

# Review of Democracy and Economic Planning

Anarcho

February 3, 2011

Originally published in 1988 a few years before the crisis in Stalinism, Pat Devine's model of a planned economy has been republished with a new preface during the crisis in neo-liberalism. He comprehensively discusses capitalist planning, central planning and market socialism before sketching his own economic vision.

Obviously inspired by Marx, Devine's system is at odds with Marx's comments on social planning – it retains money and so the wages-system (if not wage-labour) with “an incomes policy to render effective the planned allocation of resources according to socially agreed priorities.” (199) Despite his critique of market socialism, it retains markets with Devine squaring that particular circle by invoking “the crucial difference between market exchange and market forces.” (22) The latter is when changes in “the pattern of investment” and “the structure of productive capacity” are driven by “individual self-interest, not consciously coordinated by them in advance.” (23) Instead, “negotiated coordination bodies” would determine major investment decisions rather than individual production units. These “would not be autarchic, atomistic competitors, although they would compete” (208) with “the purchase and sale of commodities” (236) as workplaces “offer their output for sale at cost-based prices.” (241)

Thus a workplace is “completely autonomous with respect to its day-to-day operation and the use it made of its existing productive capacity” with its “internal organisation” based on “self-management” while investment would be “agreed with its negotiated coordination body.” (226) Yet it is not easy, in practice, to determine what is and is not major new investment and what level negotiation should take place. So while he urges decentralisation, his desire for “social ownership as a necessary condition for social control and the abolition of exploitation and the anarchy of production” (8) may work against it.

His well founded desire to be inclusive also has perverse consequences. As well as existing (representative) governmental bodies there would be a “chamber of interests” (with representatives from unions, consumers, campaigning groups, etc.) as well as planning commissions and negotiation bodies at every level. At the base, a production unit's governing body would reflect its workers, trade unions, community groups, consumer groups, planning commissions and negotiated coordination bodies. (226) Looking at all the layers and bodies in this model, it is hard not to wonder whether, with all the meetings and negotiation, anyone would have time to do any

work or, for that matter, reach a decision! It is fine to announce that “decisions in capacity are made by negotiated coordination bodies” and this “enables decisions to be coordinated *ex ante* in the light of all the relevant information” (227) it is another to make it happen, particularly when so many voices are proclaiming that *theirs* is the relevant information!

Elements of his vision *are* valid, though. He is right that socialisation is needed to end master-servant relations in production; that “change in demand first becomes apparent” in “changes in stocks or orders” and price changes “in response to changes in demand are therefore not necessary for the purpose of providing information about the need to adjust capacity” (242); that “if tacit knowledge of everyone is to be made use of, what is needed is a system in which everyone is able to participate” and “this clearly strengthens rather than weakens the case for participatory socialism” (ix); that complex economies need free agreements between workplaces (although market exchange is not the only form of contract). He is not wrong to desire self-management, participation and socialisation (which he correctly contrasts with nationalisation) and there *is* a role for socio-economic federalism and negotiation to determine major investment decisions and priorities, but Devine’s proposals seem like overkill and more aimed at appeasing Marx’s ghost than presenting a workable vision of a socialist economy.

Do we need books like Devine’s? Yes, because discussing visions helps clarify our ideas for social transformation just as much as learning from past mistakes. However, any real revolution will develop its own forms and structures and having too firm a notion of what socialism should be can be disastrous – as when the Bolsheviks undermined the factory committee movement in favour of a centralised social planning system with so many representatives of interested parties that it ground to a halt. Marx’s few scattered comments on planning were used to impose a utopian vision on the corpse of a genuine socialistic alternative.

Socialists need to recognise that for all his contributions to analysing capitalism Marx’s vision of socialism is as flawed as his means of achieving it. Devine, rightly, calls Stalinism “statism” as it “is not socialism at all” but he is wrong to proclaim it “a social formation *sui generis*.” It may have been “unforeseen by Marx” (116) but not by Bakunin whose warnings about Marxism were prescient. So while elements of this work will aid radicals envision a socialised and self-managed economy, it would have benefited from a wider reading of (libertarian) socialist thinkers.

### **Democracy and Economic Planning**

*The Political Economy of a Self-Governing Society*

Pat Devine

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