

# Mandel's Views on the Transition to Socialism

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This article covers three organically linked debates:

- 1) on socialist society as such;
- 2) on the notion of a 'transition to socialism' ; and
- 3) on the nature of the (formerly) 'actually existing socialist' countries-and the transformations they are now undergoing.

Let us first sum up Ernest Mandel's consistent approach to these questions over the years. Then I would like to look back at some of the main debates and stress Mandel's strong points and some less convincing ones. In light of the ongoing process of capitalist restoration, many of his positions on the so-called 'socialist' countries can be rethought or better formulated today. In conclusion I will look back at debates on the broader question that is now the central one: the fight for a socialist society.

## **Introduction: Ernest Mandel's consistency**

Ernest Mandel often stressed (especially in his teaching-and I learned this from him) the limits of Marxist thinking on building a socialist society: that is, on transitional societies between capitalism and socialism. While Marx could develop his concepts in *Das Kapital* on the basis of his knowledge of the most developed capitalist societies, he refused to dream up any 'model' of socialism. Marxists in the twentieth century had to theorize about the society in transition from capitalism to socialism 'as they went along', and always in poor rather than developed countries. Stalinism added additional theoretical difficulties (besides repressing critical Marxist analysis from within). Thus, said Mandel, Marxists trying to understand Eastern European countries faced 'a basic problem: the theoretical framework required to analyse societies moving from capitalism to socialism does not yet fully exist... [Therefore] it is extremely difficult to decide which developments are due to bureaucratic degeneration and which are historically inevitable'. He added: 'We know Marx's ideas on socialism and, while it is difficult to define closely what socialism is, we know quite well what it is not.' [1]

Mandel's view of what socialism was not was completely determined for almost his whole life by his conviction that socialism meant direct self-organization, without the need of money. Subsequent

debates on socialism have shown that this 'negative definition' was not as clear as he imagined...

1) Ernest Mandel consistently upheld a classic interpretation of Marx's and Engels's writings on socialism, as a society based on the 'direct association of producers' who would use their own direct judgement in allocating resources and organizing production and distribution. The rejection of the social relationships concealed by commodity relationships in the capitalist market is obviously a target of an emancipatory socialist project. This goal was often expressed by Mandel as a withering away of commodity categories linked with increasing abundance and increasing self-organization. In his debate with Alec Nove, Mandel centres his argument around the feasibility of what he claims to be 'the goal of Marxist policies-socialism without commodity production'. [2] He associates the possibility of achieving such a goal with the development of productive forces.

Socialism was therefore understood by Mandel in the Marxist tradition: the product of worldwide resistance by workers against the most developed capitalism as an articulated world system. The fact that a socialist revolution had been victorious at capitalism's periphery, and was not helped by revolutions in developed capitalist countries meant that the post-capitalist society there could not be 'socialist'. This was linked not with Stalinist degeneration but with underdevelopment and isolation (which themselves were key conditions for Stalinism).

2) Mandel's notion of a 'society in transition to socialism' lies in the continuity of the Bolshevik approach in the 1920s. The concept was first introduced after the October revolution. It was therefore somewhat different from the notion of socialism as a 'transition to communism' that can be found in Marx. It was organically linked to the idea that taking power in Russia was only the first step in a global process of resistance to international capitalist domination. For the Bolsheviks, the revolution and the new society were 'socialist' in their objectives-not in their social reality. Classes, different forms of ownership, the market and underdevelopment could not be abolished from one day to the next nor without the help of socialist victories in developed countries. Socialism 'in one country' and in conditions of underdevelopment was impossible. But breaking the weakest link of the 'imperialist chain' could encourage more resistance and make it possible to begin a socialist transformation of the Soviet Union.

In such a framework, the Soviet Union was conceived as a hybrid society, whose dynamic was towards socialist transformation by a workers' state. The initial formulations used by the Bolsheviks had a descriptive tendency; presenting a juxtaposition of 'sectors' related to different relations of production and ownership ('socialist', capitalist, small private property), all subject to state control. The plan itself had the label 'socialist'. Preobrazhensky developed a comprehensive vision of the conflicting logics of transitional societies in the context of a very productive capitalist environment. He formulated it as a conflict between the law of value and the 'law of socialist accumulation'. The main historical tasks that the society in transition towards socialism had to carry out were the development of productive forces and the transformation of social relationships. The programme of the permanent revolution therefore expressed at the national and international level those tasks to be accomplished, beginning from the initial conditions of the revolution and laying the material, economical and cultural basis for a future socialist society.

Mandel developed his own analysis in this theoretical framework, facing the bureaucratization of Soviet society and Stalin's proclamation that socialism could be (in fact by 1936 had been) built in one country.

The main feature Mandel stressed to illustrate the non-socialist character of (existing) transitional societies, besides the total denial of any decision-making power to workers, was the persistence of money and commodity categories. By contrast, he linked limits to the rule of the law of value and the non-commodity substance of Soviet planning with the non-capitalist character of those societies.

Instead of merely juxtaposing aspects of different relations of production, Mandel insisted more and more on the necessity of analysing the 'specific relations of production' of the transitional societies as such. [3] That is to say, *'neither capitalist nor socialist'*.

That transitional context, where commodity categories and a certain market would last, was not considered by Mandel as something short-term, or even limited to underdeveloped countries. It was fundamentally linked with the underdevelopment of productive forces-in comparison with the needs still to be satisfied at a world level.

Mandel insisted therefore, along the same lines as Preobrazhensky, on enduring conflicting logics as long as there is no abundance. He expressed it more often under the formula of a conflict between the logic of planning and that of the still existing markets (world market, consumer goods markets, etc.); or a conflict between 'the bourgeois norm of distribution' (to each according to his labour) and the logic of the plan.

Because the problems of socialist transformation were not (and will not be) posed only in the short term (in the revolutionary period), Mandel insisted on the necessity of material incentives, while stressing the contradictions that monetary incentives could produce. [4] Therefore he emphasized those incentives which could stimulate collective behaviour, improvement in the conditions of work, education and responsibility.

3) The degeneration of the October Revolution made Mandel try to understand another source of exploitation and alienation linked with the bureaucratization of the workers' state: planning itself could conceal social relationships of exploitation and alienation. Such relationships did in fact exist in those spheres of production analysed by Mandel as subject to direct planning (without the active role of money). Mandel's analysis of the bureaucracy emphasized the effect of delegations of power and divisions of labour in underdeveloped societies (exacerbated by political conditions). The analysis of the bureaucratization of the workers' state reinforced his views and militant conclusions: he stressed that only workers' self-activity and self-organization can make possible both the withering away of the state and that of the market, as preconditions to any socialist future.

Limits to overcoming both commodity relationships and bureaucratic domination were linked according to Mandel's strong 'materialist' convictions with underdevelopment of productive forces. But Mandel's militant standpoint resisted linear and fatalistic versions of 'historical materialism'. Underdevelopment of productive forces did not mean for him that it was impossible to resist bureaucratic degeneration, or that market relations would 'necessarily' predominate. He opposed Charles Bettelheim on those grounds, and on the basis of a concrete and theoretical analysis of the relations of production of those specific societies: that is, social relations of production not only at the level of each factory but also between factories. [5]

Like Preobrazhensky, Mandel (like Brus later on) *made a fundamental distinction between the existence of 'market categories' (prices, wages, etc.) and the domination of the law of value*, the first not being the 'proof' of the second. He therefore developed an analysis of the role of the money (and of prices) in different spheres of the economy, arguing that labour had a directly social character in the planning system in spite of its bureaucratic features and waste. He argued mainly on the basis that there was no market 'sanction' (bankruptcy, unemployment) for bad planning. The main feature of bureaucratic planning was poor or under-production of use-values.

### **Trotsky's prediction**

Marxist debates on the nature of the Soviet Union and similar societies developed along these lines. But they also had to give an interpretation of Trotsky's forecast that there would be no historical

place for a specific bureaucratic mode of production. Although he left open the hypothesis of the bureaucracy transforming itself into a class if it could smash workers' capacities for resistance, Trotsky posed the fundamental alternatives as either a socialist, anti-bureaucratic revolution or a capitalist restoration: one or the other was supposed to occur *rapidly*.

The expansion and the relative length of bureaucratic rule gave rise or strength to analyses that maintained either that the bureaucracy was the direct instrument of world bourgeois domination or that it could crystallize (or had crystallized) into a new class.

Mandel consistently rejected such arguments, on the grounds that the bureaucratic degeneration- and even counter-revolution-did not abolish (and even reinforced) non-capitalist features of those societies (as summarized above) and could not smash workers' resistance to the bureaucratic dictatorship. It meant that Trotsky's fundamental alternatives were still posed, even if the decision hung in the balance for several more decades. Mandel tried to analyse why it could hang in the balance so long. But he often repeated that a few decades were not so long a period in historical time (the time needed for classes to consolidate themselves); and he argued that a capitalist counter-revolution would have to violently break the state and smash the workers, which had not occurred in the given historical context before the 1980s.

At an international level, Mandel stressed the specificity of the Second World War, which ended in partial defeats for the working class but in the framework of the defeat of fascism, extension of the revolution (to Yugoslavia and China) and growing working-class activity. That is to say that workers' capacities for resistance were not smashed, even if they lacked the subjective ability to impart a consistent socialist dynamic to the class struggle. The alliance of the 'democratic bourgeoisie' and Stalinism against fascism consolidated both regimes for a period of time, but under strong working-class pressures. This had to be taken in account both by the postwar capitalist system and by the bureaucracies of the workers' states. This played a key role in Mandel's understanding of both late capitalism and of bureaucratic reforms.

These specific features strengthened in Mandel's analysis the theme of a working-class resistance on two fronts: the thesis of a 'triangular struggle' against both capitalism and bureaucracy. But there was no symmetry there: the extension of Soviet-type societies was still analysed in the conceptual framework of transitional societies, even if the transition towards socialism was considered to be blocked. In Mandel's definition of transitional societies, the main feature was not the dynamic (transition towards what?) but the 'neither/nor' character of those societies: their indeterminacy in terms of class domination. Mandel considered them to be still neither socialist nor capitalist nor stabilized. That is to say, the fundamental class confrontation between consistent logics of production, between the world bourgeoisie and the workers, was still at stake behind the hybrid nature of those societies: there would be either a capitalist restoration or a 'political revolution'.

What would that '*political revolution*' be? The 'ambiguity' of the idea, Mandel said,

*'...lies not in the term "political revolution" but in the peculiarity of a political revolution in a workers' state, which, by definition, even if it is bureaucratized, is a state whose economic weight is exceptional. As a result, even a revolution that is "purely political" (an absurd concept in any event) will obviously have socio-economic effects infinitely greater than those of a bourgeois political revolution. The latter at most replaces one faction of the bourgeoisie in power by another one... [while in a bureaucratized workers' state] a political revolution would be simply this: a take-over of the management of the state, the economy and all spheres of social activity by the mass of producers and the toiling masses, in the form of the power of democratically elected workers' councils, soviets.'*  
[6]

The formula 'political revolution' was therefore linked with the characterization of the ruling

bureaucracy and of the state.

The formula 'degenerated workers' state' was developed by Trotsky in his analysis of the 'revolution betrayed'. It expressed a contradictory reality combining several features:

1) Stalinism had been a 'political counter-revolution' which had consolidated not only or not mainly Stalin's rule, but the crystallization of a bureaucratic layer defending its own specific material interests through the party/state; the state 'bureaucratically degenerated'. The socialist transformation of the society would be blocked unless a new workers' upsurge, an anti-bureaucratic 'political revolution', occurred.

2) But the state was still characterized as 'workers' because there had not been a social counter-revolution, a capitalist restoration, and because the bureaucratic caste had not stabilized an independent position in a specific mode of production: it was ruling on the workers' behalf-and at their expense.

Mandel's analysis of the social nature of the Soviet state was developed in this framework. It was linked to *his analysis of the bureaucracy of that state-and to his evaluation of the situation of the working class*. According to Mandel, the bureaucracy included 'all the layers in the Soviet society which are privileged in one way or another'; the bureaucracy 'since it does not own the means of production, participates in distribution of the national income exclusively as a function of remuneration for its labour-power'; finally, the bureaucrats 'are not merely the sons and daughters of workers but even former workers themselves.' They were 'a fraction of the working class'. [7]

The workers, far from having been smashed under the bureaucratic dictatorship, developed both numerically and qualitatively (increasing their skill levels). Therefore Mandel stressed 'a fundamental paradox of this situation: the fact that the working class, which is proclaimed as the ruling class in all official propaganda, is in reality devoid of all political rights. At the same time, although the working class does not participate in the management of the economy and the state, it nevertheless does command de facto powers and rights.' [8] Power to control the rhythm of work and cultural and social rights were workers' gains, making possible a pseudo-Marxist legitimization of the bureaucratic rule as 'socialist'.

Finally, according to Mandel,

*'...the formula "bureaucratized workers' state" refers to criteria of the Marxist theory of the state. For Marxism there is no such a thing as a state that stands above classes. The state is in the service of the historic interest of a given class.... Up to now this state has prevented the restoration of capitalism and the power of a bourgeois class... It is only in this sense that we use the adjective "workers" ... There is a very big difference between, on the one hand, maintaining certain socio-economic structures historically linked to the interests of a particular social class and, on the other, defending the immediate, daily interests of a social class in the sense of what it itself sees as-and wants to be-its place in society.'* [9]

But the domination of the bureaucracy was not stabilized. In his analysis of the 'law of development' of those societies, Mandel stressed a fundamental contradiction between the potential of development rooted in the abolition of capitalist domination and in the plan on the one hand, and on the other hand bureaucratic conservatism. The latter was analysed as a *growing obstacle to the development of productive forces*. Whatever had been its attempts at reform and stabilization of its rule, the bureaucracy could never overcome the characteristics of 'extensive accumulation'. That was linked to two main contradictions often stressed by Mandel: 'First... it is impossible to forge a rational link between the material self-interest of the bureaucracy and the optimization of economic

growth. Second, there is no way to overcome the relative indifference to production on the part of the direct producers themselves.' *The first 'stumbling block' could only be overcome by capitalist privatization; the second, by a workers' political revolution.*

Mandel, like Trotsky, stressed the fact that part of the bureaucracy, 'especially its "managerial" wing', was trying to stabilize its privileges through capitalist restoration.

'But before all these tendencies could lead to an actual restoration of capitalism, they would have to overcome the resistance of the key sectors of the state apparatus that oppose this whole trend. This, incidentally, is the objective justification for our use of the scientific formula 'degenerated workers' state' to describe the USSR, in spite of all anti-working-class measures and the total lack of direct working-class power, or even political rights. Even more important though, they would have to overcome the resistance of the proletariat itself, which has a lot to lose through such a process of capitalist restoration, particularly what is undoubtedly the major remaining conquest of October from the standpoint of the workers: a qualitative higher degree of job security than exists under capitalism.' [10]

There was an obvious error of prediction in Mandel's analysis. But where was the error? How does it relate to his overall understanding of what Stalinism was? In other words, was the bureaucracy since Stalin a state bourgeoisie or a new class after all? Or was there a historical turn in the dynamic of class struggles in the 1980s? To what extent did the crisis of the system and of all the revolutionary experiences in that specific international context change the way in which workers and bureaucrats tried to defend their interests? If that were what was under- (or badly) estimated (as I think it was), that also meant something was unclear or wrong in the way the concept was presented. Those are the points to be discussed now.

Most of the debates on the analysis of the Soviet society that Mandel took part in can be directly subjected to the test of the transformations now under way. Others go beyond the scope of this test, even if they are obviously deeply influenced by it: they concern the socialist project itself. It is possible to draw up a balance sheet of the major debates, stressing what appear to be Mandel's strong points and what appear to be his less convincing ones.

## **1. Debates over the 'transitional societies': the test of capitalist restoration**

The collapse of the so-called socialist countries and the process of 'transition to the market', as it is called, has much to tell us. It should help to overcome somewhat the sclerosis of previous debates, and perhaps make better formulations possible. In spite of (or because of) the disastrous social effects of neoliberal policies and the terrible legacy left by Stalinism, we must take advantage of the short distance we have travelled so far, more than six years after the fall of the Berlin Wall, in the 'transition towards capitalism'.

It would go beyond the scope of this contribution to produce a systematic analysis of the ongoing process of capitalist restoration. [11] That would require giving figures on the present situation and taking a comparative approach towards all the countries concerned, whereas the main debates with Mandel and most arguments about the nature of the so-called socialist countries have been centred on the former Soviet Union. So here the present will be used only to clarify the past, and the discussion will centre mainly on the Soviet Union.

Nonetheless, it is worth stressing *some common features and difficulties, in order to summarize what is at stake.*

At the end of the 1980s one could have the impression that the collapse of the single-party system and capitalist restoration was an incredibly easy process. The idea that those populations had nothing to lose was reinforced. Workers did not defend the 'bureaucratized workers' state'-and neither did the bureaucrats. Dominant layers of the former nomenklatura, contrary to what Mandel had expected, even played a decisive role in the turn towards privatization.

Six years later, the picture is somewhat more complex, and very differentiated. But the dominant lesson now is more that capitalist restoration is a difficult process. There is no longer any doubt about the fact that the population had a lot to lose along the way. Where the transition is the most 'advanced' and 'successful'-Lithuania, Poland, Hungary, Bulgaria-the population has freely expressed its disillusionment by voting for those parties which represented some continuity with the past. There is no question of going back to the past. Nor are the 'ex-communist' neo-social democrats in Poland or Hungary ready to stop their countries' integration into the world capitalist system. Even the conflicts for power in Russia have more to do with what type of capitalism-for whose benefit-than with genuinely counterposed projects. But if we look back at the whole process, popular democratic fronts of different sorts did exist against the single-party system and its dictatorship but *there was nowhere any revolution from below in support of an explicit restorationist programme*-except in a specific way for German unification; and there is no West Germany at the level of Eastern Europe as a whole that can integrate it into the capitalist order and pay the bill.

'Privatization' is more or less declared accomplished, be it in the Czech Republic or in Russia. Behind those declarations, however, there is a lack of capital and of social basis for the restorationist process. *It is not an organic process based on an already existing bourgeoisie.*

This means that we are facing an absolutely new historical experiment. This has to do with the specificity of these societies as they were. Some analysts refused to call them 'post-capitalist' because there were elements of 'pre-capitalist', quasi-feudal forms of non-market protection. But unlike the period of bourgeois revolution against feudalism: 1) There is today a powerful world capitalist system, with its institutions as a global framework. That is a key element in the restorationist process today. 2) In the Soviet Union, industry represented the largest share of the national product. It employed huge concentrations of workers who enjoyed job security. All those features were closer to a 'post-capitalist' reality than to any feudalism.

These remarks are aimed at avoiding too abstract debates. Whatever be the concept used to describe the former Soviet Union, there was-and still is-a need to look behind the concept, behind the economic categories, behind the plan, as in the West we need to look behind the market, in order to see the real social relationships. This is my concern here. Only on such a basis can we clarify the usefulness or the weakness of this or that concept.

I will deal with the following questions about the ongoing 'transition towards the market' and the debates on the nature of these societies:

- (1) the theory of state capitalism in light of the experience of capitalist restoration;
- (2) 'new class' theories;
- (3) reasons for the historic turning point of 1989-91;
- (4) the 'soft' counter-revolution; and (5) once more on the social nature of the state in transitional society. After that I will turn to the problem of rethinking and reformulating the debates on socialism.

### ***1.1 Debates around the theory of state capitalism and the economic categories of Soviet-***

## ***type societies*** [12]

In spite of the fact that the 'state capitalist' theory has no difficulty in explaining why key elements of the old nomenklatura play a leading role in the ongoing process ('it was already a bourgeoisie'), that approach does not help us understand *the specific non-capitalist features of the former system*. Therefore it does not help us understand what is at stake; it does not clarify the *historical turning point* we are facing. The paradox, by the way, is that it does not help us understand why the most probable form of capitalist restoration is-state capitalism. Such a concept has to have something to do with the main features, social relationships and mechanism of exploitation of a capitalist system. That is what is being introduced today through the necessary (from a bourgeois point of view) destruction of the former system. That is what the world bourgeoisie (through its 'experts' and institutions: the World Bank, the IMF and the European Union) is consciously doing. What the world bourgeoisie is discovering is *the difficulty and the cost of this project*.

### **The reality of capitalist restoration today**

Nationalizations in capitalist countries (e.g. in France after the Second World War) helped increase profitability in the private sector; they were never meant to limit the rights of private property. That was not the Soviet logic. Moreover, in 'actually existing capitalist societies' privatizations of nationalized sectors of industry occur when and where it is efficient for private capital under conditions of existing market competition. At all events, whether in developed capitalist countries or in their periphery such as Latin America, privatizations occur in market economies where there are capital markets, capitalist financial institutions and so on. That is simply not the case in the former Soviet Union. What is at stake in Eastern Europe and especially in the ex-Soviet Union is the privatization of the whole of industry (whose dominant sectors are unprofitable under market conditions), the creation of a capital market and the transformation of workers into 'free' wage earners. In other words, what is at stake is *(re)establishing all the social relationships and institutions that enable money to become capital, and market criteria and discipline to function*.

State capitalist theory does not make it possible to explain that.

Tony Cliff's main argument in the past was that the world capitalist market dictated the logic of Soviet investments. The reverse is true. The Soviet Union could protect itself for decades from the world market-and it was partially forced to do so by forms of boycott that prevented it from buying strategic technologies. Import policies were shaped by the COMECON division of labour and the opening of Eastern European countries-though not the Soviet Union-to foreign credits and imports in the 1970s. The debt crisis in these countries in the 1980s (softened for a time by the support of the Soviet Union and by the COMECON system of prices) and the direct impact of the arms race on the Soviet Union qualitatively increased the effect of world capitalism on these societies, at a moment when the internal contradictions of their own system were increasing. Russia opened its economy to direct world market pressure mostly as part of the restorationist government's 'shock therapy'. This made foreign debt increase dramatically in the 1990s.

In other words we can speak today, in a restorationist context, of the direct role of the world market in the Russian economy. This was not true from the time Stalin consolidated power up until the 1980s. The result of opening Russia to the world market (as is also the case for other Eastern European countries) has been a disaster. This allows us to evaluate to what extent that pressure was not effective before, contrary to 'state capitalist' claims.

But this is not the end of the story: to define a society as capitalist only on the basis of the pressure of world capitalism on it is obviously insufficient. One must make a concrete analysis of the existing internal mechanisms, social relations and market institutions through which this pressure is



exercised and capitalist relationships can be analysed. Capitalist exploitation is not the only historical form of exploitation, i.e. of appropriation of the surplus by specific social layers or classes; in a capitalist system appropriation of surplus must take the form of surplus-value, of profit (money must be 'able' to make more money through specific relations of production and ownership). Was this the case in the Soviet Union? If the bureaucracy was already a bourgeoisie, why is it so difficult to establish market rules and a capital market in the ex-Soviet Union? Why is outside pressure from world capitalism (and bourgeois institutions) not sufficient to re-establish the domination of the law of value? For the moment it is still not functioning properly in Russia. [13]

The explicit programme of the 'transition to a market economy' speaks volumes about what prevented capitalist rules from orienting investments in the Soviet Union:

- in the planned sector, money was a (bad and rather passive) instrument which only served as an accounting unit (even if it was called a 'rouble', you could not buy anything with it except when it was distributed as wages);
- there were no real factory accounts before the 1980s, because there was no measurement of real 'costs'; [14]
- managers (or other private persons) could not buy or sell means of production, raw materials or factories;
- factories could not go bankrupt;
- there was no capital market, no banking system functioning on the basis of private capital and profit;
- workers were broadly 'socialized' in huge factories which gave them not only jobs and wages, but all kind of goods and services, flats, childcare, even hospitals, schools and vacation centres. Those social links were (and are still) major obstacles to the mobility of a 'free' labour force: they were introduced by managers in order to keep the labour force they needed whatever the cost. Often a whole town if not region was built around those huge combines;
- prices were set according to the social or economic goals of the planning authorities, and did not reflect costs or the pressure of supply and demand;
- there were 'no real owners': bureaucrats' behaviour was consistent with the fact that they were neither collective nor private 'owners' of the means of production. They produced at whatever cost in order to maintain their own privileges. Neither were the workers 'real owners', with rights of control and decision-making. Irresponsibility was the price paid for this kind of alienation.

As the well-known advocate of 'shock therapy', Harvard's Jeffrey Sachs, clearly said, privatization was meant to break a non-capitalist system and impose new social relationships suited to market discipline.

The strongest points of Mandel's analyses are there: the non-commodity nature of the means of production in the former Soviet Union, the dominant feature of planning as based on use-values, the 'passive role of money' in the planned sector. This is all still visible in the very limited restructuring produced by changes in prices. Barter relationships between big factories, huge inter-factory debts, limited unemployment in a context of a dramatic decline of production: these are all significant ways to escape from the pressure of the credit system-and from the social relationships associated with the law on value. The main difficulty in the privatization process is the lack of capital-which also means the lack of a 'real bourgeoisie' bringing in capital. That is the main reason why privatizations

are often juridical (in Russia the most common tactic has been to transfer ownership to factory 'collectives', including managers), without restructuring and without real changes in behaviour and relationships between managers and workers.

This is confirmed by the concrete analysis given by people like Jacques Sapir (a former supporter of Bettelheim's positions) of the still predominantly 'non-market' reality of Russian society (in 1995): 'In Russia, the lack of economic flexibility includes the labour force, because the firms are sites of social integration. The wage-earners' social gains must be financed by the firms and constitute a total fixed capital.... From 1988 on, the disintegration of central control over the wages fund fostered the assertion of wage-earners' power within the firms. By the end of 1991 the real average wage had doubled relative to its 1987 level.' Later he adds: 'The underdevelopment of market infrastructures, whether material or institutional, stops the mechanisms of mediation from functioning, or saddles them with counterproductive dynamics... The emergence of a payments crisis reflects the existence of major technical and institutional rigidities: the productive system cannot adapt to the instantaneous transformation of the rules of the game.' Finally under the heading 'absence of any element of market discipline', Sapir comments:

*'Another factor that weighs heavily given the lack of conditions for market discipline resides in the social role attributed to firms in the old Soviet system. Firms are not simply places where one works and collects a wage; they play a major role in social programmes and contribute decisively to local social infrastructure (housing, childcare centres, dispensaries). Not only does all this constitute a drag on their finances, it makes individual or collective layoffs very difficult... The spontaneous decomposition of the system creates the conditions for solidifying relationships between firm managements and local elites... As a result it becomes impossible, at least in the short term, to implement any sort of bankruptcy law...' [15]*

Differences between regions and industries (but also between different Eastern European countries) give indications of the varying degree of real restoration of market laws. But it is interesting to stress very similar problems of restructuring and the deep weakness of the banking system behind the so-called 'mass privatization' in the 'most advanced' country in the process of transition towards capitalism: the Czech Republic. An analysis published by Banque Paribas says that the

*'...idyllic picture of a succesful transition nonetheless hides a certain number of major structural problems, having to do with the delay in restructuring firms and the weakness of the banking system... Beginning from a virtually nonexistent private sector, the privatization process launched in 1991 has increased the private sector's share of GDP from 4 percent in 1990 to almost 70 percent today... But often only the formal part of the process [the "big privatization", which in two different waves allowed Czech citizens to become shareholders] has been accomplished. Once the shares were divided among investment funds, these funds often failed to exercise any real control over the firms. At the same time the big state-owned banks, which most often administer the investment funds (through which they control almost 70 percent of stock issued) find themselves in the position of being simultaneously shareholders and creditors of the privatized firms, which explains the small number of bankruptcies. In addition the economic reform has often not gotten under way, and numerous firms have not really begun the process of restructuring. At the same time privatization contracts have often included "anti-layoff" clauses... The banking sector incidentally is where the traces of economic planning are still most visible: doubtful loans are massively present in their institutional balance sheets.' [16]*

The uneven way in which market discipline is developing results from variations in the former structure of the economy, in the role of small commodity production, in the size of the factories, in the positions of different industries in market competition, and so on. The methodological distinctions used by Mandel to stress that the existence of 'commodity categories' like wage and

prices were not the proof that market laws were functioning are still useful to analyse the uneven degree of capitalist restoration.

The 'bureaucratized workers' state' formula responds to the main 'criticisms' that have been made of the old system by supporters of the restorationist process:

1) *'Too much protection'*, 'workers' privileges', 'egalitarianism', 'lazy workers'. This has something to do with the abolition of market discipline, the limits of the bureaucratic form of exploitation, the specificity of bureaucratic rule on behalf of the workers but at their expense, a wage structure more favourable to miners than to doctors, workers' control over rhythms of work-but also with irresponsibility, alienation, etc.

2) *'No real owner'*.

a) The population and especially the workers have always reacted strongly against 'nomenklaturist privatization', which they see as robbery, as an illegal appropriation. They never considered the bureaucrats to be owners; even the state was not considered the owner. Property was supposed (and considered) to be 'social'. One of the goals of 'mass privatization' was to respond to the popular call for justice in the privatization of social ownership. How can you explain and understand that, if the bureaucrats were real 'collective owners'? There were no shares, no property for the bureaucrats to transmit to their sons and daughters. That is why they want privatization.

b) Liberal theories of 'property rights' confirm what Mandel said about the rationality of bureaucrats' behaviour given the absence of real rights of ownership (control, transmission of property, and so on). The neoliberal conclusion is the need for privatization; ours is the need for real socialization, that is social control. But the diagnosis is the same: because bureaucrats were not real owners (they had no right to private accumulation, no freedom to hire and fire workers, no right to buy or close a factory), they had no interest in efficient production. Their only interest was in better access to scarce products and services-that is consumer logic.

*But there were also weak points in Mandel's polemics-and a forecasting error that requires explanation.*

1) Because he wanted to avoid giving arguments to a class analysis of the bureaucracy, Mandel often refused to recognize that bureaucrats did have privileges (specific forms of private appropriation of part of the surplus) linked to their position in the relations of production. In fact there was a specific connection between their function in the productive sphere and their privileges. It was a partial, uncompleted, uncertain form of real ownership (and control), in the context of a non-market form of control over implementation of the plan.

Bureaucrats could not invest profits. So their income took the form of wages and access to specific goods, shops, cars, flats, trips, and so on. But those material privileges were of course linked with their function in the productive process. That function was not a capitalist one, but it did exist. They could protect and improve their positions and privileges if they met the planned targets (or surpassed them)-with no workers' unrest: they depended on political criteria for appointment. Because bureaucrats had no legitimate ownership and were ruling on behalf of the workers, they were much more afraid of workers' unrest (despite the lack of any rights to self-organization) than any bourgeois is of real trade unions. If they were considered responsible for unrest they could be simply fired and lose everything from one day to the next. That is why, even without any right to strike, workers' unrest and strike threats were so effective. [17]

This led to bureaucrats' obsession with formal fulfillment of the plan-and their bargaining to have as many resources as possible (especially in order to maintain the number of workers), to minimize the

official targets, to hide those resources they might need (and could not buy) for the productive process, and so on.

Bettelheim (like other supporters of the 'state capitalist' theory) was right to stress the increasing 'bargaining power' that local (sectoral, regional) managers gained in the process of planning. It did not mean that there were 'independent' units of production linked by a market, that is to say by market rules and constraints (there, Mandel was right). But it did mean increasing gaps between what was planned and what was produced, and increasing costs and waste.

In this case, to say that everything that was planned was 'directly recognized as social labour', as Mandel argued, was both correct and insufficient. Correct, because there were no bankruptcies, no changes in prices automatically linked to waste, acting as an ex post facto determination of the amount of 'private labour' considered as 'socially necessary'. But a planned system needs in fact an equivalent of that category of 'socially necessary labour'. In the Soviet Union, it did not exist.

2) *Above all*, Mandel's views on the resistance to capitalist restoration from key sectors of the bureaucracy were adequate to describe what occurred in past decades. First Stalinist consolidation, then changes and reforms of the bureaucracy's mode of domination were made on the basis of a non-capitalist system. Partial use of the market and partial privatizations were always subordinated to non-capitalist relations of production. The logic of earlier bureaucratic reforms (from Stalin's forced collectivization to the Gorbachev reforms, at least at the beginning of Gorbachev's rule) was to try and improve the efficiency of the system, not to change it-unlike today. These were bureaucratic reforms: they used partial market mechanisms but not democracy. Those inconsistent features always produced differentiations within the bureaucracy. This had all been analysed by Mandel.

But this was not enough to *foresee the turning point*. In the ongoing process of restoration, leading sectors of the nomenklatura have been directly acting in favour of privatization for their own benefit-and no significant part of the former apparatus is really opposed to the restorationist process. Differentiation can occur between 'comprador' as opposed to domestic bourgeoisies, state capitalist strategies as opposed to immediate (impossible) systematic privatization, those who are more or less opposed to foreign domination, and so on. The difficulties are real; I will come back to them later. But if there is still a triangular struggle, its base has changed: the bourgeois side has been consolidated and broadened at the expense of the bureaucratic one, which has lost its coherence. The workers' side of the triangle, on the other hand, has been the weakest throughout the process. (I will discuss the reason for that in section 3.)

## **1.2 The 'new class' debate**

Mandel's 'bureaucratized workers' state' (BWS) approach did make it possible to stress that no reform had stabilized the rule of the bureaucracy. Its specific domination on behalf of the workers (but at their expense) did not give the bureaucracy an independent position in the relations of production, through real ownership. The bureaucracy was unable to launch a class offensive on the basis of its hybrid non-capitalist relations of production. If there was a 'new class' it was therefore both historically very young (if it was born after the revolution) and very fragile: the 'new class' theory has to explain why key sectors of it turned towards becoming real bourgeois-while the 'state capitalist' approach does not make it possible to understand that there was a turn at all. From this point of view the BWS formula is more adequate than either alternative.

Mandel was correct to say that the *abolition of capitalist rule* in the factories and the economy made social gains possible for the workers. This was part of the programme of a proletarian revolution. *But that was not the end of the story.*

Mandel's understanding of the BWS formula had *two built-in, linked biases*: on one hand he presented all gains as 'long-term results of the October revolution' (whereas Stalin, Khrushchev and others introduced some of them); and on the other hand he therefore underestimated the *limits* of those gains (precisely due to the bureaucratic context of their introduction): full but bad employment; free services but of more and more disastrous quality; increases in education and skills, but without freedom of thought; and so on.

The class consequences for the 'transitional society' of a crystallized bureaucratization were that it really blocked any development towards socialism. Therefore if he had taken his own criteria of the Marxist theory of state (the defence of the historical interests of a class) seriously, Mandel should have stressed that *the anti-worker content of the Soviet state was dominant*, both weakening the workers' capacity to resist capitalist restoration and favouring a bureaucratic turn towards capitalism. That reality explains why, when he had to clarify the content of what a 'political revolution' would be, Mandel (as I quoted him in the introduction) *in fact* described a new phase of a real socialist revolution, not only 'social dimensions' of a political revolution. This was consistent with his overall analysis of the historical meaning and *limitations of the October revolution* as one step in the global tasks of the permanent revolution. It was true that capitalist rule had not been re-established. But preventing the return of capitalism was only one of the tasks of the proletarian socialist revolution. The others had been *blocked* by bureaucratic crystallization. A social revolution was still needed. [19]

Finally, one should stress that there was (at least in the Soviet Union) a real sociological trend towards self-reproduction of the bureaucracy. Upward mobility by workers into the apparatus tended to stop under Brezhnev's strongly conservative rule. Increasingly sons and daughters of bureaucrats had a better chance to become bureaucrats and go to university than others. That is to say that the dynamic was for the bureaucracy to try to stabilize itself as a class, even if it did not succeed.

### ***1.3 The reasons for a historical turning point: changes in the 'triangular struggle'***

Mandel did not draw the conclusions of his own analysis: the bureaucracy's inability to reconcile its own material interests with any efficiency of the plan or to break workers' increasing passivity. Bureaucratic behaviour and choices (for a non-capitalist form of rule or capitalist privatization) have of course nothing to do with ideology and everything to do with pragmatism. The crisis of the BWS and its bureaucratic rulers must be historically understood, based not on permanent features of the 'nature' of the bureaucracy but on the changing concrete historical conditions in which it tried to maintain its privileges. The bureaucracy could have a specific non-capitalist source of privileges up to a certain moment, and then find it in its interests to switch to a different logic in a new context.

Up until the mid-1970s, *the gap between the transitional societies and the developed capitalist ones decreased*. After that it increased. From the mid-1970s on, the system's inability to shift from extensive to intensive forms of production was more than just an obstacle to further development of productive forces. It expressed itself through increasing imports into Eastern Europe in the 1970s (backed by the Soviet Union), leading to a debt crisis in the 1980s.

While the capitalist system was itself launching a strong offensive against the workers through neoliberal policies and a radical technological revolution, bureaucratic conservatism was unable to impose greater 'discipline' on workers or to maintain social gains, even less to make any technological revolutions. The gap with the developed capitalist countries widened again. Pressures from the world imperialist system increased still more thanks to the arms race, higher interest rates, the direct and visible hand of the IMF, and so on. The ideological offensive against any form of welfare state had a decisive impact on the Soviet and Eastern European intelligentsia because of 1)

the failure of successive reforms; 2) the repression of independent socialist movements and activists; and 3) an incentive system that was much more favourable to middle-class layers in a capitalist society than in a Soviet-type society.

The bureaucracies of the transitional societies could stabilize their own privileges on the basis of a non-capitalist system of production *only under conditions of economic growth*.

### **The absence of a workers' anti-bureaucratic revolution**

Although Mandel was right about some descriptive aspects of workers' strength, he had too 'objectivist' a view of workers' ability to play an independent role against the bureaucracy and the restoration process simultaneously. Even on the 'objective' level, not enough attention was paid to the effect of the specific relations of production analysed.

This failure was encouraged by what had been the dynamics of workers' struggles in the past: 1956 in Hungary and Poland was always taken as proof that the spontaneous logic of workers' struggle, in spite of a total lack of rights or organization, was to build workers' councils. Workers' self-organization, self-confidence, and demands to become the factories' real owners were stimulated by the ideology of the system and by its relations of production: bureaucrats were not legitimate owners, they were ruling in the name of the workers. Only repression of all kinds-and workers' passivity-could maintain that situation. But in periods of crisis, when differences appeared openly in the party leadership, workers' demands could suddenly increase. Mandel was right to stress a strength linked with huge concentrations, rising skills and education, and increasing demands once elementary needs were satisfied. The dynamic of the struggle was not the restoration of capitalism, in spite of the official justification for sending in Soviet tanks. It was social control of the factories. Perhaps Mandel overestimated this dynamic. True, there had been massive self-organization. But the fact that it had been destroyed by Soviet tanks or by bureaucratic rulers had an effect. That was not probably taken into account in Mandel's-or any of our-optimism.

His optimism was even reinforced by Solidarnosc in Poland, which in fact represented a turning point. It began as a very impressive working-class mobilization. But Mandel accepted a very rosy picture of it, underestimating the subjective weaknesses and internal conflicts in the movement (between the self-management current and the unionist one and between pro-market experts and socialist ones). Privatization was not Solidarnosc's programme. But the question of the market was significantly confused. Was the market favourable to the workers? To self-management? Or on the contrary an instrument of division and fragmentation of the working class, as it had been in former Yugoslavia?

At all events, repression was once more destructive for the main positive aspect of the Solidarnosc experience: massive self-organization. Poland had been the only case of accumulation of working-class experience of mass struggles.

In sum, Mandel underestimated several aspects of the overall situation and their effect on workers' consciousness, especially in the Soviet Union:

- 1) the big enterprise as a form of socialization of workers' daily life, and the effect that conflictive alliances that workers and management established at that level against 'the centre' had on workers' consciousness and capacity for 'class' struggle;
- 2) the lack of accumulated experience of workers' independent struggles-not only because of direct repression, but precisely because the main form of workers' resistance in the system had been through the control of the rhythm of work and job security at the level of the factory (Poland was a

different situation because of the possibility of an accumulation of workers' experiences without comparable repression, and because the market reform of prices suddenly unified the working class against those who, at the centre, were responsible for the decision to change the price system);

3) the attraction for workers of the market and of forms of collective privatization at the level of enterprises (both seen as means of resisting the central bureaucratic powers);

4) the crisis itself, which increased the difficulty of collective struggle (how could workers fight against inflation, increasing unemployment and increasingly divergent situations in different regions, industries and factories? how could they struggle when they were often obliged to work two or three jobs in order to have some income?);

5) the illusion that there was nothing to be lost through privatization and the market, which encouraged 'wait-and-see' attitudes towards new policies (social gains linked with the non-capitalist forms of production had deteriorated considerably in the 1970s and 1980s; the market and privatization were supposed, according to neoliberal propaganda, to bring efficiency and freedom, not unemployment and poverty-when the experiment was made, it was already late);

6) the international context: crisis or failure of all revolutionary experiments combined with a bourgeois offensive against the workers; and finally,

7) a 'subjective difficulty' that has been underestimated (probably linked to some aspects of the debate on socialism). Working-class resistance to different forms of exploitation does not in itself give the workers the capacity to organize the production/distribution process better simply on the basis of direct democracy. A social alternative is a complex system that has to be invented. Workers need (and sense that they need) more than a radical political vanguard in order to be able to resist the capitalist environment and to participate in another mode of production.

## **1.4 The 'soft' counter-revolution**

Mandel's statement that capitalist restoration required breaking the existing state was true. It was true that the repressive apparatus had to be (more or less) purged, that the party as a key instrument of state domination had to be broken as single-party state, and that the legal framework of the system and of all economic institutions had to be changed. It is also true that there was often 'witch-hunting', and that the new bourgeois governments tried to find new forces for their apparatus.

All this happened... but without a violent counter-revolution.

There were several reasons for that:

- Because of the reasons analysed previously (the crisis of the system of bureaucratic domination once economic growth came to an end), substantial parts of the bureaucracy were ready to stabilize their privileges through privatization in their own interests, or ready to serve the cause of capitalist restoration. The single-party system covered up the bureaucracy's heterogeneous composition. The nomenklatura was only one part of it; and it was the only part for which a party card was an absolute precondition for upward mobility and a career. Many 'ex'-bureaucrats turned their coats with relative ease. The huge amount of money and the international bourgeois institutions that were exercising pressure on the system helped to give credibility to such a strategy.
- The workers were also, for reasons analysed previously, not in a position to resist this process,

which presented itself on the ideological (propagandist) level as anti-bureaucratic, pro-freedom and pro-efficiency. Market and privatization were abstract things. Resistance was scattered, concentrated at the factory level.

*Yet the restorationist process lacks a social basis.* This illustrates in a very specific way some of Mandel's views on the nature of those societies.

The general scenario has been: 1) a shift in the governmental sphere, where the programme defended was no longer reforming the system but 'systemic change', 2) an initial transformation of state institutions, legislation and the repressive apparatus, with the aim of 3) changing the socio-economic logic: abolishing planning, price reforms, privatizations, all under international pressure from the IMF (armed with the growing foreign debt).

*For the mass of workers* the development of market rule means social regression. When they discover this, it is already too late. This does not make those in power who have supported that line (and lied about its effects) any more popular.

*Bureaucrats* have no objection to capitalist restoration if it helps them to stabilize their own power or social position. But it is not enough for bureaucrats to be ready to transform themselves into bourgeois to be able to do it, for several reasons:

- The bureaucrats (except for some mafiosi) could not carry out a 'primitive accumulation of capital'. This is now under way, thanks to changes in the function of the money (the possibility of investing and speculating). Meanwhile there is a general lack of capital relative to what has to be privatized: thousands of factories in each country, often huge ones, which taken together generally account for the majority of GNP and of the labour force. The amount of savings in each of these countries represents 10 to 20 percent of the value of the plants to be privatized, assessed at the lowest possible level. Nor does the fact that people have savings mean that they are necessarily prepared to invest them in crisis-ridden factories. This is why, even if all the bureaucrats would like to become bourgeois, there is still a general lack of bourgeoisie (except where it existed with capital 'of its own', as in West Germany or the Chinese diaspora).
- Bureaucrats could find various ways of 'selling' the factories they managed to themselves, at very cheap prices. But this was neither popular nor secure. Furthermore, even such a 'nomenklaturist privatization' does not give bureaucrats the means (money and legitimacy and therefore strength) to transform, restructure and modernize their factories in order to become competitive. So capitalist restoration does not mean stability and social security for all bureaucrats. Under pure market conditions most of the factories would have to close. So bureaucrats resist privatization pragmatically when their market conditions are poor.
- They are ready to become 'comprador bourgeois'. But foreign capital is not rushing in: while more than \$200 billion has been invested by the German bourgeoisie in its new Länder, only about \$20 billion has been invested in the whole of Eastern and Central Europe-half of it in Hungary-and about \$2 billion in Russia. Credits exist, but nothing like a Marshall Plan. Many bureaucrats can sell their knowledge (in particular their knowledge of the system). But this does not ensure everyone a job.

*To change the economic magic proves most difficult.*

- *Mass privatization was a way of overcoming the shortage of money and the unpopularity of nomenklaturist privatization-up to a point.* It made it possible to change the juridical status of factories and to legitimize privatization by giving everyone 'vouchers': 'part of the social property' in the form of a piece of paper with a small nominal face value, with which people could buy shares.



But in the Czech Republic, for instance-the 'most advanced' country in the transition-privatization through vouchers has not up until now been accompanied by a restructuring of the factories. The law on bankruptcy has not been implemented; huge interfactory loans and bad debts have destabilized the banking system, and there is no clear 'owner' of the privatized factories (except, behind the banks, the state). Even the concentration of shares in the hands of a bank or of a manager of a big factory does not give them the strength to restructure it, when this would mean not only the loss of a job, but also of a flat, kindergarten, health care and so on for thousands of workers.

- The state is used to impose market discipline, but has no power to impose it in Russia, because both managers and workers resist it. That does not mean that managers are against capitalist restoration as such. They are only against its implementation at their expense. So they will bargain with the state to protect the industry they are running-while increasing their power for the future. That is why, behind old forms and curious alliances, a new real 'state capitalism' can develop-under the real pressure of the world market, and with a real bourgeois state changing the role of money and the role of the private sector, putting pressure on the public sector itself to restructure.

*This whole restorationist process conceals a dissymetry between Stalinist counter-revolution and the capitalist restoration:* this explains the difficulty of the latter, in spite of all the factors in its favour. The Stalinist radical suppression of the private sector and of the rule of the market was accompanied by vast upward social mobility. This made the system popular, in spite of the bloody repression and the political and social costs. The restorationist process needs to improve the social position at least of a significant part of the population in order to stabilize itself. Since this has not so far been the case (on the contrary), there is governmental instability, a multiplicity of political parties without stable parliamentary majorities, growing abstention rates, etc. The difficulties are not the same in Poland as in Rumania or the same in Hungary as in Russia. But political disillusionment expressed itself in the 'most advanced' restorationist countries in elections. And the sway of the market has still not been completely imposed. Capital requires money and a financial and credit system. This is *the weakest point of a capitalist restoration that is not rooted in an organic primitive capitalist accumulation.*

This difficulty does not suffice to create a socialist alternative, however. On the contrary, the international weakness of a socialist alternative helps the restorationist dynamic to persist.

### **1.5 Once again on the social nature of the state in the transitional society**

Mandel may not have been right to speak of a general Marxist theory of the state. In any event no such theory exists on the state in transitional society. Mandel introduced quite convincingly the idea that in spite of the fact that the transitional society is not (by definition) a stable 'mode of production', it does have 'relations of production'. These relations of production cover very hybrid forms of ownership and of class conflict, as a rule *without the stable domination of a class*. The specificity of the proletarian revolution is that the proletariat (and its peasant allies) are not dominant classes before they take power.

The theory of permanent revolution-i.e. of the tasks of socialist transformation after the seizure of power-could be an adequate framework for developing a theory of the state in a society in transition towards socialism-including the risks of restoration and of bureaucratic crystallization.

In such a framework, it is necessary to analyse the contradictory class content of the 'transitional state'. The only 'sure' feature is that the bourgeoisie is no longer dominant, because if it were, or if it became dominant again, the society would no longer be transitional.

\* But '*bourgeois aspects*' of the transitional state do exist. Trotsky stressed some of them: the very fact that a state exists as a separate apparatus, or formal legal equality (but this last point should be discussed). The state will certainly give some protection to private property, and so on.

\* We can also analyse the *tendency of the state towards bureaucratization* (in ownership, in the functioning of workers' parties, in the planning system, in the institutions, etc.).

\* The socialist dynamics can only be ensured when the '*proletarian dimension*' of the state prevails over both bourgeois and bureaucratic anti-worker dimensions. What then is the criterion for the proletarian nature of the state? In Mandel's approach it is centred on the anti-capitalist dimension (nationalizations and abolition of the dominant role of profit). But that is not the end of the story. The proletarian revolution is fighting for *socialization* of ownership, withering away of the state and of classes; it should fight against all forms of oppression; and so on.

All those transformations, all those aims (to be discussed) are tasks of the permanent revolution. They express the historical function of the transition from the point of view of the socialist revolution. All accomplishments of these tasks represent a strengthening of the proletarian dimension of the state (in the sense I have given to it)-including, paradoxically, the withering away of that state-and a strengthening of the proletariat.

These transformations can be analysed at the governmental level (nature of the political parties in power and their programmes); at the level of state institutions (withering away of the state through the development of self-organization and self-administration); at the level of the social relations of production; at the level of the socialization of ownership (development of real social control in whatever form), and so on.

Advances and steps backward and conflicting class logics can exist at all levels. Taking power can give birth to a very fragile workers' state if there are not sufficient possibilities for transformations at other levels (e.g. socio-economic). But it becomes a 'workers' state' as soon as it fights clearly against bourgeois domination. In a parallel way, if bourgeois parties in government are not there as a compromise in the framework of a workers' state, but are able to change the institutional framework in a restorationist direction, it is already a bourgeois state. It may be a fragile bourgeois state if it cannot quickly find a social basis and cannot impose the domination of profit criteria. I tend to think that the existing Eastern European states are more or less fragile bourgeois states. But they are strongly helped by the strength of the bourgeoisie internationally (whatever its difficulties) and the weakness of the workers' movement.

## **2. Rethinking and reformulating the debates on socialism**

Words like 'socialism' have been robbed of their meaning. But human values and needs have not. The ongoing capitalist 'globalization' shows in a clearer way what is at stake behind 'isms' that people do not like: either the logic of profit (more and more opposed to the satisfaction of basic needs) or the logic of satisfaction of human needs (against that of profit).

For pedagogical reasons, but also for purpose of clarity, we should dispense with formulas that present projects of society in terms of means rather than *ends*. The ends of the socialist project can be radical and clear today (even if it is an open project). The means (the 'model' of organization, how to attain those aims, the degree of nationalization, the role and the form of the plan, the role of money and the market) can and must be discussed in relation to the ends, experience and context.

The issue must be: how can needs be satisfied? The answer is a bit more complex than foreseen by Marxists. But Marx left sophisticated guidelines underscoring that *each society has its own way of measuring 'time' and organizes time according to its objective, so as to make production take place in accordance with the totality of its needs.*

In Mandel's classical approach to socialism, two features are often used to characterize that society (as distinguished both from the notion of 'transition to socialism' and from 'communism': 1) a mode of distribution 'to each according to his or her labour'; and 2) the direct organization of the economy, interpreted as the withering away of commodity categories. Both of these criteria require discussion.

Mandel developed his argument on the second question (the role of market and commodity categories) in a systematic way in *New Left Review* in 1986-88, in opposition to Alec Nove's book *The Economics of Feasible Socialism*. [21]

I do not claim here to give a systematic review of that very important debate, in which three dominant logics are expressed:

1) Nove develops a model of 'market socialism', starting from his belief that none of Marx's remarks on socialism are useful (worse, they are utopian and misleading) in building a 'feasible socialism'. Nove takes as a point of departure for his own proposals the analysis of 'actually existing socialist societies' and of capitalism. His model is pragmatic, with minimal 'criteria' that define it as socialist: strong limitations on private property and a limited plan. Its regulator is a market.

2) Mandel defends a radical model of socialism without money, in a socialized economy based on self-organization.

3) Diane Elson puts forward a model of socialization of the market, in which socialist relations are developed as a means to control the market and use it.

As a matter of fact, Mandel later shifted the axis of the debate-as we will see-in a text written in 1990. So the two periods have to be distinguished.

### **The 'socialist mode of distribution'**

In certain debates, [22] Mandel had stressed that the survival of commodity categories in the transitional period was organically linked to the impossibility of organizing distribution on the basis of the slogan 'from each according to his or her ability, to each according to his or her needs', generally presented as associated with the abundance that characterizes 'communism'. He also stressed the destructive effect of monetary incentives based on individual productivity. [23] He insisted then on material incentives linked to collective results and avoiding any increase in monetary distribution: reduction of labour time, improvement in conditions of work, increasing social consumption, etc.

Several aspects should be discussed here.

First, the normative 'definition' of the mode of distribution in the transitional period and in socialism is anything but convincing. The formula 'to each according to his or her labour' is neither a dogma, nor a precise one. How to 'measure' labour: according to its quantity? its quality and results? its skill level?

In the Soviet Union and Eastern Europe, in general, both for practical and ideological reasons, compensation was paid for unpleasant and difficult manual work. This seems reasonable from a socialist point of view. The slogan 'to each according to his or her labour' has also been implemented

‘according to the level of responsibility’ (in fact bureaucratic position); this should certainly be criticized, with strict ceilings on bureaucrats’ wages. Finally in the market reforms, the formula was interpreted ‘according to the result of labour’ as measured on the market. This meant that for the same input of labour you could receive very different wages, according to the position of your factory or industry on the market; this increased unacceptable inequalities and conflicts.

In addition, a criterion of distribution according to needs, disconnected from labour, has taken on growing importance in many capitalist societies, as well as under Khrushchev in the Soviet Union and elsewhere. There is no reason not to broaden it.

In fact, in a seldom-quoted letter, to which Roman Rosdolsky drew attention, Engels shed an interesting light on Marx’s views on this question. ‘The question has been approached very “materialistically” in opposition to certain idealistic phraseology about justice’, Engels said. ‘All one can reasonably do, however, is 1) to try to discover the method of distribution to be used at the beginning; and 2) to try and find the *general tendency* of the further development.’ [24] This is a far cry from a normative vision of socialism ‘defined’ as a society in which the mode of distribution is already determined.

Let us express a conclusion in the form of a paradox: *if the socialist future is not present in the immediate post-capitalist society, there will be no socialist future at all*. The socialist (communist) transformation should be (once more) understood as a global emancipatory movement, not as a society precisely distinguished from the ‘transitional’ one. Therefore the needs to be satisfied do not have to ‘obey’ a determinist, economic logic; they have to fit in with priorities that make it possible to consolidate the popular support given to such a project.

### **Means must be consistent with ends.**

‘Shortening the work week, eliminating the most tenuous and strenuous jobs, allowing time for training, education, management tasks and leisure, providing men and women with the means to control the conditions that affect their lives, can be forms of nonmonetary material incentives-along with the development of a taste for decision-making for its own sake. These wellsprings of energy and creativity have not been tapped, even when self-management made them a real possibility.

Wouldn’t it be better to take the goal itself-transforming social relations and *raising productivity to reduce the work week*-as an incentive? Reuniting the worker with his or her labour, encouraging the free public expression of needs and promoting a *debate on the incentives themselves*, would help to discard inadequate solutions to the problems.

Democratic management of distribution networks could link rises in monetary income to increases in the general productivity of the system; this would incite workers to disseminate all advances achieved in their particular location, *stimulating those with the ‘highest performance’ to associate with others and pass-on their know-how...* This raises once again the question of what is the best time/space set in which the workers/consumers can judge these advances and improvements. Should they measure it in the opaque, compartmentalized dimension of value? Or in the dimension of the entire chain of social labour and use value?’ [25]

This raises the broader question of the regulation of the system as a whole.

### **The role of the market: the Mandel/Nove debate**

In the debate with Nove in *New Left Review*, [26] Mandel begins his argument by presenting as ‘the goal of Marxist politics-socialism without commodity production’. Then how should the production and the costs-the ‘socially-needed’ labour-be measured? Mandel’s implicit answer is that this can be

done 'directly'. This would mean direct organization of production and distribution in terms of use-values or concrete labour-i.e. without money and prices.

It is interesting to note what were Trotsky's views on such an attempt at direct and comprehensive planning of the whole of the production and distribution. In 'The Soviet Economy in Danger' he wrote that there is no '*universal mind*' able to '*draw up a faultless and exhaustive economic plan, beginning with the number of acres of wheat down to the last button for a vest.*' [27] This is not a 'short-term' statement, linked to relative scarcity or underdevelopment of productive forces. Nor was his criticism of the Stalinist attempt to plan everything in detail based on an analysis of bureaucratic behaviour. It was based on the impossibility of such a project, and on the necessity for a planned economy to react to the expression of demand on the market. One could even argue that complexity would increase further with development and that socialization of the economy does not eliminate the need for economic measurement in terms of prices. [28] In fact Trotsky's argument is reinforced by the most recent advances in science, which demonstrate that even with the best information about resources and laws of development of the system the result could still be unpredictable.

Trotsky also stressed the fact that in its concentration of decision-making power, the bureaucracy had 'fenced itself off from intervention by concerned millions'. This raises another aspect of the problem: the possibility of different choices. He counterposed to the Stalinist suppression of the market the idea that 'the plan is checked and, to a considerable degree, realized through the market.' A 'firm monetary unit' was for him indispensable to avoid chaos. In the concrete conditions of the transition in the Soviet Union, Trotsky considered that 'only through the interaction of these three elements, state planning, the market, and Soviet democracy, can the correct direction of the economy of the transitional epoch be attained.' [29]

Mandel takes quite a different approach in his debate with Nove. The following example shows how he sees direct democracy as a substitute for any kind of market in the socialized economy, and as the general mechanism to solve any question up to the colour and number of shoes each person will be allowed to get.

*'In factories manufacturing consumer goods, the product mix would flow from previous consultation between the workers' councils and consumers' conferences democratically elected by the mass of the citizens. Various models-for example, different fashions in shoes-would be submitted to them, which the consumers could test and criticize and replace by others. Showrooms and publicity sheets would be the main instrument of that testing. The latter could play the role of a "referendum"-a consumer, having the right to receive six pairs of footwear a year, would cross six samples in a sheet containing a hundred or two hundred options.'* [30]

This type of procedure is supposed to determine production and distribution among factories and between factories and consumers in the socialized sector: 'commodity exchange transacted in currency should essentially be limited to the inter-relations between the private and co-operative sectors on the one hand, and the individual consumer or the socialized sector on the other.' [31]

Even if one accepts Mandel's argument that there is considerable waste in existing capitalist shops, that not everyone has to decide everything, and that there is a substantial number of products for which standard quantities and qualities could be planned in advance, that still leaves a vast proportion of your daily time that is taken up in meetings instead of shopping or consulting a catalogue or computer.

The argument is not convincing:

- The worst thing about it is that it weakens Mandel's fundamental and convincing defence of the need for direct democracy. Too many meetings and votes on details would kill participation in really necessary collective decision-making about key choices.
- The use of money and of ordinary buying and selling does not contradict the efficiency of a plan. It can be a tool used for its elaboration and implementation and to check that it does satisfy needs, whether of consumers or of socialized factories needing semi-finished goods for their own production. This would leave possibilities open to choose another supplier if one is not satisfactory.
- What does exist (and is developing in existing capitalist factories) is a great possibility of using new technologies and computers to adapt production to direct orders, thus reducing stocks. Many choices could be made at home (as is often done through catalogues which could be computerized with individual designs). It is also already possible to pay through computers-but that is still paying.
- It is also true that computers can vastly increase the possibilities for decentralized decision-making, in ways compatible with central measurement of resources and constraints. But that still does not tell us how to measure production (in direct labour time?).

Mandel's standpoint is clearly linked to his radical rejection of alienation through commodity relationships in the capitalist market. But does criticism of the capitalist market and alienation necessarily mean rejecting money and prices, or rather rejecting the social relations behind them? And are those oppressive social relations linked to the existence of a market or rather with its dictatorship, including a labour market and a capital market, that is to say specific class criteria for measuring costs and needs?

Elson, criticizing Mandel's definition of socialism 'in terms of the absence of commodity production', stresses:

*'The commodity in Marx's writings is not fundamentally a good which is bought and sold for money... The structure of Marx's texts as a whole suggests something less banal. The problematic status of commodities derives not from the mere fact of sale and purchase, but from the fact of sale and purchase under conditions which enable them to take an independent life of their own. It is this independence of commodities which enables a social relation between men to assume a fantastic form of a relation between things: "The persons exist for one another merely as representatives and hence owners of commodities."' [32]*

What is at stake: 'This interpretation leaves open the possibility of creating a society in which goods are exchanged for money but do not have an independent life of their own; and in which persons do not exist for one another merely as representatives of commodities.' Elson analyses this possibility, 'which requires not the abolition but the socialization of buying and selling', in her stimulating essay. [33]

In a parallel discussion of that very topic in *Plan, Market and Democracy*, I quoted Bettelheim, who rightly stressed in *Economic Calculation and Forms of Property* that transitional societies had not yet developed 'adequate concepts for measuring social labour, which is never summed up in the dimension of physical labour'. [34] The socialist 'equivalent of "socially necessary labour" related to "useful social effect" has not yet been found', he said. In contrast with the 'law of value', I stressed the fact that prices in a transitional society will define both the way needs and costs are measured and social relationships. In the capitalist world 'abstract labour' dominates because it is the substance of value which takes the form of money, and because there is no capitalism if money cannot make more money. Therefore 'concrete labour' and use-value are subordinate categories. The opposite should be the rule in transitional societies; but the space and time for rational

judgement should also be enlarged, making possible adequate planning and social control. I therefore suggested the following guideline for further elaboration: 'In the same way as the commodity... incorporates a threefold judgement on costs, needs and social relations, social control must extend its way over these three fields: but the techniques for recording costs and inventorying needs must be subordinated to overall social choices.'

There can be no socialist project:

- without rejecting the rule of capital markets-and rejecting the absurdity of financial markets 'reacting negatively' when unemployment goes down;
- without refusing to consider the work-force as a 'thing', a commodity with a cost to be weighed against other costs (those of machines): the right to have a job must be a point of departure, not the uncertain result of the way economy is regulated;
- without the radical aim of human control (by men and women, workers and consumers, parents and children, individuals and communities of all kinds) over daily life and the future: this means a complete reorganization of life, a transformation of the 'necessary' labour time, of education, leisure and domestic tasks, of the material and cultural conditions of life, of human relationships in all aspects of life, and of our relationship with the environment;
- without alternative choices-in the rhythm of work and its organization; in the priorities of needs to be satisfied for all; in the system of incentives; in technologies; in forms of solidarity;
- without solidarity with the weakest and rejection of the struggle of any against all.

If Marxism means anything it is a radical criticism:

- of the law of value in the capitalist system presenting itself as an 'objective law', with prices that conceal social relationships and choices based on class criteria for measuring costs and needs-which also means taking only those needs and costs into account that can be expressed through prices; and
- of any form of 'normative' choice imposed on human beings on behalf of a so-called universal economic (or class) rationality, whether imposed by a market or by a plan.

This means that the 'law of value' cannot be the regulator of a socialist society. It also implies a radical criticism of any 'model', called 'socialist' or not, that hides social relationships behind prices and commodity relationships; in fact, of any static model that aims to 'define' an optimum through calculation.

This means then that the regulator of the economy cannot be a 'tool', either market or plan as such. Calculation and market indications must be subordinated to human judgement, because this is the only 'regulator' that corresponds rationally to socialist aims. But who makes the 'final judgement', and how: human beings, as workers and consumers, men and women, individuals and communities. Socialist democracy is much more complex than foreseen. Self-management requires experts and counter-experts using calculations, as well as markets indicators; but it also requires political debates through parties and mass organizations defending specific interests, in order not to leave the last word to experts. All of this is needed in order to broaden the horizon of the final choices.

There must therefore be as much clarity as possible about what is considered as a cost or as a right for human beings:

- Full employment is a cost for a capitalist society, a right and a source of better efficiency for a socialist one.

- Economic democracy, education and job security are costs to be minimized for the bourgeoisie; they are rights and a source of productivity in a socialist logic.
- Equality must cover up and maintain real class and property inequalities in a bourgeois legal system; it is a right that demands effort and expense to be genuinely upheld in a socialist society.

There must also be an expression of needs not limited to measurements in money or prices-even if we know today how to 'internalize' many 'externalities' in prices (for instance in the field of environment policies).

Mandel's argument was not convincing when it tended to present workers' democracy as simple and able to solve all problems without tools and institutions, including a 'socialized market'. In substance what Mandel wanted to stress is that the final judgement must be made by workers (let us say human beings as workers and consumers)-and in that respect he was convincing.

### Evolution of the debate

In 1986, Mandel stressed in the debate with Nove: 'The real stake of current debates is not the short term issue of how far reliance on commodity exchange is necessary in the immediate aftermath of an anticapitalist revolution, but whether the long-term goal of socialism itself-as a classless society... is worthwhile realizing at all.' [36] As we saw before, he identified the process of withering away of classes and that of the withering away of commodities (which according to his model existed only in exchanges with the private or co-operative sector).

But in an article written in November 1990 and published in *Critique Communiste* under the title 'Plan ou marché, la troisième voie', Mandel shifted the axis of the debate completely and gave another presentation of his position: 'The debate is not over whether or not during *the long transitional period* between capitalism and socialism one can still use market mechanisms... The debate is around the following question: should the fundamental choices about the distribution of scarce resources be taken by the market or not?' [37]

Here *the transitional period-which will last a long time*-is the real horizon of the debate. In transitional societies, Mandel was always in favour of using a certain market, and argued that the existence and use of commodity categories does not prove that the market and capitalist relations predominate. That is clearly the more sophisticated question on which Elson developed her approach. The question is what the dynamics will be of the use of money according to its different functions.

'What is at stake', according to Mandel's new formulation, is: *should the market determine the main choices?* The answer is obviously 'no': priorities must be 'decided democratically by workers/consumers/citizens together, choosing among several consistent alternatives.' [38] But then the debate is no longer the same. Mandel lays out in a more convincing way a *differentiated approach*:

*'There is no reason to restrict free choice by the consumer. All this should be extended and not restricted... There is also no reason to suppose that in the transitional period from capitalism to socialism the use of money (which requires a stable currency) and of market mechanisms, essentially to ensure more consumer satisfaction, should be put aside or even reduced. The only condition is that it should not produce a determination by the market of priorities in social and economic choices...'* [39]

'The use of money as a unit of account is to be distinguished from its function as an instrument of



exchange, and even more from its use as a *means of accumulating wealth and making choices and investment decisions*.

The first use will last and be generalized in socialist planning. The second has already begun to decline under capitalism and will continue to decline during the transitional period, with exceptions for certain goods and services. There will probably be an increase of “free goods and services”. The third use of money ***should be severely restricted and progressively eliminated*** .’ [40]

Further debates are evidently still needed on this subject: especially on the form of planning, not only in the consumer goods sector but in factories producing means of production. Mandel was always very hostile to the ‘autonomy’ of units of production and any notion of self-financing there. In this area too, different kinds of ‘market socialism’ have very different logics: competition between independent units (with greater or lesser degrees of workers’ self-management) and banks on the basis of profitability, on the one hand, and on the other hand the ‘socialized market’ and planning that Elson proposes, without capital markets, whose logic is to encourage systematic association and not ‘predatory competition’.

Yugoslavia experienced very different combinations of plan, market and self-management (within the political limits of the system). Both the conflicts between self-management and a bureaucratic or technocratic form of plan (in the initial period) and those between self-management and the logic of the market (later on) are worth studying. I have studied these contradictions [41] because I share with Nove the conviction that we can learn more from the concrete analysis of the so-called ‘socialist’ countries than from Marx (if what you are looking for in Marx is a concrete model). But in order to judge from experience, you need criteria. Nove’s very interesting balance sheets of the Soviet Union and of the reformed system in Yugoslavia are based on a rejection of Marxist criteria: self-organization and disalienation of workers play no role in his model. I also tried to make a balance sheet and draw lessons from the Yugoslav accumulation of ‘models’ (four different models in four decades). But I did it with other ‘spectacles’ than Nove’s: I tried to lay bare *the rationality of workers’ self-management*, to make its balance sheet on the basis of criteria of emancipation of workers and citizens, using *Marx’s guideline*. This led me more towards Elson’s views (and Mandel’s conviction) than to Nove’s model.

Using the market should not mean giving up the Marxist approach to what is going on behind it, or having a naive view of the market as a neutral tool. Such a naive view leads to acceptance of its dictatorship. This is even more true in the context of a capitalist environment and a transitional society where private capitalist ownership still exist. Through markets and prices, *different criteria of efficiency conflict*. This is an issue behind world market prices determined by the law of value in the present ‘globalized capitalism’. It is a proven fact that the most regressive social relationships are easily the ‘most competitive’: they will exercise their pressure on any society aiming to begin a socialist transformation. Here again transparency is needed in order to evaluate the optimal degree and forms of ‘progressive protectionism’, so as to manage the necessary but conflictual relationship with capitalism as long as it exists.

Let us finally stress Mandel’s conclusion. At the end of the article written in 1990 (cited above), Mandel disposes of a certain way of reading Marx (to find ‘models’). ‘In reality, the most efficient and human way to build a classless society is through experiment, and it must be improved through successive approximations. There is no good “cookbook” with which to do this-neither that of “total planning” nor that of “market socialism”’ . [42] He then argues that we have to use the three elements named by Trotsky (plan, market and democracy), adding a fourth one: the radical reduction of labour time, an essential measure for workers to simply have time for direct democracy. If we recall the introductory remarks I quoted from Mandel on the limits of Marxist thinking about the transition to socialism, this final text reads as a sort of testament-and amendment. In the first

text-and up to this final one-Mandel seemed to be sure of what socialism was not (a society using commodities). In the end he left that debate open-even if he did not recognize explicitly that he had changed his mind. To be sure, this was not the best way of debating: better at all events than not being able to change one's position.

And better than changing one's position on the fundamental principled issues: the necessity and possibility of a struggle for emancipation based on the self-organization, disalienation, and responsibility of human beings in all dimensions of their lives and on a world scale. These were Mandel's convictions, and the basis of his well-known optimism and activist commitment.

## Notes

1. Ernest Mandel, 'What is the Bureaucracy?' in Tariq Ali ed., *The Stalinist Legacy: Its Impact on 20<sup>th</sup>-Century World Politics*, Harmondsworth 1984, p.78.
2. Mandel, 'In Defense of Socialist Planning', *New Left Review* 159, September/October 1986, p.5.
3. See for instance Mandel's debate with Hillel Ticktin, 'Once Again on the Trotskyist Definition of the Social Nature of the Soviet Union', *Critique* 12, Autumn-Winter 1979-1980, pp. 117-26.
4. See e.g. on the Cuban debate, Mandel, 'The Law of Value in Relation to Self-Management and Investments in the Economy of the Workers States: Some Remarks on the Discussion in Cuba', *World Outlook*, 1963.
5. See Mandel, 'Mercantile Categories in the Period of Transition', in *Man and Socialism in Cuba: The Great Debate*, ed. by Bertram Silverman, Atheneum, New York, NY, 1971; and Mandel, 'The Economy of the Transition Period', chapter 16 of *Marxist Economic Theory*, London 1968, vol. 2, pp. 605-53.
6. Mandel, 'The Transitional Regimes in the East', in *Revolutionary Marxism Today*, London 1979, pp. 151-2.
7. *Ibid.*, pp. 142-3.
8. *Ibid.*, p. 138-9.
9. *Ibid.*, p. 145-7.
10. *Ibid.*, pp. 148-50.
11. See Henri Wilno, 'Europe de l'Est: le capitalisme difficile', *Critique Communiste* 112-113, November 1991. I wrote a contribution to such a necessary analysis in Samary, 'Eastern Europe and the Former USSR Five Years on: Economic Reform in the East', *International Viewpoint* 264, March 1995, which is in fact a shortened version of the French article 'La "transition" dans tous ses états', *Inprecor* 388, February 1995.
12. See Mandel and Chris Harman, *Fallacies of State Capitalism*.
13. See Catherine Samary, 'Social Relations under Bureaucratically Centralized Planning' in *Plan, Market and Democracy: The Experience of the So-Called Socialist Countries*, IIRE Notebook for Study and Research no. 7/8, Amsterdam 1988.
14. Saying that such a system was anything but capitalist does not mean that it was good. Charles

Bettelheim, *Economic Calculation and Forms of Property*, New York 1975, raises key questions about the necessity and difficulties of calculation in a society in transition towards socialism.

15. See Jacques Sapir's contributions in *Monnaie et finances dans la transition en Russie*, Victor Santer and Jacques Sapir, eds., Paris 1995, pp. 72-3, 259, 263-4.

16. *Conjoncture* 5, May 1996, p. 10.

17. See Samary, *Plan, Market and Democracy*.

18. See the interesting remarks and conceptual proposals on this point in Gérard Roland, *Economie politique du système soviétique*, Paris 1989.

19. Some years ago I wrote a polemical piece under the provocative title 'The Anti-Worker Workers' State'. It was not only a provocation. I will come back to that debate in section 1.4 below.

20. See Maxime Durand's contribution to those debates: 'Planification: 21 thèses pour ouvrir le débat', *Critique Communiste* 106-107, April-May 1991.

21. Alec Nove, *The Economics of Feasible Socialism*, London 1983.

22. See for instance 'Las categorías mercantiles en el periodo de transición'.

23. Mandel, 'Du "nouveau" sur la question de la nature de l'URSS', *Quatrième Internationale* 45, September 1970.

24. Engels to C. Schmidt, 5 August 1890, in Karl Marx and Frederick Engels, *Selected Works in Three Volumes*, Moscow 1970, vol. 3, p. 484; cited in Roman Rosdolsky, 'La limite historique de la loi de la valeur : l'ordre social socialiste dans l'œuvre de Marx', *Critiques de l'Economie Politique* 6, January-March 1972.

25. Samary, *Plan, Market and Democracy*, p. 56.

26. Mandel, 'In Defense of Socialist Planning', *NLR* 159, September/October 1986; Alec Nove, 'Markets and Socialism', *NLR* 161, January/February 1987; Mandel, 'The Myth of Market Socialism', *NLR* 169, May/June 1988.

27. Trotsky, 'The Soviet Economy in Danger' (22 October 1932), in *Writings of Leon Trotsky* (1932), New York 1972, p. 274.

28. In *Problèmes théoriques et pratiques de la planification*, Paris 1949, as well as in later books such as *Economic Calculation and Forms of Property*, Charles Bettelheim raised substantial questions about the need for economic calculation, which could not suppress prices in socialist planning but which requires specific debates on their Marxist analysis.

29. Trotsky, 'The Soviet Economy in Danger', pp. 274-5.

30. Mandel, 'In Defense of Socialist Planning', p. 28.

31. *Ibid.*, p. 32.

32. Diane Elson, 'Market Socialism or Socialization of the Market?', *NLR* 172, November/December 1988, p. 4.

33. Ibid.

34. Bettelheim, *Economic Calculation*, p. 11, cited in Samary, *Plan, Market and Democracy*, p. 56 (I have corrected here the English translation).

35. Samary, *Ibid.*, p. 57 (emphasis in original).

36. Mandel, 'In Defense of Socialist Planning', p. 9 (my emphasis).

37. Mandel, 'Plan ou marché, la troisième voie', p. 15 (my emphasis). Several debates were also published in *Critique Communiste* about the model proposed by Tony Andreani, 'Pour un socialisme associatif', in issue no. 116-117, February-March 1992. See also J. Vanek, *The Labor-Managed Economy: Essay*, Cornell 1977.

38. Mandel, 'Plan ou marché', p.16.

39. *Ibid.*, p. 20 (my emphasis).

40. *Ibid.*, p. 21 (my emphasis).

41. Samary, *Le Marché contre l'autogestion: l'expérience yougoslave*, Paris 1988.

42. Mandel, 'Plan ou marché', p. 21 (my emphasis).

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