

## THE VOID AND CONTRADICTION: THE ABSENCE OF A MIDDLE WAY

Hillel Ticktin

University of Glasgow

We are in a capitalism, which is both declining, and in transition. The different laws involved induce confusion and failure for those fighting the system. Thus far, there is no strategy to deal with capital in any sphere for trade unions. Unions argue for concessions within the system. The result when the instruments of battle, strikes, go-slows etc. have success always lead to incorporation or ultimate defeat because capital cannot function without profits and rising productivity. If a Trade Union or Workers' Collective or Council win a battle, they lose the war when the firm closes down. (Two years ago, in Scotland, the firm Ineos, the largest bulk chemicals firm in the world, announced it was closing its enterprise in Scotland when the workers struck. The trade union then retreated. ) There is no way around the problem within capitalism. The withdrawal of the full employment economy plus a permanent depression makes impossible any successful strategy within the system. On the other side, that of capital, the ideology, of permanent austerity, is a resuscitation of commodity fetishism, buttressed by the complexity and confusion of the present. The contemporary British election is a good illustration of this point: the major parties accept austerity and effectively lie about reality, fully supported by all the media.

The problem for us is that we live in an historical void, which is worse in some parts of the world than others. In the former Soviet countries and Eastern Europe, it is worse because most people there are living in a system, which cannot return to a full capitalism, while in no sense having been socialist. Everywhere there is confusion and fear and the ruling class today is using fear of the future as a means of control.

Whenever a system is dying and new social system comes into being there is a period of uncertainty, an equilibrium between the old and the new and an increasing rule by a bureaucracy. The latter operates to establish certainty within uncertainty and fear in place of disorder. It establishes rules for the purpose, which appear rational but

are usually wholly or in part irrational. A declining or dying system cannot understand itself and the bureaucracy functions to replace understanding with regulation based on the need to maintain order. Today bureaucracy is a feature not just of state administration but also of private enterprise or capital itself.

The situation is both complex and simple. It is difficult to get through the fog of distortion and lies but the first step has to be the simple one of demanding control from below, wherever it is possible. However, that too will be incorporated, as it has in Germany. We will have to find a way of restoring the picture of socialism, freed of the taint of Stalinism and Social Democracy. One simple step that we can take is to flood the world with pamphlets and books showing the way the world is increasingly socialised and demands socialism, and with that describe in both simple and complex terms the nature of socialism. We have to make socialism appear an immediate and wonderful step for everyone, instead of being tainted with Stalinist terror and economic failure.

This article is divided in two parts, the first discusses the present crisis as the contemporary form of capitalism, trying to show the way in which the political economic contradictions of capitalist society have turned into insoluble conflicts forcing capital into paradoxes, muddles and confusion. In the second part, I try to show that there is no way out of exploitation and the capitalist muddle for the working class, left wing movements and trade unions other than to take the socialist road.

Modern capitalism is distinguished, *inter alia*, by the complexity of its contradictions, which give rise to confusion and muddle, both in reality and ideologically. This reflects the nature of the epoch, which is conflicted and contradictory. To begin to picture this one can argue, that modern abstract art, like that of Picasso, is in fact realist in showing the distorted and broken up way in which our society and our own framework encounters and perceives reality.

The source lies in the way in which our society is changing towards increased integration, with the internet, rapid transport, close interlocking of industrial firms and internationalisation of finance, all of which needs intensive administration but instead it gets a malfunctioning bureaucracy under a thoughtless ruling class. The necessary merging of nations as in the European Union, and the economic treaties covering the world albeit under the hegemony of the USA demands planning and democracy or more correctly control from below.

Behind this form lies the underlying movement of the laws of political economy, in which the law of value is reduced in its operation, while it is becoming more difficult for mediations to be arrived at in order to solve the operating contradictions. At one and the same time, we live in a society in which the future has begun to arrive but the old system continues and the society evolves a transitional form. With the laws of capitalism, the proto-forms of the future and the adjustments, which constitute the forms of transition, the political economy of the society is highly complex both in reality and ideologically.

### **Part 1. The Crisis and Confusion**

The Capitalist crisis is now moving towards its 10<sup>th</sup> year, if we date its origins in the collapse of housing mortgages in the USA in the summer of 2006. Although the USA and the UK, the two countries which suffered the greatest immediate impact of the financial aspect of the crisis, have positive growth, the rest of the world is either in continuing crisis as in the EU or in considerable economic difficulty as in Russia, China, Brazil and South Africa. The measures used to determine the health of the economy are dubious, largely based on GDP or unemployment statistics, both of which require serious re-interpretation, given their political importance. As a result, there is increasing acceptance of ‘secular stagnation’ and/or arguments to the effect that the world has entered a period of low innovation. The de facto deflation in the European Union and the luke-warm success of the Japanese government in its attempt to escape its decades long deflation has led the IMF to reverse its earlier support for austerity, and call for large-scale infrastructure investment. It is interesting that in Japan, 40 per cent of national output is held in cash by corporations<sup>1</sup>, reflecting the long-term deflation/downturn in that country. Europe and America appears to be going the same way.

Any reasonable observer can recognise the fact that orthodox economics cannot explain the continuing crisis of capitalism and indeed cannot admit that there is such a thing. Hence he sees that the orthodox economists have to supply an alternative, such as a lack of ‘animal spirits’ as Keynes famously described a successful capitalism. The

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<sup>1</sup> David Pilling: An activist raid forces new logic on the robot factory, Financial Times, London, 19/02/2015, p.11.

question of innovation, implied in the ‘animal spirits’ remark, is complex, and one might argue the case both ways. The growth of social media, the push towards the self-driven ecological automobile, using batteries or hydrogen etc. that is bound to succeed given the threat to global ecology, the replacement of power stations with solar and other alternatives, the growth of artificial intelligence, the rapid improvement in health technology etc. could easily transform global society, given the opportunity. That does not sound like an absence of innovation. On the other hand, Robert Gordon and the right wing economist Edmund Phelps have argued for a slowdown in innovation. One might anticipate such a slowdown given the tendency for finance capital to go for quick returns and the withdrawal of the state from playing a central role in the economy. However, it is not impossible that orthodox economists would find a slowdown in technological innovation rather than in a socio-economic causation of long-term slow growth.

Given the tendency to hold back on investment and consequently the huge sums of money held in banks or investment vehicles, it is clear that the reason for the continued depression lies in what bankers and economists call lack of confidence. While the meaning of this ambiguous term depends on who is using it, it is clear that most orthodox writers on the subject are arguing that investment is limited because finance capital as well as manufacturing industry executives do not see much increase in profit through investment expansion. The world appears highly uncertain economically and increasingly politically also.

Looked at objectively, this looks paradoxical. On the one hand, capital is calling for a smaller but business orientated government but on the other, it is also looking for a government that will alter the business environment in order to guarantee its profits. It cannot have a government which interferes more in the economy in favour of capital and in order to ensure stability and yet a smaller bureaucracy. At this superficial level, capital appears confused.

This point is clearer if one looks at the three possible reasons why capital does not invest. I have argued this issue extensively in the Critique Notes<sup>2</sup>, in practically every issue in the last two years. In the first instance, since capital switched away from industrial capital to finance capital, it has been more short-termist, looking for quick profits, rather than investing long term, as many projects demand. Consequently the

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<sup>2</sup>Critique Notes- Critique 69, Critique 70, Critique 71

present situation of heightened uncertainty re-inforces an existing tendency to short-termism. This applies particularly to the hegemonic capitalist power, the USA and its junior partner, the UK. Obviously, Germany, which has a higher proportion of its GDP in manufacturing industry and a much higher proportion of its GDP in exports, cannot be in the same position. Indeed, it did not suffer to the same degree from the financial implosion in 2008. However, global tendencies are led by the USA not Europe, or Japan. In other words, under conditions where capital is hesitant to invest, its short-termism acts to further limit productive investment.

In the second place, the overall tendency towards privatisation and the reduction of the size of the state administration has meant that the proportion of the economy supported by governments has been reduced. In part, this was an automatic result of the end of the Cold War and reduction of military expenditure, which was very sharp in the United States. This had two effects. In the first place, orders from state enterprises went down and hence, for example, companies like Northrup, Grumman, Boeing, Lockheed etc. found themselves in some trouble. It led to mergers and more mergers are predicted.<sup>3</sup> Furthermore, state guarantees for long-term investment were effectively reduced. Long-term public private partnerships were reduced or avoided. The CBI, Confederation of British Industry, for instance, has not been backward in asking for state participation in industrial development, without too much success under the Conservative government.

The third problem that Capital is facing is that they do not want full employment in order to avoid working class action. They learned their lesson in the period from 1960 to 1979. They prefer the present line based on austerity. At the present time, mid-2015, the question is when interest rates will be raised in the USA and UK, so limiting growth.

At one level, this appears weird in that the real levels of employment are much higher than official statistics are throwing up. Thus in the UK zero-hours contracts for 1.5 million employees means that they are effectively working for limited periods and for limited hours at odd times. Then too the few millions who are self-employed receive low and uncertain returns, with probable failure, while nominally fully employed. There are also the millions who have retired early, or returned to the home, and so not counted

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<sup>3</sup> “Battle Joined”, The Economist, London, May2nd, 2015, p.59

as unemployed.<sup>4</sup> This account is well known and applies to most developed countries, but it is also clear that at some point if those at work are more certain of their jobs militancy will increase. Hence, the authorities want to stave it off.

To understand the last sentence we have to posit that it has become so ingrained in government that working class action has to be staved off that they will act to forestall an action, which might take years to become effective. This is curious since it limits any upturn, however urgently needed by capital itself. This tendency to act defensively to avoid either labour militancy or left political action thus tends to counteract the progress of capital and hence undermine capitalism.

One could argue that capital has simply decided to run the economy at a lower level in order to maintain control over the workforce. That is the result. However, it also means that capital itself is suffering and the world economy is stagnating and stagnation also has its costs in terms of labour militancy. The ruling class is well aware of this effect but appears powerless to find a less muddled solution.

#### *The Working Class Reaction and its reception*

Indeed, the election of a left if reformist government in Greece and the left shifts in other Southern European countries subject to austerity have raised some worries. However, the German bourgeoisie has stood its ground very strongly and the German working class has not acted in solidarity. Nonetheless, only a wholly stupid bourgeoisie could fail to see the dangers of their situation. In the first instance, the alarm has been sounded by the lectures, books and articles on Inequality.<sup>5</sup> Those writings are generally supportive of capitalism but want a less rapacious form, and it is to be noted that a number of very rich people have also made the obvious point that increasing inequality is politically dangerous.

The mass protests of the killings of black people in the USA are clearly a reaction by the less well off against those in power. Nonetheless, there has been little retreat. The Koch brothers, some of the very richest in the world, continue to finance the Tea Party, as a successful mode of containing white working class discontent.

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<sup>4</sup> Adam Posen: “Keep rates low until the hidden jobless return to work.” *Financial Times*, August 2014, p.9.

<sup>5</sup> Thomas Piketty’s book (*Capital in the Twenty First Century*, Harvard, 2014), set off a chorus embracing a wide political perspective, which had been less vocal earlier.

### *The Paradox*

We can now formulate the argument as follows. On the one hand, the bourgeoisie does not want to invest because they are afraid of the consequences for profits, short and long term, and for the future of the system itself. On the other hand, non-investment can only run the economy down, increasing the degree of discontent, as it already is doing, and reducing profits. That in turn means that capital cannot perform as capital, investing for profit, and instead piles up money, which is not capital, while ultimately really existing capital receives lower returns. Logically, this is suicidal.

They know it is suicidal. Without thinking it out, they have adopted the policy of austerity in order to reduce state benefits, restore the reserve army of labour and repair commodity fetishism. The problem is that it is both cruel and utopian. Its cruelty is leading workers to take whatever way out seems credible. In the UK, one way out is the disintegration of the country – independence for Scotland and possibly Wales. (In the ultimate absurdity, some workers in Liverpool are asking to join Scotland as part of a Northern England breakaway. This is not real, of course, but it indicates the mood.) Other forms are possible before there is mass action. Some are reactionary – such as the reaction against immigrants- as in the UK, France Germany and in South Africa. Although the reactionary forms support capitalism, they are dangerous to capital itself, with the extreme leading to proto-fascism. Without overthrowing capitalism these political forms lower the efficiency of capital, resulting in unexpected side-effects. The disintegration is an inevitable effect of the crisis as the form of the crisis itself is one in which the poles of the contradictions cannot interact and begin to stand opposed to each other –in conflict. Separation and war have been seen in the past arising from crises.

### *Austerity*

On the other hand, the future of austerity is behind it, as some might say. Paul Krugman argues that austerity is the policy only in the UK, under the Conservatives<sup>6</sup>. It is undoubtedly true that the Conservative Party in the UK turned austerity into a trademark, forcing the Labour Party to its knees with the aid of practically all the media and sections of academia. Lord Skidelsky has produced a useful account of its

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<sup>6</sup> Paul Krugman: “The austerity delusion: The case for cuts was a lie. Why does Britain believe it?” Theguardian 29<sup>th</sup> April, 2015.

implementation over the 5 years of the Conservatives.<sup>7</sup> The production of a fetishized debt and deficit which was worshipped as a god to be appeased was an act of magnificently successful propaganda. The Labour Party gave up its original critique and subjected itself to it. Of course, the Labour Party had never been a socialist party and one would not expect much from it.<sup>8</sup> It is hardly surprising that the only way out appeared to be an opt out – independence. In the election exchanges, however, the Conservative Party abandoned its policy of controlling expenditure and appeared to run wild buy its own standards. Austerity appeared doomed, at least as a propaganda instrument, not least because it was leading to the break-up of the UK.

However Krugman is wrong in saying that austerity has been abandoned, unless he is saying that the propaganda for it has been reduced. The insistence on reducing deficits and the government debt is very much the policy of the EU and the Eurozone. What is clearly on the way out is the policy of cutting government expenditure as a means of reducing the deficit, rather than increasing government expenditure on the economy in association with private enterprise. That is the policy of the IMF which it is encouraging all governments to follow.

While the IMF has reversed its line, and of course Japan had already taken this path and more, there is little evidence that much has changed, unsurprisingly. We are back to our paradox. How can the bourgeoisie now invest? The logic of the situation demands substantial overarching government investment. But that runs foul of the current ideology which is against public enterprise.

### *What is wrong with Public Enterprise?*

The bourgeoisie still sees so-called state enterprise as taking the bread out of their mouths. They see it as a competitor and a school for socialists. In a sense they are right, because of course those in the public sector will tend to vote for Labour or the left who support public enterprise. Further, the public sector necessarily has to obey the letter of the law and ensure that workers receive pay according to their job, in time, with

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<sup>7</sup> Robert Skidelsky: "George Osborne's cunning plan: How Conservative rhetoric on the economy harmed the recovery and left Labour floundering" *The New Statesman*, 24-30 April, 2015, pp.31-5

<sup>8</sup> Among many critics, Leo Panitch wrote an article calling for a real alternative: "'Responsible capitalism is nonsense', the left must have a real alternative" *theguardian.com* 4 August 2014, 12.43 BST, and was proved basically correct in the actual electoral result.



full holidays, with full union rights and reasonable pensions. It effectively supports unions, so creating a problem for the section of capital which has a problem with unions, pensions and democracy, however limited. It conflicts, in other words, with the austerity policy. The fact that workers often receive lower pay in the public sector, and have less opportunity to reach the top, while the unions are effectively in cahoots with management shows the contradictory nature of the transitional period but does not alter the problem from the point of view of capital.

It is generally small business that is most militant against the unions and bureaucracy, because it operates on the margin of existence, unlike big business, on whom they are dependent. They are, therefore most likely to want lower taxes and a smaller state, with more control over unions.

### **The Nature of Bureaucracy at the present time**

Bureaucracy from their point of view is both useless as an arm of the state and positively harmful in regulating them out of existence. There is some truth in this picture. Under conditions where the laws of capitalism are conflicting, where the system is in fact in confusion, the civil service can only operate on the basis of strict rules, even if they do not achieve their ultimate goals. Whenever a system is dying and new social system comes into being there is a period of uncertainty, an equilibrium between the old and the new and an increasing rule by a bureaucracy. The latter operates to establish certainty within uncertainty and fear in place of disorder. It establishes rules for the purpose which appear rational but are usually wholly or in part irrational. A declining or dying system cannot understand itself and the bureaucracy functions to replace understanding with regulation based on the need to maintain order. Today bureaucracy is a feature not just of state administration but also of private enterprise or capital itself.

Bureaucracy is a feature of the workers' movement as well, where the trade unions have to function within the existing order. Revolutionary trade unions can only exist where the ruling class is too weak to suppress them. In general trade unions function as defensive organisations to protect workers up to a certain limit. The officials of the union necessarily engage with management and achieve their best results by working out compromises with them. Alternatively, an intelligent capitalist

management will incorporate the trade union management fully into the firm by providing space and special time off for trade union officials, effectively paying them. Wages can then be paid at a slightly higher level than the average. It is well known that large firms prefer to have powerful unions so that the firm's policy can be relayed to workers and the union officials can act as a barrier against militants. It is inevitable that a society with minimal trade union influence will be less stable, as shown in Russia in 1917 and Portugal in 1974 both of whom had revolutions, without trade union influence.

### **The Underlying Forces**

Underlying both the evolution of bureaucracy and trade unions, is the real position of workers in a declining capitalism. In classical capitalism workers are subject to a process under which their labour is turned into a form capable of quantitative comparison. In Marxist terms their labour is reduced to an abstract form – abstract labour. It is homogenized as far as possible. In the development of capital in the last century three things have evolved- firstly the increased and increasing importance of highly skilled labour; secondly the vast expansion of white collar labour. The latter is partly bound up with the third development –the growth of the public sector.

Abstract labour, however, cannot be enforced in the same way as in an industry in which machinery stands over the worker. Capital reaches its ultimate form when the worker is controlled by the inanimate machine owned and controlled by capital. Workers are dominated by capital and in their immediate work-life their labour is abstracted through the mediation of the machine or the automated machine. The computer and the internet has come to play something of this role for white collar workers. However, the highly skilled workers are in control of the machine, inventing, repairing and replacing machines, even though their labour too is measured. Public sector workers like teachers, or regulators can be subject to controls but the nature of the work prevents the reduction to simple abstract labour. The very nature of the public sector which is theoretically under the control of an elected government means that trade unions tend to be tolerated and labour regulations observed. As a result, the public sector workforce tends also to be less subject to abstract labour. This is all the more the case in that much of the public sector like health and education cannot operate as if they

are abstract labour. The teacher has to teach each individual scholar and groups of scholars differently, just as nurses and doctor have to treat their patients as unique. Needs or use-values conflict with exchange value.

This leads into another tendency of the transitional period- that sectors of the economy and society increasingly require social forms, ie socialisation, which in this context means nationalisation. The bourgeoisie have realised that if they allowed the automatic tendency of modern society to evolve towards increased socialisation they would be in trouble. As a result, there has been the reaction in the seventies leading to a reversal of the process. In other words, the present dispensation which some call neo-liberal and I call the shift to finance capital has both an objective and a subjective basis. The usual reference is to the conscious switch of bourgeois parties towards privatisation and of the capitalist class towards finance capital rather than industry, combined with a deluge of ideological justification about the inefficiency of nationalised concerns and social democracy.

For much of the left, this has been the main enemy, without it-the left-considering its meaning or the alternative. The movement of capital to its opposite, or its decline, is irreversible and the real result of this process has been a slow-down in real growth and a surplus of capital leading to the contemporary crisis. It has not altered the force of socialisation. Genuine private health and education for the majority is impossible, but, of course, the rich can enjoy private health and education. However, the same has been increasingly true of other sectors. The infra-structure of underdeveloped countries requires massive investment, but the shift to balanced budgets and then austerity has meant that infrastructure in the most developed countries such as Germany the USA have also suffered badly. Transport and the environment are obvious areas requiring huge social investment globally. The same applies to housing for the majority.

In this section I have argued that there is an unstoppable force tending to socialisation. In those sectors where it is most advanced, on the one hand the workers have to work on the basis of human need while on the other they do not have the same form of abstract labour and subjection to it. One result is that they cannot use traditional methods of opposition in their place of work to the same effect, or at all. At the same time, highly skilled workers can easily stop their enterprises or sections thereof but given their numbers they can be easily dismissed or incorporated with status and high salaries.

Because of the increasing socialisation, and politicisation of the issues, the only alternative is to pose the question of an alternative society.

The case of trade unions is only the most obvious case where the nature of a declining capitalism creates an entity which began as a force to bring about a better society but ends up reinforcing the existing society. The worst, most extreme, case is that of actual revolution itself. In the case of the USSR, its degradation into a Stalinist form effectively saved capitalism.

Socialism in one country is impossible, but its effect is not automatic. Capital acts by corrupting the ruling group in that one country. One can go through the different methods used. From direct corruption of officials to war and blockade leading to famine. However, I have written about the USSR in some detail elsewhere.<sup>9</sup>

The case of South Africa is illustrative here. The strike and shooting down of the Mirikana workers, at a platinum mine near Johannesburg illustrates two important global. First, the way in which Stalinism and social democracy have accepted the line of finance capital or taken a soft line in opposition. That was the line of the ANC/CP government in South Africa. They effectively fully accepted the IMF Zeitgeist, kept deficits low, and privatised extensively. Real workers pay was either static or moved up by a small amount. South Africa leads the world in its Gini Coefficient, showing extreme inequality. And yet the General Secretary of the Miners's Union under apartheid was Cyril Ramaphosa, currently Vice-President and substantial shareholder in that same mine, having become a billionaire or close to it. He urged strong action against the miners, supported by the South African governmental hierarchy. That strike was followed not just by more strikes on the mines but by more working class action even by agricultural workers. Cosatu the central trade union body split, effectively expelling its leader and those supporting the strikers, so remaining under the control of the Communist Party. The reactionary role of the nationalist organisation, the ANC, and the CP does not come from nowhere.

The clear dichotomy between the ostensible socialist goals of the ANC/CP and the reality of self-enrichment with general impoverishment has become part of contemporary reality as in China and elsewhere. . It did not come out of the blue. My own book written in 1991 predicted the failure of the regime to come. Mandela would not have been idolized if he were not on the side of the ruling class. The genuine left has

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<sup>9</sup> Nick Davies: "Who was the man in the green blanket"? *The Guardian*, London, 19 May 2015, pp25-27.

faced and continues to face a very difficult situation, where ostensible allies are not allies and where friends may easily be enticed by such movements and groups. This is where the crisis has begun to produce a break. The crass, cruel, bitter but confused nature of the ruling class response has made the way forward easier if not simpler.

### *The Replacement for the Market*

The paradoxical situation also exists in respect of the forms coming into being to replace the market. The right constantly points to the inefficiency and corruption of so-called planning and so the public sector. In South Africa the right argues that the failure of the ANC/CP government lies in the corruption of the politicians and bureaucrats. It is useful to take this example. This tale is widely held, although the South African government under Mandela accepted the advice and instructions of the IMF and went for a policy of a balanced budget. As a result, South Africa has one of the lowest ranks in the world in terms of school education. South Africa privatized its nationalised industries, and freed the flow of capital. The result was an outflow of money, and deterioration in the supply of electricity and water. In contrast, whatever the awful failings of earlier Stalinist and nationalist regimes, they were able to raise the standard of education, health and provide for the infra-structure up to a point. South Africa is a warning to all countries not to undo nationalisation, protection for industry and free the flow of currency.

Doing all those things is not a solution in itself either, but at least the situation will either not get worse or might improve as compared with the market solution. Nationalism or national isolation is not a solution either. The point of this argument, however, is that the market is not efficient and that corruption is a real but secondary phenomenon. It is worth making the further point that corruption is endemic in capitalism, acting as the grease that oils its wheels at particular junctures. In the UK, which by comparison has limited corruption, the form is such that it is not called corruption. Thus Government ministers and civil servants can and do move into positions in important companies after they have retired or resigned. There may not be any direct corruption but it is easy to see the potential.

The inefficiency of the market requires a separate paper but the ultimate inefficiency lies in the negative incentive for the worker. Being compelled to work 8

hours a day in order to subsist at a job which provides no intrinsic satisfaction, without any control over the unit or the enterprise, or in other words alienated from the product and from the process, the worker will only perform the job to the minimum specification. In white collar jobs, the firm often requires direct loyalty and intense concentration which forces the worker to find psychological forms of survival, which lead to the same result as with manual workers – minimal performance. Sociologists and psychologists recognise the problems and try to find superior forms of subjection.

The logical solution is the introduction of control over the entity from below, in order to solve the problems. However, when co-operatives have been introduced with control from below, they necessarily cannot compete in the market since they treat their workers more humanely and pay them better, so reducing net returns and limiting investment.

Marx famously talked of workers in a firm demanding higher wages, and then when they got them demanding still higher wages, and when they go those demanding even higher wages – and so on until the firm was bankrupted. If we extend the point, workers could keep demanding higher wages, better conditions of work, but also election of management, reduction of salaries of management etc as part of the class struggle, while recognising that if they were successful the firm would go under. Such a strategy could only work for a short time, but it could serve as a means of inducting the youth into the problems in preparation for a more general struggle for an economy and society planned in the interests of all, with the participation of all.

### **Planning and regulation of the economy from below**

We have to put forward our goal clearly. The Soviet Union was not planned and hence it does not constitute an example to be followed but there are negative lessons to be learned. In the first place, the concentration of all decisions in one central institution cannot work. It cannot work technically, and it cannot work for reasons of democracy. Given the numbers involved, (a factorial tens of millions) the need to gather information, and the interactive democratic decisions to be made it could take years to produce results. It is therefore necessary to have as much decentralisation as is possible consonant with something one could call co-ordinative central planning.

The institutionalisation of planning is complex, but the overall concept of involving everyone in considering what is being produced, by whom and where is clear. It is in the transitional period that the problems, conflicts and contradictions will have to be solved. Once the overall structure has been worked out and once a level of abundance is achieved issues will move from the economy to the administration of things as Rosa Luxemburg famously remarked.