Towards a New Socialism? By W. Paul Cockshott and Allin F. Cottrell. Nottingham, U.K.: Spokesman Books, 1993.

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Short of state implosion, what those who wish to promote free markets most need is an unevasive, contemporary, socialist theory. A bird cannot fly without air resistance, and those who oppose planning, egalitarianism, and "democracy" cannot long be sustained by grudging consent, however wide, relieved only by pedantic disputes over the terms of agreement.

W. Paul Cockshott and Allin Cottrell in their book *Towards a New Socialism* supplemented by a number of substantial papers[1] (1993a, 1993b, pp. 71–99; 1993c, pp. 73–112; 1993d, pp. 157–85; 1997, pp. 177–302) have come as close to developing a serious, up-to-date version of a neo-Marxist political economy as we are likely to see. They propose that money be abolished, replaced by labor tokens, that these be equally (or nearly equally) distributed, that we voluntarily reorganize into communes, and that the State dissolve into a neo-Athenian democracy.[2]

In support of these proposals they claim to have refuted the socialist calculation argument, maintaining that such calculation is perfectly feasible using units of average socially necessary labor time (1993c, chap. 3–9, pp. 20–25). I believe they have succeeded in countering a version of the calculation argument thus ironically clarifying and strengthening the reasons for considering socialist calculation not just as troublesome, but impossible, and valuation in terms of labor an illusion.

Aside from a few sour remarks about democracy and equality, I shall confine myself to what Cockshott and Cottrell (hereafter C&C) have to say about socialist calculation.

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[1]The book, these papers, and other studies are online at ecn.wfu.edu/~cottrell/socialism_book/ or dcs.gla.ac.uk/wpc/reports/ *or* reality.gn.apc.org/. Ensuing references will be to the online versions.

[2]Such novelties are discussed in *Towards A New Socialism* esp. chaps. 12 and 13.

THE SOCIALIST CALCULATION ARGUMENT

We may summarize a version of Mises's argument as follows:

(1) Under capitalism problems of allocation and coordination of higher order goods are solved on a competitive market as it assigns monetary values to the various choices.

(2) Socialism must abolish the market at least as the principal mechanism by which such calculations are made.

(3) As the market is abolished, so must money be abolished.

(4) The only way by which calculation under Socialism might then be accomplished is by the use of units of socially necessary average labor time, themselves independent of the competitive market.

(5) Such units cannot be independent of the competitive market.

So, socialist calculation is impossible.[3]

This is but one version of the argument. Another interpretation takes the difficulty to be that the size and complexity of a modern economy puts the task of socialist calculation forever beyond our cognitive abilities. This is the version that C&C have refuted. The argument outlined above, on the other hand, purports to show, as C&C put it, that the calculation cannot be set up. The conclusion then is not just that socialist calculation happens to be too much for us, but that it is *logically* impossible—something that cannot be accomplished in any possible world, or by an omniscient, omnipotent God.[4] As they overcome the difficulty of socialist calculation C&C have, contrary to their intentions, allowed us to see more clearly its impossibility. For that service some future market anarchist community might erect their statues in the town square.

MASTERING SCALE AND COMPLEXITY

The barrier to socialist calculation is commonly thought to be the size and intricacy of markets for second order goods:

> The real problem, as Mises has insisted from the beginning, is in all the intermediate markets for land and capital goods. Producers have to use land and capital resources to decide what the stocks of the various consumer goods should be. Here there are a huge number of markets where the State monopoly can only be both buyer and seller for each transaction, and these intra-monopoly, intra-state transactions permeate the most vital markets of an advanced economy—the complex lattice-work of the capital markets. And here

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[3]Support for this interpretation can be found, for instance, in Mises (1990, pp. 33–34).

[4]A possible world semantics for modal propositions was perhaps first suggested by Leibniz, and developed for modern logic by Saul Kripke. See, for instance, Leibniz (1976, p. 263) and Kripke (1971, pp 62–73).

is precisely where calculational chaos necessarily reigns, and there is no way for rationality to intrude on the immense number of decisions on the allocation of prices and factors of production in the structure of capital goods. (Rothbard 1991, pp. 56-57)

It is certainly true that the sheer complexity of a modern economy would hardly permit comprehensive planning to be trivial. But how disappointing to witness "an impossibility" deflate into an unmanageable difficulty! Fortunately, C&C show that the difficulty is no longer unmanageable, thus leaving us with, if anything, the impossibility.

Since I do not contest the issue, there is little reason for more than the barest outline of the argument.

Given a modern economy in which millions of distinguishable goods and services are produced, the problem is to assign a cardinal ordering to these goods and services answering to consumer demand (C&C allow a consumer market) and to relative scarcity and abundance. Since demand and supply are in constant flux, our assigned values would have to change accordingly, and in such a way that economic activities were timely and in proper sequence.

The problem is not just one of scale, but of interconnection since some of these goods and services are inputs for others and thus in part must determine their value.

C&C acknowledge that the market solves this problem:

> It is clear that market prices do provide a basis for calculation under capitalism: by reference to prices, firms are able to decide on cost-minimizing technologies, and to decide between producing different products on the basis of their profitability. And we don't feel any need to dispute Mises's claim that the price system provides for a reasonably effective coordination of economic activities. Neither would we care to assert that the minimization of monetary cost of production or the maximization of profit have nothing to do with achieving efficiency in the satisfaction of human wants. (Cockshott and Cottrell 1993c, p. 9)

Aside from whether the market solution is unfair, costly, and inefficient (C&C think it is all three) is there an alternative?

If we could find units of value truly independent of the market, and if such units could serve as a basis for economic calculation again independent of the market, then, it would appear that size and complexity alone would not prevent socialist calculation.

Assume, as do C&C, an economy which generates 10^6 distinguishable goods and services. A Leontief input/output matrix for such an economy would then need solutions for $10^6 \times 10^6 \times 10^6 = 10^{18}$ equations to eliminate the variables assuming everything to be an input for everything else. Each equation, furthermore, might require 10 elementary computer instructions. The running time for obtaining an exact solution to such a problem would be proportional to 10l8. Even though super-computers such as the Fujitsu VP200 and the Hitachi SS10/20 can perform something like 20 million arithmetic operations per second, the time required to solve such a set of equations would be about 16,000 years. However as C&C point out, not everything is an input for everything else (cheese is not made from chalk), and so, many, indeed most, of the equations could be eliminated (pp. 49-50).

Furthermore, we would not need a one-shot exact solution, but could well settle for approximations to any degree of precision. They suggest that the first approximation could be obtained using only direct inputs. The second would take as a baseline the first approximation using second-order indirect inputs, etc. (p. 50).

They conclude:

> The time order complexity of this algorithm is proportional to the number of products times the average number of inputs per product, times the desired accuracy of the result in digits. On our previous assumptions this could be computed on a computer in a few minutes, rather than the thousands of years required for Gaussian elimination. (p. 50)

The short time required for the computation suggests that planners might be in a position to keep up with changes in demand for outputs and variability in the relative scarcity of inputs at least as well as the market, thus weakening another objection to planning often associated with Mises's argument to the effect that no dynamic solution is possible (1993c, pp. 24–25).

Whether the planners could keep up with the changes in the economy depends, however, not just on their ability to do the sums quickly, but, as important, on their access to the required information.

According to C&C, the information needed for planning might be readily accessible through the telecommunication systems already at hand if only such information were not treated as a form of private property:

> All this effort (insuring restriction) is necessary because information is treated as private property. It is a strange sort of property in that it can be stolen and remain where it is intact at the same time. Indeed it could be argued that information is not by nature suited to be property since it is so easily copied and so difficult to protect. Nevertheless the computer industry has grown up around the notion of protecting and hiding information. To establish the free and open flow of information demanded by a rational planning system will require not only the legal abolition of commercial confidentiality, but also the redesign of most of the installed computer software currently in use. (1993a, p. 112)

"An economy-wide network of cheap personal computers, running spreadsheets representing the conditions of production in each enterprise in conjunction with a national Teletext system and a system of universal product codes" (1993c, p. 22) would enable managers to transmit information about demand and the availability of resources far more rapidly and efficiently than the market as such information would no longer be encumbered by the actual movement of goods (p. 6).

C&C are of course aware that there has been a well documented tendency for this style of information retrieval to generate systematically distorted data. Motivated by a desire for an easy life or imperial ambitions, managers in the former Soviet Union persistently overestimated the quantity of needed inputs.

Why would C&C's scheme be immune? Their answers are not reassuring,[5] (1993a, pp. 114–17) but whether you can keep managers from gaming the system is not a question peculiar to socialist planning, and anyway it is entirely separate from whether such planning is technically feasible.

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[5]They suggest comparing market prices to quantities of socially necessary labor time as a way of sniffing out inefficiencies. This would entail imputing costs to second order goods from the consumer market, which is problematic, and seems to give up on any genuinely socialist remedy.

They go on to mention alternative incentives like those that urge Mises, Hayek (and presumably Marx) to write their books and which might inspire desirable economic performance. Anyone who has ever attended a writer's forum, a professional meeting, or faculty conference might doubt the net gain.

Indeed, so far as it turns on whether the sheer size and complexity of a modern economy, C&C have, I believe, shown that socialist planning is possible. This is a happy outcome. Who, after all, could rejoice in the discovery of an inherent human incapacity?

PLANNING VINDICATED?

C&C argue that an objective guage of economic value would be much superior to subjective valuations reflected in market prices. Objective valuation would not be arbitrary and thus vulnerable to absurd caprice. In the form of socially necessary labor time, planning efforts would be directed toward economizing labor rather than money, thus encouraging invention and innovation. This would in turn greatly enrich human welfare by allowing more time for leisure and cultural activities. And, of course, by identifying economic value with that which supposedly creates it, exploitation is discouraged or even eliminated, and equality is presumed.

In sum, the case for using labor time as an objective measure of economic value is that as things stand this would direct economic activity toward improvement of people's lives:

> We could in principle measure costs in terms of any widely used resource. In an industrial economy we might reasonably price goods in terms of the energy that went into their production. If society faced overriding constraints upon the amount of energy that it could use, perhaps for environmental reasons, then this might be a good way to price things. We advocate using labor time as the basic unit of account because we think that society is about people, and for the moment at least, how people spend their lives remains more important than any one natural resource. (Cockshott and Cottrell 1993a, p. 45)

Just as consumer preference can only be objectified in market prices, labor can only be objectified as time expended. More particularly this must be expressed in relation to the average time it takes within a given community having a certain political and economic organization and possessing a characteristic technology to produce at a certain minimum level of quality a good or a service for which there is sufficient demand to cover costs.

Since what would be measured here is average clock time and deviations from it, we can determine not just more or less, but, just as in monetary measurement, how much more or less. Their cardinality certainly makes units of socially necessary labor time more plausible as a basis for socialist calculation than comparisons in nature as suggested for instance by Neurath[6] (Mises 1990, pp. 23-26; Hoff 1981, pp 75-80; Steele 1992, pp. 123-27). So, there would appear to be no technical reason why such units could not figure in the method of economic calculation already briefly described.

Should labor time not make economic sense, none of this is to any avail. C&C attempt to answer with varying success the objections to the economic rationality of labor time as the basis for economic calculation (Cockshott and Cottrell 1993a, pp. 23-29; 1993b, pp. 6-9, 22-25). I will notice only one of these problems and C&C's attempted solution.

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[6]One of the glories of the internet is you can now find people who take even calculation in kind seriously.

Calculation in labor values does not factor in demand. And with apologies to Kant it appears that on any economic theory, supply without demand is blind and demand without supply futile.

C&C attempt to introduce demand into their scheme by resorting to what they characterize as a moneyless "market of sorts." Labor certificates would be distributed to members of the commonwealth testifying to the number of hours they had worked or their entitlement. These certificates could only be used to purchase consumer goods, and would, like theater tickets be cancelled against such purchases. (C&C 1993a, pp. 24–25).[7]

C&C describe the operation of this quasi-market:

> The central idea is this: the plan calls for production of some specific vector of final consumer goods, and these goods are marked with their social labor content. If planned supplies and consumer demands for the individual goods happen to coincide when the goods are priced in accordance with their labour values, the system is already in equilibrium. In a dynamic economy, however, this is unlikely. If supplies and demands are unequal, the "marketing author-ity" for consumer goods is charged with adjusting prices, with the aim of achieving (approximate) short-run balance, i.e. prices of goods in short sup-ply are raised while prices are lowered in the case of surpluses. (1993a, chap. 8; 1993c, p. 20)

To guide the economy as a whole, planners would then note the ratio of the mar-ket clearing price in labor certificates to the labor content for all consumer goods. They cut back production of those goods for which the value of the labor content exceeds price, and increase production of those for which price exceeds labor content. The authority would have previously calculated the gross outputs sufficient to pro-duce the targeted quantity and distribution of consumer goods thereby assuring that the plan is approximately in balance (C&C 1993a, pp. 82–86; 1993c, p. 24).

The planning board would now have the information they required to determine how much and what kinds of higher order goods need to be produced. The quasi-mar-ket would furnish them with gross demand in labor time for each industry. These fig-ures would then be factored into first order, second order etc., inputs valued in labor time. Calculations of the most economical inputs in terms of labor time might then be made, taking advantage of the simplifying factors mentioned before: not everything is an input for everything else and there is no need and in fact no possibility in a dynamic economy for anything more than a solution refinable to any degree of approximation. The speed and efficiency of late model computers would assure that

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[7]As C&C point out:

> Nowadays one need not think in terms of paper certificates of work done. Instead we can envisage the use of some form of labour credit card which keeps track of how much work you have done. Deductions from your social labour credit account could be made by filling in a slip, or using a direct debit terminal. (p. 25)

Among other advantages, this would enable planners to profile demand, and gener-ally "keep track" of people who might deviate from the plan.

these calculations could be performed with such frequency as to assure that the "dynamic" character of demand is adequately taken into account. Determining the quantity and distribution of higher order goods to be produced turns out to involve a macroscopic version of how a good is valued in labor time in the first place, the good replaced by gross demand in a given industry.

C&C summarize what they think they have accomplished:

> We have outlined a mechanism which is capable of adjusting the pattern of output of consumer goods in conformity with a changing pattern of demand. While this mechanism relies on a market of sorts, it is quite distinct from the capitalist mechanism–it depends neither on private property in the means of production, nor on the formation of market prices for the inputs to the production process. (1993a or c, p. 109)

Not only must the planning process be "booted," so to speak, by "a market of sorts," but the market (or a market) seems to determine what counts as the expenditure of labor time, that is to say what counts as an economic object in the first instance (C&C 1993c, p. 19; Nozick 1974, pp. 259-60). Such an object whether it is produced in a capitalist or socialist economy must after all, as Marx puts it, represent a use value, such usefulness can only be determined by there being a willingness and ability to exchange something for the object, and such an exchange relationship is a market (1993c, pp. 16-17).

C&C put this in perspective as they recall approvingly Marx's discussion of the slightly different matter of labor certificates:

> in commodity producing society, what is socially necessary emerges only through market competition. Labour is first of all "private" (carried out in independent workshops and enterprises), and it is validated or constituted as social only through commodity exchange. The social necessity of labour has two dimensions. First of all, we are referred to the technical conditions of production and the physical productivity of labour. Inefficient or lazy producers or those using outmoded technology, will fail to realize a market price in line with their actual labour input, but only with the lesser amount which is defined as "necessary" (with respect to either average productivity or best practice technique–Marx is not always consistent on precisely which). Secondly . . . there is a sense in which the social necessity of labour is relative to the prevailing structure of demand. If a certain commodity is overproduced relative to demand, it will fail to realize a price in line with its labour value–even if it is produced with average or better technical efficiency. (p. 19)

So it is in a capitalistic, commodity producing society. Apparently, the market will not (at least not so strongly) define what counts as socially necessary labor time under C&C's brand of socialism in which "labor does become become 'directly social,' in the sense that it is subordinated to a pre-established central plan" and where "the reshuffling of resources in line with changing social needs and priorities does not proceed via response of profit seeking firms to divergences between market prices and long-run equilibrium values" (pp. 10-20).

Whether this distinction amounts to much of a difference depends at least in part on how much the planning authority allows itself to be governed by the "market of sorts" in consumer goods. The authority, responding to "changing needs and priorities," and in part governed by democratically elicited judgments about these will wind up by ruling that some labor (expended say on moon pies and the *National Review*) is not socially necessary after all even in the face of vigorous demand. Conversely, ignoring a certain lack of enthusiasm, the board might invest the labor represented in sensible shoes and Marx's *Complete Works* with a value well beyond what mere

aggregated preference could justify.[8] So, it is not just consumer demand that decides what counts as socially necessary labor time, but also, lest they be mere automotons, the planners demand as well, and planners outbid consumers, otherwise, where's the plan?

In any case, the consumer market in C&C's scheme would present a somewhat different "profile" of socially necessary labor than the one to which we are accustomed: some goods and services would evaporate; others miraculously appear, and perhaps all would be valued somewhat differently.[9]

To be sure, responsibility for altering the profile would be shared not only between the planning authority and the consumer market, but also with a kind of political market or, as it is more persuasively described, "democratic decision." C&C point out that this would take various forms and would determine the most general allocation of social labor, but more on this later.

Recall that socially necessary labor time was introduced as an "objective" measure of value and as such proclaimed uncapricious and scientific. It turns out instead to be "subjective" thrice over.[10] It is, as we have seen, created in the first instance by consumer demand, modified or overruled by the planning authority in turn guided to

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[8]The amount of discretion planners would enjoy is evident from C&C's discussion of planners possibly failing correctly to anticipate the proportion of savings to expenditure in the plan's consumer market:

> If net saving falls below the forecast, then Token consumption will exceed the pre-determined level of Consumption. In that case the planners may respond in the next period by raising taxation, encouraging more net saving in one way or another, or increasing the allocation of social labour to consumer goods. Or, if the planners reckon that the sub-forecast saving was a temporary "blip," they may choose not to respond. Exactly parallel reasoning applies in the case where saving is above the forecast level. (p. 106)

Democratic, not to say market constraints in light of such statements turn out to be a bit anemic.

[9]The difference is excused by reference to the alleged superiority of "social decision on the shape of an economy" over "the aggregate of private decisions" (C&C 1993, pp. 61-62). On the failure of such considerations to justify central authority see my article (Brewster 2002, pp. 19-34).

Since not only the market, but any democratic determination is based on "the aggregate of private decisions," if the planners make a social decision that (say) there be fewer private cars, they should prevail, incidently augmenting the need for sensible shoes.

[10]Taking "subjective" as C&C seem to in "Information and Economics," pp. 6-8 as essentially personal, or inescapably related to the subject's mind.

They here argue against the subjectivity (thus understood) of information in part on the basis of the supposed elimination in modern economic theory of individual persons as economic actors in favor of such things as firms, the identification of information with its physical bearers in information theory, and the supposed unassailibility of the theories.

Such an approach confuses useful hypotheses for limited objectives with ontological commitment. Furthermore, the objective/subjective distinction is very crude and nothing much is gained by accepting it uncritically. The distinction, in fact, cries out for something

whatever degree by democratic processes. That socially necessary labor is measured by numbers on a clock face no more makes it "objective" than recording numbers on a ledger page does such service for consumer preference.

C&C's scheme collapses under slight pressure into a perverse capitalist market in which the desires of planners, consumers, and voters would be unequally represented, the first in case of conflict trumping the other two. Planners would thus be inclined to regard their position as a kind of property or capital: aggressively sought, fiercely defended—by the use of which one could expect a return in the form of whatever currency eluded official suppression.

If, as likely, this currency took the form of consumer goods, exploitation would see the planners using their position to assure that they received a disproportionate share at the expense of voters and consumers. The degree of "exploitation by the plan," as we might style it, could no doubt be precisely measured in terms of socially necessary labor time.

Not so easily quantifiable, but no less exploitive would be the disparities in morale following upon the assertion of the plan at the expense of market demand and democratically expressed aspirations. C&C after all suggest that psychic satisfactions could motivate skilled economic performance no worse than huge incomes (1993c, p. 14). Psychic satisfaction thus being of some value it follows that if my getting more is only assured by you getting less then I have exploited you, though there may not be any uniform quantifiable relationship between my gain and your loss.

Thus, C&C's "New Socialism" is not even spared an exploitive class and the potential for class conflict; for it is not to be expected that consumers and voters will forever stand still as they are robbed and demoralized. We might even anticipate a revolution in which the planners are dismissed through the introduction of money and a market in higher-order goods. Their absence, after all, only facilitates "exploitation by the plan." The rallying cry might be: "Down with the planning Class. Consumers have nothing to lose, but their script. They have the chance of fortunes to win."

RANDIAN EXPLOITATION

Perhaps I am too pessimistic. Let us assume that class antagonisms do not arise within C&C's scheme. They insist, after all, that the inequalities which underlie such conflicts are due to conditions they hope to change:

> Those who suffer under the present dispensation do not need to be told how bad things are; they know this already. The important questions are: what are the causes of the present contrast between poverty and wealth, and what can be done about it. Of these, logically the most important question is the first. What really causes inequality in the present society? The most important causes are: (1) Exploitation of those who work. (2) Inheritance of wealth by a minority. (3) Unemployment. (4) Infirmity and old age. (5) The economic subordination of women. (6) Differences in skills and abilities. (1993a, pp. 11–12)

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like a stratified analysis such as that found in Ingarden (1973) which can be read as showing that as applied to novels and the like the supposed opposition between objective and subjective obscures a very intricate layered structure of physical objects and intentional objects in an orchestrated relationship.

For a more sober approach to information theory see Guttenplan (1994, p. 191).

The most important of these, as it is merely specified by most of the others, is "exploitation of those who work," and according to C&C, "A worker is exploited if the wages she gets are worth less than the product of the work that she does," the exploiter benefiting to the amount of the difference (p. 12).

Of course C&C hold that the most direct way to measure such exploitation is in units of socially necessary labor time, avoiding the use of "meaningless" pounds, dollars, or euros which only obscure the theft (C&C 1993c, p. 17).[11] But, as we have seen, socially necessary labor time cannot measure value independently of the market. Recall that nothing counts as socially necessary labor time unless so determined by at least a "market of sorts," and whether "socially necessary" is meant as "average" or "state of the art," again we have implicit market determination.

Even if we assume that the sort of market into which we have followed "the New Socialism's" collapse has not developed analogues of capitalist exploitation, we shall only discover what might for obvious reasons be called Randian exploitation.[12] The planners under such a dispensation would work hard, and we shall suppose successfully, to maintain substantial equality. They will be aided in this by the demos, who might, for instance, vote to tax away the inequalities into which the new socialism might otherwise drift.

Suppose the efforts of the planners and the watchfulness of the public assure that A and B both earn 1,000 units a week of whatever one fancies as currency. Suppose, further, that such diligence and concern lapses, and A now receives on an undisturbed market 500 units and B, 1,500. Was A exploiting B, or is B exploiting A? Take your choice. If your baseline is equality, then, of course, B is now despoiling A. If your standard is the unfettered market, then B has happily escaped A's exploitation.

But if there is exploitation, there is inequality of a sort, and even analogues of property come back to haunt us. What makes possible Randian exploitation (say proletarian status) insofar as it does make it possible already functions as capital and so

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[11]The indispenisibility of money on the other hand is argued in Horwitz (1995).

Horwitz, following Hayek, takes the impossibility of socialist planning to be epistemic. I think it is also logical.

For Horwitz money is indispensable as a sort of language by which entrepreneurs, investors, and businessmen are apprised of dispersed tacit knowledge, which cannot, C&C notwithstanding, be furnished by think tanks supported by innovation budgets. Money, as opposed to labor certificates or the equivalent, is incompatible with socialism. So, socialist calculation even with computers sufficient to solve the equations, cannot allow the equations to be set up.

I do not think this is incompatible with the main argument in this paper, but it does rest upon two concepts I find obscure: tacit knowledge and the already mentioned subjective/objective distinction. Furthermore, I find no particular reason to agree with Horwitz and Hayek that "the capacity of any explaining agent must be limited to objects with a structure possessing a degree of complexity lower than its own" (p. 18). It appears to be the function of scientific laws and algorithms to do something like this. But in any case isn't the effect of hand calculators not to say super parallel computers to augment indefinitely our cognitive complexity, even in the near literal sense of adding to our neural structure?

All of these issues demand something like close Ingardian scrutiny.

[12]Perhaps the most vivid novelistic account is Rand's *Atlas Shrugged* (1957).

Agreeing with her that vigorous and intelligent entrepreneurs may be exploited does not commit us to placing them in something resembling the Pantheon.

will be sought after and defended (bought, sold, exchanged)? The principle instrument of such exploitation will be (and is), of course, democracy.[13]

The value of any contribution to the economy is not something to be "viewed from the standpoint of eternity." You cannot determine in principle who is exploiting whom and to what extent apart from units of measurement tailored to a predetermined result. Choose units of labor with a bias toward physical labor, and it turns out the proletariat is swindled on the free market. Take money earned on an undisturbed market as standard, and those with a knack for entrepreneurship are the victims.

If it is between the anarchy of the market and the arbitrariness of constantly policed equality, then I vote the market, but perhaps all that need be noticed at this point is that equality is at least no less exploitive, and in the worst sense capitalistic, than inequality; so why bother? If the drift to inequality is away from one sort of exploitation to another, why not drift? If it is such a wash, why waste ink on "exploitation" at all?

The Impossibility of Socialist Calculation

Recall that the New Socialism to notice demand had to resort to a consumer market "of sorts." Remember that the moments of socially necessary labor time with which the planners in the socialist commonwealth supposedly do their sums are social, necessary and even labor as determined on a market. Notice that the tatonnements by which the planners adjust to a clearing price on the consumer market amounts to market simulation. And finally, reflect on the defective market, commonly euphemized as "democracy," by which large scale allocations of goods and services in C&C's scheme would be determined. What we have here is obviously a market system "of sorts."

Furthermore, suppose the planners to have any real discretion, and property, inequality, and exploitation rush back upon us, and we do not avoid the same result even on the heroic assumption that equality can be maintained. We not only have a market system of a kind, we have in the worst sense an awkward capitalism.

So, an examination of C&C's New Socialism confirms Mises's conclusion that rational socialist planning is impossible. It appears that in order for economic planners to have any useful data by which they might be guided, a market must be hauled in, and with it analogues of private property, inequality and exploitation. Why?

As I indicated, the trouble is not scale and complexity. Nor is the difficulty just epistmological, though this enters in. The problem is that in order for any rational socialist plan to be formulated, it must utilize markets, but insofar as markets are useful for planning, they must be unaffected by the plan. However, if there is a plan, the markets cannot be unaffected by it. To put it briefly, socialism with markets is a plan that is not a plan. And even an omniscient God could not pull that off.

To be sure, I have not demonstrated this, and it may be that nothing of the sort is demonstrable. My point is that if it is true, that socialist planning does not work,

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[13]Obviously because the mediocre and envious will outvote the able and self-confident, and so the former will democratically relieve the latter of their property and innovations. For an enlightening discussion of the subject see (Hoppe 2001).

it is necessarily true, and if false, necessarily so on the assumptions that such planning must be substantially independent of a capitalist market and must have socially necessary labor time as a measure of value. And neither assumption is in dispute.

The position is similar to that of Goldbach's conjecture, which also if true or false is necessarily so. No one has yet demonstrated it to be one or the other. However, it is widely suspected to be true, and has been repeatedly confirmed.[14]

Socialist planning is similarly suspect, and its failure has been once again confirmed.

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[14]Christian Goldbach's conjecture is that every even number is the sum of two primes. See Kline (1967, p. 46).

Like the conjecture, the impossibility of rational socialist calculation is best seen as a necessary *A Posteriori* truth (or falsehood). It is in other words true (or false) in all possible worlds, but the proof either way must be discovered, if there is such a proof at all. See Kripke (1980, pp. 35–38).

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