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Review: “Democracy at work: A cure for capitalism”

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class has “but a single path, that of *emancipation through practical action*” based on “workers’ solidarity in their struggle against the bosses” by “*trades-unions, organisation, and the federation of resistance funds*” (Bakunin, 103)

Democracy at work: A cure for capitalism

Richard Wolff

Haymarket Books

Chicago

2012

“associated producers” (105) are few and far between and almost always linked to the need for state action. Marx really did not have much to say about the issue of workers’ self-management – unlike Proudhon (who addressed the issue in detail in his key works), Bakunin and Kropotkin.

It is possible to go through the many volumes of Marx and Engels *Collected Works* and cobble together a suitably referenced defence of market socialism. For example, you could quote Marx’s supposition that “the workers are themselves in possession of their respective means of production and exchange their commodities with one another” and this means that these “commodities would not be products of capital.” Workers have created “new values” which “comprise their wages plus surplus-value, the surplus labour over and above their necessary requirements, though the result of this would belong to themselves.” (*Capital: A Critique of Political Economy* [London, Penguin Books: 1981], 3: 276) However, why bother when you have a theorist who used a surplus analysis to publically and repeatedly argue for a federation of workers’ associations to replace capitalism? Ah, but Marx mocked Proudhon and other Marxists know this but if you are ripping up *The Poverty of Philosophy* in favour of market socialism anyway, why not recognise how dishonest this work is and reclaim someone whose ideas you are echoing?

All this does not mean that revolutionary anarchists should seek to embrace mutualism rather than communism. Far from it. It simply means that if you are repeating both Proudhon’s critique of capitalism and state socialism and approximating his vision of self-managed workers’ associations then say so rather than invoke the name of a person who you must know would not agree with the latter.

Finally, we have had over 100 years of radicals urging us to take part in elections. Marx’s hopes have been dashed while Bakunin’s warnings have been vindicated. It is time to follow Bakunin’s advice in terms of what to do now and recognise that the working

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taking part in elections. Unfortunately, the majority agreed with Marx that it was a case of “using all the means at the disposal of the proletariat, including universal suffrage, thus transformed from the instrument of deception which it has been hitherto into an instrument of emancipation” (*Marx-Engels Collected Works* 24: 340). Sadly, over 130 years later and still some hope against all the evidence that Marx was right. We can only try to convince the rest to learn from history and embrace the real alternative.

To conclude

Most of the book is not about democratic workplaces at all. It is mostly an analysis of the current crisis and its roots plus a discussion of the different forms of capitalism (private and state). If we remove these as well as those parts of Wolff’s theoretical framework which cause unnecessary confusion (“enablers” and “producers”) and use existing terminology (self-management and co-operatives) rather than incorrectly redefine it, then this book would be a lot, lot shorter. Yes, we need to understand how we got into this crisis as well as learn from previous attempts at transforming capitalism but the title should reflect the content more. Worse, neither is done adequately.

It is to the books credit that Wolff does discuss elements of a real solution, namely workers’ self-management even if he does add unnecessary jargon, makes it unnecessarily complicated and fails to present an accurate historical context. So it is refreshing to see the acknowledgement that the “great debate between capitalism and socialism [...] turns out to have been a debate between private and state capitalism.” (110) Sadly, the author does not indicate how much Marx and Engels contributed to producing that false debate. Instead we are presented with a distinctly false picture of how supportive they were of co-operatives and the vision of a self-managed socialism. Marx’s “suggestive references” to the

shows the wisdom of Wolff's comments on electioneering please remember that neither the Democrats nor the Labour Party (which is funded by the trade unions!) reversed this legislation. Until such time as we organise an effective anti-parliamentarian social movement rooted in direct action and solidarity, reforms will be few and far between and the misery of capitalism will continue. Kropotkin was right:

“What is required is to build resistance associations for each trade in each town, to create resistance funds and fight against the exploiters, to unify the workers' organisations of each town and trade and to put them in contact with those of other towns, to federate across France, to federate across borders, internationally. The concept of workers' solidarity must become more than just a saying: it must become a daily reality for all trades and all nations. [...]

“The goal of the revolution is the expropriation of the holders of society's wealth, and it is against these holders that we must organise. We must marshal all of our efforts with the aim of creating a vast workers' organisation to pursue this goal. The organisation of resistance [to] and war on capital must be the principal objective of the workers' organisation, and its methods must be informed not by the pointless struggles of bourgeois politics but the struggle, by all of the means possible, against those who currently hold society's wealth – and the strike is an excellent means of organisation and one of the most powerful weapons in the struggle.” (*Direct Struggle Against Capital*, 309–311)

These words were written in 1881 as part of a debate within the French labour movement against those, like Wolff, who urged

This is a frustrating book. On the one hand, it is nice to see a work dedicated to the importance of workplace democracy and which argues that (state) socialism was simply state capitalism. On the other, it would have been nice if the author, Richard Wolff, had some understanding of libertarian socialism so that he realised he was simply reinventing the wheel and avoided unnecessary jargon. This is understandable given that the author is clearly working in the Marxist tradition but it is not excusable.

Wolff's use of jargon becomes misuse when he proclaims the limited experiments in “workers' control” within capitalist firms “self-management” and discusses the term “co-operative” in all its many forms rather than the relevant specific form of a workers' co-operative. Still, this does allow him to ignore over 150 years of working class experience and libertarian theory in favour of appearing to present an innovation in the form of “Workers' Self-Directed Enterprises” (WSDE).

Embedding himself so much in the Marxist tradition produces numerous difficulties and contradictions in both his historical analysis and his vision of the future. This can be seen by what you would think, given the book's title of *Democracy at work: A cure for capitalism*, should be its easiest aspect, namely workplace democracy. However, the Marx-inspired division between “productive” and “non-productive” labour is used and, unsurprisingly, gets the author into a tangle. Marx, like David Ricardo, found the term in Adam Smith who used it to describe the difference between those workers who are hired by capitalists to produce a surplus for them and those (like servants) who do not. Wolff uses it to produce an unnecessary division (“The Two Kinds of Workers in Every WSDE”) within a self-managed workplace: those workers who “directly produce the outputs” (goods/services) and those who indirectly help (such as cleaners, administrative staff, etc.) whom he calls “enablers”. (128)

This means that he undermines his own argument. So while in WSDEs the “producers and appropriators of the surplus are then

identical” and so “the same group, collective, or community of persons” (105) he also argues that they “exclude surplus enablers from the one board activity of appropriating and distributing the surplus”. (167) This undermines the claim that the “power to decide the size and distribution of the surplus is democratically shared by all of the workers in a WSDE” (129) His unease at this can be inferred from the unconvincing and lacklustre defence he presents but he still argues that the workplace would be democratically managed by all workers – except for decisions relating to the production and distribution of the surplus. Yet this surplus is being used to pay the wages for those workers deemed to be “enablers” so leading to obvious areas of conflict and how democratic is a workplace if decisions that impact on all are being made by a sub-set of workers?

This confusing structure is necessitated by his flawed analysis as workplaces democratically managed by all its members would violate his own theoretical framework of only the producers of the “surplus” deciding what to do with it. The same point can be raised about his calls for the state to tax self-managed firms – surely that is violating his principle of workers’ controlling the surplus they produce far more than his spurious division of a workplace into two categories of workers? However, his views on the state are naïve for he does not seem to be aware of the state’s bureaucracy and hierarchy, how these divide society into (non-economic) classes and so “the proletariat, which at first laboured only for the class that devours it, – that of the capitalists, – must labour also for the class that flogs it”, as Proudhon memorably put it. (*Property is Theft! A Pierre-Joseph Proudhon Anthology* [Edinburgh/Oakland/Baltimore: AK Press, 2011], 219)

Ultimately, “producers” and “enablers” of surplus are equally as important. Indeed, he himself admits that the latter “are just as crucial for the reproduction of the WSDE as are the surplus-producers” and that “the two different kinds of workers are interdependent”. (129) Yet this recognition of reality is not reflected in his vision. You cannot help wonder if he had bothered to read Kropotkin’s

Thus the equivalent of the “CIO-socialist-communist” alliance of the 1930s (32–3) never took place – perhaps in part due to the very Marxist sects proclaiming themselves (at length!) to be the true vanguard and alienating everyone else? That and a better awareness now than in the 1930s of what actually happened when the inspiration for those groups – the Bolsheviks – seized state power.

Wolff’s comments on the state show a naivety that seriously hinders the usefulness of the book. He ignores the bureaucracy of the state and suggests that it is democratic body that could – if the pressures of capitalist wealth were removed – be used by the general population. So, yet again, the call goes out for a “new independent Political Party” for while elections “are not the only, or necessarily the central, locations for struggles over social change” we need to take part in them because “leaving them to the enemies of the movement for WSDEs is tactically unnecessary and strategically unwise”. (179) It is like the last 150 years have not happened! We have been here before and every time the “new” party ends up mutating into a mirror image of the “old” ones – just look at Marxist Social Democracy, the British Labour Party and the German Greens (and the Greens had the experience of the others to learn from!). As Bakunin predicted, they did not change the system, the system changed them for when “common workers” are sent “to Legislative Assemblies” the result is that the “worker-deputies, transplanted into a bourgeois environment, into an atmosphere of purely bourgeois ideas, will in fact cease to be workers and, becoming Statesmen, they will become bourgeois [...] For men do not make their situations; on the contrary, men are made by them.” (*The Basic Bakunin* [Buffalo, N.Y., Prometheus Books: 1994], 108)

It is no surprise, then, that while “political action” is encouraged and praised by almost all, laws are passed to restrict working class organisations and direct action. Our enemies know where our real power is – as shown by the 1947 Taft–Hartley Act in the USA and the Tories numerous draconian anti-union laws passed in the UK between 1980 and 1993. In case you are thinking that this

than a century. (38) The American Dream was killed by a decline in demand for labour by the introduction of computers and automation as well as out-scouring of jobs to other countries plus a rise in the supply of labour by women seeking paid work and immigration from Latin America, a strangely right-wing feeling argument. (39) Of course, Wolff indicates how more women working was a combination of feminism and declining family incomes and does not suggest closing the borders, but if that is the focus of your analysis then the conclusion is, surely, we need to recreate “labour shortages” by restricting immigration rather than, say, strengthening unions? This is precisely the call of the reactionary populists of UKIP in Britain, which has sadly gained in influence as the real alternative – fighting unions – will not be raised in the mainstream media.

Wolff, rightly, indicates that elements of the ruling class were never happy with the New Deal compromise and worked to undermine it. However, the social revolts of the 1960s and 1970s do not play much role in his account of the rise of neo-liberalism nor is its key event mentioned: the deep recession of the early 1980s, ostensibly to bring inflation under control but rather to produce enough unemployment to place workers under control. He downplays the role of state intervention to create a “natural” rate of unemployment ostensibly to keep inflation low but really to ensure low wages by weakening of labour and the end of union influence (although we must not forget the role that the trade union bureaucracy played in undermining strikes and rank-and-file initiatives which helped accelerate the decline of organised labour by alienating labour from what are meant to its own organisations).

There is more than a little nostalgia for FDR and the New Deal and much wondering why nothing similar happened in the Great Recession. However, the mass revolts of the 1930s have not taken place since 2007 and the Occupy Wall Street movement, which inspired his book, fizzled out because it did not move from occupying symbolic areas to organising workplaces and communities.

classic “The Wages System” he would have been so keen to introduce such a spurious division between workers (in *Direct Struggle Against Capital: A Peter Kropotkin Anthology* [Edinburgh/Oakland/Baltimore, AK Press: 2014]). All workers contribute to creating goods: while we would not notice if the boss were not around, we would quickly realise if our fellow workers who clean our workplaces or do essential administration were missing. So all should benefit from and manage the creation of goods and services all contributed in their own way to produce.

Forgive the following long quote from Proudhon but it is necessary to show how Wolff takes what should be a simple notion and complicates it unnecessarily thanks to Marxist ideology:

“either the worker [...] will be simply the employee of the proprietor-capitalist-entrepreneur; or he will participate in the chances of loss or gain of the establishment, he will have a voice in the council, in a word, he will become an associate.

“In the first case the worker is subordinated, exploited: his permanent condition is one of obedience and poverty. In the second case he resumes his dignity as a man and citizen, he may aspire to comfort, he forms a part of the producing organisation, of which he was before but the slave; as, in the town, he forms a part of the sovereign power, of which he was before but the subject.

“Thus we need not hesitate, for we have no choice [...] it is necessary to form an ASSOCIATION among the workers in this industry; because without that, they would remain related as subordinates and superiors, and there would ensue two industrial castes of masters and wage-workers, which is repugnant to a free and democratic society.

[...]

“It is in such cases, perfectly defined, that association, due to the immorality, tyranny and theft suffered [under capitalism], seems to me absolutely necessary and right. The industry to be carried on, the work to be accomplished, are the common and undivided property of all those who take part therein: the granting of franchises for mines and railroads to companies of stockholders, who plunder the bodies and souls of the wage-workers, is a betrayal of power, a violation of the rights of the public, an outrage upon human dignity and personality.

[...]

“Toward the individuals and families whose labour is the subject of the association, the company makes the following rules:

“That every individual employed in the association, whether man, woman, child, old man, head of department, assistant head, worker or apprentice, has an undivided share in the property of the company;

“That he has the right to fill any position, of any grade, in the company, according to the suitability of sex, age, skill, and length of employment;

“That his education, instruction, and apprenticeship should therefore be so directed that, while permitting him to do his share of unpleasant and disagreeable tasks, they may also give variety of work and knowledge, and may assure him, from the period of maturity, an encyclopaedic aptitude and a sufficient income;

alternatives postulated by Wolff. As such, it is frustrating when he continually and habitually equates “socialised” with “nationalised” and so confuses two fundamentally different things. There is a clear difference between socialisation and nationalisation. “The first requirement of Communism,” Emma Goldman argued, “is the socialisation of the land and of the machinery of production and distribution. Socialised land and machinery belong to the people, to be settled upon and used by individuals and groups according to their needs.” Nationalisation means that a resource “belongs to the state; that is, the government has control of it and may dispose of it according to its wishes and views.” So “when a thing is socialised, every individual has free access to it and may use it without interference from anyone” but when the state owned property “[s]uch a state of affairs may be called state capitalism, but it would be fantastic to consider it in any sense communistic.” (*Red Emma Speaks: An Emma Goldman Reader* [New York: Humanity Books, 1998], 406–7)

Getting here... and there

The book also discusses the systematic causes of the Great Recession that started in 2007 and is still continuing. As well as describing the various financial shenanigans which were its catalyst, Wolff also indicates that this crisis was due to long term process which has resulted in “real wages today [being] roughly what they were more than thirty years ago”, people having to work “more hours per week, take a second or third job, and encourage other members of the household to take on regular paid work” as well as “high and rising consumer debt”. (41, 42, 45)

Yet his account of how we got here can be queried. He argues, in part, that “labour shortages were recurring problems [for American capitalism], thus driving real-wage increases” and it was the 1970s that saw the ending of this “historic labour shortage” of more

ter all) and so “to organise national workshops contains an authentic idea, one that I endorse, for all my criticisms” but while these “workshops are owned by the nation [...] they remain and must always remain free.” (Proudhon, 296) Yet no state has *ever* embraced such a model voluntarily and while you could envision such a development in the face of substantial extra-parliamentary pressure you would also conclude that if such a social force existed it would be easier just to expropriate the workplaces directly.

As for co-operative ownership, the question there is to ensure that the current owners cannot deny full-membership rights to new joiners (i.e., produce a new class of wage-earners). If new members of a workplace have full and equal rights as existing members (and they must!) then, as Proudhon suggested in *System of Economic Contradictions*, if all “straightway enjoy the rights and prerogatives of associates and even managers” it would mean “a complete transformation of the idea of the company as determined by our statutes” and “these conditions are precisely those of the organisation of labour” So if “the worker is proprietor of the value which he creates” then “it follows” that “all production being necessarily collective, the worker is entitled to a share of the products and profits commensurate with his labour” and that “all accumulated capital being social property, no one can be its exclusive proprietor”. (Proudhon, 213–5, 117–8). Ensuring workers were not exploited logically implied socialisation of property:

“Either competition, – that is, monopoly and what follows; or exploitation by the State, – that is, dearness of labour and continuous impoverishment; or else, in short, a solution based upon equality, – in other words, the organisation of labour, which involves the negation of political economy and the end of property.” (Proudhon, 202)

Anarchists, then, have always argued that workers’ self-management implies the socialisation of property and none of the

“That all positions are elective, and the by-laws subject to the approval of the members;

[...]

“By participation in losses and gains, by the graded scale of pay, and the successive promotion to all grades and positions, the collective force, which is a product of the community, ceases to be a source of profit to a small number of managers and speculators: it becomes the property of all the workers.” (Proudhon, 583–6)

Such clarity is lacking in this book – but it is clear that Wolff, like most Marxists, is unaware of the anarchist tradition (or is aware of it but ignorant of what it actually argues because he has only read Marxists on it). After all, what he is suggesting is, with some unnecessary variations, what Proudhon and Bakunin had argued for – and which Marx rejected.

Low Marx

It is somewhat shocking to read a Professor of Economics Emeritus forgetting Adam Smith and David Ricardo and proclaiming “Marx is the source of the basic analysis of capitalism in terms of the production and distribution of the surplus”. (104) Marx himself recognised the importance of what became known as the “Classical” economic tradition and sought to both complete and critique it. Moreover, the likes of William Thompson and other British “Ricardian Socialists” had already turned Classical economics against capitalism, arguing that if labour alone produced value as Smith and Ricardo suggested then labour was entitled to all of its product – including the surplus. Proudhon, likewise, had analysed capitalism in terms of surplus production and urged workers’ co-operatives

as the means of ensuring those who produced it controlled it years before Marx founded Marxism.

Looking at the libertarian socialist tradition, it becomes clear that Wolff is often just reinventing the wheel. He proclaims that the “two categories – employer and employee – would be integrated within the same individuals” (13) a mere 162 years after Proudhon argued that “the two functions of *Wage-Worker* on the one hand, and of *Proprietor-Capitalist-Entrepreneur* on the other, [must] become equal and inseparable in the person of every worker”. He notes that the “difference between the value added by workers and the value paid to workers is what Karl Marx called surplus” (99) yet Proudhon in 1840 argued workers were exploited because while the capitalist “paid all the individual forces, the collective force still remains to be paid” and in 1846 that “the regime of property, the surplus of labour, essentially collective, passes entirely, like the revenue, to the proprietor” and “that political economy, which upholds and advocates that regime, is the theory of theft”. (Proudhon, 535, 117, 253–4)

Wolff rightly rejects the notion that “freedom” is the defining characteristic of capitalism, noting that workers “must sell their labour power to those who own the means of production and distribution” and is right to say that “private property and markets do not distinguish capitalism from other types of economic system”. However, it is wrong to suggest his “distinctive focus” is “highlight[ing] the internal organisation of production and distribution” (21) simply because it was raised by Proudhon in the 1840s when he argued that workers “have sold their arms and parted with their liberty” and that meant “another shall perform the labour while [the boss] receives the product”. Rather than the worker being the “proprietor of the value he creates” it is “the master alone [who] profits”. (Proudhon, 212, 100, 114) The analysis of surplus production and how it is monopolised was used to understand how to end capitalism:

the later practices of Stalinism [...] The more one unearths about this period the more difficult it becomes to define – or even to see – the ‘gulf’ allegedly separating what happened in Lenin’s time from what happened later. Real knowledge of the facts also makes it impossible to accept [...] that the whole course of events was ‘historically inevitable’ and ‘objectively determined’. Bolshevik ideology and practice were themselves important and sometimes decisive factors in the equation, at every critical stage of this critical period.” (Brinton, 376)

The Bolshevik Myth is a hard one for some to disbelieve – even over 40 years after Brinton published *The Bolsheviks and Workers’ Control* and nearly a hundred years after the Bolsheviks created a party dictatorship and state capitalism and happily proclaimed so to the world.

Property, nationalisation and socialisation

Wolff is somewhat blasé over property and so ownership by the state, co-operatives and individuals (in “the form of shares traded on a market”) are all possible as “the internal organisation of surplus production, appropriation, and distribution in WSDEs is different from and can coexist with various forms of ownership of the means of production.” (141) This is unlikely to be true in practice as ownership does imply control and so a share of the surplus.

He suggests that shareholders “would not have the power to elect directors”. (118) Yet would non-voting share-ownership be viable for, after all, why invest if you do not get a say in the size of your return? It seems unlikely and best not mention that unless the investor gets *exactly* what they invested back then workers would be producing surplus which ends up in the hands of others (hence Proudhon’s advocacy of a “Bank of the People” to provide interest-free loans). In terms of state ownership, Proudhon did at various times suggest that as a transition measure (he was a reformist, af-

from the top, its ‘unified administration’ of particular industries. The pattern is informative” as it “gradually took over” the Tsarist state agencies such as the *Glakvi* (as Lenin had promised) “and converted them [...] into administrative organs subject to [its] direction and control.” The Bolsheviks “clearly opted” for the taking over of “the institutions of bourgeois economic power and use[d] them to their own ends.” This system “necessarily implies the perpetuation of hierarchical relations within production itself, and therefore the perpetuation of class society.” (Maurice Brinton, *For Workers’ Power: The Selected Writings of Maurice Brinton* [Edinburgh/Oakland, AK Press: 2004], 323, 335, 324)

Given his vision of socialism, Lenin’s rejection of the factory committee’s model comes as no surprise. It was the case, as he indicated in 1920, that the “domination of the proletariat consists in the fact that the landowners and capitalists have been deprived of their property [...] The victorious proletariat has abolished property [...] and therein lies its domination as a class. The prime thing is the question of property.” (Lenin: 30: 456) Which is, it must be stressed, the very thing Wolff is arguing against in his book and which he seeks to excuse Lenin from.

If “the only conceivable alternative for nearly everyone” was between private and state capitalism then Marx, Engels and Lenin all contributed to this. Ignoring this and the actual advocacy of “state-capitalism” in 1917–8, Wolff suggests that “Lenin had the courage and clarity to use the term ‘state capitalism’ to describe what he and the other Bolsheviks had achieved by the early 1920s” and saw “it as a necessary intermediate stage on the road toward a genuine socialism [...] imposed by the economic conditions of Russia.” As always, the problems arose later when Stalin “declared that state capitalism they had achieved and were administering was already [...] a form of socialism”. (111, 108) This ignores an inconvenient truth:

“in relation to industrial policy there is a clear-cut and incontrovertible link between what happened under Lenin and Trotsky and

“to unfold the system of economic contradictions is to lay the foundations of universal association; to show how the products of collective labour come out of society is to explain how it will be possible to make them return to it; to exhibit the genesis of the problems of production and distribution is to prepare the way for their solution”. (Proudhon, 179)

Similarly, while it is good to see the obvious state capitalist nature of state “socialism” discussed this is hardly new – in *What is Property?* Proudhon, as well as advocating workplace leaders “must be chosen from the workers by the workers themselves”, noted that in state socialism “the community is proprietor, and proprietor not only of the goods, but of the persons and wills” (Proudhon, 119, 131). He repeated this analysis during the 1848 revolution:

“under universal association, ownership of the land and of the instruments of labour is *social* ownership [...] We do not want expropriation by the State of the mines, canals and railways: it is still monarchical, still wage-labour. We want the mines, canals, railways handed over to democratically organised workers’ associations [...] We want these associations to be models for agriculture, industry and trade, the pioneering core of that vast federation of companies and societies woven into the common cloth of the democratic and social Republic.” (Proudhon, 377–8)

An acknowledgement that anarchists were right would be nice rather than the suggestion that “after the 1970s, more and more socialist theorists began to question some of the basic assumptions and arguments of the socialist tradition” to produce “a new way of thinking about capitalism and socialism”. (103–4) So if in surplus analysis “the key definitional priority is the organisation of

production” (104) then anarchists have been using it to critique both capitalism and state socialism since 1840. Wolff is also right to note that there were “always dissenting socialists and Marxists who critically evaluated state capitalisms from a socialist perspective” and “contrasted top-down with bottom-up constructions of socialist systems” (107–8) but it would have been nice for him to mention those who pioneered such an analysis: Proudhon and Bakunin. Proudhon, for example, lambasted Jacobin Socialist Louis Blanc and his state owned and run “National Workshops”:

“M. Blanc is never tired of appealing to authority, and socialism loudly declares itself anarchistic; M. Blanc places power above society, and socialism tends to subordinate it to society; M. Blanc makes social life descend from above, and socialism maintains that it springs up and grows from below” (Proudhon, 205)

Bakunin used the same arguments against Marx. These calls for a socialism “from below” were prescient and it does Wolff little favours that he completely ignores them.

Marx, co-operatives and central planning

Wolff writes that WSDEs “can coexist with planning, or markets or combinations of both” (143) and suggests that, in spite of his repeated comments in favour of state ownership as the basis for socialism, the source of this “new way of thinking” in the 1970s was Marx.

Wolff, however, must be familiar with the reasons why – from a Marxist position – his suggestion that WSDEs linked by market exchange is flawed. In *The Poverty of Philosophy* Marx poured scorn on Proudhon’s notion of precisely such a socialism:

“With the birth of the great industry this just proportion [of labour values] disappeared, and pro-

into workers’ management organs after the nationalisation of the factories. The hierarchical structure of factory work was not questioned by Lenin [...] To the Bolshevik leadership the transfer of power to the working class meant power to its leadership, i.e. to the party. Central control was the main goal of the Bolshevik leadership. The hasty creation of the VSNKh (the Supreme Council of the National Economy) on 1 December 1917, with precise tasks in the economic field, was a significant indication of fact that decentralised management was not among the projects of the party, and that the Bolsheviks intended to counterpoise central direction of the economy to the possible evolution of workers’ control toward self-management.” (Malle, 47)

The *Supreme Council of the National Economy* (Vesenka) did have a few seats available for the factory committees which meant, as intended, that they were quickly marginalised (in the workplace they were converted into cells of the trade unions). In late April 1918 Lenin argued for state appointed “individual executives” with “dictatorial powers (or ‘unlimited’ powers).” Large-scale industry required “thousands subordinating their will to the will of one,” and so the revolution “demands” that “the people unquestioningly obey the single will of the leaders of labour.” Lenin’s “superior forms of labour discipline” were simply hyper-developed capitalist forms. The role of workers in production was the similar to that under capitalism: “unquestioning obedience to the orders of individual representatives of the Soviet government during the work.” (Lenin: 27: 267, 269, 271)

Vesenka “was widely acknowledged by the Bolsheviks as a move towards ‘statisation’ (ogosudarstvleniye) of economic authority.” During the early months of 1918, the Bolsheviks began implementing their vision of “socialism” and the Vesenka began “to build,

but take it ready-made from capitalism” and “borrow the best models furnished by the advanced countries.” The institutional framework of capitalism would be utilised as the principal (almost exclusive) instruments of “socialist” transformation. “*Without big banks Socialism would be impossible,*” argued Lenin, as they “are the ‘state apparatus’ which we need to bring about socialism, and which we *take ready-made* from capitalism; our task here is merely to *lop off* what capitalistically mutilates this excellent apparatus, to make it *even bigger*, even more democratic, even more comprehensive. A single State Bank, the biggest of the big [...] will constitute as much as nine-tenths of the *socialist* apparatus. This will be country-wide book-keeping, country-wide accounting of the production and distribution of goods.” While this is “not fully a state apparatus under capitalism,” it “will be so with us, under socialism.” This “nine-tenths of the socialist apparatus” would be created “at one stroke, by a single decree.” (Lenin: 26: 105–6, 110, 106)

It is important to note that the Russian word usually translated as “control” is better rendered as “supervision” and so Lenin’s “country-wide, all-embracing workers’ control over the capitalists” really meant their supervision as the bosses would still manage production. (Lenin: 26: 105) This supervision of capitalists by workers would be replaced by state supervision and ultimately control. Unsurprisingly, then, the Bolsheviks aimed to limit the power of the factory committees from the start:

“One of the first decrees issued by the Bolshevik Government was the Decree on Workers’ Control of 27 November 1917. By this decree workers’ control was institutionalised [...] Workers’ control implied the persistence of private ownership of the means of production, though with a ‘diminished’ right of disposal. The organs of workers’ control, the factory committees, were not supposed to evolve

duction was fatally constrained to pass in a perpetual succession, through the vicissitudes of prosperity, depression, crisis, stagnation, new prosperity, and so on [...] In existing society, in the industry based on individual exchanges, the anarchy of production, which is the source of so much misery, is at the same time the source of all progress. [...] you would have the just proportions of past centuries, with the means of production of our, in which case you are at once a reactionary and a utopian”. (Karl Marx, *The Poverty of Philosophy*, [Amherst, NY: Prometheus Books, 1995], 73)

It should be noted that it is doubtful that Proudhon advocated “labour notes” in the sense Robert Owen did. While it is clear Proudhon recognised – like Smith, Ricardo and Marx – that labour time regulated markets and wished income to reflect labour expended this does not imply issuing paper with the words “one hour of labour” embellished on it. Replacing wage-labour with associated-labour within a competitive market would, Proudhon suggested, end exploitation, link price to labour expended and resolve the other contradictions inherent within capitalism he analysed.

Significantly, Marx never quotes Proudhon arguing for “labour notes” – although he manages to quote British Ricardian Socialist J. F. Bray doing so. This did not stop Marx arguing that the “exchange of equal quantities of labour” would bring us “[o]verproduction, depreciation, overwork followed by enforced idleness; in fine, the economic relations such as we see them in existing society, less the competition of labour” and that the “mode of exchange of products depends upon the mode of production [...] Individual exchange also corresponds to a determined method of production, which itself corresponds to the antagonism of classes. Thus there is no individual exchange without the antagonism of classes.” This applied to

any transitional regime: “Mr. Bray, far from wishing to have the last word of humanity, only proposes such measures which he believes good for a period of transition between existing society and a system of communism.” (Marx, 83, 84, 82)

This is not to suggest that Marx was right (he was not as his analysis is flawed as it, to take just one example, generalises from a two person economy based on labour-notes) just that it is incredulous for Wolff to link his vision to Marx given this. To be fair to Wolff, Marx quickly reversed his position (without ever acknowledging the fact). *The Manifesto of the Communist Party* of 1848 postulated a transition period marked by capitalist firms coexisting with ones “owned by the State” and so markets with a slowly extending process of nationalisation. Its vision was “industrial armies”, “to centralise all instruments of production in the hands of the State”, the “[c]entralisation of credit [...] of the means of communication and transport in the hands of the State” with absolutely no mention of workers’ self-management. Then in 1875 *The Critique of the Gotha Programme* saw Marx argue that during the transition to “a higher phase of communist society” the labour notes he mocked Proudhon for advocating would be used. (Marx and Engels, *The Marx-Engels Reader* [London: W.W. Norton & Co, 1978], 490, 529–30).

Some of Marx’s followers (for example, Paul Cockshott and Allin Cottrell) have sought to explain away this contradiction by suggesting the problems he had previously identified with labour-note money were solved by central planning. Regardless of the accuracy or coherence of such interpretations or visions of socialism, the awkward fact is that there was still no mention of workers’ self-management. As Marxist Bertell Ollman notes in his essay “Marx’s Vision of Communism”:

“Marx’s picture of life and organisation in the first stage of communism is very incomplete. There is no discussion of such obviously important developments as workers’ control. We can only guess how much

The Economic Organisation of War Communism, 1918–1921 [Cambridge, Cambridge University Press: 1985], 95, 94) Alternatives were not lacking:

“On three occasions in the first months of Soviet power, the [factory] committee leaders sought to bring their model into being. At each point the party leadership overruled them. The result was to vest both managerial *and* control powers in organs of the state which were subordinate to the central authorities, and formed by them.” (Thomas F. Remington, *Building Socialism in Bolshevik Russia: Ideology and Industrial Organisation 1917–1921* [London, University of Pittsburgh Press: 1984], 38)

This replacement with workers’ self-management by state capitalist structures was not accidental. Inspired by Marxist orthodoxy on centralisation and state ownership, Lenin had argued in 1917 that his immediate aim was for a “state capitalist” economy, this being a necessary stage to socialism. As he put it, “socialism is merely the next step forward from state-capitalist monopoly [...] socialism is merely state-capitalist monopoly *which is made to serve the interests of the whole people* and has to that extent *ceased* to be capitalist monopoly.” (Lenin, *Collected Works*: 25, 358)

Bolshevik “socialism” was built upon capitalism’s institutions rather than working class ones as in anarchism. The “modern state possesses an apparatus which has extremely close connections with the banks and syndicates [i.e., trusts], an apparatus which performs an enormous amount of accounting and registration work [...] This apparatus must not, and should not, be smashed. It must be wrestled from the control of the capitalists,” it “must be subordinated to the proletarian Soviets” and “it must be expanded, made more comprehensive, and nation-wide.” The Bolsheviks would “not invent the organisational form of work,

This was the legacy of Marx and Engels and this replacement of co-operatives with nationalisation did not happen by accident – state property and planning was at the heart of the Marxist vision from the start and any lip-service to co-operatives was always placed within a statist context. After all, a “common plan” does not leave much room for workplace autonomy and logically implies state property to ensure centralised, top-down control.

It was this ideological legacy which informed Lenin’s notions of what socialism looked like and how to create it. Yet Lenin, we are informed, was an exception to those socialists who had “not prioritised or even understood the reorganisation of production necessary to make a transition from capitalism to different economic system.” (110) Lenin, in reality, did not see the need for workers’ self-management and while Wolff is right to note that “some temporary and limited experiments with noncapitalist organisations of production” were conducted in Bolshevik Russia and “were abandoned under multiple pressures” (82) he fails to mention that the ideology and actions of the ruling party were amongst the most significant of these.

After the February Revolution in 1917, workers across Russia sought to revolutionise their workplaces by creating federations of factory committees and using them to replace the boss and manage production themselves. Anarchists supported this movement having had long argued that workers had to turn a political revolution into a social revolution by expropriating their workplaces (see Kropotkin’s articles “The Revolution in Russia”, “The Russian Revolution and Anarchism” and “Enough of Illusions!” in *Direct Struggle Against Capital*). Yet, as one expert notes, Lenin’s favoured economic structure, the *Supreme Council of the National Economy*, “was an expression of the principle of centralisation and control from above which was peculiar to the Marxist ideology.” It is “likely that the arguments for centralisation in economic policy, which were prevalent among Marxists, determined the short life of the All-Russian Council of Workers’ Control”. (Silvana Malle,

power workers enjoy in their enterprises”. (*Social and Sexual Revolution: Essays on Marx and Reich* [Montreal, Black Rose Books: 1978], 65–6)

This is a significant admission as Ollman trawls all of Marx’s works so if such an advocacy of economic democracy like Wolff’s WSDEs existed then he would have reported it.

In terms of co-operatives, yes, Marx does on occasion write positively about them but, significantly, almost always when he was writing officially for the *International Working Men’s Association*. This body contained a wide range of socialist views, including mutualists and others influenced by Proudhon who placed co-operatives (associated labour) at the forefront of their vision of socialism. Hence its “Inaugural Address” mentions the co-operative movement in a positive light but with the caveat that it cannot be “kept within the narrow circle of the casual efforts of private workmen” (i.e., co-operatives formed by workers themselves) but had “to be developed to national dimensions, and consequently, by national means” and so workers had “to conquer political power” by means of a “working men’s party.” (Marx and Engels, 518)

Marx also praised the efforts made within the Paris Commune by its council to ensure “the surrender to associations of workmen, under reserve of compensation, of all closed workshops and factories, no matter whether the respective capitalists had absconded or preferred to strike work.” This was the first steps towards “transforming the means of production, land and capital, now chiefly the means of enslaving and exploiting labour, into mere instruments of free and associated labour.” It took Engels twenty years to admit that it was “the Proudhonists” who “were chiefly responsible for the economic decrees of the Commune”. Marx added that associated labour could only “supersede the Capitalist system” (hired labour) when “the united co-operative societies [...] regulate national production upon a common plan, thus taking it under their

control, and putting an end to the constant anarchy and periodical convulsions which are the fatality of Capitalist production". (Marx and Engels, 639, 626, 635)

So the few positive comments on co-operatives were in works that had to reflect – and pacify – “Proudhonist” views or were simply reporting their implementation. As the influence of Proudhon fell and that of Marx rose, so too did the vision of a socialism based on co-operatives rather than nationalised workplaces – after all, this was the vision in such unambiguously Marxist works like *The Poverty of Philosophy* and *The Manifesto of the Communist Party*.

In Marx’s distorted account of Proudhon’s ideas he did counterpoise a vision of central planning to market socialism – that Marx’s example consisted to two people (“Peter and Paul”) agreeing to produce a set amount of two products and so “there is no more exchanging” as “we understand beforehand the number of hours necessary to employ material production.” Marx proclaims it simply a case of “imagin[ing] all members of society” doing this to ensure “an understanding [that] denies individual exchange.” (Marx, 83) Yet this is far easier to imagine than to implement:

“a simple problem involving 2 objectives and 2 variants will have 4 solutions. With 5 objectives and 3 variations we already have 243 solutions. With 500 objectives and 10 variants (still a very simple economic planning problem) the number of solutions is 10500 (i.e., a ‘1’ followed by 500 zeros). This is much more than the number of atoms in the entire universe”. (Geoff Hodgson, *The Democratic Economy: A new look at planning, markets and power* [Harmondsworth, Penguin books: 1984], 170–1)

As Ollman admits, in “deciding how much of any given article to produce, the planners have to strike a balance between social need, available labour-time and the existing means of production.

and the market forces they produce. This is best seen by the trade cycle which marks capitalism but would, in all likelihood, affect a post-capitalist market system as well (whether to the same degree is hard to predict).

So regardless of the problems with Marx’s analysis and solution, there *are* issues with markets and the forces they produce. These produce pressures that result in producers and consumers being forced to make unpleasant decisions to survive within the system. Proudhon was aware of the problems with even non-capitalist markets and suggested means to alleviate them (the agricultural-industrial federation, for example) and Wolff, likewise, recognises these exist but does not discuss them in detail and suggests state intervention to ameliorate them with no recognition of the issues that implies in terms of socialism remaining classless. Nor does he present any arguments for a society-wide use of products (including surpluses) in spite of postulating some need for taxation. Wolff, then, does not discuss why market socialism should be preferred to a decentralised and federal (libertarian) communism.

“Actually existing socialism”

If “Marx’s critique of capitalism offers a clue as to the defining characteristic of socialism in his suggestive references to ‘associated workers’ and other images of workers having replaced capitalists as directors of productive enterprises” (105) the awkward fact is that Marx did not write that much about democratic control of the workplace by its workers (unlike Proudhon, Bakunin and Kropotkin) and represented a vision which undermined it in favour of state ownership and central control (as recognised by those three libertarians).

So perhaps it is not surprising given “the powerfully influential writings of Karl Marx and Friedrich Engels” that “state property and planning [came to] define the socialist alternative” (100, 101)

free agreements to function and these cannot be reflected in any “understanding” which could be realistically produced (even with computers!).

That Marx’s vision was clearly subject to the fallacy of composition should not distract us from the awkward fact that the only person Wolff wishes to invoke in defence of his scheme was simply not in favour of it. Worse, Marx’s alternative was always premised in terms of a central plan which, by its very nature, involves someone else (at best a majority of society, at worse state bureaucrats) deciding how to allocate both the products and the surplus produced by specific groups of workers in specific workplaces. Little wonder, then, the lack of political democracy Wolff bemoans in “actually existing” socialism – even if these had not been party dictatorships before the introduction of central planning, it is unlikely that their political superstructures would have remained genuinely participatory and classless with such a centralised economic base.

All this applies to the modern variations of Marx’s vision such as Parecon so at least Wolff presents a possible socialism that could actually *work*. This recognition of reality should not be confused (as Marxists have done since *The Poverty of Philosophy*) with opposition to planning, co-ordination or large-scale industry and projects (hence anarchist support for federalism to achieve *appropriate* levels for all). Planning is part of life: even capitalist companies do it. The question is how to co-ordinate and reconcile the many and diverse plans of a complex society and its economy. A central plan, for reasons indicated, cannot do this but this does not mean markets co-ordinate plans in a flawless and unproblematic manner – they do that only in neo-classical textbooks. The aggregate effect of market exchanges can be irrational and although the contradictions of capitalism can and do intensify them it does not follow that market socialism will be immune to this. For example, the need for capitalists to make a return adds to the uncertainty of an unknowable future (advocates of central planning take note!) but markets also add a layer due to their inherently dynamic nature

Although Marx recognises that demand is elastic he never doubts that his proletarian planners – whose actual planning mechanisms are never discussed – will make the right equations.” (Ollman, 63) Even if we ignore this slight problem, the question arises of how the inputs to Marx’s “common plan” or “understanding” are identified, gathered, processed and combined. This will inevitably need central bodies to do with the power to impose its decisions, in other words *state* bodies. This would create – and did under the Bolsheviks – an immense bureaucracy whose members will have power to abuse and who will be difficult to identify never mind control. So even if we assume that power does not corrupt (or that the control mechanisms work in such a centralised body), it is doubtful that these benevolent planners could do the task assigned to them:

“the production of foodstuffs and of all goods, and then the exchange of these goods, represents such a complicated undertaking that the plans of the State socialists [...] will prove to be completely defective as soon as they begin to apply them to life.

“No government [...] can be in a position to organise production if the workers themselves are not associated with it through the mediation of their unions, in every branch of industry, in every trade; for throughout production there arise and will arise every day thousands of problems which no government can resolve or foresee.

“It is of course impossible to foresee everything; it is necessary that life itself, and the efforts of thousands of minds on the spot, should be able to co-operate in the development of the new social system and to find the best conditions capable of satisfying the thousand manifestations of local needs.” (Kropotkin, 584)

Such an “all-powerful centralised Government” running the economy “proves absolutely incapable of doing that through its functionaries, no matter how countless they may be”. It “develops such a formidable bureaucracy” that the Bolshevik experience shows us that “this is the way *not* to accomplish the Revolution.” (Kropotkin, 490)

The inherently *subjective* nature of use values means a corresponding diffusion of needs and knowledge throughout society. This causes significant problems for central planning bodies in identifying what *is* the relevant data needed for decision making as well as its gathering, processing and combining. If we ignore – as Marxists from Marx onwards almost always do – these inherent difficulties and assume this “common plan” is somehow produced then what is left for the workers to do in order to implement it but simply follow orders? Their inputs and outputs are specified by the plan – *what* they have to produce, *how* they are meant to produce, *when* they have to produce and *who* they have to produce for are all determined by the “national” bodies. This leaves very little for the workers to decide – they cannot even paint their toilets a new colour unless it is in the “common plan” as it requires outputs produced by other workplaces and so would already need to be within the plan. Yet Wolff raises the notion that “state planning” could be compatible with WSDEs! (142)

What of simplifying the issue by aggregating products and so reducing the number of variables? This task still involves numerous variables and loses the detailed information which is needed to produce actual goods for actual people/communities/workplaces. Saying that we will aggregate all alcoholic beverages into one broad category (“alcohol”) is meaningless – different drinks need different inputs and different consumers have different needs at different times. Saying we will produce 500,000 litres of “alcohol” does not allow the central planners to make any sensible decisions (how

many apples, hops, barley, potatoes, grapes, etc. are required for the cider, beer, whiskey, vodka, red wine, etc. actually needed?) nor does it suggest that consumers will get what they want (500,000 litres of cheap lager meets the plan after all). Add questions of size (half a litre bottles require different inputs, machinery, storage, etc. than two litre ones) then we can see that aggregation may result in plans being made but not that the use-values desired by actual, real consumers are identified and met at the required time:

“the [aggregated] central plan gives emphasis to production targets in terms of single requirements. As a result, the individual enterprise is often ignorant of precise requirements. For example, plan-fulfilment targets in terms of square metres in the textile sector can lead to the production of an excessive amount of thin, fragile cloth. The firm tries to achieve the target in quantitative terms, knowing or not knowing that the cloth is too thin. If the target is expressed in terms of weight, the tendency will be to produce cloth that is too heavy [...] Plan-fulfilment plans are bound to cause distortions where large variations of type, dimension, weight, quality, etc. are possible”. (Hodgson, 101–2)

So the production of window-glass, for example, needs to be of a certain thickness based on what it will be used for (its use-value for actual people with specific needs) but such detail *cannot* be included in aggregate-style plans. This is not to say that goods cannot be produced (after all, the Soviet Russia *did* so between 1928 and 1989), just that whether they meet actual needs with sufficient quality would be a matter of chance (if window-glass production is planned using tonnes as the criteria then it will be too thick but if square-metres are used then it will be too thin). Simply put, a real economy which will have more than just two people in it needs