

The End of Socialist Statism

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Abstract: This article attempts to trace the common causes of the collapse of socialist statism ("actually existing socialism" and social democracy) as well as of the failure of capitalism in the concentration of economic power. Concentration, in turn, and ecological destruction, are shown to be the inevitable consequences, and, also, the fundamental preconditions, of the growth economy, which, historically, takes the form of either a capitalist growth economy or a socialist one. In both cases, the end is the same but the means are different and it is the much lower degree of compatibility between ends and means in the socialist case, than in the capitalist one, which has already led to the eclipse of the former. Thus, social and individual autonomy, in the form of direct and economic democracy based on sound ecological foundations, emerges as the only way out of today's multi-dimensional crisis, which leads, in an accelerative way, to barbarism.

Introduction

It has now become generally acknowledged that contemporary society is undergoing a profound and widespread crisis. It is precisely the universal character of this crisis that constitutes the determining factor differentiating it from other crises in the past, while, simultaneously, it calls into question practically every structure and signification that supports contemporary hierarchical societies in East and West, North and South. Thus, the present crisis puts into question not just the political, economic, social and ecological structures that came into being with the rise of *market economy*, but also the actual values that sustained these structures and particularly the post-Enlightenment meaning of Progress and its partial identification with growth.

At the same time, the statist tradition (i.e. the historical trend that aims at the conquest of state power, as the basic means for solving the fundamental social problems) is also in deep crisis. This crisis has manifested itself in the past decade with the collapse of socialist statism, both in the form of "actually existing socialism" in the East, and social democracy in the West. Also, at the ideological level, the statist view (i.e. the view that the conquest -by legal or revolutionary^[1] means- of state power is the necessary condition to bring about radical social change), seems

effectively demolished from the concentrated blows of the New Right and of the now emerging "civil-societarian" Left, as well as of the new social movements. The phenomenon known as "crisis of politics"[\[2\]](#), which is today undermining the foundations of parliamentary democracy, provides a characteristic indication of the crisis of the statist tradition.

Therefore, the need for a new vision, which would transcend both neoliberal capitalism and socialist statism, and for a new political practice, which would similarly transcend both the present "liberal oligarchy" (that presents itself as "democracy"), and the enhanced "civil society" (that is propagated by the social-democratic Left), is, in the context of the present generalized crisis, more pressing than ever.

In this article, I will try to determine the character of the present crisis and will continue with an attempt to examine the causes that account for the collapse of socialist statism, in order to arrive at some conclusions concerning the possibilities for a way out from the present generalized crisis.

The Two Types of Growth Economy

The *market economy*, i.e. the self-regulating system in which the fundamental economic problems (*what, how, and for whom* to produce) are solved "automatically" through the price mechanism, rather than through conscious social decisions, is a historical product of the past few centuries. This system emerged as an inevitable consequence of the fact that the industrial revolution was not accompanied by a simultaneous social revolution that would have made social control of the economy, under conditions of mechanized production, possible. The introduction of new systems of production to a commercial society, where the means of production were privately controlled, inevitably, led (with the critical support of the nation-state) to the transformation of the socially controlled economies of the past -in which the market played a marginal role in the economic process - into the present market economies.

Thus, private control of production required that those controlling the means of production would have to be economically efficient in order to survive competition. The principles, therefore, of competitiveness and economic efficiency became the fundamental organising principles of the new system. Within the context of the logic imposed by these principles, those in control of the means of production had to ensure:

- First, the free flow of labour and land at the minimal cost. However, under conditions of private control of production, this flow is an inverse function of the social controls on the market. Thus, the more effective the social controls on the market, and in particular on the market for the "factors of production" (labour, capital, land), the more difficult is to ensure their free flow at the minimal cost. Therefore, historically, those having private control of the means of production have always directed their efforts, as I tried to show

elsewhere^[3], towards further *marketizing* the economy, i.e. minimizing the social controls on the market.

- Second, the continual flow of investments into new techniques, methods of production and products, i.e. continual *growth* (a logic aptly expressed by the motto "grow or die")^[4]. Therefore, it is not a coincidence that "the modern idea of growth was formulated about four centuries ago in Europe when the economy and the society began to separate"^[5], although the growth economy itself emerged much later, about two centuries ago.

Marketization and growth, fuelled by competition, constituted, historically, the two fundamental components of the new system, the market economy. However, whereas the first component - the marketization process - had divided the intelligentsia of the industrial era and led to the two large theoretical and political movements, *liberalism* and *socialism*, no similar divide had arisen with respect to the second element, i.e. economic growth. Thus, from Adam Smith^[6] to Karl Marx^[7], the fundamental problem was how humankind would - with the help of Science and its technological applications- maximize growth. This had led to the emergence of an ideology that called for the "domination of Nature" and, for the first time in History, to an effective attempt to manipulate the natural world on a mass scale.

The growth economy, i.e. the economy founded on the partial (at least) identification of Progress with the continual development of the forces of production, became a central liberal *and* socialist objective, even though it is not but the inevitable long-term consequence of the dynamics of the market economy. In fact, growth became the main objective not just of social democrats, who--at least in the post-war period-- merely aimed at enhancing social controls on the market, but also of the ruling elites of "actually existing socialism", despite their proclaimed endeavour to substitute central planning for the market economy.

So, growth became a central imaginary signification^[8] for both capitalism and socialist statism. Thus, the institution of the *world growth economy* reflected the emergence of a new social imaginary signification to which corresponded new attitudes, values, and norms, a new social definition of reality and of being. The growth economy takes the form of either a *capitalist growth economy*, where the basic economic decisions are taken through the price mechanism, or of a *socialist^[9] growth economy*, where most of the corresponding decisions are taken through the central planning mechanism. Therefore, we may classify under the "capitalist growth economy" label not just the post-war economic structures in the West that expressed the socialdemocratic consensus, but also today's economic structures that represent the present neoliberal consensus. By the same token, we may classify under the "socialist growth economy" label the pre-1989 economic structures in the East, i.e. the countries of "actually existing socialism".

The above classification is important, because it highlights the fact that, whereas in the capitalist growth economy the growth objective and the implied principles of economic organisation (efficiency, competitiveness) derive from the logic and the dynamic of the system itself, in the

"socialist" growth economy, the same objective and principles are not imposed by the logic and the dynamics of central planning but by the political decisions of the party bureaucrats who control the planning mechanism. In other words, it is conceivable that a planned economy does not aim at the continual development of productive forces, in competition with the capitalist growth economy. So, whereas in the capitalist case, the growth economy is the **inevitable outcome** of the workings of the market economy at the micro-economic level, in the socialist case, it is simply the **selected objective** at the macro-economic level.

Consequently, the hierarchical society took a new form with the rise of the market economy in the West and of the planned economy in the East. In this new form, the elite draws its power not only (as in the past) from the concentration of political, military or, in general, social power, but, primarily, from the concentration of economic power - whether this concentration is brought about by the market mechanism, or through central planning.

At the ideological level, this concentration of power is justified by the **growth ideology**, i.e. the ideology founded on the social imaginary signification that "the unlimited growth of production and of the productive forces is *in fact* the central objective of human existence"[\[10\]](#), and the implied ideology of domination over Nature. The growth ideology complements the *liberal* ideology in the capitalist growth economy and the *socialist* ideology in the socialist growth economy; in this sense, the growth ideology constitutes the ultimate ideological foundation for both the capitalist and the socialist growth economy, despite the different ways in which the hierarchical patterns of power concentration are structured in the two types of the growth economy. Furthermore, the growth ideology is the "ideology in the last instance", in that it determines which ideology will be dominant at the end. This is why the economic failure of the socialist growth economy (namely, the failure to create a Western-type consumer society) was the main reason which had led to the collapse of this type of growth economy and to the present predominance of the capitalist growth economy and its own ideology (liberalism).

The common growth ideology can also account for the fact that both types of the growth economy share a similar environmental degradation. Thus, to the extent that the essentially economic character of the present concentration of power cannot be simply reduced to capitalist production relations, as Marxists contend, to a similar extent, the ecological crisis itself cannot be merely reduced to capitalist relations and conditions of production, as eco-Marxists maintain[\[11\]](#). It is, anyway, evident that an analysis of the ecological crisis on the basis of capitalist production relations fails to explain the presence of an even more serious ecological crisis in the countries of "actually existing socialism", despite the absence there of capitalist production relations. Thus, just as it would be wrong to attribute the ecological crisis merely to the growth ideology, as the environmentalists and various "realos" within the Green movement do, disregarding the institutional framework of power relations, it would be equally wrong to impute the crisis mainly to capitalist production conditions (as eco-Marxists are trying to do) disregarding the significance of the growth ideology on the theory and practice of socialist statism.

So, in order to provide an adequate interpretation of the ecological crisis, we should refer not just to the capitalist *production relations*, but to the *power relations* that result from the concentration of power and the implied idea of dominating Nature. We should therefore begin with the historical factors that led to contemporary hierarchical society - in which the elite draws its power mainly from the concentration of economic power - and continue with an attempt to interpret the crisis in the context of the institutional framework of the capitalist and the socialist growth economy respectively. Such an interpretation could demonstrate that the ecological crisis is directly related to the principle of economic efficiency, which constitutes a basic intermediate objective for the maximization of growth in both types of the growth economy. This principle is, in both cases, defined by criteria which do not take into consideration the social and ecological cost of production. Thus, those in (private or state) control of the means of production, design the technology and production methods in a way that, effectively, disregards the ecological effects of growth, which, for them, constitute just part of the "external" cost of production.

As regards the significance of the institutional framework in particular, in the case of the socialist growth economy, central planners are able, in theory, to take ecological factors into account in making their decisions; in practice, however, this would imply further lagging behind in the growth race with the capitalist growth economy and a significant worsening in the competitiveness of their export sector. On the other hand, in the case of the capitalist growth economy, those controlling the means of production, in order to secure the free flow of "land's" goods and services, have to aim at the minimization of social controls on the market for land, i.e. at the enhancement of the marketization process that *commodifies* the environment.

Growth Economy and Concentration

Concentration of economic power, effected either through the accumulation of income and wealth and consequently of purchasing power ("actually existing capitalism"), or through the concentration of control of the production process ("actually existing socialism"), constitutes a basic characteristic of the growth economy. A second basic characteristic is ecological destruction, as a result of the growth-induced exhaustion of available natural resources, not just the non-renewable resources (mineral stocks etc) but also, and particularly, the renewable ones (arable land, forests, etc.).

However, whereas in the socialist growth economy, concentration of economic power in the hands of the bureaucratic elite that controls the central plan is a direct result of the concentration of political power, in the capitalist growth economy, concentration of economic power is realised through the automatic market mechanism. Thus, contrary to the view held by classical, as well as by contemporary, anarchists^[12], in their effort to show that there are **natural** tendencies leading to a decentralized anarchist society (a similar claim is made today with respect to bio-regionalism by its advocates)^[13], it can be shown that there is a long term market trend leading to continual concentration of economic power, even when this trend is

accompanied by a simultaneous physical decentralization of the production process, as is the case today. This increasing concentration can be shown at both the inter-country macro-economic level, and at the inter-company micro-economic level.

At the inter-country level, Kropotkin, at the end of the last century, perceived a continuous decentralization of manufacturing (evident in the declining British share in world exports) leading to what he called a "consecutive development of nations"[\[14\]](#). However, with hindsight, we may now state that this consecutive development never materialized and that today, on the contrary, we see the largest income concentration on record, with 14% of the world's population (living in the 16 OECD richest countries) receiving 74% of world income[\[15\]](#). Thus, the internal re-allocation, regarding the export shares of metropolitan countries, does not constitute a negation of the fact that the same countries are, directly[\[16\]](#) or indirectly[\[17\]](#), continually extending their control on world trade.

Also, at the inter-company level, despite the fact that the average plant size has decreased since the late 1970s, (following the continual increase in plant size during the 1950s and the 1960s[\[18\]](#)), it is easy to establish a historical trend of increasing economic concentration[\[19\]](#). Furthermore, the fact that the degree of concentration seems to be stabilising lately is due more to the recent significant expansion of fragmentation strategies employed by large firms (multi-plant ownership, sub-contracting, franchising, licensing agreements etc.) rather than to any real slowdown in the concentration process. The same fragmentation strategies[\[20\]](#) may, also, explain, at least partly, the growth of small firms in the last decade, although the parallel expansion of the services sector has played a crucial role in this connection.

As regards the way in which the concentration of economic power is realised, the institutions through which the ownership and allocation of economic resources is organised, in both the capitalist and the socialist growth economy, play a crucial role. Thus, first, as far as the forms of ownership of economic resources is concerned, both the private-capitalist and the state-socialist forms of ownership lead to the pursuit of *partial* interests. This is because, in both cases, the form of ownership assigns to a minority the right to control the production process: either *directly*, through private ownership, which gives a minority the right to control the means of production (capitalism), or *indirectly*, through state ownership, which assigns a similar right to the bureaucratic elite in control of the planning mechanism ("actually existing socialism"). Second, as far as the mechanism for resource allocation is concerned, both the market mechanism and the planning mechanism result in establishing a few in privileged positions, at the expense of the many. In the market mechanism, this is brought about automatically, through the unequal distribution of income that results from the mechanism's functioning, while in central planning this is accomplished through the institutionalisation of various privileges in favour of the bureaucratic elite.

Therefore, to the extent that the socialist concentration of power is "accidental", when socialism is represented at the political level by soviet "democracy" and at the economic level by central

planning, to a corresponding extent, the capitalist concentration of power is accidental when liberalism is expressed in the form of representative democracy and the market economy respectively. In both cases, concentration is justified by the respective ideology, directly in Marxism (where it is considered necessary for the "transitional" period) and indirectly in liberalism (where the concentration of political and economic power - provided that it is "legal" - is not considered to be incompatible with the fundamental liberal principle of the "primacy of the individual", even though it negates its universality). Thus, to the extent that "actually existing socialism" leads to the liberation of human beings, to a corresponding extent "actually existing capitalism" affirms the "primacy of the individual"!

Moreover, the identification (in both systems) of Progress with economic growth entails the need for a more extensive division of labour, specialization, and exploitation of comparative advantages - in other words, for a departure from the principle of self-reliance. But, this departure has, as I have tried to show elsewhere^[21], considerable repercussions at the economic level (unemployment, poverty, economic crises in capitalism and economic irrationalism in socialism), the cultural level (disintegration of social ties and values), the ecological level and, naturally, the general social level (drastic restriction of individual and social autonomy^[22]).

However, both the concentration of economic power and the ecological disintegration do not simply constitute *consequences* of the establishment of the growth economy, but also *fundamental pre-conditions* for its reproduction. Thus, just as the continuation of present growth (i.e. growth cum marketization) is not possible without the further plundering of nature, its continuance is equally impossible without the further concentration of economic power. For it is precisely concentration, in the form of huge inequalities in the distribution of world income, that makes the reproduction of the growth economy possible: it is simply not *physically* possible for the wasteful consumption standards, which are today enjoyed by high and middle social strata in the North and the elite in the South, to be universalized and enjoyed by the world population.

Concentration of economic power does not, of course, constitute a new phenomenon. In all hierarchical societies, some concentration of wealth has always accompanied the concentration of political and military power in the hands of the various elites, - a fact usually "justified" through a system of social rules based upon religion. The new element in the growth economy is the fact that the reproduction of the social system itself, as well as of the power of the elite controlling it, crucially depends on the realisation of growth, which, in turn, is "justified" through its identification with Progress. However, this fact constitutes, also, the fundamental contradiction of the modern hierarchical society. Namely, that whereas growth constitutes the condition of existence of the social system, the continuation of growth itself is doubtful. This is so, both on account of the ecological consequences of growth and, also, because of the fact that the increasing concentration that it implies leads to a widening gap *between* North and South, as well as *within* the North and the South, i.e. between privileged and underprivileged social strata.

But, let us now examine the present multi-dimensional crisis (economic, ecological, social, political and ideological), that involves both types of the growth economy and has already led to the collapse of the socialist growth economy.

The Crisis of the Capitalist Growth Economy

As regards, first, the economic crisis, the North has yet to recover from the crisis that surfaced in the mid-1970s, as a result of the fundamental contradiction created by the internationalization of the market economy and the parallel expansion of statism^[23], i.e. of active state control of the economy. In an attempt to resolve this contradiction, a process of freeing and deregulating markets and shrinking the state's economic role has been introduced; this has led to the present explosion of unemployment and underemployment which, together, force the marginalization of at least 30% of the labour force^[24] —a fact calling into question the economic and social basis of the growth economy. In its turn, the crisis of the growth economy calls into question the market economy itself, which gave birth to it. However, the recent collapse of the socialist growth economy functions today as a decisive restraining factor, making it hard for the market economy to be widely questioned at the subjective level.

Still, the crisis of the market economy in the North does not constitute the decisive element in the economic crisis. It is not inconceivable that the world economy might, in the future, reach a new equilibrium, kicking off a new period of economic growth, that will rest on the exploitation of the technological advantages of the North and the low production cost of the South (which has now been expanded by the addition to its ranks of the countries in the former Second World, including China -the latter maintains the socialist insignia just for the sake of reproducing the concentration of political power in the hands of the bureaucratic elite). However, in the neo-liberal context of minimizing the social controls over the market, the new period of growth will inevitably make permanent the present levels of world-wide unemployment and underemployment, which consolidate the "2/3 society" in the North, and a pattern of widening inequality in both the North and the South.

The decisive element in the crisis consists of the fact that the system of market economy is not **inherently** capable to transform the market economy of the South into a self-sustaining growth economy, similar to the one already established in the North. This is demonstrated by the fact that the gap between North and South has widened rapidly since the start of the peripheral marketization process, i.e. since the market economy of the former has begun to penetrate the traditional economies of the latter^[25].

But, the inherent incapability of the North to create self-sustaining consumer societies in the South becomes even more obvious given the fact that the earth's natural resources simply do not suffice for the standards of living enjoyed today by the privileged in the North to be universalised. In other words, there is an absolute natural barrier that makes impossible the globalization of the North's capitalist type of growth economy. If we assume, for example, that

the world population rises in the next century to 11 billion - a reasonable estimate on the basis of presently available data- then, for the

inhabitants of our planet to reach the per capita energy use rates that those living in the rich countries enjoy now, world energy production would have to be eight times as great as it is at present (or twelve times as great for everybody to enjoy the US consumption standards^[26]). But, on the basis of "existing estimates of all potentially recoverable mineral and energy resources (including all the deposits we are ever likely to find)...there is no chance that everybody in the world can rise to anywhere near the per capita use rates that the few in rich countries enjoy now...nor is there any foreseeable way of deriving such enormous quantities of energy from alternative sources such as the sun, wind or tides"^[27].

Second, the crisis is ecological, in the sense that it concerns not only the relations between social individuals, but also our interaction, as social individuals, with the environment. The upsetting of ecological systems, the widespread pollution, the gradual exhaustion of natural resources and, in general, the rapid downgrading of the environment and the quality of life have made the limits of science-based economic growth manifestly apparent in the past 30 years. Thus, the Green movement, which began as a reaction to the destruction of the environment caused by the unlimited development of production forces, has come to question the modern lifestyle itself, as well as the form and structure of needs that are, also, social constructions. In this sense, the present crisis constitutes a deeper crisis of lifestyle and of the entire culture that sustains it.

For the "realist" currents within the Green movement, the ecological crisis is essentially a crisis of values. Accordingly, the way out of the crisis is a matter of changing our values (mainly with respect to consumerism and growth) and lifestyle. Therefore, the required reforms should simply aim to "green" the growth process ("sustainable development", "greening" of production and consumption, etc.), leaving the institutional framework of the market economy almost intact. Thus, the various "realos", while conveniently dodging the issue of the fundamental contradiction between, on the one hand, the requirements of competitiveness imposed by the present internationalized phase of the market economy, and, on the other, the ecological requirements, delude themselves that the pressure exercised by the Green movement (under the leadership of various semi-professional politicians within it) would reinforce the trends leading to a "green capitalism", supposedly already being established within the market economy.

For the radical Green currents, the ultimate cause of the ecological crisis lies in the domination of human being over human being and the implied ideology of human domination over Nature. Consequently, overcoming the crisis entails changing the institutional framework itself, on which the double domination is founded. Namely, the institutional framework which is determined by the nation-state, the market economy and representative democracy. According to the radical view, the ecological society must be based on those institutional pre-conditions

that ensure the equal distribution of political and economic power among all citizens, i.e. on direct and economic democracy^[28], as well as on a totally different conception regarding lifestyle —a conception implying other needs, other technologies and an entirely different culture.

The issue presently dividing radical Greens concerns the strategy for the transition towards an ecological society. Thus, if we exclude, as not belonging to the radical green movement altogether, those currents that insist in taking part in the "central" political game (elections at the national, supra-national, or federal level), we may distinguish two main strategies. First, there is the **strategy of lifestyle change**, which "starting from the individual and working through affinity groups and finally a mass movement"^[29], sees social change through setting an example of sound and preferable lifestyles at the individual and social level (communes, co-ops, self-managed farms, local currencies e.t.c). This strategy involves no intervention at all at the political level (even in the form of taking part in local elections), nor, usually, at the general social level (in the form, say, of participation in the collective struggles of workers, unemployed and other social groups- other than in struggles on pure "Green" issues). Second, there is the **strategy of confederal municipalism**, which aims "to transform and democratize city governments, to root them in popular assemblies, to knit them along confederal lines, to appropriate a regional economy along confederal and municipal lines"^[30]. This strategy aspires to create a new public space and a new political practice at the local level, so that, through participation in collective (political and social) struggles, to create the institutional preconditions for the establishment of new structures (ecological, political and economic), on the basis of the principles of direct and economic democracy.

Although, therefore, some of the steps proposed by the first strategy are not incompatible with the logic of the second (e.g. co-ops, local currencies etc), still, there is a crucial difference between the two strategies. The lifestyle strategy emphasises the role of the individual: social change is seen to start from the lifestyle of the individual, and to proceed through bypassing the state and the market, rather than attempting directly to replace them, in mass scale, with new social institutions. On the other hand, the confederal municipalism strategy emphasises the role of the **social** individual, i.e. of the individual which takes part in political struggles at the local level and social struggles in general, with the aim to effect social change, not "through setting an example", but through creating "bases" of direct and economic democracy, always "in tension between the nation-state and the municipal confederation"^[31]. So, this strategy not only avoids the social marginalization to which the first strategy inevitably leads (as the history of the last 25 years has shown) but it also escapes the trap of being "so skewed towards the idea of the reforms of the individual's values and lifestyle, as the primary political route to radical social change, that it ends up seeming positively antipathetic to the notion of the collective"^[32] —the New Age movement is a clear indication of this trap.

Third, the crisis is social. It refers to the relations between social individuals in contemporary society, the relations between sexes, between parents and children, between teachers and

pupils, etc. Fundamental traditional institutions, which for many years have regulated these relations, are today called into question and are faltering. This crisis in social relations reflects, also, a crisis of identity - the latter defined in terms of having a socially predetermined role to which we may identify with. Such predetermined roles are collapsing daily, creating confusion in social relations and shaking society's internal structure. At the same time, the crisis of identity manifests itself, lately, at the cultural level as well, leading to the well known ethnic conflicts.

The social crisis has been aggravated by the expansion of the market economy to all sectors of social life, in the context of its present internationalized phase^[33]. It is, of course, well-known that the market is the greatest enemy of traditional values. It is not, therefore, surprising that the social crisis is more pronounced in precisely those countries where marketization has been well advanced. This becomes evident by the fact that neither campaigns of the "back to basics" type (Britain), nor the growth of religious, mystic and other similar tendencies (USA) have had any restraining effect on the most obvious symptom of the social crisis: the explosion of criminality^[34]. So, the growth economy has already created a **growth society**, the main characteristics of which are consumerism, privacy and the subsequent disintegration of society's web. In this sense, the growth society heralds the "non-society", i.e. the substitution of atomized families and individuals for society.

Finally, the generalised crisis manifests itself at the ideological level as well, with a parallel crisis regarding the credibility of science. This crisis, which surfaced about twenty five years ago, has systematically undermined many scientific "truths"^[35] and especially those on the basis of which we used to justify our "certainty" concerning the interpretation of social and economic phenomena. Because of the double role that science plays with respect to the reproduction of the growth economy, this crisis is particularly significant. Thus, firstly, science plays a functional role in the material reproduction of the growth economy, through its decisive contribution to the effort to dominate Nature and maximize growth. Secondly, science plays an equally important ideological role in the "objective" justification of the growth economy. Just as religion was playing an important part in justifying feudal hierarchy, so does science play a crucial role today in justifying the modern hierarchical society. In fact, from the moment science has replaced religion, as the dominant worldview, it had "objectively" justified the growth economy, both in its capitalist and socialist types.

Therefore, when, as a result of the realization of the effects of economic growth upon Nature and, subsequently, upon the quality of life, the functional role of science in advancing Progress was questioned and, on top of this, the credibility of scientific truths themselves was challenged (whether those truths originated in orthodox social science^[36] or in the alternative science of socialism, Marxism^[37]) then, the moment of truth for the growth ideology has come. Today, the central imaginary signification of the growth economy, i.e. the identification of Progress with growth and the implied idea of human domination over Nature, is, for the first time after the Enlightenment, under massive fire.

The Crisis of the Statist Tradition

A crucial part of the present multi-dimensional crisis is the crisis of the statist view, namely the view that we can employ our knowledge on nature and society in order to shape the natural environment and the course of social evolution. The socialist and social-democratic movements that emerged in nineteenth-century Europe and, of course, the Marxist movement, constituted the material manifestation of this view, which had become dominant in the wake of the Enlightenment and which involved a course of linear (or dialectic) progress into the future. Politics could be grounded on science, on an effective knowledge, regardless of any collective, creative or self-instituting activity on the part of social individuals. The statist view was directly related to the huge post-war expansion of statism in general and socialist statism in particular, following the conquest of power by the communist parties in the East and social-democratic parties in the West.

The statist view is today under fire from both the Right and the Left. This attack is, of course, understandable, considering that numerous statist parties succeeded in their aim to seize state power. Thus, social-democratic movements in the First World, communist movements in the Second World and various national-liberation movements in the Third World seized power and they all failed to change the World, at least in accordance with their proclaimed declarations and expectations. In fact, even the very superstructures that these movements erected in the past 70 years, which gave the impression of some change, have either been pulled down ("actually existing socialism" in the East) or are in the process of demolition (social-democracy in the West).

On the part of the Right, the attack against statism took the form of the New Right's^[38] neo-liberal movement, which, after it gained power in Britain and the US, was instrumental in the world-wide spreading of the neo-liberal consensus^[39] and the subsequent effective undermining of the statist view. The New Right's solution to overcoming the present multidimensional crisis is, naturally, consistent with maintaining the existing institutional framework. However, its proposals for freeing the market forces, privatization and a minimal state, i.e. for further marketization, amount to nothing less than the rational organization of inequality. This becomes obvious by the fact that no dimension of the crisis can be resolved by further marketizing the economy.

Thus, as regards, first, the economic crisis, in the sense we defined it above, the enhancement of the marketization process could confidently be expected to aggravate the crisis, since it is bound to further widen the North-South gap. It can easily be shown that "it is not competition that has historically led to significant advances in the production efficiency and international competitiveness of late-developers, but protectionist/ interventionist policies"^[40]. As regards, second, the ecological crisis, the policy of freeing the markets, which is advocated by the New Right, inevitably leads to a deepening of this crisis, as the historical experience of the last 200 years has shown, with the rise of the market economy and the subsequent growth economy

leading to the greatest ecological disaster in the history of humankind. Finally, as regards the social crisis, it is unavoidable that the marketization of society would further undermine traditional, as well as community, values and deepen the crisis.

Therefore, the concentration of political power cannot be reduced, as the New Right claims, through the decentralization of economic power, which is supposedly brought about by the freeing of markets, deregulation and so on. On the contrary, minimizing social controls on the markets further reinforces economic concentration, which is simply a by-product of the market economy, whereas, at the same time, it leads to supranational forms of political concentration, that correspond to the supranational forms of economic concentration, which have already been established. The trend towards the formation of a federal super-state in Europe, actively supported by neoliberals and social-democrats, constitutes a characteristic example of political concentration supplementing economic concentration.

On the part of the Left, the attack against statism takes the form of a new tendency to enhance **civil society**, i.e. to strengthen social institutions which are autonomous from state control (mass media, trade unions, local government, etc.), and civil movements. This tendency originated in the Second World, where, as a reaction to the Third International's ideology, a series of anti-bureaucratic movements flourished in the past decade - from Polish Solidarity to movements for a communism with human face etc. Later, thanks to the theoretical work of modern social-democrats of Habermas's School^[41], this new tendency spread to the First World and today exerts considerable influence among social-democrats, eco-socialists and others.

However, the tendency to enhance civil society is fundamentally a-historical, since it ignores the structural changes which have led to the present neoliberal consensus and the internationalized phase of the marketization process. In other words, it ignores the fact —as I have tried to show elsewhere—^[42] that the tendency to minimize social controls on the market, which today is dominant everywhere, is not simply a matter of policy: it reflects fundamental changes in the form of market economy, which imply that every attempt towards an effective social control of the market necessarily comes into conflict with the requirements, in terms of competitiveness, for the reproduction of today's growth economy. In this sense, the trend to enhance civil society is even more utopian than the statist trend. When even the seizure of the omnipotent state machine by a social-democratic party eventually has led to social-liberalism (as in France in the 1980s), one can easily assess the chances of enhancing social controls, "from below".

Of course, the new trend's problem is not that it bases its strategy on a struggle "from below" and not on an effort to seize state power. The problem lies in the fact that this tendency takes for granted the entire institutional framework of the market economy, representative democracy and the nation-state.

But, the adoption, first, of the market economy means that every attempt by autonomous institutions (e.g. labour unions, ecological movements, etc.) for an effective control of the market- in order to achieve social, ecological and other aims- is in dire contradiction with the logic and dynamics of the internationalized economy. Inevitably, any attempt to introduce similar controls will lead to the adoption of insignificant half-measures, which have to be compatible with the logic and dynamics of the market economy (the case of Rio's "Earth" Conference is highly indicative).

The adoption, second, of representative democracy means that the direct democracy "injections" proposed by the advocates of this tendency, in fact, function as inoculations against direct democracy. The fundamental pre-condition for the creation of the consciousness of an active citizen is that the citizens themselves (and not others "on their behalf") should effect the political process. Hence, the supposed "democratic" proposals merely reinforce citizens' passivity, misleading them to believe that they exercise political power, when, in fact, the latter remains firmly the privilege of the few and the many are relegated to the role of "pressure groups", - now baptized as "counter-powers"!

Finally, the adoption of the nation-state means that the effective existence of autonomous institutions is possible only insofar as they are compatible with the objectives of the state. From the moment this condition is not met, state power will undermine the power of autonomous institutions (see, e.g., the crippling of British labour unions under Thatcherism) or even proceed to their dismantlement (see, for instance, the break-up of the Greater London Council, when it started creating problems to the Thatcherite state). Therefore, irrespective of whether one accepts the theory, proposed today by some modern anarchists^[43], that the state, not only is not a class instrument, but that it also has its own interests and actors, the case may be supported, both theoretically and historically, that any attempt to "sublate" state power with autonomous institutions^[44] is doomed to failure. For example, one could show that the attempt to reinforce civil society, if successful, will lead to a decrease in the economic surplus (part of which is used to reproduce the state mechanism) and, therefore, it will necessarily incur the state's counter-attempt to undermine it. Thus, the dialectic of tension between state and autonomous institutions makes this "sublation" impossible, since it necessarily leads to either a decorative role for the "autonomous" institutions, or to their dissolution by the state.

In conclusion, the development of civil society institutions has no chance whatsoever of either putting an end to the concentration of power, or of transcending the present multidimensional crisis. This is the inevitable result of the fact that the ultimate aim of civil societarians is to improve the functioning of existing institutions (state, parties, market), in order to make them more responsive to pressures from below when, in fact, the crisis is founded on the institutions themselves and not on their malfunctioning!

The Collapse of the Socialist Growth Economy

The crisis of the statist tradition becomes apparent not only from the crisis of the statist view but, above all, from the universal failure of socialist statism. This failure refers to both "actually existing socialism", i.e. the socialism which is associated in theory with Marxism and in practice with absolute State centralization, as well as to Western social-democracy, i.e. the socialism which is associated in theory with Keynesianism and in practice with the welfare state and the mixed economy.

Socialist statism, in the form of "actually existing socialism", did not even complete a full century of life, before disintegrating under the pressure of its internal contradictions and the blows—mainly indirect—it received from international capitalism. Still, regardless of the overall economic failure of "actually existing socialism", it cannot be disputed that this system had in its record two achievements of major social significance and that it is exactly these achievements which today, following the rise of liberalism in these countries, are collapsing.

The first achievement was to eliminate the insecurity created by open unemployment and the resulting marginalization of the individual. This, was achieved, of course, at the expense of widespread disguised unemployment. However, if, to the liberals, disguised unemployment was a symptom of economic inefficiency, to the socialists, it was just an inevitable consequence of social policy. Still, there is no doubt that the attempt to disguise open unemployment in this way contradicted the very logic of the growth economy. This is why the on-going full integration of these countries into the world market economy guarantees the abandonment of the state's commitment to full employment— a commitment which has already been abandoned by Western social-democrats. The inevitable result is bound to be widespread unemployment, as it can be shown, either through liberal Keynesian theory, (where the free market is shown to be unable to ensure full employment, except under special circumstances and for a limited period of time^[45]), or through Marxist theory, (where unemployment - the "reserve army of labour"- ensures that capital accumulation does not create a rising trend for wages^[46]).

Second, it has been shown, even by reliable Western studies^[47], that the degree of inequality in the distribution of income was lower in the countries under "actually existing socialism", compared to Western countries at the same level of development, despite the considerable inequalities induced by the institutionalised privileges and various economic benefits enjoyed by the bureaucracy. It is not, therefore, surprising that the spreading of market mechanisms in these countries leads to a continually growing inequality^[48]. Furthermore, the prospects for the future look even gloomier, since their state machines will weaken in proportion to the degree of their further integration into the world capitalist market; this implies that they will be allowed even fewer degrees of freedom to intervene in order to reduce the market-generated inequalities.

In order to give an adequate interpretation of the phenomenon of the collapse of "actually existing socialism", it is necessary to outline the causes of its economic failure. It was precisely the system's economic failure that led, on the one hand, to the spectacular U-turn of Soviet

bureaucracy, which was expressed by Gorbachev's perestroika, and, on the other, functioned as the catalyst for the collapse of "actually existing socialism" in the satellite countries. Economic failure manifested itself not only in terms of a significant slow-down in the development of production forces which led, at the end, to stagnation^[49] and serious shortages of consumer goods, but also in terms of technological backwardness and low quality of production.

There are three main approaches in the interpretation of the economic failure of "actually existing socialism", which originate in the three main political traditions: the liberal, autonomist and socialist-statist traditions. For the liberal approach, the ultimate cause of the failure lies in the attempt to substitute central planning for the market mechanism. Alternatively, for the autonomist approach, the cause of the failure lies in the fact that the system had never ensured the real participation of workers in the decision-making process. Finally, the socialist-statist approach usually occupies the middle ground between the other two approaches. Thus, the right wing of the socialist-statist tradition (social democrats in the West, perestroika leadership in the East) is closer to the liberal view, while the left wing (e.g. Trotskyists) is closer to the autonomist view.

According to the liberal view^[50], in order to explain the economic inefficiency of "actually existing socialism" we have to refer to what is called the system's "planability", which is a function of the number of inter-related decisions to be taken during the planning process. This view maintains that supplanting the market will only lead to the most arbitrary and inefficient central decisions regarding the allocation of millions of products. This is so, because "plan-instructions are, so to speak, non-specific, defining an aggregate total, which may be in tons, roubles, square metres or whatever. *This* instruction is clear and binding, and so enterprises produce not what the user actually requires, but that assortment which adds up to required aggregate quantity"^[51] - a process which inevitably induces waste of materials and economic inefficiency.

Furthermore, according to the same view, the greater the multiplicity of possible alternative products and methods (which is a by-product of development) the less is the system's planability. In other words, the system's success at the early stages of development, manifested by the high growth rates, was a result of **extensive** development and of the use of previously unexploited production resources in the expansion of "heavy industry". Thus, in the last instance, this success was due to the fact that development was still at a very low stage - a fact which can explain the system's relative success in, for instance, pre-war USSR or post-war Bulgaria. When the point was reached, however, that a higher stage of economic development demanded **intensive** use of production resources and the production of technologically more advanced consumer goods, then the need for decentralization (which, to the liberals, can only be effective in a market system) inevitably arose. This point marked, also, the beginning of the countdown leading to successive economic crises and the final collapse of the system.

According to the alternative radical interpretation (reflecting views grounded on the autonomist tradition^[52]), the basic cause of the system's inefficiency lies in the absence, first, of political

democracy and, second, of self-management of the production units, i.e. the lack of workers' participation in the decision-making process. This lack of participation, unavoidably, led to the alienation of direct producers and the total absence of work incentives, since the capitalist *economic* incentives were, by definition, absent, whereas the socialist *ideological* incentives, which the bureaucratic elite tried to create in place of the economic ones, were doomed to fail.

Thus, as regards the economic incentives, there are two main incentives provided by the capitalist growth economy: one positive, *consumerism*, and one negative, *unemployment*. Both were absent in the countries under 'actually existing socialism'. Consumerism was impossible, not only because of the bureaucratization of the economic process which had created an inefficient consumer goods sector, but also, because of the fact that these countries had to channel a relatively small proportion of their economic resources to the production of consumer goods. Given their lower level of development compared with the advanced capitalist countries, this was their only way to cope with the exorbitant defence expenditures imposed on them by the cold war. Furthermore, the right to employment- usually inscribed in the constitution - not only created widespread disguised unemployment, but also reinforced an attitude of "minimal effort" and passivity. The consequences were inevitably disastrous, especially with respect to the efficiency of the information flows. But, an efficient system of information flows, is a necessary pre-condition for the adequate functioning of every mechanism of resource allocation and, consequently, of the planning mechanism, as well.

As regards the ideological incentives (which were used mainly by Stalin and Mao in their effort to make up for the absent economic incentives) their failure was inevitable in a system characterised by the fundamental contradiction between an ideology based upon the principles of equality and social justice and the reality of a blatantly unequal distribution of economic and political power.

The failure of "actually existing socialism" to achieve the principal aim of creating an efficient socialist growth economy, produced the following dilemma for its ruling elite: democratic decentralization, through the creation of new structures for socialist self-management and a parallel struggle for the establishment of a new international division of labour based upon the principles of co-operation and solidarity or, instead, decentralization through the market mechanism and a full integration into the world market economy, which is founded upon the principles of competition and individualism. The first option would entail the self-negation of the ruling elite (not to mention being excluded from access to Western capital, while many of these countries were in deep debt), as well as the dissolution of the hierarchical structures it had established. On the other hand, the adoption of the second option was entirely consistent with the reproduction (with some changes in form) of the hierarchic structures and of the elite itself (including most of its personnel).

Hence, the criteria used in selecting the form of decentralization were not economic (as presented by Western analysts and politicians), but **political**. The discourse used by the

protagonists of perestroika in order to justify it was indicative. Thus, according to Alexander Yakovlev^[53], perestroika signified the substitution of the theory that universal human values transcend class interests for Marxist class theory. It is characteristic that among these "universal" values the dominant position is occupied by mixed economy and free competition, i.e. the fundamental values of the market economy!

Today, in Eastern Europe, many members of the nomenclatura have already taken over the new privatized companies, confirming Trotsky's^[54] old prediction that bureaucrats can turn into capitalists. The new elite that is currently being formed aims to create a new system of control and privileges based upon private ownership of the means of production, in place of the old system which was founded on party power and bureaucratic control. Thus, the means of production, instead of being appropriated by the direct producers or the local communities, are rapidly falling to foreign capital and the emerging new bourgeoisie of ex-bureaucrats and black-marketeers, who are the only ones able to command the funds and connections necessary to obtain them. The strings attached by the international capitalist organizations to the loans and "aid" given to these countries were, also, designed to reinforce liberal capitalism and to preclude any attempt towards a self-managed production structure.

The future of the mixed economies now emerging in Eastern Europe will be determined by whether it would be possible to build a successful capitalist growth economy, in place of the socialist growth economy that has just collapsed. This, depends on three main factors: first, on whether the present attempt to shift production resources from the capital goods and armaments sectors to the consumer goods sector will be successful; second, on whether the mass influx of Western capital, which is still awaited, will actually materialise; and third, on whether some at least of the trade flows within the ex-Eastern block, presently being dismantled in the process of integrating the countries in the block into the world capitalist market, will be re-established.

In case these aims are generally accomplished, then, the negative effects of liberalization (drastic increase in unemployment, widening of inequality, downgrading of social services, etc.) may be largely tolerable, provided that they do not acquire mass proportions. However, the chances for these aims to be achieved, the former two in particular, are small, although for some countries in central Europe the chances are considerably greater. So, the neoliberal policies imposed today by major Western capitalist countries, combined with the absence of the pre-conditions for the development of a strong domestic industry and technology, practically guarantee the Latin-Americanization of Eastern Europe. Moreover, the mass influx of Western capital becomes all the more doubtful today since, in the fierce competition among the countries of the "extended" South to attract it, vast China possesses considerable comparative advantages (lower wages, political "stability", etc.). We can, therefore, safely predict that the more developed of these countries (the Czech republic, the republic of Slovakia, Hungary, Poland) will occupy a position in the semi-periphery of the world capitalist market, while the remaining ones will constitute its periphery.

In regard to Russia, in particular, its present total integration in the world market completes a process already begun in the previous century and rudely interrupted with the rise of the Bolshevik regime to power. About hundred years ago, the Tsarist reformist Sergei Witte complained that Russia was a country that exported raw materials and imported finished goods, i.e. a country in the capitalist periphery. Today, the country returns to its former position, in regard to both the structure of production and, subsequently, the structure of its trade.

As far as production is concerned, the initiative for the required restructuring of the manufacturing sector, that would create the conditions for survival in the competition with Western firms, should have come either from the managers of public corporations (supported by the state) or from private - domestic and foreign - capital. However, the first possibility was, from the start, ruled out by the Western financial backers of the reforms. The international organizations took pains to ensure that every single dollar of help to Russia would be "linked" to market reforms[55]. Simultaneously, they pressed for the drastic reduction of public deficits and for the privatization of state companies which, following the dramatic devaluation of the rouble, offered particularly lucrative opportunities for western capital. However, western capitalists showed no particular desire to invest in Russian manufacturing. On the contrary, following their usual practice in the periphery, they turned to investments in the particularly profitable - due to the rich natural resources - energy (oil, gas) and timber sectors, as well as mining of raw materials[56]. The result has been a continual decrease in production, industrial production in particular. Thus, the industrial product shows a devastating 50-percent drop in the past three years, i.e a decrease even greater than that which occurred in the US during the Great Depression, in the wake of the 1929 crash[57]!

With regard to trade, the completion of Russia's integration into the world market had resulted in the collapse of the traditional commercial links with the other countries of Eastern Europe and the former republics in the Soviet Union. According to M. Kaser, a distinguished sovietologist at Oxford University, in 1988, the final year of the Central Plan, Russian trade with the other republics constituted 4/5 of the total trade, representing 27% of the Russian GNP. Today, trade with the other republics has collapsed and Russia imports final products (essentially, luxury consumer goods for the new elite) and exports raw materials, exactly as it did 100 years ago. In the meantime, the West, through the international organizations, imposes an increasingly stricter "austerity", in order to "stabilize" the Russian economy in its new place in the international division of labour. The effect of the above policies is that, according to the Shatalin Institute, the standard of living of 80% of the Russian population has deteriorated drastically, 17% of it facing a survival problem[58], while the country has entered a rapid process of Latin-Americanization[59].

At the political level, the most probable "scenario" is a long period of instability, which, in the long term, may initiate processes that will enhance radical and, most likely, extreme nationalist and fascist, tendencies. In the mean time, the invasion of consumerism and the regime's objective inability to satisfy the consumer needs of large sections of the population, and in

particular their consumer expectations, have led to an explosion of criminality, alcoholism, drug abuse, etc. Still, the trend favoured today by the rising new elite in Russia and the other Eastern countries is political liberalization. The same trend for liberalization is actively supported by the West, which, anyway, follows the same policy in the entire periphery and semi-periphery, to which the Eastern bloc countries now belong. The authoritarian regimes in the periphery could only survive, as long as the "alibi of growth", i.e. the growth ideology, was still credible. However, when, in the previous decade, it gradually became apparent that the "development" that had taken place in the peripheral countries was based upon totally unstable foundations (mainly on foreign borrowing), and was unable to create a Western-type growth economy, then, democracy became "a way of spreading and sharing responsibility" as B. Cumings^[60] aptly commented.

In reality then, "democratic participation", which is celebrated today in the periphery and semi-periphery, is simply participation in misery. The system of *liberal oligarchy* now replacing the authoritarian regimes of the past can not, by its nature, ensure the citizens' true participation in decision making - merely their collective apathy. This apathy, however, is today secured in a much more sophisticated way than in a Stalinist or Pinochet type of regime, types that were objectively unable to create the illusion of citizen participation. The average citizen is asked every 4-5 years to choose his masters, occasionally becomes involved in pressure groups, rarely rises to the elite itself, while "by and large he does, and is expected to, remain relatively passive - in fact, the health of the system depends on it"^[61]. However, the crucial problem, that the transplantation of liberal oligarchy to the periphery creates is that, whereas the Western liberal oligarchy is founded on the "two-thirds society", there is no chance, in the foreseeable future, for the peripheral liberal oligarchy to acquire a similar basis, on which a system of institutionalised apathy could be built.

From Social Democracy to Social liberalism

It is not, however, only "actually existing socialism" that has today collapsed. Despite the absurd claims by many social democrats, that the collapse of the extreme form of socialist statism vindicated social-democracy, in fact, the latter's disintegration is not less conspicuous. The fundamental characteristic of the neoliberal consensus (i.e. the consensus characterising the present economic policy of both neo-liberal and social-democratic parties) is the drastic alteration of the content of social-democracy, that is, the radical shrinking, not just of statism in general (which continues to be strong in relation to improving competitiveness^[62]), but of socialist statism in particular.

Thus, the fundamental structures of the neo-liberal consensus are, above all, distinguished by the minimization of social-democratic state interventionism, i.e. the type of interventionism which marked the post-war period of social-democratic consensus, until about the mid-1970s. The central aims of social-democratic state interventionism were, first, to establish and maintain full employment, second, to create a comprehensive welfare state and, third, to

achieve a fair distribution of income. The latter was supposed to be secured, not only through the introduction of a "social wage" system that was implied by the welfare state, but also through a progressive personal income tax system that would be used, in combination with public sector borrowing, to finance the welfare state. In the event, the pursuit of these aims did have had a relative success in improving the standard of living of the lower income strata, creating the image of a "single-nation" society. Thus, at the ideological level, social democrats were able to claim that they had created a society which secured some social justice guarantees, without sacrificing every sense of individual freedom, i.e. a socially credible "actually existing capitalism" to counterbalance "actually existing socialism".

However, this type of "actually existing capitalism"- contrary to the claims of ex Marxist intellectuals that have belatedly defected to social-democracy - is either almost extinct (UK, USA), or is rapidly disappearing (Germany, Sweden). The abandonment of the state's commitment to full employment and the subsequent rise in unemployment^[63] and poverty, as well as the crippling of the welfare state have led to the present "two-thirds" society, which has taken the place of the "single-nation" society.

Today's social-democratic parties, rather than attempting to bring about drastic changes to the neoliberal market economy presently being established, change their ideology instead. As these parties therefore bear almost no relation at all to the traditional social democratic parties of the 1950-1975 period, they should better be called more accurately "social-liberal", rather than social-democratic parties.

This radical alteration of the content of social-democracy is due to fundamental changes in the structure of market economy; changes that hardly permit the degree of statism in which the old social-democracy flourished. To be more specific, the present degree of internationalization of the market economy means that, today, economic growth rests- to a much more considerable extent than in the past- on competitiveness. In other words, growth now depends on the conditions of supply that are decisive for the expansion of exports, which, in turn, play a crucial part in sustaining the present growth economy^[64]. On the other hand, during the period of social-democratic consensus, economic growth rested mainly on the level of domestic demand and, in this framework, the state sector played an important part in boosting domestic consumption. The means used for this purpose were government spending and investment, as well as the economic activity of nationalized enterprises. The necessary condition, however, for the social-democratic system's efficient functioning was the relatively low degree of internationalization, i.e. a degree which was compatible with an institutional framework relatively protective of the domestic market for commodities, capital and labour. And it is precisely the drastic alteration of this institutional framework that made the continuation of traditional social democracy impossible.

However, the internationalization of the economy has not simply been a consequence of "objective" factors (e.g the expansion of TNC activity and international trade), which may easily

be explained in the context of the dynamics of the market economy. It was also the result of "subjective" factors, i.e. of deliberate political decisions in the context of the neoliberal consensus (e.g. freeing of markets, deregulation e.t.c.). Thus, as far as commodity markets is concerned, their protection has already been eliminated within the two major economic blocs (EEC and NAFTA) and will soon almost disappear world-wide, following the implementation of the new GATT agreement. Also, as far as capital markets is concerned, following the abolition of controls and restrictions to the movement of capital, a very high degree of internationalization has already been achieved. As a result, the world capital market plays an incomparably more important part than the commodity market, in regard to both its "quantitative" significance and - above all - in regard to state's role in implementing "national" economic policies.

In regard to the quantitative element, it is highly indicative that the value of world trade for the whole of 1993 represented a mere two weeks worth of turnover of the world foreign exchange market^[65]! Furthermore, the influence of the capital markets on economic policy is decisive. The moment a particular government would attempt to implement a social-democratic policy of the old type, e.g. to create a significant fiscal deficit in order to reduce unemployment or to increase social expenditures, the country concerned would find its currency under a direct and relentless pressure in the international money markets. This would eventually compel the "heretical" government to alter its course, so as to avoid the collapse of its currency and its ostracism from international capital markets.

Therefore, the substitution of social-liberalism for social-democracy is neither conjunctural nor temporary, as social-liberals tend to assume. The present policies aiming at the constant curtailment of fiscal deficits and social expenditures, the dismantling of the welfare state and the abandonment of the full employment commitment are no longer a matter of choice; they are imposed on social-liberals by the present hegemony of capital markets. Within the existing institutional framework, growth is no longer possible but through the continual improvement of competitiveness, which, in turn, implies the need for policies, like the ones described. Thus, the social-liberals, being committed to the present institutional framework, are merely trying to assign a "social dimension"^[66] to the above processes.

The present decline of the social-liberal parties is not symptomatic. It is directly related to the basic fact that the differences between neo-liberals and social-liberals are now hardly discernible; and this, despite the fact that we have already entered a new period of "wild capitalism". The same story repeats itself everywhere. From Australia, where the Labour party is earnestly implementing privatization policies and takes drastic steps to cut budget deficits, to Sweden, where the social-democrats, even before losing power in 1991, had embarked on a policy leading to the effective dismantlement of the employment system and the welfare state, which were the envy of social-democrats around the world.

Let us consider, however, the case of Sweden in more detail, since it clearly demonstrates the causes for the collapse of social democracy. In 1990, Sweden's central bank was freed from its

commitment to full employment and the crown was forced to follow the ECU's variations. The Swedish establishment, acknowledging that competitiveness played the primary role in economic growth, substituted the fight against inflation for the fight against unemployment as the main economic target. However, long before the commitment to full employment was abandoned, the institutional means for the attainment of this goal had already been dismantled. In fact, the institutional framework had begun to change as early as the mid-1980s, when the central bank abandoned controls on the other banks, thus beginning a process of market deregulation, comparable to the one observed by EEC countries. The consequence was that the burden to control inflation fell exclusively onto the labour unions, which, however, were unable, to press their members for low wages, particularly at a time of accelerating inflation caused by an uncontrollable bank credit creation.

As a study on the Swedish phenomenon^[67] points out, deregulation was the main economic cause that destroyed the Swedish model. When, in the 1930s, Sweden established the statist model, the institutional framework of regulations and controls regarding the movement of capital, both within the country (bank borrowing, etc.) and between Sweden and other countries, was entirely different. Thus, the institutional framework at that time consisted of strict bank controls, severe foreign exchange regulations and a government commitment to maintain domestic demand at a high level, in coordination with the central bank, which was committed to the full employment objective. Within this framework, the powerful Swedish labour unions were in a position to secure "reasonable" wage raises, i.e. not causing inflation. Today, however, the deregulation of money markets means that any attempt to base growth on government spending and budget deficits is doomed to fail, since it leads to speculative capital movements and currency instability. As a result, the Swedish model of social democracy has been falling to pieces recently.

The case in favour of social-liberalism rests on the hypothesis that contemporary society is no longer characterised by vertical structures! Thus, former Marxists and now social-liberals^[68], having abandoned the inadequate Marxist class analysis, throw away the baby with the bathwater and claim that today we live in a society of equality, in which there are neither elites, controlling the essential social processes (economic, political, information/mass media, etc.), nor hierarchical structures; a society, where the government itself constitutes just one more organized social group, pursuing its own narrowly partisan interests!

Thus, social-liberal intellectuals, taking for granted the institutional framework set up by neo-liberalism in the past decade (i.e. the drastic enhancement of the market forces and competition, at the expense of social control on the economy), advance positions that hardly differ, in their essence, from the pure neo-liberal positions. All this, in the interest of the modernization of the Left! For instance, they reject the need to socialize the means of production, within the process of the socialist transformation of society, despite the fact that socialisation constituted a fundamental tenet of Marxism and of socialism in general. Instead, they argue that "what is of primary importance, is not the form of ownership, but the quality of

control exercised by the state... that could ensure both quality of services and low prices"[\[69\]](#). In this way, an obvious attempt is being made to evade the basic fact that no form of state control, no matter how "sophisticated", can be in conflict with the fundamental market principles and the dynamics of competition.

Thus, no form of state control could, for instance, prevent a privatized public utility enterprise from discontinuing the supply of its services to those unable to pay (as the British privatized water companies have been doing, causing the reappearance of epidemics that had disappeared a century ago[\[70\]](#)). Moreover, whereas the exclusive social control of public utility companies could ensure the reinvestment of their entire surplus in new technologies that would guarantee the modernization of their services, in the case of privatized companies it is taken for granted that a considerable portion of the surplus is bound for the owners' pockets to finance their extravagant consumption standards. Finally, no form of state control could force the owners of companies covering basic needs to offer their services at prices affordable to the thousands of unemployed, low-wagers etc. that the institutional framework itself creates. In reality, as the British experience has shown, state control cannot even meet the aims set by social-liberals, in particular low prices[\[71\]](#), for reasons related to the logic of the market[\[72\]](#) itself.

Similarly, social liberals repudiate the universal character of the welfare state, blaming universality (the principle that social services are offered to every citizen irrespective of income and need) for the system's crisis[\[73\]](#). Indeed, in their effort to support the case against universality, they do not even hesitate to invoke social justice, arguing that the universal system accentuates social inequalities because the middle classes are in a better position than the financially weaker- who are in real need- to benefit from social services (in education, health, insurance, etc). According to the same view, the inequality of the system is further enhanced by the fact that the more affluent have many means at their disposal in order to evade direct taxation, through which these services are, mainly, financed.

However, though it is true that tax evasion flourishes among the affluent, this does not mean that there are no ways to tax them, on the basis not so much of their income - which is indeed easily concealed -but of their luxury consumption and property. Also, in regard to the argument that the middle classes can better claim social benefits, this constitutes the precise reason for which the abolition of the welfare state's universality would lead to a kind of charity "safety net" for the destitute -exactly as it was the case in turn of the century Europe. Thus, the various indirect ways proposed to abolish universality, which would force the affluent classes to return - usually, through taxation- the value of the social services rendered them by the state, would merely provide an additional incentive for them to withdraw from the *social* coverage of their basic needs, in favour of *private* coverage and to push professional politicians into further downgrading the quality of social services. It is therefore obvious that a system, such as the one proposed by the European social-liberals, would easily end up as a look-alike to the American health and education system, which, as it is well known, is one of the most socially unjust systems in the world. The only way to prevent such an outcome would be for the abolition of

universality to be accompanied by the simultaneous elimination of the private sector in the provision of social services—which is, of course, inconceivable under the present neo-liberal consensus.

It is, therefore, obvious that the myth of the explosion in social expenditures is nurtured for other reasons and not because of the supposed financial crisis of the system, due to demographic^[74] or similar reasons. The real reason is that, in the framework of an internationalized market economy, the higher a country's "social wage" the lower its competitiveness. For EEC countries in particular, in which the social wage has traditionally been—and still is—considerably higher than in the countries of the competitive economic blocs (North American, Far East), the problem has already become critical.

Universality, of course, does not eliminate inequalities, which are the main by-product of the market economy itself. However, within the present institutional framework (which is taken for granted by social-liberals), universality helps to prevent the creation of a dual system, i.e., a system in which the needs of a large portion (if not the majority) of the population are under-covered by a "safety net", whereas the needs of the rest are over-covered by the private sector.

Still, the real choice is not between a neo-liberal system that *directly* abolishes universality and a social-liberal system that *indirectly* achieves the same aim: both systems enhance the citizens' dependence on the state and/or the market in covering their basic needs. The real choice is, therefore, between a system of social services that enhances this dependence and an alternative system that would strengthen the citizen's self-reliance and assign the system's control to the citizens themselves, through their communities.

The Collapse of European Social-Democracy

The fate of social-democracy in its cradle, Europe, is indicative of the failure of socialist statism's milder form. The substitution of the present neo-liberal consensus for the social-democratic consensus, that was dominant in the first three post-war decades, is clearly discernible in the course followed by the European Union (EE), which, by the end of the century, may include (or be in a process to include) almost every European state.

The process to create a single European market, that had begun in the 1950s with the Rome treaty, accelerated in the past few years with the Single Market Act, (that was put in effect in 1993) and the 1992 Maastricht treaty, which replaced the Rome treaty. Accelerating the integration process was made imperative by the growing internationalization of the market economy and the intensifying competition with the other two economic blocks, i.e. NAFTA and the, as yet informal, Far Eastern block. The supporters of the acceleration process maintained that, in the ultra-competitive international market of the 21st century that is now dawning, only a market of continental dimensions could provide the security and the economies of scale needed for the survival of European capital. And indeed, during the past decade, the economic gap

between the European countries and those belonging to the other blocs (and in particular the countries in the Far Eastern "block") has widened considerably[75]. The main cause of Europe's failure is the fact that its competitiveness has, for long, been lagging behind the competitiveness of the other blocs[76].

The form that the integration has taken reflects, in various ways, the dominant neo-liberal trend. Had, for instance, the acceleration of this process started in 1979 - when a European Commission's report was still foreseen a European Union built on "indicative planning" at continental level[77] - a very different picture of European integration might had emerged. In fact, the European Commission's report was accurately reflecting the essence of the social-democratic consensus, which had just started breaking at the time. Its proposal amounted to a kind of Keynesianism at European level that should have replaced national Keynesianism, which had already become -under conditions of increasingly free movement of capital- obsolete.

However, the collapse of the social-democratic consensus, following the flourishing of the neo-liberal trend in the past decade, brushed aside the proposals for a Keynesian European strategy. Thus, the tendency that eventually prevailed in the European Community was one that identified economic unification with the radical shrinking of national control on economic activity, without (at least for this transitional period before the possible emergence of a federal super-state at the end of the century) the parallel establishment of supranational control- apart from monetary control. Consequently, the European Community's executive power has been confined to creating a homogeneous institutional framework that allows for unimpeded entrepreneurial activity, while, simultaneously, providing for some minimal guarantees (those compatible with the consensus requirements) regarding the protection of the environment and the social space.

The agreement for the single market rested on the main neo-liberal assumption that the European Community's economies were suffering from a lack of "structural adjustment", i.e. from structural deficiencies due to inflexibilities of the market mechanism and barriers to free competition. Such barriers that are mentioned in the Gecchini Report, on which the official ideology of the single market rests, are the various physical, technical and fiscal barriers that obstruct the flow of commodities, capital and labour[78]. As regards the capital market in particular, freeing this market from any controls, i.e. the creation of conditions for the easy and unrestricted flow of capital between countries, was considered to be a basic requirement in this process. This is why, the abolition of all foreign exchange controls has always been considered an essential condition for the "Single European market of 1993".

However, the most important barriers are not the ones explicitly mentioned in the Report, but those implied by the spirit of it and the emphasis it places on competition; they concern the institutional barriers to free competition that had been introduced by the social-democratic

consensus. It is exactly these barriers that the agreement for the Single Market undertook to eliminate, a task brought to completion by the Maastricht treaty.

Such institutional barriers were: the Keynesian type of state interventionism to secure full employment, the large welfare state (which was leading to either budget deficits or to high tax rates that functioned as counter-incentives to business activity), the labour unions' "restrictive practices", as well as the public corporations, which do not always act on the basis of micro-economic criteria to raise economic efficiency. While the degree of internationalization of the economy was still relatively low, these barriers did not have a substantial negative effect on economic growth. However, when the growing internationalization of the economy and, in particular, the enlarged mobility of capital (which has started developing even before the freeing of markets, e.g. the Euro-dollar market) ceased to be compatible with the implementation of national macro-economic policies on Keynesian lines, then, their negative effect on growth became evident, as it was manifested by the stagflation crisis of the 1970s.

The Maastricht treaty's basic aim was therefore to attack the symptoms of these institutional barriers and, in particular, inflation and the huge public sector deficits caused by the expansion of statism. In keeping with this logic, the only economic criteria mentioned by the article 3A of the Treaty, are stable prices, sound public finances and a sustainable balance of payments, whereas full employment and improving (or even maintaining) social welfare standards are not even mentioned as objectives of the treaty^[79].

Thus, Maastricht's "social dimension" (which has been promoted by social-democrats as a significant success), is, in fact, of very little significance, since it does not provide for any effective mechanisms -of equal, say, significance to the anti-inflation mechanisms it set up- in order to safeguard the right to work, the narrowing of inequalities, the eradication of poverty, etc. The Treaty's Social Charter itself aims at economic rather than social goals. Its real aim is to create homogeneous social structures within the European Community, so that the relatively affluent workers in the metropolitan countries could cope with the competition from peripheral countries, where the "social wage" is much lower^[80]. It is, anyway, significant that the Social Charter does not even mention the unemployed, those working at home caring for children, the elderly, the disabled, etc.

The Maastricht treaty, therefore, simply confirmed the overtly neo-liberal character that the Community had begun to acquire with the Single Market Act. The improvement of competitiveness, through the reduction of inflation, remains the primary goal. To this goal belong the mechanisms to be established by the second and third phases of the Economic and Monetary Union (EMU). Thus, the EMU, as indeed the single market, signify not the integration of peoples, or even the integration of States, but just the integration of free markets. Still, free markets mean not just unimpeded movement of commodities, capital and labour, but also "flexibility", i.e. elimination of barriers to the free formation of prices and wages, as well as overall curtailing of state's control on economic activity. And this is, in fact, the essence of the

neo-liberal consensus that characterizes the EE's new institutional framework; namely, that its fundamental aim is the further marketization of the European Community's economy.

Therefore, the new institutions aim to maximize the freedom of organized capital, the concentration of which is facilitated in every way, and to minimize the freedom of organized labour, through any means available and, particularly, through the threat of unemployment.

Moreover, the national economic control on the level of economic activity and employment (which, in essence, is phased away through the common control of fiscal deficits that is being established) is not replaced by a common European control of activity to secure full employment. Thus, whereas in the fight against inflation, which directly endangers the competitiveness and profit margins of European capital, there is provision even for the creation of a new supra-national institution (common central bank), the fight against unemployment is, in effect, left to the market forces, ensuring that, in the future, unemployment, underemployment and the consequent widening of inequality will be the rule^[81].

Finally, the collapsing national welfare state is not being replaced by a common social policy that would guarantee the coverage of basic needs (health, education, social security etc) and a minimal income for all that would drastically reduce "Euro-poverty". Thus, in the interest of enhancing competitiveness to face America and Japan, the European ideal has degenerated today into a kind of "Americanized Europe", where luxury and extreme poverty stand side-by-side and the comfortable life of the "two thirds" of society is a mirror image of the marginalization of the rest.

Therefore, the institutional framework that is being established today in Europe consists of a model in which the continuation of growth depends on a process of further internationalizing its economy, through the destruction of local economic self-reliance and the continual expansion of exports to cope with a growing volume of imports. In this process, which takes place both between blocs (EE against the Japanese and American blocs) and inside each bloc, the victors will be those who possess the production and technological basis that allows for the continual increase in productivity required by the tough international competition. Consequently, the more successful a country is in raising its productivity and competitiveness, the greater its economic prosperity.

So, it is not the social democrats to blame for "betraying" the socialist ideals and consenting to the neo-liberal content of the new Europe now emerging. Nor it is simply the present recession to blame. If we accept interpretations such as the above, then the replacement of the neo-liberal institutional framework is simply a matter for the "true" socialists to gain power, who, in the context of economic recovery, would reinstate the institutional framework of the social-democratic consensus. In fact, there is no betrayal involved nor is the radical change of the institutional framework possible in the future. If we take for granted what social democrats and their fellow travellers in the Green movement take for granted, i.e. the internationalization of the

market and the ensuing destruction of communities' self-reliance, as well as the need to continually improve competitiveness and to free further the markets for commodities, capital and labour, then the content of social democracy must necessarily be the one supported today by social liberals.

The reason is that, within the framework of the internationalized economy, which constitutes the latest phase in the marketization process, the minimization of the state's social role does not constitute a choice but a pre-condition for the European capital to effectively compete with the Japanese and American capital, which, given the lack of a social-democratic tradition in the USA and the Far East, face much weaker institutional barriers. Today, therefore, social-democracy has meaning neither at the national level - where the ability of the nation-state to decisively influence the market is gradually dismantled - nor at the supra-national level of post-Maastricht Europe. Any attempt by European social democrats to change the present institutional framework, in order to radically enhance the state's social role, would make Europe less competitive than Japan or the United States and would result in a mass exodus of European capital.

A supposedly "realistic" way out of the intensifying crisis, proposed by socialists, eco-socialists, etc., would be a new, Europe-wide Keynesianism. However, this solution is no longer possible, for the reasons mentioned above, unless it was going to be combined with a self-reliant growth led by a highly protected internal market, which is of course in direct contradiction with the system's logic and dynamic. For the same reason, the proposals to re-negotiate the Maastricht treaty, in order to introduce social-democratic aims in the European Union, are equally utopian.

The issue, therefore, is not whether it will be neo-liberal or, alternatively, social-liberal elites that will administer political power, with the multinational elite administering economic power. The real issue is whether power will belong exclusively to the citizens and their communities, within an institutional framework entirely different from the present one. So, the true alternative solution would be to abandon the institutional framework of the growth economy itself, whether social liberal or neoliberal, and to create a new institutional framework aiming to meet true needs, rather than the ones created by the growth economy itself. Such a system, based upon the political and cultural autonomy of the European regions, as well as their economic self-reliance, would be capable of providing a comfortable standard of living for all the citizens of a new and true "Community".

Why Did Socialist Statism Fail?

In my opinion, the fundamental reason for the historic failure of socialist statism in both its versions ("actually existing socialism" and social-democracy) lies in its attempt to merge two incompatible elements: the "growth" element, which expressed the logic of the market economy, with the social justice element, which expressed socialist ethics. However, whereas the growth element implies the concentration of economic power (whether as a consequence of

the functioning of the market mechanism, or of central planning), the social justice element is inherently linked to the dispersion of economic power and to equality. Thus, socialist statism, in its effort to make the benefits of growth accessible to everyone and lend universal meaning to Progress- which was identified with growth- attempted to create a socialist growth economy, disregarding the fundamental interdependence of growth and concentration of economic power.

Moreover, the attempt to merge the growth element with the social justice element created a fundamental incompatibility between the ends and means. Thus, whereas the capitalist growth economy constituted the inevitable consequence of the market economy and, therefore, means (market economy) and end (growth economy) were perfectly compatible, in the case of socialist statism, the end (growth economy) was not compatible with the means (social-democratic statism / central planning). In fact, the greater the degree of statism (as in the case of central planning), the greater the incompatibility between the means and ends, contributing even more to the failure of the system.

The fact that both the capitalist growth economy and socialist statism shared the same goal, i.e. economic growth, meant that the same principles played a decisive part in the organization of production and in economic and social life in general, irrespective of whether the production motive was private profit or some kind of "collective" profit. This becomes obvious given the fact that the principles of economic efficiency and competitiveness mark both types of socialist statism. This is so, because economic efficiency is a necessary condition for maximizing growth, whereas competitiveness is either a direct consequence of an enterprise's integration into the *market economy* (nationalized industries in the case of social-democracy), or an indirect consequence of a country's integration in the *world growth economy*. Thus, it is not true that the countries of "actually existing socialism" did not have any other choice but to submit to the competitiveness principle, as Gunder Frank argues^[82]. Competitiveness was not imposed on these countries by their integration into the *world market*, but because of their competitive participation in the *world growth economy* ("let's catch and overtake America"). The integration of these countries into the world capitalist market was never complete, anyway, as it is shown by the fact that Eastern Europe's trade with the West, historically, represented a very small proportion of world trade^[83] and that their internal price structure was very different from that of the world market.

In more detail, with regards, first, to the principle of economic efficiency, this principle was unquestionably adopted not just by social democracy, as one could expect, but also by "actually existing socialism". Maximization of economic efficiency had always been the standard of assessing success with respect to the aim of developing the forces of production. Therefore, the objective in designing technology and organising production was, on the one hand, to maximize efficiency and, on the other, to ensure the maintenance and reproduction of hierarchical structures. This is the reason why, a modern Soviet factory, even in Lenin's times (with his encouragement), in no way differed - in terms of internal functioning, hierarchical organization

of production, etc. - from an equivalent capitalist one. This, of course, simply reflected the socialist-statist belief in the "neutrality" of technology. Thus, in exactly the same way as technology was considered by socialist-statists as a neutral *means*, that could be used by *any* social system to achieve a specific aim, efficiency was, also, held as a neutral means, in achieving the growth objective^[84]. Moreover, the fact that the socialist growth economy adopted the same definition for economic efficiency as the capitalist growth economy (i.e. a definition based upon the narrow micro-economic criteria of output maximization at minimal cost which did not include the ecological cost of growth), implied that the ecological consequences of growth were bound to be serious. Thus, despite the fact that in the socialist growth economy the growth process was not combined with the marketization of the economy, as in the West, it still resulted in a significant ecological damage (in fact, greater than in the West, due to the lower level of technology in the East).

With regards, second, to the principle of competitiveness, this principle remained intact in western social-democracy, which simply tried to "marry" statism with capitalist competition. For instance nationalized industries never ceased to be part of the market economy and were motivated in various ways to be competitive with other industries, private or public, domestic or foreign. In "actually existing socialism" as well, despite the occasional official attacks against individualism, the material incentives (to which these countries had long ago resorted as a substitute for socialist self-management) were but the confirmation of an implicit principle of competitiveness. So, the competitiveness principle, which is the basic organisation principle of the market economy, was never abandoned as an explicit aim by Western social-democracy, or as an implicit aim in "actually existing socialism", despite the fact that both these two versions of socialist statism represented, to a different, of course degree each, an attempt to transcend the institutional framework of the market economy. However, competitiveness is incompatible with the economic self-reliance of social individuals and their communities, leading to an increasing division of labour and specialization and, subsequently, to the concentration of economic power in the hands of the elites controlling the economic process.

But, from the moment both versions of socialist statism showed that, in the last instance, rested on the same fundamental principles as market economy did and that they were, inevitably, leading to the reproduction of similar hierarchical structures, the countdown leading to the collapse of socialist statism itself, as well as the ideologies on which it rested (Marxism / Keynesianism), had begun. This was due to both subjective and objective factors.

The subjective factors refer to the widespread realization of the failure of socialist statism to lead to a new form of social organization, a new model of social life that would transcend the principles characterising the system of the market economy. The economic crisis of statism, combined with the inevitable enhancing of the bureaucratization of social life (inevitable, in the context of a form of socialism founded on the state and its bureaucracy), have been the essential factors that led to the credibility crisis of the socialist project in its statist form. It is not, anyway, accidental that neo-liberalism made successful use of the anti-statist tendencies, that

emerged at the end of the 1960s, in order to attack statism in general and socialist statism in particular.

The objective factors refer to the fact, I already mentioned, that the pursuit of efficiency and competitiveness, which the growth objective implies, fundamentally contradicts the socialist aims, which are defined in terms of broader criteria of social justice, that are not always compatible with the narrow economic criteria that define economic efficiency and competitiveness.

Thus, as regards "actually existing socialism", its failure was due to the fundamental incompatibility between the requirements of the growth economy and the functioning of a centrally planned economy. Whereas in a market economy the market forces are comparatively free to secure the degree of concentration which is necessary for growth, (through investing in new technologies, products, etc.), in a planned economy the distorting interventions of bureaucrats and Planning technocrats in the growth process, aiming at the contradictory merging of growth with social justice (e.g in the form of "hidden unemployment"), inevitably led to economic inefficiency. Similarly, in a bureaucratically organized economic system, it was practically impossible to introduce new technologies and products, particularly in the consumer goods sector where a decentralised information system is a necessity.

As regards social democracy, it was the same attempt to merge the growth with social justice that led to the collapse of the social-democratic consensus. The basic features of the social-democratic consensus also aimed at the decentralization of economic power - an aim that inherently contradicts the logic and dynamic of the market economy. To the extent therefore that the social-democratic consensus was successful in its aim, and brought about a change in the social balance of power, it was no longer compatible with the growing internationalization of the market economy. In this sense, the present predominance of the neo-liberal consensus and the consequent concentration of economic power constitute the natural "reaction" of the growth economy to the social-democratic "action" and, at the same time, a stage in the completion of the historical process of marketizing the economy and society.

However, the neo-liberal consensus is not devoid of further fundamental contradictions. The first contradiction is the on-going destruction of the environment, which, of course, will continue and further intensify, as long as the market economy, and the subsequent growth economy, continue to be reproduced - despite (or because) of the half-measures they will have to be taken at times. The second contradiction is that the increase in the concentration of economic power itself leads to the realization that Progress, in the sense of growth, has a necessarily *partial* character. Therefore, the moment of crisis for the present social system will come, when it will be universally acknowledged that the very existence of the present wasteful consumption standards depends on the fact that only a small proportion of the world population, now or in the future, are able to enjoy them.

Epilogue: Capitalism, Socialism and Municipalism

The present topicality of confederal municipalism, as a third social system beyond socialist statism and neo-liberal capitalism, is but the inevitable consequence of the collapse of socialist statism on the one hand and the failure of "actually existing capitalism" on the other. This failure is both economic, as shown by the fact that this system cannot even meet the basic needs of at least 20% of the world's population^[85], and ecological, as the advancing ecological disintegration reveals.

Thus, roughly 100 years after the statist prevailed within the international socialist movement and before socialist statism even had the chance to celebrate its 75th birthday, a new movement is currently developing. This movement, which constitutes a synthesis of the democratic tradition founded in classical Athens (direct democracy), the socialist tradition (economic democracy) and green radicalism (ecological society), potentially offers the only realistic way out of the present multi-dimensional crisis.

A new consciousness is emerging among the radical Green movements in the North and the various community movements in the South- a consciousness, which ascribes the basic cause for the failure of both capitalism and socialism to the concentration of power. Thus, it is becoming increasingly realised that the autonomy of the social individual can only be achieved in the context of democracy, i.e. a structure and a process that, through direct citizen participation in the decision making and implementing process, ensures the equal distribution of political and economic power among them.

However, the rebirth of democracy is today possible only at the community level (the municipality or its subdivisions). It is only at the community level that the conditions that would make direct and economic democracy possible could be fulfilled : economic self-reliance, municipalization of economic resources and democratic allocation of goods and services among the confederally organized communities. It is also at the same level of confederated communities that the preconditions for an ecological society can be met.

It is precisely because the confederally organized community economy offers, perhaps, the only realistic way out of the multi-dimensional crisis, and, at the same time, it represents a form of social organization that meets the institutional conditions for individual and social autonomy, that it is today under attack from statist of every persuasion. Therefore, it is not surprising that *civil societarians*, like Andre Gorz, are today attacking the community type of society. However, what is surprising is that one of the main arguments he uses against this type of society (without taking the trouble to substantiate it) is that it will necessarily be in opposition to individual autonomy^[86]! Another, equally unsubstantiated claim that he makes (which shows some unawareness of the relevant bibliography), is that a community type society presupposes the "radical abolition of industrial techniques" and the return to some form of simplified society^[87]. However, the compatibility of the new technology (and the technology that could be

developed with the present know-how) with a community type economy has been repeatedly demonstrated -the first attempt was made by Murray Bookchin 30 years ago[88]. Still, all this is conveniently ignored by Gorz, in his effort to support the development of a post-industrial society, in which capitalism would transcend itself[89], through "the continuous activity of individuals organized as autonomous counter-powers"[90]. Thus, Gorz, obviously totally blind to the historic dynamics of the market economy which has led to the present world-wide neo-liberal consensus, while accusing the adherents of municipalism as utopian he still advocates the creation of a "European eco-social sphere...in which competition and commodity logic can be subjected to restrictive rules"[91]!

If, however, an attack against the community type economy, coming from Green Statists such as Gorz, is to be expected, the "doubts" expressed by supporters of a synthesis of bio-regionalism and confederal municipalism are more questionable. These doubts rest on the assertion that a supposed confusion existing today with regards to the meaning of "municipal", could lead to a capitalist distortion of the project for confederal municipalism[92]. Thus, Mike McConkey, starting from the prediction of Ricardo Petrella (a highly placed technocrat in the European Community), that "the real decision-making powers of the future, it thus appears, will be a network of transnational companies in alliance with city-regional governments"[93] expresses the fear that, unless we define clearly the meaning of "municipal", then, "confederal municipalism could unwittingly fuel the fires of this capitalist distortion of its radical project"[94]. In this problematique, resolving the question "whither the municipality", so that we can avoid Petrella's forecast of an archipelago of dominant cities, lies in whether the municipal shall be defined in terms of a bio-centric definition (despite the well-known problems of defining bio-regions in practice) or, instead, in terms of statist or urbanocentric definitions. The crucial problem therefore is not how we can create an alternative social structure based upon direct and economic democracy, beyond the market economy, the growth economy and the subsequent concentration of economic power in the hands of transnationals, (which has led to the present decline of nation-states, the starting point of Petrella's analysis)[95] but how we shall define the municipality! Thus, the a-historic bio-regionalist analysis, which does not see that concentration is the inevitable result of the establishment of the market economy and, consequently, of the growth economy, ends up by proposing to eliminate the symptoms rather than the causes of the disease, i.e. to eliminate concentration, through the dissolution of contemporary mega-cities and the enhancement of economic self-reliance etc, rather than through the dissolution of the market economy itself.

Finally, Gunder Frank's thesis[96] —that the history of the world system shows that, as long as competition constitutes the basic "fact of life" in the world, then, "socialism in one country" will not be possible, whereas "world" socialism would not differ significantly from the present world capitalism- could be characterised as partly valid and partly unsupportable. It is valid, to the extent that it stresses that when an economy is part of the world market economy, then, socialism (in the form of socialist statism, social-democracy -and, I would add, in the form of the autonomous civil society-) is indeed not possible. This is why, as I tried to show

elsewhere^[97], the realisation of the liberatory project is only possible within the framework of a new type of economy, which would be neither another version of the market economy, nor of the growth economy. At the same time, Gunder Frank's thesis is unsupportable, when it claims that "the *same* world system, and its essential structure and 'mode' of operation, goes back for at least 5000 years". The market economy, as a self-regulating **system**, where the basic economic decisions are taken through the market mechanism, is hardly 200 years old, as it has been shown, mainly by Polanyi^[98]. Therefore, the fact that markets and competition preceded the Industrial Revolution does not negate the equally significant fact that their role in the past was marginal to the economic process. Thus, in the period before the emergence of the market economy, neither the forces of competition played any significant role (at least, a comparably significant role to the period that followed) as far as price formation is concerned, nor prices were the basic way of allocating economic resources. The question, therefore, that arises is whether Gunder Frank, in (rightly) rejecting the marxist theory of history, "throws away the baby with the bathwater" and (wrongly) rejects any other interpretation of history, levelling out all the crucial differences between the present market society and previous societies, just because they all share some form of market!

In conclusion, what is needed to open the way for new forms of social organisation is the development of a similar mass consciousness about the failure of "actually existing capitalism" to the one that led to the collapse of "actually existing socialism". Today, there is a pressing need to transcend both neo-liberal capitalism and socialist statism, in order to put an end to economic misery, which oppresses the majority of the world's population, and to arrest the ecological destruction, which threatens us all. Failure to create alternative democratic forms of social organization means that, as the present crisis intensifies, the "solutions" to the social and ecological problems that will be given by "actually existing capitalism" in the future, are, inevitably, going to be increasingly authoritarian in character.-

[1] Despite the significant differences between the social-democratic view, which involved the conquest of the (bourgeois) state, and the Marxist-Leninist view, which involved the abolition of the bourgeois state and its reconstitution into a proletarian state, still, both views involve a mechanism to effect radical social change that implies concentration of power. Lenin's proletarian state or, mini-state", (V. Lenin, *The State and Revolution*, (Moscow: Foreign Languages Publishing House, p 30) which eventually withers away, involves a significant degree of concentration of power in the hands of the proletariat that could easily degenerate, as Bacunin had predicted, into a huge concentration of power in the hands of an elite of ex-workers (avant-garde) (G.P. Maximoff, *The Political Philosophy of Bakunin*, Toronto: Macmillan, 1953, p. 287).

[2] See Takis Fotopoulos, "Beyond scientism and irrationalism", *Society & Nature*, issue no. 4 (Vol. 2,

No.1), pp. 182-196.

[3] Takis Fotopoulos, "The nation-state and the market", *Society & Nature*, issue no. 5, (Vol. 2, No. 2), pp. 37-80.

[4] The logic of growth has been adequately analyzed from both the liberal and the Marxist perspectives. For further analysis, from the ecological standpoint, see, e.g., Michael Jacobs, *The Green Economy*, (London: Pluto Press, 1991), pp. 3-49. Also, the chapter entitled "Why capitalism needs growth" in R. Douthwaite's book is useful, despite the shortcomings of the book in general, mainly due to the deep ecology approach that it adopts (Richard Douthwaite, *The Growth Illusion*, (Devon, UK: Resurgence, 1992), pp. 18-32).

[5] Henry Teune, *Growth*, (London: Sage, 1988), p.13.

[6] Adam Smith, *The Wealth of Nations*, (Harmondsworth, 1970), p. 104.

[7] As Sean Sayers observes, quoting from Marx's *Capital* Vol. 3 and *Grundrisse*, "Marx regards the immense expansion of production to which capitalism has led as its progressive and 'civilising' aspect, (Sean Sayers, "Moral values and progress", *New Left Review* No. 204 (March-April 1994) pp. 67-85.

[8] See Cornelius Castoriadis, *L'institution imaginaire de la société* (Paris: Seuil, 1975), part VII, and *Philosophy, Politics, Autonomy* (Oxford: Oxford University Press, 1991), Ch.8.

[9] The terms "socialist" and "capitalist" are simply used in order to distinguish various types of the growth economy on the basis of the criterion of methods of allocating economic resources. For a discussion of the nature of the regimes of "actually existing socialism", which can surely not be characterised as socialist even by the standards of classical Marxism, see Takis Fotopoulos, *Dependent Development: the case of Greece* (Athens: Exantas Press, 1985 & 1987), ch. A.

[10] Cornelius Castoriadis, *Philosophy, Politics, Autonomy*, p. 184.

[11] See James O'Connor, "Capitalism, Nature, Socialism", *Society and Nature*, issue no.2. (Vol. 1, No.2), pp. 174-202.

[12] See, e.g., Petr Kropotkin, *Fields, Factories and Workshops Tomorrow* (London: Hutchinson, 1899) and the additional data and comments by Colin Ward in the 1974 edition of the book (London: Allen & Unwin).

[13] See David Pepper, *Eco-Socialism, From Deep Ecology to Social Justice*, (London: Routledge, 1993), pp. 193-4.

[14] Petr Kropotkin, *Fields, Factories and Workshops Tomorrow*, op. cit., pp. 32-4 and 41-4.

[15] World Bank, *World Development Report 1993* Tables 1 and 3.

[16] The export share of the "group of 7" (the 7 richest countries in the world) has risen from 48% in 1979 to 54% in 1991, World Bank, *World Development Report 1981*, Table 8 and *World Development Report 1993*, Table 14.

[17] According to the World Bank, the trans-national corporations (TNCs) control 70% of world trade (40% of it carried out *within* TNCs). Of these, the top 500 TNCs (excepting S. Korea, all headquartered in the North), control 2/3 of world trade, Tim Lang and Colin Hines, *The New Protectionism: Protecting the Future Against Free Trade*, (London: Earthscan, 1993), p. 34.

[18] In 1978, just over a third of all employees in the British manufacturing sector worked in plants employing 10000 or more, compared to 1/4 in 1959, John Allen & Doreen Massey (eds), *Restructuring Britain: The Economy in Question*, (London: Sage, 1988) p. 192.

[19] In Britain, the top 100 manufacturing firms increased their share of total net output from 16% in 1909 to 24% in 1935, 32% in 1958 and to around 40% in the 1970s and 1980s (Mike Campbell, *Capitalism in the UK* (London: Croom Helm, 1981, Table 3.2, & John Allen and Doreen Massey, *The Economy in Question*, op. cit., diag. 5.1). Similar trends can be observed in other metropolitan countries; Phillip Armstrong et

al., *Capitalism Since World War II*, (London: Fontana, 1984) pp. 216-8.

[20] John Allen & Doreen Massey (eds), *Restructuring Britain: The Economy in Question*, op. cit. pp. 192-200

[21] For further analysis on this subject, see T. Fotopoulos, "The economic foundations of an ecological society", *Society and Nature*, no. 3 (Vol. 1, No. 3), pp. 1-40.

[22] Throughout this article the term "autonomy" is used not in the usual Anglo-American sense of individual "liberty", in its liberal J.S. Mill meaning, but in the Castoriadian sense of "the reflective activity of a reason creating itself in an endless movement, both as individual and social reason" (Castoriadis, *Philosophy, Politics, Autonomy*, p. 164), which comes from the Greek "autos-nomos" i.e. (to give to) oneself one's laws.

[23] See T. Fotopoulos, "The nation-state and the market", op. cit., pp. 60-74

[24] In the USA today, some 30% of the labour force is composed of contingency workers, Hazel Henderson, *Resurgence*, (May-June 1993), pp. 10-14. Worldwide, according to the latest International Labour Office data (Spring 1994) the number of unemployed has today reached the level of 120 million, while the underemployed, who live below subsistence level, have reached 700 m.

[25] 200 years ago, the average per capita income in the rich countries was only one and a half times higher than that in poor countries (P. J. McGowan & B. Kurdan, "Imperialism in World System Perspective", *International Studies Quarterly*, Vol. 25, No. 1 (March 1981), pp. 43- 68. In 1900, it was six times higher and in 1952/54 8.5 times higher, whereas by 1970 it was 13 times higher Paul Bairoch, *The Economic Development of the Third World Since 1900* (London: Methuen, 1975), pp. 190-2). Since then, the gulf has become even wider and by 1991 the average per capita income of the 19 richest countries in the OECD was 21 times higher than that of countries with low and medium income (World Bank, *World Development Report 1993*, Table 1).

[26] Calculations based on the, *World Development Report 1993*, World Bank, Tables 1 and 5. Even now, for the present world population to reach the per capita energy consumption levels enjoyed by the 19 richest OECD countries, the annual world production of energy should quadruple (or increase six times, for everybody to enjoy the American consumption standards).

[27] Ted Trainer, *Developed to Death*, (London: Greenprint, 1989), p.120. According to Ted Trainer, if we try to globalize the present Western energy consumption standards relying, instead, on nuclear energy, then, on the basis of a world population reaching 11 billion in the next century, we should need to build 200,000 giant nuclear reactors, i.e. one thousand times the world's present nuclear capacity!

[28] See the articles by Murray Bookchin "The meaning of confederalism", Howard Hawkins "Community control, workers' control and the cooperative commonwealth", and Takis Fotopoulos "The economic foundations of an ecological society", *Society and Nature*, issue no. 3 (Vol. 1, No.3).

[29] Peter Marshall, *Nature's Web, an exploration of ecological thinking*, (London: Simon & Schuster, 1992), pp. 461-2. This is the approach usually adopted by the supporters of deep ecology, as well as by those (mainly British) anarchists attempting to develop a new hybrid between deep and social ecology, under the name coined by Peter Marshall "libertarian ecology".

[30] Murray Bookchin, "Libertarian municipalism: an overview", *Society and Nature*, issue no. 1, (Vol. 1, No. 1) p. 102.

[31] *ibid.*

[32] David Pepper, *Eco-socialism*, op. cit. p. 200

[33] See Takis Fotopoulos, "The nation-state and the market", op. cit., pp. 60-75.

[34] In Britain, it took 30 years for the crime rate to double, from 1 million incidents in 1950 to 2,2 million in 1979. However, in the past ten years, the crime rate has more than doubled and exceeded the 5

million mark in 1992; at present, it is estimated that it has topped 6 million, (R. Reiner, *The Observer* (15 Sept. 1991) and J. Young, *The Guardian* (1 Feb. 1992).

[35] See, e.g., Thomas S. Kuhn, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1970), Imre Lakatos, *Criticism and the Growth of Knowledge*, (Cambridge: Cambridge University Press, 1970), Paul Feyerabend, *Against Method*, (London: Verso, 1975), Derek Phillips, *Abandoning Method*, (London: Jossey-Bass, 1973).

[36] On the crisis in economic methodology in particular, see, e.g., Daniel Bell & Irving Kristol, *The Crisis in Economic Theory*, (New York: Basic Books, 1981), Ken Kole et al, *Why Economists Disagree*, (London & NY: Longman, 1983), Homa Katouzian, *Ideology and Method in Economics*, (London: Macmillan, 1980), T.W. Hutchinson, *Knowledge and Ignorance in Economics*, (Oxford: Blackwell, 1977).

[37] For extensive bibliography on this subject, see Takis Fotopoulos, "The 'objectivity' of the liberatory project", *Society and Nature*, issue no. 2 (Vol. 1, No. 2) pp. 1-31.

[38] See, e.g., Nick Bousanquet, *After the New Right*, (London: Heinemann, 1983).

[39] See Takis Fotopoulos, *The Neoliberal Consensus and the Crisis of the Growth Economy*, (Athens: Gordios, Athens), 1993.

[40] Takis Fotopoulos, "Economic restructuring and the debt problem: the Greek case", *International Review of Applied Economics*, vol. 6 no. 1 (1992), pp. 38-64.

[41] See the articles by John Ely and Kostas Kavoulakos in this issue

[42] See Takis Fotopoulos, "Nation-state and the market", op. cit. pp. 37-80

[43] See April Carter, *Marx: A Radical Critique*, (Brighton: Wheatsheaf, 1988) and "Outline of an anarchist theory of history" in Goodway D. (ed.) *For Anarchism: History, Theory and Practice*, (London: Routledge, 1989), pp. 176-97.

[44] As, for instance, James O'Connor suggests in "Socialism and Ecology", *Society and Nature*, issue no. 1 (Vol. 1, No. 1), pp. 117-129.

[45] See e.g. Michael Bleaney, *The rise and fall of Keynesian Economics*, (London: Macmillan, 1985), esp. Ch. 12

[46] See e.g. Paul Sweezy, *The Theory of Capitalist Development*, (New York: Monthly Review Press, 1942), pp. 87-92.

[47] Michael Ellman, *Socialist Planning*, (Cambridge: Cambridge University Press, 1979), pp. 267-8.

[48] According to Boris Saltykov, the government's vice-president responsible for education, in 1990, those at the top 10% of the social pyramid were three times as rich than the 10% at the bottom, whereas by 1992 they were ten times as rich! *The Guardian*, (26 Nov. 1992).

[49] Indicatively, the growth rate of industrial output in the USSR fell from an average 7% in the 1960s to 4% in the 1970s and to 2% in the 1980s (Michael Barratt-Brown, *Models in Political Economy*, (London: Penguin, 1984), p. 144. Also, the average GNP growth rate fell from 7% in the 1960s to about 5% in the 1970s (Albert Szymanski, "The Socialist World System" in *Socialist States in the World System*, Christopher K. Chase-Dunn ed., (London: Sage, 1982), Table 2.3.

[50] For a representative exposition of the liberal view see, for example, the work of the prominent British sovietologist Alec Nove (Alec Nove, *The Economics of Feasible Socialism*, (London: Allen and Unwin, 1983). For a socialist-statist critique of Nove's work, see E. Mandel, "In Defence of Socialist Planning", *New Left Review*, No. 159, (Sept.-Oct.1986).

[51] Alec Nove, "The Soviet Economy: problems and prospects", *New Left Review*, no. 119, (Jan-Febr. 1980), pp. 3-19.

[52] Such views are expressed, e.g., by Cornelius Castoriadis, *Political and Social Writings* (Minneapolis: University of Minnesota Press, 1988), vols. 1-2, as well as by the East German Green, Rudolf Bahro - at

the time he had not yet adopted the case for...the "Green Adolf", see Janet Biehl, "Ecology and the modernization of fascism in the German ultra- right", *Society and Nature*, issue no. 5, (Vol. 2, No. 2) - (Rudolf Bahro, *The Alternative in Eastern Europe* (London: Verso, 1978).

[53] See the interview given by Alexander Yakovlev to *The Guardian*, (20 Aug. 1991) and, also, his most recent book, *The Fate of Marxism in Russia*, (Yale: Yale University Press, 1993)

[54] Leon Trotsky, *The Revolution Betrayed*, (New York: Merit, 1965).

[55] Indicatively, Yeltsin and the central Russian Bank, in order to receive a 1,5 billion dollar loan, had to promise the International Monetary Fund that they would drastically reduce state subsidies of Russian exports. All this, while the EEC had refused to reduce tariffs on Eastern products, causing a further widening of the deficit in the Russian trade balance; *The Guardian*, (26 May 1993).

[56] *The Guardian*, (24 Mar. 1993).

[57] According to the latest data issued by the Russian State Committee for Statistics, the only reliable official source on the economy, industrial production decreased by 15% in 1991, followed by a further decrease of 18% in 1992 and 16,2% in 1993; *The Guardian*, (16 Mar. 1994).

[58] *The Guardian*, (3 Dec.1992).

[59] The section of the emerging new elite, which is interested in the development of a domestic manufacturing base, reaches similar conclusions regarding the possibility of the Latin-Americanization of Russia. Arkady Volsky, for instance, president of the Union of Russian industrialists, states that Russia cannot possibly have a totally open economy, since only 16 percent of its enterprises can withstand international competition; *The Guardian*, (16 Nov.1992). In the same vein, Boris Kagarlitsky, leading cadre of the party of Labour, states that "the government's economic policy does not aim to overcome the crisis but to make it work for the benefit of the new elite, which stands to profit from the country's Latin- Americanization"; *The Guardian*, (7 Feb.1993).

[60] B. Cumings, "The Abortive Abertura", *New Left Review* No, 173, Jan.-Feb. 1989, pp. 5-32.

[61] P. Bachrach, *The Theory of Democratic Elitism*, (Boston, 1967), pp.8-9

[62] See Takis Fotopoulos, "The nation-state and the market", op. cit

[63] Unemployment has always been the rule in the market economy. In the 1870- 1913 period, the unemployment rate in the 16 more advanced capitalist countries was on the average 5.7%, whereas in the 1913-50 period it reached 7.3%. An exception to this rule was the 1950-70 period, in which the unemployment rate dropped to an average 3.1% (Michael Bleaney, *The Rise and Fall of Keynesian Economics* (London: Macmillan, 1985) p.92. However, the drastic decrease in unemployment in this period (as well as the corresponding fall in unemployment in the 1930s) was directly related to direct state intervention in the market mechanism (statism), i.e. intervention aiming to overthrow economic liberalism, which requires balanced budgets and "flexible" labour markets.

[64] Indicatively, the proportion of exports in the total demand of "high income" OECD countries rose by 46% between 1970 and 1991, World Bank, *World Development Report 1993*, Table 9.

[65] According to N. Brady, formerly head of the USA Treasury Department, in 1992, about 1,000 billion dollars in foreign currency was exchanged daily in the financial markets, an amount representing nearly twice the available reserves of the largest industrialized countries, *The Guardian* (24 Sept. 1992).

[66] The European Union's Social Charter (for which the social-democrats take great pride) is indicative. As a researcher observes on the subject, the Social Charter is not interested in people but in efficient and productive labour units. This is obvious, for example, considering the fact that there is no provision in it with respect to the right to shelter, the right to education (apart from professional training), the right to health care out of work, or even general political rights. F. Weber, "Impact of the Social Charter", *Europe 1992*, (Dublin, 1991), pp. 34 and 37.

[67] See Tom Notermans' article in the June 1993 issue of *Politics and Society*

[68] See, e.g., Martin Jacques, *Sunday Times*, (18 Jul. 1993).

[69] See e.g. Nicos Mouzelis, "4 problems regarding modernization", *To Vima*, (25 Jul. 1993).

[70] In Britain, for example, there has been a dramatic increase in the incidents of water disconnections since the privatisation of the water companies and the drastic increase in water charges, which was followed by a significant spread of disease. Thus, between 1991 and 1993 water disconnections increased by 170%. At the same time, the cases of dysentery rose from 2,756 in 1990 to 9,935 in 1991 and 16,960 in 1992! *The Guardian*, (20 Dec. 1993).

[71] A comparative study of telephone charges in 14 European countries showed that the privatization of British Telecom has not benefited individual customers. Britain was the only EEC country where basic phone services were not in the hands of a state monopoly and, at the same time, it was the EEC country with the highest charges for local calls, yielding a profit margin of 74%! (*European Consumers Bureau Report/The Guardian*, (13 Feb. 1992).

[72] See Will Hutton, *The Guardian*, (18 Aug. 1993).

[73] See e.g. Nicos Mouzelis, "The future of the welfare-state", *Eleftherotypia*, 1-2 January 1994.

[74] In Denmark, many hospitals have already established an age limit for admission (the present limit is 70), not because the proportion of elderly people in the population has increased, but because, in the framework of the neo-liberal consensus, the number of hospital beds has been reduced by 25% in the past 10 years *Le Monde*, (8 Feb. 1994). Similarly, in Britain, it was recently revealed (BBC, April 1994) that many hospitals have reduced the age limit to 65!

[75] A characteristic indication of the widening gap is the fact that, whereas the European Community's share in OECD exports decreased by about 15% between 1979 and 1989 and US's share fell by 8%, the Japanese share increased by 26% (estimates on the basis of the *World Development Report 1981 and 1991*, World Bank).

[76] According to a recent report, European competitiveness has fallen by 3.7 percent since 1980, while US competitiveness has risen by 2.2 percent and Japanese competitiveness (which for many years has been on top of the competitiveness league) increased by 0.5 percent *World Economic Forum* (1993).

[77] See, European Commission, *The Challenges Ahead - A Plan for Europe* (Brussels, 1979).

[78] Paolo Gecchini, 1992: *The European Challenge*, (London: Wildwood House, 1988), p. 4.

[79] Article 3A of the Maastricht Treaty, which is presumably the most important article of the whole treaty, states clearly that "the primary objective (of the single monetary and exchange rate policy) shall be to maintain price stability and, without prejudice to this objective, to support the general economic policies in the Community, in accordance with the principle of an open market economy with free competition...These activities of the Member States and the Community shall entail compliance with the following guiding principles: stable prices, sound public finances and monetary conditions and a sustainable balance of payments" European Commission, *Treaty on European Union*, (Maastricht, 1992)

[80] D. Piachaud, professor at LSE, also reaches a similar conclusion *The Guardian*, (13 Nov. 1991).

[81] The possibility cannot be ruled out that a more flexible labour market might create new jobs, as it happened in the USA during the previous decade (1978-88), when, thanks to "Reaganomics", 7.5 million new jobs (most of them of a part time nature) were created. However, the price that was paid to "solve" the unemployment problem in this way was very high: the real wages of two-thirds of American workers dropped considerably during this period (weekly wages fell by 18% between 1973 and 1990), causing a significant widening of inequality : L. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe and America*, (Brealy, 1992).

[82] Andre Gunder Frank, "Is real world socialism possible?" (in this issue).

[83] Eastern Europe's trade was less than 5 percent of the pre-war world trade and about 10 percent of the post-war trade (see Alan A Brown & Egon Neuberger, *International Trade and Central Planning* (Berkeley: Univ. of Chicago Press, 1968), Table 1 and, also, *World Development Report*, (World Bank, various years)

[84] For a critique of the neutrality of technology thesis, see Cornelius Castoriadis, *Philosophy, Politics, Autonomy* op. cit. p. 192. See also Frances Stewart's study which shows that the way in which technological choices are made in practice, is anything but "neutral", Frances Stewart, *Technology and Underdevelopment*, (London: Macmillan, 1978), ch. 1.

[85] According to the latest (1994) report of the International Labour Office (ILO), in 1993, 1.1 billion people lived in poverty conditions. An earlier World Bank report classified one third of the South's population as poor (*World Development Report 1990*, p. 28).

[86] See Andre Gorz, *Kapitalismos, Socialismos, Ekologia* (greek translation of *Capitalisme, Socialisme, Ecologie*, Galilee, 1991) (Athens, 1993), p. 23.

[87] Ibid., p 27. Characteristically, Gorz, ignoring the recent discourse about a stateless, marketless and moneyless economy (see articles by Howard Hawkins and Takis Fotopoulos in *Society and Nature*, vol.1 no. 3, for relevant references), notes, elsewhere, that "the total abolition of commodity relations would presuppose the elimination of the social division of labour and specialisation, i.e. the return to autarchic communities or to a kibbutz type of society" (pp. 42-3).

[88] See Murray Bookchin's essay "Towards a Liberatory Technology", in his book *Post-Scarcity Anarchism*, (London: Wildwood House, 1974)

[89] Andre Gorz, op. cit., p 28. This transcendence of capitalism, the author emphasises elsewhere, should not be confused with the abolition of capital (p 15) !

[90] As Gorz proposes, quoting Rainer Land; Rainer Land "Ist Wirtschaftliche Entwicklung gestaltbar?" in *Umbruch zur Moderne?*, Michael Brie & Dieter Klein eds,(Hamburg, 1991).

[91] Andre Gorz, op. cit., pp 37-38.

[92] Mike McConkey, "Whither the Municipality? Defining the Municipal in Confederal Municipalism", *Anarchist Studies*, (Spring 1994), pp.43- 56.

[93] Riccardo Petrella, "Techno-Racism: The City-States of the Global Market Will Create New Apartheid" *Toronto Star*, (19 Aug. 1992), p. A19.

[94] Mike McConkey, op. cit., p. 45.

[95] See Takis Fotopoulos, "The economic foundations of an ecological society", *Society and Nature*, issue no. 3 (Vol. 1, No. 3) and "The nation state and the market", *Society and Nature*, issue no. 5 (Vol. 2, No. 2).

[96] Andre Gunder Frank "Is real world socialism possible?", op. cit.

[97] Takis Fotopoulos, "The economic foundations of an ecological society" op. cit.

[98] See Carl Polanyi, *The Great Transformation*, (Boston:Beacon Press, 1944). For a recent discussion of Polanyi's thesis see, also, Kari Polanyi-Levitt (ed) *The Life and Work of Carl Polanyi*, (Montreal: Black Rose Press, 1990). For further analysis of the historical process of marketization in present society, see Takis Fotopoulos, "The nation-state and the market", op.cit.