

What connects the lower to the higher phase of communism? THE SOCIAL FUND.

In the previous posting the distinction between planning and organising the social fund was discussed. Planning is not subject to committees, delegations, groups etc, but the social fund welcomes their input. Here the discussion on the social fund is extended to show that it is the main mechanism for transforming a communist society by raising it from the lower to the higher phase.

Marx and Engels preferred way of expressing the movement from socialism to communism was the movement from the lower stage of communism to the higher stage, or instead of stage, the term phase. The difference between the two phases can be summed up in Marx's famous words: from each according to their ability to each according to their ability, replaced by, from each according to their ability to each according to their needs.

In the first "phase" we have the "inevitable defects" inherited from capitalism which are remedied by workers' rights. In the higher phase these defects have been remedied and so need, not rights, predominates. The question that is posed is, how does society move from the realm of rights to the realm of need. Many metre sticks have been proposed. These have centred on the questions of abundance, reduction in the working day and the emergence of priceless goods. Try as we may, we seldom find discussion on the real process at work, the enlargement of the social fund.

The social fund.

"Right can never be higher than the economic structure of society and its cultural development conditioned thereby." (Marx, Critique of the Gotha Programme). This is one of the most quoted of Marx's cautionary statements. This applies equally to the social fund. The social fund is not independent of and is restricted by the productive capacity we inherit from capitalism. And this restriction remains despite eliminating the extravagant consumption of the capitalist class and their retinue as well as their endemic waste of society's productive resources.

To begin with the social fund will be plagued by compromises because of its insufficiency. However, this is not a call for a strong workers' state to make the unpalatable decisions. Rather it is a call for democracy. Only the producers and consumers of the social product have the right to make these decisions. Firstly, over the size of the deduction devoted to the social fund. In other words, how much labour time each and every worker is going to donate to the social fund, and through so doing, to diminish their own personal consumption. Secondly, over its disposition - to what needs it is allocated.

The dialectic is complex. It must be society which sets the spending priorities. But it must be the state that sets up enduring agencies to provide estimates and costings for these priorities so that informed decisions can be made. This is an ongoing process. The discussion over the deductions and priorities must be inclusive and representative. All the more so the greater the degree of compromise.

I cannot stress this enough. When Marx wrote the above pamphlet, he did so in a polemical style rather than a pedagogical style. Thus, Marx used the social fund to ridicule Lasalle and his concept of the "undiminished proceeds of labour". However, he does make the important point that the social fund grows relatively and absolutely with the development of the economy. *"From the outset, this part (the social fund) grows considerably in comparison with present-day society, and it grows in proportion as the new society develops."* However, what Marx (nor Engels) neglected to add, was that the determination and administration of this fund would constitute the heart of workers democracy in the lower phase of communism.

Remove this all-inclusive determination and a communist society ceases to exist. Either workers will be robbed of this right by a coercive state or it will become, by degrees, turned into a surplus appropriated by a new bureaucracy. It may be argued that workers may not make the right decisions. To this there is a quick reply. Better workers make wrong decisions than an elite makes right decisions. In the first instance workers will learn from their mistakes, in the second they will be prevented from doing so, thus disempowered.

With the development of the productive forces in a communist society, the resources made available to the social fund will grow. And as it grows, so compromises will become more benign. Will the social fund grow to the point that the majority of what is produced will be devoted to it? Who knows, and who cares at this juncture. Our job is not to jump up and down, high enough to look over the tall grass of history and into the future. Suffice to say, that as the social fund grows, so the amount of the social product devoted to need, grows. That is the meaning of Marx's statement, from each according to their ability to each according to need. Need can only be met through the social fund.

Additionally, of course, the social fund not only satisfies needs, but it also creates the conditions for the elevation of every member of society to that of the highest. No longer will the division between mental labour and physical labour continue to ruin the working class. Now every worker has become highly skilled. So just as need is met, so ability falls away because workers are no longer divided by the quality of their contribution to production. Thus, in this full-sided way, we arrive at the higher phase of a communist society, where need advances and ability recedes.

In sum it is the social fund that both transforms the working class and society. It is this fund which provides the investment needed to uplift and renovate society. It is this fund that provides the means to rehabilitate our planet from the ravages of capitalism. It is this fund that is our treasure, our pride and joy, and woe to those who seek to interfere with it or to monopolise it.

Lesser considerations.

It is worth dealing quickly with abundance and priceless goods. Groups like the Lexit loving SWP reckon that communism is the realm where such abundance prevails that goods are priceless, and being priceless, needs can be met by simply helping oneself to the glut of goods. Paul Mason has tried to flesh this out in his book on immortal machines bearing priceless immaterial goods.

It is a truism that prices will fall and could fall to the point where the labour time needed to produce them exceeds the labour time needed to account for them, and so in the interest of reducing overall labour time, pricing that product will be abandoned. It will become free or at least bear only a nominal price, perhaps its last recorded price. Of-course prices may fall less quickly than anticipated if their environmental impact is costed in as well.

However, the danger of truisms is that it belittles the complexity of the process. It makes falling prices appear inevitable when in fact it is the result of us preparing an objective pricing system in the first place. And price is complex. It is not simply based on crude labour time. Labour time is qualitative as well as quantitative. It is not simply the expenditure of labour. It is about the interaction between the intensity of that expenditure, its relative productivity, and the skill sets going into that expenditure.

Marx used the capacity to labour as one of the parameters that marked out individuals in his *Critique*. It is quite clear that humans are differentially endowed especially with muscle strength. However, Marx's treatment of the intensity of labour governed by capacity, is both problematic and dated, as I

have pointed out previously. If right rewarded capacity, then we would end up with piece rate rewards for the expenditure of labour. We saw the consequences of this in the USSR where it fomented sectional interests and led to a rise, rather than a fall, in labour times.

However, the working class has over the centuries fought against piece rates, and, for the rate for the job. Piece rates were always regarded as divisive and even unfair as often those workers best positioned had improved access to materials or had to move around less.

The rate for the job does not recognise individual endowment, rather it takes as its starting point a collective approach, the average negotiated expenditure of labour for that factory or team. In many ways modern production methods, especially the production line, has had this smoothing effect. Thus, within capitalism we already find a process which moves away from the individual to a collective approach towards the intensity of work. Furthermore, with the growth of the women's movement and the rise of the general trade unions, there has been a struggle against the gender gap, a struggle first resisted by male workers, now supported by them. If individual endowment ruled, the gender gap could never be closed and different rates for the job or similar jobs would endure. It is developments like this that does date the *Critique*.

Regarding childbirth. Clearly since Marx's day, while mothers have not been relieved of the full burden of bringing up children, certainly the fight for the welfare state with its maternity and paternity leave, creches and so on, has reduced this burden. Though the gender gap has not been eliminated it has been reduced. The progressive position must be that the rate for the job not only ignores individual endowment but that of gender and race as well. Further, capacity ebbs with age. If we rewarded capacity it would mean discriminating against older workers whose ability to work at the same intensity becomes increasingly compromised.

Additionally, in Marx's day, power tools, power steering, the forklift truck and other lifting aids, were unknown. Today these tools voids differences in capacity. A woman using a power drill can drill many more holes than a man using a hand drill even if he had the arms of Arnold Alois Schwarzenegger. Indeed, and I can never tire of pointing this out, the jobs that are disappearing fastest in the advanced capitalist economies are the one relying purely on physical strength. Building on this, a communist society, seeking to cheapen production as quickly as possible and as cheaply as possible, would be well advised to target investment in those areas where muscle power is still found – infrastructure, building and the land. The days of the shovel and the wheelbarrow must not endure.

There is another consideration. If reward was based on individual capacity, an army of overseers would be needed to monitor production in order to tabulate these differences and to ensure that individual intensity (here read as the expenditure of labour) is accurately rewarded. But even this is not without its problems. Here individual intensity would be variations from the average, but these variations themselves affect the average. An increasingly healthy working class would see its average capacity rise, and, this would in turn alter variations. In the end it will lead to a wasteful system.

The highest consideration lies elsewhere. It is impossible to cost production in terms of labour time unless we homogenise and therefore universalise labour time through setting an agreed common intensity. A standard so to speak which forms the standard for price. In determining labour time both quantitatively and qualitatively there are three unknowns. But mathematics tells us that it is impossible to solve three unknowns simultaneously. One of the unknowns has to be removed or reduced to 1, a known.

The three unknowns would be intensity (if it was varied), productivity and finally skill. By universalising intensity, it is no longer an unknown, because it becomes 1 in all cases. This leaves productivity and

skill. Productivity is defined here in the narrow but all-important sense. It is the use of external aids, both mechanical and electronic to amplify or lever up, the output of muscle and brain. But these aids are collectively owned falling under the designation, means of production. Thus, productivity is not an individual reward but a collective reward and therefore must be taken on the side of price. Workers in general are rewarded for their rising productivity in the form of falling prices which means their labour vouchers attract more goods. I have written in great detail on this issue on this website. One of the links is <https://theplanningmotivedotcom.files.wordpress.com/2017/12/comprehensive-planning-article-pdf.pdf>

On the other hand, skill is an individual capability. It is thus rewarded on the side of contribution. Skilled workers contribute more to production than unskilled workers. This is one of the “defects” we inherit from capitalism. Thus, skilled workers have a higher coefficient of labour. These coefficients which will be agreed by commissions set up by the workers’ state, using the methodology of the total labour time needed to reproduce these skills by educators and trainers, ensures that what workers put in they get out after deductions. So, while a skilled worker may work the same hours as a lesser skilled worker, in terms of weighted average labour time, their voucher would be worth more time.

The function of workers’ rights, of course, is to progressively eliminate the division of skill by means of the expanded social fund.

In conclusion, the accidental pricing system found in a capitalist society, regulated by the law of value, is designed to reward profits in proportion to investments. It certainly cannot reward workers for their labour because market prices and actual costs of production become detached by unequal exchange. Thus, the pricing system we inherit from capitalism has to be reworked in order for prices to conform to actual costs. No easy task. But without knowing what things cost to produce, conscious planning cannot take place.

We therefore see just how complex this process is. Before we can ride the rocket we need to learn how to build one. Pricing at first appears so simple because of the way prices appear to be formed spontaneously under capitalism by the action of competition resulting from the movement of capital. To be sure, developing a comprehensive pricing system will tax the intellectual capacity of society and what appears here is only the beginning of the discussion.

In conclusion.

There can be no doubt that the world economy is in a slow-motion crash on a road potholed by falling profitability and tariffs. Xi and Trump may declare their fondness for each other, but even if they were to come up with a deal, from the viewpoint of the needs of capital, it will be worse than what prevailed before the trade war. In any case, it will at best delay rather than prevent, the hegemonic struggle between the USA and China which jeopardises the working class and all our futures.

This is the context in which this discussion on the physiology of communism takes place. This is no academic exercise. It is real and necessary, because as the crisis of capitalism deepens, so the ideological struggle will flare up. We need to provide a robust alternative to capitalism which is shorn of idealism and not disfigured by the experiences of Stalin’s Russia, or Mao’s China.

Brian Green, June 2019