

## THE COMPLEX GRANDEUR OF COMMUNISM BUILT BY WORKERS TO THE RHYTHM OF UNIVERSAL LABOUR TIME.

*This post was inspired by a terminated debate on Michael Robert's website on the issues concerning planning, as well as the need to bring together fragmented strands about planning found in various articles on this website.*

I was always impressed about how few scholars understood the structure and conclusions found in Das Kapital. I was more disappointed to find that even fewer scholars understand the Critique of the Gotha Programme in terms of its intent and purpose.

Many of us know that Marx wrote his Critique of the Gotha Programme to challenge the draft programme of the United Workers' Party of Germany in May 1875, and many of us know that it was written in a polemical style which Engels toned down later. Because of its style much of the historical consequences contained in this Critique are obscured.

The first point I wish to make is that the Critique is an attack on barrack socialism which suppresses individual differences within the working class. In fact the Critique shouts this out loudly so that history may echo it. And Marx was right to shout this out, because one of the myths perpetually rolled out to tarnish a communist society, is that it would be bland, and grey and deny individuality.

The longest paragraph in the Critique which inveighs against barrack socialism is reproduced below.

*“But one man is superior to another physically, or mentally, and supplies more labor in the same time, or can labor for a longer time; and labor, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This equal right is an unequal right for unequal labor. It recognizes no class differences, because everyone is only a worker like everyone else; but it tacitly recognizes unequal individual endowment, and thus productive capacity, as a natural privilege. It is, therefore, a right of inequality, in its content, like every right. Right, by its very nature, can consist only in the application of an equal standard; but unequal individuals (and they would not be different individuals if they were not unequal) are measurable only by an equal standard insofar as they are brought under an equal point of view, are taken from one definite side only -- for instance, in the present case, are regarded only as workers and nothing more is seen in them, everything else being ignored. Further, one worker is married, another is not; one has more children than another, and so on and so forth. Thus, with an equal performance of labor, and hence an equal in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. **To avoid all these defects, right, instead of being equal, would have to be unequal.**” (my emphasis)*

Thus the hallmark of barrack socialism would be unequal rights, in this case an equal wage for all regardless of differences. The view that class negates differences within the class is odious. The lower phase of a communist society would be poisoned by such nonsense. Let us be blunt, unequal rights requires an enforcer, a state and we all know where that leads to, a bureaucratic dead end.

But the above paragraph, because it is polemical, tends to the simplest categories “*unequal individual endowment, and thus productive capacity, as a natural privilege*. We need to go beyond simple natural diversity. In isolating the differences that individualize workers in production three elements are found. Intensity, skill and productivity. Only intensity deals with natural endowment. There is no overlap between

the others, but they all end up in the same labouring pot as individual ingredients determining the size of the social dish and how it is portioned out.

**Intensity of labour.** This is closest to what Marx means above when he refers to natural endowment. Thus a man is born stronger than a woman being larger in structure and with a higher density of muscle. Some men are stronger than others simply because their mothers may have had access to a better diet, or they did so as well in their crucial formative years. Now it is self-evident, that a stronger man can produce more watts of energy than a smaller man or woman with the same intensity of labour. Therefore to provide the same quantity of labour a smaller male may have to exert himself 100% whereas the larger male need only achieve 80%. Thus intensity is a function of capacity. Smaller skeletons and muscles, coupled to the ageing process, reduces capacity, therefore requiring more intense exertions to compensate.

Intensity was an important consideration for Marx, because in his day physical labour was the predominant form of labour. Today, such labouring is dying. All the major employment agencies acknowledge that job descriptions based on physical strength alone are declining the fastest. In 2016 the Bureau of Labour Statistics published a report showing that heavy manual labour had become limited to only 1 in 8 jobs. <https://www.bls.gov/opub/ted/2017/physical-strength-required-for-jobs-in-different-occupations-in-2016.htm> <https://www.bls.gov/opub/hom/ors/calculation.htm#strength>

Today the great leveler is power tools, power steering, forklift trucks, diggers, pneumatics and the sub-machine gun. These aids have more or less rendered capacity irrelevant. Furthermore and earlier, so did the assembly line which brought the product being worked up to the worker instead of the worker having to carry or push it around. This reduced the expenditures of labour many-fold, or more accurately, by three quarters. Marx was acutely aware that capitalism revolutionized techniques of product, which is why he added the following rider immediately below the paragraph quoted above: *“Right can never be higher than the economic structure of society and its cultural development conditioned thereby.”* He must have had a premonition that today’s more advanced society is structurally and culturally very different to the one he experienced 150 years ago.

The only way to measure the individual expenditure of labour and therefore its output in terms of intensity, is through piece rates or output. How many items a worker produces in a given time. But workers are not fools. The history of the trade union struggle, at least within the general unions, has been the struggle against piece rates and for an hourly rate that averaged out intensity and output. Workers recognised piece rate remuneration for what it was, divisive and unfair, and always favourable to the bosses. It was unfair not only because workers were differently endowed, but for other reasons as well. For example anyone working near the windows had better light to work with, or those sited nearest to the door had the pick of the materials being wheeled into the workplace.

The struggle against piece rate remuneration has surged back and forth especially in newer industries. In 2016 Deliveroo drivers went on strike when their bosses sought to trash their hourly rates and introduce a pure piece rate wage. <https://www.theguardian.com/lifeandstyle/2016/aug/11/deliveroo-couriers-demonstrate-against-new-contract> Thus the struggle against piece rates has been a progressive struggle by workers to minimize differences between them and to unite them. In turn the struggle for an hourly rate has encouraged employers to invent and produce equipment which has offset the disadvantages of differing intensities, including the aids mentioned above. Pushing the pedals on a forklift truck today requires the strength of a five year old.

What socialism does, as with democracy, is give this development its final form, it provides work environments that smooths intensity. But before we go there, we need to detour via the USSR. In the USSR, both planning, and the motivation of workers was based on piece rates. Sure GOSPLAN called it “material balances planning” but in effect it was primitive piece rate planning. Planners set enterprises physical targets, aka piece rate targets - so many tons of steel, so many metres of cloth, so many liters of chemicals and so on. Success was measured by meeting or exceeding these targets. In turn managers leaned on workers to each produce sufficient quantities of these product so as to achieve the targets set from on high. The result, both managers and workers were rewarded or punished on the basis of piece rates.

The most outrageous example of this was Stakhanovism. It shone a harsh light on the reality of piece rate production, namely that it incentivized sectional interests. If workers were to be rewarded solely on their output, to hell with quality, to hell with waste and to hell with spending time keeping machinery in good order. Accordingly, while the individual labour time needed to produce something went down, the social labour time needed to complete it went up. When adding back the waste, the premature destruction of equipment, the additional time needed to remedy defects, the labour time of society was actually increased. Thus instead of economizing on labour time, Stakhanovism led to its opposite and it was soon abandoned, at least in its crude form.

In addition, piece rate remuneration requires an army of bookkeepers to tally individual outputs. What a waste of labour time.

But there is something much larger at stake, something that has gone unrecognized up to now. Conscious planning is impossible if intensity has to be calculated as this renders physical hours incommensurate and therefore indeterminable, because hours are now measured by output. This is what Marx meant by socially necessary labour time, not physical time. This is the time which regulates capitalist production. In average firms it corresponds to actual minutes and hours. In non-average firms, i.e. the majority, it does not. Competition enforces this social form of time by monetarily rewarding firms with above intensity and punishing firms with below intensity. The ratcheting up of intensity enforced by competition curses all workers.

Communism does away with this. For the first time a society emerges which neither rewards nor punishes the producer because of variations in their capacity. Instead capacity is used to homogenize intensity across our class, so that one hour’s worth of labour, 60 minutes, is the same as another worker’s labour despite the variation in output. Thus a stronger labourer who can produce 25% more labour, and whose capacity is rated at 125% ends up producing 1 part of the social product just as a worker who produces 25% less labour and whose capacity is rated at 75% also ends up producing 1. Now the reader must note that the homogenizing of intensity does not necessarily alter the total volume of goods produced. It only affects its distribution. No one is rewarded or punished for their capacity.

All workers are presumed to work equally hard, though the amount of labour they provide may vary. How is this determined. As in all cases communist, it is determined democratically through elected commissions, who through discussion and evaluation, categorize capacities. Once these categories have been set, but not set in stone, they are voted on and agreed. Every worker then knows what is expected from them. There are no heroes and there are no passengers.

When examining capacities, ancillary factors need to be included. Working comfortably indoors versus uncomfortably outdoors is a burden on capacity and would be considered. So for example, an 8 hour desk job could be equal to say 6 hours on a construction site in the open. (This in reply to an objection Sartesian voiced a few years ago.)

Homogenizing intensity is the essential condition needed to plan. In the USSR the autocratic planners set output targets which in turn fired up intensities in order to achieve them. Thus the planners set the tempo of work because intensity played catch up to output. In a communist society the opposite is the case. Planners do not determine or influence intensities, rather intensity is a given. Now that intensities have been homogenized, the planners know how much labour (output) to expect from each worker per hour. Thus they know what the total expenditure of labour would be from any mix of labour – be it by age, sex and any disabilities. Accordingly, they can consciously allocate the labour time of society in fulfilling the plan set by consumers. That is why intensity must be homogenized quantifying output.

The importance of being able to calculate physical hours is they form the foundation for all the other calculations needed to socialize labour time. If we don't get this one right, we get everything else wrong. If we cannot calculate physical hours, then neither can we determine economic hours which takes skills into account, nor then can we calculate productivity which in turn requires economic hours. In short universal labour time, the metronome of production, would be unattainable. And that would be fatal in a society of freely associating producers because the glue that binds such a society together is the strict observance of labour time.

Intensity or the pace of work, is at the heart of workers' control of production. When workers lose the right to set the intensity of labour, they lose control over their own labour and they lose control of production, which now becomes oppressive. Workers agree intensity and that is what the planners work with. To conclude, homogenizing intensity is double sided, it eliminates considerations of distribution based on intensity while providing quantifiable and standardized quantities of labour outputs which is indispensable for the allocation of labour time, and, hence planning.

Before moving on to skills, and therefore the difference between economic and physical hours, I need to defend myself. I have been accused of supporting the view that workers will not be remunerated equally in the lower stage of a communist society. I plead guilty. If workers contribute unequally to society, they will receive back unequally. What my critics have in common is that they all support equal remuneration, or what is the same thing, an equal wage under all circumstances. Exactly what Marx criticized. Equality contradicting inequality. Barrack socialism.

These critics confuse intensity with skill, or a difference arising from an accident of birth with a socially acquired and time consuming property. It would be wrong to reward intensity, just as it would be wrong not to reward skill. Funnily enough, rewarding intensity is more divisive because no two persons are alike, (and if you disagree study epigenetics). What intensity lacks in terms of absolute differentials it would more than make up in high frequency differences, which is more likely to atomize our class.

There is another aspect about the paragraph quoted above from Marx's Critique which is culturally dated. The working class has fought for maternal and paternal leave. They have fought for child support from the state. They have fought for equal pay so bringing up a child does not disadvantage those returning to work. They have fought for a welfare state. In every way, progressive women and men workers have fought to prevent biological differences and its consequences from enriching one against the other,

struggles not present in Marx's day, but which in embryo point to the future when the social fund will complete this process. But the one division which has grown, rather than shrunk, is the gap between mental and physical labour, between skilled and unskilled labour, because of the upward technical march of production.

### **The question of skill.**

I do not have a philosophical bone in my body. I insist that the future be grounded in the present, that tactics and programme be grounded in what is. I remain blissfully unconcerned about what will surround skilled labour after the revolution. I am concerned about the current generations of workers, not the ones who will be born and educated after the revolution. Therefore while interested in Engel's comment in *Anti-Dühring* written three years after the *Critique* by Marx, I do not take instruction from it: *In a socialistically organised society, these costs are borne by society, and to it therefore belong the fruits, the greater values produced by compound labour. The worker himself has no claim to extra pay. And from this, incidentally, follows the moral that at times there is a drawback to the popular demand of the workers for "the full proceeds of labour"*.

The purpose of any programme is to unite workers today and to thereby isolate the capitalist class without which a revolution is impossible, at least one which would not devastate this planet together with the means of production, in other words our ability to build the future. Do those who subscribe to Engel's observation in the here and now really believe we can win the skilled and intellectual workers to our cause if we promise them only an "average wage", or in Marx's language, that after the revolution they will receive back less than they contribute to production, that right for them will be unequal. No, a million times no. We will end up antagonizing them and we will lose the revolution.

By intellectual and skilled workers we mean those workers who are part of the production process. Capitalist cost cutting results in the production process being fragmented into its simplest steps in order to be worked on by the maximum number of unskilled workers while held together by the minimum number of more expensive skilled workers. As capitalist production becomes more advanced, the general rule is that the proportion of skilled workers relative to unskilled workers will rise. Thus without the goodwill of the skilled workers the production process would be jeopardized. This is particularly true when viewing the current international division of labour which sees Research & Development, Design, skilled engineering and so on and so forth concentrated in the dominant economies.

We do not adopt the petty bourgeois view of the world that intellectuals are only painters, poets, authors and philosophers. For example, when history looks back at the computer age, the artists found in galleries will pale into insignificance compared to the art found on computer screens in the form of animated games; and the dominant art form will not be the forms lapped up by the so called "middle classes" who have the ear of the media, but the games played by countless hundreds of millions of gamers. Today these computer artists, numbering tens of thousands of skilled workers, go unrecognized. The vast number of intellectuals are in fact educated workers.

Before measuring skill there is one last issue to address. Academics are fond of comparing refuse collectors to surgeons. They argue that without refuse collectors, cities would become infested with vermin and disease would follow. Without their essential efforts, cities would become unlivable, and many would die. Therefore they consider, while waste collection is itself unskilled, it remains an unrecognized, demanding and underpaid profession. Well they can argue this way as long as they do not claim this is a

Marxist argument. Instead they should acknowledge the pedigree of this argument, that it is a neo-Ricardian argument which uses utility to price labour power.

Less skilled workers do not resent more skilled workers, not unless they have lost their class consciousness. The time when skilled worker unions, really craft unions, organised to protect their jobs, not only from the bosses above but from the workers below, are more or less behind us. Workers are not academics. Bin-men know that if their vehicle is in a collision, and they have to be cut free from their crushed cab, it will not be other bin-men who will save their lives, but skilled surgeons who have honed their ability to repair bodies over multiple years. In any case without engineers and technicians collaborating with bin men, refuse collection in the future will not be transformed from an occupation where men run behind smelly and noisy lorries into a more enjoyable experience.

The real issue after the revolution is not reducible simply to the issue of remuneration. In the end a communist society is tasked with raising every worker in every corner of our planet to the skill level of the highest, to putting to an end the demeaning division in the workplace between mental and physical labour. This requires a dynamic economy to swell the social fund which will provide the resources to achieve this. In turn this requires a harmonious society, a society at ease with itself despite its inequalities, which means a society governed by equal rights. Here then is the historical paradox. Inequality makes workers' rights necessary, but the purpose of these rights is to end the inequalities on which they are based, not to perpetuate them. Once these inequalities are sufficiently diminished these rights themselves become obsolete for their purpose has been spent.

How do we measure skill? Let us turn to Engels who referred to skilled labour as 'compound labour' in *Anti-Dühring*: *"But not all labour is a mere expenditure of simple human labour-power; very many sorts of labour involve the use of capabilities or knowledge acquired with the expenditure of greater or lesser effort, time and money. Do these kinds of compound labour produce, in the same interval of time, the same commodity values as simple labour, the expenditure of mere simple labour-power? Obviously not. The product of one hour of compound labour is a commodity of a higher value—perhaps double or treble—in comparison with the product of one hour of simple labour. The values of the products of compound labour are expressed by this comparison in definite quantities of simple labour; but this reduction of compound labour is established by a social process which goes on behind the backs of the producers, by a process which at this point, in the development of the theory of value, can only be stated but not as yet explained."*

Compound labour is a multiple of simple labour. He suggests that compound labour may be up to two or three times that of simple labour. By compound labour Engels is describing labour that additionally embodies the labour passed on from educators or trainers, thus it incorporates the labour of teachers and trainers. If we were to look in the aggregate and say, that of the total productive labour time expended in society, one quarter is expended in educating and training the producers (excluding basic schooling which common to all) and three quarters is expended in production, then it means that the aggregated compound labour expended will be a third higher when compared to the direct labour expended in production.

I use the term economic hours rather than compounded hours which has its own merit. Measured in hours that would mean that economic hours would be one third higher than physical hours. Let us say the direct physical hourly count in production is equal to 3 trillion hours, then the economic hour count would be 4 trillion when the additional labour used up in training, learning and upskilling is taken into account.

It is the 4 trillion figure, not the 3 trillion figure, which would be the basis for calculating universal labour time. Universal labour time, the average hour, would thus be one four trillionth of the total economic time expended. In determining universal labour time, the simple average will suffice. I have called this hour the UNILAT (Universal Labour Time for short) and it will be the measure of cost, and phenomenally, that of price in the sphere of consumption. On balance here 1 economic hour would be worth 1.33 physical hours or conversely 1 economic hour would worth 45 minutes of physical labour time.

Why is the UNILAT essential, and why can't it be based on physical hours? Well without it we could not measure the contribution to production, nor balance the production and consumption side. If it is true, which it is, that skilled workers contribute more to production than less skilled workers within the same time frame, then 8 physical hours expended by a skilled worker will not be equal to the 8 hours expended by a less skilled worker. If we assume that this skilled worker has a skill co-efficient of 1.25, then her or his 8 physical hours would be registered as 10 economic hours on their voucher. Thus when we add up the hours recorded on all the millions of vouchers, they would add up to 4 trillion hours not 3 trillion hours, because the 4 trillion hours includes the variation in skill levels while the 3 trillion does not.

We could therefore say the total cost of production is 4 trillion hours. When this 4 trillion is spread across production (setting depreciation aside), then the price of the output would be set at 4 trillion. Everything else taken as equal, and assuming no additional investment or additions to stocks for unexpected emergencies, then total vouchers would add up to 4 trillion UNILATS on the income side and total prices would add up to 4 trillion UNILATS on the output side. The two sides would balance.

We have now gone as far as we can on the income side and need to jump over to the output side.

### **The question of productivity.**

Every Marxist knows that capitalism is based on private ownership of the means of production just as every Marxist knows that communism is based on the collective ownership of the means of production. So far so good. But what is not often understood is that collective ownership is only equitable if it advantages all workers equally.

The inherited means of production both nationally and internationally are unevenly distributed. Some factories have more advanced means of production, others less advanced means despite the previous smoothing effect of capitalist competition. Some industries require more means, while some countries have a general level of development above or below other nations. Workers therefore work with more or with less means and because of this their productivities vary. Here we understand productivity to mean the external amplification of physical and mental labour power through the use of machinery and equipment (including electronic equipment) without any increase in intensity.

If collective property is to have any meaning this unevenness has to be reconciled so that no workers is advantaged nor disadvantaged. Marx briefed us on how to do this in Chapter 10 of Volume 3 when he introduced market value. Previously, in terms of investigation, Marx had only dealt with abstract value, abstract because all the differences between capitals, labour powers and demand and supply had been removed, abstracted away so to speak. In Chapter 10, Marx reintroduces for the first time differences between capitals in an industry. Specifically he introduces producers whose output or volume of production differs. Once he does so, abstract value can no longer apply and with it simple averages disappear.

The best way to proceed is by means of a limited example. We assume three different producers below, each with a unique individual cost of production and each producing different volumes. We note individual values vary from £100 to £300 with the simple average value being £200. We note as well that volumes produced in a given period vary from 200 to 600 items. We note as well that different volumes amplify the differences in the cost of production increasing the variation in output (column 4). (It is worth mentioning that in this case, abstract value would be £200 based on an average volume of 400).

Company	Production value	Volume produced	VALUE OF OUTPUT
(1)	(2)	(3)	(4)
A	£100	600	£60,000
B	£200	400	£80,000
C	£300	200	£60,000
	<b>£200 average.</b>	<b>=1,200 units total</b>	<b>=£200,000 total</b>

If we multiply the average value of £200 by the total number of units i.e. 1,200, we obtain a total of value of output of £240,00. Clearly this is different to the actual value of output found at the bottom of column (4) which is only £200,000. Thus once volumes vary between producers, simple averages no longer suffice. We now have to use weighted averages, averages that take account of the weight of production. In the case of Company A, the most efficient, it produces 600 units. Conversely, Company C, the least efficient produces only 200. Therefore the weight of production is greater in that part of the industry with the lowest labour times, or as Marx said in Chapter 10, the preponderance of production occurs in the lowest cost company. For this reason we can expect that the weighted average labour time needed to produce an item will be below the simple average of £200.

The weighted average labour time is in fact £167 (£200,000 divided by 1,200 units). In this industry £167 is the market value of the product and prior to prices of production it would have set the market price at around £167 as well. Thus the definition of market value is the weighted average cost of production for it alone, when multiplied by the volume produced, yields the total labour time expended on producing that item. I consider Chapter 10 supreme, in some ways more important than the controversial and more prominent Chapter which preceded it.

So the weighted average cost of production when multiplied by volume yields the total labour time expended on its production. The reader needs to fix this expression in their mind for it is key to understanding how we tackle the issue of productivity in a communist society. The total labour time produced within a given industry will be measured by the total expenditure of economic hours. Within that expenditure there will be variations in productivities, so that the economic hours consumed in one factory to produce a given number of items can and will vary when compared to another factory. It may take a little bit less time in this factory, a little bit more time in another. But once the weight of differences is factored in, a single weighted average cost emerges and with it a single price. This single price is the knot that binds workers with differing productivities together ensuring that the uneven means of production does not reward one section of workers and not others.

Thus the reward for productivity lies in the price, on the output side, not the income side where it would cause havoc. This does away with sectional interests. If workers work efficiently and productively, they

will be rewarded by falling prices, not by higher wages or bonuses. Thus the workers who invent a new machine, the workers who build it, and the workers who use it, all share equally in the price fall this machine brings about. This prevents the engineers who designed it, or the engineers who built it, or those who use it, arguing over who should be compensated the most for the improvement in productivity.

Imagine the opposite, that the reward for higher productivity takes place on the income side by means of bonuses. The designers of the machine could very well argue that without their knowledge and expertise the machine would not have come into existence, so they should enjoy the biggest bonus. Claim and counter claim would overwhelm our class and see the return of that cursed profession - the lawyers. But there is more to it than this. If a set of workers were rewarded on the income side for raising productivity, then the additional vouchers covering these bonuses would unbalance the income and output sides because the hours rewarded on the income side would exceed the hours expended on the output side. Chaos would follow, demand and supply would reappear, and conscious planning would go down the Swanee.

Instead all workers benefit equally from the movement of prices. And as productivity rises and actual costs fall, so too will prices. Falling prices, the driving motive of the early communist society, replaces the profit motive of the previous capitalist society. Falling prices then is the reward for the collective contribution to production, while receiving in proportion to contribution is the reward for the individual contribution to production. Together they unify workers making possible a dynamic economy free of antagonisms. (And because the working class is a collective class, the actual costs making up these prices includes environmental impacts.)

We have thus concluded the journey through intensity, skill and productivity, each of which has been examined without losing sight of their singular merits. We have also come to an understanding that measuring labour time, the sinews of a communist society, is a complex task. That done, we can now address the question of effort and reward.

### **Consumer led planning.**

In all the commentaries written about the Critique, there is a generalized confusion between the social fund and planning. This is true for all those organisations which stand in the Marxist-Leninist tradition or the Trotskyist tradition and even the libertarian Marxist tradition. Each and every one confuses the organizing the social fund with organizing planning.

The social fund is a collective endeavor, planning an individual issue. It is the social fund that connects the lower to the higher stage of capitalism, we can call it the social escalator. It is the social fund that harnesses the surplus of society defined as the voluntary deductions made by workers to it. It is the social fund that transforms society because it is the source of its additional investments, not only in production, but in planetary repair, in education, and all the other aspects of collective life that improves the conditions for all. The social fund is so important we may say that the higher phase of communism can in part be defined as the time when the social fund has grown so that it now absorbs more of the social product than does individual consumptions, which means that production is now largely based on need.

Therefore the social fund is at the heart of workers democracy in a communist society. It is a hive of informed discussion and debate as to how much is to be deducted and where the deductions are best spent. This is the arena of committees, and organised groups, and factions all seeking to ensure the social

fund is put to the best and most effective use. There is no pre-ordained right or wrong decision, there is only an informed, all embracing discussion arriving at collectively agreed decisions which will generally be correct.

In his Critique Marx made the point that *“Right can never be higher than the economic structure of society...”* The same applies to the social fund, it cannot be bigger than the economic structure inherited. Thus at first, a limited social fund will make hard compromises necessary. But as the dynamic communist economy swells the social fund both relatively and absolutely, so these compromises will become milder. Precisely, because at first the social fund will be limited making harsh compromises necessary, it makes it more, not less important, that a democratic and full discussion surrounding it takes place, one where no criticism is barred.

Planning on the other hand is distinct. A worker gives of her or his labour and is rewarded by the product of their choice. Their individual choice, not choices made for them by committees or expert panels as found around the social fund. Today, a worker with money in the bank or in their pocket, going shopping, is free to choose whatever they want or can afford without anyone interfering. Why then in the future should the individual worker be handicapped by committees or panels which interfere with their consumer choices. They would find it patronizing and off-putting, so to the comrades who confuse the social fund with planning, stop, you are giving communism a bad name.

In the USSR the planners were active while the consumers were passive. The planners decided what to produce including consumer products and workers had to put up with what was provided. It was demoralizing. In a communist society, not in name but in practice, it is the consumers who are active and the planners who are now passive. The planners no longer decide what to produce or how fast. Their remit is limited to putting together production plans by aggregating the orders received from consumers. Here the internet will be essential acting as the nervous system between consumers and the planners.

Planning can only be done from the consumption side not the production side. Producers do not have sufficient visibility. Take a steel plant. Workers there cannot know instinctively how much steel to produce, what grades to produce and where their output is to be delivered to. Only when the planners tally up the orders placed with them for so many pots and pans, or metal bed frames, or rails, or rebars for building, can they pass on a production and delivery schedule to the steel plants for discussion.

But there is another advantage to planning from the consumer side. In effect it is the consumers who provide the framework for the allocation of society's labour time through their orders, because their orders are not random, they are made in accordance with their own contribution of labour time to society. They cannot order more than they have contributed because their labour vouchers, especially when electronic, will not allow it. (Something similar happens in market economies where spending is limited to the funds available.)

This simplifies planning for the producers because planning becomes administrative and technical. It frees up the planners to focus on production, creating another nervous system, one that will link them to the production units. Because planners no longer decide what will be produced or how quickly, this nervous system is not distressed by antagonisms. We also recall that society is now comprised of producer-consumers because most of the consumers are themselves producers. They thus have every interest in co-operating with the planners in adjusting and refining the plan at a plant level. Information is no longer blocked but free flowing. Planners are freed up from juggling what to produce with how to produce it.

Compare this to the Soviet Union. There the planners were just another layer of the oppressive state. They followed the diktats of the party deciding what would be produced and how quickly. Knowing that enterprise managers were disingenuous about their productive capacities there was a continuous dogfight over targets. Furthermore, planners were blinded by prices that bore no resemblance to labour times so they could not allocate resources economically. And as for the workers, the source of all things, not only had they become disinterested over time at not being heard, worse they had become inured to the waste that was building up around them.

It is said planning is impossible. That it is technically too complex. Only the market can satisfy needs and wants we are told. The market is itself compared to a giant organic computer. The current is set by demand and the ones and zeros by prices that clear production at a profit. If a price falls too low, the current is redirected to other circuits where prices are alive. Well if that was true then the electrons are leading this computer a merry dance. Firstly, as any computer expert will opine, the first requirement for a computer is a stable current. But demand is anything but stable. Sometimes the overall current plummets sometimes it runs too hot. Sometimes in individual circuits it spikes overloading it, or in others it is too weak to complete its circuit. Often the current seeks out circuits with insufficient transistors because the change in current has not been anticipated, or the current is diluted through duplications. The result is that garbage is often spat out because there is too much production here, too little there, with duplication everywhere. The Austrians may recommend such a computer, but we say buyer beware, this computer is unconscious, and its programme is primitive.

There is no technical barrier to planning. There was no technical barrier in the days of the USSR. Planning could have been done with a telephone and an adding machine. Ask any merchandiser in the USA in the 1930s, 40s and 50s, as they visited stores to collect orders, then phoned them through to their company's sales department at the end of the day, who tallied up these orders as well as orders phoned in directly to construct a sales schedule, which was then passed on to the manufacturing department to construct a work schedule, which was then shared with the purchasing department to ensure there were sufficient inputs and with the personnel department to hire more workers if needed.

The barrier in the USSR was social not technical. It was not Von Mises who proved that communism could not work, it was Stalin who proved Von Mises right. Was it not for an oppressive and exploitative centralized plan cruelly imposed on society, where the seeds of its failure were baked in from the start, it is likely that no one would have heard about Von Mises or his protégé Hayek and his chums in Austria and Chicago? They would have been mere intellectual dust blowing about on the side of history's highway.

Of course all technical aids are welcome. The internet, computers, deep learning and so on will speed up the exchange of information and more quickly, making decisions more precise and reducing waste. But a successful plan is not contingent on these aids, but on a society which is collaborative and free of antagonisms, where everyone pulls together and in the same direction, not because they have been whipped to do this, but because they have consciously volunteered to do so knowing it is in their interest.

### **Labour vouchers cannot cohabit with money.**

There can be no doubt that in the aftermath of a revolution, markets, money, and banking will continue to exist, but only as temporary scaffolding supporting the new structures being erected to make a communist society functional. These structures will be the planning bodies, the nervous system connecting consumers with the planners and the nervous system connecting the planners with the

factories, warehouses, transport networks and so on, the setting up of the databases needed to implement the voucher system both in terms of contributions but also of withdrawals. Prior to planning, a comprehensive audit of all the sectors of production to determine their capacity, proportionalities and costs of production will also need to be undertaken, unlike in the USSR where the audit was undertaken after the First Five Year Plan. Finally, amongst the major tasks, will be the unravelling and unpicking of capitalist prices of production distorted by profit, the redundant prices so beloved of Von Mises. Nor will we discard everything developed by capitalism. There is much to learn about planning from the large corporations especially their networking with suppliers, as well as the systems developed for just in time production and the global supply chains. And of course there are helpful new productive developments such as adaptive manufacturing and the internet of things.

However as soon as planning becomes proficient, and the systems around it have been verified, the need for the scaffolding ends and they are thrown into history's recycling bin (we no longer talk of rubbish bins). However, there are those academics, the intellectually walking wounded, who still insist that markets need to supplement planning in order to correct any misjudgments. The USSR may be dead and buried, but its legacy lives on in academia, putting Marxists on the defensive, creating a loss of confidence, a never ending questioning of assumptions, skewing intellectual effort. To them we say it is time to move on.

Planning is not optional. The elimination of the gap between production and consumption whose space is filled with the markets, ends markets. As soon as the labour of the individual becomes directly and immediately part of the labour of society, society's labour can be managed consciously. Now decisions are processed proactively rather than retroactively as in the case of markets. Markets react to changes already in progress whether on the supply side or the demand side. Capitalism is littered with the bleached carcasses of failed companies who prematurely anticipated possible future developments.

If markets are reactive, how can they possibly be grafted onto something which is pro-active, which consumer planning is. It is like grafting on a shorter third leg, all it would do is get in the way and trip one up. So let us fully understand consumer led planning. Workers know what their net contribution (income) is, and they will know what things cost to produce in real time. True, prices tied to costs may change from time to time reflecting the pulse of prior orders changing economies of scale, but once the ordering screen is opened, those prices now become fixed. The consumer will thus know what their choices will cost and therefore the quantities they can afford. They will place their orders. The numbers will become known to the planners. Of course here we are considering the more expensive durable goods, not the day to day items like bread which deep learning can predict without breaking into a sweat.

Everyone's orders are added to all the other orders coming in, so the planners are aware at a moment's notice what the aggregate social need for any product is. Accordingly they will adjust production to meet it. There is not the murk and delays associated with markets. Planners do not have to be slapped in the face by rising prices or falling prices to remind them they have misjudged social need and demand.

And of course their indispensable compass is universal labour time, the UNILAT. Which brings me to Cockshott's 2008 paper which seeks to rebut Von Mises with in-kind planning but does not. On page 20 of this paper he quotes approvingly the algorithm put forward by Kantorovich in the early 1930s which sorts out the best production schedule using three types of machines each capable of producing two kinds of items in differing proportions. It turns out the conclusions this algorithm draws are false. Why because the assumptions are deficient. Algorithms are like a card game; games can only be played with a full deck of assumptions. Any player knows a short deck disrupts the game preventing it being played to a

conclusion. In this example workers seem to be absent. We do not know how many workers are needed to operate each of these machines, or whether more or less are needed when product A is substituted for product B. We do not know how much each machine costs to produce and what their useful lives are and more importantly whether in producing product A compared to B they wear out more quickly. It's as if these three pieces of equipment were beamed down to earth priceless and without the workers needed to operate them. But then that was the USSR for you with its material balance estimates giving rise to a legion of false positives and negatives because labour time was excluded.

Cockshott is intimating in this article that labour time cannot account for scarcity. Well actually it does, always. Scarcity in the real sense just means that because nature provides less on the surface or in harsher environments, more labour is needed to compensate, so gold versus iron ore. These differences are reflected in the cost of production measured in labour time. Of course we are not referring to luxury forms of scarcity such as old masterpieces or vintage cars. All they represent is a society where there are people found with more money than brains. Remove them and pricey items become priceless and instead of being found in private homes will be relocated to where they belong, public museums and art galleries.

Cockshott compounds this error when later on he examines the production of grain and electricity in a country cursed with valleys and mountains. He provides us with the following data. There are 104,000 workers. He does not tell us how much food they will consume so we will assume 1 unit of food per period to feed 104,000 families requiring a minimum of 104,000 units assuming that these are miracle crops not requiring seed grain to be put aside for the next harvest. I really resent academics who have so little experience of the real world they are trying to describe and engage in forced abstractions. We know that to produce the 104,000 units of food in the valley, 34,667 units of electricity are needed, together with 4,040 machines. Let us assume a period lasts 6 months or a total of 1,000 hours worked in all spheres. Let us assume further those farmers, machinists and electricians are equally skilled, so the issue of economic hours does not arise. <http://paulcockshott.co.uk/media/OnlineEconomicsPapers/standalonearticle.pdf>

Immediately we are drawn to the benefits of farming valleys, because after all, the output of the farms is three times greater than the output of electricity so damming valleys to produce electricity is unlikely to make economic sense. However, we have to assume that there are at least two fertile valleys, something Cockshott does not make clear. Another thing he does not address is depreciation, or the relation between past labour and current labour. It is something that academics who refuse to assume labour time to be the sole arbiter of cost, are prone to. We will see how consequential this absence is later.

So now we can work backwards. In the six months it takes 50,400 workers to produce 104,000 units of food. It takes 5,040 workers to produce the 54,400 units of electricity according to Cockshott who makes an obvious error because it should only take 34,667 units if we are to keep the ratio of 3:1. And it takes 4,040 tractors or harvesters to produce the crop. So we know how much food, electricity and tractors need to be produced annually to keep the 104,000 souls and their dependents alive. We also know how many labourers are involved in producing the crop, 50,400 farmer periods, 275 electrician periods (34,667 divided by 125 units of electricity p.a. per electrician) and 40,400 workers to produce the tractors (each worker producing 1/10 of a machine per year). The grand total of 91,075 labour periods of 1000 hours each will be consumed producing food with the balance of worker periods being found in the production of electricity for the electricity sphere and machines for the machine sphere. So ignoring depreciation we can assume that 104,000 units costs 91.1 million hours of combined farmer, electrician and machinist expenditures or 87.5 hours per unit of agriculture. If we assume a machine depreciation rate of 10% p.a.,

which we should, this falls to 54.6 million hours or 54.4 hours per unit of agriculture. Not only is this a sizeable difference, but it also means that in the next period of production, far fewer machines need to be produced because only 10% are worn out, liberating machinists from the task of producing machines and allowing the working day to be shortened as and when they move across to become farmers or electricians.

Of course we can also do the calculation the long hand way by pricing the inputs themselves first. We could cost electricity in labour hours by adding up the hours that electricians work per unit of electricity produced plus the depreciation of the machines involved, just as in the sphere of machinery we can cost machinery on the basis of the machinery used up producing machinery plus the electricity consumed plus the living labour of the machinists. But the figures for the total period hours consumed in agriculture will be the same. The advantage or necessity of doing this long hand is that we need to calculate the cost of a unit of electricity and a machine if we are to use input-output analysis, where Cockshott excels.

The purpose of this little exercise has been to show that in all cases, using a common denominator, the indispensable social one, labour time, simplifies matters and declutters decision making. It reduces the number of calculations and thus the pages of spreadsheets. Above all it alone makes possible the most efficient way of putting together the jigsaw of inputs and outputs. In short it makes conscious decision making, well conscious. Far from having to rely on in-kind planning or adjusting for scarcity, the unit labour time cost needed to produce any item, takes all of this into account. This is the real answer to the vulgar Von Mises.

The only scarcity confronting a planned economy, worth discussing, is caused not by material shortages but by the introduction of popular and ground-breaking new products which rearrange consumer preferences across the board. The delivery of new products always involves delays as production has to first be ramped up. At first there will be a natural rationing because the introductory cost prior to the advantage of economies of scale will be higher. Nonetheless in order not to disrupt production, the planners will need to resort to a lottery scheme for want of a better name. A computer will allocate on a random basis, delivery dates against all the orders, informing individual consumers when they can expect their product and at what cost. This will ensure that vouchers are not saved or pile up waiting for delivery. Consumers will continue to consume in an orderly way ensuring that the rest of the economy is not disturbed.

This leaves only one issue to be dealt with, the impossibility of money cohabiting with vouchers. Here we assume planning is established and the voucher system is running smoothly. Under these circumstances money can only exist if private production takes place outside planned production, say in co-ops that still exist. These co-ops will 'enjoy' a market relation with the collective economy, transactions will be in money, and they will own their own means and materials. Clearly as their means of production are independent of the collective, these means will not enter into the weighting which determines general levels of productivity. If the co-ops productivity is above the average they will benefit from this market relation and if they are below it they will lose out. Actually this is silly because below average productivity co-ops will cease to exist as their workers decamp to the collective because a higher standard of living and greater security awaits them there. Of course some may choose to be poorer but independent. It is only the more productive co-ops which will remain, and here society has a choice whether or not to allow them to continue, because these co-op workers will accumulate wealth at the expense of society.

But let us assume they exist for the purposes of explaining the antagonism between money and vouchers. For money to be money it must be able to buy any product. Under conditions of planning and the voucher system, workers' law will prohibit the convertibility of vouchers into money ensuring they are used only to withdraw products socially produced, or if unused, donated to the social fund. Still there are ways around this, the holders of money could become traders. Workers wanting money say to jump queues, could order in products these traders want. These traders would then buy the products at a discount, because traders being traders, always insist on a profit. The trader would thus be enriched by the transaction and the workers impoverished. Thus wealth will grow in one corner of the economy as secondary markets expand.

This would be more of a growing irritation rather than a problem as long as vouchers remain unconvertible. But what would be a major problem is if our academics have their way and markets are encouraged to run in parallel with planning. For this to happen vouchers would have to be convertible into money. Let us assume further that the exchange of vouchers into money takes place in state banks at par so avoiding the issue of exchange rates. What would be the consequence? Workers would no longer need to order products. They can just pop over to a shop and buy them. By doing so direct information gives way to indirect information, information which is conveyed by means of rippling price movements. But at a cost to society so to speak. Demand and supply would have raised its reactive head ripping prices away from costs because of the oscillations generated. Conscious planning would go out the window. Society would regress.

But say some, let us only allow 10% to be convertible so that workers can go to shops to see what is new and spend their money on those items. This would signal to the planners which new products are in demand and which are not, as well as the rate of substitution of new products for older ones. Possibly. But imagine instead bright and colourful emporiums with tables of new products available to be tested and experienced, with friendly and informed staff who are not incentivised to pressure customers into buying products. Workers could then order some of these products on the spot. They may have to wait. So what? They are emancipated producers not the alienated impatient consumers of old, you know the ones who used to potter around the temples of consumerism, and who felt that self-worth was measured by the adornment of and showing off of 'must have' products.

### **Conclusion.**

We need to build a new communist tradition, one that is attractive to workers. We need to abandon the shallow and deficient traditions that populated the 20<sup>th</sup> Century, none of which understood, nor appreciated, nor disseminated the complex grandeur of a true communist society.

Brian Green, 22<sup>nd</sup> November 2021.