

BOOKS

State Enterprise

In recent years Western economists have grappled with a new concept, 'market-socialism'. **Robin Murray** reviews *The Challenge: Economics of Perestroika* by Soviet economist Abel Aganbegyan which presents a fresh new approach to the future of socialist economics

Aganbegyan's target in his book *The Challenge: Economics of Perestroika* (Hutchinson, £20 hbk) is the system of centralised planning which he believes became a fetter from the 1950s onwards. Setting targets and incentives in terms of quantity led to a sacrifice in quality. Poor quality and non-delivery led to hold-ups in production and an economy of shortages. Machinery - which was supplied at no cost to the enterprise on the orders of the central ministries - was often ill-adapted, of low quality and backward technologically. The centralised price system - with more than 500,000 prices being set by the central government and revisions only every seven to ten years - added to the rigidities and stimulated dual markets. Geared to the simple production economics of wartime and forced industrialisation, this system proved utterly inappropriate for a period of peace and an era of continuous innovation. What is astonishing is that this gargantuan construct - with more than 200 central economic ministries - has been able to reproduce Soviet daily life at all.

Aganbegyan believes it has only done so by being able to develop 'extensively', drawing on a growing labour force, on new lands in the east, and the country's vast oil and mineral reserves.

What is needed, says Aganbegyan, is a turn to intensive development, one that emphasises labour productivity and saving of materials, increased quality and innovation. He also wants a reorientation of the economy towards consumers.

The main way of bringing this about is to be a shift from 'administrative' to 'economic' methods of management, or from bureaucratic

to market means of regulation. Enterprises should be allowed to trade between themselves, at prices set through contractual bargaining. The cost of land and machinery should be charged to the enterprises, who would increasingly finance new investment from their own funds and bank credit. The size of their own funds - as of wage bonuses and spending on social provisions - is to depend on success in the market.

This sounds like Soviet monetarism, and a replacement of the plan by the market. Aganbegyan insists that it is not. The market, he says, is to be used as a means of implementing the plan. The plan will remain dominant. The government will still set the main 'norms of distribution'. They will control key prices, as well as the credit system. The economy will be socially owned either through the government or co-operatives. While self-employment is recognised, the private employment of wage labour is forbidden. There will be neither capital and labour markets, nor markets in land. The direction of growth will therefore be determined by the conscious plan, not by the law of value and private capital accumulation. The market is merely a medium of exchange, a means of strengthening horizontal links at the expense of the vertical, and of subjecting producers to the discipline of users. 'A socialist market is a government regulated market.' It does not imply a retreat from the state.

Like all markets, however, it does imply a new form of regulation of both management and labour. Aganbegyan recognises capitalism's capacity to discipline and restructure production. He

wants to find a way of matching this without the social costs and the tyranny involved. He is hostile to suggestions that unemployment be used as a discipline on labour. Instead he favours the carrot of performance-related incentives together with workplace democracy. Where labour needs to be shifted this should be done through natural wastage, retraining and planned job transfer.

These are all issues of central concern to socialist economists in the East and West, as will be the experience of the *perestroika* reforms in practice. If they are successfully implemented they should improve the quality and variety of goods and services available to ordinary Soviet citizens. Even in the workplace - where some commentators forecast there will be opposition to *perestroika* - the goal of ensuring 'the direct interest of working people in the final results of their labour' and the programme of extending workplace democracy offer positive ways forward for those in paid work. With planning in retreat in socialist and social democratic countries alike, the importance of *perestroika* is that it is offering a redefinition of planning within the context of a socially-owned economy.

Set against this, Aganbegyan's visions seem to belong to an earlier Fordist age. There are echoes of Henry Ford's own writings, from social salvation through high quality commodities, to the need for a healthy and abstemious workforce. There is the same confidence in technology that characterises high Fordism, with 1.5m Soviet scientists linked into production to supply the key innovations. Chernobyl, like Bhopal, is seen as the result of 'scandalous and tragic mistakes by the management and personnel of the plant' rather than raising questions about the technology itself. Aganbegyan's vision of the Soviet Union in the 21st century is one of nuclear power plants, industrialised building, efficient academics and food supplied up to the scien-

tific norms. This is the modernist economics of a central planner. It deals in the large scale. It counts in millions, and grasps the economy through the macro models and economic categories we know in the West.

There is no trace of the post-modern socialist doubts about nuclear energy, about industrialised tower blocks or the processed food industry. There is no sense that technology itself embodies social relations, and is centrally concerned with reimposing a discipline over labour; nor that modern technological advance owes as much to software and social organisa-



Abel Aganbegyan: New plans

tion as to the hardware of 'capital investment'. The perspectives of gender, of minorities, of variety and pluralism, of human-centred work and the social relations and culture of consumption are largely absent.

Yet in spite of these limitations, the Soviet *perestroika* remains a momentous project. It aims to re-engage the Soviet economy with the mainstream developments of world production, and to do so in the context of socialist aims and social control over the economy. I suspect that even the looser central reins will prove too tight, and that new forms of decentralised association will be recognised as necessary keystones to the new course. But as Aganbegyan himself hints, this is the next stage. •