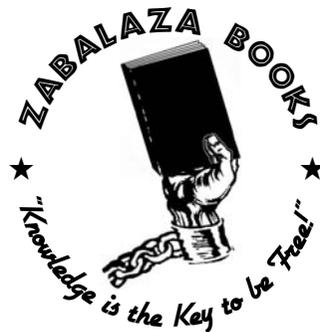


Anarchist Economics

What is Communism?

*A Libertarian
Communist Future*

by Jacobian



Post: Postnet Suite 47, Private Bag X1, Fordsburg,
South Africa, 2033

E-Mail: zababooks@zabalaza.net

Website: www.zabalaza.net

★ The Capitalist Interface

In order to achieve a communist society there will almost certainly be an interface to capitalism. This interface will last from the inception of communism, up until the entire world is communist, and probably for some time afterwards (in the form of black markets). Determining exactly the best way of interfacing with capitalism so as not to be recuperated (infected) is critical to any theory of communism.

It may be possible to begin instituting some of the communist modes of production of goods immediately, within a globalised capitalist economy.

A single firm, if expropriated would allow the socialisation of capital among the workers. The workers would then given that they had or could raise sufficient capital to purchase the inputs to production could begin producing without exploitation. They could produce goods for themselves at a discount. This is effectively a worker co-operative. If in addition the collective administers the purchase of collective goods for the purpose of workers, then one is moving towards a kibbutz model and we have moved into planning for consumption.

If two firms are collectivised in this way, and the firms have no products in common in terms of inputs, then we have collectivism.

If two firms are collectivised and one has inputs to the other, then the firms can begin planning for production. They can share the profit from final sales and plan the distribution of goods internally.

Strategically, it would make sense to attempt to collectivise supply chains and merge the supply chains by way of planning. This could effectively eliminate competition along the supply chain and remove exploitation while allowing the workers democratic control of production. However, remuneration would still be in terms of the profit from sale of goods to the extent that the purchase of goods was not communally administered or the demands could not be decided in kind.

If this type of activity could become widespread, and the mechanism of internal planning was developed it may be possible to exist along side capitalism. Particularly if capitalism is not functioning well, as workers would be looking for an alternative.

This interface of exchange of money with external capitalism will exist in a manner similar to this until the entire globe is communist, so it is worth thinking about how it should be done.

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the entire productive system will collapse and scarcity will become a scourge. There is no greater failure than a system to provide the basic necessities to its population and the price is often revolution.

The public goods game provides some insight into this problem. In the public goods game people freely give some value into a communal pot. The communal pot is then multiplied by some value, and the goods are distributed back in a purely even manner. The game can suffer from complete collapse unless punishment rounds are carried out on defectors. That is, everyone withholds from the pot when someone tries to leech. Leeches, being rational will then start contributing again, in order to increase their payoff.

In an extremely large system, it would be very difficult to carry out such withholding of full access to production for those that are non-co-operative. However, it may be possible at the communal level, or even at the level of a federation of communes (to punish a commune for clear dereliction of duty).

These mechanisms of course are inherently coercive. It would be more desirable for people to give their labour freely of their own accord. Short of such punishment for non-co-operation however there appear to be only two other alternatives. Those are social control / social pressure and some sort of distributive incentive.

★ Socialism as a Transitional Programme

We will take the meaning of the word 'socialism' to be: a processual "bridge" between capitalism and communism, allowing the continuation of the wage (in some regime) but allowing some phasing or transition towards communism.

It may be that direct movement towards communism proves too difficult, in that it is impossible to get a sufficiently level of satisfaction from labour freely given. It is critical in a revolutionary situation to ensure that capitalism is not capable of reasserting control. If the economy is unable to rectify the problem of the satisfaction of critical areas of labour requirements, then some differentials will have to be introduced.

The withholding of full remuneration, as decided by ones peers may be an effective way to encourage labour.

The other alternative is the increase in the satisfaction of demands due to the free giving of labour activity.

Both of these instruments may need to be used. The former is likely less dangerous than the later, and indeed it may be directed at only particular classes of demands that are deemed unnecessary.

In the sense that differential compensation is being given, it could be argued that this in fact is the introduction of wage. It is not, however, a profit motivated system, and it is not involved in competition excepting in the sense that one might view oneself relative to ones peers. It still would retain many of the features of the full communist system. For this reason it seems a better transitional program than mutualism or collectivism.

★ Bad Jobs

Bad jobs will be difficult to satisfy in communism since labour is given freely. There are a number of options at our disposal.

One method is as a shared responsibility of the community which will be done collectively. This may be all at once, or by rotation, depending on the nature of the job. Its often the case that unpleasant activities that you know that *everyone* has to do, are less troublesome mentally than those that you specifically are required to do. This method, however, may not work in the presence of highly skilled bad jobs. Examples of this might include system administration and underwater welding. In order to deal with these, one would need to first de-skill them, or use another method. If deskilling is impossible it may need to use some other method.

Another mechanism is the removal of some form of labour. If this is done immediately, it may induce scarcity which is unacceptable. It might however be possible to invest in the automation of the activity, the increase in the level of enjoyment that can be gained from the activity or the elimination of the activity by using some other processes. All of these would need to be explored.

If the former processes don't work, people will either have to learn to live with the greater scarcity or some incentive will have to be introduced. It is possible to introduce incentives in terms of more complete fulfilment of demands, but the prospect is dangerous.

★ Ludics

If labour is to be given freely, it should be given with as little view to austerity as possible. We need to recreate as much of work as fun as possible. Most of what I've done for a living has been an unbearable pain. However, I've often done very similar activities outside of work for my own enjoyment. Finding what makes people want to do productive activities that satisfy needs is one of the most important areas of research. Under communism it should be much easier for people to believe that work is meant to be fun, when they aren't under compulsion and being exploited for their labour.

★ The Defector and the Leech

One common critique of communism is that, since there is no incentive to work, labour will not work, and instead freeloader on the rest of society. This may be an even stronger, or more difficult tendency to deal with during any transitional period, where society is just learning about and coming into familiarity with a new communist economy.

If there are a few "defectors" as they are termed in game theory, it probably isn't a problem. However, if large sections of society fail to produce the basic necessities

Communism has been variously described and various completely unlike systems have been described as communist. Communism in the analysis presented refers to libertarian communism, not the state capitalism of the USSR or other 'Socialist' regimes.

Communism is sometimes described by the credo: "From each according to one's abilities, to each according to one's needs." This credo captures part of the essence of communism. That is, the free production of goods from labour and the supply of goods decoupled from any systematic valuation of labour.

All wage systems effectively assign a value to labour by determining the amount of remuneration (in money, vouchers, or kind) to the productivity of the worker, and therefore violate this credo.

Another way that communism is sometimes described is "production for use value". This means that the value of a good is only the value it has subjectively as an object for use, and *not* exchange.

Under capitalism, the value of everything is determined by its exchange value. For commodities, this is often, though not exclusively the result of an equilibration between supply and demand. However, fictitious capital can also determine part of the exchange value of products. More will be said about this later.

★ The Necessity of Communism

Capitalism is characterised by the exploitation of labour. The capitalist is able to obtain profit by controlling the means of production. This excludes the worker from manufacturing goods themselves. The profit comes from the fact that the price of a good on the market is less than all of the inputs needed to produce the product. Since labour transforms the inputs into the final product, this profit must come from a failure to give back the value for the full product of labour to the worker.

However, even if the workers obtained the full product of labour from their work, they would still be in competition with each other. If two enterprises are competing in an open market over price, then this will force prices down. The only variable quantities in the production of goods which can allow a price decrease are labour or more efficient capital. If more efficient capital is employed, this has the effect of reducing scarcity of the good even further, leading to global price reductions leading right back to the original scenario with an even lower price. If the price decrease comes out of labour, this means that labour must speed itself up or lower its own remuneration.

These factors ensure that competition creates precarity for the competitive work-

ers, just as it does for capitalists in competition. The solution that capitalists have generally used is to produce monopoly, and this would be the reasonable approach for collectivised workers as well. In other words, the workers have incentive to control scarcity to ensure remuneration for productivity. Now the exploitation has been shifted from a fight over price in a given industry, to an attempt to generate unnecessary scarcity to ensure the differential advantage of labour against all other consumers.

It is exactly communism which can rectify this state of affairs. The co-operative production of goods with the elimination of competition. The labourer may now be free of worry about how they will be remunerated given the exchange value of the product because exchange is no longer performed. The labourer is able to take freely of the goods produced.

As scarcity diminishes due to increasing efficiency we have a situation where organising production and consumption around exchange value becomes increasingly absurd.

Already, in the production of intellectual goods, goods with no scarcity after production, capitalism finds itself in an unresolvable quandary. In the *immediate* term exchange-value is impossible to determine. The first buyer could sell the product on for a price reduced from the original and, as this process is carried out, the exchange value of the product rapidly converges on zero. If the activity approaches zero exchange-value within capitalism it becomes impossible to perform the activity, excepting in the very limited free time which exists after agents are done with some other labour which remunerates.

Alternatively, innovations or cybernetic advances within a given industry can produce vast differential advantages against competitors. This leads to a total non-communication of the information. These 'trade secrets' as they are often called can have enormous, even unbounded negative effects on the efficiency of the economy. *

The traditional approach among capitalist states to the problems of zero exchange value or non-communication is to grant limited term monopolies over immaterial labour. This means that the state protects the value of the production by carrying out coercive actions against agents that attempt to obtain benefit from the immaterial labour without compensating the holder of the monopoly. Contrary to the notion of supply and demand that is usually held by neo-classical economists we have a peculiar situation of potentially infinite supply, held by a monopoly. The price is then set by the monopoly to maximise the profit.

Again the results of this monopoly in the case of some innovation or cybernetic advance is that the entire productive economy suffers a diminished efficiency. Since immaterial advancements are often predicated on a large number of people using former immaterial advancements and innovating with respect to them, we find the global ** economy suffering under massive losses in efficiency.

As cybernetics and automation progress there is also the very real potential for singularities in production to arise. These singularities would arise from the automa-

* Production of rubies was a trade secret for over half a century

** global, in the sense of the economy in its entirety as a subject of study, not necessarily the 'world'.

affect on the global performance unless one addresses these bottlenecks.

While capitalism may be good at the level of enterprise optimisation of resources, it does not look at optimisation systemically.

★ Boundaries, Borders and the Collective

The explication of demands will have to be made at a collective level for various types of goods. While individuals can freely associate their demands with those of others, the full articulation of demands can sometimes only be done collectively.

A good example would be a mass transit system, which would need to set routes and the labour and capital required for creation and maintenance.

In addition, the fulfilment of demands will have to be organised by organs which are somewhat specialised.

Examples would involve the manufacture of buses, or the assessment of air quality. These would each need their own collective.

Human's labour will associate in ways that can create finality to organs and bureaucratisation which may be unnecessary and possibly harmful. This tendency cannot be eliminated, so the principle of openness and democracy must be maintained.

When I was working in high-energy particle physics with the CDF group at Fermilab, I found that they did not release the CDF detector data. This is despite the fact that it was entirely funded by government bodies, in order to produce information for consumption (for free) by the scientific community. They kept their data because they were jealously guarding an exclusive ability to provide analysis and probably out of a fear that some analysis might be shown wrong if it was seen by many eyes. This tendency of information hiding can exist even without the profit motive, and the only remedy is vigilance for democracy and openness.

★ Absolute Scarcity

Sometimes demand will exceed supply. There is nothing that can overcome this given that labour and productive potential is not infinite for every good. There are a number of ways in which scarcity can be dealt with.

Ordering of demand schedules is one of the ways in which partial non-satisfaction can be done in a relatively fair way. The ordering would mean that the system would prioritise satisfaction of those things high in the demand schedule, over those things that are not. Those things at the bottom of the demand schedule may be unlikely to be satisfied at all.

Another way of dealing with it is lottery. Goods which are scarce will go only to those who win at some random game of chance. The utmost care would need to be taken to ensure that this could not be manipulated by those running the system. Ways to ensure this might mean making predictions of some widely visible naturally occurring phenomenon which is highly random. Perhaps the least significant digit up to precision of the time of the occurrence of the next sunspot.

excellent example. The use of fish as a resource which meets the demands of everyone in the world will, in very short order, lead to a world without fish. In order to meet future demand it will be necessary to take into account the ways which current demands can be met, and the ways in which they can't due to resource constraints.

★ Black Market

This leads neatly into the problem of the black market. If goods, such as fish, are not produced by a systematic communist economy, and yet the real demand still exists, what will keep people from finding other means of producing it. Non-production within communism is very similar to prohibition under capitalism. While the good may or may not acquire contraband status, any production of the good outside the systemics will be effectively black market. The effects of the black market itself will likely have to be considered an externality of non-production which can not be evaded, but must rather be held in equilibrium. While pigovian taxes in capitalism are regressive and suffer from a lack of flexibility, democracy, and expert control (All simultaneously!) they have proved the ability of price controlled supply to mitigate the problems of the black market. That is, by allowing a restricted supply, one can make the opportunity cost of engaging in black market activity undesirable.

★ Maximisation and Minimisation

The production of goods in industry must also look at the increase of efficiency both of the production of goods, but also of the minimisation of input resources. There are no systemic factors in communism that lead inexorably to the maximisation of production for use-value while minimising inputs. In order for maximisation and minimisation to continue improving and function, we will have to rely on principle.

The local minimisation of resources, having no immediate affect on the well being of those involved have at times caused problems in communist contexts such as the Kibbutzim. Water-use, for instance, when unregulated by social control, can quickly end up being problematic. Examples that have worked in the Kibbutzim have included metering of water-taps, which increases the effectiveness of social control.

In contrast, cost based systems, which make it difficult to acquire inputs, or which will eventually eat into profits if not carefully managed, are quite good at this type of minimisation.

However, since the democratic communist economy is essentially an open computational system, it will be possible to look globally at where resources are being used, and to attempt to devote capital and attention to those areas which perform least well.

In software it is well known that computational processes have "bottle-necks". These, usually very small, parts of programs will use disproportionate amounts of the resources. Optimising various different parts of the program will have almost no

tion of a task to the extent that no human labour is required to create the product. That is, the exchange value of the product, given that it could saturate demand, would fall to zero. Capitalism would be unable to produce such things at zero exchange value. In fact it is arguable that capitalism is unable to even approach the situation, as no investment could take place in a direction that would eventually remove all profits! The most rational approach to such a singularity would be to steer all investment clear of it. A situation which should be seen as totally intolerable for labour.

Communism on the other hand, has no aversion to the reduction of the use of labour. Maximising the productivity means less total labour is needed to saturate demand. Communism measures progress by the minimisation of all non-recreational activity such to approach, and hopefully at sometime reach, zero, while simultaneously providing the needs of society.

Aside from the inability to progress, capitalism is bringing us towards disaster. The current ecological situation is intensely worrying. Capitalism, relying on completely local profits by capital, and a bourgeois democracy controlled by that capital, is unable to create any collective solution. It is only under a communal and collective approach to polity that we can devise a system which is capable of taking into account the totality of ecology.

★ How Communism Might Work

Communism, as defined earlier, cannot be reduced to any absolute systematics. There are an infinity of systems which could arguably be called communist and would satisfy the idea of production for use value, or the communist credo. However, we would like to restrict these systems to those that are capable of supplying the entire current world with an alternative to capitalism.

Of fundamental importance to any mechanism that would decide the distribution of goods and services is the need to know what goods and services are demanded. This can only be done by asking people what they want. A listing of what is wanted is known as a demand schedule. It should list all things that a person wants, from food, shelter and clean air to a new iPod.

In addition to demand schedules, we must have information about productive potential. This means an assessment of all capital, and what its productive capacity is with given inputs. These inputs become contingent demands for a demand of output and necessary labour. The demands and contingent demands become the total input demand.

Lastly, the labour that is available, that is, the labour that people are willing to freely give to a particular productive industry in order to satisfy the demands and contingent demands (until a fixed point is reached) is then determined by the labour force.

★ Filling in the Details

This is a very simple exposition of an immensely complex process. We will now go into the various complexities that can arise.

★ Communal Management

Durable goods that are frequently useful, such as a television, telephone and others, are most usefully thought of as personal effects of an individual. However, goods that are useful for only small periods of time (this might be a hammer if you aren't particularly handy, or a jack-hammer even if you are) should probably best be communally managed. Libraries are a common example of this activity, but really any good that is difficult to produce, used infrequently, has high maintenance costs or some combination thereof is more usefully placed in a borrowing model. Goods in the borrowing model don't need to be directly produced to fulfil demand, but rather can be collectively produced to fulfil a much larger collective demand.

Even in the case of frequently used durables, we can think of the borrowing period as indefinite. At the end of the useful lifetime of the good (it fails), or at the point that you would like to requisition a different model, with different properties it could be returned. Necessary repairs could be done and it could be placed back in circulation, or broken into components in order to fulfil new productive demands.

★ Externalities

Externalities are results of production which are unintended. Not all externalities are bad, some may be benign. However all pollution falls into the category of externalities as do health effects to labour.

The assessment of externalities is a very difficult but important task. Demands such as "I would like clean air" have to be identified, and developed into measurable and quantifiably demands. Clean air would have to be with respect to both the health and safety of people, and the productive demands of people.

Demands for things like "clean air" are not unreasonable; we hear them all the time from people, especially those living in areas of poor air quality. However, to determine what acceptable levels are, requires an open process where as much of the methodology and outcomes of the process are described as possible. It requires education both of the analysts, in terms of what these demands might mean more specifically, and of the people about the various levels of risk and effects of production.

Production of externalities don't need to be removed. They need to be managed. In the event that deproduction or neutralisation of their effects is not possible, they can be minimised, or at least reduced to a level that is not harmful to continued human life or production.

An example of this might be the use of fertiliser for farming. Fertiliser of some sort

is required to create plants, and all fertiliser will produce some sort of nutrient increase in ground water. However, it is only when the levels become extreme that one has problems with eutrophication. Examples of disposal of externalities might be the use of scrubbing technologies to capture pollutants in a neutral or recyclable form.

In the final analysis we can think of the non-production of externalities as a demand that can be satisfied. Clean air, clean water, quiet streets, low danger infrastructure, all of these are formulated as positive demands for the non-existence of the externality and can then be taken into the simplified framework of labour and demand.

There have been attempts by capitalism to recuperate the ecological movement as "green capitalism". Green capitalism intends for the market to assign exchange value to various different externalities as a solution to the problem of assessing cost. However, many externalities are not even in principle exchangeable in the sense that the demands they satisfy may not even be related and no distributary or technological method can convert the two.

Even if two externalities *were* interconvertible, there is no single objective value which could be placed on their interconvertibility. How would one establish the amount of mercury poisoning which is exchangeable for an amount of arsenic poisoning of the water supply. From what we know of toxicity it is much more likely that both should be limited by some threshold density. This means that no objective linear value for exchange could be decided in a rational way, and hence the notion of creating a market in externalities is not rational. The only way to deal with the problems of externalities is to look at how each of the costs affect us and what levels of production of a given externality are acceptable.

★ Time and Demand

The demands of production cannot be seen only in the short term. It is critical that when we envision demand schedules as something which operates over all time into the future.

The most basic example of the necessity for such a time scale is that I may not want to work for a 3 day period in the future. This affects future productive capacity for goods and services. I may want to take a vacation to Morocco on the 28th of June. In order to ensure that labour and capital can fulfil my demand it is necessary to be able to speculate about what labour and capital will be available for that demand on the 28th of June.

In addition, speculation is a critical feature. We need to be able to determine what is a likely method of meeting our demands and divert capital to it. This means speculating on the value of new capital investments. It will include diversion of capital towards direct production of infrastructure such as train routes or production of immaterial or human capital such as research into life-saving drugs.

Some types of production will be resource limited in such a way that meeting immediate demand causes an inability to meet future demand. Fishing provides an