

THEORY**Spiralling into bureaucracy and malfunction**

The period of transition

What does it mean to say that capitalism is in decline? **Hillel Ticktin** analyses the characteristics of the final stage

What is the nature of the transition from capitalism to socialism? It was Trotsky who, after the Russian Revolution had taken place, first defined this period as a transitional one, in which the issue of socialism had been placed on the agenda. The bourgeoisie had been warned that they could be overthrown - and had been overthrown in one country.

In this period, in which the working class had made its mark, but was still to take power over the globe, the revolution in one country began a necessary period of change. Of course, socialism does not come about simply through a revolution - if that were the case it would never happen. Socialism comes into being because the *basis* of it already exists within capitalism. In other words, the socialisation of the means of production actually starts to take place within capitalism.

Logically one could get to a point where the society was so socialised, although nominally capitalist, it would be very easy to change it. You would not even need what we call a revolution. But that is not true today, and no-one would want to wait until that time, because one would expect a whole series of unwelcome events, including wars, acts of oppression, etc. Millions more might yet die. So that is not an option, and no socialist has ever put it forward. Hence, we have had a revolution, but *we have not actually taken power*.

That is the period we live in, and the problem has not been easy to deal with, either in the taking of power or even in terms of supporting institutions we regard as more leftwing. In a capitalist society, a cooperative malfunctions. State enterprises, by and large, malfunction. It is inevitable that this is the case: they will malfunction in

respect of what they *could* do. It is very hard for the future system to compete with the old system, under conditions where it cannot operate to the full. In fact it is impossible. On the other hand, what we have is a series of institutions, such as nationalised entities, attempts to combine semi-market operations with co-ops, and various other enterprises which are undertaken by what one could call good-minded people.

If you look at the Mondragon federation of cooperatives in Spain, it is hard to say that it has really succeeded. Obviously, the people who support it may well think it is wonderful. The fact is, however, it has not been able to go very far (it has actually had to be bailed out) and that is true of co-ops in general. Marx was well aware of the contradictory situation. And in fact it is impossible to set up a nationalised enterprise which

would have all the facilities of a truly socialised entity. It is not going to happen that workers elect the manager in a nationalised enterprise under capitalism - it cannot be controlled from below; that just will not be allowed.

Under those conditions - where in fact workers remain exploited and oppressed, as they are in a capitalist company, and yet have few of the advantages they would have if they were in a market enterprise - it is inevitable that cooperatives malfunction, up to a point. Nationalised enterprises have certain advantages in any case, but they also tend to be offset in that way. It is true that today most people in Britain would like the railways to be renationalised. But under National Rail there were numerous defects, which everybody knows about. I certainly could not travel from Scotland down to London

without feeling quite ill.

'Market socialism'

There is no such thing as 'market socialism' - it is in the nature of things that you cannot mix the two elements; it is a nonsense. Now, you might know that I had a debate with a number of people, in a book whose title was actually *Market socialism*, which to my surprise sold reasonably well. Two of us argued against two others, that market socialism could not work, would not work.¹ You may be surprised to hear that it was translated into Chinese! I am not really clear what the Beijing elite got out of it.

Anyway, the point is that the nature of the two components of 'market socialism' are totally opposed. Socialism, to use the word in a very general sense, has a far more democratic starting point than capitalism. Capitalism's idea of democracy is

basically a means of exercising control from above and clearly what we have in current so-called democratic forms has very little to do with control from below.

It is not surprising that the Bolsheviks took the route they did within capitalism. In the end, what we are arguing for is the fullest possible control from below, and you could call it the fullest form of democracy, but in fact it goes far beyond that. The problem is how to deal with that situation and I do not know the answer - I am raising the question and posing the dilemma. When discussing with market socialists, such as those in the Labour Party, one has to argue that with them; it is wrong to undermine, say, council housing, and it has to be explained why council housing is what it is, at this particular stage. There is no doubt, of course, that if you live in a council house you will have many problems, and in many respects it is far better to own your own house. On the other hand, huge numbers are unable to own their own house: they simply cannot afford it.

Because socialism is whole and indivisible, it is necessarily the case therefore that the Labour Party will always lose in the end. It is not possible to have 'market socialism' - it cannot work, except for very short periods: for example, under very special conditions such as existed between 1945 and around 1970. But eventually the population effectively called a halt by demanding that things be taken further. That is a necessary result: there is no other way things could actually go. And the bourgeoisie has actually realised that, which is why we are experiencing the current crisis. They can only make concessions up to a certain point, and they are not going to go the way of 1945-70 again. In a sense, the right wing of the Labour Party belongs to another era: it is obvious they do not understand - if they had any sense they would simply pack up and go home. Whether they win or lose, they really have no future except as a Conservative Party mark two.

This has been a cross which the left has borne for a long time, quite unnecessarily. We should be able to explain in detail why the nationalised form malfunctions and why it is insufficient; we have to go further (in fact, Jeremy Corbyn often does).

The same applies to taking power - and, of course, that is what the Soviet Union itself teaches us. In June-July 1918 Yevgeny Preobrazhensky and Anatoly Lunacharsky wrote a book arguing the case for total nationalisation. But by 1921 the Bolsheviks retreated and reintroduced the market. It is quite obvious that you cannot make the jump in one go. It is clear that you have to have a large level of automation before you can get there. You cannot have a section of the workforce which is semi-skilled or unskilled, even if you pay them twice as much as the richest person, as it were. You cannot have that - there must be a situation where the population as a whole is highly educated.

There must be a situation where people work because work has become their prime want, as Marx defined socialism. And, to a large degree, in principle we could be there. There are enough people who are in a situation where they are working because they want to work. In terms of the socialisation argument, it is clear in the case of health, say, that doctors and nurses work not just for money, but because they think they are providing a vital service for their fellow human beings - and in so doing helping themselves too. That already exists and it is being extended, as society becomes more and more socialised.

As I said, one could project it forward and say that we will get there even under capitalism. The trouble is, the nature of capitalism is such that we are quite likely to experience a series

of wars, famines, chaotic events, etc, so that many would suffer or die before we do actually get there. So we cannot wait until that time, even though the transition is already in process. That is the nature of the development of capitalism - and the argument against capitalism, in the end: that it is an outdated form, and new forms are coming into being.

Malfunctioning

When we refer to decline and declining capitalism, what we are talking about is not just increasing socialisation in society. In the first instance, if a social system is in decline, its fundamental law must also be in decline. In other words, we are talking about the law of value being in decline; it is malfunctioning and in the process of being replaced.

Much of what I have said above applies to the law of value; quite obviously, it cannot apply, except in a skewed and absurd way, to education and health. We can see that today with the Tory government imposing the so-called internal market on the national health service and on schools. The same thing applies increasingly in the rest of the economy. Even if prices exist, the question is whether they reflect value.

The bourgeoisie, of course, realises this, and sees to it that as much as possible is privatised, and subject to the law of value. But in fact it is impossible to do it, and to a large extent all they can do is to produce a caricature. This explains the current situation, from which the bourgeoisie cannot extricate itself. Quite clearly, when the only way in which capitalism can survive is on the basis of either war or imperialism, which was the case in 1914 and later, it has already given up the ghost, as it were. That does, of course, reflect its own decline: it is not able to maintain itself without going into crisis. And, as I have argued, it is a crisis from which there appears to be no end, except via socialism.

Secondly, it is clear that capitalism's productivity is below what, potentially, socialism could produce. It is not difficult to show that in a society controlled from below almost certainly productivity will be a lot higher than today. When you have classes and the different entities in production fighting each other, you are bound to have lower productivity than when that is not the case. Productivity is below what it would be under socialism, where people are working because they enjoy their work, want to work and want to contribute to society.

To demonstrate this is fairly straightforward. In conditions where there is one crisis after another, one war after another, over a period of time there is no contesting the fact that a society which was peaceful, which was not imperialist, would have a much higher level of production. So the argument is proven, as it were, automatically. But it is not just in terms of history that this applies. It is Marx who argued that the justification for capitalism - and he goes into a paean of praise over this - is precisely that it raises productivity to a level where socialism becomes possible. Marx says explicitly that this is the justification for capitalism, even though capitalism is what it is (and was what it was when he was writing), with people dying before their time, child labour and all the rest. Even with all that, capitalism performed a service in reaching a point where socialism became possible. Of course, humanity has to go through a whole series of stages, which are in effect inhuman, in order to get to socialism. But it has reached that point, and hence one could say that, in relation to the future stage of socialism, the current stage of capitalism is most definitely in decline.

When a society has entered into decline, in dialectical terms the contradictions cannot be solved. The point about a contradiction, as defined in Marx's more Hegelian version,

is that the poles interpenetrate and lead to a supersession. But today the poles are not interpenetrating - they are conflicting, and we therefore get crisis after crisis. This gives us a classic example of a society which has to be superseded, but cannot be superseded, at a particular time. What we are getting is the gradual replacement of market operations with proto-planning forms. Now that the Soviet Union no longer exists, the government has started using words it previously did not - precisely like 'planning'. Remember George Osborne's long-term 'economic plan'? At Glasgow University, in an earlier period, the name of the department of planning was changed, on the grounds that planning was just not acceptable - it was the wrong word!

But now planning is back. However, while it is true that in the existing society we have planned forms, this is not planning in the way we understand the word, which must in the end be driven from below, as Marx defines it in the first chapter of *Capital*. Today there is proto-planning, so up to a point it works - but only up to a point. It takes the form of regulation, so-called 'planned infrastructure development' - they are quite prepared to do that up to a point. Nevertheless, at the moment there are big problems, because the International Monetary Fund is recommending mass infrastructure investment, but the ruling class just will not do it (except in the case of the High Speed 2 railway, which seems to be a hopeless enterprise). And, of course, they have long-term, conscious projections for their market operations and socially orientated forms.

As I have pointed out, today the nature of production, the nature of the cycle, has changed: it is now much more long-term. It takes much longer to get production underway. Even the construction of factories can often take a very long time. Of course, if you simply want to put up a shed (or another Tesco store), it will not take very long. But it is very different when it comes to a new engineering plant. And it is certainly true that in terms of pharmaceuticals - which is now one of the few remaining major British industries - it takes an enormous amount of time and investment. It really does have to be not just costed, but in fact proto-planned, over long periods. Which is different from operating simply on the basis of profit. Hence, the state is usually involved today. So, everything cannot just be left to the market, in spite of the bourgeoisie's attempts to introduce it everywhere. It has not actually happened and cannot happen.

It was Preobrazhensky who put forward the concept that we were in a transitional period, in which there would be conflict between planning and the market. He was referring to the Soviet Union, of course, at that time, but this applies to the whole world today. Although there is no general push for planning, that is what is happening in any case.

Decline and bureaucracy

It is necessary to understand not just what the concept of decline means theoretically, for the present time, but what it means in general. This actually also alters one's conception of history, because the implication is not just that there is a period of decline, but - as Marx makes explicit in his famous preface - that there is then an embryonic or coming-to-be phase, and a mature phase. That changes one's understanding of capitalism itself - one cannot simply make generalisations from the 12th century to the present. It is true that certain features were present in the initial form of the 12th century, but they are not part of present-day capitalism. The same will apply to, let us say, the founding of the Bank of England. That is, before mature capitalism comes into

being. One cannot simply generalise from what happened at that point to the present.

One has to say that Marxism bases itself not on simple generalisations, but looking at the process of movement, and the crucial reason for that movement. It is not that one cannot make generalisations, but one has to make them in a very specific manner, and they cannot always be carried across from one point in capitalism to another. You have to ask, amongst other things, at what stage a particular phenomenon occurred. When Henry VIII was expropriating the monasteries, there was no developed, mature capitalism, let alone a declining capitalism. One has to ask where things are, where they are going, and whether that is the only way they can go. I say this because many of the histories that have been written do say, 'Capitalism began at point A and we're at point B, so let's just look at the intervening period and come to a conclusion.' If you do that, you may achieve something worthwhile or you may end up talking nonsense. So simple generalisations are not useful from a Marxist viewpoint. One has to look at what is crucial, what is in movement and what contradictions are involved.

The same applies to history in general - much of the history written by people in the Communist Party is very interesting, but it is some distance from Marxism. It may be very useful empirically, but often does not ask the sort of questions that ought to be asked. And that applies to present-day capitalism: comparing the mature phase to the present, declining phase, or comparing the decline itself to a period of transition, when capitalism has actually been overthrown, is problematic. They are not identical, and the changes which have occurred are important. One must be able to see what they are when looking at what existed before. Much of what is written loses that perspective and, while people may be very sincere, the result is that one does not learn much from this kind of all-embracing coverage. In particular the theory of decline is complex in itself, and one cannot fully grasp what is happening as an automatic consequence of studying political economy or, for that matter, history.

We have seen the rise of what can be called the bureaucratic apparatus, which seems to be specific to this period. It is not clear how one can compare it, but, during the decline of the old mode of production and the beginning of capitalism, a bureaucratic apparatus also came into being. We all know that, as feudalism was declining, a loose state was replaced by a king and the absolutism that went with it, together with a bureaucratic apparatus, which later took power. So it would appear that a bureaucratic apparatus is not unique to the decline of capitalism, which is not exactly surprising, and the reasons for this are discussed by Marx in some detail.

The point is that, given the decline of capitalism and the coming into being of socialism, it is undeniable that there is a greatly enhanced bureaucratic apparatus. We saw this in the Soviet Union in an extreme form, but it exists throughout the world today. It exists not just in the state, but in the major enterprises - extensively. Max Weber's discussion of this is absolute nonsense - I do not know why anyone on the left would read him. He says we have officialdom, it exists in a hierarchical form, people follow rules and all the rest. Well, in a purely superficial way, yes, but all that is really irrelevant. Of course, he completely leaves out of his analysis class society, and the importance of class in relation to the existence of bureaucracy.

And we have to say that the bureaucratic apparatus which has come into being aims to exert a mode of control as part of its class function, although, of course, it cannot do so. But I think that factor is much more

relevant to understanding the purpose of a bureaucratic apparatus, as opposed to just 'officialdom'. It is easiest to see this in the case of the Soviet Union, where no-one believed in the system. The bureaucratic apparatus did not believe in it at all, and knew that it could not function efficiently. So there was a 'planning' apparatus based on the fact that people were *not* going to do what they were required to do, and the plan had to be constantly changed, to bring it into line with reality. And the apparatus knew that the people at the top of the chain of command also knew all this, meaning that they would also introduce changes, and the product that was eventually produced was very different from what was originally stipulated.

That occurred because the society was internally contradictory, and its contradictions could not be resolved. Very few people actually believed in what existed. They could believe in a socialism, they could hope for the best, but to actually believe that society was functioning well and could achieve what was proposed ... no-one could. Yet Nikita Khrushchev actually put forward the concept of 'communism in 20 years'!

Holding the line

In such a society bureaucrats exist precisely to achieve some sort of accommodation - to hold the line, as it were. And very often the people in the middle-to-top levels are highly intelligent and know exactly what to do, to see to it that the system does not crash. So they might change what was supposed to happen to something totally different - to me that is the function of a bureaucratic apparatus. It was at its most extreme in the Soviet Union, but variations of it exist today, of course.

If you look at the functioning of the civil service in Britain, for example, individuals in the various ministries know very well what works and what does not work. Politicians may come and go, but effectively they are part-timers in this respect, who often do not know a thing about the subject. So the civil servants simply adapt policy to what they know will actually function at some level, even if they are aware that the particular policy will *not really* work.

And that applies, it seems to me, throughout the whole of society. It applies to production firms - take Rolls-Royce, GlaxoSmithKline or Volkswagen. The latter is a good example: what amounts to a bureaucratic apparatus in a capitalist company went out to deliberately deceive world authorities about the emission levels of their cars.

But I take this state of affairs to be normal - it will certainly not be the only example. The point is that a bureaucratic apparatus exists in every company today - not identical to what I have described, but close to it. The bureaucrats know what can be expected and whether projects will go through; what can work and what cannot. That is, within a profit system - after all, Volkswagen has to make a profit, and does so. Yet under the market system it involves deliberately deceiving regulators - and its customers - in order to make that profit. Here we have a capitalism that acts against the interests of its customers, consciously and deliberately. I have not quite incorporated that into a theory of decline, but it is certainly a feature.

What I am arguing is that the nature of the period of transition means that there has to be a bureaucratic apparatus - not just in the former Soviet Union and China, etc, but under capitalism itself: within major firms and within the state. It operates as a kind of 'underground planning', a semi-planned form. It does so in order to maintain the system - in probably the only way it *can* be maintained ●

Notes

1. B Ollman, D Schweickart, J Lawler and H Ticktin *Market socialism: the debate among socialists* New York 1998.