

## **Towards an Old Socialism**

### Cockshott & Cottrell Revisited

I.

*Economic Planning in an Age of Climate Crisis* (hereafter also »climate book«) was published in October 2022. This book is another co-production by Allin Cottrell (economist, Scotland) and W. Paul Cockshott (computer scientist, Scotland), this time in Amazon self-publishing and in collaboration with German political scientist and economist Jan Philipp Dapprich.

As the title suggests, the authors see the need for society-wide planning in the face of the global climate catastrophe. They introduce the core theses of climate research, explain the natural and the industrially enhanced »greenhouse effect« and illustrate this with meteorological data and diagrams. They note that the investments required to ensure energy supply on a CO<sub>2</sub>-neutral basis (while also relying on nuclear energy!) could not be provided by any private capitalist company. Thus they argue for centralized economic planning by the state. As a positive example, they cite the British war economy in WWII.

Feuilleton Leninists like Slavoj Žižek are not the only ones to repeatedly flirt with »war communism«. In all sorts of left-liberal media, the British war economy counts as a masterstroke of state-»tamed« capitalism. In Germany, Ulrike Herrmann recently struck the same chord with »Das Ende des Kapitalismus«. One could, of course, just as well take the German economy of WWII as a model - were this not precluded by patriotic code. In any case, the call for a strong state to finally take action can't be overheard.

Somehow, Cockshott/Cottrell/Dapprich use war economy as an illustration to show that extreme social disturbances such as war or climate change call for macroeconomic planning. What they are after is a socialist planned economy built upon IT-based labour-time accounting, as they already developed in 1993 in *Towards a New Socialism*. The main features of such a planned economy are also presented in *Economic Planning in an Age of Climate Crisis*. What is new in their climate book, however, is accounting of CO<sub>2</sub> emissions. In short, it is no longer only the average labour-time but also the level of emissions that should determine the value of products. Politics should make products with particularly high CO<sub>2</sub> emissions more expensive. This allegedly creates an intrinsic motive to gradually convert

industries to climate-neutral production. The climate book also comes with an appendix introducing software tools for calculations in line with their planning model. Since Cockshott and Cottrell are not only considered pioneers of so-called cybersocialism, but also advocate a planned economy based on labour-time, we would like to take the release of *Economic Planning in an Age of Climate Crisis* as an occasion to revisit *Towards a New Socialism*. Let us foreshadow that Cockshott and Cottrell's labour-time accounting is essentially different from labour-time accounting as we advocate it drawing on the Group of International Communists (GIC). A comparison of these opposing political approaches may help clarify that labour-time accounting is not simply a technical instrument, but the precondition and expression of a new form of societal self-organization - of new relations of production.

## II.

In Germany, *Towards a New Socialism* was first published in 2006 - as »Alternativen aus dem Rechner«. Translated and edited by Helmut Dunkhase. 2022 saw the third edition. In his preface, Dunkhase notes that Cockshott and Cottrell want to give new meaning to Lenin's idea that the cook must be able to run both the kitchen and the state. Dunkhase highlights the innovation in Cockshott and Cottrell's rethinking of socialism: the idea of labour-time accounting. This idea draws on Marx's *Critique of the Gotha Programme*, Dunkhase notes, but almost disappeared in Western Marxism after the so-called economic calculation debate in the 1920s; in the Soviet Union, it was only thanks to the economist and statistician S.G. Strumilin that it was not completely forgotten. Let's add that in the Soviet Union labour-time accounting was also never seriously considered by decision makers. Still, Dunkhase is right that Cockshott and Cottrell deserve credit for bringing labour-time accounting back to a broader left-wing audience. For example, in »Der Sozialismus des 21. Jahrhunderts«, a book published just in time for the turn of the millennium, Heinz Dieterich (sociologist, Germany) also argues for an economy of equivalence based on the labour-time model of the two Scots.

In their preface to the German edition, the two themselves describe how the crisis of Soviet state socialism and the triumph of neoliberalism gave impetus to their book. Neoliberal ideas, they say, were so powerful that they became popular even among socialists, many of whom then switched to market socialism. With this in mind, they want *Towards a New Socialism* to be understood as a response to Alec Nove's *Economics of Feasible Socialism*. Cockshott and Cottrell see their book as a contemporary revolutionary response to the dogmas of neoliberalism:

»We think that three main ideas must be combined: Labour theory of value, cybernetic regulation, and participatory democracy - as an alternative to the liberal trinity of price, market, and parliament.«  
(*Alternativen aus dem Rechner*, p. 11, free translation)

### III.

From this quotation, we think it can be concluded, at least implicitly, that Cockshott and Cottrell treat labour-value and labour-time as one and the same thing. Thereby, they basically assume, as did the Soviet economists back then, a conscious application of the law of value. Thus they note:

»Soviet socialism, particularly following the introduction of the first five-year plan under Stalin in the late 1920s, introduced a new and non-capitalist mode of extraction of a surplus. This is somewhat obscured by the fact that workers were still paid ruble wages, and that money continued in use as a unit of account in the planned industries, but the social content of these 'monetary forms' changed drastically. Under Soviet planning, the division between the necessary and surplus portions of the social product was the result of political decisions.« (*Towards a New Socialism*, p. 4)

Here Cockshott and Cottrell disregard Marx's insight that labour-time as the substance of value cannot express itself directly in the value-form and that a mode of production based on value is therefore necessarily based on the duplication of the commodity into commodity and money, or even on the divergence of value and price. Cockshott and Cottrell treat Soviet money only as a nominal unit of account serving direct political control. Yet an economy that calculates with money is not at all capable of precisely recording labour-values (here: labour-hours). This is also where lies the limit of the attempt to calculate so-called shadow prices, which are supposed to record such values. (By the way, such an attempt goes back to the Soviet economist Kantorovich, to whom Cockshott and Cottrell refer in the climate book also). To even approach such ideal values, highly complicated mathematical models would be required. Precisely this could indicate that an economy based on value or commodity production has become independent from people and escapes societal control. To Cockshott and Cottrell, this is not a problem.

### IV.

We welcome that the two Scots measure Soviet socialism by its own standards, take the debates of Soviet economists seriously and do not fall prey to the capitalist propaganda that over there in the East only bad mismanagement was in place for the benefit of a corrupt nomenklatura. However, they

overlook, or at least downplay, how related state socialism was to capitalism and thus also caused similar alienation. As the GIC clearly recognized in their »Fundamental Principles of Communist Production and Distribution«: If all labour products have value, then labour-power must have value too, and this alone will determine the producers' share of consumption. Labour thus remains wage labour. This is not a question of political decision, it is the inevitable result of the organisation of plants in the USSR or state ownership on the one hand, and the continued money economy on the other. Cockshott and Cottrell say they want to overcome money and replace it with labour-time accounting, yet leave the plants in state ownership! They just undermine their own claim to eliminate inequality by »the principle that those who work are entitled to the full proceeds of their labour«. Labour-time accounting is supposed to guarantee just that, and up to this point we fully agree with them. In Cockshott and Cottrell, however, labour-time accounting is still based on hierarchically organized plants - a contradiction in itself. This soon becomes clear in *Towards a New Socialism*, where labour-time accounting is not developed, but gradually diluted.

V.

It starts with the labour certificates. As in the GIC, in Cockshott and Cottrell labour certificates are intended to fully compensate one's work. In this way, the appropriation of surplus labour, hidden by wages, shall be made impossible. It is, however, the case that workers cannot receive the full return on their labour. Social labor must be used for the reserve fund, the accumulation fund, public welfare. All this is deducted from workers' consumption. In this respect, Cockshott/Cottrell propose a calculation method analogous to the calculation of the factor of individual consumption (FIC) in the GIC concept. They assume that labour is equal in principle, in the sense that one hour of labour - of whatever kind - should also be compensated with one hour. To avoid any discrimination through different compensation, different levels of education or different types of work should not lead to different compensation. So far, so good. However, already with respect to the distribution of unpleasant labour, Cockshott and Cottrell consider the possibility of luring workers into these areas through higher pay. Here, the two at least point out the dangers that such a measure would entail and endorse the rationalization of unpleasant labour. Right after that, however, they introduce a rating system that compensates work differently. They note:

»Morale problems can develop if people believe that they are putting in more than the usual effort for nothing' or that a colleague is slacking, coasting along on the backs of his fellows. One way of gearing reward to effort would be an economy-wide system for the grading of labour. For instance, there could

be three grades of labour, A, B and C, with B labour representing average productivity, A above average and C below average. New workers might start out as 'B' workers and then have their performance reviewed (either at their own initiative or at the instigation of the project for which they work) with the possibility of being regraded as A or C. Note that these grades have nothing to do with education or skill level, but are solely concerned with the worker's productivity relative to the average for her trade or profession. These grades of labour would be regarded for planning purposes as 'creating value' at different rates. Rates of pay would correspond to these differential productivities: grade 'B' workers would receive one labour token per hour, 'A' workers rather more, and 'C' workers rather less. The rates of pay would have to be fixed in such proportions as to keep the total issue of labour tokens equal to the total hours worked. The exact rates of pay could be worked out automatically by computers once the number of people in each grade was known.« (*Towards a New Socialism*, p. 33)

We quote this passage at such length because it is symptomatic of how Cockshott and Cottrell conceive of socialism: Here, »morale problems« in a plant shall be resolved not among fellow workers, as would be the case in a plant with consistent self-management, but through state incentives and rating of performance groups. The state, constantly collecting extensive data on the consumption and performance of individual workers - that alone should give you bellyache! - is then supposed to redistribute labour certificates on the basis of such a rating scale. Would this work transparently? From the very beginning, the door would be opened to discrimination, competition among colleagues, private appropriation of labour! It would be better never to abandon the principle of equal compensation of one labour-hour.

## VI.

Once again, the suspicion arises that for the two Scots, labour-time accounting is just an external form in which ingenious technology counts more than new forms of relationship, indeed self-management. This is confirmed in the further course of their argumentation. Thus, for Cockshott and Cottrell, labour-time should reflect the actual »value« of products only approximately, especially since for the inter-plant exchange of goods no labour-time accounting is intended at all, but natural planning with input-output tables by the Soviet economist Leontief. This technique should help determine how much labour-time - in the form of goods in kind (raw materials, machines, semi-finished products) - is allocated from the industry for means of production to the industry for consumer goods. Such labour-times, however, would always be mere approximations that can be calculated only with the help of computers.

Why not let the workers in the plants record their labour-time themselves? Pen and paper would have sufficed. But Cockshott and Cottrell do not even consider such an idea. For them, the plants are nothing but functions of a large cybernetic organism. (Hence their excursus on the attempts of the Allende government in Chile to introduce cybernetic planning in the plants). Anyway, what they have in mind is that the outputs of the means of production industry be offset against the outputs of the consumer goods industry in order to determine average labour-hours for the individual consumer goods. These could then be purchased with labour certificates.

Again, Cockshott and Cottrell readily allow for deviations. To manage excess supply and demand, the government should set equilibrium prices that deviate from »labour values.« When there is scarcity of certain goods, prices should be raised above their value, and when there is abundance, they should be lowered below it. The goal is to influence consumers in their consumer behavior. But what is this, if not a state-controlled market economy, computer-based market simulation? Another astonishment is when Cockshott and Cottrell insist on the necessity of rent payments, a form of state-appropriated ground rent. How, pray tell, shall this be accounted for in labour-time? Cockshott and Cottrell undermine labour-time accounting by myriad state regulations and to such a degree that you wonder what is left of it and why, if »values« are deviated from everywhere anyway, the state doesn't just stick to monetary accounting? It is only logical that in *Economic Planning in an Age of Climate Crisis* Cockshott and Cottrell hardly care whether monetary or labour-time accounting is the real thing. In their new book, they only speak of labour-time accounting as a possible method. Macroeconomic control seems to be more important than the needs of the producers.

## VII.

This is also evident in their understanding of democracy: Cockshott and Cottrell reject the council idea - in the GIC essential for labour-time accounting! - arguing that it would necessarily lead to one-party dictatorship or parliamentarism. What makes them so sure? They seem to assume that the violent disempowerment of the councils in the Soviet Union was inevitable fate.

So they proceed with a side trip to political theory of antiquity. We learn that elections are essentially aristocratic or oligarchic, and only lot and task rotation truly democratic. Granted, such procedures may be worth considering for a grassroots democracy, but the question is: Can theories from the ancient world help understand modern statehood at all? Cockshott and Cottrell themselves admit that the

modern state is based upon »centralist, hierarchical principles« (*Towards a New Socialism*, p. 165). They do not draw any consequences from this. Otherwise, they would have at least once addressed the pitfalls that go hand in hand with central government planning. Moreover, they do not address the separation of state and society at all, although this is central to understanding modern statehood.

#### VIII.

Now, what is societal planning supposed to look like in Cockshott and Cottrell's socialist democracy? Like »a system in which teams of professional economists draw up alternative plans to put before a planning jury which would then choose between them. Only the very major decisions (the level of taxes, the percentage of national income going towards investment, health, education, etc.) would have to be put to direct popular vote.« (*Towards a New Socialism*, p. 165) FYI, citizens are supposed to vote from their televisions (these days probably from their smartphones). Would that make such a cyberdemocracy any better? The fact would remain that people let experts make the plans and can only vote on them. As in today's democracy, they are fatuous electorate.

Cockshott and Cottrell say that »various organs of public authority would be controlled by citizens' committees chosen by lot«. (*Towards a New Socialism*, p. 167) They envision such committees as direct societal bodies, not governmental ones - after all! At times, Cockshott and Cottrell even call them »councils«. It however remains their secret why a few pages earlier they called the advocacy of pure soviet democracy an »unthinking nostalgia«. Probably because they simply reject workers' councils. In any case, Cockshott and Cottrell do not bother about plant organization, about its connection with the planning bodies, indeed about the forms of workers' self-management. Nor are they interested in abolishing the old division of labour. This is where their proposal is exposed as a technocrat's fantasy, as the utopia of left-wing economic and IT specialists. Eternal rule of intellectual over physical labour guaranteed. Their whole reasoning operates in a logic of »governmentality« (Foucault): Here, economic agents are mere parameters of control, steered in the desired direction by incentives and subject to permanent population policy. What Cockschoth and Cottrell envision is ultimately just a Soviet state pimped with cybernetics and participation. Let us recall: Participation is the opposite of self-management! Not having anything to say on the transition to socialism also fits the picture. The only agent in Cockschoth and Cottrell is the state (or the planning authorities). That the revolution is a process in which the means of production must first be appropriated by the workers, and socialization can then only come about through self-management, they ignore. The scientists bet on the revolution from above.

## IX.

Nevertheless, *Towards a New Socialism* raises points a new theory of socialist planning should consider. For example, the division of societal planning into three levels: macroeconomic, strategic, and detailed planning. (*Towards a New Socialism*, p. 53 et seq.) We argue that such different levels should be distributed among different agents and not, as in Cockshott and Cottrell, united in a central planning authority. In a decentralized planned economy, as we propose it, the competence for detailed planning would lie with the individual plants. From the individual plans, collected by a plant responsible for general social bookkeeping, a macroeconomic picture would emerge, showing how much labour-time is spent on the various sectors of the economy. It would also be possible to provide feedback on how much *should* be spent in each case (after all, the plants would be informed about the needs by the consumer cooperatives). Strategic planning, for its part, would lie with higher bodies (which the GIC called the congress of councils). Whatever form these might take, they remain indispensable in the sense that society would have to lay down a certain framework for the economy in advance. This arguably includes questions of growth (which always takes place at the expense of consumption!), questions of ecology (today more than ever!) and questions of technological development. Strategic planning can, of course, be meaningfully done only on the basis of macroeconomic data. In our model, society would have no difficulty obtaining such data from the general social bookkeeping. Strategic planning thus would direct the detailed planning of individual plants, through regulations or guidelines. In this way, the planning levels would be divided like powers and none of them would attract too much power.

## X.

The two Scots also make some important considerations with regard to foreign exchange. Maybe the first considerations on the external relations of a labour-time economy at all! Once the reverie is dropped that a great revolution will take the world to socialism in one fell swoop, we think the question arises as to how socialist niches can obtain goods from the market economy if they depend on them and no longer have a money economy themselves. Cockshott and Cottrell consider exchange rates for labour certificates and money. Labour certificates would be allowed to flow into the capitalist sector, but money flows would have to be strictly forbidden in the socialist sector. On this we agree. For Cockshott and Cottrell, however, the external relation remains a relation of states. This may be understandable in historical terms. But it is also the consequence of their theory. In contrast, a labour-time economy that - as we propose - works in a decentralized way and does without the state, could

also grow slowly and on a small scale and then expand across national borders. Such an economy would certainly need to have money reserves. Here, however, money would function only as use value, so that plants can procure the necessary means of production from the market economy. In our proposal, too, internal monetary flows would be prohibited and, if everything goes according to plan, even impossible.

So what makes *Towards a New Socialism* worth reading is that it puts labour-time accounting into a macroeconomic context. Only at this level does it become clear why a socialist economy needs a novel unit of account - something romantic communists are only too happy to misjudge. But labour-time accounting must be taken out of the grip of governmentality. Only in this way can it regain its original political meaning and provide the basis for a transparent and egalitarian society.

William Paul Cockshott / Allin Cottrell: *Towards a New Socialism*, 1993  
[https://users.wfu.edu/cottrell/socialism\\_book/new\\_socialism.pdf](https://users.wfu.edu/cottrell/socialism_book/new_socialism.pdf)

William Paul Cockshott / Allin Cottrell: *Alternativen aus dem Rechner. Für sozialistische Planung und direkte Demokratie*, 3. Auflage 2022

W. P. Cockshott / A. Cottrell / Jan Philipp Dapprich: *Economic Planning in an Age of Climate Crisis*