

# Towards a New Socialism: Supplementary Notes

W. Paul Cockshott and Allin Cottrell

July, 2007

There follow two sets of remarks, prepared in response to questions posed by the prospective publishers of an Indian edition of our 1993 book *Towards a New Socialism*. The two questions at issue are

- How do we justify the use of Marxian economic concepts such as surplus value in the light of the criticisms made by Baudrillard?
- How do our ideas about the socialist experience of the 20th century relate to those of prominent socialist theorists such as Paul Sweezy and Charles Bettelheim?

## 1 Marx, Baudrillard and the analysis of forms

Marx's *Capital* (Marx 1954) is commonly considered to be, in some sense, a work of economics. The subtitle of the work, however, is "A Critique of Political Economy". What did Marx mean by this? It's not as if political economy was an uncritical discourse before Marx came along. For example, while David Ricardo agreed with Adam Smith on many issues, he was nonetheless sharply critical of Smith on several key points including the labour theory of value, the theory of rent, and the theory of the tendency for the rate of profit to fall. It seems that Marx meant for *Capital* to be more than a critique and development of specific points made by previous political economists. Rather, he sought to make questions of the underlying assumptions held in common by all previous writers—or, in the current jargon, to "deconstruct" political economy.

One of the chief assumptions that Marx called in question was the "naturalness" of commodity exchange, and the associated representation of the labour time required to produce things in the form of exchange value. He introduced the vocabulary of "forms": the commodity is a "form"; exchange value is a "form"; money is a "form". When Marx calls a social phenomenon a *form*, he means that it is not a universal requirement: it is specific, historically determined and mutable. If you will, it represents one solution to a problem that has other, substantially different, solutions.<sup>1</sup>

How do we justify the idea that something is a form in this sense? Obviously, it's not enough merely to assert this; it's necessary to show that other social mechanisms have been used, or could be used, to achieve the object in question (or that the object in question is itself not a universal requirement).

When Marx talks of the commodity and exchange value as forms, the object in question—the problem to which the form is a particular solution—is the coordination of the division of labour when individual producers are interdependent: how does the available labour

---

<sup>1</sup>This is not all that Marx meant, and we encounter a further meaning of "form" in the discussion of Bettelheim below.

get allocated to the various tasks in the right proportions, and how does the product get distributed to those who need to or want to consume it? Marx points out that previous forms of society managed to coordinate a division of labour without recourse to commodity production. For example, the allocation of labour and goods within an extended peasant household might be coordinated by a patriarch. This is all very well if the object is simply to show that commodity production is not universal, but then presumably political economists such as Smith and Ricardo would have accepted the idea that commodity production has not *always* existed. The more challenging task is to demonstrate that a complex division of labour on a national or global scale—not just within a peasant household—can be effectively coordinated without commodities, exchange value and money.

Marx mentioned this case—that is, the economic coordination mechanism of a future socialist system—in *Capital* (Volume 1, chapter 1, section 4), but only briefly and in the most general terms. From this point of view, our book can be seen as an extended justification of Marx's view that the commodity and money are "forms". That is, we show in some detail how a socialist economy could allocate labour and goods via a system of planning in kind that replaces commodity exchange and money (albeit with a market of sorts for final consumer goods).

### *Baudrillard: production as a form*

The publishers of this edition have asked us to address the arguments of the French sociologist and philosopher Jean Baudrillard, insofar as they may be seen as undercutting our own theses. We will consider his *Mirror of Production* (Baudrillard 1975). In this book he argues that while Marx was right to expose exchange value as a form, he failed to complete his critique of political economy. Specifically, he failed to call in question the notion of "production", failed to appreciate that this too is a *form*. Baudrillard notes Marx's conception of production as a process in which man takes natural materials and works them up into a form capable of satisfying his needs, and also notes Marx's claim that, unlike money and exchange value, production is an essential feature of every society. But, says Baudrillard, both the opposition of "Man" versus "Nature" and the concept of "needs" are inventions of the 18th century.

There is neither a mode of production nor production in primitive societies. . . . These concepts analyse only our own societies, which are ruled by political economy. (Baudrillard, 1975, p. 49)

This clearly states that production as a concept does not apply to primitive society. Baudrillard also implies that a post-capitalist society would dispense with production and labour.

The notion that production is somehow optional, something that not all societies have to engage in, is akin to the claim for which Baudrillard acquired notoriety in the 1990s, namely, that the first Gulf War did not take place. Taken literally, this claim is plainly and painfully false. (Try telling that to widows of the Iraqi tank crews.) It requires some sort of metaphorical reading, but what reading, exactly? We take it that he had in mind something like this: the war that people saw on TV screens in Europe and America—the video-game war of "smart bombs" and the like—did not really take place. Even that might be difficult to sustain. A more defensible claim would be that what people saw on TV, and therefore *took to be* the Gulf War, was a highly selective and partly fantastical representation of the actual fighting in Kuwait and Iraq. The defensible claim, however, sounds boring compared to the paradox-mongering of "the war didn't take place"!

Something similar is going on with Baudrillard on production. It may well be that the *concept* of production employed by Marx was a product of the 18th century. This does not mean that production itself is not a universal requirement. Surely we are little tempted to suppose that gravity didn't exist before Newton formed its concept in the 17th century. The particular notions of "Man", "Nature" and "needs" may be historically bound in certain ways. What is indisputable is that humans, like other animals, must devote a certain proportion of their time and energy to effecting specific sorts of transformations of the materials they find in their environment, if they are to survive. Human "needs", beyond the basics for biological survival, are socially constructed and subject to change and development. A socialist society may discard, for example, the "need" for a family to have two cars. But it will not abolish the practice whereby time is spent making things that we find necessary, useful or desirable. And that is production, in the general sense. It need not take the form of commodity production, and need not be guided by the search for monetary profit, but production will go on all the same.

### *Hegel and the End of History*

There are other, related, elements at work in Baudrillard's critique of Marx. Hegel, from whom Marx drew inspiration, famously conceived of history as a dialectical process of thesis, antithesis and synthesis. The development of the world, according to Hegel, is driven by real contradictions. He nonetheless asserted that this contradictory process had reached its End with the Prussian state, the final embodiment of Reason. Marx, obviously, rejected the notion that the Prussian state represented the end of history. But some have argued that he retained too much of Hegel's legacy, conceiving history as a process with an End in view. On this reading, Marx merely shifted the end-point from Prussia to Communism (the hour of the final resolution of the class contradictions that have been the motor of human history hitherto). He failed to overcome the idealist notion of a privileged moment in history when the process becomes transparent to itself, "all is understood", and there are no more contradictions. This is a theme that Baudrillard takes up.

We can agree that the quasi-Hegelian conception of Communism as the end of history is highly problematic. We uphold the idea of the abolition of class relations and we argue for certain mechanisms that we believe will create a greater degree of transparency in social relations (for example, a labour-token system of income distribution and a combination of direct and statistically representative democracy). We do not, however, hold that the overcoming of class division puts an end to all social contradictions and conflicts of interest, and neither do we believe that a complex society can ever be fully self-transparent.

It is worth noting that Baudrillard was not the first to put forward a critique of the Hegelian element in Marx. His contemporary Louis Althusser offered a highly developed argument of this sort, notably in *For Marx* (Althusser 2005) and *Reading Capital* (Althusser and Balibar 1970), both of which appeared in France in 1965. But while Baudrillard seems to suggest that Marx's Hegelianism vitiates his theory, Althusser had argued for a reconstructed version of Marxism (drawing on the ideas of the French philosopher of science Gaston Bachelard to repair and develop some of the problematic areas). Since Baudrillard's *Mirror of Production* was published some years after Althusser's main contributions, one might expect him to engage with Althusser's interpretation. And indeed, we find a lengthy quotation from Althusser in the appropriate place in Baudrillard's text (pp. 115-116). For anyone familiar with Althusser's writings, however, the use Baudrillard makes of this quotation raises a serious question mark over either his intellectual honesty or his comprehension. In *Reading Capital* Althusser was concerned to present a critique of Hegelian

interpretations of Marxism. In the passage that Baudrillard cites, from the chapter titled “Marxism is not a Historicism”, Althusser is not “speaking in his own words”, rather he is setting out the Hegelian conception (“historicism”), getting his target clearly in view. Baudrillard, however, presents this passage as if it were a statement of Althusser’s own views. Baudrillard’s critique of the ideas he quotes is therefore entirely off-target.

### *The end of the working class?*

Baudrillard claims that production is a form, not a universal necessity. We suspect that part of his ground for this view is the set of processes that were much discussed in the 1970s: the emergence of “post industrial society”, the “disappearance of the working class”, the rise of the media, and so on.

In pre-industrial societies, the majority of the population was engaged in agriculture. In the present-day UK, for example, less than one percent of the population is so engaged. This does not mean that the UK has learnt how to do without food; rather, it reflects a huge increase in agricultural productivity. Similarly with industrial production: a smaller percentage of the population has to work in manufacturing to produce a given level of output. But there is another important point to be made here. The notion of the disappearance of manufacturing speaks of a European or North American perspective; what has actually happened is that the erstwhile manufacturing nations now import industrial products from Asia. Manufacturing work may be disappearing in one part of the world but it is increasing in another.

## **2 Bettelheim on socialism and planning**

One of our starting points, when working on this book, was the work of Charles Bettelheim (1971) on socialist economy, but we were unsatisfied with the positions he had arrived at. He seemed better at posing questions than providing answers. Despite the merits of his historical work on the USSR he failed to develop a coherent economic theory of socialist society. For instance in his last English-language publication (Bettelheim 2001), he wrote that the concept of a socialist mode of production was a “theoretical innovation of Stalinism”. This is partly right. But the idea of socialism as a transitional phase prior to communism is earlier: it is there in Lenin, it was not there in Marx. If this transitional period exists, the question inevitably arises as to what mode of production it has. But all that Bettelheim said was that the concept of a socialist mode of production was an innovation of Stalinism, which by implication he disagreed with. What was missing was:

1. an account of what the mode of production in the “socialist” countries in fact was, and what its laws of motion actually were; and
2. a conception of the mode of production of communism and its laws of motion.

If he had filled these gaps this there would be some real theory with which one could come to grips, but it never seemed to come.

Bettelheim wrote that “capitalist ownership is not a juridical category, it is a social category that denotes the set of conditions of capitalist production.” This is fair enough, but very ambiguous unless one specifies things in much more detail. In the absence of such detail it is hand-waving, not theory. He goes on to point out that the official Soviet *Manual of Political Economy* speaks of socialist price and socialist wage. The official doctrine was

that these were instruments or forms which had a new content in the socialist economy. This Soviet theory can now be seen to be quite problematic, but rather than producing a real analysis of these issues Bettelheim just says that it “leads to a rejection of the fundamental thesis of Marx that the forms of social relationship cannot be separated from their nature.”

It is not clear that this is a fundamental thesis of Marx. At any rate, what is lacking here is any analysis of the system of reproduction in the USSR, analogous to the analysis of capitalist reproduction in volume II of Marx’s *Capital*, that would enable one to say whether these forms were or were not playing the same role as before.

Our contention is that the forms in question were *not* playing the same role, and in particular that the money wage did not represent the necessary labour time, as in capitalism. A significant portion of the real consumption of the working class in the USSR came in the form of goods that were distributed either free or at subsidized prices significantly below their labour values. Thus one of the key components of Marx’s analysis of capitalism, the reproduction of labour power through wages, no longer fully held. In our analysis, this had significant effects on the development of the economy.

The issue of planning was publicly raised in debate between Bettelheim and Paul Sweezy in *Monthly Review* (Sweezy and Bettelheim 1971). The context of the debate was the economic reforms in Czechoslovakia that gave a greater role to the market. Sweezy argued that these reforms were retrogressive: anything that reduced the role of planning and increased that of the market was taking us further from socialism. Bettelheim responded by saying that Sweezy’s analysis was at the wrong level. What really mattered was which class was in power.

I think that in the analysis of a social formation two kinds of “errors” (i.e. of ideological approaches) are readily made. One is to limit the analysis to *juridical forms* (this is the error you denounce); the other is to limit the analysis to *economic forms* (this is the error which you make, and which is also present in any discourse on political economy concerned only with *forms*: exchange, money, prices, market, etc.). *In both cases no true analysis takes place, since the emphasis is precisely on forms*, i.e. on that which is manifest, whereas analysis must reach the underlying elements which the manifest content dissimulates... (p. 17).

Bettelheim believed that the decisive factor was not economic but political: “This decisive political factor ... results from the fact that the proletariat ... has lost its power to a new bourgeoisie.” (p. 16)

Bettelheim was dismissive of the idea that economic planning was a significant feature distinguishing the USSR from capitalist economies. He held that plan objectives were often not met, that “planning exerts an effective but blind action on reproduction,” and that “it does not shield the process from the exigencies of capital accumulation and its inherent contradictions” (Bettelheim, 2001). This is a statement of an attitude rather than any sort of argument. We need some account of how planning operated to bring about reproduction, of the “exigencies of capital accumulation,” and of the “inherent contradictions” from which planning failed to shield the USSR. He does not elaborate on this, but let us look at some of the “inherent contradictions”:

1. *Contradictions due to the possibility of formation of money as a hoard interrupting the circuit M-C-M' at the M phase.* This was the major contradiction of the capitalist world economy after the crash of 1929, but there was no possibility of this contradiction operating in a planned economy, and the USSR was completely unaffected by the

downturn in the world economy in the 1930s. This was obviously a major ideological influence on the support for communism elsewhere in the world at the time.

2. *Contradictions due to a rise in the ratio of past to present labour in production.* In a capitalist economy this appears as a rising organic composition of capital and a falling rate of profit. A falling rate of profit is problematic for capitalism if profit rates fall below prevailing interest rates, inhibiting accumulation. Since the planners in the USSR were not inhibited from re-investing the surplus because of low rates of profitability this did not stop investment there the way it would in a capitalist economy. This became evident after the restoration of capitalism in Russia, when large parts of the economy shut down since their rate of return was too low for private capital to support.
3. *Contradictions due to the growth of unproductive expenditures, such as advertising and financial services, consuming an ever greater share of the surplus product.* These contradictions did not operate in the USSR. A glance at the architecture of an average Soviet city as opposed to a US city would have confirmed that the proportion of office workers was much lower in the former.

One is left wondering what are the exigencies and what are the contradictions to which Bettelheim refers.

If we are right in saying that the USSR cannot be considered to have been capitalist, then in Marxist terms it can't be right to say it was ruled by a new bourgeoisie. We *can*, however, say this of Russia since 1990. The contrast between the financial oligarchs who now rule Russia and the Soviet system is evident. With hindsight, it appears that Bettelheim was confusing a *possible* development with something that had actually happened.

In summary, Bettelheim was wrong to minimize the importance of planning. The existence of planning does not guarantee that economic decisions are made in the interest of the producers; nonetheless, planning is an essential prerequisite of conscious democratic control of production.

### *The Cultural Revolution and political forms*

Bettelheim was an explicit supporter of the Cultural Revolution in China, and his writings have to be understood in the context of the Chinese polemics against the USSR in the 1960s. In hindsight, however, it looks as if the polemic against Khrushchev was actually a displacement of internal conflicts within China, between the Maoists and the Deng/Liu Shao Chi wing of the Chinese Communist Party. Khrushchev was accused of wanting to re-establish capitalism in the USSR, when the real target was the program of the Deng wing of the Party which aimed at doing just that in China. We know that within a few years of Mao's death, Deng inaugurated a policy of de-collectivization of agriculture and large scale privatization of the economy which amounted to capitalism in all but name. This shows that the political forms thrown up in the Cultural Revolution were not in fact an adequate bulwark against the establishment of capitalism in China.

The revolutionary committees set up during the Cultural Revolution ended up being dominated by the Communist Party just as the Russian soviets had been. We think that it is inevitable that in a socialist country with a well established Communist Party, grass-roots representative bodies will either be dominated by the Party or by representatives of reaction. The overwhelming majority of convinced socialists will be in the Party, and their political experience and discipline will enable them to dominate grass-roots organizations

where the general tenor is pro-socialist. Occasions when grass-roots organizations became consistently anti-Party have tended to coincide with occasions when they were dominated by pro-capitalist sections of the intelligentsia and middle classes, the signal example being Solidarity in Poland. Those advocating an ideal “council state”, as against the actual Soviet state, were attempting to occupy a political ground that could not exist. For the council state to exist, the Communist Party would have to be abolished, but when the Party is abolished (as under Yeltsin) those who assume power are the representatives of the intelligentsia and managers seeking capitalism.

It is to address these historically revealed inadequacies of the solutions put forward in China that we advocate a return to the institutions of “primitive” democracy, updated with modern technology.

## References

Althusser, L.: 2005, *For Marx*, Verso.

Althusser, L. and Balibar, É.: 1970, *Reading Capital*, New Left Books.

Baudrillard, J.: 1975, *The Mirror of Production*, Telos Press, St Louis, Missouri.

Bettelheim, C.: 1971, *Calcul économique et formes de propriété*, Maspero, Paris.

Bettelheim, C.: 2001, Stalinist Ideological Formation, *Research in Political Economy* **19**, 233-289.

Marx, K.: 1954, *Capital*, Vol. 1, Progress Publishers, Moscow. Original English edition published in 1887.

Sweezy, P. M. and Bettelheim, C.: 1971, *On the Transition to Socialism*, Monthly Review Press, New York.