

## **The Alternative to Capitalism**

If state capitalism is not socialism, what is? In other words, if state ownership and management of production does not amount to the abolition of capitalism but only to a change in the institutional framework within which it operates, what would be the essential features of a society in which capitalism had been abolished?

Although it is possible to imagine that capitalism could be replaced by some new form of class society in which some other method of exploitation would replace the wages system, we shall concern ourselves here only with the replacement of capitalism by a society from which, to remain deliberately vague for the moment, exploitation and privilege would be absent.

Since capitalism is a worldwide class society and exchange economy, it is clear that the exploitation-less alternative to capitalism would have to be a classless world society without exchange.

### **No classes, no state, no frontiers**

The basis of any society is the way its members are organised for the production of wealth. Where a section of society controls the use of the means of production, we can speak of a class society. Control of the means of production by a class implies the exclusion of the rest of society from such control, an exclusion which ultimately depends

on the threatened or actual use of physical force. An institutionalised organ of coercion, or state, is thus a feature of all class societies and historically first made its appearance with the division of society into classes.

In all class societies, one section of the population controls the use of the means of production. Another way of putting this is that the members of this section or class own the means of production, since to be in a position to control the use of something is to own it, whether or not this is accompanied by some legal title deed.

It follows that a classless society is one in which the use of the means of production is controlled by all members of society on an equal basis, and not just by a section of them to the exclusion of the rest. As James Burnham put it:

For a society to be 'classless' would mean that within society there would be no group (with the exception, perhaps, of temporary delegate bodies, freely elected by the community and subject always to recall) which would exercise, as a group, any special control over access to the instruments of production; and no group receiving, as a group, preferential treatment in distribution. (Burnham, 1945, p. 55)

In a classless society every member is in a position to take part, on equal terms with every other member, in deciding how the means of production should be used. Every member of society is socially equal, standing in exactly the same relationship to the means of production as every other member. Similarly, every member of society has access to the fruits of production on an equal basis.

Once the use of the means of production is under the democratic control of all members of society, class ownership has been abolished. The means of production can still be said to belong to those who control and benefit from their use, in this case to the whole population organised on a democratic basis, and so to be commonly owned by them. Common ownership can be defined as:

A state of affairs in which no person is excluded from the *possibility* of controlling, using and managing the means of production, distribution and consumption. Each member of society can acquire the *capacity*, that is to say, has the opportunity to realise a variety of goals, for example, to consume what they want, to use means of production for the purposes of socially necessary or unnecessary work, to administer production and distribution, to plan to allocate resources, and to make decisions about short term and long term collective goals. Common ownership, then, refers to every individuals potential ability to benefit from the wealth of society and to participate in its running. (Bragard, 1981, p. 255 emphasis in the original)

Even so, to use the word ownership can be misleading in that this does not fully bring out the fact that the transfer to all members of society of the power to control the production of wealth makes the very concept of property redundant. With common ownership no one is excluded from the possibility of controlling or benefiting from the use of the means of production, so that the concept of property in the sense of exclusive possession is meaning-

less: no one is excluded, there are no non-owners.

We could invent some new term such as no-ownership and talk about the classless alternative society to capitalism being a no-ownership society, but the same idea can be expressed without neologism if common ownership is understood as being a social relationship and not a form of property ownership. This social relationship equality between human beings with regard to the control of the use of the means of production can equally accurately be described by the terms classless society and democratic control as by common ownership since these three terms are only different ways of describing it from different angles. The use of the term common ownership to refer to the basic social relationship of the alternative society to capitalism is not to be taken to imply therefore that common ownership of the means of production could exist without democratic control. Common ownership *means* democratic control *means* a classless society.

When we refer to the society based on common ownership, generally we shall use the term socialism, though we have no objection to others using the term communism since for us these terms mean exactly the same and are interchangeable. If we have opted for the term socialism this is as a means of showing that we decisively reject the Leninist insertion of some sort of transitional society, wrongly called socialism, between capitalism and its classless alternative, generally called communism. For us socialism is communism, since both terms describe the society which immediately follows the abolition of capitalism.

Common ownership is not to be confused with state ownership, since an organ of coercion, or state, has no place in socialism. A class society is a society with a state

because sectional control over the means of production and the exclusion of the rest of the population cannot be asserted without coercion, and hence without a special organ to exercise this coercion. On the other hand, a classless society is a stateless society because such an organ of coercion becomes unnecessary as soon as all members of society stand in the same relationship with regard to the control of the use of the means of production. The existence of a state as an instrument of class political control and coercion is quite incompatible with the existence of the social relationship of common ownership. State ownership is a form of exclusive property ownership which implies a social relationship which is totally different from socialism.

As we saw, common ownership is a social relationship of equality and democracy which makes the concept of property redundant because there are no longer any excluded non-owners. State ownership, on the other hand, presupposes the existence of a government machine, a legal system, armed forces and the other features of an institutionalised organ of coercion. State-owned means of production belong to an institution which confronts the members of society, coerces them and dominates them, both as individuals and as a collectivity. Under state ownership the answer to the question who owns the means of production? Is not everybody or nobody as with common ownership; it is the state. In other words, when a state owns the means of production, the members of society remain non-owners, excluded from control. Both legally and socially, the means of production belong not to them, but to the state, which stands as an independent power between them and the means of production.

The state, however, is not an abstraction floating above society and its members; it is a social institution, and, as such, a group of human beings, a section of society, organised in a particular way. This is why, strictly speaking, we should have written above that the state confronts most members of society and excludes most of them from control of the means of production. For wherever there is a state, there is always a group of human beings who stand in a different relationship to it from most members of society: not as the dominated, nor as the excluded, but as the dominators and the excluders. Under state ownership, this group controls the use of the means of production to the exclusion of the other members of society. In this sense, it owns the means of production, whether or not this is formally and legally recognised.

Another reason why state ownership and socialism are incompatible is that the state is a national institution which exercises political control over a limited geographical area. Since capitalism is a world system, the complete state ownership of the means of production within a given political area cannot represent the abolition of capitalism, even within that area. What it does mean, and this has been one of the major themes of this book, is the establishment of some form of state capitalism whose internal mode of operation is conditioned by the fact that it has to compete in a world market context against other capitals.

Since today capitalism is worldwide, the society which replaces capitalism can only be worldwide. The only socialism possible today is world socialism. No more than capitalism can socialism exist in one country. So the common ownership of socialism is the common ownership of the world, of its natural and industrial resources, by the whole

of humanity. Socialism can only be a universal society in which all that is in and on the earth has become the common heritage of all humankind, and in which the division of the world into states has given way to a world without frontiers but with a democratic world administration.

### **No exchange, no economy**

Socialism, being based on the common ownership of the means of production by all members of society, is not an exchange economy. Production would no longer be carried on for sale with a view to profit as under capitalism. In fact, production would not be carried on for sale at all. Production for sale would be a nonsense since common ownership of the means of production means that what is produced is commonly owned by society as soon as it is produced. The question of selling just cannot arise because, as an act of exchange, this could only take place between separate owners. Yet separate owners of parts of the social product are precisely what would not, and could not exist in a society where the means of production were owned in common.

However, socialism is more than just not an exchange economy; it is not an economy at all, not even a planned economy. Economics, or political economy as it was originally called, grew up as the study of the forces which came into operation when capitalism, as a system of generalised commodity production, began to become the predominant mode of producing and distributing wealth. The production of wealth under capitalism, instead of being a direct interaction between human beings and nature, in which humans change nature to provide themselves with the useful things they need to live, becomes a process of production of wealth in the form of exchange value.

Under this system, production is governed by forces which operate independently of human will and which impose themselves as external, coercive laws when men and women make decisions about the production and distribution of wealth. In other words, the social process of the production and the distribution of wealth becomes under capitalism an *economy* governed by *economic* laws and studied by a special discipline, *economics*.

Socialism is not an economy, because, in re-establishing conscious human control over production, it would restore to the social process of wealth production its original character of simply being a direct interaction between human beings and nature. Wealth in socialism would be produced directly as such, i.e. as useful articles needed for human survival and enjoyment; resources and labour would be allocated for this purpose by conscious decisions, not through the operation of economic laws acting with the same coercive force as laws of nature. Although their effect is similar, the economic laws which come into operation in an exchange economy such as capitalism are not natural laws, since they arise out of a specific set of social relationships existing between human beings. By changing these social relationships through bringing production under conscious human control, socialism would abolish these laws and so also the economy as the field of human activity governed by their operation. Hence socialism would make economics redundant.

What we are saying, in effect, is that the term exchange economy is a tautology in that an economy only comes into existence when wealth is produced for exchange. It is now clear why the term planned economy is unacceptable as a definition of socialism. Socialism is not



the planned production of wealth as exchange value, nor the planned production of commodities, nor the planned accumulation of capital. That is what state capitalism aims to be. Planning is indeed central to the idea of socialism, but socialism is the planned (consciously coordinated) production of useful things to satisfy human needs precisely instead of the production, planned or otherwise, of wealth as exchange value, commodities and capital. In socialism wealth would have simply a specific use value (which would be different under different conditions and for different individuals and groups of individuals) but it would not have any exchange, or economic, value.

Conventional academic economics in the West rejects the definition of economics as the study of the forces which comes into operation when wealth is produced to be exchanged. But even on the alternative definition it offers that economics is the study of the allocation of scarce resources to meet some human needs<sup>1</sup> - socialism would not be an economy. For socialism presupposes that productive resources (materials, instruments of production, sources of energy) and technological knowledge are sufficient to allow the population of the world to produce enough food, clothing, shelter and other useful things, to satisfy all their material needs.

Conventional economics, while denying that the

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1 This leads to the basic assumption which economic analysis makes about the physical world. It is assumed that the fundamental feature of the economic world, the feature which gives rise to economic problems at all, is that goods are *scarce*. Very few things in the world, with the exception of air, water and (in some countries) sunshine, are available in unlimited amounts. It is because of scarcity that goods have to be shared out among individuals. If scarcity did not exist, then there would be no economic system and no economics (Stonier and Hague, 1980, p. 3 emphasis in original).

potential for such a state of abundance exists, nevertheless admits that if it did this would mean the end, not only of 'the economy' as a system of allocating scarce resources but also of goods having an economic value and price; goods would simply become useful things produced for human beings to take and use, while economics as the study of the most rational way to employ scarce resources would give way to the study of how best to use abundant resources to produce free goods in the amounts required to satisfy human needs.<sup>2</sup> Significantly, the ideologists of state capitalism take up a basically similar position: if abundance existed, value, prices, money, markets and wages could be abolished but, since abundance does not yet exist and could not be brought into existence for some considerable time, all these categories of capitalism must continue.<sup>3</sup>

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2 Abundance removes conflict over resource allocation since by definition there is enough for everyone, and so there are no mutually exclusive choices, no opportunity is forgone and there is no opportunity-cost. The golden age, a communist steady-state equilibrium, will have been reached. Gradual change, growth, will be simple and painless. The task of planning becomes one of simple routine; the role of economics is virtually eliminated. There is then no reason for various individuals and groups to compete, to take possession for their own use of what is freely available to all (Nove, 1983, p. 15). There would then be no *economic goods*, i.e., no goods that are relatively scarce; and there would hardly be any need for a study of economics or economizing. All goods would be *free goods*, like pure air used to be (Samuelson, 1980, p. 17 emphases in original).

3 Present productive forces are quite inadequate to provide the whole of mankind with up-to-date comfort (Mandel, 1968, p. 610). The necessity of a transition period follows precisely from the fact that on the morrow of the abolition of capitalism, *society is still living in a situation of relative shortage of consumer goods*. The allocation of