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# The Division of Labour, Capitalism and Socialism: An Alternative to Sayer

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## Introduction

In a recent article in this journal, Andrew Sayer (1995) argues that most of the division of labour within capitalism is technically rather than socially constructed, and is thus necessary for an efficient economy. In particular, as Hayek argued, the division of labour between enterprises is determined by their acquisition and use of fast-changing specialist knowledge. Much marxist work has therefore been wrong in seeing problems of economic coordination as arising from capitalist social relations rather than as being technical problems which would arise in any industrial society. Any alternative to the present economy must therefore respect these divisions of labour if it is to avoid economic stagnation. Sayer argues for a form of 'market socialism' based on cooperatives in which the division of labour between enterprises is similar to capitalism, though there could be changes within the enterprise (see also Sayer, 1992; Sayer and Walker, 1992: Chapters 1 and 6).

We present here a critique of the major parts of Sayer's argument and reply to criticisms which Sayer makes of our work as representative of orthodox marxism; we develop an alternative analysis of the division of labour and political perspectives on it. We agree with Sayer that the issue of economic coordination is of central importance and that the possible forms that this might take within capitalism or models of socialism is a difficult, non-trivial question. However, we find Sayer's contribution to this debate unhelpful. We will argue that, in analysing capitalism, Sayer greatly underestimates the ways in which the division of labour both within and between enterprises is shaped by the process of exploitation, the fragmented form of investment and the guidance of individual profit, that is, by distinctively capitalist processes. Thus, contrary to Sayer's abstract and technicist reading, the division of labour is politically constructed through concrete historical struggle. His preferred model of socialism would suffer from most of the major problems of capitalism; it greatly underestimates the possibilities for coordination and planning which could overcome or ameliorate these problems.

We start our critique by considering the construction of the division of labour within capitalism, its social roots, and thus the possibility of challenging it; in the following two sections we consider some central types of division within the working class and the division of labour between enterprises. In the fourth section we outline a model of socialist economic coordination and show that, contrary to Sayer's pessimism, it could overcome some of the important failures of capitalism. In the fifth section we criticize Sayer's assertion that the diversity of the working class causes

any attempt at economic planning to be authoritarian, and argue, to the contrary, that to realize diversity in its positive senses actually requires such planning. In the sixth section we briefly consider an issue we regard as central but which Sayer neglects, motivation. Finally, we argue that Sayer's mistakes on these issues are connected to his theoretical approach.

## Opposing divisions of workers under capitalism

Sayer argues that the development of the division of labour under capitalism, while it may have caused alienation and a loss of community, is necessary to economic growth (1995: 81–2); if the division of labour was 'drastically reduced ... the level of economic development would plummet' (*ibid.*: 82); thus the division of labour is a product of industrial society, not capitalism. Sayer (1995: 92–3) accordingly criticizes as luddite our argument (Eisenschitz and Gough, 1993: 208) that divisions in labour should be combatted by socialist (local) economic policy.

But Sayer's argument elides a whole number of distinct aspects of the division of labour. It is certainly true that the division of labour between a myriad of *particular* skills deployed in an advanced economy is necessary in order to develop those skills to a sufficiently high level: one cannot be a clothing machinist on Monday, an architectural design softwear writer on Tuesday, and so on through the week, without loss of productivity. It is not feasible substantially to weaken *these* divisions of labour; but we do not regard them as impoverishing or tyrannical, so this is not a major problem. But there are divisions amongst workers of a much broader type, corresponding to and reproducing systems of power, which can and should be challenged. Two types of process are involved here.

### *Divisions created by management within individual enterprises*

Employers use a series of divisions within the workforce in order to increase their control over the labour process and to lower wages. Much of the taylorist division and de-skilling of tasks has these aims, rather than to increase productivity *à la* Adam Smith (Braverman, 1974; Marglin, 1976; Cooley, 1980). Some jobs are allocated to women and to workers of particular ethnicity in order to pay them less (though of course the aggregate and iterative effect of this is to deprive these groups of certain skills so that it is then rational for *individual* employers to not employ them in those tasks); some jobs are allocated to men or white workers with the effect of winning their cooperation with management through their view of themselves as having a certain status. Much of the mental/manual division of labour has no productive function but is intended to maintain manual workers as ignorant, passive and replaceable (that is, as abstract labour power), even though this can damage quality and productivity; this tension is manifested in the great variation in this division, within a given industry, between firms and countries. Both the definition of tasks and their division between workers are shaped by production technologies which are often designed to facilitate control rather than productivity in the abstract (Hales, 1980; Marshall, 1983). The design of production technologies and the particular segment of the labour force used are often mutually constructing (Cockburn, 1985). Indeed, tasks, production technologies, the task division of labour and the inter-enterprise division of labour are a function of management choices in the gender and racial divisions of labour, as the clothing industry graphically shows (Chapkis and Enloe, 1983). *These* divisions, then, are the product of management's attempts to maintain discipline over labour in order to extract the maximum surplus value, reproduce labour power as abstract and replaceable, and to foster divisions in order to weaken collective organization (Gorz, 1976; Levidow and Young, 1981).

*Divisions within labour created by uneven development of sectors, territories and production/reproduction*

Other divisions arise, not from the decisions of individual employers, but from the aggregate patterns of investment characteristic of capitalism. The differences in wages and conditions *between sectors* (within nations and internationally) are due to some extent to the degree of skill and type of labour process, differences which might remain in a socialist economy; but much of these differences is due to the intensity of competition, cumulative patterns of investment, and historical contingencies of the location of the industry, factors which are not determined by efficiency (i.e. volume and quality of output per worker). Differences in wages and conditions *between countries and regions* are the result of, on the one hand historical contingency, on the other a specifically capitalist dynamic in which territorial economies of high productivity, good infrastructure, high socialization and cooperative class relations cumulatively reinforce their advantage by attracting further investment. These geographical differences are then the major economic source of racism, both as employment practice and prejudice. Crucial to the *gender division of labour* is the capitalist division of society between a sphere of production which monopolizes the major sources of investment and a reproduction sphere which is underresourced and undersocialized. This division corresponds to the division of control of work between capital and labourers free to sell their own labour power, that is based on capitalist social relations. The division, far from being technically necessary, produces many inefficiencies in production. Each of these forms of uneven development, then, results from aggregate patterns of investment driven by individual profit-seeking rather than by productive efficiency. This point will be reinforced in the fourth section where we shall see that a system not guided by individual profit could produce very different outcomes.

These forms of uneven development of sectors, territories and production/reproduction compound each other. Moreover, they reinforce and are reinforced by the decisions of individual employers (see above). The divisions are further compounded by relatively privileged sections of workers themselves, who use socio-economic distinctions to compete within the pressures of the capitalist labour market and, extending also into the social sphere, to compensate for their powerlessness relative to capital. In combination, these processes reproduce the major divisions of resources, status and power within labour.<sup>1</sup> As we shall discuss later, Sayer makes a sharp distinction between the division of labour *within* enterprises, which can in principal be changed, and that *between* enterprises, which is technically determined. Such a distinction is misleading here, since the divisions within labour just discussed are reproduced by both these aspects of the division of labour, and by their interconnection.

Our argument that these are specifically capitalist divisions is hardly new: a major part of the activity of the women's and black movements over the last 25 years, and, more patchily but over a longer period, initiatives of the trade unions, have been directed at overcoming these divisions, and an enormous academic literature within feminism, anti-racist studies and industrial studies has demonstrated that they are not technically required but socially constructed. It is ironic that Sayer, who starts his article by praising the growing sensitivity of radical social thought to multiple social difference, then proceeds to ignore these differences, or rather, to argue that they are inevitable.

1 Sayer argues that the barriers to greater equality in wages are not merely the resistance of capital to raising wages but opposition from consumers who have to pay higher prices, the consumers and workers concerned being different because of the division of labour (Sayer, 1995: 91). But effective resistance to such measures actually comes from capital and not consumers. Note also that it is not simply a matter of a Ricardian *redistribution* of income from labour to capital but of challenging capital's *control* over its operations.

## Class struggle and the relations between enterprises under capitalism

In his wish to separate class and the division of labour, Sayer proposes a strong distinction between relations within enterprises, which may<sup>2</sup> involve class relations, and relations between enterprises, which are determined largely by technical factors, specifically the acquisition and use of knowledge. Relations in the former ('economies\*') are planned, while the latter relations within 'catallaxies' are not and cannot be. 'Not only has the catallaxy evolved without any design, it also eludes attempts to replace its own market regulation by central control. This intractability is a consequence of the fact that a modern division of labour is associated with an unprecedented division of knowledge, which far outreaches the comprehension of any single mind or group. Knowledge in a catallaxy is not merely contingently dispersed because of fragmentation produced by the self-interested behaviour of many capitals; rather, it necessarily eludes central appropriation because of the extraordinary division of knowledge in an advanced economy' (Sayer, 1995: 85). While Sayer does not rule out a role for capitalist private property in determining the inter-enterprise division of labour, he does not indicate what it might be, and all his substantial arguments concern determination of the division of labour by knowledge. Substantial planned coordination is therefore unproductive. Indeed, even mild reform of the inter-enterprise division of labour is to be avoided: Sayer and Walker, in their discussion of 'socialist policies within capitalism' (1992: 264–8), critique some attempts but find themselves unable to make positive proposals.

The inter-enterprise division of labour is certainly constructed in part by technique and knowledge. But it is an extreme abstraction to say that it has 'evolved without any design'. Conscious collaboration between firms and state intervention have been vital throughout the history of industrial capitalism: cartels, networks of firms and industry associations, state industrial policies, selective business taxation, state-owned industries, and trade policies. Indirectly, but no less importantly, interventions by capital and the state into the reproduction of labour power and capital-labour relations have profoundly affected the division of labour, particularly geographically. But this division of labour is not only designed 'from above', but is constructed by, and constructs, conflict between the classes and within the classes. It is, and should be, the subject of political choice and struggle by labour.

In capitalist societies the relation between enterprises producing the same or similar commodities is one of competition. Competition proceeds through, and depends on, attempts by individual capitals to increase their extraction of surplus value, that is, competition is inseparable from struggle between capital and labour (Bryan, 1985).<sup>3</sup> Moreover, competition between enterprises elicits competition between the workers in those enterprises, since the quality and even existence of their jobs depend on successful competition by the capital employing them. Thus the division of labour between enterprises functions to draw workers into collaboration with their employers, and to weaken collaboration with workers in other enterprises and other locations; it is the principal economic origin of popular support for localism and nationalism (Gough, 1992). In this respect also, the division of labour between enterprises is inseparable from class relations.

One can see this more concretely in recent changes in the relations between enterprises. An important part of the increase in subcontracting by large firms is due, not to benefits of specialization, but to a wish to weaken the collective organization of labour

2 See note 4.

3 This can be neglected if one follows Hayek and supposes that within enterprises there is a 'unitary hierarchy of ends', that is, no fundamental conflict. Sayer makes this assumption in most of his argument (Sayer, 1995: 85) (even though, inconsistently, he elsewhere considers class division within enterprises). This indeed is postmarxism!

by fragmenting it between enterprises, and the opportunities for intensification and wage cutting (Holmes, 1986). Similar motives are central to privatization. Less obviously, within the new networks or 'constellations' of mutually trading firms, the division of labour is partly determined by considerations of property in knowledge (maintenance of control over technical rents; accumulation in knowledge producing labour), and also by the financial position of firms and their need and ability to reinvest and to increase their asset value (Gough, 1996); that is, this division of labour is partly determined by specifically capitalist processes. The current academic interest in trust between capitalist enterprises indicates that its converse, duplicitous and short term pursuit of individual profit remains problematic and formative. Again, recent literature on industrial organization shows the enormous variety of the division of labour between firms within a given industry, arising, not from technical differences, but from the politics of interfirm and interclass relations, often expressed in particular local or national business cultures.

The importance of class relations to the enterprise division of labour can be seen in the urban terrain specifically addressed by Sayer. Consider the failure of enterprises producing housing in London to meet (even) monetarily-expressed demand (let alone need). In Sayer's account this should arise above all from problems of information acquisition by (private and public) enterprises, and problems of innovation in the labour process and product design. Yet there is no lack of information on the London housing market, technique is neither fast changing nor place-specific, and there is little product variety. Nor do the multiple and uncoordinated decisions of consumers, emphasized by Sayer (1995: 91), appear to be responsible. Far more plausible culprits are the vicissitudes of the financial system and of the business cycle, and, at the London level, political problems of land use allocation, of levels of ground rent, and of coordination of large scale redevelopment; that is, specifically capitalist processes. Similarly, we argue (Eisenschitz and Gough, 1996; Gough and Eisenschitz, 1996) that the deepest problems of mainstream local economic initiatives in Britain lie, not in technical problems of coordination or difficulties of knowledge circulation, but in the politicization that strong and effective intervention tends to elicit. The limits to coordination between firms, levels of the state and the public lie in the problems for capital and state in dealing with the politicization which arises from making explicit and contestable the private costs and benefits of development: in fact, too much rather than too little knowledge. Coordination reveals and reinforces the social nature of production, but this cuts against private decision-making and private appropriation.

These tensions between private control of enterprises and the productive logic of coordination can also be seen at the level of whole societies. The 'death of socialism' is the political and intellectual backdrop to Sayer's article. He argues that '[t]o a certain extent, as the demise of state socialist or centrally planned economies shows, an advanced division of labour is intractable whatever the social relations of production' (Sayer, 1995: 83; cf. *ibid.*: 87; see also Sayer, 1992: 345). What this misses is the extent to which this demise was due to the difficulty of coordinating advanced, planned economies *without democracy*, and the intense politicization that democracy would lead to with an even partially planned and socialized economy. Dominant currents of the ruling elites have supported privatization of these economies in order to remove this threat of politicization and popular involvement. In the capitalist world, the move away from state intervention in the economy has been supported by capital as a means of imposing order on an economy which, in the 1960s and 1970s, had become dangerously overpoliticized (Habermas, 1976; Clarke, 1988). At any rate, the standard reasons given for the 'death of socialism' need to be problematized. The emergence of a more complex and technologically dynamic economy is not the whole picture, as it appears in Sayer and in dominant discourses: the role of the conflict between elites and the working class and the politicization arising from high socialization need to be considered in their dialectic with technological development. Within capitalism and the (former) non-capitalist

economies, the division of labour cannot be separated from property relations, struggles between owners or controllers of the means of production, and conflict between the ruling groups and the working class.

All this has implications for socialist local economic initiatives (Eisenschitz and Gough, 1993). These need to combat divisions of skill, gender, race and status, divisions between workers in contractors and subcontractors, and those between workers in competing enterprises and localities. Such politics is not luddite, but is directed at ameliorating injustice and discrimination, at resisting intensification and wage cutting, and at strengthening the bases for working class struggle. In doing so, the labour movement will necessarily be strengthening forms of conscious coordination of the economy, across the division of labour between capitalist enterprises and fragmented arms of the state. That these initiatives will be resisted by capital is not a sign that they are anti-productive but that they threaten exploitation and property, expose real choices behind the fetishism of capital, and can enhance working class solidarity and class consciousness.

But such struggle does not necessarily pose an alternative: it may be fated to remain with the framework, albeit conflict-ridden, of capitalist property relations. In that case, the observation of class conflicts in the division of labour would be interesting but not of crucial political significance. We therefore now consider how the division of labour could be changed by a feasible model of socialism.

## Feasible coordination: knowledge and planning

Sayer's model of feasible and desirable coordination differs from Hayek in two respects: enterprises could be cooperatives rather than privately owned; and there could be some 'intervention' to coordinate enterprises (Sayer, 1995: 88). The latter is left very vague; but it is evident that this intervention is to be mild and pragmatic (*ibid.*: 90–1). Indeed, the logic of Sayer's main argument is, as in Hayek, against any intervention: only enterprises know their business and only individual consumers know their needs; any planning authority is less knowledgeable, and its intervention will therefore result in inefficiency.<sup>4</sup> Thus, although he has a caveat that intervention may be positive, Sayer's theoretical arguments remain within the notorious polarization of Hayek: total plan or total fragmentation (compare Sayer and Walker, 1992: 262–3).

Sayer's model does not solve many problems. It would be capable of ameliorating the negative aspects of the division of labour created by individual enterprise management (second section, part one). But, as we have already noted, these are connected with, and would thus be undermined by, aspects of the division of labour created by wider patterns of accumulation (second section, part two): progressive gender divisions within the enterprise would be undermined by lack of attention to gender in the reproduction sphere, for example, while competition between enterprises produces pressures for self-exploitation. Moreover, as Sayer admits (1995: 83), the model makes no improvements on the temporal, spatial and sectoral uneven development of capitalist economies. 'We have to acknowledge the liberal point that the intractability of the catallaxy is also a blessing since it supports a space of liberty ... The fact that liberals characteristically underestimate or choose to ignore the inequalities, irrationalities, anarchy and uneven development of cities does not detract from this point ... [We should reject] an undesirable and (mercifully) largely infeasible alternative state.' In other words, temporal

4 Sayer writes that '[i]ntervention may sometimes make things worse, but Hayek provides no good arguments as to why this should necessarily be the case' (1995: 88). In fact, Hayek's central arguments are exactly why this should be the case.

and spatial uneven development is inevitable. Like other versions of 'market socialism' (Nove, 1983), then, Sayer's model suffers from not containing significantly more coordination of enterprises than capitalism (Palmer, 1993).<sup>5</sup>

One can agree that an economy whose investment, inter-enterprise purchases and prices are planned entirely from the centre is infeasible (Sayer and Walker, 1992: 255–9); but this is a straw man, for there are many other possibilities between total centralization and total fragmentation. There has certainly been insufficient attention by marxists in recent decades to how such coordination might work. Sayer (1995: 92–3) and other critics have pointed out that we did not provide any model of this in our book (Eisenschitz and Gough, 1993); we plead lack of space. In our view the work of Devine (1988) provides a good starting point for a debate on socialist planning of an advanced economy; the bare bones of his model, plus some ideas of our own, will suffice for the short space that we have for our present argument.

The key task of socialist economic coordination is the planning of investment, not the setting of prices. All substantial enterprises would be publicly owned. They would generally charge prices based on direct costs plus depreciation plus tax (but no 'profit of enterprise'); subsidies to living standards would usually operate through wages and incomes policies, not price subsidies. This enables prices to transmit information to the consumer (individual or enterprise) about the real costs of producing the commodity; and it avoids planning bodies having to amass sufficient information to set prices. Enterprises would have the freedom to invest from their depreciation funds so as to reproduce existing capacity with minor qualitative changes. Enterprises are taxed by the centre, providing a fund (a) for 'major investment' (see below), and (b) for revenue funding of production of free or subsidized goods and services; (b) might be larger than in capitalist society; (a) is a qualitative departure from capitalism.<sup>6</sup> National aggregate investment is set, through political debate, at such a rate as to (1) raise aggregate productivity by a desired amount through intensive investment and (2) maintain full employment through extensive investment and investment in new fields; the technical indices required are given *with sufficient accuracy* by recent years' outcomes. A national policy for average wages and state incomes would follow from planned or achieved productivity increases. Through rolling negotiations with planning bodies responsible for different sectors, the investment fund is divided between them on the basis of demand trends, profits or losses being made, sectoral shifts desired, and social considerations; note that this does not require the centre to know everything about each sector. Any revenue funding, to cover subsidized services or losses, would be planned as part of the same process. The sectoral planning bodies, through negotiations with the enterprises, provide them with funds for 'major investments', that is, large extensive investments or major qualitative changes in capacity. They can thus prevent the emergence of overcapacity in the sector, and can have some influence over major qualitative changes in the sector's nature (products and processes). Enterprises can still respond qualitatively and, within limits, quantitatively, to changes in monetarily-expressed demand. Sectoral bodies would plan, and could order, the run down of surplus or obsolete enterprises. At this level too, the sectoral bodies do not need to know everything about the industry; most technical decisions concerning products, processes and organization of the labour process are taken by enterprises. The old canard about the

5 To replace capitalist firms with cooperatives also suffers from problems of feasibility, in producing potentially serious rigidities in inter-enterprise relations (how are mergers and splits to take place?), and in enterprises' access to finance given the inability to raise equity capital outside the firm. These problems would produce a tendency to restoration of capitalist ownership.

6 A value-added tax on enterprises has the merit of being most neutral in its impact. Ground rent and taxes on ecologically and socially damaging commodities would also be important; these would not be regressive if the distribution of income were fair. The rate of taxation will be less the greater the increase in overall efficiency: see below. Taxes on individuals' incomes would be unnecessary since they are set by public policy.

impossibility of a central planning body, even with the most powerful computers, being unable to solve the simultaneous equations for input/output tables for all commodities is irrelevant to this model. Contrary to Sayer's assertion, then, there are feasible models of socialist coordination of the division of labour which do not interfere with the acquisition and use of technical knowledge by enterprises. The unknowability of knowledge not-yet-created, emphasized by Sayer following Hayek, is an inevitable constraint of any economic system; but the planning mechanisms just outlined are focused on aggregates whose future paths can be predicted with reasonable accuracy.

A system of this type is not free of tensions and problems; but it could radically ameliorate some of the key failings of the division of labour within capitalism:<sup>7</sup>

- (1) By avoiding overinvestment with respect to demand, and by not using the average rate of profit as the guide to aggregate investment rate, the cyclical behaviour of accumulation within capitalism can be avoided, including both the business cycle and 'long waves'.
- (2) By planning to avoid overcapacity it can reduce premature devalorization of enterprises, local economies and labour power.
- (3) By planning the investment-productivity-wage relation at the national level it can minimize unemployment. This then reduces the division of workers by labour market competition (see second section; Gough, 1992). This capability, together with (1) and (2), means that demand is far more stable and predictable than under capitalism; part of the unpredictability faced by enterprises under capitalism is thus specific to the mode of production, a product of capitalism's fragmented decision-making and tendency to overaccumulation, a point missed by Sayer. The mechanisms (1) to (3) do not have to be completely accurate (a frequent red herring in the literature<sup>8</sup>), but merely superior to the grossly inaccurate mechanisms of capitalism.
- (4) Geographical uneven development can be combatted by the operation of the sectoral associations working with the local planning bodies. They need not accept the logic of cumulative causation, as they can channel investment towards new or weaker locations. This may somewhat lower productivity in the short term (though it will help to avoid congestion in the existing centres). But it could be achieved with fewer productivity penalties than under capitalism, since it will be possible to plan complementary investments in labour power and infrastructures. Note, then, that it is not just a matter of 'softer' budget constraints under socialism (Sayer, 1995: 91); it is also that a socialist planning can achieve better complementarity of investments and does not face political resistance by firms to coordination. Further, the abolition of private property in technical knowledge means that new or weaker areas have access to the knowledge of the old to the extent that it is communicable. Sayer, despite his central focus on the development of productive knowledge, does not mention the way in which capitalist private ownership inhibits the diffusion of this knowledge and thus damages economic development. Sayer points out (1995: 91) that in any system there will be dilemmas about whether to build on the strong or help along the weak. But the nature of this dilemma is strongly dependent on the social system. In capitalism the state possesses only very weak mechanisms for addressing uneven development, and social power opposing uneven development is often weak (Gough, forthcoming). In the socialist model proposed here such mechanisms do exist, and interests opposing uneven development have substantial power; the trade offs are therefore questions of real choice rather than theoretical.

<sup>7</sup> We here have to abstract from the relations between the socialist economy and a still-capitalist world.

<sup>8</sup> For example, Sayer approvingly quotes Hayek as claiming that socialist planning involves the 'effects of a proposed action [being] fully known in advance ... and maximally beneficial' (1995: 87).



- (5) Investment in reproduction can be better addressed than within capitalism, not only because of less unequal incomes, but because of greater state spending on free services such as childcare, and better coordination of production of reproduction infrastructures (housing, transport, services).
- (6) The negative divisions of labour arising from within capitalist enterprises (second section, part one) can be avoided, not simply through the control of workers over enterprise decisions (given that the enterprise has only limited autonomy) but through sectoral and national planning bodies vetoing certain forms of employment practice. Since sectoral bodies regulate (though do not totally suppress) competition between enterprises, workers collectively, at both enterprise and sectoral level, can design the labour process using not only criteria of productivity but of skill development, conviviality, healthiness and so on (but see sixth section). This would be likely to avoid, particularly, highly divided and repetitive tasks; and workers would be 'a machinist or secretary or teacher in the morning and a planner in the afternoon'. Paradoxically, such human-centred labour processes might well achieve higher productivity due to both greater knowledge and greater commitment of workers. Moreover, negative divisions within labour are reduced by combatting geographical and sectoral uneven development as well as underinvestment in reproduction, particularly affecting racist and gender divisions. These changes within and across enterprises could make big improvements for many workers in skill, self-esteem, personal autonomy, and confidence in participation in technical and social debate;<sup>9</sup> they would reduce antagonisms, with impacts on the social as well as the production sphere.<sup>10</sup>
- (7) The division of labour between enterprises in the same industry could be quite fluid if desired, responding to technical and knowledge synergies. But it would no longer be influenced by the factors discussed in the previous section: weakening of labour, private property in knowledge, and uneven access to finance. To this extent it would correspond more closely to Sayer's ideal (and his portrayal of capitalism), that is, an enterprise division of labour serving technical efficiency. In addition, the enterprise division of labour would be revolutionized by drastic change from capitalism in such areas as banking, business services and advertising (Baran and Sweezy, 1974; Kidron and Gluckstein, 1974).
- (8) As Sayer and Walker point out (1992: 245–6), in any industrial society a worker's security in their particular job may be threatened by shifts in demand and changes in production methods. But they do not mention that the effects of this are strongly a function of levels of unemployment, degree of geographical unevenness, and resources for retraining and for reconversion of enterprises. These are far more favourable in our model than in capitalism (2, 3, 4 above). Again, technical and class determinants of the division of labour cannot be separated.
- (9) Despite having certain types of responsiveness to demand, capitalism has many failings in its production of use values: objectively inferior or overpriced goods are not killed by the market, and planned obsolescence, pointless and wasteful variety, and products harmful to health and the environment are endemic. The problem is partly that most consumers are necessarily far less knowledgeable than producers about products, and partly that the conditions of capitalist competition encourage

9 Sayer argues that 'whatever residual appeal [the critique of alienation] has today lies in its resonance with a longing for community ...' (1995: 81). In fact, alienation in Marx's sense of the loss of one's capacities to alien forces and interests is central to the experience of many aspects of contemporary society: the very widespread feeling of both blue and white collar workers of being exhausted by work while doing tasks they despise in order to serve fetishistic goals of competition; the feeling of many women that their capacities are appropriated and turned against them by men or patriarchal society; and so on.

10 Sectoral planning could also change the division of 'labour' — or burden — between humans and biosphere.

skipping and misrepresentation. Sayer has forgotten the enormous literature on this in assuming transparent consumer sovereignty; yet his focus on productive knowledge should point to the problems of the structured ignorance of consumers.

The pressures on producers to skimp would not be completely absent in our model; but the sectoral bodies would have the power to push enterprises into good quality and green products, into avoiding pointless variety, and eliminating non-factual advertising. Again, available knowledge is used more fully, because more democratically and openly, than under capitalism. Enterprises still have to sell their products and face the discipline of value.

- (10) In the production of some consumer goods and services, it would be possible to go further, and to have an active and collective input from final ‘consumers’, or rather, from the producers of labour for whom consumption goods are inputs (ILO, 1962; Elson, 1988). Production and reproduction are then planned together, altering the division of labour between them. Consumption choices can go beyond what an individual might decide on their own (e.g. the choice between private and public transport may be different when taken individually and collectively respectively). This is done now, in very limited ways, in education, health, housing and transport; but such planning is constantly broken up by private decision-making and by capital’s fear of excessive demands and the politicization of the process whereby the mode of production is reproduced. In the production of some capital and intermediate goods with limited numbers of customers, one could have direct input of the users; these would take further the present cases of long-term collaboration between firms by involving larger numbers of suppliers and users, free from the constraints of commercial secrecy.

One should note that the efficiency (final use values per labour effort) of this economy is greater than under capitalism because of the greater efficiency of investment (1–3, 7, 8), higher labour productivity (6), better match of production and reproduction (5, 10), better products (9, 10), and a reduction in unproductive types of labour (7). *Ceteris paribus* this produces either a larger surplus for investment or enables a cut to be made in the working week.

This is, of course, the barest sketch of a socialist economic model. But it is enough to suggest that Sayer’s conservative assertions concerning the undesirability of substantial coordination between enterprises are unfounded. Analytically, it demonstrates that the division of labour in present day society is not simply a result of pressures of technical efficiency and of processes common to all industrial societies, but is *strongly* a function of capitalist relations of production and reproduction, since a feasible non-capitalist society could organize a very different division of labour. Politically, the sketch indicates that the great majority of the population, as both wage workers and reproducers of people, would have much to gain from such an economy. Despite important conflicts of interest, which we consider in the next section, a majority of the working class (those dependent on wages for their life income) can potentially be united around the project of creating such a society; *in this sense, pace* Sayer (1995: 82), the working class can become a collective subject. And, again contrary to Sayer (*ibid.*: 81n), we believe that the planning processes we have sketched, from the enterprise through to the national level and from production through reproduction, would (re)create a sense of community as against individualism and anomie.

## Democracy, difference and planning

Sayer argues that coordination of enterprises is not only technically inefficient but necessarily authoritarian. ‘The only way in which conflicts [between private and

collective action] could be avoided would be via centralized, authoritarian control which would ... allow little individual liberty and would have to be hostile to difference and value pluralism' (1995: 89; cf. *ibid.*: 82, 86). 'It can be argued that a more highly rationalized society would inevitably be a more authoritarian one, since individual liberty and social rationalization do not mix' (*ibid.*: 80n). There is some inconsistency between these stark arguments and a paragraph (*ibid.*: 88) where Sayer suggests that on some occasions collective 'intervention' might be beneficial: why would it, too, not be authoritarian, and what features of his proposed society would favour progressive intervention and the influence of oppressed groups rather than the reverse? Nevertheless, the fear of authoritarianism is his dominant argument.

Sayer's argument is vulnerable, in the first place, to very longstanding arguments for democracy. Individuals and groups may have their (possibly only short term or narrow) interests damaged by collective decisions, but these are outweighed by (a) the benefits which they can expect to receive from the same mechanisms of collective decision-making and (b) the (possibly indirect and long term) gains which fall to them by virtue of others' well-being. In these circumstances, people are willing *voluntarily* to submit to collective decisions without need for an authoritarian regime.<sup>11</sup> There will certainly be conflict; unlike Sayer (1995: 80, 85), we have never imagined a socialist society as conflict- (or indeed contradiction-) free. We believe that collective decisions can be arrived at discursively since communication is possible despite social difference (Habermas, 1979; Doyal and Harris, 1991; Alexander, 1995). It is true that different social groups often have different 'standards of merit' (Sayer, 1995: 85); but these can be debated, greater understanding gained, and compromises or syntheses agreed. Sayer implicitly adopts the postmodern view that such communication is impossible; and, again in postmodern fashion, conflict can then only be resolved through violence (authoritarianism).<sup>12</sup>

Secondly, Sayer, following much postmodern writing, does not analyse the *sources* of difference, nor distinguish between desirable and undesirable differences. Many, though not all, present-day social differences could be, and should be, eroded by a socialist society: the stigmas and exclusions of 'race', gender, skill, income and mental and physical abilities. The contemporary production system is finely tuned to such differences among workers (see second section), and the contemporary design and marketing of products addresses, and reinforces, these differences among consumers (Gough, forthcoming); but this should be something to be combatted, not accepted (Fraser, 1995).

Thirdly, there are certainly social differences, some inherited by and some produced by capitalism, which are positive and life-enhancing, and which economic organization should enable or promote. But the capitalist economy, far from being uniformly responsive to such differences, suppresses many of them. Most obviously, positive aspects of many ethnic or regionally-specific cultures are eroded not merely by marketing by powerful capitalist firms (McDonaldization), but by the erosion of traditional cultures by the uncontrolled development of capitalist *production* relations; our model of a socialist economy could address both these aspects. Lived differences in sexuality have been to some extent facilitated by capitalist development (increase in commoditization of reproduction; erosion of the heterosexual family). But a socialist economy could take this much further, by eroding gender and thus its structuring of sexual choice and identity, by facilitating more adequate and more varied forms of housing, and by enhancing daily mobility and ease of migration (Gough and Macnair, 1985). The ability of a socialist

11 Sayer criticizes those who transpose arguments for democracy from one realm of activity to another (Sayer, 1995: 81). But he does not give any substantial reasons why arguments such as that given here, developed for bourgeois political democracy, do not apply to economic democracy.

12 Sayer's argument that enterprise coordination leads to authoritarianism appeals to the experience of the non-capitalist societies (Sayer, 1995: 84). A more plausible explanation is that authoritarianism has its roots in distribution, to secure a high living standard for the bureaucracy (Trotsky, 1972).

economy to enhance skill levels and people's participation in generating and acquiring knowledge (sections two and four (6)) would encourage the development and expression of difference. In these ways, coordination of the economy, far from imposing uniformity, would enable many positive individual and group differences to flourish. Sayer's treatment of rationalization and liberty as simple opposites (1995: 90) is mechanical and politically disabling.<sup>13</sup>

Thus Sayer's invocation of difference and anti-authoritarianism to attack economic planning is unconvincing; indeed, these things point to the need for a planned economy. It is the authoritarianism of capitalism which is the problem: the discipline of employers over workers, the measurement of people's value by their price in the labour market despite the latter's actual social construction, and the imposition of fetishistic accumulation of capital onto both workers and consumers.<sup>14</sup>

Difference, then, does not undermine socialism as a collective project of the working class. The suppression of negative difference and the flowering of positive difference both can be a part of reorganization which benefits the class as a whole. A corollary is that, in our perspective, it is conceivable to construct a social force and alliances strong enough to expropriate capital; in contrast, in Sayer's model of cooperatives, it is not clear how this can be done, since any notion of class unity beyond the enterprise is rejected and all other divisions of the class are left unchallenged and untransformed.

We do not claim that our model of socialist coordination ends alienation, a claim which Sayer attributes to orthodox marxists (1995: 81). In any foreseeable society, there will be conflicts between individual aspirations and the form and trajectory of the society. But our model does enable a greater degree of control of the economy by all people than is offered by capitalism, greater possibilities for meeting fundamental, shared human needs, and greater possibilities for the expression of non-oppressive difference. All of these remain constrained by nature, by human nature, by the development of the forces of production, and by socially-produced differences.

## The question of motivation

Rather than the question of knowledge on which Sayer focuses, we regard the principal difficulty of socialist economic coordination as lying in motivation: how to ensure that

13 The *dividing line* between what we have described as 'negative' and 'positive' difference is often controversial. Many aspects of particular ethnic cultures, for example, we would regard as oppressive, so that we do not simply call for the preservation of ethnic cultural differences as such. Conversely, differences clearly associated with oppression, such as gender or sexuality, may contain aspects which are non-oppressive, to the extent that the identity and culture of the oppressed express human capacities suppressed or displaced in the oppressor, and *in a sense* this difference should be preserved or enhanced. But in these cases we would see the positive differences as losing their *separateness* as the oppressive difference is eroded; thus we envisage a socialist society in the long term ending, rather than 'celebrating', the difference between lesbian, gay and heterosexual social identities and culture (though not, of course, ending differences in sexual practice). This latter element of the dialectic, the eroding of difference, is absent in postmodernist notions of *difference*. These arguments are complex; but all that is required for our argument is that some differences can and should be eroded, and some enhanced, by a socialist economy.

14 It is often said that society is becoming increasingly diverse and complex, and that this makes the socialist project increasingly infeasible; Sayer hints at this view at various points. This idea deserves extended examination. Here we can only state that, in our view, capitalist development produces and imposes social homogenization just as much as it produces and allows differentiation. Secondly, chaos theory has shown that increasing complexity does not necessarily continue indefinitely; at a 'bifurcation point' it may crystallize into a more ordered configuration (Prigogine and Stengers, 1985). Thus it is not impossible for the ordered practice of socialist investment and management historically to follow the (increasing?) anarchy of capitalism.

people work hard enough, take sufficient initiative, worry sufficiently about their work, and are honest in accounting it, without the discipline of capitalist supervision nor of the threat of unemployment. Sayer mentions this issue only once (1995: 86); this is because economic coordination for him is an essentially technical question, whereas for us it is essentially one of social relations, and specifically of people's dedication to social production.

Devine (1988) explicitly excludes this question from his work. The commonly given answer, that the existence of a democratically controlled economy will, cumulatively, elicit dedication and altruism, is partly true; but, especially in early decades, it cannot be the only process relied on. Peer pressures, at different spatial scales, will be important. Enterprises should be audited by workers in the same sector to see if effort is sufficient and work intensity roughly equal, and whole sectors similarly by workers in other sectors. Low effort should elicit wage penalties for individuals, work groups, enterprises or sectors. Unnecessarily inefficient enterprises should be closed by the sectoral body. This needs to be an area of creativity in the future.

## Problems of Sayer's method

Both underlying and flowing from the problems of Sayer's analysis are problems of his method, which is a version of critical realism. Firstly, Sayer has *difficulty in relating the abstract and the concrete*. We have seen how he counterposes concrete difference to abstract commonalities ('simple empiricism'), for example in viewing divisions within the working class as the negation of any common interests. We have tried to suggest how the two are dialectically related. At the same time, he uses extreme abstraction in a way which squeezes out much relevant medium level and concrete complexity. Following Hayek (Palmer, 1993), he poses a choice between a completely centrally planned economy and a completely fragmented one (albeit with an unspecified amount of 'intervention' allowed in the latter); but both of these are too schematic to correspond to any conceivable reality. Consequently, he poses a choice between an unalienated, conflict-free economy with the totally unified collective subject, and one of completely individualized enterprises, workers and consumers. This method has been aptly termed 'abstract empiricism' (Wright Mills, 1974): the abstractions generated cannot usefully be developed towards greater concreteness.

Secondly, Sayer's article is marked by a *failure to relate distinct social structures* in a dialectical way. The discussion is constructed around ideal type categories which are portrayed as simple opposites: the division of labour and capitalist relations of production, catallaxies and 'economies\*', total plan versus total fragmentation, rationalization versus liberty. But we have seen that, at all but the very highest levels of abstraction, these opposites infuse and construct each other in crucial ways (Ollman, 1993). Similarly, class, gender, 'race' and other social relations are treated as if they were effectively exterior to each other. Sayer's proposed 'dual analysis', division of labour *plus* capitalist relations, thus suffers from the same weakness as 'dual systems analysis' of gender (patriarchy plus capitalism): basic elements of the two systems (at a high level of abstraction) *construct* each other, so that the nature of the systems cannot be separately specified in anything but the most abstract fashion.<sup>15</sup> This is a characteristic failing of critical realism, which focuses on specifying the 'causal powers' of social structures prior to their interaction with each other, which is then essentially external. It mirrors much everyday thought in constructing distinct structures

15 Sayer appreciates the failure of both Popperian empiricism and postmodernism to theorize 'grand, highly connected systems' (Sayer, 1995: 88n); but his dual analysis approach fails in exactly this regard.

as separately constituted;<sup>16</sup> but the task of analysis and the effect of political struggle is to demonstrate their inextricability.

Thirdly, and consequently, *the character and tastes of people are reified and frozen*. Social difference is taken as given, an external constraint on unity; and following neoclassical economics, consumer tastes are taken as given. Yet these are socially constructed, and can be transformed in the process of constructing socialist relations (see fifth section). People's given character, and their fragmented and apparently separate problems, are the starting point of politics; but in the course of political action and the assertion of collective power, people discover the connections between those problems, and transform themselves.

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16 Foord and Gregson (1986) provide a clear example of this method. Using an explicitly critical realist approach they attempt to specify patriarchy. Patriarchy then has to be a structure which does not involve any other basic social structure; they accordingly specify it as based on sexuality. Yet the power and reproduction of patriarchy in capitalist society is inseparable from (at least) domestic work and capitalist production. Trying to prise apart social structures which actually construct and infuse each other produces mechanical theory.

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