

In Need of Alternatives

Problems and issues of non-capitalist
mixed economies

Edited by Attila Melegh

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Introduction

Between June 23–26 2021, a large number of organizations, including Karl Polanyi Center, *Eszmélet* Journal, Social Theory College in Budapest, Polanyi Institute, Geopolitical Economy Research Group, Institute of Political History Social Theory Research Group, The Study Group on Global Labour History and Social Conflicts – IHC Universidade Nova de Lisboa, Left East, Institutul pentru Solidaritate Socială, Working Group for Public Policy, Helyzet, For-dulat, CriticAtac, Transform Europe, and International Karl Polanyi Society organized a huge (500 participants) online event on the problem, history and future of non-capitalist mixed economies with the support of Rosa Luxemburg Stiftung. This was the first event in an upcoming series, which will focus on understanding historical and current forms of non-capitalist mixed economies with an eye on the future.¹

During this conference non-capitalist mixed economy models were understood as an eminently important historical experience, practical possibility and much needed prospect. The current moment of global capitalism and the evolving ecological crisis demands an organized and coherent response, one that is not limited to pushing back the forces of social and environmental destruction enhanced by the current epidemic, but aims at fundamentally transforming the unproductive and unjust structures of capitalism today. In this process, revisiting and learning from historical socialist achievements, and errors and helping coalesce, intensify, and spread the search for new models and mechanisms is essential. A single, largely academic conference cannot itself constitute such a process. However, it can set in motion the process of developing ideas towards those ends and to add to it what has already been and is being done.

There is much from which we can draw and rebuild. A hundred years ago the construction of a socialist economy was going ahead with full speed in Soviet Russia. The key theoreticians and politicians agreed that there was a need to combine creatively various sectors and types of economies (socialist planning and redistribution, large-scale

capitalist production and, very importantly, small-scale industrial and agricultural production) with an aim to move towards socialism. Ever since, socialist countries in the 20th and 21st centuries have constituted massive experiments on how to combine different economic logics and sectors, very often with great success, but sometimes with great difficulties.

However, the tradition of writings on these economies has petered out. Today, we think little about the interlinkages and dynamics of these economies. We need to refocus on them and work on theorizing their defining and common characteristics (as in various theories of state capitalism, planned economies, redistributive economies etc.). This is all the more important as even those adopting a Polanyian framework have thought little about how different modes of integration could and can coexist in a balanced manner.

Intellectual Perspectives: The Non-capitalist Mixed Economy as the Antechamber of Socialism

It is important to set the most important intellectual perspective when such a complex and much debated issue is on the agenda. For this purpose a specific memorandum was put together for the conference and the conference series. In this memorandum we, the editors of *Eszmélet* journal, set some organizing principles of our thinking concerning non-capitalism and mixed economy forms.

First of all and most importantly, there is no solution to the structural crisis of capitalism (poverty, unemployment, violence, wars, inequality, exclusion, the destruction of the environment) within the capitalist system. The alternative to capitalism can only be socialism, a world that goes “Beyond Capital” (Mészáros 2018). We recognise the many existing communities, who struggle against the rule of capital (indigenous communities, communes, alternative social forms all around the world). However, we do not know of any other social formation than socialism with the capacity of struggling successfully against the rule of capital on a global scale. Our conference was motivated by the practical goal of facilitating the elaboration and realization of this alternative; to search for and utilize the historical and theoretical experiences of the global economic-social experiments and anti-capitalist organizations in the spirit of a transnational cooperation.

We conceive socialism as the lower phase of the self-governing social and economic order (Communism), which goes beyond the structures of market economy. It is a system of productive and consumer communities, cooperatives organized voluntarily from below, which are new social organizations, functioning without the tutelage and suppression of either the bureaucratically organized state or capital. This means that socialism cannot be “introduced” from above. The alternative economic and managerial forms surpassing capitalism have a long history in all regions of the world, which shows that these are global attempts and no region has a special historical privilege in bringing them into life. Global capitalism leads to global responses. The essence of this search for alternatives is that we can now see the frames of a third road, *tertium datur* – as understood by György Lukács (Lukács 1985). This was a complex position and he distanced himself and the search for a new road not only from state centered “Stalinism” and capitalism in all its forms, but also mixing market and state socialism in a mechanical way and without the democratic control of workers and producers. This is essential today when we look at current examples of dual economies for instance in Asia regardless of their economic success. In our view, this “surpassing” consists of three, interrelated stages.

1. We have to support everywhere the unfolding of humanist social mass movements, which pave the way for democratically controlled collective property and the collective economic forms in all areas of human life, of course, primarily in the field of production and consumption.

2. Parallel to the establishment of the political-power conditions, which have to be fought out, a multisectoral mixed economy can be created, where the market, the households, the state-controlled and the communitarian sectors as economic forms coexist by simultaneously supplementing, balancing, rivalling each other in a socially integrated manner. In the spirit of democratic control and planning, the state supports and protects islands of socialism, where voluntarily organized cooperatives, work and labor associations, reciprocal communities produce and consume according to their own, *ex ante* (in advance and from below) planned specific needs and capabilities.

3. Capitalism never collapses on its own. Therefore, it is of crucial significance to develop and strengthen collective property both nationally and internationally because capital has historically destroyed, marginalized all initiatives based on non-private property and non-

profit logic. The global crisis forces us to think over anti-capitalist alternatives and to provide viable models which can be regionally and nationally translated into political programs. Historical experiences, the experiences of the collapse of the state socialist regimes show that workers defend only regimes where producers directly control collective property in various forms. Bureaucratic state control can easily lead to capitalist privatization and the betrayal of workers. Democratic economic control is the economic, political and social precondition of the creation of socialism and moving beyond capitalism and ultimately capital. Its functioning also serves as a cultural and educational school: the producers are forced to learn how to develop their skills and talents and they get used to coordinating their activities through mutually responsible cooperation.

Issues and Problems Addressed in This Booklet

We have collected a number of articles from the 30 excellent talks presented during the conference (available at www.karlpolanyicenter.org). Theoretical comparative global historical-sociological and political issues were raised with great erudition. It seems on this basis that balanced non-capitalist economies can take over the system of totalized markets which, following a neoliberal agenda set in the 1930s, has subordinated more and more social spheres.

Here we focus on some historical, and very importantly, some intellectual problems around the history and the ideational problems of socialism. As one of the most important issues, the first two articles take us back to the history of the Soviet Union. Tamás Krausz shows with great precision that by the 1890s Lenin not only developed a clear idea of multi-stage socialist historical options for the whole world, but specifically for a semi-periphery country. This idea is based on workers' control evolving not from political will, but from capitalist developments themselves. He was not only a founding figure in such thinking, but during and after the revolution he was able to maneuver among wide-ranging socialist goals and political practices without falling into the traps of forgetting strategic targets or short term realities. In his last works, he basically bequeathed a framework for how to think about transition to and defense of democratic socialist production in a semi-periphery country without any real concessions to capitalism, state capitalism and to mechanistic forms of state-socialism.

Concerning the history of socialism, Radhika Desai argues that money in socialism ceases to exist as a fictitious commodity (even in capitalism it is not a commodity well understood by Marx and even Polanyi). According to her, it served very important and sophisticated accounting purposes for a planned economy, beside counterbalancing capitalist systems and destructive attempts and practices for dollar denominated financializations that support the dollar's world predominance. This seems to be a key point when nowadays we see the crumbling of this dollar-based financial and political domination. It is also clear that non-capitalist mixed economies can hardly live together with such systems and thus their collapse is a positive historical development.

Péter Szigeti makes it clear that a mixed economy was possible in historically socialist systems as it was not guided by profit and did not operate through market allocation based on private property. Exactly because it needed political coordination and control, it could experiment with various, NEP and other types of mixed economies regardless of still existing commodity production lacking private appropriation. This control could also guarantee access to material and intellectual goods for poorer social classes and thus it provided a precondition for democratic rule. This necessary etatist phase could not be completed and continued as the control of workers and the democratization of the economy was not promoted to become a real historical force, which would have defended public and non-capitalist property in the longer run.

Raquel Varela raises another crucial point. The current capitalist conditions of labor make a key humanizing process (in Marxian and Lukacsian philosophy) a dehumanized burden. This dramatic sacrifice of insecurity (flexibilization, mental health issues, planned obsolescence of workers, alienation etc.) is made at the altar of securing profit and global capital mobility. This not only undermines workers' living conditions, but impairs the social basis of capitalism, whose situation can only change with the democratic control of workers. As evidenced by the Portuguese revolution in 1974, as Varela argues, workers had no issue of overburden during that democratic time regardless of spending much time and making huge efforts to sustain production at workplaces.

László Tütő reflects on what makes a system socialist in a positive sense, not just as a negation of capitalism. As he argues: "a society can be called socialist only if it enables the workers to create and

maintain a long-term, structurally safe social environment for their own subsistence” via forming associations and entering cooperatives. He reminds us that such a system can be a basis for love and mutual understanding as raised by Lukács in 1919 and warns us that wage workers have something to lose. Thus it needs to be made clear for them that they have to go beyond self-defense and to transcend the impersonal and objectifying relations of the capitalist economy and to reach mental and associational autonomy. We would like to add to this that such goals are to be set not only for the criticism of capitalism, but for thinking about future non-capitalist mixed economies and possible and viable models. Without such historically worked out visions we remain Lukács’ and Tütő’s hopeless intellectual parasites of the Grand Hotel Abyss. To contribute to making this new vision into a possible reality, we will continue with our conference series.

Budapest, 26 June 2021

Editors of *Eszmélet*

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Notes

- ¹ Recordings of the lectures given at this conference can be viewed on the YouTube channel of the Karl Polanyi Research Center: <https://www.youtube.com/channel/UCy7wH8pxin2KHO2oRVzNEhQ>
A full list of the lectures is available at the end of the volume. For more details about the event, please visit the website of the Karl Polanyi Research Center: <https://www.karlpolanyicenter.org/post/conference-on-non-capitalist-mixed-economies-theory-history-and-future>

Lenin's Socialism – From the Perspective of the Future

Some considerations

„If we are reading Lenin from the perspective of the future, it is not the streets and squares that must be occupied but the workplaces.”

Introduction

There is a great variety of theories and discussions on the views of V. I. Lenin on socialism as well as on his revolutionary *praxis*, which often leads to chaos and intellectual-theoretical confusions. The present paper seeks to clarify some contested issues.¹

Lenin's theory of socialism directly derives from the views of Marx and Engels, and it is manifest in his famous work, *The State and Revolution*.² Marx and Engels' theory on socialism was so important for Lenin that he never gave it up, not even in the period of war communism, when for a short time he thought that the measures of war communism could accelerate the transition to socialism.

It is obvious that the revolutionaries, including Lenin, had to change their views after the victory of the revolution, when they had to face a changed and unforeseen political-historical situation: after a bloody civil war and a Western military intervention, the Soviet Union was alone and had to navigate under very unfavorable, “objective” circumstances.

The Key Historical Problem of Socialism in Soviet Russia

Lenin outlined the whole problem of socialism through the historical development of relations of property and production, according to which the new socialist ‘communal society’ comes into being in

Russia and in the semiperiphery (Krausz 2020). Based on Marx's theoretical tradition, Lenin's interpretation of socialism outlined a higher form of communal ownership, direct control over workplace through the soviets of workers, the first historical ancestor of which was the Paris commune closely watched by Marx.

When following Marx, Lenin posited his own "three-step" concept in his *State and Revolution* – in which socialism, as the "lower phase" of communism, is preceded by a "transitional period" – he could not have known that the Russian Revolution would end up being isolated. As a result, *theoretical socialism* as a practical issue had to be put off the agenda and history moved toward the possibility of socialism in its peculiar *Russian form*, something he had wanted to avoid.

Thus, theoretical considerations and practical possibilities came into inevitable conflict already on the second day of the October Revolution. Taking a long term view of history, all great conflicts and contradictions have been rooted in this fact in one way or another. Lenin was conscious of the fact that "Russian backwardness" (its semi-peripheral development) facilitated the cause of the revolution, but it hindered the realization of socialism.

Most scholars agree that Soviet development has to be cut up into different periods based on economic-political criteria. The three periods following the October Revolution were the following: "market economy" that characterized the period until spring-summer 1918, the war communism of 1918–1920, and the "state capitalism" of the New Economic Policy (NEP) from March 1921 onward. These periods shaped Lenin's thought. At this point we need a short digression on the history of socialist history.

The Conceptual Origins of Socialism

In the first half of the 1890s, Lenin, contradicting Mikhailovsky in his *What the "Friends of the People" Are*, rejected all dreamy visions of socialism (LCW, Vol. 1, 129–332). He made it clear that Marx's work never painted any detailed prospects for the future: it confined itself to analyzing the present bourgeois regime, to studying the dynamic trends of development of capitalist social organization.³

Vladimir Ilyich Ulyanov, a young man from Simbirsk was 24 years old when he arrived at the clear exposition-interpretation of an alternative to capitalism; and it was a very important result especially if we

consider that until now we still have no other, theoretically consistent alternative to capitalism.

Above all and very early Lenin outlined the whole problem of socialism through the historical development of ownership. In his analysis the new communal society appears in modern history after the dissolution of ancient communities. It was a higher form of communal ownership, the manifestation of new “individual property”:

“The abolition of ‘individual property,’ which since the sixteenth century has been effected in the way indicated above, is the first negation. It will be followed by a second, which bears the character of a negation of the negation, and hence of a restoration of ‘individual property,’ but in a higher form, based on common ownership of land and of the instruments of labour. Herr Marx calls this new ‘individual property’ also ‘social property,’ and in this there appears the Hegelian higher unity, in which the contradiction is supposed to be sublated (*aufgehoben* – a specific Hegelian term)” (*LCW*, Vol. 1, 169).

Therefore, socialism as a philosophical and historical possibility has its inception with the beginning of modern capitalist society in the form of primitive capital accumulation. Lenin cited Marx at length on individual property coming into existence again, which now meant the shared ownership of the tools of production (see also Krausz 2015, 313). That is, the “labour-power of all the different individuals is consciously applied as the combined labour-power of the community” on a socialist basis, as a “community of free individuals”:

“Capital becomes a fetter upon the mode of production, which has sprung up and nourished along with, and under it. Concentration of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated” (*LCW*, Vol. 1, 169 and 171–172).

In the first volume of *Capital* Marx goes on like this:

“The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the

inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisition of the capitalist era: *i.e.*, on cooperation and the possession in common of the land and of the means of production” (Marx, 1887 C1, Ch 32).

So Lenin interpreted the developments of modern capitalism on this theoretical basis. The Taylorist system – without its initiators knowing or wishing it – is preparing for the time when the proletariat will take over all social production and appoint its own workers’ committees for the purpose of properly distributing and rationalizing all social labor. Large-scale production, machinery, railways, telephony – all provide thousands of opportunities to cut by three-fourths the working time of the organized workers and make them four times better off than they are today. And these workers’ committees, assisted by workers’ unions, will be able to apply these principles of the rational distribution of social labor when the latter is freed from its enslavement by capital (*LCW*, Vol. 20, 154). Based on experiences from colonialism to the First World War, Lenin already knew that there is no such boundary or limit in the process of capitalist reproduction and in general, the process of the endless accumulation of capital, which could automatically lead to the collapse of capitalism. The 1917 October Revolution would have had no meaning if the workers and peasants had not seized the ownership of workplaces and means of production, including land, through their Soviets.

Transitional Period: From Market Economy to War Communism

Central to Lenin’s thinking after October 1917 was how to preserve the hard-won power of the soviets. In practice this was never separate from the power of his party, which saw it as the political condition upon which continuing soviet power depended. He surveyed the practical possibility of communal-socialist proletarian ends from this point of view. The contradiction, which strained the tortuous daily battles for survival and keeping to the goals, increasingly placed the discrete problems of the so-called transitional period to the forefront. Such was the mass of problems he confronted at the first congress following the October Revolution. There, he drew attention to the particularity of their revolution: the situation was misrepresented to

make believe that some wanted to “introduce” socialism in Russia by decree, without considering the existing technical level, the great number of small enterprises, or the habits and wishes of the majority of the population; and, over and above, what Lenin underlined many times, the fact that 80% of the population was illiterate.

In his pamphlet, *The Immediate Tasks of the Soviet Government*, published as a Pravda insert on 28 April 1918, Lenin once again raised these same questions, and gradually formed his own position in light of the new situation (*LCW*, Vol. 27). The reason he attributed such grave importance to the difficulties caused by the “chaotic” situation was that “the military party, tempted by Russia’s momentary weakness... may gain the upper hand at any moment” in the West (*LCW*, Vol. 27, 237). He intended to establish a concrete economic alternative to market-dominated production in an “anarchically built capitalist society” and the “spontaneously growing and expanding national and international market” system, but which had not yet overstepped the limitations of the existing “mixed market economy” (*LCW*, Vol. 27, 238). True, he had already advocated “the strictest and universal accounting and control of the production and distribution of goods.” Since he spoke about “setting up an extremely intricate and delicate system of new organizational relationships,” whose realization was not merely a technical matter, it is natural that he did not envisage a complete and immediate termination of all market relations as “time is needed” to “convince the people” and “deepen the consciousness.” Lenin concluded that capitalism as a sector would have to remain standing. He said that “If we decided to continue to expropriate capital at the same rate at which we have been doing up to now, we should certainly suffer defeat,” and elsewhere that “the expropriation of the expropriators” is easier than introducing a new system. He believed that the Red Guard attacks on capital had drawn to a close and the period of “utilising bourgeois specialists by the proletarian state power” had begun (*LCW*, Vol. 27, 246, 248). He even strayed from every theoretical premise and declared unequivocally that these specialists must be engaged in the service of the new regime with “high remuneration.” Lenin described this “winning over the ‘stars’ of the intelligentsia” as a “step back” and a “partial retreat” when compared with socialist equality (*LCW*, Vol. 27, 248–250). In the same breath – and with great prescience – he spoke of a certain and inevitable corruption of this system, the weakening of its moral fiber as a sort of natural concomitant of the “market economy.” “The

corrupting influence of high salaries – both upon the Soviet authorities (especially since the revolution occurred so rapidly that it was impossible to prevent a certain number of adventurers and rogues from getting into positions of authority...) and upon the mass of the workers – is indisputable.” Yet he never found a convincing solution to this contradiction, always thinking in terms of “socialist” and “proletarian” consciousness and its persuasion, because they had not been able to establish “comprehensive control and accounting,” and had “fallen behind with the socialist reforms.” “We have introduced workers’ control as a law, but this law... is only just beginning to penetrate the minds of broad sections of the proletariat” (*LCW*, Vol. 27, 254).⁴ Essentially, the expansion of state regulation to capitalist production and turnover of goods (to the cooperatives as well) may become a fundamental question regarding financial and market conditions in the “transition leading to socialism”. In *The Impending Catastrophe*, he drew a clear line between state control of the bourgeoisie and the expropriation of private property that applied to the bourgeoisie, even arguing against expropriation in this specific case:

“If nationalisation of the banks is so often confused with the confiscation of private property, it is the bourgeois press which has an interest in deceiving the public. ... Whoever owned fifteen rubles on a savings account would continue to be the owner of fifteen rubles after the nationalisation of the banks; and whoever had fifteen million rubles would continue after the nationalisation of the banks to have fifteen million rubles in the form of shares, bonds, bills, commercial certificates and so on” (*LCW*, Vol. 25, 330).

The purpose of nationalization was to oversee financial and economic processes, the actual collection of personal income taxes, etc. Lenin contrasted reactionary-bourgeois regulation to revolutionary democratic regulation, with bottom-up control, with whose limitations he soon came face-to-face. He had already stipulated that the construction of the most modern heavy industry would require state-of-the-art technical-technological progress, to apply “much of what is scientific and progressive in the Taylor system; we must make wages correspond to the total amount of goods turned out, or to the amount of work done by the railways, the water transport system, etc., etc.” Lenin thought that the feasibility of socialism depended on the successes that could be achieved in the field of “combining

the Soviet power and the Soviet organization of administration with the up-to-date achievements of capitalism” (LCW, Vol. 27, 259). Apart from the cooperation and competition of economic sectors and modes of production, Lenin also spoke about the “competition of communes,” and etched out its moral driving forces more clearly than its material and economic bases. In contrast to the “allowances” made to market and financial conditions and the “bourgeois cooperatives,” the “socialist state can arise only as a network of producers’ and consumers’ communes, which conscientiously keep account of their production and consumption, economise on labour, and steadily raise the productivity of labour, thus making it possible to reduce the working day to seven, six and even fewer hours” (LCW, Vol. 27, 259).

Lenin had taken note of this, and by the spring of 1918, famine ravaged the cities. In fact, a political turn was outlined in May 1918, leading from a state-supervised mixed market economy to a dictatorship of state subsistence that swept spontaneously toward war communism. The latter, in the beginning, was determined and validated by the internal armed counterrevolution and interventionist military attacks.

NEP Versus War Communism: The State Against Capitalism for the Survival of Socialism as an Alternative

Left unexplained was that the matter does not simply rest on state power, for in war communism the state as a military force of authority, as a “deterrent to class enemies through dictatorial” power, acted as the mainspring of the economy. This had no roots in any form of Marxist theoretical tradition from Marx’s own time, and even contradicted his period’s idea of socialism. Lenin was not so naïve as to identify war communism with “complete socialism,” for he continued to believe that “as long as workers and peasants remain, socialism has not been achieved” (LCW, Vol. 30, 506). Lenin’s real theoretical mistake in 1919–1920 was that he overestimated the possibilities of socialization, of social supervision within the framework of nationalization, and underestimated the inveteracy of the market and money in a regulating role, a fact he later recognized. The “atmosphere” of the epoch, the romantic attitude towards the civil war, was also expressed in war communism’s compulsory egalitarianism.

War communism's focus was on the consolidation of the new military-power hierarchy under civil war conditions, even though it simultaneously exacerbated the economic situation. Meanwhile, Lenin held that socialism, as a system that had reached completion, would only be composed of voluntary associations of economically productive communities organized from below. It was still a state, though, for "there remains for a time not only bourgeois law, but even the bourgeois state, without the bourgeoisie" in order to defend the "equality of labor" and public property (*LCW*, Vol. 25, 471). Lenin differentiated between state and social-community property even at its inception; before the introduction of war communism, he believed that the productive classes would themselves have to create socialist conditions.

Just as war communism was not the application of a theory, neither was the NEP the experiment or exercise of one. The Soviet government implemented both war communism and the NEP under pressure of concrete circumstances, requirements, and needs – without foreseeing its internal or international effects. In both cases their ideologies – the theoretical justification of the "systems" – were developed either parallel to their introduction, or as a follow-up (though war communism incorporated a number of elements from German war economic policy, and the NEP included elements from the "market economy" of the winter and spring of 1918). The NEP meant substituting militarized production – including the ration system, strict state distribution, and the compulsory appropriation of grain – with money and market conditions, reinstating free trade and introducing taxes in kind. Often forgotten is that, at the same time, the partial reinstatement of capitalist conditions entailed a general social transformation, a restructuring of social classes and groups, and a change in their relationships.

The introduction of a market economy and "workers' democracy" – also proved to be a contradiction that could not be bridged. Significant segments of the laboring masses became tired of the sacrifices they were called upon to make and were demanding a "loosening of the bolts," but very few were in possession of the skills required for direct democracy. Lenin later expressed the necessity of the NEP, neatly and self-critically summarizing it at the 11th Party Congress in the spring of 1922: "We must organize things in such a way as to make possible the customary operation of capitalist economy and capitalist exchange, because this is essential for the people" (see Lenin's speech at the 11th Congress in March 1922, *LCW*, Vol. 33, 279).

With the ascent of the NEP, the question of socialism in Lenin's thinking was broadened by new elements and hypotheses. He made it clear that he was unwilling to become subject to his own party's propaganda, and he differentiated conceptually between the NEP period and socialism. The NEP came to be defined as an unpremeditated "transitional phase" within the transitional period. Lenin consciously took precautions not to make the same mistake, made during war communism, of attempting to give the conditions of the "war economy" legitimacy in socialist theory. Lenin had indeed made *state capitalism* central as part of the transition after the spring of 1918, but in a structured manner. The concept had an immediate political meaning. The Soviet state gave preferential treatment to organized large-scale capital and market-oriented state property rather than anarchic private property, the uncontrollably chaotic economy of the petit bourgeois (25 million small estates in place of a single large one!). The grounds for this were that "a capitalism overseen by the state" was the only solution for an "ordered retreat," and only state capitalism could replace bureaucratic war-communist centralism, which had also begot chaos. Of course Lenin called this a "retreat" compared with theoretical socialism; in concrete terms, he spoke about a step forward from the practice of economic policy under war communism. Just as he had described the transitional period's state as a "bourgeois state" without a bourgeoisie, he spoke about a state capitalism without a bourgeoisie coming into being as a consequence of the NEP, as long as (and along with other developments) "the state enterprises will to a large extent be put on a commercial, capitalist basis" (*LCW*, Vol. 42, 376).

For Lenin, Kronstadt and the peasant revolts (notably, the Antonovshchina) showed that war communism was dead. This was how the "pure form of state capitalism," which the Soviet government needed to function, came to be considered the opposite of war communism. Lenin marked out the purpose of the NEP in one of his last writings, *On Cooperation*: "to lease out concessions. In the prevailing circumstances, concessions in our country would unquestionably have been a pure type of state capitalism" (*LCW*, Vol. 33, 472). For Lenin, as he himself stressed, "the practical objectives were always of primary importance," and so he could only experiment with a theory that also reinforced the practical objective. Now what was essential to

him was precisely that a special type of capitalism had come into being in Russia, one previously unknown to history: “It was important for me to show the continuity between ordinary state capitalism and the unusual, even very unusual, state capitalism to which I referred in introducing the reader to the New Economic Policy” (*LCW*, Vol. 33, 472).

The concept of state capitalism is used in two senses here: on the one hand as a sector of a mixed market economy. On the other it is a term from formation theory denoting the economic method and arrangement for the transitional period and seen as a phase of it. It is a type of “state capitalism,” in quotes, that cannot be found in “any textbooks,” “nor in the writings of Marx and Engels”: “On the question of state capitalism ... our press and our Party make the mistake of dropping into intellectualism, into liberalism; we philosophize about how state capitalism is to be interpreted, and look into old books. But ... not a single book has been written about state capitalism under communism” (Speech at the Eleventh Congress of the R.C.P.(B.), *LCW*, Vol. 33, 277–278; Krausz 2007).

As early as in 1918, Lenin suggested that he used the term “state capitalism” for the relations of the *transitional period*. “State capitalism would be for us, and for Russia, a more favorable form than the existing one. ... We did not overrate either the rudiments or the principles of socialist economy, although we had already accomplished the social revolution. On the contrary, at that time in 1918 we already realized to a certain extent that it would be better if we first arrived at state capitalism and only after that at socialism” (*LCW*, Vol. 33, 420). It is not accidental that it caused a great upheaval amongst Marxists, when – following Tony Cliff – the term of state capitalism was transferred to the description of *state socialism*, which was established after the Stalinist turn.⁵

The Theory of Socialism and Its Practical Possibilities

Lenin’s speech at the 11th Party Congress stressed in particular that during the NEP period Russia would develop in the framework of a multisectoral mixed economy, in which the various forms of economy compete, and mobilize different social forces: “When I spoke about communist competition, what I had in mind were not communist sympathies but the development of economic forms and social sys-

tems” (LCW, Vol. 33, 287). These various forms – small proprietors, the state capitalist, state socialist, and self-governing cooperative sectors – formed a system of market economy, which meant that the direct realization of socialism as a system was taken off the practical-political agenda. In other words, the goal was the survival of socialism as a sector. Lenin’s theory of socialism is compatible with this coherent structure, in which each social-economic sector was composed of further subsectors and organizational forms of production and consumption. This multisectoral system came to a halt with the turn promoted by Stalin, which swept away the sectors of both market-capitalist and direct communal forms of production. State socialism came into being in 1929–1933 as a system derived from well-known historical circumstances. Then people started to call it socialism as the 1936 Constitution declared it.

During the 1920s the special characteristic of direct communal ownership and production was realized either in the form of voluntary associations or by way of state mediation, though only in a small fraction of agricultural and industrial units or fields. Lenin focused much of his attention at the end of his life on “self-governing” and “cooperative socialism” – the historical possibilities of an economic system built on direct democracy – which he called “islands of socialism.” The significance of the experiments with cooperatives was of immense importance to Lenin, because “this political power owns all the means of production, the only task, indeed, that remains for us is to organize the population in cooperative societies. ... Socialism ... will achieve its aim automatically” (*On Cooperation*, LCW, Vol. 33, 467–475). Though the NEP had been “made to last,” Lenin never removed socialism from his agenda, even under circumstances of market restoration.

This was even though he knew that thinkers and politicians who had been nursed by the market and state looked down upon cooperatives, even “from the standpoint of transition to the new system by means that are the simplest, easiest and most acceptable to the peasant.” He knew that incorporating the whole population into voluntary cooperatives of production and consumption would take a longer historical period to realize – precisely because of the absence of the cultural-civilizational preconditions – and yet he insisted on posing this problem.⁶ The exact relationship between cooperatives and socialism that Lenin had in mind becomes clear in the light of his whole approach, the complete and coherent system of his thoughts.

The cooperatives, as he wrote, are the products of capitalism; they are “collective capitalist institutions” in which the future of socialism can be glimpsed. Producers have the opportunity to shape the cooperatives in their own image in the course of a revolutionary reform of state power, similarly to how in the NEP, “when we combine private capitalist enterprises ... with enterprises of the consistently socialist type ... the question arises about a third type of enterprise, the cooperatives, which were not formally regarded as an independent type differing fundamentally from the others.” He spoke about the possibility of coexisting state socialist and cooperative socialist enterprises, though a differentiation between the two forms of cooperative, state and self-governed, would soon come about (LCW, Vol. 33, 472–473). By the mid-1920s, nearly 10 million people had been pooled into state-organized and state-subsidized consumer cooperatives. Lenin marked out explicitly that a shift must be made from the interpretation of socialism previously reached (war communist, state powered, and politicized) to the position of “cooperative socialism”.

“Now we are entitled to say that for us the mere growth of cooperation ... is identical with the growth of socialism, and at the same time we have to admit that there has been a radical modification in our whole outlook on socialism. The radical modification is this; formerly we placed, and had to place, the main emphasis on the political struggle, on revolution, on winning political power, etc. Now the emphasis is changing and shifting to peaceful, organizational, ‘cultural’ work. I should say that emphasis is shifting to educational work, were it not for our international relations, were it not for the fact that we have to fight for our position on a world scale” (LCW, Vol. 33, 474).

A direct replenishment of needs had the advantage of presenting internal needs and “potential output” that could be calculated in advance, without employing an office to do such work. The most comprehensive modern theory of socialism has been published by István Mészáros (2018), entitled *Beyond Capital*, who ties his work on capital to the theoretical fundamentals of Marx and Lenin, and links his concept of socialism not to the concepts of market production, but both looks for and defines these concepts beyond the market and the state – “beyond capital,” in short. After Stalin’s death, “dogmatics” and “revisionists” in each communist party made a compromise in order to retain power. Later, at the time of the change of regime the

former “revisionists,” now as liberals, represented and formed the ideological mainstream of the market-capitalist restoration.⁷

Lenin’s theory of socialism and the main direction of his political activity was targeted at the gradual delinking from the “capital system”. In East European state socialism, instead of the renaissance of self-governing, cooperative socialism, it was the power of capital that came back with its semi-peripheral characteristics. Lenin’s *oeuvre*, representing and working out specific historical experiences, remains actual until we realize socialism, since there has been no other relevant alternative to capitalism over the last centuries. There is “only” one question remaining: how do we evaluate current attempts, what kind of socialism would be viable in replacing capitalism and how to bring it about? Whether to promote the second or updated edition of state socialism – or to take the direction of self-governing socialism, the culture of workers’ councils, forms of cooperatives leading to the self-defense and self-organization of the working people. For me it is crystal clear that Lenin would certainly insist on the latter variant.

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Notes

- ¹ I used the following works in writing this paper: Krausz 1996a; 2005; 2007; 2015. In this short paper I cannot reflect on the huge and excellent literature on Lenin, I can only refer to some of it, e.g. Lars Lih, Paul LeBlanc, H. Tickin, V. Loginov, and *Alternativi*, the monthly from Moscow, and several other Marxist sources from all over the world. Due to constraints in length I do not discuss here the debates between Soviet leaders and other currents.
- ² About the importance of this small book, see Krausz 2017.
- ³ The most important work of Marx that draws out the outlines of socialism, is the *Critique on the Gotha Programme* (Marx 1875/1972).
- ⁴ It is worth noting that the notion of “consciousness” not only implies moral content but also knowledge itself, and understanding long-term interests.
- ⁵ There is systematic critique of the state-capitalist interpretation of socialism in Hungary as well. See Krausz – Szigeti 2007.
- ⁶ “The cooperatives must be granted state loans that are greater, if only by a little, than the loans we grant to private enterprises.” (The cooperative order as socialism.) “But it will take a whole historical epoch to get the entire population into the work of the cooperatives through NEP.” *On Cooperation, LCW*, Vol. 33, 469–70.
- ⁷ See on this my review of Kornai: Krausz 1996b.

The Soviet Monetary System and the Functions of Money in Socialism

As theorized by Marx, money performs many functions under capitalism. It is a measure of value or unit of account, means of circulation, means of payment, store of value and world money. In this short paper, I argue that money returns to its original form, a form of account keeping, in socialism. Understanding its working there provides us a unique ringside seat on its abuse in contemporary capitalism to facilitate rentier activity and strangle productive activity and the pervasive misunderstandings about money that pervade not only mainstream but also 'Marxist Economics'.

This paper is preliminary and exploratory. It looks at the role of money in the Soviet economic system with a perspective developed in my writings on geopolitical economy and on money, financialization and its role in the gold and dollar systems aided by the understandings developed by Marx, Polanyi and Keynes. It is also related to a planned work on Marx as a monetary theorist. In researching and writing these works, I have come to question the widespread assumption that money in capitalism is a commodity and that Marx believed it was so.

Marx, Money and Commodities

I began questioning this understanding through several readings of *Capital*. Elements of the historical discussion of gold and silver coined money in the chapter on money may appear to give superficial support for these views. However, in reality, Marx made it clear that even precious metal coins are money, have currency and acceptance, because they are issued by legitimate political authority, not because of their commodity, that is, gold content. This meant that even gold coins are 'symbols of themselves', capable of being

replaced by other symbols, including paper notes (Marx 1867/1977, 222–223).

Moreover, Marx's critique of Say's Law directly opposes money and commodities. The views that money is a commodity and that Marx thought it was, became even less tenable in my later work. I wrote about the workings of the two principal international monetary systems, the gold-sterling system and the dollar system in my *Geopolitical Economy: After US Hegemony, Globalization and Empire* (Desai 2013, see also Desai – Hudson 2021) and explored the subjects further in other works on aspects of the thought of Keynes and Polanyi's (Desai 2009; 2018b; 2020a). This is particularly important given that these mistaken ideas hinge centrally on Marx's discussion of the centrality of gold in international payments. What most writers fail to understand is that the reason why Marx underlines this is that precisely because money is not a commodity, but a state-organized institution. As such, it cannot exist at the world level because there is no world state. Precisely because there is no world money, international trade amounts to barter between commodities, with gold bullion, a commodity, serving as the means of exchange.

My work on Karl Polanyi clarified matters further. Like land and labor, Polanyi insisted that money was a 'fictitious commodity'. Many imagine that the critique of capitalism Polanyi founded on this view was unconnected with, if not fundamentally opposed to, Marx's analysis of capitalism. This could not be farther from the truth. Marx, like the classical tradition of political economy, took for granted that land, labor and money were not ordinary commodities and devoted considerable effort to discovering the special laws that determined their prices (Desai 2018a), laws that were unlike those that determined the prices of commodities based on their value. Not being produced for sale as commodities were, these 'special' commodities did not have value.

Further research showed that the term 'fictitious commodities', first used by Ferdinand Tönnies (Dale 2010, 71), became necessary only after the advent of neoclassical economics in the 1870s. It treated everything that was bought and sold as a commodity, irrespective of whether it was produced for sale, let alone whether it was produced at all. Those, like Tönnies, who knew their Marx and their classical political economy, could only look askance at this theoretical move and qualified it by coining the term 'fictitious commodities' (Desai 2020a).

Moreover, Polanyi's understanding of capitalism's problems as being rooted in the treatment of land, labor and money as commodities is no stranger to Marx's discussion of the contradictions of capitalism arising from value production. In this analysis, Marx focused on the core realms of production and realization, exploring the contradictions generated there and how they led to crises. However, there is plenty of evidence that he was aware that imposing commodity dynamics on fictitious commodities also involved capitalism in further contradictions, which also became sources of crises (Desai 2021a).

While Marx did not get down to exploring these, famously leaving his work unfinished, Karl Polanyi's signature work, *The Great Transformation*, I have argued, is a vast rumination on the commodification of money and its role in the collapse of nineteenth century civilization. This theme is not incidental but central to that work. It opens with the sentence "Nineteenth Century civilization has collapsed".

"Though the gold standard, the apex structure commodifying money, was only one of four institutions whose collapse brought down nineteenth-century civilization (the others being the self-regulating market, the liberal state and the balance of power), its collapse was 'the proximate cause of the catastrophe'. By the time it failed, most of the other institutions 'had been sacrificed in a vain effort to save it'. So, money's commodification structured the book's master narrative.

Commodified money's rigours being intolerable for societies, central banks created and controlled national token or fiat moneys for domestic circulation. However, central banks also commodified money, tying token moneys to the gold standard. They transmitted as well as moderated commodified money's pressures on national money. As such, central banks both enabled the (only partial) commodification of money and then provided (only partial) protection against it" (Desai 2021a, 78, quoting Polanyi 1944/1957, 3).

This, in the briefest outline, is the route through which I have come to grasp that Marx rightly understood that money is an ancient social and political institution that capitalism inherits. Having done so, it must adapt it to its own needs and these needs are contradictory. On the one hand, it must force money to behave as if it were a commodity and there is considerable historical evidence that this has never been entirely successful. On the other hand, it must make it serve the needs

of ever expanding accumulation. And there is also much historical evidence to show that the more it does so, the more it configures it in ways that anticipate socialism. Both these things are beyond the grasp of most ‘Marxist economists’ who have historically chosen to retreat from Marx’s insights into neoclassical economics, little more than what Marx called ‘vulgar economy’ tricked out in academically respectable garb.

Money and ‘Marxist Economics’

Gladstone said that “even love has not turned more men into fools than has meditation on the nature of money” (quoted by Marx 1857/1970, 64). Keynes is supposed to have said “I know of only three people who really understand money. A professor at another university, one of my students and a rather junior clerk at the Bank of England”. If money has been particularly hard to understand in modern times, it is precisely because capitalism requires contradictory things from money. Economists who seek to understand money and bankers and central bankers who seek to create and operate it in and for capitalism must, therefore, necessarily misunderstand it and mis- and dis-organize it, leading to crises.

That is why such real insights we have into the nature and functioning of money do not amount to theory so much as elements of a history. John Hicks rightly pointed out that “monetary theory” is “less abstract than most economic theory. It cannot avoid a relation to reality, which in other economic theory is missing. It belongs to monetary history, in a way that economic theory does not always belong to economic history” (Hicks, 1967, 136).

While bourgeois economists and bankers must necessarily misunderstand money, ‘Marxist economists’ have historically elected to do so, despite having options. As I have long argued (Desai 2010; 2016; 2017; 2020b: for this paragraph and the next), no sooner had neoclassical economics emerged to counter the radical implications of classical political economy and eventually Marxism in the late nineteenth century, rather than attacking it, most Marxists pursued what Bukharin criticized as “a policy of theoretical reconciliation” (Bukharin 1914/1972, 163). It involved vainly attempting to fit Marxism into the theoretically and methodologically antithetical framework of neoclassical economics.

The result is what we know as ‘Marxist economics’ (Marx was not an ‘economist’ but a critical political economist). It systematically misunderstands Marx’s historical analysis of capitalism as contradictory value production. They cannot appreciate the historical as well as the holistic approach that Marx inherited from classical political economy and which he massively improved with his Hegelian method of placing dialectics, and therefore contradiction, at its core. If Marx’s genius lay in identifying the contradictions of value production, Marxist economists have tried to erase them and, in the process, questioned the utility of Marx’s analysis of value itself. They claim, quite incredibly (Desai 2010) that Marx did not believe the paucity of demand is a (let alone the) contradiction of capitalism. They also claim that he was wrong to think that the rate of profit falls (on the absurd grounds that capitalists would not invest if they expected their profits to fall even though Marx fended off precisely this objection). Finally, they claim that his value analysis suffers from a ‘transformation problem’: the problem was Ricardo’s, and it was actually resolved by Marx.

If this were not enough, like neoclassical economists, most Marxist economists also treat money as just another commodity and insist, even more mistakenly, that Marx believed it was one. Not only do they speak as if modern capitalist economies were barter economies, which they would be if money was a commodity, but they ignore Marx’s critique of Say’s Law on precisely this point (a point also made by Keynes in his discussion of a monetary economy).

The denial of contradictions also led to the near complete neglect of the role of the state in managing them both in domestic and international spheres, and to the paucity of a specifically Marxist theorization of capitalism’s geopolitical economy, the international struggles in which capitalism’s contradictions systematically involve capitalist countries. I have shown in several writings, most recently in my reflections on Marx’s remarks on the US protectionist economist Henry Carey (Desai 2021b, following up on my analysis of Marx’s treatment of the German protectionist economist Friedrich List, Desai 2012), Marx well understood international struggles and its material basis. He simply did not have time to develop his ideas about them. It is also little appreciated that the works of the next generation of Marxists on imperialism were the first major works on the international relations of the capitalist world.

The failure to understand Marx’s geopolitical economy, ‘the relations of producing nations’ driven by what Trotsky would later call

uneven and combined development (Trotsky 1932) has combined with the failure to follow Marx's historical understanding of money to a final important misunderstanding. Most Marxist economists consider contemporary Anglo-American financial systems as the acme of financial sophistication when Marx's view was the exact opposite. According to Marx, capitalism inherited an archaic, essentially medieval, financial system privileging the lender and suited to speculation, usury and plunder. Capitalism needed to, and would, Marx argued, convert it into a system that privileged the (capitalist) borrower and was designed to facilitate capitalist production (Hudson 2010).

Elaborating on Marx's anticipations, Hilferding analyzed the full flowering of this adaptation in his *Finance Capital* (Desai 2021c; 2021d) and its geopolitical economy of uneven and combined development. The adaptation of finance to the needs of capital accumulation took place not in the original homeland of capitalism, Britain, but in the contender industrialisers who challenged Britain's original industrial dominance, developing most fully in Germany. By contrast, the British financial system, though it presided over the imperial gold-sterling system of world money, remained archaic, contributing to Britain's relative industrial decline (Ingham 1984 remains the key source here).

The end of the sterling system in the Thirty Years' Crisis (1914–1945, see Mayer 1981) of capitalism and imperialism may have completed the transition, requiring Britain to eventually adopt it as the costs of relative decline mounted. However, a twist of history prevented the completion of this transformation. US policy-making and business elites had desired since the early twentieth century to establish a world dominance of the sort Britain had enjoyed in the nineteenth century, if not by acquiring a territorial empire of comparable size, impossible in the already multi- and pluripolar world, then at least by making the US dollar the world's money. The failure of this project, appearances to the contrary notwithstanding, I have analyzed in my *Geopolitical Economy* (Desai 2013). Suffice it to say here that US attempts to continue trying to achieve this objective after the first post-war attempt failed in 1971 involved transforming its financial sector.

Hilferding had analyzed it, alongside the German case, as an instance of 'finance capital', of a financial sector designed for productive expansion, not speculation. Depression Era regulation had made it even more so. After 1971, however, re-constructing the dollar's world

role involved the US financial sector presiding over what I have elsewhere called the series of dollar denominated financializations and that required the transformation of US finance back to the British-style archaic financial sector (Desai 2013, Desai – Hudson 2021).

The inability to understand this has led mainstream economists and their Marxist followers to see the Anglo-American financial system as the acme of financial sophistication when, in fact, it was those of the contender industrialisers that were far more historically advanced. So much so that in both Marx's anticipations and Hilferding's analysis, they were beginning to form the foundation for socialism. In effect, they lay the foundation for understanding how the pressures created by dialectic of uneven and combined development in the geopolitical economy of capitalism themselves force capitalist economies to create the institutions that lead towards the foundations of a socialist economy, including in the realms of money and finance.

Money and Socialism

Given how routinely the Soviet economy is rubbished and dismissed in our time, it is interesting to note that the Soviet monetary system was so successful that it prompted a study published in 1977 by the US National Bureau of Economic Research. It asked how the Soviet system created and maintained "the impressive degree of price stability since the middle fifties" largely through "the successful management of money" (Garvey 1977, 1). Though Garvey does not mention it, the traumatic inflation of the 1970s in his own country could hardly have been far from his mind. Meanwhile, Stefan Varga noted in his remarkable reflections on the Marxist theory of money and Soviet monetary institutions and practices, the Soviet Union arrived at its techniques of monetary management only after "years of experimentation", rather than through any theoretical preparation (Varga 1957, 246). While such experimentation was based on insights, such as Lenin's on the necessity of the nationalization and unification of the financial sector immediately after the October Revolution (Garvey 1977, 3), it also involved the substantial modification of theoretical expectations that money would be abolished in socialism (Varga 1957, 237–238).

So how did money function in the Soviet Union and what might this tell us about money in societies that are building socialism? Will it be abolished in Communism? One thing that follows from the

foregoing is that as societies advance toward socialism, money will be liberated from the contradictions capitalism involves it in by forcing commodity dynamics on it. It will increasingly become a means, not an end. In a capitalist economy, the independence and spontaneity of money reflects the vesting of production decisions in the hands of capitalists (in the private sector at least, and many public sector spending decisions are also made in accordance with the wishes of the capitalist class). So, in the words of Garvey,

“... the crucial difference between the Soviet Union and nonsocialist countries is not the absence of mechanisms linking extension of credit and thus the creation of money to liquidity of banks or the use of interest rates as a means of controlling the volume and the use of credit, but, rather, the basically different role assigned to money and credit for achieving economic goals. The complementary role of credit and the derivative nature of money flows are inherent in a system in which production objectives are stipulated in physical terms, and money and credit are supplied in quantities and through channels designed to achieve output patterns and uses determined by planners” (Garvey 1977, 4).

Or, as Varga has it, “the value of money in socialism is secured through state-determined prices and economic balance. It is clear: this manner of securing the value of money is fundamentally different from that used in capitalism. Of course, this does not mean that the money of socialism could perform its functions worse than the money of capitalism. The changed economic structure has led to a change in the functions to be carried out by money, and these could not be fulfilled at all under socialism in the case of a real gold standard” (Varga 1957, 232) or, for that matter today under central banks’ efforts to impose commodity dynamics on money.

Money in socialism is “needed as the universal accounting equivalent and as a medium for achieving planners’ objectives with greater flexibility than direct barter would permit”, though it cannot be used by private actors to interfere with planning (Garvey 1977, 4)

As socialism advances, money will progressively cease representing command over abstract labor and value because, increasingly, the economy will produce use values with concrete labor not of wage workers but citizen producers whose incomes will not be the price of their labor power but the discharge of the state’s obligation

to them. Hence Varga's insistence that the payment of wages will not use money in its function as a medium of circulation (in this case purchasing a fictitious commodity) but a means of payment, discharging an obligation (Varga 1957, 247). Not only will money not be required to behave like a commodity but it will no longer be a form of holding wealth (Varga 1957, 251–252) since all 'accumulation' in socialist societies takes the form of production of producers' goods and money only serves here to keep an account of it.

Money, therefore, will be reduced, or should we say elevated, to its most rational function: as a unit of account. As such, it will facilitate planned production. It will function as a system for determining administered prices, reflecting on the one hand, conscious social valuation on the goods that its productive enterprises and consumers need and, on the other hand, the natural/technical constraints of their costs and supply. Prices will essentially signal the terms on which producers and consumers will access production and consumption goods, respectively.

Money will also function as a means of payment that distributes the social product among workers for their consumption and it will serve as a means of circulation when the workers and citizens purchase the goods and services of their choice with the money so allotted to them. Meanwhile, the allocation of the social product to productive enterprises as inputs will see money functioning as a unit of account. In these ways, money will express the relations among and, in the form of corrected administered prices, serve to correct imbalances among these three spheres of production, investment and consumption.

In light of the discussion in the first two sections of this paper, we may make five further observations about the differences between money under capitalism and under socialism.

Firstly, as Marx understood, money was an ancient social and political institution. We know today it goes back to the clay tablets recording debts in the ancient Near East. It will survive well into the transition to socialism as it did and does in societies building socialism. Marx's distinction between labor, which exists 'independently of any specific social formation' and is, therefore, a transhistorical category, and capitalist wage labor, which is a historical category referring to the form labor takes in a specific historical form of society, can be analogously applied to money and capitalist money. Like labor, money is transhistorical, like wage labor, capitalist money is the form money must take in societies that are organized on a capitalist basis.

Without referring to Marx's distinction between transhistorical and historical categories, Varga distinguishes not only between capitalist and socialist money but also capitalist and late capitalist money (Varga 1957, 242–244. Further discussion of the latter distinction must await another work).

As we have seen, Marx was clear that money was not a commodity, noting that even gold and silver coins are accepted not because they contain this or that amount of the precious metal, but because they are minted by the political authority that guarantees their worth in metal. Money was, at best, a 'special commodity'. However, capitalism required it to function as a commodity and sought to compel it to do so through its laws and institutions but it never quite succeeds.

Capitalist systems have only the bluntest instruments – such as the disastrous currency school restriction on the issue of money in the era of what even Varga erroneously calls gold money or monetarism today – to impose commodity dynamics on money. They need to make 'fiat money' behave like a commodity (in reality, the adjective is redundant as there is no other kind of money). However, such means incurred the dangers of inflation and deflation. Moreover, there is no world state in capitalism and thus no world money can come into being. So world trade is either barter, with precious metal bullion serving to settle imbalances, as Marx described, or national currencies such as sterling and the post-1971 dollar become unstable and volatile currencies on a heavily contrived basis: on imperial surpluses and on a series of unsustainable and volatile financializations, respectively (Desai 2018b, Desai 2013, Desai – Hudson 2021).

One may mention here that the present monetary system does not differ from the one before 1914 or 1971 because of the role of gold. The real issue is whether monetary policy favors the preservation of the value of previously produced goods and money, that is to say, assets, or favors the expansion of the production of new goods. In other words, whether it is oriented towards dead labor or whether it favors the employment of living labor. Whereas the monetary and financial systems of the contender nations, such as Germany and Japan, favored the latter, as did nearly all of the heavily regulated financial systems of the post-war golden age, and, even more clearly and determinedly, those of socialism, the pre-1914 sterling system and the post-1971 dollar system favor the former.

Secondly, as we have seen, Marx knew that the monetary and financial system of capitalism inherited was suited to medieval pur-

poses – usury, speculation and rentier activity. In early capitalism, it provided only short-term commercial credit. Personal fortunes had to and could suffice for productive investment thanks to the lower capital requirements of early capitalism and the First Industrial Revolution. Later, as we have seen, the productively vigorous finance capitalisms of Germany and the US stood in contrast to the productively enervated economy of the UK. In general, since the 1870s, the most productive economies have not been those of the UK or, after 1971, of the US but of the contender states. After 1917, they included socialist countries. Contrasting financial systems have been core factors in explaining contrasting industrial performance of the ‘liberal’ Anglo-American economies on the one hand and the productively more powerful contender economies of Japan and Germany or socialist China (Desai 2022, forthcoming) on the other.

Thirdly, Hilferding is ridiculed for saying the nationalization of five Berlin banks would constitute a major advance towards socialism. However, he was simply developing Marx’s argument in chapter 27 of Vol III about the credit system being “the form of the transition towards a new mode of production” (Marx 1894/1981). Moreover, Hilferding was referring not to six London Banks, with no relation to production but to six Berlin banks, intimately involved with productive firms in long-term credit relations (see also Feis 1930). Interestingly, all historians of the Soviet monetary system emphasize its continuities with that of the Russian Developmental State: though not the most successful but the attempt had its legacy.

Fourthly, in the Soviet system, money functioned chiefly as a unit of account and a means of payment. The function of measure of value was rendered unimportant in a system of administered prices: they had to reflect relative inputs, particularly labor, to ensure efficiency but also reflected conscious social valuation and supply and demand contingencies. The means of circulation function was performed when people purchased consumer goods but ‘wages’ were actually not a payment for a (fictitious) commodity but a discharge of the state’s obligation to working people. While price stability was important, and ensured by planning rather than interest rate or exchange rate policies, the store of value function was not important for an economy in which individual fortunes played no role and property was personal not private, that is to say, it could not be accumulated to any significant extent by depriving others. Moreover, ‘hoards’ for

social investment were actual capital goods whose monetary value was just an entry in the accounts for planning. That being the case, there is no need for hoards of money per se, as unconditional command over abstract labor, not even for pensions.

Dysfunctions in the system could be easily managed by the state, as they are in China today. Similar systems, which do not one-sidedly privilege creditors, have co-existed with the heavily planned and regulated forms of capitalism such as Germany or Japan and nearly universally during the golden age.

Finally, for world money, the Soviet convertible ruble served as the principal currency in Eastern Europe and the Comecon where accounts were settled on the basis of world prices as well as considerations of inter-socialist solidarity. Beyond that, the USSR used US dollars or gold for purchasing US products. The Americans were famously disappointed when they were paid for their 1970s grain exports with their own valueless dollars.

Conclusion

Money as an accounting aid to planning can today be more successful than ever. Advances in information and communication technology came too late for the USSR and its planning system. Today their feedback loops enable large corporations to do the most minute and detailed forms of planning. They use it, however, to offshore production while controlling it, aid the concentration and centralization of capital, indulge in plunder and financial speculation, increase control over employees and manipulate customers into buying what they have to sell, short-circuiting rather than addressing the demand problem through proliferating simulacra of false needs in oceans of unfulfilled real need. Money can, instead, be used for rational planning in which it returns to its original use, an instrument for accounting, to aid in planning rationally.

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Non-capitalist Mixed Economies

Focusing on non-capitalist mixed economies, the most important question is the nature of state socialist experience. Which are the social organizational characteristics that best describe the state socialist experiments? Above all, they were not capitalist societies because they did not unite the two most important factors of production, human beings and the means of production, namely labor and property, on the basis of private property and through market relations. This does not exclude that small-scale production, capitalist private property and subsistence economy based on reciprocity could also exist in a subordinate position, to varying extents depending on the historical period and the geographical location. Furthermore, they were not Communist societies given their historical preconditions, since the primordial conceptual precondition of Communism is that free individuals organize free associations and exercise a direct social control over labor and production, and they are not organized “from above” by the state. For a positive definition, by adopting the concept of J. Wiatr, W. Narojek and the Polish school of economic sociology, we should see the following:

“Socialist industrialization, the collectivization of agriculture (where it was implemented), the cultural revolution – all of these are the products of certain well defined and consciously accepted decisions (even if the decision-makers were not always conscious of all of the consequences of the decisions which they have reached). If this is like that, then here – in contrast to the model of the spontaneous individual interactions determined by the law of the market – we can primarily see processes, whose essence is: the management of social processes through the use of state power for this purpose. Under such conditions the political institutions acquire a new significance. They are no longer only means which serve the protection of the economic system against (internal or external) forces that can disturb the functioning of the economy, but quite the opposite: they are, above all, coordinating means in realizing the economic tasks. Thus, this system

cannot function without decision-making and executing agencies, which determine the direction of social mass processes on a national level. Therefore, the issue of politics – the issue of political power – stands at the center of social life. In the socialist society politics – to a certain extent – fulfils the same role that the capitalist market fulfilled under the conditions of classical capitalism: it becomes the terrain of social integration, which, to a large extent, determines the character and realization of social processes also in the other, ‘non-political’ fields of social life” (Wiatr 1980, 196).

Going beyond Polish economic sociology, we can state the following: state socialism – or political socialism – is a social system organized in the framework of the state, where public property is dominant but it can also be a mixed economy, integrated not by the market but by the forces of politics.

This system is *not* characterized by the exchange economy of individual private property owners and allocational decisions governed by the maximization of profit, in line with the rules of the market. In the state socialist experiments, fundamental allocational decisions, namely, 1) *the ratio of accumulation and consumption*; and 2) *the ratio of private and public consumption*, were decided through the mechanisms of politics. These are indispensable characteristics of a “*planning society*”. Its institutional center is *not* the parliament of competing political forces, which only had a function of representing territorial interests and fulfilling legislative-legitimizing roles, but it is centered on the institutions of rational redistribution: *on the central political terrain of power appearing in the planning mechanism to enforce state interests* (sectoral and functional state departments, Central Planning Office), and the Central Committees of the leading political parties, where all important agents of our society were present. In a mixed economy, where public property is still predominant – namely in Hungary after the implementation of the New Economic Mechanism (1968) – beside the reduced planning, the state also utilized the value relations in the commodity producing parts of the economy. In this system the one-party system became the political guarantee of the different forms of public property (state farms, state-owned enterprises, cooperatives).¹ Retrospectively, this is shown by the fact that in more than a dozen countries the introduction of the multi-party system was followed by the privatization of the forms of collective property. Starting from Polish economic sociology, we can describe

these historical experiments objectively, without value judgement, in a non-meta language and in an evaluative manner (Narojek 1973; Wiatr 1980, Chapter 7, in particular 195–202 and 213–218; similarly to the argument of Aron 1962 and Konrad – Szelényi 1979).

Three theses can be formulated based on the above principles:

First, it is not accidental but an experience displaying a fundamental necessity that the phase of Soviet war communism was replaced by the NEP (New Economic Policy), and the Chinese “great proletarian cultural revolution”, which had experimented with direct transition, was followed by the reforms of Deng Xiaoping. Namely, the transition to the direct socialization of labor is not only the question of organization and political education, but it presupposes a high stage of development in productive forces, which is shown – among others – by the index of the decreasing trend of the rate of profit converging at zero. This should mean a highly developed stage of scientific and technical knowledge, public education, civilization and culture, the richness of the subjective human experience, since the most important productive force is the human being. If overcoming economic backwardness is the most urgent political task, every experiment driven by a socialist intention will have to face multifold tasks and problems. None of the experiments we have known so far could avoid such traps. In such cases the transition will be by no means short in time; thus, production that satisfies human needs, cannot just be organized through “book-keeping”, which encompasses the whole society. The political transition can only be reached through a historically longer period, with the potential danger of regression in various spheres. In the struggle of the old and new political forces, we cannot even see the socialist stage, the “restricted” commodity production of the *Critique of the Gotha Program*, the leveling impact of social justice through redistribution and the establishment of the supremacy of collective property as the highest stage of socialist development – no matter how positively we think of these achievements. The economic liberation of labor, the overcoming of the discrepancy between partial and universal labor, the elimination of alienated relations, the retaking of alienated executive power cannot yet be the task of either the political transition or lower stage of socialism. However, in the era of the political transition, the tasks that lead to a lower stage can be seen in relation to executive power.

Second, a politically integrated society does *not* mean that commodity production is eliminated. It has a civilizational value and

serves as the antithesis of subsistence economy; it is a universal category. Modern capitalism is *not* specified by the commodity producing economy in itself but *together with the supremacy of private ownership and power relations*: such economies are capitalist commodity producing economies, contextualized by the unequal and hierarchical relations of the world economy and the varieties of the political regimes that are compatible with this economic system. In contrast, the political institutions of socialism should *ensure the social control over the surplus at macro and micro economic levels*, for the sake of producing and satisfying human needs. The decisive element of the development of an economy, which is based on mixed ownership relations but simultaneously ensures the dominance of collective ownership, is that the individual economic units in the public sphere function as commodity producing economies: *that the commodity relation function as value relation and produce commodities for the purpose of selling and for profit but without the commodity relation as private appropriation because the citizens socially exercise control over the produced surplus*. In this sector *the socialization of accumulation and the allocational decisions at macro and micro levels* should be achieved gradually! The social control over surplus can transform nationalized means of production (factories) into socialist enterprises, and establish a new form of socialization, responsible self-government as opposed to the old managerial forms.

Third, due to the contradictions of the world economy economically and politically unequal development can again produce new versions of rough (primitive), political socialisms, state socialist experiments at the semi-peripheries. But if they do not learn from the mistakes of their predecessors, and they remain isolated from the anti-capitalist movements of the developed world – to put it differently, from equal development – then they probably would again be unable to achieve a breakthrough in a civilizational sense. If, however, they learn from the past, *they would not be doomed to failure from the beginning*. The fight for a socially more just, sustainable and democratic regime – namely, one that *ensures access to the material and intellectual goods also for the poorer social classes* – is a meaningful and attainable goal even in the era of a political transition. This can be the potential path of contemporary progress. If we can assure moderate class-based inequalities, and build up a mixed, multisectoral economy, in which public goods are specified on the basis of a significant collective property and not on the basis of a “necessary evil”, and the socialization

of accumulation happens through democratic “preparatory schools” – we can set new progressive goals. As a first condition, we should overcome the egoism (“rational choice”) of the bourgeois individual. Thereafter, it becomes inevitable to socialize production and redistribution in a clear form, which can be established in a transitional stage, characterized by a semi-étatist, democratic executive power, following experimentation with the self-management of producers and the retaking of alienated executive power. Then the “withering away of the state” in this sense becomes a rational historical problem – even as a secular trend (“long transition”). We can formulate positive solutions at an institutional level towards the direction of a “semi-étatist” state, or at least the introduction of such experiments.

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Notes

- ¹ Piketty writes about the most excessive privatization in the whole history of capital, which took place in the countries of the former Soviet bloc. According to him, the size of national property did not change. Simply put, the ratio of collective and private property was reversed; the property rights of capital moved from state to private individuals (Piketty 2014, 186–187). The “original sin” in Hungary has been the process of privatization and the way through which the new elites destroyed complete productive apparatuses and whole industrial sectors. They did not accumulate wealth primarily from property invested in production but, rather, a redistribution of the capital stock took place, in which capital was transformed from collective forms of property to private property, on the basis of political capital.

What Would Labor Be Like in a Socialist Society?

The question posed in the title has been haunting me for several years. A more precise question would be: how do we imagine labor? Why is it important? I think the struggle for and our debate on socialism has been misleading as we have always been just criticizing capitalism, and we rarely asked how we foresee other types of societies, or how we foresee a socialist society.

In this paper I reflect on these questions. First of all, a lot has been written about this.¹ What I realized through my study is that currently there is a change in labor practice, labor production. In Portugal new research is being conducted, in which under my supervision a team of 20 researchers, including medical experts and psychiatrists, have been surveying workers in major sectors of the economy.² We have been able to collect 19,000 answers from teachers. We have also studied automobile industry workers, nurses, railway workers, subway workers, truck drivers, and aircraft sector employees. We started with studying “burnout” but eventually expanded our investigation into labor and living conditions. Based on this analysis, we can clearly see that there is a huge contrast between how these people worked in 1974/75 and how they work now. How can we reflect on these changes via available theories?

First of all, I think we have been too pressured by the ideals of “real socialism” systems, labor as a “necessity”, the scientific rationalization of work. Labor, of course, as a way of making ends meet in capitalism, is a necessity, since you cannot live without labor or family or social assistance. Recently, critical approaches to labor processes have been very strong at universities, in academia, where ideas of “anti-laborism” prevail. As in the case with the Crisis Group or other groups that we have looked at, from the viewpoint of academia they are “anarchists”. This is, however, a very reductionist approach in my opinion. These groups tend to look at labor as a “process of suffering”. As pointed out by John Bellamy Foster,

“The narrative found today in every neoclassical economics textbook portrays work in purely negative terms, as a disutility or sacrifice. Sociologists and economists often present this as a transhistorical phenomenon, extending from the classical Greeks to the present. Thus Italian cultural theorist Adriano Tilgher famously declared in 1929: ‘To the Greeks work was a curse and nothing else,’ supporting his claim with quotations from Socrates, Plato, Xenophon, Aristotle, Cicero, and other figures, together representing the aristocratic perspective in antiquity” (Foster 2017, 2).

Well, if we recall some of the Marxist approaches to historical analysis, especially Lukács’, we can of course see that Marx is the founder of the idea of labor as an ontological, both humanizing and dehumanizing process under capitalism:

“Marx’s rigorously and exactly defined relegation of teleology to labor (to social praxis) eliminating it from all other forms of being, does not limit its scope. On the contrary, its significance grows through the insight that social being, the highest level of being known to us, is originally constituted through this actual teleological force active within it. It emerges from organic life, the level upon which it is based, by developing into a new and independent form of being. We can rationally speak of social being only if we comprehend that its genesis, its becoming distinct from its basis and the emergence of its reliance upon labor, is a function of the continuous realization of teleological projects” (Lukács 1970, 165–166).

Also along these lines a very strong current in psychology was developed in the Soviet Union with authors like Leontiev, Vigotsky, Luria, etc. (Rossler 2004, 100–116; Eilam 2003, 551–577, Vigotsky 1993). This approach underlined the role of labor in developing Higher Psychological Functions:

“Closer analysis reveals that HPFs are either not defined at all or if defined, then by a set of characteristics not justified theoretically. It is not possible to determine whether HPFs exist or not, unless they are defined. Most commonly the idea of HPFs is related to Vygotsky’s theory. According to him, HPFs are: (1) psychological systems, (2) developing from natural processes, (3) mediated by symbols, (4) forms of psychological cooperation, which are (5) internalized in the course of development, (6) products of historical development, (7)

conscious and (8) voluntary, (9) active forms of adaptation to the environment, (10) dynamically changing in development, and (11) ontogeny of HPFs recapitulates cultural history” (Toomela 2015, 91).

In contrast to the above developments, labor is part of the “humanization” of people. So, we cannot be really human without labor, because historically, labor is the way to become both social and therefore also individual. It is the universal achievements of labor that allow you more freedom and social emancipation. Of course, I am speaking of labor as a process of the developing brain, in terms of learning languages, etc.; it is related to this necessity, but it is much more than a necessity. It is the source of creativity and leads to a humanization.

In the last 30 years, the political discourse on labor has focused on the neoliberal approach of the flexibility of labor and of securing profit. Agreeing with amusing remarks of Alan Freeman during the conference, I would say that it has been about “organizing labor” and “planning profit”. Profit has been extremely well-planned as opposed to the security and stability of labor.

Not even “full employment policy” is defended anymore; the last time social democratic parties in western Europe defended the right to have a job (instead of social assistance) was in the late 1980s. What is defended now by the majority of the Left, including academics, is of course social assistance systems. So, workers should have employment subsidies, food, health care, etc. but nobody really speaks about workers having employment and humanized labor.

In my opinion, this has strengthened the extreme right, because it has opened space for a right wing discourse that some people cannot work and cannot contribute to society by labor, and thus they become dependent on subsidized social assistance. So, I think, defending social assistance systems without defending the “dignity of labor” gives space for the extreme right to condemn non-labor practices. From a leftist critical point of view and concerning a socialist society, it is mandatory and a matter of justice to defend the principle that everybody should have access to labor, have a job, except those who cannot work, such as the elderly, children, disabled people, etc., the support of whom should be realized through redistribution by solidarity systems. Thus, it is very difficult to defend a “full-employment” labor policy, since we are always debating with the post-modern approach that says that labor is just about suffering, exploitation, when we should in fact defend everyone’s right to have a creative job, by

reducing working hours, socializing technology, and by an increase in the number of creative jobs where a strict separation between manual and intellectual work should not exist.

The second thing is that we see that in workplaces there is a general “burnout”, or “presentism” or “absentism”, “labor suffering.” Things appear differently now but these phenomena are just new names for the broad “alienation process of labor in capitalism”. In fact, all these processes didn’t exist in 1974–76 in Portugal among conditions of self-organized labor, although people worked more and the objective conditions of living and everyday life were even worse than nowadays. So, what happened in Portugal in the mid-1970s was that people went to work, both to work and to do organized work, for 10, 12, 14 hours a day, to build something. They did this by applying self-organization methods, and in a new political regime that was called socialism by all working classes at the time.

What needs to be pointed out here is that mental health problems dominate everyday life today in labor, and in factories. However, it is apparent not just in factories, because Fordism is everywhere now, including hospitals, schools, etc. (Huws 2006). In fact, we are not in a “post-Fordist” society, but we are rather spreading Fordism everywhere as the management techniques of the 1930s in the automobile industry are now being used in hospitals and schools, and in public services that are being industrialized, marketized and “rationalized”. Sectors that were out of capitalist western societies for some years, in fact, are now totally under such management processes. Although they are “state services,” they are not “public” anymore. It is important to make a distinction between “public” and “state”, because they are not the same. This is connected, in fact, to “democratic management” problems.

What, I think, was happening in 1974 in Portugal, what made people work so hard every day in more than 600 companies under workers’ occupation or even in the big companies under workers’ control including the bank sector, was the feeling and the awareness that they were working for society. So, the alienation process was disrupted. The division between “production” and “consumption” was not there anymore or it changed dramatically. Labor, in the ontological sense, was regained among these workers. They believed that they were building things that were actually needed, such as schools for their children, or the best hospitals for themselves. These workers included nurses, doctors, professors, etc., not just industrial workers.

Everybody was involved in this process. So, I think, alienation was eliminated.

Nowadays, what we see is that *just in time* production, the process of alienation is so strong that you see mental health problems everywhere. Of course, I am saying “mental problem” but these are “social problems,” problems of capitalist social relations. People do not have real mental health problems but they are depressed, stressed, tired, and they regard themselves as “burnt out” or not “sufficiently resilient” etc. However, all these have to do with a specific “labor organization” prevailing in today’s society. Fortunately, very few people have real mental problems, but even they are, in fact, struggling with social problems.

Yet, the social impact of these health problems is huge, because what we have is a low quality of labor. The capitalists observe this as low productivity. Productivity is, of course, a huge problem for capitalism to guarantee surplus. They realized that even with automation, productivity is not rising as previously expected. I think one of the main problems is that people are not working well, they are not producing quality because they are working for profit. In a non-capitalist society the aim of labor would be to create abundance, goods, and not profit. This means that people would produce aiming for quality, and to meet needs. Accordingly, this would completely change two main issues: low productivity and ecological distress, which is *programmed obsolescence*. For instance, you produce foreseeing that your fridge will work for 10 years, not for 60 years. This is “planned obsolescence.” We are now in capitalism producing goods and using the labor force for a short time as a result of the commodification of labor itself. That is when your product is to be discarded in a short period of time, and people that produce it are also destroyed – the average life expectancy of a manual worker in the UK is 18 years less than that of a manager, and the life expectancy among health workers in Southern Europe is 10 or 15 years less than in Scandinavia, for example. This means that we do not produce for long term use, and we do not respect workers’ health.

This planned obsolescence is also applied to labor. I believe that companies are managing labor with the idea of planned obsolescence. The working hours, the wages and the management system of quality, as well as the mechanisms of individual evaluation of workers lead to workers’ physical and mental distress. Around the age of 40–55 years, workers are collapsing, and they are forced to rely on social security. I believe this is a planned obsolescence imposed on the workforce.

We are in a highly rotating system of capital, workers are pushed to the limits, both mentally and physically. I am emphasizing this because all the European laws have aimed at increasing the retirement age, while at the same time allowing pre-retirement due to disabilities. All the laws are formulated in such a way that allow social security payments as soon as you are disabled. That is why many companies, today, have a different notion of recruitment. They only hire workers between 20 to 35 years of age, as common in the automobile industry, because they know that after the age of 35 the workers cannot handle the job under such labor conditions.

Finally, I shall focus on the huge cost of labor in free market society by looking at two sectors: education and health. The health sector in capitalism focuses on managing the return of workers to labor, or to pre-retirement, or social security, but not on preventing health problems. We would have huge gains arising from the labor process, if the health sector applied a preventive approach instead of trying to address health problems only after they manifest. Similarly, the second important sector, i.e. the education system, is directed towards the labor market. This means that we are not using the capacities of labor, which, I believe, could be used in a different way in socialism. On this, I recall Alexandra Kollontai; she wrote that we are so backward in humanity that even our words for feelings are limited (Kollontai 1923). For example, we use “love” and “friendship” to describe many different feelings; not all of them are love and friendship, but we simply do not have other expressions. Why don’t we have more words? It is because we don’t have more feelings. With labor and a non-capitalist society, even our words for our feelings would be improved.

I believe that the best conclusion for this essay is a quote from Bellamy Foster:

“In a prospective socialist society characterized by sustainable prosperity that recognizes material limits as its essential principle – in accord with Epicurus’s notion that ‘wealth, if limits are not set for it, is great poverty’ – it is crucial to envision entirely new socially and ecologically reproductive work relations. The received notion that the maximization of leisure, luxury, and consumption is the primary goal of human progress, and that people will refuse to produce if not subject to coercion and driven by greed, loses much of its force in light of the deepening contradictions of our over-productive, over-consumptive society. The prevailing view goes against what we know

anthropologically with respect to many pre-capitalist cultures, and falls short of a realistic conception of variable human nature, one that takes into account the historical evolution of human beings as social animals. The motivation to create and to contribute in one's life to the social reproduction of humanity as a whole, coupled with the higher norms enforced by collective labor, provide powerful stimuli for continuing free human development. The universal crisis that marks our time necessitates an epoch of uncompromising revolutionary change; one aimed at a harnessing human energy for creative and socially productive work within a world of ecological sustainability and substantive equality. In the end, there is no other way in which to conceive a truly sustainable prosperity" (Foster 2017, 12–13).

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Notes

¹ See, among others: Grespan 2021; Foster 2017.

² For the survey, see: Workers Inquiry, Observatório para as Condições de Vida e Trabalho. <https://observatoriocondicoesvidaeatrabalho.wordpress.com>

What Makes a Socialist?

In this paper I attempt to provide a short overview of the subject. Words like democracy, freedom, anarchist, Marxist, communist are used in so many different meanings that they become meaningless. One such word is 'socialist'.

A fundamental characteristic of free market capitalism is that it sees humans only as tools of economic growth. Capital is the subject, and employees are objects. Another important trait is that it individualizes and atomizes society and forces people to compete with each other in their struggle for survival. In this system, the only merit a human being can have in society is that he/she produces surplus value and realizes it as profit. (That is, people can be only as valuable as the profit they generate in the economy.)

The *Communist Manifesto* mentions feudal, petit bourgeois, bourgeois and utopian socialisms. These terms denote ideas and pragmatic efforts fighting against free market capitalism. Negation is their common trait. This text uses the term 'socialism' as the denial of free market capitalism (Marx – Engels 1848/2011).

All this negation leads to the question: can 'socialism' mean something positive? Is it possible for this term to convey a positive meaning? Such a meaning cannot be separated from the view on history. While the above-mentioned, structurally static forms of socialism in fact preserve a hierarchic social structure (at least in practice), Marx's theory of history points toward the perspective of a society without classes. This perspective provides a possibility to arrive at a historical synthesis: connecting the so-called industrial civilization that came into being as a consequence of capitalist economy with (individual) freedom, in which the human factor is the predominant element, and industrial technology functions only as an instrument (raw material). (The limitations of this short overview keeps me from dwelling on the historically useful anthropological consequences that followed from the rise of industrial civilization.) Wage workers, whose interests this viewpoint represents, come into the picture as

the addressees of this perspective and the subjects (sociological carriers) of its implementation.

In this view, a society can be called socialist only if it enables the workers to create and maintain a long-term, structurally safe social environment for their own subsistence. This means a social network organized by individuals interested in cooperation, which they shape by forming associations and entering cooperatives, and shape the network themselves. (To avoid confusion, it is important to note that I am talking about the lower phase of a society's communist development in the sense of the *Critique of the Gotha Programme*, and not about a 'society of abundance' (Marx 1875/1972)).

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George Lukács, commissary of the Hungarian Soviet Republic, uses an unusual vocabulary in one of his writings published in the spring of 1919; he calls classless society "the society of mutual love and understanding". (As a side note, the term 'love' also belongs to those words that have no obvious meaning on their own.) Later on, Lukács' text defines this as a society based on mutual understanding, a sense of belonging, and solidarity. He writes, "The transformation of the economy and society alone cannot bring forth this new order. It remains a mere possibility if people are not ready" (Lukács 1919). Therefore, it is an inescapable duty to "bring people close to each other". (On second thought, what could connect people more than cooperation, a teamwork that is based on common interest, the most basic form of which is when "freely associated individuals are involved in production to meet common needs"?) In this text, Lukács focuses his attention on the subjective element, the psychological condition (which is, in fact, the human factor also emphasized by Marx) (Lukács 1919).

Why does Lukács underscore the importance of the sense of belonging and solidarity? Because without cooperation that is based on solidarity (that is, without rising to the challenge and seeing it as a task to accomplish), the technological conditions of industrial civilization can only function in a capitalist way and cannot be transformed into tools that serve producers and workers.

*

When Vera Zasulich asked Marx about the chances of socialism in Russia, he answered that in an ideal case, the *obshchina*-type communes that were based on cooperation between peasants may foster a

socialist transformation. Marx's answer involves, among other things, the relationship between the two sides that have to be synthesized. In these terms, if the sense (and knowledge) of belonging and interdependency, and the social activity that arises from it, is there, then it is possible to catch up on the "material", the ingredients of industrial civilization. The indispensable foundation is the human factor, humans' tendency to cooperate and the acquisition (development and cultivation) of these skills (Shanin 2018).

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That the human factor is not brought into the spotlight for the sake of some theoretical guesswork or speculative (or ethical) humanism can be nicely demonstrated by a – partially economic – component of this subject.

In a story for the youth, a class goes camping in summer. While the others pitch the tents, the 'poet' of the class writes a 'poem': *Pitching tents is really fun: / if snow comes, in there we will run...*

In all societies (communities) there is some form of surplus labor. Typically, caring for those incapacitated for work (the elderly, the sick, and the children), and ensuring financial means to facilitate common projects are in this category. It is, however, a key question whether surplus labor is voluntary or forced. The question of who has the competence and authority to define the tasks (activities) that can draw on the surplus labor of producers and workers, is fundamental and specific to the given historical conditions.

A society (community) can be called socialist only if the producers and workers can decide whose consumption (needs) they promote with their surplus labor. This is one of the reasons why it is crucial for the producers to have a say in whom they want to integrate into the community and whom they are willing to look after.

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I remember a political comedy show from the 1980s in Hungary. A somewhat tipsy worker is talking to a statue of Marx, saying, "You wrote that proletarians have nothing to lose but their chains. But what about my Trabant?" (For those who are unfamiliar with this word: Trabant was practically the only available car brand in those times, and the brand's name was used almost as a synonym for 'car'.)

I cite this scene here because for a long time, the situation in Europe has been remarkably similar. Apparently, the masses are not eager

to leave behind their existence as wage workers. Although they are discontented with their conditions, they are also attached to the system that exploits them. In fact European capitalism has successfully integrated into the system the producers it exploits. They do have something to lose, and therefore they rarely want to take the risk and revolt against their own vulnerable situation.

*

Rousseau once reprimanded Molière because in his plays the good ones are just talking while the evil characters take action. Although this is obviously an oversimplification of Molière's plays, the anatomy of incapacity is an interesting issue here.

It is by mere accident that I have to cite George Lukács again. In his 1933 paper, *Grand Hotel Abyss*, he portrays the intellectual critics of capitalism as guests of a luxury hotel. They criticize the system that is drifting from one crisis to another, but they never take the leap to confront it. They move into Grand Hotel Abyss that stands on the brink of the chasm and enjoy the comfort it offers. Lukács concludes that the inability to transcend the theoretical or artistic criticism of the system, in fact, helps to sustain it. As these intellectuals do nothing that could result in their 'eviction', the system provides for them, making use of the surplus labor of producers and workers (Lukács 1971).

The difference between them and paid agents is that they serve capitalism with a sense of dissatisfaction, hiding behind a pretentious feeling evoked by their own condemning remarks. Seeing themselves as members of a heroic resistance, they in fact serve the same apologetic functions as paid agents, but they reach a group of consumers whom the latter fail to have access to. By creating an atmosphere of resistance through persuasive theoretical and artistic means, they satisfy the audience's demand for discontent, and so – as unintended consequence – they become a source of entertainment for certain strata of the society.

Tamás Bárány writes in his novel *Város esti fényben* (City in evening lights), published in Hungary in 1968, that the intellectual élite is transformed into a new bourgeoisie and their lifestyle will serve as a model. So to say, they introduce values and consumption patterns into the working class. When we organize a conference, our role is much humbler: here the intellectuals can present ideas only to themselves and not to the working class.

If the observation is correct that capitalism (at least, in Europe) integrates wage workers into the system, one has to face the following issues.

Is it possible in this situation to carry out any action that does not contribute to the neoliberal economy?

Of course, it is feasible to consciously prefer lifestyles and behavioral patterns that refrain from actively financing the present system, that is, they do not make it richer than it already is. For example, there are certain forms of consumer behavior that contribute to the decrease of tax revenues of the state by deliberately avoiding paying value-added tax.

This is, however, only a negative form of action, that is, a mere negation: an effort to minimize activities feeding capitalism. When done on a large scale, it may hamper the effectiveness of the capitalist system, but this method only brings harm without offering a viable alternative. It is by no means a socialist endeavor.

In case of a 'positive negation', superseding the capitalist system must point to the emancipation and independence of people, that is, it must facilitate the liberation of the human factor. This is what happens when certain needs are met through the voluntary cooperation of individuals, even in the sphere of production.

The voluntary cooperation of individuals may have two functions: it can be defensive or offensive, although this is not a strict black-and-white division.

a) Regardless of how one assesses present-day capitalism, various forms of communal self-defense are viable. In many cases there is not only interest in these but there are also specific opportunities when certain needs can be met through joint production or through endeavors of individuals organized into cooperatives. Such local communities, small-scale farming cooperatives etc. do exist. There is nothing that could keep individuals from cooperating upon their own initiative in a wide range of spheres, in order to escape the restraints of the market and politics (partly transgressing the regulations set by capital and state) and to establish elements of self-government through social solidarity; to acquire and cultivate the skills of communal self-defense and self-organization.

b) The offensive form of negation goes beyond simple self-defense. It may reflect both the need for direct human relationships and the

desire to dismiss (transcend) the impersonal, objectifying relations of capitalist economy.

Well-known examples of communal economy are, among others, the P2P movement, or the growing network of the Transition Towns grassroots community projects. Of course, I do not wish to idealize small communities. I mention them here because they bear the potential to offer alternatives even if they fail to supersede commodity relations, that is, reification. Members of such communities have relationships outside of the framework set by the present system.

They experience their own power and the superiority of direct human cooperation. They internalize the need and ability to act and make decisions independently, as well as to create human bonds and rely on them during production. Voluntary association and cooperation teach one to act of his own volition, and to exercise mental autonomy and responsible conduct. These abilities and skills are a precondition to such cooperation, and are acquired through a learning process.

Such endeavors, which I see as socialist, have a dubious fate. Such projects obviously help participants to find their true potentials and develop their personality, and they also contribute to a communal experience (which means that these activities significantly contribute to the well-being of those involved). However, it is possible that some participants will lose interest or even burn out. Sometimes such experiments wither away and come to naught, but under favorable conditions these collaborative projects may serve as the school of the future on a historic scale, in the sense Lukács envisioned it.

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- BLOCK, FRED: Conceptualizing Socialism as Democratized Habitation
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