a power over them--- whether the mediator of the coordinating body inherent in the common ownership of means of production or the mediator of banks and a money-market inherent in the private ownership of labour-power. Nor is it only the relations *among* the productive units which are affected; there is also the tendency for these alien mediators, rooted in the various forms of ownership, to invade the productive units themselves and to become a power *within* the units.

Both forms of ownership, thus, contain within them the tendency for the disintegration of production in common. In the one case, the tendency is for the

⁴⁵ *ibid.*, pp.171-2,158.

⁴⁶ Marx to Ludwig Feuerbach, August 11, 1844 in Marx and Engels, **Collected Works**, Vol.3, *op.cit.*, p.354.

producers to be dominated by the centre and by representatives of the centre; in the other case, the tendency is domination by the money-market and by forces oriented toward M-M'. In both cases, the tendency is for "the interconnection between their various labours" to confront them as a plan, as authority, "as the powerful will of a being outside them, who subjects their activity to his purpose."⁴⁷ In short, while production in common may contain *latently* the development of communism "on its own foundations," there is no automatic passage to the higher phase; indeed, the inherent tendency for its deformation by the forms of ownership characteristic of the lower phase may produce movement in a quite *different* direction.

Thus, it is only insofar as the producers struggle against alien mediators, struggle to be their own mediator, that the tendencies of associated production act against those inherent in the various forms of ownership. Only their struggle against their "inhuman existence" allows for the realisation of their own need for development. ***We see, then, that the essential contradiction in the lower phase of communist society is not that of common ownership of means of production versus the private ownership of labour-power; rather, it is one of human beings as producers versus human beings as owners, between the owner who does not work and the worker who does not own. The essential contradiction is not that between forms of ownership but between ownership and associated production.***

This contradiction takes the form of a struggle on two fronts (against the tendencies and mediators inherent in each form of ownership), but the contradiction between forms of ownership is only a manifestation of that between human beings and ownership. Ownership as such separates the unity of human beings (expressed in alienated form by the common ownership of means of production) from the heterogeneity of human beings (expressed in alienated form by the private ownership of labour-power). When the producers struggle against the side of common ownership, asserting their personalities, they advance characteristics akin to private ownership; when they struggle against private ownership, asserting their common humanity, they advance characteristics akin to common ownership. What they really struggle for is the complete transcendence of property, social life no longer mediated by property in any form. It is a struggle now hidden, now open, which takes on the characteristics of a class struggle--- ending either in the revolutionary re-constitution of society or in the common ruin of the contending classes.

For some, the proposition that the passage to the upper phase of communist society is marked by the continuation of the coincidence of changing circumstances and changing human beings may appear to be a dystopia. But, it is a utopian fable to think that such struggle can be avoided and that progress consists in the untroubled pursuit of developed productive forces.

The development of productive forces has an important place--- but *not* in any presumed approach to abundance and the saturation of needs. Rather, its place is in the very *establishment* of the objective interdependence of producers--- ie., in the emergence of a higher economic structure of society. Where no such objective interdependence exists within and between productive units, the emphasis upon the necessity for conscious integration as a social duty can only be an external imposition. Obviously, the possibilities for conscious integration are quite limited where the nature of productive

⁴⁷ Marx, *Capital*, Vol.I,p.450.

forces separates producers from one another such that they are *necessarily* dominated by an alien mediator. (The extreme case being that of individual commodity producers.) In *this* respect, the development of productive forces is a necessary aspect of the emergence of production in common; the latter, in turn, represents the development of a collective productive power, a development of the capabilities of human beings (the "species").⁴⁸

However, is a development of productive forces which generates objective interdependence *sufficient*? Can it be sufficient with the continuation of a focus upon the private ownership of labour-power, with a continued chasm between the production of use-values and the production of labour-power, with the inscription of a "defect" upon society's banner? Can the emergence of objective interdependence among producers be sufficient here where conscious recognition is integral and essential? Can it be sufficient in the absence of an ideological struggle to emphasise the necessity for both conscious recognition and practice on the basis of this interdependence? Once we acknowledge the ideological side, however, once we recognise this as a case where ideas not only are but *must be* a material force, we are entitled to ask --- how *much* development of productive forces is necessary? *At what point is the inadequacy not productive forces but, rather, "cultural development" itself?*

Production in common, self-managed production, associated production, is often criticised precisely because it exists within its historical presuppositions, because its further development upon its own foundations has yet to be realised. "When we want to see an oak with all its vigour of trunk, its spreading branches, and mass of foliage, we are not satisfied to be shown an acorn instead." Marked by the continuation of ownership forms and their inherent degenerative tendencies, communal production "is exposed to blame on that account. But it would be as unjust to suppose this blame to attach to its essential nature, as it is inadmissible not to be ready to recognise the demand for that further development in fuller detail."⁴⁹

The anti-utopianism of Nove and others consists in the treatment of existing socialism as reflecting the "essential nature" of the co-operative society. It excludes, by assumption, the possibility that human beings can through their struggles (the real means by which utopias can be realised) succeed in developing a social form based upon their bond as human beings. For Marxists, on the other hand, it is the demand for that "further development" which is paramount. Contrary to Nove, socialist economists "cannot even begin to face the real problems unless they openly [*embrace*] the utopian elements of the Marxist tradition!"

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⁴⁸ *ibid.*, pp.443,447.

⁴⁹ G.W.F.Hegel, *The Phenomenology of Mind* (New York:Harper & Row,,1967), pp.75-6,77.