

## BOOK REVIEW ARTICLE

### Market Socialism As Market Fetishism

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**Bertell Ollman** (edt), *Market Socialism – The Debate Among Socialists*, New York, Routledge.

The above publication provides a useful forum for a debate between two proponents of market socialism, David Schweickart and James Lawler, and two critics, Bertell Ollman and Hillel Ticktin. The book is sub-divided into four parts. Part one discusses the case for market socialism; part two discusses the case against; part three provides authors the opportunity to critically appraise opposing arguments; and part four allows each of the authors to respond to criticisms raised. Overall, the format works quite well in generating critical engagement with the concept of market socialism. However, in keeping with the theme of *debate*, part three could perhaps have taken the form of a round table discussion, hence producing a more free flowing debate and so a less calculated set of responses.

Marxists might, with some justification, question the value of yet another book about market socialism, especially in the aftermath of Stalinism, which gave it credence. When both the market and the ability of the state to regulate the market are currently in decline, and increasingly incapable of systemic control of either capital or labour (all of which are central to market socialism), the debate would, it is true, appear to be dead in the water. Yet Marxists can no more ignore the issues raised by market socialism than they can a critique of capitalism. The debate, for one thing, sharpens one's grasp of the central contradictions of capitalism, while also making one consider the problems of how a socialist society might conceivably be organized. This is more than enough reason to recommend the book to socialists.

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As someone committed to a non-market socialist future, I take the opportunity in reviewing the book to provide a critique of the main arguments for market socialism. The review considers first Lawler's claim that Marx was in favour of market socialism, then evaluates Schweickart's proposed model for a market socialist society before moving on to outline Ticktin and Ollman's critique of markets.

Lawler's defence of market socialism harbours two central claims. First that market socialism must take the economic form of decentralized cooperative enterprises. Second, that this view of the economy under socialism comes closest to Marx and Engels' own, as expressed in the *Communist Manifesto*, *The Gotha Programme* and *Capital* (p24). Both claims are underpinned by Lawler's understanding of the relationship between the *categories* of capitalist political economy and the *historical* development of capitalism; I therefore pursue each claim through a critical engagement with the latter.

Lawler maintains that Marx's analysis of the development of capital in *Capital* – from its most abstract to its most concrete forms – is also an analysis of capitalism's historical development. As he puts it, "In this investigation the historical prominence of the initially relatively abstract structures of capitalism corresponds to primitive stages of capitalist and even pre-capitalist development. The passage to more complex, concrete categories tends to reflect more developed stages of capitalism' (p34). What Lawler describes here is a correspondence theory of the laws of motion of capital and the historical development of capitalism, which makes inevitable the view that socialism amounts to a more selective and consciously humane development of the categories of capitalist political economy. In this respect Lawler rereads the movement from 'abstract' to 'concrete' in terms of an historical development in which the opposing pole of *unfettered* capitalism gives way to communism. For Lawler, the unfettered market in labour power (abstract forms of capitalism), gives rise to *successive concretisations of capitalism*, such as the conscious efforts to limit and regulate the labour market, the socialisation of production, trade unionism and cooperative production, which are, simultaneously, the most *abstract simple forms of developing socialism*: 'the starting point of a new society' (p37). The 'proletarian state', continues Lawler, 'would free such developments to follow their inherent logic, to allow for the generalisation of

cooperatives to a national, and international, scale' (p38). Given this definition of the dialectical development of society, then any notion that socialism would be completely different to capitalism must, in Lawler's eyes, be totally misconceived. 'Communism', he maintains, 'should not be regarded...as the negation of capitalism as an evil and its replacement by a radically different society', but more realistically as, 'subjecting the free or primitive market to conscious control in the form of new rules for production and exchange...' (p38). In other words, the task of a proletarian state is to spread, generalize and develop the most concrete forms of capitalism/abstract forms of socialism: namely, cooperative industry, democratic enterprises and state regulated markets, etc.

It is on the basis of the above that Lawler attempts to *represent* the Communist Manifesto as a manifesto for market socialism. More specifically, it is the tendency to grasp the dialectic of capitalist social development in terms of atomistic successive approximations, which leads Lawler to separate the inseparable: the *dynamics* of political power exercised by a post revolutionary proletarian state (to negate the market under short run conditions of despotism) from the *logistics* of socio-economic development (which call for the long run restoration of the market). He then turns this separation into a *defining* feature of Marx's *passing reflections* on communism, until he is able to declare that '...the communist programme inaugurates what many recognize as a 'market socialist' society...containing capitalist and socialist...components, with dynamic prominence given to the socialist dimension' (p25)...No details about what further steps should be taken are given. An historical gap is therefore left open for socialist revolutionaries to fill in on the basis of developing socio-economic conditions, involving the continuation of market production' (p26).

Lawler fills in this 'gap' by foisting on the *Manifesto* a market socialist future with no real basis for doing so. There is nothing in Marx's outline of post revolutionary reforms in the *Manifesto*, which harbour the need for a return to the market after making the necessary 'despotic inroads on the rights of property' (Marx, 1987: 38). We should recall that the term 'despotic inroads' is in opposition to 'wresting capital' (and so eliminating the market) by 'degree' on the way to realising 'an association in which the free development of each is the condition of the free development of all' (ibid: 39) and is *not* in opposition to some longer run socio-economic logic of the market. Moreover, as far as

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cooperatives are concerned, Engels provides a clear statement of his own and Marx's position in *Socialism Utopian and Scientific*. In a discussion of the contribution of Robert Owen, Engels argues that cooperative societies and exchange banks for labour notes are institutions *necessarily doomed to failure* but which, nevertheless, provide 'a *first step towards* a much more radical transformation of society'.<sup>1</sup>

The claim that the Communist Manifesto preached market socialism rests, then, on Lawler's faulty theoretical premises. Marx's own theoretical premises are fundamentally different. Contra Lawler, Marx's dialectic was not reducible to the historical relationship between abstract and concrete. For Marx, while there crucially important *historical* trends in the development of social categories from abstract to concrete – for example, Marx's brief discussion of the development of possession into property rights in his critical aside to Hegel's *Philosophy of Right*<sup>2</sup> – these were subordinate, to uncovering the laws of motion of society through an analysis of the *dialectical* relationships between the social categories. For example, Marx points out that although the simple category of possession and its historical development into the more complex category of property, are important, of far greater importance is their dialectical rather than historical relation to the concrete substratum of which they are a part; namely developed clan/family property relations.<sup>3</sup> And again in *The Grundrisse*, this time in reference to labour, Marx emphasizes that it is the dialectical rather than historical importance of the link between abstract and concrete categories that are of most importance to him in making sense of capitalism and its developmental tendencies. 'Labour', Marx reflects, 'seems a quite simple category...Nevertheless, when it is economically conceived in this simplicity, 'labour' is as modern a category as are the relations which create this simple category'.<sup>4</sup> In other words, the analysis of labour (and so of capitalism too) is primarily an ontological (and not so much historical) account of its categorical forms of development from the most abstract to the concrete: or as Marx would say, the aim is to move from the chaos of the concrete to the simplest

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1 Frederick Engels, *Socialism Utopian and Scientific*, London, Bookmarks, 1993, pp72-3 (my emphasis).

2 Karl Marx, *The Grundrisse*, Harmondsworth, Penguin Books, 1973, p102.

3 Ibid.

4 Ibid.

abstractions back to the rich totality of many determinations.<sup>5</sup> Moreover, what drives this ontological movement is the antagonistic contradiction between production for social need as against production for money as capital – set in motion by the irresolvable struggle between capital and labour. The contradiction is antagonistic and irresolvable for Marx because it expresses social not technical relations, and money capital and/or social needs develop through the negation of either one or the other. In other words, contrary to market socialism, both cannot *coexist* and develop their separate capacities in *any* conceivable society.

Once we take account of the above then it becomes clear why, for Marx and Engels, the movement from capitalism to socialism *necessarily* involves the negation of capitalist social relations and *not* the historical approximation of aspects of both capitalism and socialism. In this sense a socialist society is one in which abstract labour has been negated by directly social labour, and therefore a society which, *as a matter of defining principle*, rejects the market exchange of *things* and embraces the *freely associated exchange of activities* and capacities designed around social needs. The latter is one reason a *proletarian state* is required because the change to society is so fundamental it requires a force able to sweep aside the major material and ideological class antagonisms. As Marx proclaimed, ‘the communist revolution’ is the most radical rupture with traditional property relations’, requiring the ‘most radical rupture with traditional ideas’.<sup>6</sup>

Another consequence of not analysing society in terms of its dialectical forms of development from abstract to concrete is that one tends to create models of socialism out of a series of abstractions. Schweickart offers just this type of model of market socialism. Market socialism, he emphasizes, ‘retains the market as the mechanism for coordinating most of the economy’ but substitutes private ownership of the means of production for state and/or workers control (p10). To overcome the latent problems involved in abolishing private ownership and retaining markets, Schweickart advocates worker self-management. The latter

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<sup>5</sup> Ibid, p100.

<sup>6</sup> Karl Marx & Frederick Engels, *The Communist Manifesto*, Harmondsworth, Penguin Books, 1967, pp102-3.

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would enable the kind of 'economic democracy' that would underpin the 'socialist' aspirations of market socialist society. Within Schweickart's model economic democracy has two institutional mechanisms. Firstly, it consists of economic enterprises acting as part of political communities governed internally by workers, but associating with other enterprise through a competitive market (p17). Secondly it has a state that allocates capital assets according to a social plan. In this model capital assets are conceived as a community surplus the state collects as a social rent on enterprises in return for an enterprise's continued access to collective capital. The state then redistributes the surplus according to local needs. For Schweickart these two institutional mechanisms will ensure worker self-management; social not market control of surpluses for investment; and the restriction of the market to the allocation of goods and services, without extension to the sale of labour power.

However, Schweickart's model is unconvincing to say the least. First, his claim that social investment of capital will be driven by community needs would seem to be contradicted by his later proposition that the community, as potential loaner of collective capital, must make decisions based on 'projected profitability and employment criteria' (p18). How local community needs will remain paramount under the more general criteria of profitability and wage labour conditions remains a mystery. Second, given that enterprise decisions are to be made in the context of competitive markets, Schweickart's assurances that worker self-management can be realized become highly questionable. It would seem more likely that the state's criteria of projected profitability, coupled with the competitive pressures of the market, would form the basis of enterprise management decisions in their search for 'cost effective' growth. It is unlikely this would leave room for worker self-management of production aimed at social needs. Indeed, the market socialist model complete with markets, capital and atomized economic enterprises, would seem to be a recipe for the continuing exploitation of workers abstract labour power not the construction of socialism.

Taking a broader social context, Ticktin argues that socialists should see market socialism as a problem for socialists not a solution (p55). For Ticktin the development of the concept of market socialism is to be understood as the outcome of class struggle that took place in a specific period of capitalist

development and not some ideal waiting to be realized in practice. Specifically, the concept of market socialism emerged out of the debate between the left opposition (including Trotsky and Preobrazhensky), who viewed markets and planning as antagonistic and only part of a relatively short transition period and Bukharin who argued markets and planning could coexist. However, it took on a life form of its own, argues Ticktin, as a result of the degeneration of the Bolshevik revolution. The concept of market socialism evolved to represent a new apparatus of control over labour and a possible escape route for the developing Stalinist elite. In this sense the concept of market socialism is the manifestation of the historic defeat of the working class that gathered pace during the mid-1920s (pp56-7) and is not a route for working class self emancipation.

Moreover, Ticktin suggests, the concept of market socialism can only continue to provide the *appearance* of integrity and progress for its advocates on the basis of a number of denials and evasions. The central denial being that the law of value - and with it the exploitation of labour - underpins the market. The market can then be conveniently idealized as a technical ahistoric mechanism for allocating resources and goods. Further denials then follow, for example, that 'market competition' executes worker self-management, when the reality is that it executes the law of value and so exploitation of labour; or, perhaps even more absurdly, the denial that the competitive market has given way long ago to bureaucratic regulation and the conscious manipulation of prices and profits as a means of maintaining the exploitation of labour. In fact market socialism, suggests Ticktin, could only exist if workers took over from capital the task of exploiting themselves. But even this scenario, he argues, is irrational because under conditions of full employment and an active commitment to a minimum wage and taxes on profits, 'the capitalists will have little incentive to invest and the workers would have little incentive to work' (p61).

Given the problems associated with markets, why would modern day socialists have any truck with them? Ollman suggests that the market generates a series of mystifications that limit our ability to see market relations as historically limited and antagonistic to social wellbeing. In this respect, market relations promote an ideology of competitive individualism that makes one indifferent to human needs and makes human nature appear atomistic, highly rational and egotistical

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(p83). 'With the market occupying such a central place in peoples lives, it is not surprising that how people behave there gets taken for what human beings are really like' (p84). Take work. Observed through the mystifying prism of market relations, work loses its human potential enhancing character and becomes something we are forced to do for money – the cash nexus, or to satisfy consumer demand (p85). It also becomes transformed in our eyes as the place of free competition between 'employers' and 'employees'; while exploitation gets reread as the free exchange of equivalent values; and alienation is misrepresented as 'a vague sentiment of isolation and loneliness' to which 'free' individuals are inevitably subject from time to time (the price of freedom).

For Ollman, the market mystifies by atomising that which is internally related and reducing one's ability to see the essential connection between things. The market socialist model is an example of this. As Ollman reflects, 'What market socialist analysis of capitalism, communism, socialism and revolution, almost without exception, have in common is the treatment of each period in virtual isolation from the others. Yet these periods are internally related. They are stages in a historical development' (p109). A conception of socialism able to reveal its internal relations of development, argues Ollman, needs to approach it through a consideration of capitalism, involving 'one immediately with the markets organic ties to the accumulation of capital, alienation and class struggle'...By establishing 'the essential identity between capitalist relations and market relations, it is impossible to conceive of the market as a neutral means for carrying out social policy under market socialism' (p109).