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Time for postcapitalism

Neither falling poverty nor rising wellbeing, but time itself will be the ultimate measure of the transition beyond capitalism

If we are lucky, the world stands on the brink of a rapid transition beyond carbon. We know how the post-carbon transition will be measured: the Intergovernmental Panel on Climate Change and other bodies have created fairly detailed metrics and timetables. We need to halve carbon emissions by 2030 and achieve zero net carbon by 2050.

But suppose, on the same timescale, we wanted to begin a transition beyond capitalism. How would we measure it? The only time it was attempted before began with the hubris of 'war communism' under Vladimir Lenin and ended with the decay and sclerosis of Leonid Brezhnev's USSR. One of the most startling aspects of the failed Soviet transition was its utter theoretical confusion.

The economist Yevgeny Preobrazhensky understood the transition as the interplay between the objective laws of the market and attempts to plan the economy, But under Stalinist orthodoxy the objective processes underlying market distribution mechanisms were declared defunct.

The postcapitalism thesis suggests a different route beyond the market, premised on the decisive automation of productive activity, the delinking of work from wages, the leveraging of the network effect and the democratisation of data. States need to do four things:

First, they need enable the emergence of a non-market sector of the economy, consisting of mutuals, co-operatives and pools of relative abundance. Second, expand the state sector to provide universal basic services and a basic income. Third, enhance network effects, to create free utility not captured by private ownership and market exchange and, fourth, enact laws to break up tech monopolies and discourage rent-seeking business models, including more traditional rent-seekers such as property and financial speculators.

Labour theory of value

But how to measure progress? Though Preobrazhensky got many things wrong, one of the most important principles he introduced to transitional economics was that the state should 'demystify' its own actions. While Marx, following Smith and Ricardo, had used the labour theory of value as a way of demystifying the process underlying commercial exchange, Preobrazhensky wanted it to guide policy.

The theory suggests that the monetary value of everything created within a given economy is equivalent to the labour-power embodied in the total product. For Marxists this includes both living and 'dead' labour — the work done for wages in a given accounting period plus the work embodied in machinery, raw materials, plant, training, energy and so on. Prices are estimates of how much abstract labour time is embodied in each commodity.

Yet in less than a generation, networked information technology has begun to blur the dividing line between work and leisure.

In traditional capitalism, surplus generation is driven by coercing more work out of the workforce than is needed to reproduce labour-power. The onset of information capitalism has however short-circuited the traditional reproduction process of capital, in two respects.

First is the so-called zero-marginal-cost effect, by which the price of a commodity falls exponentially towards its production cost, leaving firms highly reliant on market power (over workers, consumers and other firms) to defend mark-up pricing. Secondly, information technology can spur automation in a way that destroys and deskills jobs faster than they can be recreated by new needs and new forms of scarcity.

Fall in working hours

At the heart of a postcapitalist transition is the promotion of both these outcomes. The break-up and/or public ownership of big corporations, removing their predatory pricing power, promotes the collapse of prices towards production costs. Meanwhile, empowering wage bargaining and providing a high social wage of free public services and universal welfare encourages rapid automation of the economy, with a resultant fall in the working hours necessary to reproduce human life.

Preobrazhensky wrote that 'for the transitional epoch … the thermometer that determines the success of the new society is the increase … in the quantity of products (not commodities) that are

handled by the distributive organs of the proletarian state'. But for the postcapitalist transition, premised on the idea of an organic, granular replacement of market relationships with collaborative ones, an output measurement based on the quantity of products would be completely inadequate (leaving aside the obvious environmental problem of measuring success this way).

Postcapitalists do not intend to create a state with 'distributive organs' but rather a non-market sector with its own, spontaneous dynamics: the credit union, the non-profit bank, the platform co-operative, the anarchist bakery, the open-source software project, the voluntary crèche, the subsidised cultural project and so on. Therefore, the 'thermometer' cannot be 'stuff produced outside the market'. It has to be the declining proportion of hours worked for wages, compared with those spent in leisure time and non-remunerated activity.

In the UK, the average annual number of hours worked per worker has fallen from 2,200 to 1,700 since 1950. There are 8,760 hours in a year. If we deduct 2,920 hours for sleep that means the average worker enjoys 4,140 hours of leisure time per year (presuming five weeks holiday, the weekend, bank holidays and other leaves-of-absence).

But mainstream economics shows little interest in leisure time as productive activity. The assumption is that during this non-work time the worker is economically active only as a consumer. Even standard trade-union economics conceives work-life balance purely as work versus leisure time.

Blurred dividing line

Yet in less than a generation, networked information technology has begun to blur the dividing line between work and leisure. The 1,700 work hours include time spent on smartphones or using a work computer to make consumer transactions or carry out personal interactions. Though impossible in the highly-coerced jobs at the low-skilled end of the labour market, the right to carry out these activities has been established across wide sections of the salaried working class and professional strata.

The *quid pro quo* is that these self-same workers have to do large amounts of work in their leisure time. As a result, the capitalist obsession with establishing abstract units of work time and imposing precise movements on workers, which began under Taylorism in the 1890s, has become much less important than the completion of projects to certain deadlines and to a given quality.

As I argued in ***Postcapitalism****, the role of the state is not to plan precise outcomes but to create a space for new institutions, property forms, sources of capital and producer behaviours.*

Rather than just a single value stream, emanating from exploitation in the workplace, there are now three value streams originating from our typical activities. First is work, which produces surplus value in the traditional Marxist sense and provides the wages with which the surplus can be realised through consumption. Secondly, there is financial exploitation, via the credit system: mortgages, credit-card debt, car and student loans and the securitisation of regular payments. Thirdly, there is data extraction, whereby a new class of corporations utilises the zero-marginal-cost effect to provide tech goods below cost price and create a 'walled garden' of consumer choices in which we are sold overpriced goods (such as Netflix content) or our behavioural data are sold to advertisers and marketers.

Profound implications

This has profound implications for the two-dimensional trade-union or social-democratic view of 'work-life balance': it can't just be about reducing the 1,700 hours average work per year by one fifth.

The information capitalists and the rent-seekers need, above all, a workforce which is employed securely enough to gain access to the two most important devices: a smartphone and a bank account (which are being merged into a single technology via the Apple Wallet, Paypal and Facebook's new digital currency). They do not need the rate of surplus extraction to be high within productive work itself — just for wages to look high enough to match the interest rate and for work discipline to be weak enough so that the employee can use her phone.

We could, in theory, expand 'leisure time' while still facilitating the enslavement of large parts of the workforce to these non-work-centred forms of exploitation. In the postcapitalist project, however, the point is not simply to reduce the hours worked for wages but to expand the number of hours spent not valorising capital. Central to this is the creation of a definite portion of the working day, week or year spent creating non-market utility — taking part in an open-source software project or a community-run nursery, volunteering in a city farm or simply creating culture consumed by others.

The project has to be conceived synergistically. Legislating for a shorter working week, with no loss of pay, promotes automation. Introducing a universal basic income and services provides a one-time subsidy for rapid automation. It weakens the link between subsistence and work, allowing more people to survive as well-paid work becomes scarce — and it offsets the inevitably weak bargaining power of labour in a mercurial, financialised economy.

Even a switch from a five- to a four-day week would create a huge cultural shift in attitudes to work: those who have trialled it say it creates much more than an 'extra-long weekend' — it has qualitative effects on creativity during the work week, improves wellbeing and prompts new activities during non-work.

But a shift to a three-day week would go further: it would frame non-work as the norm and paid work as the exception. Cultural production and consumption, by a workforce less stressed, less controlled by alienating devices and more educated, would become a major feature of life for the mass of people.

Thriving non-market sector

Into this space, state support for non-market business models would then begin to create a thriving non-market economic sector with its own internal synergies. We would see non-market supply chains begin to form, as well as the more horizontal synergies which exist between consumer and producer co-ops in cities like Madrid and Amsterdam (where the state promotes their creation). There is nothing — other than the predatory nature of the incumbent corporations and the spinelessness of legislators — to stop us mandating the platform co-operative as the norm for minicab hiring or short-term property lets. Ditto for the provision of capital to co-ops and non-profit banks by the state.

As I argued in *Postcapitalism*, the role of the state is not to plan precise outcomes but to create a space for new institutions, property forms, sources of capital and producer behaviours. For Preobrazhensky — who was of course shot during the Great Purge in 1937 — the measure of advancing socialism was the number of things provided by the state. The worker's entitlement to these things was always related, via a token system or a non-tradeable currency, to the amount of work done.

For us, the measure of advancing postcapitalism is the falling number of hours worked in the wages system, the rising amount of leisure time spent not valorising capital through data extraction and the rising amount of activity done within non-market institutions. It is unlikely, therefore,

that entitlement to the basic services and income would be linked to definite hours of work or to skill levels. In a developed society they would really have to be unconditional and therefore universal.

Though there will be other metrics — such as falling poverty, rising wellbeing and a collapse in the rate of interest chargeable to consumers — the ultimate measure of the transition beyond capitalism will be time.

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