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IN DEFENCE OF FULL-SCALE PLANNING

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The alternative socialist visions presented in the *Science & Society* special issue (*Science & Society*, 1992) span the spectrum of views available today, and provide a useful starting point for socialist renewal. The contributions that support some sort of planning as an essential component of socialism (Albert and Hahnel, 1992; Laibman, 1992) do not, however, go far enough in reasserting the core elements of the socialist philosophy: egalitarianism, community, and human solidarity.

The main purpose of the anti-capitalist movement has always been to put an end to the cleavage between haves and have-nots. Egalitarianism is the core of all historical attempts to set up an alternative to systems based on private ownership. It therefore seems reasonable to take as a criterion of success for such attempts the degree to which they have managed to surmount social inequalities. As with almost everything else, this is not an all-or-nothing issue; differences in both degree and aspect must be taken into account. But the essential design of anti-capitalism takes egalitarianism as the central regulative ideal, which is to be implemented in stages, not all of a sudden.

Terms like 'egalitarianism' were not to Marx's liking, and for decades many Marxists openly combatted what they referred to by that word. However, the Marxian distribution principle «To each according to needs,» thought to operate at the higher stage of the post-capitalist economy, is a very strong egalitarian standard. Marx was sufficiently undogmatic to be able to consider other proposals, instead of cleaving to the needs principle come what may. On the other hand, even the distribution principle applicable to the first stage of the new society, «To each according to work,» is a weakly egalitarian rule, insomuch as it runs counter to inequalities rooted in heritage, previous entitlements, or other privileges. In fact Engels suggested in *Anti-Dühring* that even at that stage qualified workers should not be entitled to remuneration greater than the average, since it is society that has paid for the worker's schooling and training. That precept has unfortunately failed to seriously motivate most non-capitalist oriented social experiments. Most of these have assumed the according-to-work rule to mean that the higher the worker's professional learning and preparation, the larger his wages must be, since to that extent his productivity is greater. But that rationale involves an un-Marxist view of wages as payment for work. As is well known, Marx rejects this view as correctly describing the labor market under capitalism, and Marxists generally have claimed that under socialism workers' income is not equivalent to a capitalist salary — it is not a payment for sale of a commodity, labor power.

As is the case with many other ideals and fundamental notions, those of equality and need are neither precise nor clearcut. They can be developed and construed in a variety of ways. But the mere existence of fuzziness and even some indeterminacy does not mean lack of substance. Different egalitarian proposals share a mutual core: reducing as much as possible the disparity between those who profit most and those who benefit least from the goods produced by human labor, so as to reach an apportionment of goods as equal as possible. 'Equal' here

does not necessarily mean ‘in the same quantity,’ but rather ‘in proportion to some basic characteristics that are not due to advantage.’ Different schools may disagree as to what those characteristics are. Yet it appears to be a not unreasonable guess that something like the Marxian criterion of needs — whatever the difficulties surrounding it — provides the key. This may be a precarious or ill-defined key, but it is better than no key at all.

Another independent rationale for anti-capitalism historically has been that of avoiding the waste and squandering associated with market-oriented economies — in other words, to make economic activity rational. For an individual to act reasonably entails among other things to control and handle her own activity, to subject it to her aims, i.e. to plan her own life. The same holds for societies. While market-oriented economies function according to the supply-and-demand mechanism, through which the outcome does not correspond to an identifiable social purpose, or for that matter with the purposes of any single individual, the opposite happens with planned economies.

Although those two grounds for anti-capitalism are in principle separate, it is clear how well they can be spliced. In fact, from the standpoint of a moral egalitarianism market-originated waste is most of all to be denounced on account of the appalling inequalities it brings about. This can be ascertained by considering the market as it really is: a world market, with most of the planet’s population unable to successfully compete and thus constrained in many cases to cease production altogether; with the ensuing waste of enormous natural resources and hundreds of millions of people unemployed, in quite a few cases half-starved. Everybody is acquainted with these facts, and it is hard to envision any remedy within the framework of a market economy.

On the other hand, a non-market oriented, planned economy is organized on the principle that the social targets have to be settled beforehand, and their attainment pursued through fulfillment of decisions taken to achieve the stated ends. Economic activity is thus made to follow the same pattern as any other rational human activity. The outcome may still fail to agree with the targets, but the goal is to lessen the disparity as much as possible.

While in a market economy there is no planning of overall results, each enterprise is of course prone to plan its own activity, in so far as it is allowed to do so on the ground of market expectations. So we may take a planned economy as a limiting case of a market economy. Perhaps more useful is the idea that in a planned economy there is only one enterprise, with no competition, no supply-and-demand mechanism. Economic plans can then be carried out in a smoother and less unpredictable way than the scattered and contending plans of various and mutually hostile businessmen.

Planning by itself provides no guarantee that the administration entrusted with drawing together society’s ends and means acts correctly. Such an administration may happen to be constituted by an inegalitarian elite, trying to magnify its own profit. Nevertheless, it is only through planning that egalitarianism has any chance of implementation. Although planning is not a sufficient condition for an egalitarian policy, there are many reasons why inegalitarian social planners are likely to find themselves in deep water, incurring social blame and resistance. It is difficult if not impossible for an inegalitarian social planner to acknowledge his inegalitarianism. Inequalities can be justified within a mechanism-regulated society quite well, as the price to pay for a purportedly general outcome which is all in all preferable. They can also be justified on the basis of an entitlements theory, like Nozick’s or A. Flew’s. Neither of these justifications is available to the planners of a new social organization emerging from the abolition of private ownership of the means of production.

As with most other human issues, the controversy between market and planning is rife with dilemmas. There are telling considerations for and against. It may even be the case that such considerations turn out to be incommensurable, which would entail the awkward consequence of our lacking any rational general choice criterion on the matter. Even so, there may be particular reasons for different people to favor either alternative. Perhaps every compelling argument for or against the market, or for or against planning, owes what cogency it has to antecedent value judgments, there being no value-neutral criterion for settling the dispute. My remarks should be construed as arguing on the ground of egalitarian assumptions.

There are a number of widely advertised arguments against planning. One is that planning calls for a degree of knowledge of resources, capacities and work abilities and dispositions that is unattainable, whereas only through freely reached bargains between contracting parties can the relevant information be obtained and accordingly acted upon. That argument is a classical one, with an impressive array of prestigious economists espousing it. Yet if the argument proves something, it proves too much. Suppose it is sound. Then the same impossibility of gathering information except through market bargains is bound to happen inside a business corporation: no executive managers can find out about relevant issues unless similar market mechanisms are enacted among the corporation's branches, departments, bureaus and so on. A vicious regress ensues, until the individual atoms are reached, which can alone stop it. But of course experience shows that this is not the case. There is a great deal of useful coordination on the basis of previous, successful information gathering, with no market mediation. The information obtained is not indubitable or always reliable — far from it — but neither is information conveyed through market mechanisms.

Moreover, modern communications provide effective means of gathering relevant information quickly. To be sure, whatever the social organization, some part of the wanted information can only be completely secured when it is too late to be acted upon, specially that concerning people's dispositions. Assessing human capacity and anticipating human conduct is risky. But the promarket argument we are considering is none the better for that, since what it manages to disclose is a mere truism: that people's capabilities and leanings can often only be known after the fact, so that one is bound to make decisions based on conjectures, however plausible and warranted. The difference in this connection between market and planning lies in the fact that private owners' conjecture-based decisions are, each of them, taken on a smaller scale, which purportedly entails that they cannot be as disastrous as those of social planners. But that argument is fallacious: the cumulative effect of the invisible-hand supply-and-demand mechanism can entail consequences much more powerful than the simple addition of the separate private owners' decisions.

A second argument against planning holds that every exchange or transfer is a commercial process, whether both in fact and in name or in fact alone. This is a definitional argument. It boils down to this convention: whenever something passes from the hands of a person or group of persons into those of another, there is commerce or trade. Everybody is of course free to use words as desired, but that usage is deviant. Usually we speak of trade or commerce only when demand-and-supply mechanisms are involved — that is to say if, and insofar as, the seller envisages alternative, hypothetically more favorable, outlets for his supply, and the buyer similarly considers a range of alternative sources of supply. The extent to which an exchange is in fact a commercial one is a matter of degree: the more a consumer, for example, envisages alternative sources of supply, the more the exchange transaction is a commercial one, at least so far as the consumer is concerned. Many a common commercial deal has aspects of mutual care or preference independent of the pursuit of pure self-interest.

As was the case with the first argument, the second one, if it proves something, proves too much: were it successful it would entail, not that market is better than planning, but that planning is just a different mode of implementation of the market. Thus it provides no reason for us to prefer a market-oriented economy in the narrow sense.

A third argument couples imperfect information with fragmented self-interest: in planned economies, it is suggested, local or sectoral unit managers are prone to cheat in order to claim good plan results, with ensuing waste, disproportions and scarcity. Each individual tries to maximize his remuneration or reputation by claiming to have reached the best results possible. In a planned economy, however, the results are comparatively “better” the greater the resources committed and the smaller the targets. So managers tend to lie: to overrate difficulties in pursuit of smaller production quotas, and to conceal resources under their control, exceeding necessary commitments, to be sure to reach the quota come what may.

This is yet another argument which, were it cogent, would prove too much, since the same thing would happen within a private corporation in capitalist economy, at different local and sectoral branches, plants, factories, shops, and so on. But it is not cogent. Doubtless there are trends in human activity which point to such irksome results, but happily there are also contrasting trends in human character and behavior. Moreover, even from an egoistic or individualistic viewpoint, cheating is not without risks, and this tends to counterbalance the crippling effect of cheating propensities. Furthermore, even successful market economies, like Japan, owe a significant part of their accomplishments to motives that are not entirely reducible to self interest, such as aiming at collective, even national, fulfillment.

On the other hand, advocates of market socialism ought to take into consideration that the more supply-and-demand mechanisms are grafted into an overall planned economy, and the greater the accounting autonomy of decision-makers in different branches, local and regional departments or production and distribution units, the more likely they are to behave as private owners, and so to cheat if they find it useful for their purposes.

A fourth argument addresses the gap between planning in reality and its ideal conception in the minds of theoreticians. In fact the task of implementing planning is so difficult that it is in practice unavoidably ill-organized, with different boards overlapping in unpredicted and conflicting ways, irrational resource allocations, bureaucracy, routine, stagnation or, alternatively, preposterous, erratic, whimsical and ineffectual innovations. We may concede that people are likely to miscalculate and to act unreasonably. Fortunately, however, this is not always the case. People in a market economy are just as prone to similar misjudgment and misbehavior, which compounds the other drawbacks that are unique to market mechanisms. Real, existent planning can never be as beautiful and well-oiled as designers had hoped, but neither is the real, existent market as good as market economists have promised. Is the discrepancy between theory and practice larger in the case of planning? I do not think so. The almost infinite unhappiness and misery market economy has inflicted upon a huge proportion of the world population seems to buttress the conjecture that the cleavage is larger within capitalism.

A fifth argument is that in a planned system economic agents lack incentives and tend to behave sluggishly; while with the market people are afraid of failure and unemployment, and so are constrained to act briskly and enterprisingly. This argument is perhaps the only one which has some validity. Even so, we are bound to ponder its weight. Supposing the argument is right, are such considerations paramount? No. If the cost of such incentives is too high, it is preferable to do without them. Too much or too widespread failure and unemployment are an unacceptable price to pay for the existence of economic briskness. Furthermore, experience conclusively shows that routine, listlessness and so on are quite common under capitalist market

conditions, even with huge failure rates and unemployment. There are several reasons for this. One is that many people's positions are secure, even under such conditions, or at least are mistakenly taken to be so by those concerned. Moreover, economic incentives are not the only motivating force governing people's behavior. Employees in capitalist firms often lack any interest in their employer's financial or commercial success, and have reasons even to resent such success; they are prone to think they benefit in a degree far smaller than they deserve, with resulting apathy. Even entrepreneurs themselves are sometimes dispirited and downcast, owing to high probabilities of failure, lack of good commercial prospects, or any other reason. If the argument tries to show that businessmen "as" businessmen are brisk, enterprising economic agents while bureaucrats and unemployment-protected workers are lazy and shiftless, it commits a gross unwarranted simplification, and, what is more, avails itself of an obscure gimmick: falling back on "as" statements. With "as" reduplications you can uphold anything and everything, at a low cost — in fact no cost at all, since nobody knows what inferences can be drawn from such enigmatic clauses.

A sixth argument sees planning as rigid, while market mechanisms are flexible and bestow upon decision makers wide latitude, room to maneuver. But both rigidity (resoluteness) and improvisation are good, and this — as with most other issues — is a matter of give and take. Each of these opposite patterns has some advantage, and some cost. Were unconditional and unconstrained improvisation and flexibility always to be preferred at whatever cost, life would be unbearable for everybody. Other things being equal, the more our lives are planned, the better for us all. Needless to say, a wise and mindful planner will be aware that many things turn out to be different from what we had expected them to be, and so some room for maneuver should be allowed to decision makers.

A seventh argument claims that price determination in a planned system confronts mutually contradictory tendencies and considerations, while in a market economy there is an overall determining factor — the law of supply and demand — and perhaps in last resort, at least according to the classical economists, the commodity's value. I reply that it is much more reasonable to act upon a balance of mutually contradictory considerations, since they are real and relevant. On the other hand, to the extent that prices in a market economy are determined solely by supply and demand mechanisms, they are settled in a blind, irrational way, which ignores most important issues and motivations. The simplicity of price-determination in the market (whether real or merely ideal) betokens the irrationality of trying to live and act as if reality were simple and consistent; as if our overall interests were not multifarious and many-sided and more often than not full of contradictions. What we see nowadays — the awful distress and suffering of hundreds and even thousands of millions within the world market economy — has something to do with the irrationality of such simple mechanisms, even if in capitalist market practice things are far less simple and contradictory considerations are also often taken into account.

The eighth and last argument I will discuss is but a variation of the fifth one: planning fails to provide the specific kinds of incentives that in market-oriented economies are conducive to technological innovations and improvements. This argument amounts to the claim that people are prone to become enthusiastic, energetic, inventive, and resourceful in order to get rich, whereas, failing such a prospect, little can shake them from making do with what they already have and know. Perhaps there is some truth in this pessimistic view of human nature. I feel a strong inclination, however, to think we are not as blind and selfishly greedy as that. Yes, some people are covetous, but not all. Not even all capitalists are only motivated by self-centered avarice, or at least not always, not even whenever they are acting "as" capitalists, whatever that may mean. Many people in history have been extremely resourceful for reasons quite different

from any longing to get rich. Even when people's main purpose is to secure wealth, most frequently that is not just for themselves, but for their families, sometimes for their clans, sometimes for their towns or cities; in fact, sometimes for their countrymen as well. A communitarian sense of solidarity, of a collective all-embracing "We," is doubtless called for if a non-market society is going to fully develop and prosper. Failure to emphasize such ethical issues may have been one of the avoidable shortcomings of former non-capitalist regimes. In this connection let me quote Leibniz, who, trying to devise some argument for private ownership, finds this one:

Since the state cannot care for all of men's domestic affairs, it must preserve the ownership of goods so that each will have his own sphere which he can enhance and put into good order; otherwise, if everything were commonly owned, it would be neglected by individuals, [unless] it were arranged [as it is] among the members of religious orders, which would be difficult these times. Thus the state must maintain the possessions of individuals. (Leibniz, 1972, 64.)

I think Leibniz was wrong because I am confident states may come to care for everybody's needs and be organized just as communities sharing their goods and caring for each other, with a strong, pervading concern for the human species as what it really is, a great if now unfortunately quarrel-ridden family. Steps towards such a pananthropistic outlook seem likely to go hand in hand with advances towards fully implemented economic planning.

Let me now offer a couple of arguments in support of full-fledged planning (which — I find it to be hardly worth reminding the reader — does not mean that such planning can be attained all of a sudden, or that its defence entails an all-or-nothing approach). First argument. Agreeing with anti-market thinkers that private-ownership is all-in-all not conducive to social welfare, and even unjust, some authors advocate some variety or other of market socialism (this position is represented in the *S&S* discussion by Schweickart, 1992). The core of this view is to combine market supply-and-demand mechanisms of free contract among self-interested but reasonable economic agents with the abolition of private ownership of the means of production. But I claim that to the extent that there are commodity relations there is private property. For one thing, if, and in so far as, a group of workers collectively manages an enterprise and enters into bargaining relations with others, they are behaving as private owners. Their ownership is no less private than a private cooperative's in the capitalist market, or than an individual's for that matter. Suppose that within market socialism a cooperative group gets rich and wealthy, while another one is ruined. Can the impoverished people join the rich workers group? There have been bitter and disappointing experiences of self-management in some former socialist countries, and there are still others in China and elsewhere.

My second argument concerns "free" pricing. The modern market is world wide, and, if prices are left to the law of supply and demand, the majority of the planet's population will continue to live in poverty. Doubtless market socialists propose some correctives to avoid the catastrophic consequences of unfettered supply and demand. Now, in economic practice, as in everything else, there are degrees; it is not a question of an exchange mechanism being either entirely market-based or else completely planned. Since non-capitalist social organization has only recently been established, the market character of many exchanges seems quite likely and unavoidable. What is problematic in the views of market socialists is that they regard this state of affairs as intrinsically preferable to full-scale planning.

My contention is quite simple and clear: the more supply-and-demand mechanisms are allowed to stand and even grow within an overall planned economy, the greater is the

possibility of capitalist evils reappearing under socialist cover, as the sad experience of real socialism has in fact suggested. Yet, some dose of those mechanisms, and thus also of the evils accompanying them, is inevitable for quite some time after the nominal abolition of a capitalist private-ownership system. To the extent that managers in a planned economy act like market-managers, to the extent their criterion is the law of supply and demand, to that extent private ownership is still present. It can be expunged only little by little, with the contest remaining undecided for quite long time. All through that process, salary disparities are also unavoidable, since in fact to some degree labor is still a commodity, and so subject to the law of supply and demand. But only to some extent. If, and when, social administrators are aware of those trends and of the overall purpose of socialist transformation, they ought gradually to reduce such disparities and to try to reach, as much and as fast as possible, an egalitarian distribution — as e.g. on the basis of Marx's needs criterion.

Orthodox Marxists may think that such a view overemphasizes distribution as against production relations, but, whatever the thought of the Marxist founders may be, the relation between production and distribution is a complex one, with no clear-cut boundary and no general one-sided causal precedence. There are more things on the economic earth, or even in economic heaven (which is less heavenly than we expected it to be) than our theories are keen on featuring.



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