Marx as Market Socialist

A complex modern economy cannot effectively be run from a single command center. This has been the common economic criticism of the Soviet economic system. It was also the principal idea of the reformers in the former Soviet Union who launched the project of restructuring. The collapse of the socialist regimes of Eastern Europe and the Soviet Union appears to substantiate this criticism. A system of central planning of the economy that replaces market mechanisms of allocating resources with the decisions of central planning experts, so it is argued, conflicts with the requirements of a complex modern economy. Perhaps such economic centralism is workable under more primitive economic conditions, but an advanced economy requires a decentralized system of decision making, and such decentralization implies a market economy.

While there are those who take the truth of this conception to imply the triumph of liberal capitalist society as a world-historical "end of history", left-wing critics of capitalism have been divided in their response. Some argue that the collapse of socialist regimes can be explained primarily by technical imperfections in the planning system, together with pressures from the surrounding capitalist world, rather than by the system itself. Others explain the economic weakness of twentieth century socialism by the absence of a genuine democracy, with demo­cratic input, feedback and control in the planning mechanism. A growing number of socialists, on the other hand, have abandoned the notion of central planning altogether, arguing that socialism is compatible with the continuation of market relations. The centralized "state socialism" that characterized most of Soviet history — if this should really be called socialism — should, they argue, be distinguished from decentralized market socialism, linked to pluralist democratic institutions.

The thesis of this paper is that, contrary to most traditional interpretations, it is the latter concept that comes closest to the viewpoint of Marx and Engels on the nature of the newly emerging post-capitalist society. In fact, as Soviet reformists argued in the late eighties, Lenin too defended a form of market socialism that was established in the Soviet Union during the nineteen-twenties.[[1]](#endnote-1) From this perspec­tive, the idea that Marx's conception of socialism was essentially embodied in the centralized command system inaugurated by Stalin, beginning in 1929, is a retrospective reading of Marx's thought through the prism of the mainstream of socialist economies of the twentieth century.

Communist Manifesto: First Steps

There are certainly some striking passages in the *Communist Manifesto* that seem to foreshadow the Stalinist system. Marx and Engels argue that:[[2]](#endnote-2)

The proletariat will use its political supremacy to wrest, by de­grees, all capital from the bourgeoisie, to centralise all instru­ments of produc­tion in the hands of the State, i.e., of the prole­tariat organised as the ruling class; and to increase the total productive forces as rapidly as possible.

At first glance this passage, announcing the centralization of the instruments of production in the hands of the state, seems altogether conclusive. On closer inspection, however, one notes that the process envisaged is a gradual one, to be effected "by degrees". This implies that for a certain period of time after the proletarian revolution there will be only imperfect centralization, and, by implica­tion, a continuation of the market economy. This processual character of the post-revolutionary society is emphasized in the continuation of this passage:

Of course, in the begin­ning, this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore, which appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionising the mode of production.

The Communist program that is proposed as generally applicable for "the most advanced countries" is only the beginning of a complex and perhaps lengthy process whose course should proceed in step-wise fashion. Several interconnected points stand out here: 1) despotic, i.e., state methods, of intervention will be necessary only "in the beginning", 2) the proposed Communist program will take place on the basis of bourgeois production, and 3) these starting points will turn out to be "economically insufficient".

Significantly, "despotic inroads on the right of property" as well as the continuation of "bourgeois conditions" are both regarded as characteristics of the post-revolutionary society. And both are said to be "economically insufficient". Thus the despotic methods that will be necessary in the beginning do not eliminate bourgeois production, but restrict it while introducing non-bourgeois, proletarian or communist conditions in ways that are enumerated in the revolutionary program. However the communist conditions that are first introduced using despotic inroads on bourgeois conditions do not entirely replace these, so that "bourgeois condi­tions" persist.

Political methods, necessary in the initial revolutionary period, are economi­cally insufficient. The further course of development, then, should be decided on the basis of economic criteria. The post-revolutionary period will not focus primarily on political relations of force between the proletariat and the bourgeoisie, but on evolving socio-economic conditions. If all bourgeois property is not confiscated at the beginning, this is not because of Machiavellian political tactics, such as playing some bourgeois property owners against others until the proletar­ian state is strong enough to swallow up all of them. After an initial period in which despotic power is exercized, decisive political power is assumed to be in the hands of the proletariat. It is not a question of political power, but of socio-economic logic that should decide the step-by-step transformation (and not sweeping replacement) of the old social order. The primary criterion for the progressive centralization of property in the hands of the proletarian state is growing economic and social necessity.

A post-revolutionary program of the transformation of bourgeois society on the basis primarily of evolving economic conditions of a market society is therefore what is proposed. In some general sense, then, the Communist program inaugu­rates what many would recognize as a "market socialist" society, or at least a "mixed society" containing capitalist and socialist, or bourgeois and proletarian, components, with dynamic prominence given to the socialist dimension. Since state ownership is the main form of proletarian property, the economic system inaugurated by the communist revolution could be described as a "state market socialism".

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. The *Manifesto* contains no recipes for the kitchens of the future. The program that is proposed is one that is based on the existing requirements for some capitalist countries, the "advanced" ones. What steps will be necessary after the implementation of the program cannot be anticipated in detail. However, general features of direction of this course of development, certain general principles, can be stated in advance. The main thrust of this development will be the diminish­ment of bourgeois property and the increase of proletarian property. Progressive centralization of all instru­ments of production in the hands of the State simply means that there will be a growing number of proletarian state enterprises and a declining number of capitalist enterprises. It does not mean replacement of market production by "central planning". Recognition of this fact not only has led Stanley Moore to argue, correctly, that the *Manifesto* calls for a post-revolutionary market economy, but has even prompted him to believe, incorrectly as we will see, in its indefinite continuation.[[3]](#endnote-3)

A necessary condition for this development is political: the proletariat must be raised to the position of ruling class; it must "win the battle of democracy". This is the "first step in the revolution".[[4]](#endnote-4) But the following steps must be guided more by economic than by political considerations. Under the protective wing of the proletarian state a new economic order begins, with proletarian-state enterprises and bourgeois enterprises coexisting in a market context.

Role of Force: Direct and Indirect

After the enumeration of the chief planks of the proletarian platform for the post-revolutionary period, the *Manifesto* jumps over the intervening period of step-by-step development to envisage the outcome of this process:[[5]](#endnote-5)

When, in the course of development, class distinctions have disappeared, and all production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, properly so called, is merely the organised power of one class for oppressing another. If the proletariat during its contest with the bourgeoisie is compelled, by the force of circumstances, to organise itself as a class, if, by means of a revolu­tion, it makes itself the ruling class, and, as such, sweeps away by force the old conditions of production, then it will, along with these conditions, have swept away the conditions for the existence of class antagonisms and of classes generally, and will thereby have abolished its own supremacy as a class.

In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free develop­ment of each is the condition for the free development of all.

Here we have again the language of revolutionary negation of capitalism that can give support to post-Stalinist interpretations of Marxism. In this passage, the political method of "despotic inroads" on bourgeois property appears to be not only the first step or a necessary condition but the exclusive method of revolutionary change. Force now seems to be everything, and economic methods, hinted at earlier, fade completely from view. Little wonder that such an interpretation supports the notion that the state should be the master of the socialist economy. A contradiction therefore emerges between a careful reading of the passage, two pages earlier, in which "despotic inroads" are limited to the initial steps, and what seems to be a natural reading of the dramatic, nihilistic language of the concluding paragraph of the programmatic section two of the *Manifesto*, in which despotic, political methods are said to sweep away bourgeois conditions.

But such a reading clearly collapses an account of the initial steps of the post-revolutionary process and a statement of the final goal. Political power can be seen as occupying two levels. There is the initial period of direct intervention into the economy, which predominates in the period of revolutionary accession to power of the proletariat, and there is an indirect conditioning of further events by the proletarian state. In speaking of the forcible sweeping away of bourgeois conditions, the *Manifesto* elides direct and indirect use of force.

Certainly, the persistence of proletarian power is a necessary condition for the further development of the post-revolutionary society. There must be control of the state by the majority of society — through the instrumentation of the political parties of the proletariat. The Marxist Communist Party is said to be but one of those parties, the one that keeps most clearly in view the long-range perspective of communist transformation. But this political power, while necessary, is not sufficient to determine future evolution of the mixed bourgeois-proletarian economy. A logic of economic relations must be respected and followed, based on post-revolutionary experiences. It would not be possible to follow such a logic coherently were the bourgeoisie to have political power, and so in this sense the entire process, contradicting the will of the bourgeoisie, can rightly be described as a matter of force. But the force that is exercized in the subsequent period after some required despotic inroads into bourgeois property is indirect rather than direct force. It is the force that assures the stability of economic relationships, the unfolding logic of which is the decisive condition for the final elimination of bourgeois property.

Principles of Communism: Dynamics of Post-Revolutionary Society

If the *Manifesto* describes the beginning and the end of the post-revolution­ary process, perhaps more light needs to be shed on the intermediary period. Consider the following question. If at first only some capitalist property is to be placed under the control of the central government, using despotic methods, how should the proletarian state acquire the rest of the economy that still remains in private hands?

In a very illuminating work written a few months before the *Communist Manifesto*, "The Principles of Communism", Engels presents some of the above ideas in much greater distinctness. In a letter to Marx,[[6]](#endnote-6) Engels says there was nothing in his "Principles" that conflicted with their views. However, instead of the "catechetical" form in which the "Principles" was written, Engels proposes the form of the manifesto as more appropriate to their purposes, especially for the presenta­tion of their historical views. The "Principles" can therefore be regarded as a first, incomplete draft of the *Manifesto*. The *Communist Manifesto* is more detailed on the general historical foundations of the communist position of Marx and Engels. But the "Principles of Communism", as it turns out, is more detailed on the nature of the post-revolutionary society itself.

After outlining twelve chief measures of the proletarian program "already made necessary by existing conditions", Engels writes:[[7]](#endnote-7)

Of course, all these measures cannot be carried out at once. But one will always lead on to the other. Once the first radical onslaught upon private ownership has been made, the proletariat will see itself compelled to go always further, to concentrate all capital, all agriculture, all industry, all transport, and all exchange more and more in the hands of the State. All these measures work toward such results; and they will become realisable and will develop their central­ising consequences in the same proportion in which the productive forces of the country will be multiplied by the labour of the proletariat. Finally, when all capital, all production, and all exchange are concen­trated in the hands of the nation, private ownership will already have ceased to exist, money will have become superfluous, and production will have so increased and men will be so much changed that the last forms of the old social relations will also be able to fall away.

Here we see many of the points later elaborated in the *Manifesto*. There is the "first radical onslaught" or despotic inroad at the beginning of the process. Then there is gradual evolution in which the instruments of production are concentrated in the hands of the state. This process of concentration of instru­ments of production is conjoined with growing economic productivity, i.e. with changing economic conditions. The end result is one in which "nation" noticeably replaces "state". Market relations continue, presumably, until the use of money becomes superfluous. Money is not abolished by decree, but, like the state, it gradually withers away. Crucial factors in this intervening process are the high development of productivity and the changed character of human beings, the direct producers, themselves.

Of particular interest are differences in the wording of some of the measures of the Communist program. The first point clearly opens with "limitation of private ownership", not "abolition of property", which the more militantly worded *Manifesto* describes as summarizing Communist theory.[[8]](#endnote-8) The methods of limiting private property are "progressive taxation, high inheritance taxes, abolition of inheritance by collateral lines (brothers, nephews, etc.), compulsory loans and so forth".[[9]](#endnote-9) The *Manifesto* is more draconian in proposing "Abolition of all right of inheritance."[[10]](#endnote-10)

Clearly a lengthy period of time is indicated by these measures, with bourgeois property gradually being transferred to the proletarian state during the course perhaps of generations. But such measures do not by themselves lead to the elimination of bourgeois property.[[11]](#endnote-11) Bill Gates did not inherit Microsoft. No doubt the sons and daughters of the bourgeoisie will continue to enjoy privileged conditions, if less so than before. By the measures of the Communist program, private property transference will have to become more meritocratic, less pluto­cratic. This is no more than making the bourgeoisie live up to their own ideals and myths of self-enrichment.

More significant as an answer to our question is the formulation of the second measure: "Gradual expropriation of landed proprietors, factory owners, railway and shipping magnates, partly through competition on the part of the state industry and partly directly through com­pensation in assignations."[[12]](#endnote-12) Here another method of acquiring property is clearly spelled out. The proletarian state will buy out some capitalist enterprises. The proletarian revolution is not to bring about a regime of forcible confiscation of bourgeois property. It will introduce a progres­sive tax system and eliminate "unearned" wealth through inheritance taxes. With such funds it will purchase enterprises as well as create them. A market context is accordingly presupposed. An economic logic, respectful of market production, is observed and perhaps even improved upon. Even more significant of the nature of the post-revolutionary society is the idea that the proletarian state will acquire property through competition with capitalist enterprises. This implies that socialist property will be more efficient than capitalist property and will win in a fairly structured market-place competition.

The only mention of unpaid forcible confiscation in this work occurs in the third plank: "Confiscation of the property of all emigrants and rebels against the majority of the people." This is also the only specific mention of how such despotic methods would be used in the *Manifesto*. "Despotic inroads on the right of property" and the "radical onslaught upon private ownership" are confined to the initial period of the revolution when some property owners will predictably engage in armed rebellion against the first government that represents the interests of the democratic majority of the society. To the confiscation of the property of such rebels is added that of emigrés. While certain passages of the *Manifesto* suggest sweeping confiscation of property, a closer reading, supplemented by the "Princi­ples", discovers a more narrow conception, with strict delimitation of property rights. The program of nationalization of banks and transportation presumably falls under the heading of compensated acquisition of property.

The main point, for our purposes, is crystal clear. The proletarian revolution does not immediately do away with the market. The socialism that it initiates is a market socialism, albeit a "state market socialism". A certain amount of property must be acquired by the proletarian state. But state enterprises are to continue to operate on market principles, competing with non-state, privately owned enter­prises.

Using the Market Against Capitalism

If the Communist program is more than a matter of limiting the property rights of the bourgeoisie in the creation of what might in the twentieth century be described as a program of social democracy, there should be some programmatic position indicating a qualitative break from capitalism. Such substantial modifica­tion is implied in the fourth measure of the "Principles":[[13]](#endnote-13)

4. Organization of the labour or employment of the proletarians on national estates, in national factories and workshops, thereby putting an end to competition among the workers themselves and compelling the factory owners, as long as they still exist, to pay the same in­creased wages as the State.

Thus the immediate goal of the proletarian government is not the elimination of competition *per se*. It is the elimination of competition between workers over the price of their labor. It is this competition between workers, employed and unemployed, that Marx later described as riveting "the labourer to capital more firmly than the wedges of Vulcan did Prometheus to the rock."[[14]](#endnote-14) So while market relations in the production of goods for sale is not ended, what is ended, or is in the process of ending, is the labor market, the market in human time, energy and skill. By becoming owners of their own means of production, workers no longer sell their ability to work as a commodity, subject to pressures of market forces — especially to the pressures arising from competition with other workers.

The method of achieving this goal consists in influencing and directing the market, not in doing away with it. By providing work for unemployed workers in national estates, factories and workshops, the proletarian state puts an end to unemployment and therefore to competition between workers for scarce jobs. Through their representation in the state, workers have become owners of nationalized production, and consequently, beginning in the state sector, they cease to be exploited for profit. They cease to produce surplus value. Their remunera­tion is raised to a level permitted by the value of their production — with deduc­tions for reinvestment and various social programs, deductions that come back to them either through future economic gains or through the social programs from which they benefit. Given the virtual elimination of unemployment, this higher compensation for workers will force capitalist employers to pay a similar wage.

Consequently the kind of market that initiated by the proletarian state is no longer strictly speaking a capitalist market. Thanks to conscious management by the proletarian state the market begins to work against the bourgeoisie and for the proletariat. It is no longer the blind elemental force in which the interaction of isolated producers takes place as if it were an external power of nature. The rational or conscious element — planning — transforms market production, rather than simply replacing it. Clearly there is a place for centralized state intervention in the economy. But this is not a matter of micro-managing the activities of enterprises. It is a matter primarily of creating and enforcing new rules of the game, rules that express the interests of workers rather than private owners. Hence a "socialist" market comes into existence, more or less rapidly changing the conditions in which workers sell their labor, so that for the first time there will really be "an honest day's work for an honest day's pay."

Conditions for the Common Management of Production

But why should property pass into the hands of the proletarian state, and not directly into the control of the workers of individual enterprises? Engels argues that it will take a significant length of time, perhaps several generations, before workers will develop the capacity to control their affairs themselves. He writes:[[15]](#endnote-15)

Just as in the last century the peasants and the manufactory workers changed their entire way of life, and themselves became quite different people when they were drawn into large-scale industry, so also will the common management of production by the whole of society and the resulting new development of production require and also produce quite different people. The common management of production cannot be effected by people as they are today [emphasis added, J.L.], each one being assigned to a single branch of production, shackled to it, exploited by it, each having developed only one of his abilities at the cost of all the others and knowing only one branch, or only a branch of a branch of the total production. Even present-day indus­try finds less and less use for such people. [Emphasis added, J.L.] Industry carried on in common and according to plan by the whole of society presup­poses moreover people of all-round development, capable of surveying the entire system of production. [Emphasis added, J.L.] Thus the division of labour making one man a peasant, another a shoemaker, a third a factory worker, a fourth a stockjobber, which has already been undermined by machines [emphasis added, J.L.], will completely disappear. Education will enable young people quickly to go through the whole system of production [emphasis added, J.L.], it will enable them to pass from one branch of industry to another according to the needs of society or their own inclinations. It will therefore free them from that one-sidedness which the present division of labour stamps on each one of them. Thus the communist organisation of society will give its members the chance of an all-round exercise of abilities that have received all-round development....

This statement is remarkable for what it implies about our topic. After the proletarian revolution, Engels clearly says, "the common management of produc­tion" will not be possible! The reason is not that the proletarian state does not have power to wrest all property from the bourgeoisie, or that it does not have the technological cadre for the central planning of production. The reason is quite simply that the working people themselves, the direct producers, do not have the education and skills that would be required for this communist organization of society. There is no suggestion here that, in the meanwhile, this project could be managed by a technological elite, such as might be gathered together in a state central planning ministry. "Common management" means just that, management by the society as a whole, not by a particular body of experts engaged in "central planning".

Five points are made: 1) In the immediate aftermath of the proletarian revolution "common management" of production will not be possible. Hence, market production will persist while property relations change gradually. 2) Such market production is nevertheless increasingly conscious or planned, to the advantage of the working people. 3) When "industry carried on in common and according to plan" does becomes possible, thanks to the education of the popula­tion, it will be common management, not management by an elite central planning body of economic technocrats. 4) Capitalist production itself points in this direction, since the rigid division of labor and hierarchy of management character­istic of capitalist organization has already, thanks to machine production, become obsolete. 5) It is implied that the post-capitalist society must be divided into two stages. There is a first stage in which market relations involving capitalist enterprises continue to exist, while property passes gradually into the hands of the proletarian state primarily through economic means, with socialist enterprises successfully competing against capitalist ones. And there will be a second stage in which common management of the economy will be effected by the working people themselves. In Engels' conception, monetary-market relations will cease to play a significant economic function only with the later stage. Both the state and the market will wither away. But at no point will there be a system of central planning comparable to what existed in twentieth century socialist societies.

Capital and the First Conscious Reaction of Society to the Unfettered Market

This argument about the nature of the post-revolutionary society is supported by a reading of Marx's central work, *Capital*. The logic of Marx's *Capital* consists in a step by step investigation of the categories or structures of capitalism from the most general or abstract level to increasingly concrete levels. This analysis contains not only a structural investigation, but an investigation of the developmental dynamics of capitalism. In this investigation, the historical prominence of the initial, relatively abstract structures of capitalism correspond 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. The analysis of capitalist development, furthermore, is more than what is sometimes understood by the "critique of political economy". I.e., it is more than a purely negative "refutation" of capitalism as an intrinsically contradictory system. Marxism is not a form of "nihilistic socialism". It does not take a purely negative stance toward capitalism regarded as something wholly evil, to be destroyed or summarily replaced by a fundamentally different entity. In Marx's "dialectical socialism", the new society is seen as emerging in and through the old one.[[16]](#endnote-16) *Capital* is a kind of theoretical ultra-sound for discerning the development, within the womb of capitalism, of the new society that will replace it.

Thus there is an evolution of the forms of organization of capitalism, both in respect to the way in which capitalists organize production within the factory, and in the corresponding way in which the relations between capitalist enterprises are organized. I.e., there is an evolution of the market itself, linked to changes in the way in which production is carried on. By examining the logic of the development of capitalist production and interconnected market relations, we can understand more concretely the way in which the capitalist market gives rise to the new relations of the future communist society.

First of all we should understand that the capitalist market system is only one stage in the history of market-related production. Capitalism is not identical with market production. It is market production of a particular kind. Before understanding complex capitalist commodity production, Marx argues, it is necessary to understand simple, non-capitalist commodity production. Market relations preexist capitalism, and so it is conceivable that they will continue in some form beyond capitalism. An understanding of the market relations of simple commodity production is necessary for understanding capitalism. But capitalism is a distinctive kind of market society. For the capitalist system of production and exchange to emerge a particular kind of commodity, and a particular kind of market, must appear on the scene. It is the commodification or marketization of the capacity of human beings to work that constitutes the essence of the capitalist system.

The early development of the industrial revolution in England coincided with the historical prominence of the tendency to extort surplus value in the simple, quantitative, absolute fashion. Resistance to the degradation of working conditions led to the rise of trade union struggles as well as to humanitarian protest against the dehumanization of workers. As a result, the Factory Acts fixed the length of the working day and limited the extent of child labor. Marx called the English factory legislation "that first conscious and methodical reaction of society against the spontaneously developed form of the process of production".[[17]](#endnote-17)

The Factory Acts represented a conscious limitation of the operation of the labor market by society as a whole. Thanks to laws controlling and regulating the operation of the labor market, working people freed themselves from the tyranny of the primitive, completely unregulated or "free" market that forced them and their children to work hours pushing to the limits of physiological endurance. At the same time this legislation was an intrinsic moment in the development of modern capitalism. It was "just as much the necessary product of modern industry as cotton yarn, self-actors and the electric telegraph."[[18]](#endnote-18) This limitation of the unfettered operation of market production was at the same time a development of market production, involving an expansion of the productivity of society. Instead of pushing their workers to the limits of physical exhaustion, capitalist manage­ment increasingly turned to technological innovation as a means of increasing productivity. Thus capitalist development itself refutes the idea that the "free market" is the best stimulus for the economy.

This first step in the conscious regulation of the market has been followed by others in the history of capitalism, from anti-trust laws to the establishment of the welfare state. With the current globalization of the market, capitalism seems to be returning to early nineteenth century conditions of unfettered market production, now on a global scale, overriding many of the national reforms of the nineteenth and twentieth centuries. National legislation that has regulated the sale of labor power needs to be reinforced by international laws. Such laws should protect the conditions of the sale of labor power in all countries, rich and poor. There is a heightened awareness, too, that ecological havoc caused by spontaneous market forces must be remedied by national and international legislation that takes into consideration what economists call the "externalities" of economic production, the hidden costs that do not (as yet?) appear in the "barometric fluxuation of the prices".

Cooperative Socialism

But there is a further stage in the evolution of the market suggested by all that has been said here, that distinguishes the liberal reformer of capitalism from the socialist revolutionary. This is the elimination of the market in labor altogether. Marx's *Capital* shows that this stage is not an arbitrary invention of utopians, but is itself a reality emerging within the development of the capitalist economy. In his study of the evolution of capitalism, Marx distinguished the early manufacturing system from the later factory system. The manufacturing system is one in which workers are specialized in one detail of the production process, using relatively simple hand-tools to perform their particular tasks. With the development of machine production properly speaking, Marx argued — following Engels' idea in the "Principles" — "the technical reason for the life-long annexation of the workman to a detail function is removed".[[19]](#endnote-19) The technical basis for the reduction of the worker to a narrow specialty, and at the same time the technical need for elite supervisors of labor who specialize in the production process as a whole, are overcome with the development of the machine. As machines take over the work formerly performed by the combined labor of many detailed handicraft workers, the technical reason for the despotism of the capitalist management of labor is eliminated.

The possibility emerges for a different kind of organization within the factory, one that does away with despotic capitalist relations, one that allows workers to supervise their own work process, returning in some sense to the self-directing work styles of previous societies. The development of automation pushes in the direction of this possibility. What remains after the introduction of machinery is of course is the non-technical reason for this hierarchical, despotic system of organisation of the workplace, the dominance of capital over the labor process with the objective of producing surplus value. Current forms of the "managerial revolution" that gives greater initiatives to the direct producers are heightened expressions of this tendency. Such reforms continually run up against the barrier posed by the autocratic decision-making power of the top management.

In the third volume of *Capital*, where the possibilities of a new mode of production are most concretely studied on the basis of empirical developments, Marx identifies the outcome of this dialectic. Marx writes in an analysis of the credit system that

The co-operative factories of the labourers themselves represent within the old form the first sprouts of the new, although they naturally reproduce, and must reproduce, everywhere in their actual organisa­tion all the shortcomings of the prevailing system. But the antithesis between capital and labour is overcome within them, if at first only by way of making the associated labourers into their own capitalist, i.e., by enabling them to use the means of production for the employment of their own labour. They show how a new mode of production naturally grows out of an old one, when the development of the material forces of production and of the corresponding forms of social production have reached a particular state. Without the factory system arising out of the capitalist mode of production there could have been no co-operative factories. Nor could these have developed without the credit system arising out of the same mode of production. The credit system is not only the principal basis for the gradual transformation of capitalist private enterprises into capitalist stock companies, but equally offers the means for the gradual extension of co-operative enterprises on a more or less national scale.[[20]](#endnote-20)

Marx points to a strategy of socialist organization that takes advantage of trends that are promoted by the self-transforming logic of capitalist development itself. In his inaugural address to the Working Men's International Association in 1864, Marx strongly supported the multiplication of cooperative factories. He warned, however, against thinking that this trend would by itself arrest "the growth in geometrical progression of monopoly". Despite the economic superiority of cooperatives,[[21]](#endnote-21) "the lords of the land and the lords of capital will always use their political privileges for the defense and perpetuation of their economical monopo­lies." The promotion of cooperatives must therefore be accompanied with a struggle for political power. "To save the industrious masses, co-operative labour ought to be developed to national dimensions, and, consequently, to be fostered by national means."[[22]](#endnote-22)

Between 1848 and 1864 Marx and Engels modified their conception of the economic strategy of the proletarian state in this respect: instead of calling for state property as the main form of transition from the old society to the new one, they saw the emergence of a cooperative movement as the most promising form of socialist property, as the starting point of the new society. The emergence of the factory system, the emphasis on the production of relative surplus value rather than absolute surplus value, and the corresponding regulation of the old unfettered market in labor power, together with the development of credit — enabling workers to buy their own factories — set the stage for the emergence of worker-owned cooperative industries.

Communism should not be regarded nihilistically as the negation of capitalism as an evil and its replacement by a radically different society. In their dialectical approach to understanding social reality, Marx and Engels once wrote, in the *German Ideology,* that: "Communism is for us not a state of affairs which is to be established, an ideal to which reality [will] have to adjust itself. We call communism the real movement which abolishes the present state of things."[[23]](#endnote-23) Hence Communism is a development already occurring within capitalism. Later, writing of the Paris Commune, Marx argues that the working people "have no ideals to realize, but to set free elements of the new society with which old collapsing bourgeois society itself is pregnant." [[24]](#endnote-24)

The elements that needed to be set free, as Marx saw things in the 1860s, were the cooperative enterprises of the workers. These are "the first sprouts of the new" growing up within the old form of society. But the soil for this growth had to be prepared. General conditions subjecting the free or primitive market to conscious control in the form of new rules for production and exchange had prepared the way for the emergence of such sprouts of the new society. A proletarian state would free such developments to follow their inherent logic, to allow for the generalization of cooperatives to a national, and international, scale.

The main lines of their position of 1848 remains. The crucial first step, without which the cooperative movement is bound to be frustrated, is the establish­ment of a proletarian government. Under the political conditions of a proletarian government, "socialist" enterprises can more fully demonstrate their superiority to capitalist ones in market place competition. Such market socialism is transitional to the full development of a society in which workers will control their productive activity in common. But it is already the beginning of such a society, since with the progressive elimination of the market in creative human beings, what remains of the market no longer regulates production with the heartless brutality of a nature-imposed necessity. The market that remains for workers who work for themselves is a market that is increasingly subject to human consciousness. It is a market that is consciously used for human welfare.

Moore Vs. Marx

In *Marx Vs. Markets*,[[25]](#endnote-25) Stanley Moore argues that Marx supported market socialism in the *Communist Manifesto*, but later, in *Capital* and the *Critique of the Gotha Program*, he abandoned this idea and proposed a non-market socialism. Moore is right, as we have seen, that the post-revolutionary order proposed by the *Manifesto* is one of "market socialism". So strong is the evidence of a post-revolutionary market society that Moore believes that the *Manifesto* effectively abandons the idea of a non-market outcome of this process. Having discarded the philosophical-moral principles of his earlier work, Marx can find no effective empirical arguments, in the spirit of historical materialism, to support his earlier conclusions that capitalism must give way to a society without any commodity exchange whatsoever. However, in later writings, such as *Capital* and the *Critique of the Gotha Program*, Marx reversed himself, according to Moore. Dogmatically reaffirming the anti-exchange conclusions of his youth without their moral premises, Marx jettisoned the market-socialist position of the *Manifesto* which allegedly contradicts such conclusions.

But in the perspective we have described, there is no inconsistency between the positions that are at least implicit in the *Manifesto* (read together with the "Principles") and those of the later writings. The long-range goal of the post-revolutionary society is a non-market communism. But this does not exclude a lengthy period of "market socialism" as an intermediate stage that is preliminary to the achievement of this final goal. It is true that Marx (and Engels) had little to say in that work in defense of the final goal of a society based on "the free development of each". But *Capital* and other later works that present more complex arguments about the end of commodity production continue to suppose the existence of an intermediary market-oriented socialist stage.

The passages cited on cooperatives presuppose just such a conception. Cooperative factories are described as the first sprouts of the new society. Clearly they have come into existence and operate in a market society. The first sprouts of the new society are enterprises producing for the market. What emerges within capitalism are what can be called "cooperative market socialist" enterprises. While noting the limitations of these enterprises, Marx nevertheless sees in them the beginnings of the new society. He does not reject them for their "bourgeois" imperfections. The proletarian revolution is needed to negate the negation that the capitalist state poses to these revolutionary developments, and to provide the political conditions that "foster" their full development. While the long-range perspective may be one in which market production ceases altogether, the immediate prospect for the post-revolutionary society is one in which market cooperatives are given a chance to flourish. Marx clearly does not display the negative attitude toward cooperatives as mere "huckstering" that was later deplored by Lenin in his essays "On Cooperatives".[[26]](#endnote-26)

 We have Engels' testimony that Marx in later life continued to support the idea of a post-revolutionary market socialist society. In his essay "The Peasant Question in France and Germany" (1894), Engels evokes the perspective of his "Principles":[[27]](#endnote-27)

As soon as our Party is in possession of political power it has simply to expropriate the big landed proprietors just like the manufacturers in industry. Whether this expropriation is to be compensated for or not will to a great extent depend not upon us but the circumstances under which we obtain power, and particularly upon the attitude adopted by these gentry, the big landlords, themselves. We by no means consider compensation as impermissible in any event; Marx told me (and how many times!) that in his opinion we would get off cheapest if we could buy out the whole lot of them. But this does not concern us here. The big estates thus restored to the community are to be turned over by us to the rural workers who are already cultivating them and are to be organized into cooperatives. They are to be assigned to them for their use and benefit under the control of the community. Nothing can as yet be stated as to the terms of their tenure. At any rate the transfor­mation of the capitalist enterprise into a social enterprise is here fully prepared for and can be carried into execution overnight, precisely as in Mr. Krupp's or Mr. von Stumm's factory. And the example of these agricultural cooperatives would convince also the last of the still resistant small-holding peasants, and surely also many big peasants, of the advantages of cooperative, large-scale production.

Although the long-range perspective may be one in which market production disappears, the immediate post-revolutionary society involves continuing market production. A mixed state-cooperative form of ownership is suggested here, as large estates are to be turned over to farm workers who will run them as coopera­tives, while legal ownership of land is held by the community. The transformation of capitalist into "social" enterprises does not depend on the creation of a central­ized system of planning, but simply on the transfer of legal ownership to the community and of direct control to the workers working in the enterprise.

A variety of forms of property is proposed for the post-revolutionary society. Although large-scale capitalist property will be eliminated, there will remain, together with cooperatives, small-scale capitalist firms, rich peasants with some employees, small-scale peasants and self-employed. The small peasantry should learn the advantage of voluntarily combining into cooperatives through economic necessity and example. Cooperatives will be able to produce more cheaply; cooperative workers will earn more, and work under better conditions. If example is insufficient, market-place competition, we may surmise, will force individual peasants to form cooperatives, with the encouragement and help of the socialist state.

Engels attributes to Marx the notion of compensating the big capitalists and landowners. He has to make a special point of this in view of the fact that explicit mention of this idea was dropped in the *Manifesto*, perhaps because of the slim prospects, in 1848, for a peaceful proletarian revolution. But we know that this was his own proposal in the "Principles".

Critique of the Gotha Program: Producers Do Not Exchange Their Products

It seems highly improbable that Marx rejected the market socialist position of the *Manifesto* for a fundamentally different view of the post-revolutionary society. In the German preface to the *Manifesto* of 1872, Marx and Engels wrote that "the general principles laid down in this *Manifesto* are, on the whole, as correct as ever. Here and there some detail might be improved."[[28]](#endnote-28) So momentous a difference as suggested by Moore between Marx's views of 1848 and those of later years would certainly fall under the heading of "general principles" rather than matters of detail. Marx and Engels do say that some of the practical measures of the Communist program had become outdated, and should be revised in connection with changed historical conditions — most notably, in light of the Paris Commune of the previous year. But this idea, they add, is one of the principles enunciated in the *Manifesto* itself.

The most persuasive basis for Stanley Moore's belief that Marx later rejected his early support of market socialism is found in Marx's *Critique of the Gotha Program*. This has become the classic text for Marx's thinking about communist society, although it consists of what Marx called "marginal notes" on the founding program of the German Social Democratic Party, was hurriedly written, and was not intended for publication.

Marx writes clearly and in a way that seems to allow of no doubt that there will be no commodity production, no market, in communist society:[[29]](#endnote-29)

Within the collective society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labour employed on the products appear here as the value of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labour no longer exists in an indirect fashion but directly as a component part of the total labour. The phrase `proceeds of labour', objectionable even today on account of its ambiguity, thus loses all meaning.

In the light of all that has been said so far, one is tempted to argue that the elimination of production for exchange does not apply to the immediate post-revolutionary society, but to the future goal of that society, when "common management" will be possible. If what has so far been argued reflects Marx's consistent opinion, this paragraph should apply to what I have called the second stage of the post-revolutionary society, not to the first. If so, it would be compati­ble with the existence of a prior "market socialist" stage. This interpretation seems to be suggested by the final sentence, in which Marx contrasts the possible meaningful­ness "today" of the phrase, "proceeds of labour", with its meaningless­ness in the future "collective society".

What seems to undermine this interpretation is the fact that immediately after the above paragraph, Marx gives his account of what he calls the first phase of communist society:[[30]](#endnote-30)

What we are dealing with here is a communist society, not as it has developed on its own foundations, but on the contrary, just as it emerges from capitalist society, which is thus in every respect, economically, morally and intellectually, still stamped with the birth-marks of the old society from whose womb it emerges.

This passage clearly expresses Marx's dialectical conception of socialism. The new society arises out of the old one, and is stamped by its origins "in every respect". And yet this passage directly follows the one in which Marx declares that "the producers do not exchange their products". How could such a situation of non-exchange emerge directly from capitalism? One might be excused for believing, on the basis of this text, that there was a radical change in Marx's views regarding the post-revolutionary society, a change which seems little compatible with the dialectical approach of "emergence" that is otherwise defended. The passage suggests that the revolutionary workers' government should, practically overnight, seize all the instruments of production and direct their operation with no dependence on market exchange.

But such an interpretation overlooks another famous passage from *The Critique of the Gotha Program*:[[31]](#endnote-31)

Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. Corresponding to this is also a political transition period in which the state can be nothing but the revolutionary dictatorship of the proletariat.

The phrase "dictatorship of the proletariat" has so mesmerized readers that the significance of the entire paragraph may be easily overlooked. The following points are made: 1) before the emergence of the communist society described above there will be a distinct period of revolutionary transformation from capitalist into communist society; 2) this transitional period should be viewed in two respects: a) in respect to the political power of the proletariat, and b) in respect to the non-political, i.e., socio-economic, process to which the political or state power "corresponds".

This paragraph in fact delineates the historical space to which the program of the "Principles" and the *Manifesto* belongs. Moore's main mistake is to confuse this period of "transformation" with that of the first phase of communism.[[32]](#endnote-32) Marx never changes his mind that a non-commodity-producing, communist society does not appear overnight with the proletarian revolution, but only after a transitional period of transformation from capitalism into communism. This transitional period, Marx unfailingly stresses, requires the "dictatorship" or state power of the proletariat. Without political power in the hands of the working class, the sprouts of the new society already developing in capitalism will not be permitted to develop their full potentiality. But this means that the transitional period is not exhausted by its political character. In the dialectical framework of Marx, the role of the proletarian state is not to create a new society, but "to set free elements of the new society with which old collapsing bourgeois society itself is pregnant".

Program of the Paris Commune

A fuller citation, from Marx's work on the Paris Commune, *The Civil War in France*, deserves noting:[[33]](#endnote-33)

If co-operative production is not to remain a sham and a snare; if it is to supercede the Capitalist system; if united co-operative societies are to regulate national production upon a common plan, thus taking it under their own control, and putting an end to the constant anarchy and periodical convulsions which are the fatality of Capitalist produc­tion — what else, gentlemen, would it be but Communism, "possible" Communism?

The working class did not expect miracles from the commune. They have no ready-made utopias to introduce *par décret du people* [by the people's decree]. They know that in order to work out their own emancipation, and along with it that higher form to which present society is irresistibly tending by its own economical agencies, they will have to pass through long struggles, through a series of historic processes, transforming circumstances and men. They have no ideals to realize, but to set free elements of the new society with which old collapsing bourgeois society itself is pregnant.

No revolutionary decree after the seizure of power is going to create an ideal, i.e., communist, society. Writing here of the work of the proletarian government of the Paris Commune, Marx essentially repeats ideas of the *Manifesto*, more fully elaborated in the "Principles". The proletarian revolution will inaugurate a period of transformations — transformations of economic conditions and of human beings. This is the period of revolutionary transformation briefly mentioned a few years later in *The Critique of the Gotha Program*. The practice of the Commune verified Marx's earlier analysis in *Capital*. The socio-economic starting point of these processes are those sprouts of the new society that have been developing within the old, the cooperative production of the workers. These are cooperative societies producing for a market. Cooperative production, liberated from the constraints placed upon it by the capitalist state and encouraged by measures taken by the Communal government, develops more rapidly.

The Commune did not abolish the market or even capitalist production. It moved to make market production subservient to human needs, by regulating and moving to abolish the market in labor. Marx mentions some of these regulations. Nightwork for journeyman bakers was abolished. Employers lost their dictatorial power to fine workers. Workshops and factories that were closed by owners, either because they absconded or were engaged in capital strike, were made over to workers' associations to be run as cooperatives. The peasantry was to be freed of onerous taxes and debt, and, thanks to the worker-based salaries of politicians, provided with one of its favorite traditional demands, "cheap government". The financial measures taken by the Communal government were "remarkable for their sagacity and moderation".[[34]](#endnote-34)

Marx was particularly impressed with the political reforms undertaken by the Commune. The Commune brought the state closer to the people by limiting salaries of representatives and introducing the right of recall. Here, Marx stressed, the Commune went significantly beyond the program of the *Manifesto*. But the general principle underlying the economic program of the *Manifesto* remains. The first steps are taken to launch society in a new direction. A whole series of later developments will have to be worked out in step-by-step fashion as these changes call for additional ones.

Significantly different is the greater degree of worker self-management compared to what Marx and Engels projected for 1848. The direction of revolu­tionary change consists in facilitating those sprouts of the new society already developing in the old one. Rather than the "state market socialism" of the *Manifesto*, this is a "cooperative market socialism" which deliberately limits the powers of state inherited from the old society. Rather than fundamentally shifting power to the state for purposes of managing the economy, as in the "state command socialism" of the later Soviet period, power is turned over more fully to workers both to defend themselves against arbitrary decree of their employers and to manage their own economic associations in a regulated market context. The ready-made machinery of the bourgeois state must be substantially changed so that there is greater control over the political representatives whose job in the economic field involves facilitation of this growth of worker-managed cooperatives. This is a far cry from the state socialism that Stalin installed in 1929. But it is also not a system of democratic central planning, as others have suggested.[[35]](#endnote-35)

Marxist Market Socialism

In the "Principles" and the *Manifesto* two "stages" of the post revolutionary experience could be distinguished, the first being generally transitional to the second, which is the goal of the post-revolutionary transformations. I used the expression "stages" so as not to coincide exactly with what Marx calls, in *The Critique of the Gotha Program*, the two "phases" of the communist society. Marx in fact has three "periods" in his prognostication of the post-revolutionary society: the period of revolutionary transformation, and the two phases of the communist society that emerges out of this transformation. Proletarian state power is necessary only during the first of these periods, when distinctly capitalist elements will continue to exist side-by-side, and in competition with, socialist elements. Such competition should be peaceful economic competition after an initial period of possibly violent clashes.

How do the two "stages" of the "Principles" and the *Manifesto* relate to Marx's later delineation of three "periods"? It would seem that the first phase of communist society is not yet that of the *Manifesto*, in which "the free development of each is the condition for the free development of all." The state of affairs that characterizes the first phase of communism is one in which work continues to be a necessity imposed on workers for the sake of earning a living. It has not yet become "life's prime want", as Marx says of the second phase of communism. In the language of *Capital* we are still dealing with "the realm of necessity":[[36]](#endnote-36)

Freedom in this field can only consist in socialised man, the associated producers, rationally regulating their interchange with nature, bring­ing it under their common control, instead of being ruled by it as by the blind forces of Nature; and achieving this with the least expendi­ture of energy and under conditions most favourable to, and worthy of, their human nature. But it nevertheless still remains a realm of necessity. Beyond it begins that development of human energy which is an end in itself, the true realm of freedom, which, however, can blossom forth only with this realm of necessity as its basis. The shortening of the working-day is its basic prerequisite.

So the first phase of communism would seem to fall within the first stage of the post-revolutionary society as suggested in the *Manifesto*, but perhaps outside of the transitional stage described in the "Principles" which concludes with the common management of production.

In the post-revolutionary society, two processes are occurring side by side. On the one hand, capitalist enterprises are diminishing in number, while the socialist ones are increasing. At the same time, a different dynamic is taking place. Workers are developing the skills and education necessary for them to comprehend and direct a complex modern society. A third element should be factored into these processes. Technological development is advancing, greatly increasing the productivity of labor, freeing workers from the drudgery of machine labor, and making possible free labor. We might add that technological development also tends to create growing interconnected complexes of production that replaces production by technologically independent entities.

The pace of class transformation does not necessarily coincide with that of technological and social-psychological development. Marx's distinction between two phases of communism supposes that class divisions will be overcome before the development of a level of productivity that makes possible a predominance of free, creative work. And yet during this period "the associated producers" are capable of "rationally regulating their interchange with nature, bringing it under their common control". *I.e.*, the first phase of communism involves the "common management of society" of the “Principles”, which we see as a less lofty goal than that of fully developed communism. But if we follow Engels' argument, such common management depends on the development of the abilities of workers to manage their own affairs, in conjunction with technological development.

 These technological and subjective conditions for such common manage­ment of society may not be in place with the end of class divisions. It seems reasonable, therefore, to suppose that a period could exist after the disappearance of significant capitalist ownership, yet before common management of production has developed to the point of replacing significant market production. Such a period of "pure market socialism" coming after the "mixed socialist-capitalist society" that immediately follows the revolution would be consistent with the dialectical logic of post-revolutionary developments. The period of "transformation of capitalism into communism" might therefore itself have two "phases", one in which capitalist enterprises are important, and one in which cooperatives predomi­nate, but still having significant capitalist qualities and relying significantly on market production.

Six Moments of Communist Development

Central to the Marxist dialectical method is the idea of historical change and development. Marx did not elaborate a fixed notion of communism to place in contrast to capitalism. He saw these two antitheses in dynamic opposition. Between the two extremes there are intermediate connections. Our presentation here has in fact identified five stages of communist development in Marx's work — with the possibility of a sixth stage of pure market socialism interpolated at one point. Let us enumerate these moments of the single process of communist development. 1) The Factory Acts were the "first conscious and methodical reaction of society against the spontaneously developed form of the process of production". These and comparable forms of regulating market exchange can be said to sow the seeds of the new society. 2) The "first sprouts" of this society were cooperative enterprises, including factories and farms, in which workers became employers of their own labor, and proved that they can compete successfully with capitalist enterprises in a market framework.

3) The third stage is that of the post-revolutionary period of transformation of capitalism into communism. This is a time of rapid growth of the new society, which gains strength in its contest with the old one, a contest taking place under the new rules enforced by the proletarian state. This contest is not only a political fight, but a socio-economic competition as well. Viewed narrowly this stage ends with the elimination of capitalist ownership of the means of production. 4) With the eventual elimination of capitalist ownership, a fourth stage is possible. Capitalist production no longer exists, but at the same time commodity production continues to play a significant role because more directly conscious methods of organizing production have not yet emerged. Workers may not have the abilities to direct their affairs themselves, or conditions of technological development have not required direct society-wide cooperation.[[37]](#endnote-37)

5) Communist society now stands as a systematic totality. Cooperative production has developed to the national, and perhaps international, level. But this society still has many "bourgeois" defects (as Lenin later stressed).[[38]](#endnote-38) It is still stamped "in all respects" by its capitalist origins, according to Marx. This characterization of the first, immature phase of communist society recalls Marx's similarly deprecatory characterization of the sprouts of the new society as reproducing "all the shortcomings of the prevailing system". We should pause to examine this moment more carefully.

The Communist Market

It would be a mistake to regard the "bourgeois" features that still character­ize the new society as purely negative vestiges of the past, as the term "birthmarks" might suggest. Marx focuses on the necessity of "bourgeois right" as a standard of justice during the first phase of communism, by which he meant that workers should receive compensation according to the quantity and quality of their work. This "bourgeois" feature is of positive importance for the development of the new society. Just as capitalist society made use of institutions of feudalism during its early development, until it was capable of replacing these with institutions appropriate to its own nature, so communist society continues to make use of institutions inherited from capitalism until it is able to replace these with methods of organization that more fully reflect its own essential nature. Why then should not communism, in its infancy, make use of the market?

"Within the collective society based on common ownership of the means of production, the producers do not exchange their products..." Marx apparently dismisses market production altogether, even for the first phase of communism. And yet Marx goes on in fact to describe a *de facto* system of exchange. Workers receive "certificates" based on their labor, and with these they purchase goods on some sort of market. Marx insisted that "labor money" "is no more `money' than a ticket for the theatre."[[39]](#endnote-39) And yet if it is not money in the full sense of the term, it does fulfill some of the functions of true money. Similarly, if there is no market in the full sense, there is a limited or restricted market in communist society during its first phase.

Marx explains that because we are dealing with a cooperative society the labor of the individual is not validated indirectly, through the relatively autono­mous "decisions" of the market. What does this mean? In the fully developed market society of capitalism, producers operate independently of one another, and only when they come to sell their goods do they learn, by the fact of selling their product, whether their production has been socially useful. What then will be the situation for the cooperative society? Instead of being dependent on the sale of goods, the labor of the individual is directly validated at the work-place. Workers receive certificates indicating that they have earned the equivalent of so many hours of labor. The "money" they receive is probably not like a theater ticket, or a ration book, earmarking the purchase of certain types of goods. Rather it is more like a certificate of merit, stating that a certain person earned by work the equivalent of so many units of value, which, for old times sake, may be called dollars. Here it has become illegal for individuals to accumulate money from the work of others. Hence "money" is personalized. One can only spend what one has earned by one's own labor. The bearer of the certificate, or computerized purchase card, then spends this limited form of "money" on whatever he or she wants.

Suppose that despite all efforts to foresee eventualities some item has been produced in larger quantities than desired, or even proves to be altogether undesirable. In a commodity producing society in the strict sense, such a result can be calamitous. Under conditions of commodity production strictly speaking, the labor spent on the production of such goods has no real social value. Such labor turns out, *post factum*, to have been worthless. The small commodity producer gets nothing and, without the aid of friends and relatives, perhaps starves to death. The capitalist producer may face bankruptcy, but before that workers at least are laid off. The fired worker bears the full impact of this failure of produc­tion to coincide perfectly with consumption.

In the cooperative society, by contrast, the labor of the individual is directly considered to be part of the total social labor. The fact that some of this labor will be useless is an anticipated cost to the society as a whole. This cost, which is more or less inevitable, is not to be wholly borne by the unfortunate individuals directly involved, but by the society as a whole. So there is no calamity for the producers of these unwanted or economically unfeasible goods. Their labor is still "good". Of course adjustments in production will have to be made in the light of such signals coming from this "market", so that the amount of such socially useless labor is reduced to the minimum. Some new mechanism will be necessary to replace that which had once operated like "the blind forces of Nature", bringing unemployment and even death in its wake. New mechanisms of adjustment will be needed so that the interchange of human beings with nature will take place with "the least expenditure of energy and under conditions most favourable to, and worthy of, their human nature".[[40]](#endnote-40)

Consequently, in the communist society in its lower phase, while there is no money in the full sense, and, in the strict sense of Marx's definition, there is no exchange, there is still a restricted form of money and a restricted form of exchange. Similarly, if the state in the full sense no longer exists, because classes have been eliminated, there are still "state-like" functions, ensuring for example that necessary work is performed and rewards are distributed according to that work. These two vestiges of the old society, money and the state, continue to play a positive role in the newly emerged communist society.

6) Eventually we will reach a sixth stage of fully mature communist development, when the free development of each person will be the basis of the free development of society. We might be tempted here to rest our efforts to find traces of market production in post-capitalist society. The forms of exchange of free labor, no longer constrained by necessity, will have little in common with the alienated mediations of Wall Street. But if we take Marx's dialectical approach seriously we should recognize that this stage does not merely follow the others but permeates the entire process. Communism is "the real movement which abolishes the present state of things". The final goal of communist development is not a future utopia. It is the maturation of an on-going process of humanity struggling to free itself from its own self-alienation, and using that very alienation as a means of its liberation.

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1. . James Lawler, "Lenin and the Dialectical Conception of Socialism", in *Socialist Future*, London: April, 1995, 11-19. [↑](#endnote-ref-1)
2. . Karl Marx, Frederick Engels, *Collected Works*, Volume 6, Progress Publishers, Moscow, 504. Afterwards, this collection will be abbreviated as MECW, with the volume number. [↑](#endnote-ref-2)
3. . Stanley Moore, *Marx Versus Markets*. University Park, Pennsylvania: The Pennsylvania State University Press, 1993. Cf. pp. 66-67. [↑](#endnote-ref-3)
4. . MECW, Volume 6, 504. [↑](#endnote-ref-4)
5. . *Ibid.*, 505-6. [↑](#endnote-ref-5)
6. . Engels to Marx, 23-24 November, 1947, from MECW, Volume 38, 149. [↑](#endnote-ref-6)
7. . Engels, "Principles of Communism", in MECW, Volume 6, 351. [↑](#endnote-ref-7)
8. . *Manifesto*, in MECW, Volume 6, 498: "In this sense, the theory of the Communists may be summed up in the single sentence: Abolition of private property." Significantly, this phrase is qualified in the previous paragraph. Marx and Engels are anxious to join with the existing communist movement, while giving to it an interpretation that may in fact contradict that of other would-be communist leaders. See James Lawler, "Marx's Theory of Socialisms: Nihilistic and Dialectical", in Louis Pastouras, ed., *Debating Marx*. Lewiston, New York: Edward Mellen Press, 1994. [↑](#endnote-ref-8)
9. . "Principles", MECW, Volume 6, 351. [↑](#endnote-ref-9)
10. . *Manifesto*, MECW, Volume 6, 505. [↑](#endnote-ref-10)
11. . As argued by Moore, *op. cit.*, 7. [↑](#endnote-ref-11)
12. . *MECW*., Volume 6, 350. Stanley Moore translates: "compensation in the form of bonds." *Op. cit.*, 7. [↑](#endnote-ref-12)
13. . *Ibid*., 350 [↑](#endnote-ref-13)
14. . Karl Marx, *Capital*, Volume 1 (New York: International Publishers, 1967), 645. [↑](#endnote-ref-14)
15. . "Principles", MECW, Volume 6, 353-4. [↑](#endnote-ref-15)
16. . For my distinction between nihilistic and dialectical socialism, see Lawler, 1994, *op. cit*. [↑](#endnote-ref-16)
17. . *Capital*, *op. cit.*, 480. [↑](#endnote-ref-17)
18. . *Ibid.* [↑](#endnote-ref-18)
19. . *Ibid.*, p. 368. [↑](#endnote-ref-19)
20. . Karl Marx, *Capital*, Vol. III (Progress Publishers, Moscow, 1966), p. 440. [↑](#endnote-ref-20)
21. . The higher profit levels of cooperatives are cited in *Capital*, Vol., III, *op. cit*., 388. [↑](#endnote-ref-21)
22. . MECW, Volume 20, 12. [↑](#endnote-ref-22)
23. . MECW, vol. 5, 49. [↑](#endnote-ref-23)
24. . MECW, vol 22, 335. [↑](#endnote-ref-24)
25. . Stanley Moore, *Marx Versus Markets*, University Park, Pennsylvania: The Pennsylvania State University Press, 1993. [↑](#endnote-ref-25)
26. . Lenin wrote, in support of the market socialist system introduced by the New Economic Policy, that it was possible "to build a complete socialist society out of co-operatives, out of co-operatives alone, which we formerly ridiculed as huckstering..." Lenin, V.I. 1971. *Selected Works*. Vol. 3. (Moscow: Progress Publishers), 761. See Lawler, 1995, *op. cit*. [↑](#endnote-ref-26)
27. . Engels, Frederick. 1949. "The Peasant Question in France and Germany." In Karl Marx and Frederick Engels, *Collected Works*, Vol. II (Moscow: Foreign Languages Publishing house), 397. [↑](#endnote-ref-27)
28. . MECW, Volume 23, 175. [↑](#endnote-ref-28)
29. . MECW, Volume 24, 85. [↑](#endnote-ref-29)
30. . *Ibid*. [↑](#endnote-ref-30)
31. . *Ibid*., 95. [↑](#endnote-ref-31)
32. . By contrast to the position of the *Manifesto* Moore (*op. cit.*) argues that "According to the *Critique*, an immediate task of proletarian revolution is to abolish commodity exchange." (8) He writes that Lenin's later terminology, identifying Marx's first phase of communism with "socialism", "obscures a major difference between the classless transitional economy described in the *Critique* and that suggested by the *Manifesto*. The latter, like capitalism, is an economy of commodity exchange. The former, like the other economies described as free from fetishism, is not." (40) Moore concludes that Marx changed his mind about the nature of the transitional economy. But this is to overlook Marx's indication of a place for a transitional economy prior to the "emergence" of the communist society, in its first phase. It is Moore who calls this first phase of communism a transitional economy, not Marx. If the first phase of communism can also be regarded as transitional, this is a kind of different transition from that "between capitalist and communist society". Showing the consistency in Marx's work, however, does not reply to Moore's main point, that Marx failed to demonstrate the necessity of a non-commodity producing society. A reply to that argument is implicit in our presentation: Marx's strict definition of commodity production does not rule out the existence of socialist or communist forms of exchange, while communism cannot be characterized in terms of central planning, as Moore suggests (e.g., on p. 30). [↑](#endnote-ref-32)
33. . MECW, Volume 22, 335. [↑](#endnote-ref-33)
34. . *Ibid*., 339. [↑](#endnote-ref-34)
35. . E.g., Darrow Schecter, *Gramsci and the Theory of Industrial Democracy* (Brookfield, Vermont: Gower Publishing Co. 1991), 17-18. See Lawler, 1994, op. cit. 174-179. Schecter dwells on a contradiction between democracy and alleged central planning by the council system, which he mistakenly supposes to have been installed by the Commune and recommended by Marx. [↑](#endnote-ref-35)
36. . Marx, *Capital*, *op. cit*. 820. [↑](#endnote-ref-36)
37. . Stanley Moore *(op. cit.)* suggests such a fourth stage in his presentation of the projected developments in the *Manifesto*. He sees a period in which socialist and capitalist sectors coexist, and one in which there is a classless "socialist economy, combining markets with planning." (67) This is speculation, in both his own and my reconstruction, though a reasonable projection about the period which I identify as a gap left open in the text of the *Manifesto*. But it is unnecessary to compare this projected fourth stage to the non-commodity society of the *Critique of the Gotha Program*. In the theory of the *Manifesto*, the logical eventuality of this fourth stage still falls short of the goal of the *Manifesto*, the society based on free labor. In the theory of the *Critique* both stages identified by Moore can be situated in the period of transformation which precedes the emergence of Communist society properly speaking. [↑](#endnote-ref-37)
38. . Cf., Lawler, 1995. [↑](#endnote-ref-38)
39. . Capital, Volume 1, 94. [↑](#endnote-ref-39)
40. . My own interpretation of the first phase of communism is more amenable to a market interpretation than Moore *(op. cit.)* proposes. But this is not a market in commodities in the sense identified by Marx where commodity production supposes separated or isolated units of production. This interpretation may suggest a convergence of my fourth stage of "pure market socialism" and Marx's first phase of communism. However, I believe there is plenty of room, logically and historically, for phases of development of "market socialism", with more or less proximity to the model of capitalism. A market socialist society will have to deal with the problem of the organic composition of capital. Capital intensive industries will earn more income for their worker-owners than labor intensive industries. The problem might be rectified indirectly by the state, through tax policies, or directly, as Marx suggests in the *Critique*, by labor certificates. In the former method, cooperative workers in the capital intensive industries would have a vestigial capitalist relationship to other workers, which would have to be corrected by the state. The method proposed by Marx is more advanced, more fully reflective of the cooperative nature of the society as a whole as well as less "state-interventionist", but may not be practicable before a more or less lengthy experience with more "primitive" forms of cooperation in which workers see themselves as private owners of their own industries. [↑](#endnote-ref-40)