

CHAPTER 9

THE NEW RELATIONS OF PRODUCTION

I have been speaking of speaking in this book about a new class and a new mode of production. I have been calling contemporary society technobureaucratic capitalism and saying that this is a mixed social formation, where capital remains the basic relation of production, but where new - technobureaucratic - relations of production are emerging. I examined the historical evolution of the state, that was conditioned by the emergence of new relations of production, and the technological transformations that are in the basis of this new relations of production. It is time now to define more precisely this new mode of production and the corresponding relations of production.

A fundamental difference between technobureaucratic and capitalist modes of production lies in the concept of capital itself. Capital is a relation of production which was defined when workers were separated from the instruments of production by the bourgeoisie. This historic event gave rise to the capitalist mode of production. Capital in this specific sense ceases to exist in statism to the extent that private ownership of the means of production and the bourgeoisie as a class fade away. Capital could be defined as the monetary value of the instruments of production, raw materials and working capital. This is the most common meaning of the term, yet it is inadequate because it reifies the concept, making it useless in defining the capitalist mode of production and establishing a clear distinction from other modes.⁴⁵

Another alternative would be to define capital as a relation of production which grew out of workers' separation from the means of production, but without specifying it as an essential part of this relation - its appropriation by the bourgeoisie. If this definition is accepted, then "capital" is an integral part of the Soviet social formation and our argument - the existence of a statist mode of production - would lose considerable force. However, this would bring our reasoning to such a level of abstraction as to empty the definition of capital of its historical content. One would have to imagine capital without private property, or capitalism without the bourgeoisie. Yet nothing could more strongly jeopardize the historical method than to accept such an abstract generalization, taking the all specific qualities away from the historical facts and phenomena.

⁴⁵ - When Marx refers to Wakefield's analysis of the colonies, he says: "Property in money, means of subsistence, machines and other means of production does not as yet stamp a man as capitalist if the essential complement to these things is missing: the wage-laborer, the other man who is compelled to sell himself of his own free will... Capital is not a thing, but a social relation between persons which is mediated through things" (1867: 932).

When and if capital is eliminated by the nationalization of the means of production, capitalism disappears and statism takes its place. The disappearance of private property does not necessarily imply socialism because, as Cornelius Castoriadis points out, "nationalized property has socialist meaning only when the proletariat is the ruling class" (1949: 227).⁴⁶

Technobureaucratism basically signifies the transfer of power from the bourgeoisie to the technobureaucratic class, which also assumes the social role of ruling class. The change of ruling class is not an isolated super-structural phenomenon, but the outcome of deep transformations in the relations of production within society which distinguish the new mode of production from capitalism as well as from socialism. In this new mode of production the state continues to be a class state, now serving the interests of the technobureaucracy, and workers still remain a dominated class.

1. Bureaucratic Organization Versus Capital

The basic difference between pure capitalism and pure statism as distinct modes of production will be expressed in the nature of their respective relations of production. These can be better understood when the kind of property in each system is duly analyzed. Property, ownership, according to Marx, is the legal form in which relations of production present themselves. Modes of production are historical categories where the form of property or, more precisely, the relations of production defined by property, constitute its essential characteristics. Thus each kind of property will correspond to its respective mode of production, be it primitive property, common property, ancient property, German, feudal, capitalist, etc. These arguments stand out clearly in the Grundrisse (1858) where pre-capitalist formations are analyzed.

Each type of property corresponds both to relations of production and to different social classes. The bourgeoisie is the dominant class in a capitalist society and capitalist property is the private ownership of capital by the bourgeoisie. This is a specific social class, historically rooted in the emergence of capitalism which will disappear when statism in its pure form is established.

⁴⁶ Herbert Marcuse has a convergent position on the subject: "Nationalization, the abolition of private property in the means of production, does not, by itself, constitute an essential distinction as long as production is centralized and controlled over and above the population" (1958: 81). It should be noted that both Castoriadis and Marcuse are trying to distinguish nationalization from socialism. The responsibility of defining a new mode of production is mine.

Statism corresponds to technobureaucratic, organizational or state property. The means of production are owned by the state so that we can define this relationship as state property. However, it is controlled by and serves a new class, the technobureaucratic class, which also implies technobureaucratic property. Thus a new technobureaucratic relation of production appears, corresponding to the rise of the new class of technobureaucrats. Their control of the means of production is exercised by filling administrative positions in the state apparatus and in state enterprises with members of this new class, especially in the most strategic and influential positions. Thus technobureaucratic relations of production are fundamentally different from capitalist relations because in statism, means of production are collectively owned by the technobureaucrats that control the state, whereas in capitalism they are owned by the bourgeoisie.

This distinction will become clearer if the concept of organizational property is used. A technobureaucrat is a bureaucrat, a type of expert, who manages bureaucratic organizations. The bureaucrat's own existence and power are dependent upon the bureaucratic organization. The bureaucratic organization precedes the emergence of technobureaucracy. Bureaucratic or semi-bureaucratic organizations first appeared under patrimonial control and they are an essential part of capitalism.

It is essential to point out that in statism the bureaucratic organization emerges as a necessary intermediary between technobureaucrats and the instruments of production. In contrast to what happened in classical nineteenth century capitalism, where the capitalist directly owned the means of production, that is, capital, without mediation, in statism the technobureaucrat owns not the means of production but the bureaucratic organization itself.⁴⁷ It is the bureaucratic organization that owns the means of production, the raw materials and the working capital necessary to create jobs, manufacture goods and deliver services. Moreover, the technobureaucrats' ownership, that is, their effective control over the organization, is not exercised individually as in classic capitalism, but collectively, by a group of technobureaucrats.

Within this framework, organizational property becomes state property when the technobureaucratic mode of production prevails and the technobureaucratic class takes control over the largest bureaucratic organization of all, that which encompasses all others, i.e., the state. The essential distinction

⁴⁷ It should be noted that the corporation made up of an increasing number of stockholders separated from control of the means of production by private bureaucratic organizations already constitutes a significant phenomenon defining a mixed social formation such as that of state monopoly capitalism.

between capitalism and statism as modes of production lies in the very nature of the relations of production. In capitalism, property is private and the dominant class is the bourgeoisie, whereas in statism, property is collectivized and the dominant class is made up of technobureaucrats-bureaucrats. More precisely, the technobureaucratic relation of production is based on state property, where collective control is exercised by a modern, bureaucratically organized state. There are other kinds of "collective" property, in contrast to private property, such as Asiatic property, where a bureaucratic traditional state mediates between conflicting interests, or "communal" property as in pre-capitalistic Europe, which co-existed with feudal private accumulation, or also socialist property.

In statism, the fundamental relation of production is no longer capital but rather the bureaucratic organization. The technobureaucrats' strategy, which permits them to attain the position of a class, taking power in order to share in the economic surplus, is that of always forming and enlarging the bureaucratic organization. Whereas the capitalist's *raison d'être* is to accumulate capital and extract more surplus value, the technobureaucrat's basic motivation is to create and expand the organization, especially the large state organization which encompasses all others.

The organization is an abstract-concrete reality, a web of relations between people and things formally established according to a rational criteria of economic efficiency, an arena for labor and a power platform for technobureaucrats. If the foundation on which the capitalist mode of production rests is the reified, fetishized commodity, transformed into a phantasmagoric object, the foundation of the technobureaucratic mode of production is organizational and legal-rational authority. This authority, as also happens with a commodity, is transformed into a fetish, a phantasmagoric object, in spite of all its pretense of rationality. Technobureaucratic alienation is fundamentally an alienation to formal authority. The worker is alienated from his instruments of labor, control of this labor and its fruits, not only because his labor was transformed into a commodity, as in the capitalist mode of production, but mainly because he is submitted to bureaucratic, fetishized authority. His labor is no longer a commodity but rather a productive input to be used in the logistic of production. His alienation is founded on the fetish-like nature of authority, which leads the subordinate to obey the boss more or less independently of the established system of incentives and sanctions. It is significant to observe, however, that this bureaucratic alienation is not limited to production workers. They are its greatest victims. But to a lesser extent, low and middle level technobureaucrats are also victims of the fetishist nature of authority, to the extent in which they obey without knowing why, accepting even irrational superior authority as long as it is "rationally" (legally, formally) defined.

I have chosen to omit a discussion on what the characteristics of socialist property would be, since I view socialism as a project as yet unfulfilled rather than a reality. Suffice it to say that socialism implies a classless society, where the means of production are collectively owned, and where no state mediation between interests is necessary. In socialism, if the state does not disappear, it also does not serve as an instrument for the domination of either the bourgeoisie or the technobureaucrats. It is an egalitarian and democratic society where all have equal participation in the economic surplus and the governing of society. Human rights are fully respected; labor ceases to be a commodity; production is not geared towards producing goods for their exchange value or towards guaranteeing the power of a ruling class, but rather to satisfy human needs.

Socialism has not yet become a true reality anywhere. In the countries that proclaim themselves to be socialist, and particularly in those countries adopting the Soviet model, none of these characteristics prevail. The only similarity between the socialist and the technobureaucratic mode of production is collective property. But the similarity immediately fades away when one realizes that in the Soviet model, property belongs to the state or technobureaucracy whereas in a socialist society property belongs to all its members. It is easier to find socialist characteristics in capitalist countries where social democrat parties have governed for a long time, or even in Japan, where income distribution is very well distributed, than in statist countries.

2. Planning versus Market

A second essential distinction between pure capitalism and pure statism lies in the basic coordination of the economy. Capitalism is coordinated by the market and statism by planning. The process of generalization of commodities, that is, the transformation of all goods into commodities endowed with an exchange value to be sold in the market - an essential feature of capitalism - ceases to exist in the technobureaucratic mode of production.⁴⁸ Of course, this does not mean a return to a subsistence economy. Instead, statist social formations tend to be

⁴⁸ Based on Marx, Yoshiaki Nakano states that "capitalist production comes into existence only when commodity production becomes generalized and two classes of commodity owners come face to face and establish an exchange relation: owners of capital (money finance, means of production and means of subsistence) eager to increase the sum of values they own (employing labor and undertaking production) and wage-laborers with nothing to sell but their capacity to work" (1974: Chapter III, 6).

industrial economies with a great degree of specialization and division of labor, demanding a complex system of exchanges. But, in order for these exchanges to constitute a "market" where "commodities" in the capitalist sense of the word are bought and sold, it is essential that the prices of the goods exchanged correspond to their value. These prices should also reflect the short-term fluctuations in supply and demand, so that the price mechanism operating in the market would regulate the economy. In other words, the generalization of commodities existing in the capitalist system means that goods are traded for their respective exchange values in a market which coordinates the economy.

In the technobureaucratic mode of production, prices do not necessarily correspond to their respective values, nor do they serve as fundamental regulators of the economy. Prices are administered according to economic and political principles which reflect the goals of economic planners. The economy is coordinated by the plan rather than by the market or the price system. These, along with quantitative production goals, are centrally established. Thus we no longer have market prices, but merely ledger prices, whose nature is entirely different. Csikos-Nagy observes accordingly:

Price is, by its nature, a market category and as such has a regulatory function. We may speak of a market price if this role of price is enforced also in practice, i.e., if the price regulates economic processes. Industrial producer's prices cannot be considered as market prices if they do not regulate industrial production. In such a case the price operates only as an accounting price; it is a tool for accounting and controlling economic processes (1966: 261-2).

In the technobureaucratic mode of production, prices basically serve this accounting function. Their regulatory nature is only secondary. In the Soviet Union, prices should be based on the average cost of production, but this is only a general rule. Starting from this point, prices can be set higher or lower, implying large profits for some industrial sectors and losses for others, depending upon the economic policy adopted. Thus N.A. Lubimstev states, with particular reference to the Soviet Union:

The establishment of prices has an important place in the economic planning of socialist countries. Through planning, the state fixes prices which are not subject to uncontrollable fluctuations, but are based on the inter-relations the plan establishes in the national economy. In general, the production price is determined based on the average primary industrial costs and on the quantity of accumulation established for the industry in question. (1958: 140).

Aside from their use for accounting purposes, prices also have a function in the allocation of resources, favoring those sectors which are targeted to develop most rapidly. On the other hand, prices can also function in the redistribution of income, serving as a sort of tax on luxury items. This last function is less important for the system, as distribution can be directly controlled through the regulation of wages. Its role in the allocation of resources may be more important.

However, the operability of the price system as an allocator of resources is also limited. Actually the whole planning system proved quite limited in statist social formations. Rather than planned economies they are command economies - economic systems where the allocation of resources is not defined by the market nor is the result of a consistent plan, but is the consequence of relatively arbitrary and uncoordinated decisions. It was the excessive use of this kind of "planning" that led the Soviet economy and those of other communist countries to a series of distortions and reforms in the second half of the 1960s, and finally to perestroika in the 1980s.

The reforms of the 1960s, that failed to change the statist economies, were aimed at developing a socialist market economy in these countries. Commenting on the Hungarian situation, where this policy was most fully implemented, one of its most vehement defenders stated:

"The basic idea of the reform is that we should abandon the 'directive model' as a whole. Instead of setting detailed obligatory targets for every economic activity in detail we have to direct and plan our economic development by means of such economic regulators (prices, taxes, duties, foreign exchange rates, interest, money incentives, market, supply and demand, etc) as are in accordance with our commodity-market economic environment." (L.Csapoç, 1966: 238-9).

However, the limitations of this kind of reform are obvious. In the final analysis, the market price system can be introduced effectively in these economies only if the planning system is sacrificed. This goes against the basic principle of the technobureaucratic mode of production - that planning is a system of economic coordination which is superior to and more efficient than the price system. Of course, for the sponsors of statism, the price system can be utilized in the framework of a general planning system to help detail the plan. Despite the great advances that computers have made possible, the limitations of the administrative information system lead to the use of prices as an additional economic regulator. But this regulatory function is strictly secondary to the greater system of economic coordination and planning. This is why Alec Nove, in evaluating the Soviet reforms, states:

The reformers, mathematicians or not, have been repulsed... the old system, whether of ideas or of economic-organizational substance, has survived without fundamental change. (1972: 354)

In Hungary, the reforms of the 1960s were profound, but never reached the point of producing the generalization of commodities of classical capitalism. The Hungarian case is a good confirmation of a simple idea: a statist system cannot be reformed. Either the market oriented reforms fail, because they are inconsistent with the statist mode of production, or we have a revolution that end

with the statist system. The second alternative is what is taking place in Eastern Europe since 1989: revolution instead of reform. This revolution, however, will not generate liberal capitalism, but technobureaucratic capitalism, a capitalism where the state and the technobureaucracy will continue to play a major role.