

# Socialist planning in the 21<sup>st</sup> century

Özgür Öztürk

In a speech he made in Switzerland in January 1917, Lenin said “We of the older generation may not live to see the decisive battles of this coming revolution.”<sup>1</sup> One month later, the February revolution broke out, and within the same year, the most glorious attempt ever to change the fate of humanity began.

This anecdote shows that it is almost impossible to predict the beginning of a revolution accurately: even Lenin, the greatest revolutionary in history could not succeed in this. A revolution happens all of a sudden, surprises the world. Like an earthquake, it is the moment of social breakup that suddenly erupts when a certain point is reached as a result of the accumulation of small, isolated events that take place almost “silently” in the background.

It may not be possible to predict when the revolution will begin; yet it can be determined objectively whether or not the current conjuncture has a revolutionary character, that is, the social “fault lines” have started to move. Indeed, Lenin depended on such an observation for his own epoch. Having said that “We may not see it,” he was also speaking of the coming revolution, stressing that it will happen sooner

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<sup>1</sup> Lenin, “Lecture on the 1905 Revolution”, *Collected Works*, Vol. 23, Moscow: Progress Publishers, 1974, p. 253.

or later. For, according to him, the basic characteristic of the modern age was the “actuality of the revolution”.<sup>2</sup>

By and large, imperialism is the age of transition from capitalism to socialism. The advance of the social character of production that reaches global scale, the tremendous development of the productive forces, together with the increasing pressure, violence and exploitation, prepare the preconditions for the capitalist civilization to reach its limit and leave its place to a higher type of society. Undoubtedly, this transition will not take place at once and in the form of an irreversible break; the 20th century has provided us with enough evidence in this regard. However, the dynamics of transition is at work.

Certainly, there will be some cross-currents and tides within the general tendency. Viewed from the perspective of revolution, the years roughly between 1980 and 2010 correspond to a terrible retreat. Nevertheless, the recent period, characterized by the great crisis of capitalism, is likely to become the starting phase of a new breakthrough. After the gradual dissipation of a dark mist, socialism has loomed on the horizon of humanity again.

There should not be any misunderstanding here: unfortunately, a new world war that may cause the complete destruction of the planet with hundreds of millions of human deaths is a real possibility getting stronger every day. But the same possibility is also strengthening the opposite tendency towards socialism. The two greatest revolutions of the twentieth century took place in the middle of or immediately after world wars. To expect a new revolution without such great disasters is just a hope for the moment.

The seeds of the future lie in the present. A social revolution is the most possible radical rupture. Yet the new forms that will emerge after the revolution, and most importantly the new production relations, will not drop from the sky. The new forms will come into existence as the eventual outcome of **some** of the tendencies that have gradually matured in the old society. It is, of course, impossible to foresee precisely what tendencies these are. Moreover, in time, different dynamics can also become dominant within the existing order. Nevertheless, the basic principle is that we face the future today, whether we are aware or not:

most of the evidence for the possibility of socialism/communism surrounds us on all sides and can be seen by everyone. It lies in conditions that already have a socialist edge to them, such as workers’ and consumers’ cooperatives, public education, municipal hospitals, political democracy, and –in our day– nationalized enterprises. However, it also lies in conditions that don’t seem to have any-

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<sup>2</sup> Georg Lukacs, *Lenin: A Study on the Unity of His Thought*, 1924, <https://www.marxists.org/archive/lukacs/works/1924/lenin/>.

thing particularly socialist about them, such as our developed industries, enormous material wealth, high levels of science, occupational skills, organizational structures, education, and culture. Evidence for socialism can also be found in some of capitalism's worst problems, such as unemployment and worsening inequality.<sup>3</sup>

The future may be uncertain, but what sheds light on the struggles to be fought today is the conception of the future that we take as our point of departure. For those who wish to see it, socialism/communism is **potentially** available everywhere. But the point is not just about seeing it. For this potential to become a reality, revolutionary action is necessary. Capitalism will not turn into communism by itself.

We do not know how the socialism of the 21st century will come into being or what it will look like. We can of course speculate on this – Marxism does not prohibit such thought exercises. As a matter of fact, today we encounter some discussions among scholars, under the title of “designing socialism”.<sup>4</sup> Such initiatives are of course worthy of respect and attention: there is an experience of one hundred years, with all its sins and deeds, and it is necessary to face the past honestly and to draw lessons for the future. However, presenting the existing possibilities for socialism looks like a more advantageous strategy than designing it beforehand.

In this paper, I will discuss the potentials of socialism with reference to the technical and economic possibilities of **the present**. In particular, I will assess the current potentials in terms of planning. I will try to outline the kind of economic planning system we can build immediately, within a few years. In the 21st century, a planning system that is fundamentally different and far more effective than the previous century can be established. It is possible to create an economic planning system based on labour time calculation, in accordance with the original vision of Marx. By facilitating the calculation of the labour time content of each product, and enabling the elimination of monetary relations, such a system will form one of the most important pillars of new socialism.

## 1. Basic points

A situation encountered during the emergence of capitalism can help us when thinking about the future. The capitalist mode of production came to the historical stage before the productive forces corresponding to it were fully developed. Capital started off from the technical basis that was available at the time, and the develop-

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3 Bertell Ollman, *Dance of the Dialectic: Steps in Marx's Method*, Chicago: University of Illinois Press, 2003, p.159.

4 See for example the April 2012 special issue of *Science & Society*.

ment of the productive forces appropriate for capitalist production took place later.<sup>5</sup> Indeed, capitalist relations of production began to expand as early as the 15th and 16th centuries. But it was only with the Industrial Revolution, at the end of the 18th and the beginning of the 19th centuries, that it was possible for capital to stand on its own feet by arriving the form of production (the factory as a machine production system) that fits best to its content. From this moment on, capitalist production attained an irreversible character.

In previous transition periods, new relations of production were shaped **spontaneously**, in a trial-and-error process. But, in the transition to socialism, new relations of production will be consciously constructed. In the case of the bourgeoisie, a period of social revolution began when that class was strong enough economically within the old order. But the working class cannot gain economic dominance within the capitalist system. This domination will only take place after the revolution.

The primary goal of the socialist construction process is to change the relations of production. The new relation of production is the planned economy that will further promote the social character of labour, which has already become evident in the capitalist system.

The formation of productive forces most appropriate for the planned economy is a matter of time. In the sixteenth century, no one could predict that in the future the basic production unit would be the factory. In this sense, it can be thought that it is impossible to predict the technical form appropriate for socialist relations of production. But the situation is somewhat different in the socialist construction process. The fact that the relations of production are to be shaped consciously, not spontaneously, will undoubtedly put its mark on the development of the productive forces.

Two main dimensions can be distinguished in the development of the productive forces. The first is the means of production. The main goal of the socialist construction process in terms of the development of the means of production is full automation in production; or, more precisely, such a goal is meaningful and possible today.

Marx had conceived of large scale industry as capitalist production proper.

Large-scale industry ... had to take over the machine itself, its own characteristic instrument of production, and to produce machines by means of machines. It was not till it did this that it could create for itself an adequate technical foundation,

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<sup>5</sup> Marx discusses this in *Capital*, especially in the chapter on “The Division of Labour and Manufacture”. The earlier capitalistic form of production, that is, manufacture “was unable either to seize upon the production of society to its full extent, or to revolutionize that production to its very core ... At a certain stage of its development, the narrow technical basis on which manufacture rested came into contradiction with requirements of production which it had itself created.” Karl Marx, *Capital*, Vol. I, trans: Ben Fowkes, London: Penguin Books, 1982, p. 490.

and stand on its own feet.<sup>6</sup>

Capitalist production has an obvious tendency to increase mechanization, to use more machines, its “own characteristic instrument of production.” However, while capitalist production carries mechanization and automation to striking dimensions, it also creates, in the opposite direction, obstacles in front of this. For, the machine is employed in production if it is cheaper than the labour power it replaces. The limit to a capitalist’s “using a machine is . . . fixed by the difference between the value of the machine and the value of the labour-power replaced by it.”<sup>7</sup> When labour is abundant, and wages are below the value of labour power, “from the standpoint of the capitalist,” this makes “the use of machinery superfluous, and often impossible.”<sup>8</sup> Under conditions of abundant cheap labour power, capital tends towards labour intensive production. Moreover, capitalist production impedes mechanization for another reason: though individual firms pursue innovations that reduce the share of living labour in production, surplus value (hence, profit) depends on living labour, and thus serious constraints emerge on the overall tendencies of mechanization and automation. As a result, capitalist production, constantly promoting mechanization on the one hand, feeds and keeps alive opposite processes on the other.

There is no such constraint in socialism; there are only natural/physical barriers in front of the full automation of the production of material objects. Beyond that, with today’s technical possibilities, the advance of automation is limited only by our imagination. From a technical point of view, a significant part of production can be realized by machines and robots, and even most of the tasks referred to as “services” can be automated. Using more machines in mines, construction sites, factories, etc., and fully automating the transportation business (including urban transportation) may require large investments at first. However, even these initial investments will probably be less than the present costs. When one takes into account, say, the resources spent for the production of motor vehicles and related items (including the gasoline wasted during traffic jams), it is clear that a much more rational, comfortable and fully automatic transportation system can be built at a much lower cost. Capitalist production can be very revolutionary compared to the production systems of the past, but it is not revolutionary enough to solve the problems of humanity today.

The second dimension of the productive forces is the human being as the most revolutionary productive force. The Marxist tradition predicts that, in future communist society, work will become a primary need. This means working for others,

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6 Marx, *Capital*, Vol. I, p. 506.

7 Marx, *Capital*, Vol. I, p. 515.

8 Marx, *Capital*, Vol. I, p. 516.

of course; it is very different from that of the workaholic bourgeois, who works day and night to fill his own pocket. The social individual of socialism is aware that working “for others” is actually working for “herself,” and she can make herself human only in this way. In the midst of today’s egocentric capitalist relations, this prediction of Marxism may look like a dream. In capitalist society where self-seeking is the rule, to do something for others is indeed perceived as “foolishness”. However, it should not be overlooked that self-seeking is in fact a behavioral pattern associated with particularly the “economic” domain, or more specifically, the market. Within general social relations, being selfish is condemned, **even** in capitalist societies. It is no simple coincidence that Adam Smith, who developed the first systematic economic theory of capitalism at the dawn of it, was also a moral theorist. Arguing that self-seeking was natural for everyone within market relations, Smith avoided such a suggestion for the more general social context.<sup>9</sup> In other words, even the foremost ideologists of capitalism are aware that it is not generally “good” for people to pursue their own interests. In this sense, socialism will feed the good side, not the bad side, of human beings.

But the issue is not simply the moral superiority of socialism. When work has become a primary need, nothing will stop the personal and collective development of human beings. The “lifelong learning” target imposed on the working class is unattainable under capitalist conditions, for the simple reason that the activity of learning, like everything else, is subject to self-interest in capitalism. If there is no direct monetary benefit, one does not need to learn anything at all. However, in socialism, different social criteria apply, and people can develop their potentials and capacities without facing external obstacles. Since the most important obstacle in this regard is the market today, the removal of market relations will pave the way for real human development.

## 2. The necessity of planning

It will not be a prophecy to say that the future socialist revolution(s) will begin in individual countries and then spread to other countries/regions. A revolutionary process that will cover the whole world in a short time would be as surprising and pleasing as winning the lottery. In fact, on the contrary, it is more likely that, during the transitional period, the revolutions that will take place in individual countries will encounter troubles after a while, because the imperialist system will try to strangle any move towards communism by doing whatever it can. Therefore, central capitalist (imperialist) countries such as the USA, Germany, England, France and Japan must join the revolutionary process at a certain stage. A revolution that

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<sup>9</sup> Duncan K. Foley, *Adam’s Fallacy: A Guide to Economic Theology*, Cambridge: The Belknap Press of Harvard University Press, 2008.

does not cover the core regions of imperialism will face difficulties in the long run.

To say this does not mean to accept defeat from the beginning. It means that any socialist revolution must target a worldwide revolution from the first hour. For this, it is vital for the individual countries participating in the revolutionary process to establish permanent and strong ties among themselves and to take initiatives towards world revolution from the first day, including, especially, the creation of a new International. Of course, there will be many geopolitical contradictions, conflicts, etc. that cannot be foreseen now – tons of problems will arise. But the basic principle is that the socialist construction process must also be a moment of the world revolution. To settle for less and to limit the strategy of revolution to keeping the “positions” somehow captured is, to say the least, to continue dreaming. One can take occasional breaks during a long run; but if an armed gang of murderers are chasing behind, the breaks have to be as short as possible.

The key to the socialist construction process is the advance of the world revolution. For example, as will be discussed below, the shortening of working hours will constitute a basic part of the industrial relations in new socialism. However, if the revolution does not cover the imperialist countries, the attempts at socialism will undoubtedly be surrounded by imperialist enemies and their cohorts. The economic and military pressures from these powers may force the socialist countries to take unexpected measures, such as lengthening the working hours and/or other undemocratic steps. It must be kept in mind that, for the planning system discussed below to work, the world revolution has to make a significant headway.

The importance of creating a common planned economic framework in the individual countries involved in the socialist construction process cannot be exaggerated. The material basis of a new political form that transcends the capitalism-specific nation-state form lies here. This is one of the greatest failures of the socialist construction experiences of the 20th century. The consequence of abandoning internationalism and the lack of a single economic and political structure from Eastern Europe to China has been the confinement of socialist construction to national boundaries.<sup>10</sup> At a time when capital has carried the socialization of labour to global scale, the socialist construction process has been deprived of such an advantage. In other words, the superiority of the capitalist system in terms of the capacity to develop the productive forces has continued.

Thus, in the new socialism, national borders must be transgressed or at least lose their decisive significance, and the basis for this will be the common planning system. The ultimate goal is to create a planned economy first in individual countries, then in many countries and regions, and then on the world scale.

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10 See Sungur Savran, “Sovyetler Birliği’ni kim yıktı?”, *Devrimci Marksizm*, sayı 28-29, Güz-Kış 2016.

Planning is a relation of production, the basis of socialism. As the conscious regulation by humanity of the processes of production, consumption and distribution, it is the rejection of market relations. A socialist economy will either be planned, or it will not be socialism. In this context, the step-by-step elimination of market relations is necessary during the “transition process” which probably will span at least several decades.

Planning has encountered inevitable limits during the 20th century revolutions. Since the societies that experienced revolution were in a backward state in terms of capitalist development, there emerged specific problems. Undoubtedly, problems will also emerge in the future, but these will be of a different quality. In the various planning experiences, as practiced in the 20th century, usually there were rapid initial developments, but after a while inefficient systems arose. Though Soviet type planning was successful in mobilizing resources, it did not show the same success in providing the effective allocation of these resources. Under the Soviet planning system, the basic target was to increase the output at all costs, rather than to decrease the inputs used to produce the same amount. Thus, plants tended to stock as much input as possible, including labour force. In the end, the increase in output was conditioned by the increase in the amount of inputs and the means of production used. Output was more important than efficiency. It is perfectly natural for such a system to mobilize idle or potential resources and increase output in a short period of time. However, once the physical boundaries of inputs were reached, further progress became increasingly difficult. Indeed, in the Soviet Union, the system reached its limits during the 1960s, and thereafter faced a slow but steady crisis.<sup>11</sup>

On the other hand, Soviet type planning systems also failed in overcoming market relations. Many products, especially rural food supplies, were not planned, and petty commodity production always existed alongside the plan. Over time, especially in the cities, many “service” activities were left at the mercy of the black market. Even if the problems this created for socialist planning are left aside, the result was a chronic disease that poisoned the socialist construction process.

In the new socialism, the basic principle has to be the geographical and sectoral expansion, as well as deepening, of the planned economic organization. Today, it is absolutely possible to make the economy of a country or a continent completely planned in as short as a few years’ time. As Paul Cockshott and Allin Cottrell emphasize, for example, “There is no **technical** reason why the United States could not have a **completely** planned economy.”<sup>12</sup> Political, ideological,

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11 Özgür Öztürk, “Economic background of the collapse of the Soviet Union”, *Revolutionary Marxism 2017*.

12 W. Paul Cockshott, Allin F. Cottrell, “Value, Markets and Socialism”, *Science & Society*, Vol. 61,

and even cultural reasons undoubtedly exist, but in principle, the greatest economy in the world can work in a planned way down to the finest detail. Moreover, this can be realized much more efficiently than the market system.

### **3. What kind of planning is possible today?**

This question can be answered on two levels. First, there is the planning potential that emerges from the working of the market system itself. Planning already exists in the capitalist system, within a chain extending from singular local/national firms to multinational corporations. The planned economy develops under capitalism. As is known, Marxism places great importance on the planning tendencies that arise within capitalist production, since these tendencies carry the socialization of labour to very high levels.

In this sense, socialism is the removal of obstacles to the tendency of socialization of labour. To bring this “direct” planning tendency of capitalist production to its logical conclusions in the socialist construction process means, first of all, large scale nationalizations. Big monopolies, banks, energy complexes, retail chains, transportation and communication companies, mines, other natural resources are the first businesses to be nationalized. They will function as parts of a single economic entity. On the other hand, since the profit criterion will be eliminated, perhaps some plants will be shut down, some will be merged, and the production policy will change from top to bottom. Especially the fixed capital investments, buildings, machines, equipments, and other means of production of these enterprises will be the initial springboard for the socialist construction process.

The second dimension of planning is constituted by other tendencies of capital. The most important of these is the evaluation by labour time. In the labour theory of value as developed by Marx, the value of a commodity is determined by its socially necessary labour time content. Since capitalism is defined by the dominance of value relations, an implicit labour time calculation is the organizing principle of social production and exchange. Yet there is actually no “calculation” in a market context; no one can precisely calculate the labour time socially necessary to produce an item. Instead, the fluctuations of supply and demand provide signals for the producers, and they act according to these signals. Thus there is an evaluation by labour time, but this evaluation is far from perfect.

The second tendency is about “abstract labour”. Abstract labour is standard, average human labour. According to Marx, this is not just a simple abstraction or idea: when commodities produced by different labours are exchanged, the concrete forms of labour that produce them become identical. This is a “real abstraction”: every

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no 3, Fall 1997, p. 351 (emphases mine).

kind of human labour is treated as equal. However, beyond that, capital has also a tendency to bring all kinds of human labour closer together. Production based on capital, while increasing the diversity of concrete labour, at the same time and in the opposite direction, demonstrates also a tendency to standardize the labours of producers. In Marx's words from the Introduction to the *Grundrisse*:

Indifference towards any specific kind of labour presupposes a very developed totality of real kinds of labour, of which no single one is any longer predominant ... Then it ceases to be thinkable in a particular form alone. On the other side, this abstraction of labour as such is not merely the mental product of a concrete totality of labours. Indifference towards specific labours corresponds to a form of society in which individuals can with ease transfer from one labour to another, and where the specific kind is a matter of chance for them, hence of indifference ... Such a state of affairs is at its most developed in the most modern form of existence of bourgeois society - in the United States.<sup>13</sup>

In the rest of the passage, Marx emphasizes the fundamental difference between the labourers of a backward society who can “do anything” and the labourers of an advanced capitalist society who can adapt themselves to any kind of work.

The same theme appears in *Capital* as well, but in a slightly different way. Here, Marx avoids an in-depth discussion of the issue and does not formulate it as a “law” of capitalist production. Nevertheless, partly because it provides ease of calculation, and partly because of his opinion that it is an objective tendency, he minimizes the difference between the so called “skilled” and “unskilled” labours. In a long footnote, he writes:

The distinction between higher and simple labour, ‘skilled labour’ and ‘unskilled labour’, rests in part on pure illusion or, to say the least, on distinctions that have long since ceased to be real, and survive only by virtue of a traditional convention; and in part on the helpless condition of some sections of the working class, a condition that prevents them from exacting equally with the rest the value of their labour-power. Accidental circumstances here play so great a part that these two forms of labour sometimes change places. Where, for instance, the physique of the working class has deteriorated and is, relatively speaking, exhausted, which is the case in all countries where capitalist production is highly developed, the lower forms of labour, which demand great expenditure of muscle, are in general considered as higher forms, compared with much more delicate forms of labour; the latter sink down to the level of simple labour ... Moreover, we must not imagine that so-called ‘skilled’ labour forms a large part of the whole of the

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<sup>13</sup> Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy (Rough Draft)*, trans: Martin Nicolaus, London: Penguin Books, 1973, p. 104.

nation's labour.<sup>14</sup>

Indeed, in the paragraph following the footnote, Marx declares that “We therefore save ourselves a superfluous operation, and simplify our analysis, by the assumption that the labour of the worker employed by the capitalist is average simple labour.”

This emphasis by Marx on “average simple labour” is not just an assumption or reduction to simplify the matter. The capitalist system, one of the most unequal production systems of history, tends to equalize every human being and their labours in an abstract and purely formal way. The situation is similar to the one person – one vote principle of the modern election systems: inequalities are obscured by a formal appearance of equality. But that's not all. On the other hand, for the first time in history, although abstractly, the idea of equality of people has emerged, and has even become an unquestionable prejudice.

At this point it may be useful to turn back to the much discussed lines in the *Critique of the Gotha Programme*. Marx states that “Within the collective society based on common ownership of the means of production, the producers do not exchange their products.” Because, in this society, individual labour exists directly in a social form, as part of total labour, not in the form of value, that is, indirectly. Marx emphasizes that here we are dealing with a “communist society, not as it has **developed** on its own foundations, but on the contrary, just as it **emerges** from capitalist society.” This new society still bears the stamp of the old. Here, “the individual producer receives back from society –after the deductions have been made– exactly what he gives to it.” The producer receives a certificate that shows the amount of labour expended (after deductions for the common funds), and with this certificate “he draws from the social stock of means of consumption as much as the same amount of labour costs. The same amount of labour which he has given to society in one form he receives back in another.” Marx argues that since equal values are exchanged, this is the same principle that regulates the exchange of commodities. Content and form are changed, but the same principle prevails in distribution.<sup>15</sup>

A question immediately arises: how will the labour time spent by the individual producers be calculated in this early phase of communist society? According to which criteria will labour certificates be issued? How can we compare the three hours of a plumber repairing pipes with the three hours of a cook cooking, or with the three hours of a surgeon spent in the operating room? In other words, how will the different types of concrete labours be compared to each other? If such a comparison

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<sup>14</sup> Marx, *Capital*, Vol. I, p. 305, fn 19.

<sup>15</sup> Karl Marx, “Marginal Notes on the Programme of the German Workers’ Party”, *Marx & Engels Collected Works*, Vol. 24, Lawrence & Wishart, 2010, p. 85-86.

cannot be made, and a “common measure” cannot be found, labour time calculation will not be possible.

The answer to this question comes from capitalist production itself. As emphasized above, there is also a tendency to equate all kinds of human labour in capitalist production. In socialism, it can be said that this tendency will reach its logical conclusion: as human labour, everyone’s labour will be treated as equal. Therefore, accepting the labour of the plumber, the chef, the surgeon, the secretary, the student and the miner as equal and equivalent will be the starting point for creating a planning system based on labour time accounting. The basis of the new planning system lies here. During a transitional period, it is certainly possible to develop a planning system based on labour time.<sup>16</sup>

Two warnings are necessary here: first, as noted above, the advance of the socialist construction process is conditioned by the advances of the world revolution. An isolated country can of course proceed and take some initial steps in the direction of socialism. However, this process can never be completed in a single country or in a small group of countries. Second, though the basic goal is to progressively adopt a system in which everyone’s labour time is considered equal, some tasks (such as, e.g., brain surgery) will always be “closed” in the sense that they will require well developed “skills” and qualifications. Thus, **pace** Marx, the distinction between skilled and unskilled labour is not purely illusory, and will be with us for a long time.

Yet this does not mean that different types of concrete labour cannot be treated as equal. The more “skilled” labourers will not earn more in socialism. Under capitalist conditions, the cost of “upskilling” usually falls to the individual; but, in socialism, where labour is directly social, the society will undertake this cost. Thus there will be no reason to pay more to “experts,” and over time, inequalities will be significantly eroded.

It is of course impossible to instantly eliminate the inequalities. Shortly after the October Revolution, there was an urgent need for trained experts, and therefore, these people were paid more. Under the backward conditions of Russia, expertise was of vital importance not only in industry but also in the Red Army. The need for experts paved the way for an unequal wage system. In the early days, this was perceived as a necessary and temporary measure. However, in parallel with the grabbing of power by the bureaucracy, it became a rule, and the dream of equality slowly withered away.

Today, a post-revolutionary society can determine some coefficients to com-

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<sup>16</sup> The details of such a planning system can be found in W. Paul Cockshott and Allin Cottrell’s *Towards a New Socialism*: [http://ricardo.ecn.wfu.edu/~cottrell/socialism\\_book/new\\_socialism.pdf](http://ricardo.ecn.wfu.edu/~cottrell/socialism_book/new_socialism.pdf). This important book, dated 1993, was a source of inspiration for this paper in many ways.

pensate for the differences in skills, and the difficulties of different tasks. But, in the long run, the goal is to treat all types of concrete labour as equal. Over time, the system of division of labour which allocates everyone to a permanent lifelong “occupation” will also begin to change. Even in today’s capitalism, it is possible for an individual to study and work in several different areas within her life. The all-round individual of socialism will probably not spend her life in a single job. In short, differences between jobs and professions will begin to lose their meaning, and progress in this direction will facilitate the equal treatment of concrete labours.

In a planning system that recognizes everyone’s labour as equal, by keeping the record of labour time spent by everyone, the total amount of the labour content of each product can be calculated clearly. To be sure, it will take several years for the planning system to operate at full precision, since some products such as ships, buildings, etc. have a long production time. But, after a while, society will begin to see how many hours it takes to produce each product, and calculations will be easier. With existing communication and computation technologies, it is possible to create very sophisticated and robust calculation systems.

Another advantage of such a system is the ability to eliminate the use of money. Today, with tools such as credit cards, debit cards, etc., the use of money in daily life in retail trade is already limited. Moreover, money is neither used in wholesale trade nor in interbank money markets. In these areas, it serves just as a unit of account. As a matter of fact, from the standpoint of the socialist construction process, the main problem is not the use of money in everyday shopping, but, rather, the possibility that money will be transformed into capital. In the socialist construction process, this is a constant threat and takes place within market relations. Therefore, in parallel with the step-by-step removal of market relations, labour time calculation should be included in the planning process to eliminate the use of money. I’ll return to this theme below.

#### **4. Wage, price and profit, and productivity**

The plan is the form of organization of the economy, of the relations of production. But it is never a purely economic phenomenon in the narrow sense. Because it determines the allocation of resources in a society, it has a deeply political character. Therefore, the plan targets reflect the social balances of forces. In the Soviet model, the output amount (rapid growth) was taken as the main criterion; this was the result of the October revolution taking place in a backward country. The Soviet Union had to undertake many problems that are “normally” expected to be solved by capitalist development. As a consequence of this, some applications that are crucial in the progress to socialism were not applied at all, and some categories of the capitalist system continued to exist.

To be sure, the categories of wage, price and profit functioned differently in the Soviet system from what they are in the capitalist system. However, since a planning model based on labour time was not adopted, money relations continued to exist. This created a permanent tension within the system that was locked in a position, unable to advance towards socialism, and trying to hinder the development of capitalist relations by the use of force.

A second, and related, problem that persisted throughout the Soviet period was the low productivity of labour. The economic planning system, that is, the form of organization of the relations of production in the Soviet Union, did not by itself solve this problem. Especially during the formation phase of the system (roughly the years between 1930 and 1965), the bureaucracy forced the labourers and peasants to work and produce more. However, the passive resistance of the proletariat and the rural peasantry against the bureaucracy put clear limits to this path. The real solution could only be found by carrying the socialization of labour to higher levels, by connecting the various socialist attempts under a single economic plan, by forming a political unit that covered the whole geography of the socialist construction experiments, in short by taking new and real steps towards world revolution. But the system of bureaucratic domination became a fetter on the development of the forces of production.

### *Wages*

It is almost certain that money relations will continue to exist during a transitional period. Yet it is also certain that money will not continue to serve the functions it assumes in capitalist society. In capitalist society, money is primarily the measure of value. In this context, “value” means that production is not directly but **indirectly** social. The value of a commodity is determined by its socially necessary labour time content, and the external measure of this is money. In capitalist society, money emerges as a necessary form of value. In an environment where production has a directly social character, the function of money as a measure of value will obviously suffer a great blow. This, on its own, opens the way to the elimination of monetary relations.

In Marx’s analysis, the second function of money is to provide a means of exchange. It may be necessary to allow the existence of markets for certain products in the socialist construction process. But in broad terms this will be on a much smaller scale than capitalist commodity circulation. Therefore, we may think that money as a means of circulation, and more specifically, the form of money as a unit of account, will continue to exist throughout the socialist construction period.

One of the most important forms of exchange in commodity circulation in the capitalist system is the exchange between capital and labour. In order for money to

be transformed into capital, it must be exchanged with wage labour. Therefore, one of the most fundamental problems of the socialist construction process is to prevent the transformation of money into capital. At this point, the development of a payment system based on labour time is of decisive importance.

In the Soviet Union, the preservation of the “wage” form has had some contradictory consequences. On the one hand, from the early 1930s onwards, with practically zero unemployment in the cities, a huge blow was dealt to the commodity character of labour power and a huge step was taken towards socialist relations of production. In Marx’s analysis, wages and the labour market are regulated in general by the expansion and contraction of the “industrial reserve army”. Since zero unemployment means the practical elimination of the industrial reserve army, in a sense, the commodity character of labour power had been “suspended”. However, on the other hand, keeping the monetary form of wages untouched, in other words maintaining monetary relations, has meant that the abolition of the money form has been left unfinished. As a result, legal measures had to be taken so that money was used only as a unit of account and not transformed into capital. For example, the number of workers that small businesses could employ was limited. In other words, relations of production have been tried to be restrained by law.

By contrast, as Marx has proposed in his critique of the Gotha program, a “payment” system based on labour time limits monetary relations and makes the problem of computation easier. In the socialist construction attempts of the 20th century, such a system never became part of the agenda. In the Soviet Union, during the civil war, in kind payments and barter etc. were widespread, but they were not sustainable and were quickly abandoned after the civil war. Thereafter, the rouble continued to dominate the payments system.

Marx had thought that labour certificates could be used if labour was directly socialized. Today, an electronic system can be employed to keep regular track of who worked where and how long. Such a system could also have been established through the old-fashioned book-and-pen method, but today’s computing technologies will be much more effective, with the advantage of instant updating.

This is the general framework of the planned economy: calculation and payments system based on labour time will make planning very clear and easy. But it should be emphasized that this is just the general framework.

### *Prices*

The payments to workers in terms of labour time do not have to take the form of “chits” or “tokens”; a card similar to today’s credit cards can do the same job. Parallel to this, it is natural that the products have some price in terms of labour time.

In this system, regardless of whether it is a consumer good or a means of produc-

tion, the production period and the labour time content for each product is always known. Therefore, workers know what kind of a consumption package they can access in exchange for the labour time they spend.

The time price of each product will include a “tax” to be set aside for social use, since a portion of total production will be reserved for those who can’t work, children, the elderly, the sick etc. The rate of this tax will be decided by the workers themselves, not by the “experts”.

A question might come to mind: for example, an automobile consists of thousands of pieces, each of them containing tens, perhaps hundreds of inputs. Some are mutually involved in the production process of each other. In this case, how will the “price” of each individual product be determined? Will not such a complex system create computational difficulties?

The answer to this question was actually given long ago, in practice. In a system where products are involved in the production of each other, mutual effects can be determined on a sectoral or product basis by means of input-output tables. For example, the reduction in labour time required to produce a bolt as productivity increases will also reduce the labour time of the products produced using the bolt, which will make bolt production more efficient. Alternatively, the bolt can be grouped with similar products, and the mutual effects can be observed group-wise. Such instantaneous changes can be observed instantly in an electronic system, but it will probably be more practical to get monthly or yearly averages so that the workers can see their future. As productivity rises, in the long run it is very possible to shorten the compulsory workday. In the last thirty or forty years of the capitalist system, productivity has increased, but working hours has also increased – one of the clearest indicators of the irrational nature of the present system.

Another advantage of the planned economy over the market economy is the balancing of supply and demand of products. In the capitalist market supply and demand rarely balance. Manufacturers predict the demand for their products through price signals and make their production plans accordingly. But since they act independently of each other, it is often impossible for supply to coincide with demand. Hence, there is either over- or under- production. Moreover, this non-overlapping continues in the next period. Thus there is always a waste in terms of the use of social resources.

By contrast, the planned economy has the means to solve this problem much more easily. It is already clear from the start how much should be produced of which product, and what inputs will be needed for it, thanks to both the producers and the consumers determining their needs in advance and reporting them. In fact, there are similar processes at work in capitalism. For example, those who buy their airline tickets online usually pay less when they act earlier, because this allows the

airline companies to plan their flights better. In today's world, where the use of the Internet is very common in everyday life, it is not difficult for consumers to make purchases in "virtual shops" and then go and get their products. Moreover, there can be discounts in case of early reporting of demand, since this facilitates the planning of production. The same applies to production units. As a result, a significant part of the needs for both production and consumption can be pre-reported, and the plan can be easily adjusted accordingly, with today's possibilities.

Undoubtedly, needs change and new needs will always arise; some products will fall out of favor and the demand for some new products will increase. But it is also clear that this is a problem that can be solved more easily in a planned system than in a market economy. There are many alternative ways of adjusting the "time prices" of products.

Three important points need to be addressed here. The imbalance between the production of means of production and the production of consumption items was a problem in Soviet type planning throughout the 20th century. As mentioned previously, the plan is never a purely economic phenomenon, and the plan targets reflect the political balance of power. In the Soviet case, the priority given to the production of means of production was the result of the power of the bureaucracy over the workers and the peasants. Therefore, the needs of the Red Army and the plant managers were almost always satisfied, but some consumption items, apart from the basic ones such as bread and vodka, were usually in short supply. In this regard, for example, the housing problem in the Soviet cities was a continuous source of discontent.

In the new socialism, the composition of social production has to be determined socially and periodically. The planning agency can determine a few possible "growth routes", and the society may choose one of these. The share of, say, healthcare in total production will be decided collectively. These procedures need not be similar to the referendums of today. In a socialist society, groups and individuals may use very different and more efficient channels for reporting their preferences. A real, lively "public opinion" that is updated every moment can be created even with today's technology.

The second important point is foreign trade, that is, trade with the capitalist world. In terms of the socialist construction process, the trade between socialist countries must be viewed as an "internal" trade. When these countries are connected around a single economic plan, with the gradual elimination of monetary transactions, the material flows between the different units will be determined according to the plan objectives. On the other hand, during the period of socialist construction, trade with capitalist countries will continue, though the ratio of foreign trade to total production will probably be much less. (Nowadays, the ratio of foreign trade

to GDP is close to 50 percent for Turkey, and more than 80 percent for Germany. It is hard to imagine a socialist country with such high ratios.) Foreign trade will, of course, be monopolized by the workers' state. A general rule can be adopted to keep foreign trade always within certain limits and in balance. The foreign exchange reserves that are obtained by exporting at world prices will be used for imports. The type of products or product groups to be imported can be decided by public vote. Priority may be given to the means of production and to certain critical items such as medicine. Beyond that, foreign trade can be held at a low level.

The third problem is about product diversification. In the capitalist world, there is constant product diversification, and therefore new pricing, especially in consumer goods. Nowadays, in neuro-economic experiments it is observed that the presence of too many kinds of products causes a "decision paralysis" in consumers. No doubt, in the socialist construction process there will not be too many product types. However, there is no need to completely terminate the product development and diversification activity. As the needs of the people increase and develop, new products will have to be produced. Some of the social resources can be directed to this field of research and development.

### ***Profits and productivity***

In capitalist society, the driving force of production is profit. The competitive process forces each unit of capital to produce efficiently in order to get more profit, and the prospect of surplus profits is the foundation for continuous innovations. However, in a socialism that deserves the name, the profit motive has no place. Socialist enterprises do not make a profit. Thus a question immediately arises: What will be the engine of the new system when the profit factor, which has made capitalism so dynamic, is removed? Why should people innovate?

Many people see the success of capitalism in the enrichment possibility it offers to individuals. In principle, everyone can be rich in this system. In practice, things do not really work that way.

The most pointed out positive side of capitalism is its technological dynamism and the innovative culture it creates. However, the negative social consequences of the profit motive (exploitation, sheer crime, wars, ecological destruction, etc.) far outweigh the "positive" returns of it. Yet on closer inspection, one can see that these so-called positive aspects are also outright myths. As always, capital has contradictory tendencies on this score.

On the one hand, capitalist production has subsumed science and human creativity. During the Industrial Revolution, many innovations originated from craftsmen and workers. But, over time, with research laboratories, university-industry cooperation, and many other methods, the "collective intelligence" of humanity was

captured by capital.

However, this is a form of domination that can never be complete. Capital, on the other hand, has opened up new ways of improving social creativity and spreading knowledge. People who upload educational videos on Youtube, or contributing to Wikipedia etc. are (usually) not expecting a profit. In fact, we are probably on the verge of an extraordinary explosion in the collective intelligence of humanity. The “civilizing mission of capital,” which Marx praised in the *Grundrisse*, will be taken over by socialism. In this process, the profit motive will leave its place to more “natural” passions, perhaps ambitions, and the social individuals of communism will certainly find better ways than Youtube.

But, without adequate regulations, this expectation may come to nought. The point is: there must be intrinsic mechanisms in the organization of the relations of production that will provide continuous innovations, technological dynamism, and constant increases in labour productivity.

One may think that, in the absence of the profit motive, productivity will be very low in socialism. Yet the goal of socialism is to increase disposable time as much as possible, and for this, labour productivity is of crucial importance.

In production based on capital, the value of every commodity is determined by its socially necessary labour time content. This is, in essence, a social average. Independent production units within a branch of production converge around the socially necessary labour time for producing a specific commodity. The social average required to produce a commodity creates a permanent pressure on less efficient enterprises. In other words, while capital tends to constantly reduce the labour time content of each commodity, it at the same time forces each producer to catch up with this ever-decreasing social average. Therefore, increasing productivity in terms of labour time is the main target of each production unit.

It is clear that a similar (daily, monthly, annual, etc.) social average calculation can easily be done in a system based on labour time. As a matter of fact, this average is not a very healthy indicator in capitalism because it passes through market mediation. As explained above, no one can precisely calculate the labour time socially necessary to produce an item. Hence, in the capitalist system, businesses are like travellers trying to find their way in the fog. They only know approximately where and how they are going. At any moment, prices may decrease, a crisis may explode, there is the risk of bankruptcy etc. Moreover, whether the commodity they have produced is socially useful or whether they have been successful in catching up with the socially necessary labour time can only be understood through sales. By contrast, in socialist planning, it is possible to calculate more or less precisely how many hours each product takes **on average**.

The social average is about not only the products, but also the workers. People

working more productively than the social average get more free time. If the work-day is four hours, those who complete an average day's work in, say, three hours get an extra hour of free time (monthly or yearly targets can also be determined). Those who stand below the social average will have to spend more time. The continuous updating of the social average will force the producers to take productivity very seriously. Of course there will be differences between plants and among workers for a variety of reasons, but it is certainly possible to take these differences into account (after a few years of trial-and-error).

The social averages will probably decrease regularly in the beginning, and reach a state of "balance" after a while. That is, it will be more or less known which task requires how many hours a day, and producers will act accordingly. But even if an equilibrium situation is reached, over time, people or groups that pull the average further down will also appear. Their "formulas" for increasing productivity (a new labour organization, a different approach, or whatever) have to be shared with the public; this can be compulsory at first, but, over time, "sharing the secret" can turn into a tradition. In the capitalist system, a company that improves productivity gets surplus profit for a while, but, after some time, as new technology spreads, these profits cease to exist. In the planning system based on labour time, individuals or plants that increase productivity will get additional disposable time for a while, but after some time this advantage will cease to exist. However, while the worker gets nothing from increased productivity in the capitalist system, in socialism it is in the interest of both the worker and the society to increase productivity.

This system resembles piece work, which Marx regards as the wage form that best fits capitalism, but there is an important distinction: in piece work, more efficient workers earn more money, but in socialism, more efficient workers will have more free time.

Two possibilities can be considered for those who **constantly** stand below the social average. Either these workers can be shifted to other tasks, or there may be an effort to solve the problem with additional investments. In any case, a system can be created in which, within at most a few years, all the workers will be able to adapt themselves and determine their own working preferences.

## 5. Industrial relations in a planned economy

More than 160 years ago, the young Marx quoted the following sentence from Wilhelm Schulz's book titled *Die Bewegung der Produktion (The Production Movement)*:

In France it has been calculated that at the present stage in the development of production an average working period of five hours a day by every person capable of work could suffice for the satisfaction of all the material interests of

society.<sup>17</sup>

More than 160 years have passed but the average of five hours a day is still a dream. This is despite the fact that during this one and a half century, the most important scientific discoveries in the history of humanity, innovations that increase productivity hundreds of times, automation systems, computers etc. have become available!

This example shows that capitalist production creates great potentials for the development of humanity as a whole, while at the same time constantly suppressing these potentials. The primary aim of socialism is to release these potentials.

It is possible to set a number of goals in terms of industrial relations in the socialist construction process. These are actually trends that are potentially emerging in capitalist production, but which are virtually unrealizable due to capitalist relations of property and production. Under today's circumstances, the major goals may be full employment, full automation, zero work accidents and the continuous shortening of working hours.

Full employment can be achieved in capitalism, but only in extraordinary situations such as war, because, capitalist production requires the constant existence of an "industrial reserve army". However, in a planned economy, full employment is the rule, not the exception. Indeed, this is evident in the experience of the Soviet Union. In the socialist labour planning of the 21st century, the public announcement and continual updating of existing projects and their labour requirements to everyone can provide workers to report their work preferences beforehand, and thus facilitate planning for supply. In an environment where working hours are reduced, people will choose by regular or irregular intervals from a large number of options in front of them, rather than having to cling to their first job. With a system similar to the "user evaluations" on the Internet, jobs can be separated into several main categories according to their difficulty ratings. For example, it may be more difficult to work on a power plant in a mountainous region than serving on a beach. The goal in the long run is to bring the degrees of difficulty of all jobs closer together and to reduce as much as possible the differences in attractiveness between regions. Various measures can be taken to make easier the jobs that are found "difficult" for a variety of reasons and to make zones with harsh climatic conditions more attractive. As a result, the real problem that must be solved in the new socialism will not be full employment, but distributing the work preferences of producers between existing tasks in a balanced way.

It can also be said that full or near automation in production is absolutely possible. This is also linked to the problem of work safety. In a socialist economy that

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<sup>17</sup> Karl Marx, *Economic and Philosophic Manuscripts of 1844*, Marx & Engels Collected Works, Vol. 3, Lawrence & Wishart, 2010, p. 242.

increases mechanization and automation as much as possible, the safety of workers will also be achieved to a considerable extent. Today, it is virtually impossible in, say, Turkey, to reduce work accidents to zero, which are clearly “murders” under capitalist conditions. According to the figures that can be determined, the highest number of workers, 1.970 people, died due to work accidents in Turkey in 2016. In 2017, in the four months between May and September, when the Ministry of Labour had declared the goal of “zero work accident,” this figure was 753! Marx was not using a literary metaphor when he said that capital sucks the blood of workers, just like a vampire.

In socialism, “zero work accident” is a very realistic goal that can be reached in a short time. Moreover, it is possible not only to eliminate work accidents, but also to make working conditions as comfortable as possible. In the socialist construction period, inspection of working conditions and problem reporting can easily become a culture in a few years. A simple rule can be set, for example, to “create a work environment where even a pregnant woman can work”.<sup>18</sup> If a job is so hard that a pregnant woman cannot do it, it can be classified as primarily a “difficult” job; then measures can be taken to increase mechanization and automation to make it easier.

The continuous shortening of working hours, which does not seem possible under existing relations of production and property in the capitalist system, is again a realistic goal in the socialist construction process. A workday of six hours at the beginning, which can be reduced to five or four hours within a few years, is not a dream at all in today’s conditions. In the long run, in communist society, the goal is to leave the question of working hours behind.

However, in the socialist construction process, it is necessary to take quick and effective measures to direct the increased free time to meaningful and developing activities. The share of artistic, sporting, scientific, cultural, social activities in people’s lives can be increased in a very short time. The capitalism-specific “star” system transforms such activities into an entertainment business, carried out by a small number of people, with the vast majority being passive viewers.

When working hours are reduced, the “income” in terms of labour time of the workers do not necessarily decrease. When working hours are reduced in parallel with increased productivity, it will be possible to access more products with that decreased income, since the “social average labour time” contents and therefore the time prices of products will decrease also. In general, with socialism, the needs of the people will multiply and diversify, which will increase the demand for consumption. The direction of this consumption to rational channels, such as develo-

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18 See Özgür Öztürk, “Piyasa Ekonomisinin Sonuna Doğru” [“Towards the End of the Market Economy”], *İktisat*, no 529, 2015, p. 48. <http://www.devrimcimarksizm.net/sites/default/files/piyasa-ekonomisinin-sonuna-dogr-uzgur-ozturk.pdf>.

ping public transportation, is not only possible, but has become almost a necessity, given the consumer culture that prevails in today's advanced capitalist societies.

In terms of industrial relations, some new forms that have emerged in today's capitalism can be carried forward in the socialist construction process. In the modern capitalist world, project-based work is becoming widespread in sectors such as engineering, construction, finance, and information technology. Moreover, many NGO's submit various projects to the national or supra-national institutions, and many people are employed in these projects. In the context of the existing relations of production, project-based work is an oddity that firms have invented to avoid paying employees during the "intermediate" periods. But, in socialism, project-based work can find a much more widespread development. There is no need to keep the "company" or the enterprise form of capitalism. Any feasible project, designed by anyone, can be submitted to the planning body, and if it is accepted through a social decision-making process, a part of social resources, including labour power, can be allocated to it.

Here, the possibilities are limited only by our imagination. Once the capitalist forms and the waste associated with them are left behind, we will recognize how enormous resources we collectively have. For example, large resources can be transferred to construction projects that will change the social environment. New campuses can be built according to communal architectural principles instead of the current housing style that is based on family and private property. In order to discourage living in large metropolitan cities, lots of projects can be developed to make other residential areas more attractive. Many projects can be devised for renewable energy sources, primarily solar energy, fast and widespread train lines, nurseries, retirement homes, health centers and so on. Obviously, the projects need not be only about buildings. A concert, shooting of a movie, a tournament, etc. can also be encouraged to be submitted as a project. Instead of doing the same job, workers can find opportunities to work on different projects and improve themselves.

In short, even on the basis of the current possibilities created by capitalism, a society can take many steps towards the socialism of the 21st century. It is clear that, the creative potential of the masses will provide many simple solutions to the practical problems of the socialist construction process. However, in the final analysis, the fate of the socialist countries will be determined by the advance of the world revolution. Without an internationalist political line, the achievements will be limited and reversible, as the experiences of the 20th century proved.

## **Conclusions**

Compared with the period of the October revolution, the world and the tasks in front of the world revolution are obviously very different today. Marxism conceives

communism on the basis of the tendencies created by capitalist production. Thus, the differences have to be taken into account when thinking about and acting for a new revolutionary breakthrough today.

In the last thirty or forty years, the capitalist world underwent fundamental transformations. On the one hand, the share of the worker population increased rapidly, doubling in itself. Today, the proletariat constitutes more than half of the world population, and an overwhelming majority in all capitalist countries. Therefore, the worker-peasant alliance, which became the source of so many problems in the experience of the Soviet Union, will probably not be of capital importance in many countries in the new period. Likewise, the scale of the problem of collectivization in agriculture will probably be much smaller. All these are signs that the path of socialism will be much clearer in the 21st century.

But, on the other hand, new forms of production and the neoliberal assault on the working class created new problems that must be addressed. The economic and political organizations of the working class have lost power throughout the world. Under these conditions, the importance and urgency of an internationalist and international leadership cannot be exaggerated.

A “feasible” socialism is not an intellectual exercise in utopia. On the contrary, the new forms of production emerge as potentialities within capitalist production. Socialism/communism is possible today. However, in the absence of a revolution, these potentials cannot become a reality. I tried to discuss the outlines of a new planning system based on labour time calculation. Such a system can be put into application within, say, a decade, or some better system may be developed. Everything will be decided by the political struggles of the masses, on a world scale. Indeed, the advance of the world revolution is perhaps the most important determining factor for the socialism of the 21st century. If confined within national borders, any attempt at socialist construction will almost certainly turn into a failure, sooner or later. But, given the lessons of the past century, and the inability of capitalism to provide solutions to the problems of humanity, we have all the reasons to think that there is a better and feasible alternative. Today, in fact, we are closer to communism than all the previous generations.