Visible seeds of socialism and metamorphoses of capitalism: socialism after Rosdolsky

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Roman Rosdolsky suggests a method to deal with the transition towards socialism that integrates three issues: 1) the identification of dynamic features of capitalism; 2) the systematisation of metamorphoses of capitalism; 3) the evaluation of how these metamorphoses reshape the elaboration of alternatives to capitalism. This evaluation is a precondition for the visualisation, within the complex dynamics of capitalism, of seeds of a new society—-institutions born out of political struggles and of emancipatory features of key social processes. These institutions reshape the nature of the metamorphoses of capitalism and the possibility of establishing socialism and democracy.

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1. Introduction

The crisis of 2007–2008 and its consequences—social costs, unemployment, high public expenditure to contain its spread—are expressions of the nature of the capitalist system. Periodic crises are part of its dynamics, and as always, they provide an opening for debates on the alternatives, both of and to capitalism. Unfortunately, alternatives to capitalism were not relevant in the debates following this crisis. This weakness led The Economist (2012, p. 14) to suggest that ‘the defining battle of the 21st century will be not between capitalism and socialism but between different versions of capitalism’.

Crises trigger structural changes related to metamorphoses of capitalism. Whilst those metamorphoses change and renew the system, they have been incapable of overcoming the system’s traditional problems—poverty, inequality—and they present new
challenges to global capitalism, both demographic (consequence of the expanding life expectancy) and environmental (consequence of climate change).

Alternatives to capitalism would enrich current political debates. In general, they would push the debates more to the left, with possible civilising effects on today’s societies. Furthermore, as discussed later, because alternatives to capitalism must be democratically chosen, a majority of citizens must be part of the democratic discussions that would lead to this alternative. For this broad democratic process, alternatives to capitalism should be presented, discussed, elaborated and re-elaborated—a necessary step towards the making and remaking of the subjective side of the working class, so heterogeneous, diverse and international. This would be a comprehensive project to set a public political and economic agenda; attract interest and support from workers, youth, and others; and spark creative energies and fruitful debates. As Smith (2009, p. 105) puts forward, it is wrong to identify in Marx ‘hostility to speculation concerning the society of the future’.

In the academic arena, debates on socialism—alternatives to capitalism—have a special place. Buchanan (1991, pp. 17–18), for instance, presents a ‘re-evaluation of the economics of the socialist century’. During the past century there were at least four rounds of debates on plan, market and socialism. At the end of the last century, leading scholars of the Austrian school of economics, such as Murel (1983), Lavoie (1985) and Caldwell (1997) presented re-interpretations of the debates on ‘economic calculation in socialism’ and suggested re-opening those debates. Therefore, an elaboration on alternatives to capitalism should be seen as a positive answer to this academic challenge.

Kautsky (1902), in an elaboration representative of the Second International (Angebot, 2000, p. 100; Smith, 2009, p. 103), opened the first round of this debate. In his introduction, Kautsky mentions that he is answering ‘the former minister Pierson’, who had argued ‘that a proletarian revolution must . . . be avoided’ (Kautsky, 1902, p. 4). Hayek (1935b) edits Collectivist Economic Planning, in which the first chapter is Pierson’s (1902) paper, which extensively discusses Kautsky’s elaboration (pp. 50–51, 53, 76, 80–81, 83–84). Mises (1920, p. 80, 119), in the second chapter in Hayek’s book, also highlights Kautsky as an important leader of the socialist movement and his 1902 book as representative of the socialist point of view. An answer to the invitation of the Austrian school of economics to reopen debates on economic calculation under socialism might require the presentation of a developed and updated alternative to capitalism.

Present-day alternatives to capitalism must include two dimensions that should differentiate them vis-à-vis the debates from one century ago: first they would include

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1 This debate is the fourth round of a long-lasting debate on market and planning in the transition towards socialism (Albuquerque, 2008). The first round is the socialist calculation debate (Kautsky, 1902; Pierson, 1902; Barone, 1908; Mises, 1920; Lange, 1936; Hayek, 1935a); the second is the debate on market and plan in Soviet industrialisation (Bukharin, 1924; Preobrazhensky, 1926); the third is the 1980s debate on plan, market and democracy in the Soviet Union’s crisis (Nove, 1983; Mandel, 1986; Elson, 1988); and finally the fourth round is dominated by market socialism (Roemer, 1996; Ollman, 1998; Wright, 2006; Burczak, 2006).

2 An analysis of Kautsky’s 1902 book is beyond the objective of this article, but it may be described as very naïve, simplistic and strangely without any reference to technological progress whilst discussing ‘increase of production’ (1902, pp. 137–48). The first intervention of the socialist side in what was the debate on ‘economic calculus under socialism’ was very weak theoretically speaking. However, even Lenin in 1917, in The State and Revolution (chapter 6, topic ‘Kautsky’s controversies with the opportunistists’) criticizes Kautsky’s 1902 book only in relation to his position regarding the state, with a positive view of the rest: ‘Let us take the next, more mature, work by Kautsky, which was also largely devoted to a refutation of opportunist errors. It is his pamphlet, The Social Revolution. In this pamphlet, the author chose as his special theme the question of ‘the proletarian revolution’ and ‘the proletarian regime’. He gave much that was exceedingly valuable, but he avoided the question of the state’. Further on, Lenin criticizes Kautsky’s book for it dealt ‘with the tasks of the social revolution irrespective of the time of its occurrence’.
metamorphoses of capitalism during the last century, and second they must include an evaluation of the former Soviet Union and the tragedy of Stalinism: alternatives to capitalism must be also alternatives to Stalinism and its varieties. This view introduces Roman Rosdolsky and his major work—*The Making of Marx’s Capital* (1968)—as a starting point for the elaboration of this article.3

The collapse of the former Soviet Union—indeed of the nature of its economic system, which was certainly not a socialist economy (for the controversies related to the nature of the Soviet Union amongst Marxist economists, see Linden, 2007)—broadened the existing varieties of capitalism. According to King and Szelényi (2005), there are now three additional ‘post-communist varieties of capitalism’, derived from the different transitions from ‘command economies’ to market economies. Today’s Russia would be a variety of ‘patrimonial capitalism’, a variety that *The Economist* (2012) would include amongst different forms of ‘state capitalism’; China would be another.

A reference to the literature on varieties of capitalism helps clarify how different historical trajectories and different combinations of institutions created during the past 150 years may crystallise in different types of capitalist economies (Coates, 2000; King and Szelényi, 2005). Furthermore, the literature on periodisation of capitalism suggests how over time, capitalism assumes different shapes and structural forms (Albritton *et al.*, 2001). Metamorphoses of capitalism shape these varieties of capitalism, in space and time—alternatives of capitalism.

Alternatives to capitalism begin beyond the ‘historical limits of the law of value’—that is why Rosdolsky (1968, chapter 28) could be an appropriate starting point for an elaboration (or re-elaboration) on transition to socialism. Rosdolsky organises this chapter by inter-weaving the discussion on ‘human individuality under capitalism’, ‘the role of machinery as the material precondition of socialist society’, and the ‘withering away of the law of value under socialism’. This intertwining represents a return to a broader treatment of Marx’s work, not only in the reading of his work, particularly *Capital*, but also to the necessary articulation between the investigation of the capitalist dynamic and the discussion of socialist alternatives. As Rosdolsky (1968, p. 413) claims in the opening of chapter 28, in the original outline of *Capital* Marx intended to discuss the transition to socialism in his last book (this topic is in the outline presented in *Grundrisse* [Marx, 1857–58], p. 345).

Rosdolsky’s specific contribution to the theme of the transition to socialism starts from a question of method incorporated in his work, the articulation between two elements. First, the investigation of metamorphoses of capitalism, shaped by technological

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3 A third dimension of this contemporary elaboration, different from elaborations of a century ago, would include Freud’s comments on the possibilities and potential of changes related to property and the overcoming of poverty—although important, and a contribution to mitigate human suffering, it would not solve all human problems. Angebot (2000, p. 105) attributes this naïve position to Kautsky and other theorists from the Second International. Therefore, it is important to articulate the economic and social changes that a socialist project may bring about with the limits of the human condition, as presented by Freud. Freud writes about the Russian experiment that ‘perhaps it will show that the attempt has been made prematurely and that a fundamental alteration of the social order will have little hope of success until new discoveries are made that will increase our control over the forces of Nature, and so make easier the satisfaction of our needs. It may be that only then will it be possible for a new order of society to emerge which will not only banish the material want of the masses, but at the same time meet the cultural requirements of individual men. But even so we shall still have to struggle for an indefinite length of time with the difficulties which the intractable nature of man puts in the way of every kind of social community’ (1933, p. 3205; English translation from a version available on the Marxists Internet Archive). One century after the beginning of that experiment and two technological revolutions after this essay by Freud, it is reasonable to take this reflection as a reminder that the time has come to rethink new attempts to ‘not only banish the material want of the masses, but at the same time meet the cultural requirements of individual men’.
(Schumpeter, 1942) and financial changes (Minsky, 1982), leads to a clear position on the possibility of building socialism in our time, which is greater than in Marx's era. Second, those metamorphoses contain elements, tendencies and aspects, which prefigure a new society—one challenge is to visualise the seeds of this new formation in history (Rodskslky, 1968, p. 414).

Chapter 28 presents a method, which according to Rodskslky’s interpretation (1968, p. 436) is Marx’s association between the investigation of capitalism and the socialist perspective. Hence, the investigation of the metamorphoses of capitalism and the efforts to visualise the seeds of a new society in history (Rodskslky, 1968, p. 414) define Rodskslky’s contribution to a renewed discussion of alternatives to capitalism—socialism.

The basic contours of a proposal to update the elaboration of alternatives to capitalism requires investigating in the long-term dynamics of capitalist development for tendencies and processes that can contain elements of progress that lead to a new society. The point of departure for this investigation is Marx’s interpretation of the existence of elements of a new mode of production in the reduction of the working day and the free time potentially generated by the application of science to production (Marx, 1857–58) and in the development of the credit system (Marx, 1894).

In relation to the role of free time in the transition to socialism, the discussion on machinery—the relationship between the increase in the productivity of labour and free time—can be found in the third volume of Capital, in the section titled ‘The revenue and its sources’ (1894, pp. 951–1026). In this section, there are excerpts quite similar to the reasoning found in Grundrisse. Marx, after a comment on ‘the realm of freedom’, stresses that ‘the reduction of the working day is the basic prerequisite’ (1894, p. 959).

Marx discusses the role of credit as a ‘form of transition towards a new mode of production’ (1894, p. 572). He also mentions the role of the ‘powerful lever’ that the credit system ‘will serve . . . in the course of transition from the capitalist mode of production to the mode of production of associated labour’ (1894, p. 743).

These two excerpts confirm Rodskslky’s suggestion of basic elements of a method in Marx for dealing with alternatives to capitalism and the transition to socialism: current tendencies and potentials within capitalism are bases for a new mode of production.

2. Rodskslky and Marx’s elaboration on socialism

2.1 Rodskslky and the historical limits of the law of value

The way Marx deals with the topic of socialism is the object of controversy amongst various approaches. It is possible to organise these different interpretations into at least three distinct positions.

The first position considers that Marx did not sufficiently develop the question of socialism, as summarised in Blackburn’s (1991, p. 13) formulation, which claims that there is an ‘excessive restraint’ with regard to the topic. Hayek (1935b, p. 128) and Nove (1983) can be identified in this perspective. Prychitko (2002) presents this as the ‘orthodox’ position. In general, this perspective makes little reference to Marx’s texts. For example, in the collection Socialist Economics (Nove and Nutti, 1972, pp. 19–26), there are only three of Marx’s texts (an excerpt from Critique of the Gotha Programme [1875], one from the Manifesto and one from the Manuscripts of 1844).

The second position is defended by Lavoie (1985, p. 30): socialism for Marx would merely be the negative of capitalism. In Prychitko’s (2002) opinion, this establishes Marx as an organisational theorist.
The third position is presented by Rosdolsky (1968)—an investigation on capitalism, including its evolutionary tendencies, serves to indicate elements present in society that would potentially have characteristics of the new society. In this sense, socialism would be the product of these processes, and its development would be noticeable in modern-day societies or the most advanced capitalist countries.

Rosdolsky’s elaboration is a result of a life of a scholar and a militant (including being a militant of a Trotskyist Ukrainian group after 1924). Unfortunately, so far, there is not a broad systematisation and evaluation of the life and work of Rosdolsky (1898–1967). There are biographical notes (e.g., Mandel, 1968; Mattick, 1971) and biographical articles with a more systematic appraisal of his life and works (Paula, 2007). Rosdolsky may be evaluated as a creative Marxist, with important works in the field of history—examples are his doctoral dissertation (Das Problem der geschichtslosen Völker bei Marx und Engels) and his work with Riazanov as the Vienna correspondent for Moscow’s Marx-Engels Institute, between 1926 and 1931, an experience certainly very important for his later work. His scholarly life culminated with his magnum opus, The Making of Marx’s Capital, published posthumously in 1968. There is some debate about this elaboration, especially regarding Marx’s method (see, for instance, Braunsdorf et al., 1976) and Rosdolsky’s views on the structure of Das Kapital (see, for example, Schwartz, 1974).

More than an invitation to read Marx with new eyes, The Making of Marx’s Capital contributes to a renewed approach to Marxist studies, with the resumption of more open-mindedness, towards studies related to creative Marxists assassinated by Stalin, such as Rubin and Preobrazhensky.

The place of Rosdolsky’s elaboration on ‘Marx on the subject of socialist society’ explains why it is a starting point for the elaboration of this article. Rosdolsky’s book is organised into seven parts. From part I to part VI, he organises his interpretation of Grundrisse as a laboratory of Das Kapital. The structure of those parts begins with a discussion on the origins of Grundrisse and its relation to the structure of ‘Marx’s work’—Rosdolsky explores the changes made by Marx in the outlines of Das Kapital. Part II deals with ‘the first formulation of Marx’s theory of money’, which as in Grundrisse begins with a critique of labour-money theory elaborated by Darimon (a disciple of Proudhon). Smith (2009, p. 117) discusses how the critique of Proudhon’s labour-money theory was ‘an important part of the development of his own theory of money’. This helps explain why Marx was critical of earlier socialists, according to Smith, for ‘a partial understanding of capitalist economic categories led to experiments with labor-money and labor-exchanges’ (1009, p. 119). In a preliminary note to this discussion, Rosdolsky remarks that in an ‘implicit sense . . . the whole presentation of the Rough Draft is based on Marx’s theory of value’ (1968, p. 97). Part III—‘the production process’—opens with introductory remarks on ‘the actuality of the law of value in capitalist economy’ (1968, pp. 167–74). Part IV deals with circulation process and Part V with profits and interest. Part VI is the conclusion, which opens with chapter 28—‘Historical limits of the law of value: Marx on the subject of socialist society’. If the theory of value is a guiding thread of Marxian investigation, according to Rosdolsky, the conclusion of his analysis is an appropriate place to evaluate historically the law of value: it has

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4 Viktor Schneider (Eastern European History and Slavic Studies at the Justus-Liebig University in Giessen, Germany) is working on a dissertation about Rosdolsky, which will provide a systematisation and an overall evaluation of Rosdolsky’s theoretical contributions.
limits, a socialist society is the overcoming of this historical barrier. This chapter is important, for it starts with a link related to the preceding parts (which review both the structure of *Grundrisse* and of *Das Kapital*). Then Rosdolsky introduces the changes in capitalism during the twentieth century, and finally evaluates critically the historical destiny of Russia under Stalin and after his death. Keeping the law of value as a guiding thread, Rosdolsky mentions and criticises interpretations that suggest that the law of value would operate under socialism (p 435), citing Preobrazhensky as a reference against that position. Part VII contains five critical essays, amongst them a discussion of Joan Robinson’s interpretation of Marx, where Rosdolsky returns to a discussion of the theory of value and to the ‘problem of value in a socialist society’.

This short description of the structure of Rosdolsky’s book helps define the context of what is essential for this article: chapter 28. It concludes his analysis of *Grundrisse* and, based on the previous investigation of the process of capitalist production as a whole, is therefore an appropriate moment to discuss the historical barrier of the law of value and what may be beyond it: a socialist society.

### 2.2 Alternatives of capitalism and alternatives to capitalism

What are the qualitative differences between alternatives of capitalism and alternatives to capitalism?

Capitalism and all its varieties are driven by the logic of capital—profit motive, which drives an endless expansion of capital and the dynamics of capital accumulation, without any other considerations: ‘accumulation for the sake of accumulation, production for the sake of production’ (Marx, 1867, p. 742). Instead of being driven by the profit motive, alternatives to capitalism are related to what Marx (1867) called ‘free association of producers’—therefore, they are by definition democratic societies. This free

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5 A fuller evaluation of Stalinist and post-Stalinist Russia was prepared by Rosdolsky in 1959—a paper only published posthumously in 1978. This paper discusses the Russian Revolution, the reasons behind the victory of Stalin, the nature of the Stalinist regime and possibilities for a socialist democracy in Russia. Rosdolsky (1959 [1978], p. 204, p. 221) starts his evaluation from *The Betrayed Revolution* (Trotsky, 1936). Whilst identifying the regime as neither capitalist nor socialist, he goes beyond Trotsky’s analysis and identifies a ‘state economy’ (Staatlichen Gemeinwirtschaft) (p. 224), given the nationalisation of means of production and central planning. However, for Rosdolsky, that regime could not be called a workers’ state or even a degenerate workers’ state, for the workers had no say in the decisions taken by the dominant bureaucracy. This characterisation leads Linden (2007, pp. 175–77) to place Rosdolsky’s views on the Soviet Union amongst theories ‘without labels’. Rosdolsky (1959, p. 235) assumes a distance from Trotsky’s original position, presenting an explanation that highlights historical changes over time. For Rosdolsky, in 1936 Trotsky’s evaluation made sense, since at that time there was hope that the Stalinist regime would be short-lived. Thirty years later, the longer survival of Stalinist and post-Stalinist regimes should ask for a re-thinking of Trotsky’s original evaluation. Rosdolsky’s re-evaluation shows how he is open to dynamic analysis of institutions and regimes, trying to identify how they may change over time—and provoke necessary adaptations of political and economic analysis.

6 In his presentation in the 1967 Frankfurter Colloquium celebrating 100 years of *Das Kapital*, Rosdolsky mentions ‘the short-lived blossoming of the Soviet economy in the 1920s meant a radical break with the neglect of Marx’s economic method. Of particular significance in this regard were the outstanding contributions of E. Preobrazhensky as well as the methodological investigations of I. I. Rubin and his school’ (1967, p. 64).

7 Different alternatives of capitalism—varieties of capitalism—have in common the leading role of profit motive. However, alternatives of capitalism differ in how profit motive is combined with other drivers (social goals, employment conditions, welfare). Alternatives of capitalism also differ in how the market is combined with other economic co-ordination mechanisms (state, large corporations, local or sectorial planning, etc). Therefore, politically, it is very important to differentiate and compare alternatives of capitalism—according to Coates (2000) there are three types: market-led capitalism (USA), state-led capitalism (Japan) and negotiated capitalism (Sweden). Although those differences are important, this article focuses on alternatives to capitalism.
association of producers organises the economy, overcoming the law of value—a point very clear in the elaborations of Marxist scholars such as Rubin. In his investigations, Rubin states very clearly that in a ‘socialist community’ a ‘determined social organ equalizes the labors of various individuals with each other’ (1929, p. 96), through a ‘plan for the production and distribution of different forms of labor’ (p. 98), that is, not the market. The free association of producers is what organises this plan and thereby overcomes the market. During a transition phase, as Preobrazhensky (1926, chapter 2, topic 2) elaboration, a struggle would take place between the law of value and the plan, defined by the free association of producers.

Capitalism is a system that organises wage labour and is driven by profit motive. Socialism is a political system directed by democracy—pluralist, open to experiments and participatory innovations, with public debates and a political agenda set publicly—and an economic system directed by social goals, not by the profit motive. The political, economic and individual elements of a democratic socialist society are clear: the ‘free economic, political and cultural self-determination of workers’ (Rosdolsky, 1959, p. 225). ‘Democratic invention’, as put forward by Lefort (1981), is essential for the institutional set-up that might be driven by attempts to fit those social goals—and for defining and redefining those social goals. This process of ‘democratic invention’ would also develop new forms of collective property, essential for the fulfillment of those social goals. Marx suggested that socialism would be a new ‘mode of production of associated labor’; now it must be seen as a dynamically changing new mode of production of associated labour. Metamorphoses of capitalism, particularly technological revolutions, change the nature of labour—more heterogeneity, labour repositioning with the growing weight of intellectual labour in the ‘collective worker’, international spread and connections through transnational corporations, sophistication and changes in the division of labour, nationally and internationally. Therefore, metamorphoses of capitalism must also reshape the nature, scope and potentialities of socialism. That is why the perspective on visible seeds of socialism, as suggested by Rosdolsky, is a way to permanently update alternatives to capitalism—changes in capitalism create new starting points for the transition to socialism.

2.3 Socialist society and visible seeds

In chapter 28, Rosdolsky (1968) interprets Marx in a sense that socialism would be the product of these processes and its development would be noticeable in modern-day societies in the most advanced capitalist countries. His original interpretation suggests that ‘the socialist society of the future could only be spoken of inasmuch as visible seeds of this new social form could be discovered in history and its developmental tendencies’ (1968, p. 414).

8 This is one of the greatest achievements of Rosdolsky—to highlight how in Grundrisse Marx stresses this element of free individuals and broad opportunities for individual development. Rosdolsky quotes Marx from a paragraph that is now very well known: ‘The free development of individualities, and hence not the reduction of necessary labor-time so as to posit surplus labor, but rather the general reduction of the necessary labor of society to a minimum, which corresponds to the artistic development, scientific etc. development of the individuals in the time set free, and with the means created, for all of them’ (Marx, Grundrisse, quoted by Rosdolsky, 1968, p. 426). The combination of free time and artistic and scientific development would be a basis for an increased rate of technological change in socialist society—re-oriented technological progress, of course—that would characterise a socialist society as more innovative than present-day developed capitalist countries—a position provocatively indicated by Schumpeter (1942, chapter 17, topic 3).
Rosdolsky's proposition is an elaboration on the visible seeds for a transition to socialism. This interpretation emphasises that the basis for the new society originates in capitalist society, in both its contradictory development, which includes the organisation and historical achievements of the working class, and its internal dynamic. These elements should be ‘visible’ in history. This dynamic, in fact, is an important element for capitalism in the long run, as an additional source for its metamorphoses.

Visible seeds of socialism emphasise institutional arrangements that developed throughout the history of capitalism. Visible seeds are materialised in institutions and in institutional arrangements. As they are embodied in new institutions, they become part of the dynamics of a capitalist society. Like specific institutional arrangements, they have their own life and dynamics. For this reason, they should not be confused with the state or its structural transformations.

The emphasis on the distinct and specific nature of these visible seeds is supported by studies focussing on such institutional arrangements. For example, the neo-Schumpeterian literature on innovation systems insists on the singularity of these specific institutional arrangements (Freeman, 1988; Nelson, 1993). With regards to the welfare system, Esping-Andersen (1995, p. 714) evaluates ‘the emergence of a historically novel and unique institutional construction’.

In general, the visible seeds are results of social struggles, strongly emancipatory forces or inherently communitarian elements embedded in these institutional arrangements. The emancipatory potential of science is fundamental for the characterisation of the institutional arrangement of ‘innovation system’ as a visible germ. The difficulty of completely subordinating science to capital is an example of this nature. The anti-capital origin and civilising force of welfare systems, with their capacity for incorporating excluded groups, lead to the de-commodification of labour and generate ascending social mobility. This is what allows a welfare system to be characterised as a visible seed. The social nature of credit and the role of ‘the community as a whole’ . . . which provides a real value corresponding to money' (Simmel, 1907, p. 177)—would constitute a basis for the characterisation of the financial system as a visible seed, a complex and much mediated seed. Finally, the institutional arrangements of democracy have a never-ending confrontation with the logic of capital and constitute the foundation for overcoming capitalism. The origins of visible seeds, therefore, are diverse.

The visible seeds of socialism are generated according to processes that re-appear in a systematic manner throughout history. They crystallise themselves in new institutions and end up becoming the non-intentional results of these processes. They may have been limited, valid in short periods of time or territorially located, but they are concrete possibilities or successful experiments. For this reason they are contributions to the reflection on socialism.

Identifying visible seeds does not imply a pre-defined or automatic trajectory that these seeds will take. Here, one of the meanings of the word ‘seed’ is quite clear: ‘the source, origin or beginning of anything’, and it implies, as an alternative state, its non-development. Nevertheless, as the visible seeds become the institutional condensation of the results of social struggles or actions from emancipatory forces, these results have their own dynamic—again, with obvious indetermination with regards to their development.

The institutions that embody the visible seeds represent a possibility for breaking with the logic of capital. Whilst capital already has its own defined dynamic, governed by the incessant search for profit, visible seeds can break this dynamic by introducing
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a prior concern: questions on the consequences of decisions, actions and priorities emerge. These questions remain outside of the logic of capital and create a new question related to who decides: the theme of democracy is implicit in this distinct logic. In this sense, there is a clash between the logic of capital and the potential dynamic of visible seeds.

Rosdolsky also suggests that the struggle for socialism is not indifferent to the current advances in capitalist society. After widely discussing the role of machinery as fundamental for the transition to socialism in Marx, he comments on how technological development in the period after World War II—a ‘new industrial revolution’—multiplied that potential (1968, p. 427). Hence, Rosdolsky calls attention to the need to identify the differences between Marx’s era and subsequent ones.

3. Metamorphoses of capitalism and the programmatic recomposition of the socialist perspective

The capitalist system has great flexibility in the long run, and historically comprises several important metamorphoses. These metamorphoses can be described either by the theory of ‘long waves of capitalist development’ (Freeman and Louçã, 2001) or by the theory of ‘systemic cycles of accumulation’ (Arrighi, 1994).

There are various sources for these metamorphoses. The first includes those determined by the articulation between the technological and financial dynamic inherent in the capitalist system, which affects processes of ‘making and remaking of the world’s working classes’ (Silver, 2003, p. 171). The second source stems from the investigation of long-term dynamics, which requires the incorporation of the state and political elements such as wars (with all the consequent economic and industrial mobilisation) in the configuration of these metamorphoses. The third source, a decisive element in molding contemporary capitalism, is the interaction between these dynamics and social struggles (in a broad sense). The interaction is complex because it involves labour unrest, strikes, pressures, demands, struggles and the interplay between those struggles and the capitalist system. Certainly, the technological elements of the capitalist dynamic determine a growing margin for manoeuvering and shifting the system, and therefore making it capable of incorporating at least part of those demands.

The interaction between social struggles and the capitalist dynamic involves claims that are as elementary as the reduction of the working day, the prohibition of child labour, the increase of wages and improved working conditions, all of which Marx highlights in Capital as being important struggles of the first half of the 19th century. As the most basic claims are met, new demands are presented, given the progress of social movements as well as economic and technological progress. These changes, stirred up by the presence of social movements in the political life of central capitalist countries, have determined (in a non-intentional manner) changes in capitalism, which has led to market expansion, better income distribution and various new effects on the dynamics of the system. In turn, these changes have provided new sources of market growth and new opportunities for economies of scale and scope.

The dynamic of social movements also determines the emergence of institutional innovations, as exemplified by Bismarck’s implementation of social protection measures related to diseases (in 1883), labour accidents (1884) and retirement (1889) at the time that anti-socialist legislation was established in Germany (Stachura, 2003, p. 229). These measures are important in the history of 20th-century welfare systems.
The historic result of these complex interactions is the creation of welfare systems in advanced capitalist countries, which were then transformed into an important source of vitality for the capitalist system itself.

Last, the fourth source for the metamorphoses of central capitalism is the defensive reaction against the real or imaginary fears of important events in the international arena. Abendroth (1965, pp. 178–79), for example, highlights how the existence of the Soviet Union contributed to important concessions for working classes in Western Europe, not only in terms of the quality of life, but also in terms of democratic rights. Thus, the metamorphoses of capitalism would be determined by these four different, intertwined sources of changes. The results of the changes are the diverse phases of capitalism that have their own distinct structural characteristics. That is why the dynamic of the capitalist system, in the long run, systematically places new questions for social movements and socialist political movements. Hence, the need for programmatic reconfigurations increases. Wood (1995, p. 4) emphasizes the need for and the complexity of this effort.

This increased need for programmatic reconfigurations can still be combined with elements related to the history and generational transition of social movements. The ability to incorporate social demands through the capitalist dynamic may have astonished various generations of trade unionists and socialists. This perspective allows one to place, on a broader historical horizon, some crucial social and political processes, such as the inclusion of social democracy in Germany’s political establishment at the beginning of the 20th century. Kautsky and Bernstein expressed their surprise in programmatic terms, with regards to the capitalist system’s capacity for metamorphosis, that had made the working day and quality of life for the working class improve dramatically in comparison to the conditions of the mid-19th century. In addition, long processes of struggles, prior to the attainment of these demands, can lead to the breakdown of social energies geared towards continued mobilization. As old demands are incorporated, a stronger position should be generated from which to make new and updated demands.

There is a specific and complex timing for resuming mobilizations given these new conditions. In addition to the complex matters of timing and energy, eventually resuming the processes of mobilization requires important programmatic reconfigurations. Perhaps the metamorphoses of capitalism generated more programmatic confusion on the left than adequate programmatic rearrangements. On the one hand, there is the phenomenon Luxemburg called ‘reformism’. On the other hand, as a counterpoint to this phenomenon, sectors and policies associated with the negation of reformism also had difficulties in understanding and reorganizing the socialist programme according to a changing capitalist reality.

How do the metamorphoses of capitalism determine the contours for programmatic reconfigurations? This is precisely where Rosdolsky’s position can be understood in all its depth. On the one hand, his perspective emphasizes the need to identify the technological and scientific level of each phase, particularly given the liberating potential found in the growing technological application of science. Technological advances create new possibilities for reducing the working day, improving working conditions and confronting the challenges presented by humanity, such as current environmental concerns, which are relevant matters that require both the increase and re-orientation of technological progress. On the other hand, Rosdolsky’s position suggests identifying
the new society’s visible seeds, which are present within contemporary capitalist societies.

These formulations are compatible with the *Critique of the Gotha Programme*, where Marx reinforces how the new society must carry signs of the old society from which it originates. The more advanced the old society, the better the starting point for building the new one. The identification of the visible seeds, therefore, contributes to organising the programmatic reconfiguration.

The concern with permanent programmatic reconfiguration stems from the need to establish a coherent and attractive socialist programme with the ability to stimulate energies for mobilisation, which at the very least is an important civilising factor of capitalism. The non-existence of this programme would stimulate the development of the most anti-social elements of capital—with disastrous consequences for all of humanity.

Finally, in the metamorphoses in the capitalist system, there is a transition to a more international and global capitalism (Wood, 2003), which requires the greater internationalisation of proposals for alternatives.

4. Visible seeds of socialism

The present phase of capitalism in advanced countries contains diverse visible seeds of socialism: innovation systems, social welfare systems, the dynamics set by the current financial organisations and democracy. The latter takes precedence over the others.

Contemporary capitalism cannot be understood without incorporating these four institutional elements. All are products of historical developments or, in other words, the results of combinations of these four sources of the metamorphoses of capitalism. Different combinations and different institutional formats related to these four institutions generate different types of capitalism amongst the countries located at the center. It is worth mentioning that the literature on these four institutions is rich in elements that differentiate advanced capitalist countries in each of these topics: 1) for innovation systems, see Nelson (1993); 2) for social welfare systems, see Esping-Andersen (1990); 3) for financial systems, see Zysman (1982); 4) for democracy, see Lijphardt (1999). The combination of the differences amongst these four elements provides us with a mosaic of varieties of capitalism. These are important for locating what is singular in the ‘classic case’ represented by the USA and for the possibility of institutional changes in the processes of hegemonic transition.

Each of these institutional arrangements may be seen as bearers of a transformation potential sufficiently rich to justify its use in discussions on alternatives to capitalism now, at the beginning of the second decade of the 21st century. There is a methodological assumption that the evaluation of each of these institutions, as singular human inventions, could potentially contribute to overcoming the limits of capitalism. Since these institutions have already been developed, dealing with them at the beginning of the 21st century is not a purely fictional exercise. This can be an important advantage over the other proposals in the current debate on socialism.

4.1 Innovation systems

Technological progress in advanced capitalist societies is propelled by complex institutional arrangements that involve firms, universities, research institutes, market and
non-market selection environments, resources and public policies, in addition to private investments (Freeman, 1988; Nelson, 1993). This complex institutional arrangement expanded throughout the 19th and 20th centuries not only to make the development of science and basic research feasible but also to apply and incorporate it in businesses. It is important to emphasise this aspect insofar as the literature on alternatives to capitalism has not incorporated the results of neo-Schumpeterian investigations on the determinants and institutions that shape technological progress in capitalism (Roemer, 1996; Hodgson, 1999; Stiglitz, 1994; Burczak, 2006)—unfortunately, technological progress has only been evaluated as a product of the market.

The inclusion of innovation systems in the elaboration of alternatives to capitalism is a corollary to the role of technology in this process of transformation. Innovation systems can be considered a visible seed, given that they deal with an essential component in the transition to a socialist society: the innovation system is an arrangement that makes the state of science and technology evolve, which is a basic component for reducing the working day and transforming the nature of labour.

Various essential questions for the development of humanity require enormous investments in the field of science and technology, beyond the significant matter of the nature of labour. The experience with innovation systems, given the complex interaction between their various constitutive institutions, is an important starting point for the articulation between priorities, in terms of science and technology and society’s demands. To deal properly with science and technology, mechanisms of discussion and democratic deliberation need improvement and sophistication. Freeman’s (1996) reflection on the increasingly important relationship between technology and the environment is an excellent introduction for this broad technological redirection. There are already tested mechanisms that allow for the development of projects that articulate scientific and technological dimensions in search of well-defined objectives: the mission-oriented projects (Freeman, 1996). These mechanisms are susceptible to some kind of reorganisation to re-orient technological progress, including the creation of new ‘inducement mechanisms and focusing devices’ for technological progress (Rosenberg, 1969).

These new focussing devices of the direction of technological progress are feasible: there are numerous experiments that have been done and are successful both locally and sectorally. The sensibility of scientific specialisations in relation to social and technological priorities is perceptible in the case of the Nordic countries, where one can identify a strong scientific specialisation in disciplines related to the health sector. This suggests a strong influence running from welfare systems to innovation systems.

The democratic re-orientation of scientific and technological development is a crucial element here. This is not simple, because there are various existing logics in terms of scientific progress in general and of the diverse applications and multiple interactions amongst the innovation system’s different institutions.

To incorporate and adapt the innovation systems to projects that are alternatives to capitalism, an initial mechanism is related to various public and state mechanisms, which have been widely used and are treated as implicit mechanisms in the definition of these policies. These could be transformed by their subordination to conscious discussion and democratic deliberation of those mechanisms. Making these mechanisms more explicit also makes it easier to carry out broader discussions and adjust innovation systems as effective tools for conscious public policies. Innovation systems are essential elements for the definition of the interaction between the plan and the market in the transition to socialism.
Finally, the incorporation of innovative systems is a consequence of the metamorphoses incurred by capitalism in the 19th and 20th centuries. In addition, innovation systems will have innumerable interactions with other visible seeds.

4.2 Welfare systems

There are various structures of welfare systems in developed capitalist systems (Esping-Andersen, 1990). A classification of pension regimes, for instance, includes at one extreme, the Swedish experience—a ‘universalistic state-dominated system’—and at the other extreme, the USA: a ‘residualist system, in which the market tends to prevail’ (1990, p. 86).

The power of the dynamic of the visible seeds can be captured here, insofar as even the structure in the US case, ‘in which the market tends to prevail’—pensions in the private sector with pension funds acquiring corporate shares—created an enormous potential for transforming ‘the control of capital’, as Fung et al. (2001) suggest.

The developmental logic of welfare systems involves a particular interaction with social movements and with public policies for the dispute over the action of capital. Esping-Andersen’s (1990) typology anticipates a pattern of dispute surrounding this visible seed, given that in the corporate type of systems (Germany), there is a tendency to crystallise the existing social structure, whilst in the more market-based systems (USA), the capital market seeks to make retirement just one more sector of its activity. In this sense, the universalistic model, represented by the Swedish experience, is the format that in fact embodies this visible seed. Esping-Andersen’s (1990) typology allows for a dialogue with Offe’s and Habermas’s correct critique of the welfare state, because of these authors deal with the German version of these systems. At the same time, this typology shows that the Swedish version is the one that most advances in the direction of the de-commodification of labour and of the group of activities related to the welfare system.

One of the limitations of Esping-Andersen’s typology is the fact that the health system is not incorporated in the welfare system. Barr (1988), for example, deals with welfare systems in a more comprehensive manner. If Esping-Andersen had included the health system within the welfare system, he would have accentuated the specificity of the Swedish case even more, particularly for emphasising the de-commodification of health as well (see Lassey et al., 1997). As capitalism can be identified with ‘the growing commodification of life’ (Wood, 2003, p. 11), the de-commodification of labour and health through welfare systems shows the system’s transformative potential for reversing the logic of capital.

The interaction between welfare systems and innovation systems also contributes to the construction of mechanisms that refocus the orientation of technological progress, which certainly strengthens the role of the health sector in economic development (a tendency already in course in advanced capitalist societies). This strengthening of the health sector can have new implications in terms of the quality of life and the generation of creative human capacity. This in turn has an impact on the innovative dynamic of the new society.

Perhaps this is the visible seed that received the most attention from Marx in one of his explicit reflections on the nature of the transition to socialism, even though this germ was not visible at the time. In the Critique of the Gotha Programme, when criticising the establishment of an ‘integral retribution of labor’, Marx shows the necessary
deductions for the beginning of the transition to socialism—the ‘deductions’ of the ‘total social product’: 1) the replacement of the means of production; 2) expansion of production; 3) ‘reserve or insurance funds to provide against accidents, dislocations caused by natural calamities, etc.;’ 4) general administration costs; 5) ‘that which is intended for the common satisfaction of needs, such as schools, health services, etc.;’ 6) ‘funds for those unable to work, etc., in short, for what is included under so-called official poor relief today’ (Marx, 1875, pp. 230–31). In this argument, there are three elements directly related to what has become the modern welfare system (points 3, 5 and 6). Marx clarifies that in this society in transition, whilst the expenses related to the administration would tend to fall, the part related to the collective necessities ‘from the outset . . . grows considerably in comparison with present-day society, and it grows in proportion as the new society develops’ (1875, p. 231).

The formation of welfare systems is a broad social process whose initial dynamic Marx had already alluded to in Capital and which is related to pressures coming from social movements seeking to gain certain social achievements, such as the reduction of the working day. The growth of welfare-related expenses in capitalist societies during the 20th century is an expression of the vigour of this visible seed and, in this case, of its potential to re-configure capitalist societies.

4.3 Development of the financial system

Marx’s references to the credit system as a ‘powerful lever’ in the transition to a new society (1894, p. 743) and to joint stock companies as a ‘form of transition’ to a new society (1894, p. 572) can be evaluated as reasonably fragmented and not developed (since they are in his manuscripts but were not revised for publication). However, to a certain extent they are confirmed by various real or potential developments of modern capitalism.

From the dialogue with a post-Keynesian formulation, an important paradox emerges, according to Minsky’s (1982, p. 201) analysis: ‘Paradoxically, perhaps, private ownership capitalism does not work well for industries of extreme capital intensity’. In this excerpt, Minsky discusses the role of public property.

Concrete developments (the growth of the credit system, development of joint stock companies at the end of the 19th century) were evaluated by Bernstein (1899) and Weber (1918, p. 113) as a demonstration of the possibility of evolutionary developments (as opposed to revolutionary ones).

Drucker (1976) is insightful (and provocative) when identifying a concrete and existing tendency in the US economy, which would represent the apex of the development of the financial system, including the configuration of a type of capitalism where stock markets and corporations have a central role: pension funds hold more than 70% of the US GNP in financial assets, of which more than 70% are invested in corporate shares. This development provides room for explanations such as those of Blackburn (2002), who starts with the nature of pensions (in the Anglo-Saxon model), considered an element in the conventional financial market, and discusses two possible paths. One of these would lead to the ‘progressive socialization of the accumulation process’ (Blackburn, 2002, p. 528). Blackburn (2002) articulates this perspective with the discussion of the ‘socialization of the market’ presented by Elson (1988).

The discussion on the meaning of pension funds and their transformative potential is relevant, and there is extensive literature available on the topic. A basic typology of
possibilities of actions from these funds would have three categories: 1) passive pension funds, only one element of the modern financial system acting in accordance with the general rules of these markets (Mishkin and Eakins, 2009); 2) pension funds as an important element for transforming segments of the working class into active agents of capitalism, which Chesnais (2004, p. 33) evaluates as the possibility of a ‘new class’ and Drucker (1976, p. 149) highlights as the ambiguous nature of the employees who own enough shares to influence corporations; 3) part of a strategy of economic and social re-orientation, which includes those whom The Economist considers to be activist investors (socially responsible investments), one of Blackburn’s proposals (2002, p. 465), Fung et al.’s (2001) discussion and Engelen’s (2006) proposals. The dynamic of this visible seed is related to this third category. This perspective is present in Lemos’s (1991) proposal—an alternative to the privatisations in Brazil based on a transfer of patrimony from the Brazilian state to two new institutions that would have ‘boards elected by the vote of all union workers’ (p. 81).

Hebb (2001) presents the challenges and opportunities of a ‘worker-owner agenda’ for pension funds. One of the oft-mentioned topics of this agenda is the relative success of the use of stockholder positions in pension funds to put pressure on corporations during the anti-apartheid struggle (Becker and McVeigh, 2001, pp. 47–50).

Tracking another trajectory, Esping-Andersen (1985, p. 297) describes how the consolidation of the Swedish welfare system has triggered a specific dynamic of achievements, which gave origin to the Meidner Plan, approved by the Swedish central trade union in 1976. This plan targeted the local corporations’ super profits, enabled by the workings of the Swedish welfare system. The Meidner Plan proposed creating institutional funds owned by the workers. These funds would be constituted by the annual transfer of 20% of the corporations’ profits through corporate shares to those funds (Esping-Andersen, 1985, p. 298). In the long run, the plan would mean worker representation in control of these corporations. There was great resistance from the employers; even when changed, the plan was not approved. Nevertheless, this proposal is present in the debate and was the object of commentaries from both Drucker (1976) and Blackburn (2002).

By taking a different path, which starts with more general macroeconomic political questions, Keynesian proposals can lead to the establishment of welfare systems and contribute to structural reforms in the economy. Carvalho (2008, p. 209) emphasises that Scandinavian social democracy is Keynesian because it accepts Keynes’s vision of the structural change in the productive sector. The commentary on the different paths involves a comparison with previous discussions on welfare systems. In one case, the concern with specific policies related to welfare leads to financial reforms (Meidner Plan); in another case, or the opposite path, the concerns with monetary and financial issues lead to proposals for establishing the building blocks of a welfare system.

Carvalho’s (2008) interpretation finds in Keynes—in general a reformer of capitalism—elements for an important structural reform that deal with two problematic issues for capitalism: the difficulty of reaching full employment and the inequalities in terms of income and wealth. Carvalho (2008) evaluates Keynes’s proposals as presented in How to Pay for the War and the interventions in defense of the Beveridge Plan, and suggests that they could be considered socialist for two reasons: first, they break the link between income and the market’s performance; second, the state would have the direct responsibility in the redistribution of income (Carvalho, 2008, pp. 208–9).
Last, in terms of alternatives at the theoretical level, it is interesting to note the proposals using shares or the corporate nature of businesses for reforming capitalism or building market socialism: Roemer (1996) is an example, and Keynes, according to Carvalho (2008, p. 209), had also thought about reorganising the productive system ‘mostly based on the idea that joint-stock companies were already closer to a public company than to the individualistic capitalism of the nineteenth century’.

Here there are multiple roads and experiments that can create a vast array of options for achieving, as Marx would say, the transformation of the credit system into a powerful lever for building a new society.

4.4 The precedence of democracy

Democracy is the most important institution in the transition to socialism. Socialism should be considered a consequence of the achievements of democracy and a result of democratic decisions. The tension between capitalism and democracy is discussed by Habermas (1981, volume II, p. 487).

In the history of the debates on economic planning, the theme of democracy enters the agenda only in a third round, particularly with Mandel’s (1986) intervention. In the present round of debates, Wright’s (2006) proposal emphasises the quality of democratic institutions, with regards to their presence in society and the institutions they influence, in detriment of the structure of property per se. In dynamic terms, this approach is perfectly compatible with Mandel’s (1986) suggestion.

The dialogue with those who study democracy is therefore decisive. This question certainly requires a very special interaction between economics and political science. In fact, economics has much to learn from this field. An introduction for this dialogue can be found in Cohen (1989, p. 26): ‘a commitment to socialism follows naturally from a commitment to democracy, where democracy is understood to be an association that realizes the ideal of free deliberation amongst equal citizens’. Mouffe (1992, p. 1), in an important text for democratic theory given that it discusses the implications of the end of bureaucratic regimes in Eastern Europe, re-iterates that ‘the objectives of the Left should be the extension and deepening of the democratic revolution initiated two hundred years ago’. The theme that emerges from this perspective is up to what point capitalism as a system can survive with the effective extensions and entrenchments of democracy. This is why Cohen’s (1989) approach is so enlightening, for it points not only to the tension between democracy and capitalism but also to the dynamic of democratic development that can put capitalism into question.

The dynamic element, in Cohen’s argument, derives from considerations that unfold ‘from a commitment to democratic association to a commitment to a form of socialism’ (1989, p. 26). To ground his argument, Cohen establishes a selective revision of the literature on democracy. He presents what is central to understanding the dynamic, defining the process that would establish a link between democracy and socialism: the various sources of tension and contradiction between democracy and capitalism, which are also arguments in support of some type of ‘social property of capital’ (1989, p. 30).

Cohen (1989, pp. 27–30) presents four arguments that arrive at socialist conclusions from democratic principles. The first argument—the parallel case argument—bases its defense of the self-administration of firms according to a parallelism with the case of the democratic government of the state. According to Cohen (1989), Dahl is the
theorist who presents this argument. The workers in a firm, considered to be actors who co-operate in the business, have the capacity to evaluate the rules that define this co-operative activity and subject themselves to such rules. For this reason they have the right to determine these rules. As a result, ‘since the private ownership of capital conflicts with that right, it ought to be abolished, or at least carefully circumscribed’ (Cohen, 1989, p. 27).

The second argument, the structural constraint argument, refers to the limits imposed on democracy by the private control of investments. This argument is presented by Przeworski (1990). The decisions made by capitalists can block the implementation of decisions taken in a capitalist democracy. ‘Since the private control of investment thus imposes important constraints on the collective choices of citizens, public control of investments is required as a remedy’ (Cohen, 1989, p. 28).

The third argument, the psychological support argument, deals with types of thought, feeling and self-comprehension that give substance to democratic citizenship. Pateman (1970) and Dahl (1985) present this argument, which defends the extension of self-government to non-democratic spheres of labour. This point of view claims that ‘since capitalist property relations vest final authority in the owners of capital, they limit the extent of intra-firm democracy, thereby fostering passivity and a narrower basis of political judgment. For this reason they are not well-suited to a democratic society’ (Cohen, 1989, p. 29).

The fourth argument, the resource constraint argument, deals with the negative influence of the unequal distribution of wealth and income in the democratic process. This inequality creates obstacles for the equal access to the political arena and the equality of having power to influence results in the democratic process. This aspect is discussed by Downs (1957). As a result, ‘a well-functioning democracy, based on the principle that political opportunity should not be a function of economic position, would therefore be aided by a more equal distribution of material resources than is characteristic of capitalism’ (Cohen, 1989, p. 29).

To deal with these four sources of tension between capitalism and democracy, Cohen (1989) discusses the role of deliberative democracy, relying on several authors, including Habermas (1981). In this argument, there is a suggestion on the need to think about diverse institutional forms of democracy that should necessarily go beyond representative democracy. After the discussion on deliberative democracy, Cohen (1989, pp. 39–49) deals with the relationship between democracy and socialism, pinpointing the workings of democratic institutions to address two issues: the public control of investments and workers’ self-management. In the academic debate, Cohen’s position is important because he presents arguments for self-administration even in large firms (1989, p. 48). Nove (1983), in the third round of debate on plan and markets, was quite sceptical about this possibility of democratisation. The interpretation of Cohen’s (1989) position outlined here emphasises a theoretical stance that recognises the growing complexity of the economic and state spheres but contrary to Habermas, does not withdraw them from the reach of democratisation.


This approach to the democratic process, associated with a strong capacity for institutional innovation, is necessary when responding to the diverse demands set by new
institutional arrangements. Innovation systems, welfare systems, financial institutions and the international order demand that democratic institutions have a greater ability to deal with increasingly complex matters. In other words, this articulation reinforces the precedence of democracy. Furthermore, its association to an essential requirement, the reduction of the working day, repositions the role of the scientific application of technology—here there is an important interaction with innovation systems.

Another important result of the process of the metamorphosis of the capitalist system, the quantitative and qualitative increase in the state’s involvement, always raises the question of its democratic control. For this reason, the development and improvement of democratic institutions become significant for defining the priorities of spending and use of public resources. This quantitative and qualitative increase in state intervention should have, as a counterpart, similar evolution in terms of the reach of democratic institutions.

Last, it is worth noting that the precedence of democracy determines the role of the programmatic discussion, given its particular role in gaining the support and sympathy for experimentation.

5. Interactions between visible seeds

The inter-relationship amongst these institutional arrangements presupposes the establishment of proper dynamics, resulting from the reciprocal and positive influences on each other. The precedence of democracy and the development of democratic institutions are also important for paving the way to new dynamics that enable the transformation of innovation systems, of welfare systems and of the financial system.

What are these new dynamics? Why do they go beyond the logic of capital? The interactions between visible seeds of socialism, led by qualitative leaps in democratic life—in all realms, from society to the workplace—would overcome the profit motive as the key economic driver. Democratic definitions of priorities—which would gain more room over time—would replace the profit motive. Given the old and new problems that characterise global capitalism, the need for an alternative economic driver is more urgent, as problems such as eradication of poverty, climate change and expanding life expectancy constitute priorities in the public agenda. These problems, given the global dynamics of capitalism, demand the emergence of international elements that are basic components to any proposal for the transition to socialism. All visible seeds have a strong international component—and the role of national isolation in shaping Stalinism is one of the last century’s lessons (Roslolsky, 1959, p. 208). From another approach, Lebowitz (2011, p. 255) presents an important statement: ‘we need to develop a concept of socialist globalization’. As Preobrazhensky stresses many times, the overall struggle between plan and market is international—even a century ago, Preobrazhensky dealt with an international market (1926). Rubin described the world market as a precondition for the abstract nature of labour to achieve ‘its completion’ (1929, p. 144)—and should be the arena for its overcoming.

Those four visible seeds, interacting and triggering positive feedback between them, have the potential to overcome the profit motive. Given the precedence of democracy, priorities defined in public arenas would push re-orientation of ‘inducement mechanisms and focussing devices’ of technological change. Instead of profit motive as a basic ‘focussing device’ of technological progress, other priorities would be set: elimination of unhealthy working conditions, new products that deal with the changing
health needs of an aging population, pharmaceutical products for neglected diseases, technologies that can confront a global problem such as climate change. These democratically defined priorities would demand extension of the de-commodification of labour and radical reduction in average working hours (already technically feasible), both related to improvements in the universalist nature of welfare systems and their international scope. These combined changes would demand financial resources that would give rise to new dynamics in the credit system, which would now be organised not to expand capital accumulation but to accommodate these new social demands and new technological orientations.

The combination of these four visible seeds is essential to trigger these new dynamics beyond the logic of capital. The interaction between them explores and intensifies the potential emancipatory and anti-capitalist logic within each visible seed, as discussed in Section 3. The interaction between these visible seeds is essential—Marx would be a reference for this, since after mentioning how the credit system could be a powerful lever in the transition, he suggests that it would act ‘only as one element in connection with other large-scale organic revolutions in the mode of production itself’ (1894, p. 743). The visible seeds must interact to impose a new logic in society.

The discussion of these visible seeds encompasses four key dimensions of social and economic dynamics—public decision making, technology, finance and welfare. What is worth highlighting here is the potential for a new dynamic to emerge that links these institutional arrangements. Nevertheless, as with all social and economic processes, a new dynamic’s results will not be known in advance, because there are innumerable possibilities for development and non-intentional results. The logic of democratic priorities, especially the combination of these visible seeds operating under those democratic definitions, demands creativity and the invention of new institutions—social innovations.

It is not essential now to pinpoint the final elements of this process of transition to socialism, but it is worth outlining the initial elements and the sources of the process: the subordination to democratic processes. The result of these democratic dynamics contributes to overcoming the realm of capital. Throughout this process, the future and role of various institutions will be defined, including that of money and of the market.

6. Concluding remarks: the permanent dispute over visible seeds

As visible seeds of socialism become the institutional materialisation of important results of social struggles or of strong emancipatory elements, the uncertainty about their future should be re-emphasised. There is no automatic transformation of those visible seeds into effective drivers of a socialist transition. However, beyond this more general uncertainty, there is still a specific struggle between capital and the possibilities in terms of a socialist perspective. Capital can recognise the emergence of these visible seeds as a potential for expansion in its realm of action. These struggles, which are often generalised, can actually embody a drive for the structural changes in the capitalist system, transforming them into part of a new capitalist dynamic in the long run. These struggles refer to all of the visible seeds.

The identification of visible seeds assumes this permanent dispute, which may be incorporated by the capitalist dynamics and can constitute, at the very least, a civilising element of capitalism.
This approach in relation to the destiny of ‘visible seeds’ offers a new perspective from some debates, particularly those of the Austrian school, with Hayek’s work being identified as a systematic confrontation against the emergence or evolution of visible seeds. There is a general position in Hayek (1979) against social and democratic experiments and the complete opposition to any attempt at institutional innovation through democracy and rational design. For this reason, it is possible to consider Hayek as an intellectual, aware of the emergence of visible seeds of socialism and always positioned to confront them. This way of interpreting contemporary debate suggests new terms for re-starting the debate on the possibility of socialism proposed by the Austrian school of economics.

A programmatic recomposition of the transition to socialism does not limit itself to the incorporation of the visible seeds discussed in this article. Greater interaction between the institutional arrangements presented here presumes political and social action, which can be recovered by an updated programme with a socialist perspective. This increased interaction can represent a leap in the quality of the political struggle and add a new dynamic element to the framework of social structures. The discussion of this programmatic recomposition, highlighting Rosdolsky’s contributions, is only a small part of a broader collective effort to position alternatives to capitalism as an important subject on contemporary political and academic agendas.

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