
REVOLUTION, THE ONLY SOLUTION TO UNEMPLOYMENT

This article was originally published in the September 1982 issue of the Discussion Bulletin, journal of the Red Eureka Movement. The article is only noticeably dated where it discusses the now defunct Soviet Union.

(Note: A number of comments on earlier drafts of this section have pointed to the conclusion that it really ought to be rewritten completely. However, it seems better to get the thing out, and allow others to comment as well. Please bear in mind that this was originally intended to simply round off the paper "Unemployment and Revolution" in DB 11, by suggesting that revolution is a more "practical" solution to the problem of unemployment, than the various other "left" schemes to deal with it, that were analysed there.¹ It is not intended to satisfy people's desires for a meaningful answer to the general problem of "revolution", but merely to say something about what a revolution could do about unemployment. Unfortunately everything, like everything else, is related to everything, as well as being a class question..., which makes it very difficult to complete an acceptable article about anything...)

In its normal state, capitalism has become an obsolete oppressive system that ought to be got rid off. A relatively small minority recognise this and are consciously anti-capitalist, but the masses continue trying to satisfy their needs within the system rather than by overthrowing it. So there is no real possibility of overthrowing that system and attempts to do so degenerate into futile reformism and/or terrorism, whatever the "revolutionary" rhetoric.

But during periods of economic crisis, the contradiction of capitalism sharpen and the possibility of actually getting rid of it arises. A substantial proportion of the population is drawn into active political struggle as they confront questions of what society is to do to get out of its impasse. There is no crisis that the ruling class could not resolve if it was allowed to, but with the masses politically active, the possibility arises of the ruling class not being allowed to, and of people taking things into their own hands.

¹ This paper is available on request.

In boom conditions, capitalism develops the productive forces at its maximum rate. That may be far slower than would be possible for a communist society, but there is no basis for comparison, so the obstruction is not so noticeable.

The "development of the productive forces" is not some abstract question. It means concretely that the wealth of society is increasing, not just materially, but also culturally and in every direction. Opportunities for development are open and people who want to better their own situation can do so by grasping those opportunities. Most workers can expect better jobs, with a higher standard of living and better conditions. Capitalists can find opportunities for profitable investment. International trade is expanding and the different nations, classes and sectional interests are fighting over their share of an expanding "cake". Such fights may be acute, but there is always room for compromise about who benefits more, when nobody is actually asked to accept being worse off than they are already. Reforms may be fought bitterly, but there is scope for reform without shaking the whole system apart. Within a "pluralistic society", there can still be "consensus".

In crisis conditions all this is reversed. The cake is contracting and the fight is over who is to bear the loss. Among capitalists the fight is over who is to survive and who is to eat whom. Between capitalists and workers there is no room for compromise. Reforms become impossible and even past achievements may be rolled back. "We can't afford these luxuries any more". Within the working class too, there is less unity as people find themselves in "hard times" where it is "everyone for themselves". The "social fabric" unravels, consensus breaks down and capitalist society stands revealed as based on sharply antagonistic interests.

The last major capitalist crisis was the Great Depression of the 1930's. Subsequent economic fluctuations, including the present one, have not amounted to much more than "recessions", so the inevitability of capitalist crisis has been forgotten until the next crisis again smashes the illusion. But even in "recession" the sharpening of contradictions can be seen, together with the complete inability of the reformist "left" to come up with any serious alternative program. All the signs point to a gathering crisis, much deeper than the 1930's, and the necessity for a serious revolutionary alternative opposed to trying to patch capitalism together again.

Internationally, overproduction intensifies the struggle for markets between imperialist nations as well as between individual financial groups. International conflicts that could have been resolved peacefully become intractable because the economic barriers have gone up and there is no room to manoeuvre. The

"underdog" or "latecomer" imperialists can no longer hope for a place in the sun by peaceful competition in an expanding market. They can only expand at the direct expense of the established "status quo" powers and so they seek a re-division of the spoils by force. Despite its costs and risks, for them war becomes a more attractive alternative to economic collapse.

On questions of war and peace, the general "left" attitudes are perhaps even worse than the whining domestic demands that capitalists should continue running things but should do so more humanely and with less unemployment. Just as they shut their eyes to the real impossibility of continuing capitalist prosperity and "demand" a boom economy, they also shut their eyes to the real inevitability of imperialist war and "demand" peace. Pretending that the Soviet superpower is not aggressive, and that its arms build-up is not preparation for war, but a figment of Reagan's imagination, becomes another way of avoiding the critical issues of war and revolution.

Workers have no stake in the existing imperialist division of the world nor would they have a stake in the proposed new one, they do however, have a stake in opposing aggressive predatory wars and the accompanying overt denial of national and democratic rights. (The first world war was a different situation not arising directly from an economic crisis, in which both sides had essentially similar expansionist aims). As we had to fight the fascist powers in the second world war, we would have to fight any fascist power that launched a third world war. (Although the Soviet Union still describes itself as "socialist, if it actually launched a third world war, the correct description of "social-fascist" would be more widely understood.)

If we fail to defeat social-fascist war preparations, we could be stuck with fascist domination holding up social development for decades. If we fail to organise independently around our own revolutionary program, we could be stuck with social development continuing sporadically in capitalism's self-contradictory manner, lurching forward to the next crisis and the next war. If we get our act together, while the bourgeoisie's act is in a mess, then we have a world to win.

All this relapse into the barbarism of crisis and war occurs as an obvious result of capitalism itself. Workers are unemployed, goods and services are unsaleable, plant capacity stands idle, and consumers are forced to do without, for no "unavoidable reason". All that stops the continued expansion of wealth and opportunities is the capitalist system of production for private profit. All that is needed for the unemployed workers to use the idle plant to produce goods that

people want and need, is a communist system of production for use instead of profit.

We need a program

Obviously we are not in a revolutionary crisis right now, and no question of overthrowing any western government arises immediately.

But a major economic crisis and/or a world war would certainly lead to a revolutionary crisis. The question of an alternative to capitalism will certainly be posed. Capitalism will survive if we let it. Crises can resolve the contradictions temporarily and allow a new period of expansion until the next crisis. The outcome of the 1930's crisis was the post-war boom, not communist revolution in western countries. In retrospect this appears hardly surprising, since the Communist Parties devoted themselves to fighting fascism on a purely defensive basis, and advanced slogans like "Make the Rich Pay" that implied no intention to abolish capitalism.

In its present state of confusion, the left in advanced countries is hardly capable of even fighting fascism let alone challenging the bourgeoisie for power, let alone winning that challenge. There is even a strong tendency to be "soft" on social fascism and adopt a tolerant, apologetic or defensive attitude towards the overt denials of national and democratic rights by the Soviet Union. This can only make it easier to undermine those rights in the West as well. Certainly no movement unable to defend bourgeois democracy against ("socialist") fascism can hope to overcome the limitations of bourgeois democracy and replace it with communism.

Fortunately however, the confusion on the left is so great there is at least a chance the existing "left" movements and ideologies will disintegrate completely before the actual crisis breaks out, and there will be room for something new and genuinely revolutionary to emerge.¹

The task of building a revolutionary left is at present primarily destructive - exposing and undermining the reactionary ideology of the present "left". But we need to at least think about construction at the same time. The aim of destruction

¹ The process of "left" disintegration has progressed considerably since this was written (ed.).

is to open the way for a revolutionary left that is fighting for progress rather than reacting against capitalism, and that is quite serious about winning political power to actually implement the social changes it is fighting for, instead of whining about the present rulers of society.

It has been said often enough that there can be no blueprints for the future because the people themselves will decide how to build the new society as they are building it. Fundamentally I agree with that, and will therefore refrain from attempting to present any blueprints. Nevertheless, it is appropriate to put forward a few ideas for discussion about what a revolutionary government might do to start building socialism. Consistent refusal to do so suggests that we are not fair dinkum about having an alternative. "No blueprints" is often a cop-out excuse for "no ideas".

Revolutionaries need to have a "program" that is more than an analysis of the present society and a promise for the future. We need to develop a clear statement of the concrete measures a revolutionary government would aim to take, so people can decide whether or not they want to fight for a revolution. Too many "parties" talk about "revolution" in the abstract, and none at all seem to be serious about it concretely.

These days people are rightly cynical about the "policies" and "programs" of political parties, whether "revolutionary" or not. Revolutionary Leninist ideas are widely discredited by the sterility of their apparent supporters, and Marxist concepts that sum up important truths from the history of revolutionary struggle seem empty because they have been repeated so often as banalities. One hesitates therefore to use the word "program", let alone "party", for fear of being taken for yet another loony with pat simplistic answers to all the world's problems.

Nevertheless, in a crisis situation, people will judge according to how the measures proposed by revolutionaries compare with those advocated by the existing regime. It will be a very real life and death question for a revolutionary party to have clear policies to deal with unemployment and similar questions. If the revolutionaries do not form a political party that aims to take power from the old regime then the old regime must continue. It will not just disappear in a burst of anarchist enthusiasm. If the revolutionary party does not propose policies that are more desirable and effective than those of the old regime, then why should anyone support a revolution? Even if there was a revolution, there would be a counter-revolution when the new regime failed to solve the problems that had discredited the old regime in the first place.

So we need to go beyond denouncing what the existing regime is doing and start offering constructive alternatives, even though any such proposals are bound to be half-baked at this stage. Reformists will make constructive proposals as to how the present regime should deal with problems, with or without a change in the political parties administering the regime. Revolutionaries will make proposals about how a new regime, a workers' state or "dictatorship of the proletariat", would cope with these questions.

Only left sectarians will talk about revolution in the abstract, without having in mind anything so mundane as taking political power and running the joint. But unfortunately the "revolutionary" organisations in western countries are overwhelmingly sectarian. Their concern is to defend their own organisations and "principles" and not to make revolution. A discrete veil is usually drawn over the question of what a revolution might actually do about unemployment or anything else for that matter, because the alleged "revolutionaries" have no idea what they would do, and have not even thought about it. This does not worry them much, because they are not serious about actually establishing a new regime, but only wish to denounce the present regime more extravagantly than a "mere reformist" would denounce it.

So let us talk about what communist revolutionaries should do, if we had the political power to do it. No doubt anarchists will disapprove, and insist that discussion of government policy implies we are bureaucrats no better than the old regime. But the choice society faces at present is between revolutionary government or counter-revolutionary government, and the road to abolishing all government lies first through establishing a revolutionary government (but certainly doesn't end there). Therefore if we want to eventually abolish the state, we need to start exchanging views about proposed government policy now. The reformists talk about government policy because they are perfectly serious about governing, and there is nothing "unrealistic" about this intention of theirs. Revolutionaries should do so too, for exactly the same reason. Those who disdain to talk about government policy obviously have no belief in either reform or revolution, but only a slave's inclination to whinge occasionally.

The discussion below will not go into the many problems of building a new society and transforming human nature. It will not sketch any exciting vision of how wonderful a new society could be, but will discuss the more mundane problems of what a revolutionary government could do about unemployment in a society that still had not been transformed. Obviously this is not the main point of a revolution. It would be just as boring to have a revolution simply against

unemployment as it would be to have one to improve living standards. But this is an article specifically about unemployment.

In the first phase of communist society, the period generally known as "socialism", there would still be wage labour and commodity exchange through money. It would be quite impossible to abolish these social relations left over from capitalism all at once.

People would not work if they were not paid for it, and they would grab whatever they could get if they did not have to pay for what they consumed. Production would still be geared to market exchange. Basic social relations would still be bourgeois. There would be a bourgeois society in which the bourgeoisie no longer held political power.

A revolutionary government would presumably come to power only as a direct result of a profound political and social crisis, like the last Great Depression. Very likely too, it would arise in the aftermath of a devastating world war. Either way, or both ways, the new regime would be faced with severe economic dislocation including unemployment, as well as all the problems of a regime born in civil war. So what should it do about unemployment?

Obviously a revolutionary government should not attempt to deal with unemployment by any of the methods currently proposed from the labour movement. It could not simply reduce working hours, or raise wages, or increase government spending etc. From the previous analysis we know that these measures would not work in a market economy.

"Revolution" does not mean that we would "demand" that the multinationals do this or that. It means that we, the working class or its advanced sections, take over the running of industry and make the decisions ourselves. To eliminate unemployment, a revolutionary government would have to proceed with abolishing the market economy.

That will be a long struggle and there will certainly be setbacks. The democratic revolutions in Europe were spread over hundreds of years interrupted by various wars and counter-revolutions. They culminated in the establishment of the modern imperialist powers and not some "utopia". That result was a lot better than the medieval feudal societies that existed before. The democratic revolution was worthwhile and the sordid power struggles undermining feudal power were important. The Russian and Chinese revolutions suffered reversals too. But they, and their power struggles, were worthwhile. The coming Communist revolution

will also be protracted and tortuous. But it has to start somewhere and we ought to be discussing it now.

It may seem odd to be discussing concrete economic policy for a regime that is nowhere near existing yet. But it is no more odd than the usual discussions of how to make capitalism work better, or how to retreat from it.

Expropriating big business

The first step towards abolishing the market economy and eliminating unemployment, would be to establish state control of the labour market by expropriating the big businesses that employ the large majority of workers. It would not be a matter of "kicking out the multi-nationals", but of taking them over, and advancing on the basis they have already laid.

Most likely it would have to be done on an international scale. The world economy is already "transnational" and we certainly would not want to retreat from that to any kind of economic autarchy in the name of "independence".

Expropriation of capitalist property obviously relates to what the revolution could do about many other concrete problems as well, and also relates to implementation of the maximum program, towards socialism and communism. But in an immediate sense, the state taking over most industry is not in itself socialism, but can be state capitalism. It is only a pre-condition for socialism and a pre-condition for abolishing the market economy. Nevertheless, we will not discuss other aspects of the transition to communism here.

In Australia, like other advanced capitalist countries, a very large part of the labour force, about one third, already work for the state at one level or another, or for public corporations like Telecom, or government owned corporations like Qantas. These are already state capitalist industries.

Most of the rest of the labour force is employed by large corporations, often transnationals, whose owners play hardly any direct role in administering them, but are purely passive shareholders or bondholders. These firms could be converted to state capitalism by simple decrees transferring ownership to the revolutionary government, and by the cancellation of government debts. They would remain capitalist because they would still be employing labour to use it for making profit by selling goods on the market. But expropriation without compensation would undermine the economic basis of the old bourgeoisie, and

pave the way for communism. It would make the state responsible for hiring and firing the bulk of the Australian labour force, and therefore place the state in a position where it could take responsibility for employment and unemployment.

Many other workers are employed by small firms that are really little more than outside workshops for the big corporations, or "self-employed" in the same, completely dependent, situation. It would be difficult to simply establish state capitalism in these enterprises by decree. But taking over the big corporations on which they are dependent, means making them dependent on state owned enterprises. Control of the big firms would make it possible for the state to influence hiring and firing by the small firms, and so establish state control of that part of the labour market indirectly.

Naturally there is no great problem for a capitalist state to nationalise capitalist industries when it is necessary to the continued survival and development of capitalism - and no great benefit either. A revolutionary state doing it for revolutionary purposes is another matter.

The major obstacle to all this would of course be the state power of the previous regime, including local and foreign armies, navies and air forces, as well as terrorists, saboteurs etc. But we are talking about measures to be taken by a new state that rests on the power of the armed working class, so we may assume that these obstacles are being overcome through revolutionary civil and national war.

There are still a number of major economic obstacles that would persist even after victory in a revolutionary war. Let us look at a few examples.

First, the directors and top management of big industry, whether public sector or private, would side with the present ruling class against a revolutionary government. Unlike the owners as such, these people do play an important role in the actual organisation of production, and can not simply be dismissed by decree.

Second, many lower level executives, engineers, public servants and so on, who play an essential role in production, could not be relied upon by a revolutionary government, even though they have no direct stake in the other side. They see themselves, and are seen by others, as "middle class" (although their real status might be better described as upper strata of the proletariat, since their income is obtained from wage labour, not property ownership).

Third, there are substantial sectors of the economy, even in the most advanced capitalist countries, where people are still self-employed or work for small employers who do play a direct and important role in the actual organisation of

production - for example, farmers, shopkeepers, professionals such as doctors, and a good deal of small manufacturing, construction and services enterprises. These could not simply be taken into government ownership by decree, nor are they all directly dependent on firms that could be. They would have to remain for some time as a "private sector" (quite different of course from the present "private sector" dominated by huge transnational corporations).

Certainly capitalism is already replacing small shopkeepers with supermarket chains, and family farms with agribusiness. Doctors will eventually be forced to work for salaries and so on. But it takes time, and a workers' state would want to do it less blindly and destructively, and with more attention to the problems faced by the people concerned, than under capitalism.

As long as there was a private sector, relations between it and the state sector would have to be based on commodity exchange through money, and this would remain true even when privately owned businesses were being transformed into co-operatives as part of the process of socialisation. In connection with the private sector, there would still be a labour market. This would continue until the state sector was able to offer jobs doing everything that needs to be done, on terms more attractive than the private sector. That could be quite a long time.

Fourth, there are links between the ownership of bigger industries and smaller ones, and even links to the savings, superannuation and insurance funds, and housing and consumer finance, of ordinary workers and working people. We cannot simply expropriate share holdings and assume we have hit only big capitalists.

These problems all have to be faced up to, if we are serious about solving unemployment, because we cannot solve unemployment without expropriating capitalist private property in this wholesale way. International ramifications are left aside, on the assumption that we are talking about some sort of world revolution, at least in the advanced capitalist countries together. But that whole question needs to be gone into as well.

It may be repetitive to again emphasise that eliminating unemployment requires wholesale expropriation of capitalist private property. But usually this central point is left out entirely. The "socialists" and "communists" who agitate about unemployment without focussing on this issue, must in fact be demanding a solution within capitalism. They could not possibly believe in socialism or communism, or they would mention it at least occasionally, if only in their prayers.

Central planning

Assuming we are able to solve the above problems, how would the establishment of state capitalism allow the revolutionary government to deal with unemployment? And how could it avoid becoming some drab, boring and repressive system like East Germany?

Economically, it would be a "fairly straightforward"(!) question of subordinating the state capitalist enterprises to a unified central plan, instead of production for the market. Socially and politically, this would be part of the same process that transforms capitalist production for profit into communist production for use, and wage labour into communist labour for the common good.

Since most workers would be employees of state enterprises, "manpower planning" or rather "labour force planning" could be carried out seriously. Instead of independent hiring and firing from a pool of unemployed, there would be a planned allocation of labour. Individual workers would all be permanent employees of the public service, not liable to hiring and firing as in private industry.

At present about 5% of the labour force are in career public services and there are also career services in some corporations like Telecom and BHP. In general these workers do not get hired and fired according to the needs of capital investment in their industries. Their firms manage such a large sector of the economy in a centralised way, that they are able to engage in labour force planning alongside their other investment planning and transfer and promote workers within the firm's career structure. There seems no reason why similar personnel practices could not be very quickly extended from 5% of the work force to 80% or 90%, thus establishing complete state control over the labour market. (A large section of the Japanese labour force are "permanent" employees already, with another large section being "casuals" to provide the slack necessary in a market economy).

This would not in itself eliminate unemployment, as witness the present staff ceilings and cutbacks in the public service, and the redundancies from the state sector dominated economies of the Soviet bloc and China. But it would create the minimum organisational prerequisite for the government to take responsibility for unemployment. After all, if the government is not the main employer, it is not responsible for employment, so how can it be responsible for unemployment?

As well as control of the labour market, the revolutionary government would have in its hands, all the operating revenue and profits of big industry, and therefore the decisive funds for investment. Instead of the present anarchic distribution of investment through the capital markets, there could therefore be a planned allocation through the state budget. This, and this alone, makes it possible to eliminate unemployment, simply by making full employment an essential criterion of planning. As long as firms decide their investments privately, and hire and fire accordingly, there can be no real "labour force planning". Once investments are centrally allocated, then the labour force can be planned too.

A single central plan would co-ordinate the requirements for labour of different occupations and skills in each industry and locality, and indeed in each establishment. The plan would take into account changes in labour force participation, the education system, immigration and emigration flows etc. The same plan would allocate funds for investment, together with the labour force required by that investment.

Far from discouraging new technology, to save jobs, the plan would facilitate its speediest implementation, to provide leisure. But the same plan that provided funds for a labour saving innovation in a particular industry or establishment, would also provide for the transfer and re-training of those workers made redundant, and the investment of funds in the industry that is to employ them, or the reduction in working hours that goes together with increased productivity.

The decisive point is that things would not just be left to "sort themselves out" through the interaction of wages, prices and profit rates on investment, and the consequent formation and absorption of a pool of unemployed. No matter how much state ownership and "planning" there may be in a market economy, if production and investment decisions are at all regulated by "the market", they must to that extent be allowed to "sort themselves out" through market movements, including unemployment.

A fundamental distinction should be recognised, between this kind of central planning, in a state owned economy, and the sort of bureaucratic planning implied by "statist" proposals mentioned earlier. Here we are not talking about government "controls" imposed on separate, privately owned enterprises from above, while those enterprises are still basically geared to employing workers to produce goods for sale at a profit on the market. We are talking about a transformation of the enterprises themselves, in which they cease to be separate entities, and become social property working to a common social plan. That involves a political struggle, by the workers in the separate enterprises and in the

whole society. It implies a social revolution as profound as abolishing the ownership of slaves by slave owners.

The same distinction should be recognised between the central planning we are talking about, and that which exists today in the Soviet bloc and China. The "economic reforms" of the 1950's in the Soviet bloc, and more recently in China, established the same kind of relationships between central planning authorities and separate enterprises geared to the market, as were described as "statist" rather than "socialist" in section 6 above. Some forms remain similar to socialist central planning, but the content is commodity market relations and even the forms increasingly resemble those common in the west.

The injustices of slavery and serfdom were eliminated by abolishing the social institutions of slavery and serfdom themselves, not by prohibitions against maltreatment of slaves and serfs. The injustices of wage labour, including unemployment, will be eliminated by abolishing the social institution of wage labour itself, not by directions to employers to treat their workers better.

Labour policy

The planned allocation and transfer of labour need not be bureaucratic like the present public service, although it probably would be at first. It can be made far more flexible than the freest labour market, simply by leaving enough vacancies unfilled all the time, to allow a wide choice of jobs. Industrial conscription has been required in both capitalist and socialist economies under wartime conditions, but it can never be the peacetime norm in any post-feudal society.

Under capitalism, easy job changing only occurs in boom conditions. In a planned economy it can be deliberately maintained all the time, at the expense of some loss of efficiency in the establishments that have unfilled vacancies (but with an overall gain in efficiency due to labour mobility).

Imbalances would inevitably occur, but could be corrected by revision of the plan. Apart from other miscalculations, the plan would also have to take into account unplanable variations in the demand for labour by the relatively small private sector, just as it would also have to correct for other anarchic movements in market forces generated from that sector.

Even capitalism is normally able to maintain an approximate balance between the demand and supply for labour, with only the market price mechanism as a

regulator. So there seems no reason to doubt that unemployment could be rapidly abolished with central planning. This has been the case even in relatively backward socialist countries like China, where the state sector was a relatively small part of the economy compared with agricultural co-ops. Only since the widening of market relations between separate enterprises has mass unemployment become a problem there.

In advanced capitalist countries like Australia, a revolutionary government would immediately have control over a far larger state sector than either the Soviet Union or China had when they were socialist. The remaining private sector would be insignificant in comparison, so there should be little problem.

At first however, the relations between state owned enterprises would still be market relations, just as the relations between Qantas, TAA, Vicrail and the SEC are market relations today, with all the anarchy and waste that implies. The struggle to subordinate them to the plan, would be part of the struggle to solve the basic economic problems of transition to communism.

Simply directing state owned enterprises to adhere to a central labour force plan could not work while they were still basically oriented towards a market economy. If the products have to be sold on a market, and there is no market to sell more of that product, then its no good having the government telling a state owned firm to hire more workers. Those workers might just as well be paid unemployment benefits direct - their services are not required.

Labour force planning can only work to the extent that labour power is not a commodity that is purchased to produce other commodities for sale on the market. When production is being carried out by society as a whole, rather than by separate enterprises engaged in commodity exchange, then society can allocate its labour times, as well as other resources. To the extent that separate enterprises exchange their products, then they must buy their labour power too, and to the extent that labour power is bought and sold, it cannot be allocated according to a central plan.

A necessary requirement for centralised labour force planning would of course be centralised wage fixing. Enterprises could not be free to determine their own wage rates if labour is being allocated between them according to a central plan. Otherwise the allocation of labour would be influenced by wage rates as in any other market economy. At the same time, as long as people still work for wages rather than for the public good, wage incentives will be required to attract workers from one industry or occupation to another, if unemployment or other forms of

coercion are not to be used. Clearly wages and wage relativities must be fixed centrally - as though the present Arbitration system really did perform the function it purports to. But this also implies moves towards an abolition of wages as payment for the sale of labour power.

In a fully communist society, income would not depend on "wages" at all. Instead of price and wage fluctuations and unemployment, any imbalance in economic planning would simply result in shortages in facilities available for people engaged in various projects, and/or surpluses of things people do not really want. Annoying, but not a major social problem.

But even in the early stages of transition, wages could conceivably be paid directly from the central budget, together with other "welfare" income. In that case enterprises would not "hire" their labour force directly, but from an employment bureau (as occurs now with some kinds of labour such as temporary staff). The rates paid by firms to the employment bureau need have no direct relation to the combined wages and welfare payments paid out of the state budget to the workers concerned. Imbalances can result in state subsidies to employment (or penalties on it), rather than unemployment (or labour shortages).

Similar proposals have been made for capitalist governments to encourage or discourage employment by altering taxes on wages. But there is really very little scope for that when the government's own revenue is dependant on those taxes. Moreover such adjustments could not cope with mass unemployment due to overproduction. It is a very different matter when the government revenue coincides with the whole revenue of big industry, and when central planning ensures a basic balance between production and consumption, leaving only minor deviations to be compensated.

When production is geared to social needs rather than profits, it is quite feasible to cope with increased labour productivity by simply reducing the hours of work required for given wages. Eventually, as technology continues to develop, and social attitudes change, very little work would be performed in "exchange" for wages. But from quite early on, the funds available for investment and job creation would not depend on profits, but could be allocated, just like wages and welfare payments, directly from the total revenue. Productivity increases that increase the total revenue can be used any way society wants. Cutting working hours in a non-market economy would not have the "paradoxical" effect of choking off investment and increasing unemployment due to reduced profits. Nor would increasing foreign aid or social welfare or wages have that effect. The total

size of the "pie" would be the only constraint once there was no mechanism for the economy to "jam up" whenever "profits" had an insufficient slice.

With the transition from wage labour to communist labour, an increasing proportion of incomes would be based on needs (or desires), rather than payment for work (as a matter of right not charity). Correspondingly, work would have to be an increasingly voluntary activity. Wage and welfare increases, and reduction in working hours, could then be planned together with the necessary investments in consumer goods industries, with additional flexibility provided by the increasing "social wage" of "public goods". When work has become a voluntary community service, there is of course no question of a "labour market" to require a "labour policy".

In making the transition, it would be necessary to arrange social services, foreign aid, public benefits, wages, insurance and housing and consumer finance, as well as investment, as allocations from total revenue all at the same time. In expropriating big industry, the revolutionary government would take the whole of that revenue into its hands directly, including those "profits" previously paid out through taxation or via insurance funds to provide pensions etc.

Universal social welfare coverage financed from current revenue rather than "funds", would compensate for most "savings" tied up in share holdings etc, and small property owners could have their property redeemed rather than expropriated. The maximum number of people should gain from the expropriation of big industry and only a tiny minority should be losers. "Labour Policy" would have to embrace policy on these questions too.

The struggle for control

The social revolution required to transform capitalist enterprises into communist collectives obviously involves far more than government decrees transferring ownership. The revolution itself would have produced workers' councils in many establishments, which would have taken over responsibility for management from the previous authorities. But that only establishes pre-conditions for the transformation, without actually solving the problem itself. Moreover, in many enterprises the workers' councils would be weak or non-existent, or a screen behind which the old bosses are still in charge, since revolution develops unevenly.

While the left is in opposition, it seems natural to assume that all problems of control should be resolved by "decentralisation of authority". After all, the people in charge at the top are reactionaries, so the more room there is for lower level units to determine their own affairs, the more chance there is to adopt more progressive policies in at least some places where radicals happen to be concentrated. The problems in other places, where radicals have no influence at all, are simply not worth even thinking about. Often a focus on "local" or "community" issues seems to reflect an acceptance that there is really nothing we can do about national and international issues.

With a revolutionary government in power, the situation should be reversed. The highest levels of the hierarchy should be more radical than the lower levels, and radicals at lower levels would be demanding obedience to government directives aimed at changing the social system, rather than agitating for autonomy where that would mean continuing in the old way. (Of course this can change, if the revolution is defeated and the "revolutionary government" ceases to be revolutionary - but that simply means the radicals are in opposition again - it does not mean that the whole problem could be mysteriously avoided by "decentralisation".

Anarcho-syndicalists seem to imagine that if everybody democratically discusses everything, production units will be able to exchange their products to supply each other's needs, and to supply consumer goods for the workers, with no more than 'co-ordination' by higher level councils of delegates from the lower level establishments. Actually things are not so simple, and any attempt to realise that vision would only mean preserving market relations between independent enterprises, still not working to a common social plan. The concept involves a sort of "parliamentary cretinism of the workplace", even though anarchists and syndicalists are generally well aware that the right to vote can not in itself transform bourgeois social relations into co-operative ones.

So far, modern big industry in the advanced capitalist countries, has always been based on capitalist production for profit, and nobody actually has much experience in how to run it any other way. Indeed many people allegedly on the "left" seem to be unable to conceive of it being run any other way, and dream of somehow going back to a smaller scale of production, for it to be "more human". On the contrary, it was precisely small scale production that was suitable for capitalism, while the development of huge transnational corporations with a single management for entire sectors of the world economy, proves that the socialisation of production makes private ownership an anachronism.

The only experience we have of communist labour for the common good has been in a few "community projects" providing voluntary services to the public. Everything else is based on people working for wages under the supervision of bosses to produce commodities for sale on the market. Often voluntary community projects also end up adopting a boss system too, or remain hopelessly inefficient and get entangled in factional disputes that can not be resolved without a clear chain of authority, and in effect, "ownership". Then they go under and reinforce the idea that capitalist production is the only system that can really work.

We should study the positive and negative lessons of the way small scale community projects and co-ops are managed, as well as studying capitalist management of big industry, in order to prepare for transforming the management of big industry. The mentality that equates "popular", "democratic" and "co-operative" with "local" or "community" projects is a slave mentality that accepts the necessity of a bourgeois ruling class to manage big industry and the affairs of society as a whole. We do not just want to create some free space within which slaves can manage some of their own affairs, although that may sometimes be useful. We want to overthrow the slave owners and abolish slavery altogether.

If modern industry is to be run in a fundamentally different way, then essential policy and planning decisions to run it in that different way will have to be taken by somebody. Whether they are called the workers council, the revolutionary committee, or the state appointed management, somebody will have to take decisions about the sort of questions currently decided by the boards of directors and top management of BHP, the ANZ Bank, the Treasury and so on. More importantly, people will have to take decisions about economic, as well as other questions, currently resolved by the boards of directors of General Motors, ITT, the Chase Manhattan Bank, the Morgan Guarantee Company, Mitsubishi, the Central Committee of the CPSU or CPC and so on. Even more importantly, we will have to take decisions about questions which none of these bodies have the power to decide, since none of them controls the world market, either separately or together.

No amount of elections from below, directives from the revolutionary government, or consultations with the masses will change the fact that these people will be responsible for the policy decisions in industry and will have to know what they are doing. Nor would it change the fact that they are doing the job currently done by capitalists "bosses" and will have ample scope to develop

into new capitalist bosses themselves (and bosses with wider and more totalitarian powers).

Most workers expect to have bosses, and that would not change overnight in a revolution. There would be a tremendous unleashing of workers initiative, but there would also be a strong tendency to retain or return to the old ways of doing things, with new bosses, or even the same old bosses, in charge. Electing new bosses does not abolish the boss system.

The big issues are not decided "on the shop floor", to use a phrase much loved by advocates of "self management". Capitalism is already transferring more and more authority on the shop floor to workers themselves rather than supervisors or lower level line management. This only highlights the fact that questions like unemployment are imposed by market forces outside the control of "shop floor" management, or higher management for that matter.

Elected workers' councils would be in exactly the same position of having to lay off staff, if there is no market for the goods they produce. Revolutionaries have to raise their sights above the shop floor, to places where more important decisions are taken, and to issues on which decisions simply are not taken in a market economy, because there are no decision makers with authority over the economy as a whole, and our fate is still subject to the blind workings of economic laws beyond our control.

If we want a revolution, then left-wingers, revolutionaries, will have to take on the functions of directors and managers of big businesses, as well as government ministries. Not many genuine left-wingers and revolutionaries have any great hankering to be on the board of directors of the Reserve Bank or BHP. But if revolutionaries are not leading the workers' councils to implement a socialist economic policy, then it can only be right-wingers, or unreliable middle-of-the-road "experts" who are doing (or sabotaging) the job of management. Indeed in socialist countries, economic management functions seem to have been breeding grounds for revisionist bureaucrats.

Just saying "the workers will do it" does not solve a thing. Who are these workers who will do it after the revolution, without discussing what they will do, before the revolution? Power will pass from the hands of the bourgeoisie to the hands of the working class, because the working class will put forward a clear cut program to rescue society from the impasse it finds itself in under bourgeois rule. Slogans simply demanding a change in power because it is "more democratic" will get

nowhere. The issue of "who decides, who rules" only arises in the context of "what is to be done".

Revolution occurs when those who presently hold power are unable to do what has to be done, and when the only way it can be done is for their opponents to take the power to do it. The most class conscious and politically conscious workers will be the ones discussing these problems beforehand, and if we do not have any ideas, how can we expect others to?

Socialist management

The main areas of "management" in a typical capitalist firm are production, personnel, sales and finance. Research and development is another significant area in a small proportion of enterprises.

A lot of production management has become a fairly routine function which could be readily taken over and transformed by workers' councils. Workers should have no difficulty rapidly improving productivity over what can be achieved under a basically antagonistic system of bossing. While workers' productivity undoubtedly improves as a result of capitalist "bossing", the very need for that bossing is itself a demonstration of how capitalism restricts productivity. Slave productivity was increased by harsh overseers, and also by having heavy tools that were hard to break (as well as hard to use). But productivity jumped much more with the elimination of slavery.

Capitalist bossing actually tries to keep workers stupid. "You're not paid to think" is the supervisor's catch cry, as soon as a worker starts saying "I think...". But in fact workers are paid to think much more than slaves, serfs or peasants would think in their work, and they get sacked if they do not think. It is just that they are not supposed to think too much. Moreover modern technology places increasing demands on workers' intelligence and requires a more and more educated labour force in greater and greater conflict with the old techniques of capitalist bossing. Communism would resolve this contradiction and unleash workers' intelligence in production, so that "management", "engineering", "research", "science" and so forth would cease to be restricted to an elite, excluding the contributions of the vast majority. Research and development would become much more widespread, be much closer to production, and require much less "management".

Likewise personnel management is an essentially routine function that will be made much easier by the elimination of "industrial relations" between hostile

employers and employees. There should be no problem organising the recruitment, training and allocation of labour in a plan based on full employment.

Purchasing and sales management does still involve an element of capitalist "entrepreneurialism", although the work is done by salaried employees. But it can nevertheless readily be grasped and transformed, by the employees already engaged in it, and by other workers. The flexibility and dynamism of modern capitalism can be greatly exceeded by unleashing the workers' initiative in this area too, as well as in production, to seek out new needs and new products. Even in a state capitalist market economy, the elimination of useless competition would save a lot of trouble, with unified marketing and supply arrangements under central planning. As the "market" is abolished, the supply function would become another aspect of production planning, rather than a separate problem of "marketing".

The weakness of supply and marketing in socialist economies has been due to the general backwardness of those economies. They are (or rather were) "socialist" only in the sense of having *had revolutionary governments determined to accelerate the transition from capitalist to communist social relations. As far as the actual level of social development is concerned, the advanced capitalist countries have already reached a higher level, and this includes a higher level of centralised management and a higher level of organisation of marketing and supply, as well as the well known higher level of productivity in most industries. Monopoly capitalism has abolished purely commodity relations in many areas, since the "exchange" is taking place between units under the same control, while labour power, and capital itself, remains a commodity. Although commodity production has been more restricted in socialist countries, as regards labour power and capital, central control of many products was actually less developed than in advanced capitalist countries. The improvements in supply and marketing when socialist countries have restored capitalist market relations does not reflect any inherent superiority of capitalism. It reflects the superiority of free market capitalism over bureaucratically controlled capitalism. A classic cartoon shows a "socialist" factory overfulfilling its production quota for nails (measured by weight), by producing a single giant (completely useless) "nail". The revisionist solution is to find more rational ways for central planners to co-ordinate the factories output to social requirements - mainly by setting goals in terms of market profits rather than arbitrary physical measurements. But exactly the same problem is faced by the top managements of large corporations in advanced capitalist countries. Solutions include the establishment of separate "profit

centres" within the one enterprise, so that local managers will be more sensitive to market profits rather than blindly responding to higher directives.

In both cases the problem is that there can be no substitute for the market in an economy based on commodity production. If social production is divided between separate enterprises with antagonistic interests, then they can really only be brought together through market exchange, the best measure of which is money prices. If instead they are brought together by some other form of external coercion, there will inevitably be some misallocation of resources because the quotas set do not exactly correspond to money - the only measure of social needs in a market economy.

The communist solution is to dissolve the antagonism between separate enterprises so that each is directly aiming to meet social needs as best it can, rather than responding in its own separate interests, to an external compulsion to do so. Setting quotas in terms of numbers of nails, or the price of nails, would not solve the problem (although the latter would improve it). Having a factory management (the workers themselves), who are dedicated to meeting social needs, would solve it completely, since they would interpret planning directives from a social viewpoint rather than a narrow one.

The question of centralisation and decentralisation of enterprise management, is quite separate from the question of abolishing commodity production. One may advocate more local initiative at the same time as completely abolishing market incentives. Indeed it is noticeable that in both China and the Soviet Union, revisionists have strengthened central controls over individual enterprises, at the same time as widening markets relations. Increasing bureaucratic regulation there is necessary for the same reasons that it is necessary here.

Enterprises already under bourgeois management in socialist countries show more initiative when given material incentives and market "freedom", just as socialist enterprises lose their drive when asked to produce just for profit. Overall, supply and marketing workers in an advanced economy working for the public interest should be able to introduce new goods to meet new needs far more dynamically than where this is done only to squeeze extra profit for their employers.

"Socialism" does not imply the restricted range of products available in economically backward socialist countries any more than it implies the lower standard of living, longer working hours or lower cultural levels common in those countries as compared with advanced capitalist countries.

Backward capitalist economies in third world countries have far worse problems with shortages and misallocation of production etc than backward socialist countries have had. There is no reason to anticipate major problems with the replacement of "commerce" by unified supply and marketing arrangements in advanced industrial countries.

Although the above functions of "management" present no special problems, financial management and investment planning is still an exclusive "entrepreneurial" function of capitalists, and it is precisely this that is decisive in abolishing the market economy and eliminating unemployment. The job is done by salaried employees as well as actual capitalists, but many of the employees are accountants, lawyers, bankers, investment analysts and so on, not ordinary workers.

We shall consider this problem in more detail than other "management" problems.

Investment planning

How do you decide whether to build a steel mill, or a hospital, or a thermal or hydro-electrical power station? Not just by democratically consulting steel workers, or hospital patients, or construction workers, or delegates from all three and others concerned. There must be some definite economic criteria for decision making. It is no good just saying we will build socially useful things like schools and hospitals instead of profitable things like steel mills or power stations. You need steel to build schools and hospitals, and you need electric power to run them.

The contempt a lot of "left" intellectuals have for industrial development, let alone "finance", reflects a lack of seriousness about really doing anything. It implies either that we expect capitalist industry to somehow produce these things for the public benefit, or we postpone social change until everything can be produced free by magic (or we reduce our living standards below the appallingly low level that capitalism has managed to achieve).

At present the only criterion according to which goods and services are produced and investments are made to produce them, is market profitability. Some public services superficially have different criteria, but the "cost-benefit analysis" they use includes interest on capital as part of the costs, and measures benefit by what would be paid for the service if it was marketable. Government funds can only be invested if the overall social rate of return is sufficient to allow payment of interest on borrowings directly, or by taxes raised from sections of the economy

that have benefited indirectly. Despite loud squeals from the "private sector", no government projects are based on expropriation. It all has to pay for itself on the market, and return interest on the funds borrowed from the private sector.

The actively functioning capitalists today are the financial managers and similar functionaries (or party officials in "socialist countries") who are not the nominal owners of the capital they control, but carry out the social functions of the capitalist controlling it, and live it up accordingly. Both in east and west, ownership is usually mediated via various "trusts" and capitalist luxury consumption owes as much to "perks" as to direct property income.

"Private ownership of capital", in the sense of an individual capitalist directly owning means of production, is fairly obsolete. The difficulty Trotskyists have in finding a bourgeoisie in the Soviet block and China, ought to be just as great in the west, where capital is not usually privately owned by individuals either, and is certainly not passed on legally by inheritance, when death duties can be avoided. There are important differences between being a beneficiary under a trust, or enjoying perks as an executive, in the USA, and having a senior party position in the Soviet Union. But they are not as important as the differences between the bourgeoisie and the proletariat - between those who employ or exploit labour and those who are employed or exploited.

It is a specific function of the capitalist ruling class to allocate investments. It does this rather blindly, and with colossal waste, but it does do it and whatever is wasted, is often a loss to the particular capitalists concerned, as well as to society as a whole.

If the new regime had no criteria for regulating investments there would be general chaos as each workers' council decides what it thinks should be produced and only finds out later that it lacks the necessary inputs or there is no market for the outputs.

In fact to begin with, the old criteria of market profitability would have to be used. To some extent even some of the old personnel, familiar with finance, would have to be used also. They would be disposing of state capital rather than private capital, and getting their perks from that, as before.

Starting from the old system, it would be a long struggle before the new system was really being used for planning, and experience in the Soviet Union and China shows that there is plenty of room for reversals along the way. As long as commodity production and wage labour exists, even the complete suppression of

the old bourgeoisie and its replacement by a genuinely socialist state can not prevent some cadres of that state themselves degenerating into a new bourgeoisie.

Of course the top managers and administrators who can not be bribed or coerced into co-operating can simply be replaced by the workers' councils. But most workers do not even know what they do, let alone how to do it differently, so there will be a pretty strong tendency to continue doing things the same old way. Workers would work, bosses would boss and financiers would finance, if these categories are not systematically uprooted.

Technically, it is not hard to imagine criteria for investment planning that are not simply based on "profitability" in disguise. There is even a substantial branch of orthodox "welfare economics" devoted to the problem of production for use.²

But implementing new criteria means going from private production for profit to social production for social needs, and requires fundamentally changing the way things are done.³

About 4% of the Australian labour force work directly in the "financial industry", apart from those doing similar work in the industries being financed. That is about half the labour force employed by the construction industry, and most of its effort is tied up with just trying to keep track of who owns what and transferring profits from one pocket to another (and to or from the taxation system), rather than actual investment planning.

The capitalist parasites are not even very good at keeping track of their own wealth, as is shown by the various multi-million dollar frauds that have been coming to light. They certainly do not do a brilliant job of investing it more wisely and frugally than public servants would, as is constantly suggested by apologists for capitalism. In fact even their investment function is carried out for

² It can be proved mathematically that the capitalist pattern of investment according to the rate of profit can never lead to an efficient allocation of economic resources, and that "marginal cost pricing" amounts to a labour theory of value.

³ The debate among allegedly "Marxist" economists about the so-called "transformation problem" relates closely to the problems Soviet bloc economies faced in allocating investments without using the traditional capitalist calculations based on an "average rate of profit". A "rate of profit" is essential when enterprises have separate interests, and "marginal cost pricing" is only feasible when they do not. The "optimal" allocation of resources according to a central plan is not the same as the "equilibrium" possible when resources are privately owned - whether competition is "free", "perfect" or monopolistic. "Equilibrium" situations can include unemployed labour and other resources, as long as the rate of profit is equalised and maximised.

them by accountants, advisers, brokers etc who receive a share of the spoils, but are not the actual owners of the capital they invest.

After a revolution these workers could be employed far more productively to ensure that resources are used as efficiently as possible and to keep track of public property so that it is not misappropriated.

There is no great technical mystery about financial work that means it could only be done by and for an old or new bourgeoisie. It just requires a major struggle.

Under slavery, public officials were necessarily slave owners. Under feudalism magistrates were necessarily landowners and under capitalism captains of industry were necessarily capitalists. But social relations change. All it needs is revolution to change them.

"Experts"

Bourgeois "experts" can work for the new owners of industry just as they used to work for the old ones, being bribed with high salaries if necessary. Or they can work for their own account, as "Nepmen" did during the "New Economic Policy" following "War Communism" in the 1920s Soviet Union. But unless the new proletarian owners at least know what they want, the "experts" cannot be forced to work in a fundamentally new way. In the long run they have to be replaced by the workers themselves, and in the short run they have to be tightly controlled by the workers councils, while the workers develop their own expertise.

In the immediate period after winning power, real control of day to day management in most enterprises would continue to be in the hands of bourgeois "experts" who know how to do it, but only know how to do it in a capitalist way. Where managerial power was not in their hands, effective management would still be paralysed to some extent by the initial incompetence of workers who are taking on unfamiliar functions. No amount of decrees giving power to the workers councils would change those facts, unless we are supposed to wait until the working class has already completely changed, before having the revolution that will change it.

There would be considerable scope for resistance to and sabotage of government economic policy. There would also be difficulty reconciling the different priorities and demands of different sections of the working class itself. Only the practical takeover by the workers could gradually change this situation, and then

only with reversals and a long historical struggle, combining mass pressure from the workers councils below, and coercion and inducements from the revolutionary government above, before the dictatorship of the proletariat has really effective control of even the state sector of the economy, let alone education, culture etc.

Nevertheless, the working class in advanced capitalist countries like Australia is already literate and quite highly educated compared with the workers that took power in the Soviet Union and China. Most "experts" are not bourgeois, but just highly trained workers, perhaps with a few airs. Even the managers and engineers in overall charge of industry at present are themselves salaried employees, mostly at no great social distance from the mass of workers. Engineering is already a basically proletarian occupation. Management not yet, but headed that way.

Where the workers councils are strong, it should not be all that difficult for them to encourage or compel most managers and engineers to cooperate, and take on the functions of those that won't. It will be more difficult where the workers councils themselves are weak, which is bound to be the case in many places, since the revolution develops unevenly. But it would hardly be impossible.

Conclusion

The problem of abolishing unemployment by having a revolution is nowhere near as difficult as the impossible task of trying to abolish it without one! There is no need to politely cover up the absurdity of "left" schemes for dealing with unemployment within capitalism. We should say directly that these schemes are nonsense and go on to work out the realistic problems of preparing for revolution.

As the Communist Manifesto argued, we should raise the "property question" to the forefront of all immediate, practical struggles. Just how we can have a communist revolution in an advanced industrial society remains to be seen - it's never been done before. But we should be quite clear that this is "what we are on about".