

<https://internationalviewpoint.org/Workers-will-fight-for-their-self-interest>



Strategy

Workers will fight for their self-interest

- Features -



Publication date: Wednesday 7 October 2026

Copyright © International Viewpoint - online socialist magazine - All rights
reserved

Kim Moody assesses some recent writings and interview by Catalyst editor and podcaster Professor Vivek Chibber on state planning, market socialism and the transition to socialism. Moody argues that Chibber misidentifies the roots of the contradictions that led to the fall of the Soviet Union and other eastern European states. Chibber's argument in favor of market socialism not only rests on a mistaken analysis but leads to a mistaken downplaying of the necessity of a revolutionary rupture in the transition to socialism. A mistake with deep and tragic roots in the socialist movement. [1]

There aren't very many Marxists around today who would defend central planning as practiced in the Soviet Union from the late 1920s through the 1980s. But there are many who still think some form of central planning is essential to socialism. Marxist Sociology Professor, Catalyst editor and podcaster Vivek Chibber isn't one of them. In an aptly titled recent interview, ["Socialism Has a Future. Central Planning Doesn't"](#), he explained his position.

Chibber's critique is based on the top-down, bureaucratic planning as it was practiced in the Soviet Union. As he notes, aside from its clones in Eastern Europe, North Korea, and, for a time China, there is no other actual existing model of central planning to examine. His argument is complex but boils down to the proposition that in an economy of any significant size where there is no market there are simply too many materials, inputs, and products for any commission or central authority to allocate efficiently. Only a competitive market could do this, according to Chibber. Hence misallocation, breakdowns, waste, poor products, wrong incentives, and the inevitable accumulation of these problems lead to a crisis of the system. No doubt this pretty much describes what actually happened in the Soviet Union and its satellites.

Chibber argues that these are unavoidable features of any centrally planned economy. Before we accept this, and with it the notion that only "market socialism" provides a workable model for the future socialist society we seek, we need to look more closely into the Soviet model and the society in which it played out. What is most glaringly absent in Chibber's general description of the Russian model is the social reality of the Soviet Union from the late 1920s to the bitter end—above all the question of social class. This is all the more remarkable because Chibber is an ardent advocate of the almost exclusive centrality of "class analysis" when it comes to contemporary politics.

Socialism is the rule of the working class. Planning is an instrument of the democratic workers' state for organizing production for human need under its collective political and social rule and the transition to a classless society. While the Soviet Union promoted itself as socialist and in the transition to a classless society, it was anything but. It was, in fact, a highly stratified and bureaucratized society.

By the late 1930s anti-Stalinist Marxists began to question whether the USSR was still any sort of workers' state, degenerated, deformed or otherwise. Many, mostly in the Trotskyist tradition, though not Trotsky himself, concluded that since there was no longer even a shred of workers' democracy or the right to dissent, to organize for change, or form independent unions, much less to exert influence on the state's economic priorities, that the bureaucracy that controlled the state was in fact a new ruling class. This bureaucracy controlled the means of production and collectively hired and directed the Soviet workforce. Some called it state capitalism (C.L.R. James, Tony Cliff) some bureaucratic collectivist or state collectivist (Joseph Carter, Max Shachtman, Hal Draper, Big Flame). Like good Marxists, they [fiercely debated](#) these differences, but all saw Russia and its offsprings as class societies.

This had enormous implications. For one, this new ruling class won and maintained its class position and power through the most ruthless means. Workers' democracy was suppressed, no party other than the ruling Communist

Party was permitted, no factions within the party were allowed, no free press, or rights to assembly, no independent unions. The potential penalty for active dissent was forced labor, the Gulag, or the firing squad. It was, in a real sense, a totalitarian society.

Chibber admits its “authoritarian” nature made things worse but insists it was not a basic cause, which was the lack of competition. In contrast, as Hal Draper wrote when the Soviet Union was at the peak of its power and influence in the early 1950s:

The Stalinist state has an economic plan. Like everything else in this totalitarian structure, it is a plan devised, imposed and enforced from above, bureaucratically. But no bureaucratic commission can itself plan such a labyrinth of social processes. Such a plan must be constantly checked from below, corrected from below; it must depend on initiative and responsibility below; it must be self-correcting through the give-and-take of democratic planning between the lower and upper echelons on every level.

And these were just what it lacked. Note that Draper wasn't just talking about the millions of materials to be allocated to thousands of enterprises but the social processes between the various levels of planning: the central commission (GOSPLAN), regional commissions, industry, enterprise, the people who ran or worked for them, and the role of the party at every point. Of course, there was feed-back between various levels, but as Chibber points out almost everyone lied about shortages, resources, profits, etc. It wasn't lack of competition that led to misallocations and lies, it was the repressive state, and the culture of the society as a whole, in which failure or criticism were seen as “sabotage” with serious punishment possible. This was combined, as we shall see below, with the conflicting interests of the different layers of Soviet society. Debates over inefficiencies and reforms such as those Chibber mentions took place within the central party bureaucracy aided by loyal academics and technocrats. The workers had no say in any of it.

Trotsky [recognized this](#) in 1932, at the end of Stalin's first Five Year Plan:

The only prerogative which [the bureaucracy] ultimately left to the workers was the right to exceed production limits. Any attempt to influence economic management from below is immediately described as a right or a left deviation, that is, practically made a capital offence. The bureaucratic upper crust in the last analysis, has pronounced itself infallible in the sphere of socialist planning.... Thus the basic mechanism of socialist construction—the adaptable and elastic system of **Soviet democracy**—was liquidated [Emphasis in original.]

Before going further into the implications of Stalinist society's class structure, it is necessary to look more closely at how the planning system worked.

Things, prices, money and conflicting class interests

The Five Year Plan began with a census of production and materials based on information from existing workplaces. [2] Although it was based on actual material things, the planners did not attempt to allocate each and every item to a workplace or enterprise. Allocation was done with prices and money. Each item, whether raw materials, machinery,

parts, energy, etc. was given a price based on cost plus an average profit. These were not market prices, however, since they were seldom adjusted for changes in demand or technology. Nevertheless, they served to aggregate and direct millions of items. Aggregates were adjusted at the regional and industry level. To meet the planned targets, enterprises purchased their inputs from one another up and down their supply chains at the assigned prices.

While the state allocated resources for new investment, the national, regional, and industry planning centers did not distribute physical items themselves but tracked them in monetary terms. Targets (often missed) were adjusted annually. The principle of management bonuses tied to profitability of enterprises as an incentive to reduce costs was introduced as early as 1935, while the so-called Liberman reforms of the 1960s made enterprise profits the measure of performance. Each enterprise had a line of credit and could take loans from the State Bank in order to expand and/or adjust for shortages or bottlenecks. Some enterprises were even shaped by U.S. industry. As Victor Reuther recounts from his time in Russia, Ford engineers helped shape the giant Gorky Car works along the lines of Ford's River Rouge complex, using the latest technology, while other U.S. giants such as General Electric, RCA, DuPont, and Westinghouse concluded technical and trade agreements with the Soviet government in the early 1930s. [3] Stalin, apparently, was not averse to new capitalist technology. Western inputs, though marginal, continued during the war with the lend lease program and afterward under "turnkey" projects such as a Fiat built auto plant in the 1960s. In the early days of the Soviet Union, workers often pushed themselves to help make targets, but that did not last as living standards stagnated and party-led management did the pushing.

There were various contradictions in this system. One lay in the conflicting interests between the enterprise managers and their workers, with managers receiving as much as four times the incomes of workers via bonuses. Another was that between the enterprises (and hence workers) and the bureaucratic state ruling class. According to a study by the National Bureau of Economic Research, cited above, to sustain and expand the state, on which the power and higher standard of living of the ruling class rested, 90 percent of state budget receipts were obtained from these enterprises. [4] There was also a sales tax on consumer goods and some capital items, known as a "turnover" tax which was a form of regressive taxation.

But it was the expropriation of the profits from the enterprises -profits which came from the exploitation of the workers – that funded the state and its bureaucracy. The state budget grew by four times from 1950 to 1971, even as the economy slowed down. While Soviet enterprises could not go bankrupt, they were under pressure and incentivised via manager bonuses to produce increased surpluses to fund the state's growth. This meant that enterprise managers were encouraged both to push the workers to create more profit, leading to poor working conditions, and to hoard resources in order to meet performance and bonus targets. Hence there were incentives for managers to both lie about their enterprises and to misallocate resources.

The contradictions in the Stalinist system of planning were most thoroughly analyzed in the mid-1960s by Polish Marxists Jacek Kuron and Karol Modzelewski (henceforth K&M), who spent a number of years in prison for their efforts. [5] In their view "the central political bureaucracy is the ruling class" by virtue of its "exclusive command" of the means of production and the fact that "it buys the labor of the working class" collectively appropriates the surplus produced by the workers "in order to strengthen and expand its rule over production and society." As we saw above, the central political bureaucracy rules collectively on the basis of the surplus it extracts from the workers in the enterprises that fund the power of the state. In practice this meant the expansion of what K&M call Department A, the production of the means of production at the expense of Department B, the production of consumer goods, a distinction similar to Marx's division between Department I and Department II developed in volume II of *Capital*.

Evidence of this is that both Western and Soviet estimates for the relative growth of capital (K) and labor (L) inputs for the 1950s and 1960s show that capital inputs grew between seven and nine times more than that of labor inputs over that period. [6] Figures taken from Soviet sources also show that the growth rate of "Output of Production Means (Group A)" increased faster than that for "Output of Consumer Goods (Group B)" almost every year throughout the 1950s, 1960, and 1970s. Only as Soviet rulers desperately tried to curry favor with the workers, as the system's crisis

increased in the late 1980s, did consumer goods output grow slightly faster as the regime approached collapse. [\[7\]](#)

As Chibber pointed out, the state provided or subsidized some aspects of working-class subsistence—healthcare, basic education, and to some extent childcare and housing. The overall living standards rose from the still largely peasant economy of the 1920s to an industrial economy of the post-war period. But for the working class living standards grew relatively slowly, well behind those in Western industrial countries and those of the bureaucracy and the new ruling class—as Russian workers could plainly see. The provision of most consumer goods, and hence worker living standards, depended on their production in Department B and that was seen by the bureaucracy as a cost that undermined the production of the means of production that allowed for the growth of the economy, the state, and the international and domestic power of the central political bureaucracy. This included not only capital goods and raw materials, but the nation's massive military. It also underlies the bureaucracy's penchant for huge infrastructure projects, many of which were famously wasteful or never completed: highways that ended in the middle of nowhere, bridges that failed to cross the river, and so on. Despite the outcome, the larger the project, the more income and influence for the planners and managers. This meant a perpetual constraint on the growth of the living standards of the working-class majority. Increases in effort or nominal wages made no difference since consumer production in Department B remained relatively limited and store shelves empty.

But it also meant an increasing disproportion, indeed a contradiction, between the growing means of production and relatively slower output for consumption, that led to overproduction and underutilization of the means of production and hence waste and the crisis of slower growth. As K&M put it, "The common cause of the non-utilization of productive capacity and of accumulation of unneeded reserves is the general inadaptation of production to needs (emphasis in original)." As they summarized it: "it is a contradiction between class goals of production and consumption, and it results from existing conditions, not from mismanagement." On the basis of this contradiction, even in the mid-1960s over two decades before the collapse of the system, K&M predicted the crisis. They wrote of this disproportion: "Without eliminating it, without changing the goal of production and the conditions of production as a whole, it will be impossible to overcome the ever growing crisis." [\[8\]](#)

Banned from striking or organizing genuine unions, fighting politically, or in any way influencing the functioning of the enterprise, much less the direction of resources under Stalinist planning, the working classes of Russia and its associated Eastern European nations turned to their weapon of last resort—the withdrawal of cooperation and efficiency. That is, the withholding of effort and the tacit skills and knowledge production workers everywhere possess. Those are the skills and knowhow that Frederick Taylor attempted to shift from the workers to management by breaking down tasks and offering incentives, that Elton Mayo and the human relations school sought to manipulate with changes in lighting and other conditions, and that lean production's "constant improvement" (Kaizen) through teamwork tried to extract from the workers. [\[9\]](#) Those skills and knowledge, along with extra effort, were withheld from the planners, bureaucrats, and managers of Stalinist central planning. As K&M point out, "The worker tries to lower efficiency and hides the reserves in his sector to delay the changes in norms; he makes a product of inferior quality in order to meet the norms more easily." [\[10\]](#)

Another form of worker dissatisfaction and/or resistance in the Soviet Union was the relatively high rate of labor turnover. In theory, the Soviet Union maintained full employment at all times. In reality, there was significant labor turnover due largely to job dissatisfaction. Measured as only voluntary quits and firings in official figures (yes, workers could be fired) from 1950 to 1970, turnover in industry averaged 20 percent, while in construction it ran in the mid-30s. Workers left jobs due to poor working conditions or to seek higher wages elsewhere. This turnover was cited by Soviet sources as one of the causes of low productivity. This figure did not include workers assigned to other jobs or regions by the state, those who left to care for children, enrollment in studies, etc. Total "separations" were much higher. [\[11\]](#)

The consequence of these forms of resistance was an ever-decreasing rate of productivity, along with poor quality, and missed goals throughout the system that undermined planning targets, delivery of materials, the profits meant to

measure performance, and innovation, further creating shortages and other problems. This most basic resistance was expressed in the well-known Russian workers' joke of the 1960s through the 1980s, that "They pretend to pay us and we pretend to work." In other words, it wasn't just (or even) the lack of market competition that led to inefficiency and crisis, but the suppression of democratic norms, on the one hand, and the stagnation of working-class living standards that resulted from the bureaucracy's production goals, on the other.

It wasn't just (or even) the lack of market competition that led to inefficiency and crisis, but the suppression of democratic norms, on the one hand, and the stagnation of working-class living standards that resulted from the bureaucracy's production goals, on the other.

The irony here is that in the Stalinist system, the workers and public in general were paid in money and bought consumer goods with that money—like a market—but at the planners' prices and within the constraints of Department B production. This led K&M to argue at one point that the market for needs should determine the output of consumer production. One might interpret this as advocating market socialism before the idea was common or simply that the goals of planning needed to begin with an assessment of production for needs as K&M did. In no way did they reject central planning. In their view, a democratic workers' state "will set goals of social production, decide on the sharing and use of the national income, hence define the size and purpose of investments, the size and disbursement of expenditures for social benefits, health services, education, science and culture, the amount for the power apparatus and its current tasks." Since such decisions "can only be made centrally" this requires a fully democratic multi-party system with workers councils and independent unions. [12] That is, central planning by the workers' democratic state.

Certainly, in a workers' democracy that must support any version of socialism in which workers possess the freedom and rights to organize economically and politically, complain, suggest, and produce for need rather than the priorities of an exploiting upper class, they will be motivated to use their skills and knowledge in the cooperative and collective pursuit of raising the living standards of the masses with whom they live and work. Workers will have a direct interest in pointing out the inefficiencies, blockages, and problems that will arise with central planning and have the power to correct them over time. They will be able to innovate for their own advancement. Few of those socialists who give thought to these questions imagine that democratic planning will emerge overnight in one stroke or reject out of hand that elements of the market might play a role in the transition to socialist planning. But to rule out central (or decentralized) planning altogether is to throw out the socialist baby with the Stalinist bathwater.

Market Socialism: An Oxymoron?

In [another interview](#) published in *Jacobin*, Chibber lays out his arguments for what he sees as the only viable alternative to a planned economy: market socialism. His vision of this, as yet untried, version of socialism is one in which enterprises are state- or worker-owned, hence no capitalists, the market distributes resources, and an elaborate welfare state provides a decent standard of living and safety net for all, including the inevitable losers in market competition. Rather than attempting to pick apart Chibber's description of and detailed arguments for market socialism, I want to put some admittedly rhetorical questions to Chibber or any defenders of this version of socialism.

Chibber's basic argument for market socialism as opposed to a planned economy goes like this:

This is the key thing, and the reason you want market socialism. The biggest failure of the planned economies was the inability to innovate, and the absence of innovation, efficiency, dynamism. The whole motivation to move toward a market socialist model is to give managers of firms, producers, an incentive to consistently innovate. And that incentive comes from competition.

That is quite an assumption-loaded statement about the incentives for socialism, not to mention about human nature or desires. Is it really true that only competition can spur innovation? Isn't the whole economically competitive ethos of capitalism and, indeed, capitalism itself, an historically specific and limited development? In fact, isn't it mainly the capitalists and their hangers-on who are so economically competitive? On the other hand, isn't it the case that workers given the opportunity to form unions in their defense will struggle, as J.R. Commons put it, "to take labor out of competition." Doesn't even our weak labor movement attempt to lessen competition through collective organization (i.e., cooperation), bargaining, and regulatory legislation to limit capital's competitive drive?

Chibber's abstract version of competition with its price signals overlooks the fact that competition between firms is in reality a battle over market share in which innovation is a means to *that* end. If this is a real market and not just something like the Soviet "market reforms" there will be winners and losers with real consequences. As Braverman, Noble, and others have argued, technological innovation is never socially neutral.¹ [\[13\]](#) Would technological innovation for production for need be the same as that for increased market share? Why would socialists want state or worker owned enterprises (and hence their workers) to fight one another over market share rather than working cooperatively through mutually agreed local and national plans to increase production for need? Capital pits workers in competition with one another—individual v. individual, black v. white, men v. women, citizen v. immigrant, firm v. firm—in order to keep wages down, effort up, the competition down, market share up, and capital accumulating. Why would worker-owned enterprises want to follow that pattern? After all, struggle and the process of fighting for change transforms people and their values.

Why would workers in their millions organize, struggle, sacrifice, and endanger their lives and livelihoods to get rid of the capitalist bosses just to create state or cooperatively owned businesses that compete to survive, because—advanced welfare state or not—that's what economic competition is about as even Chibber admits at one point. Not to mention the periodic crises that competition generates. Around a million business establishments in the U.S. go under in normal years, more during recessions. [\[14\]](#) Why wouldn't they fail under market socialism? Why wouldn't competition under market socialism lead to pressures for work intensification in order to survive? Might workers not worry that competition would, once again, lead to pressure to contain consumption rather than increase it and increase effort rather than reducing it?

Couldn't it be, instead, that workers, inventors, technicians, computer wizards, etc. would cooperatively innovate in production in order to *lighten* the workload, shorten work time, raise the standard of living and the culture of society as a whole domestically and internationally, and, indeed, to save the planet and future generations? That instead of hoarding innovations through "proprietary" knowledge and technology, to get the upper hand in competition as competing firms do, they would share it through planning? Couldn't it be that the incentive to collectively improve both work and life would prove as strong or stronger a motivation to innovate—this time in their own interest—than competition? Why assume that only competition and profits will motivate people to seek innovations in shifting to production for need? Couldn't it be that the solution to efficiency and innovation lies not in competition, but above all in worker initiative spurred by the goal of a better life and a safer world and the experience of beginning to actually achieve both? Would workers really organize collectively and fight against great odds only to compete? Isn't our goal the cooperative commonwealth?

No transition to socialism, no expropriation of the expropriators, without a rupture

Here I have to admit that my optimistic view of worker initiative stems in part from my years at *Labor Notes* seeing how workers we knew understood how production and competition actually worked and why collective action was their best defense. It also comes from my visit to Portugal in the mid-1970s during its revolution. There the young officer core of the military sided with, and indeed helped lead, the revolution that overthrew the fascist government so

that capital was unable to mount a violent counter revolution. When the workers moved to seize the plants and other workplaces, most of the bosses and owners fled the country. The police and army stayed in their stations and barracks. The trams and trains ran for free, run and maintained by their workers. The lights stayed on. Our small group of ISers visited several worker-run facilities, but the most impressive was the giant shipyard at Lisbon.

A shipyard is a complex of factories producing parts for the huge assembly facilities on the river. It involves almost every skill any manufacturing firm would need. We met with the elected workers' committee running the whole shipyard which was composed of workers from several political tendencies or parties, as well as non-affiliated workers. The old management personnel stayed meekly in their offices and played no role in production or discipline. The trade unions, some of whose leaders we also met with, functioned to defend workers when necessary and process grievances. Members of the elected managing committee abided by the "a partido" ethic whereby no one spoke for their tendency and all worked together cooperatively to manage the shipyard. Imagine that, socialists of different stripes working together! Of course, outside the workplace the parties competed for supporters as you would in a democracy. But, again, the struggle for a better life changes people.

They explained the process of production and when asked how they could run such a complex operation, one replied something like—we've always run it. The cafeteria was flush with free food and wine. Well, it was Portugal. This was procured by barter from farmers for whom the yard's machinists made farm equipment parts and other tools in return for the food and wine. No market there. Needed inputs came from other worker-run factories and energy from worker-controlled utilities. Not sure how they were paid for. The biggest problem was that global capital was boycotting this and other worker-controlled firms and contracts were becoming scarce. International capital saw a precedent it didn't like and acted to stop it. Tragically, the counter revolution, although relatively bloodless, was not far off as the Socialist Party and Communist Party made their peace with capital and its acceptably non-fascist politicians. None of the so-called socialist countries offered aid or contracts to these enterprises either, no doubt as workers' control was as much anathema to them as to their capitalist rivals. The Portuguese workers didn't have the opportunity to initiate planning above the enterprise level or rudimentary barter, but they did show the instincts and ability to turn to collective and cooperative production.

Remember, Chibber sees no capitalists in the market socialist economy. As he explains, [\[15\]](#)

That means you're not going to have privately owned means of production. Either you're going to have the state owning the means of production at the national level; or you're going to have an economy of workers' cooperatives, in which there is no capitalist class that owns things but workers themselves have property rights.

"No capitalist class." The expropriators are expropriated. But where did the capitalists go? Why did they go? Unlike in Portugal in the mid-1970s it is unlikely that the superrich U.S. capitalists would just pack up and leave. I checked Chibber's manifesto, "Our Road to Power" written in 2017 to see what he said about transition. There was a lot in there about political and worker organization I agreed with (a mass cadre party with internal democracy, a certain level of discipline, rooted in the working class). But he also wrote, "Our strategic perspective has to downplay the centrality of a revolutionary rupture and navigate a more gradualist approach." [\[16\]](#) "Strategic perspective"?! No matter how much one might wish to downplay rupture or attempt to move gradually, given their numbers, incredible wealth, the owners of capital in the U.S. will certainly see their impending or unfolding expropriation as a rupture of historic proportions. As, indeed, it would be. Much greater in scale and impact than the Russian Revolution no matter how it was done. It is inconceivable, given their legions of paid dependents, friends in politics and the military, their wealth, etc. that U.S. capitalists would simply surrender all of that without a vicious fight of some sort—even if, let's imagine, a DSA-backed majority in Congress passed a law (gradually?) nationalizing their property and President Ocasio-Cortez signed the bill. I looked at the highlighted reference to "transition" in the text of the piece on market

socialism, but it only led to an article about how social democracy had gone from a revolutionary movement to a reformist one as revolution ceased to be a foreseeable possibility. Hmm?

Is that really something new? Eduard Bernstein, a leading theorist of the Social Democratic Party of Germany (SPD), laid the basis of modern social democratic reformism in 1899, a decade or so before one of the biggest revolutionary upsurges in European history. He argued capitalism had stabilized and revolution was off the agenda. Then came 1905, 1917, 1918, etc. Despite his famous statement that the final goal was “nothing” and the movement “everything”, Bernstein denied abandoning socialism altogether but instead downplayed a “catastrophic” revolutionary transition (rupture?) in favor of the gradual accumulation of reforms and the movement's strength, what was called at the time “revisionism.” In his 1909 preface to the famous *Evolutionary Socialism* (bad translation of his title), he insisted, “the book can, all in all, be regarded as an exposition of the theoretical and political tendencies of the German social democratic revisionists.” [17] The revisionists would become the majority of the party's leadership and parliamentary delegations. The leadership of the SPD consciously derailed the 1918 German revolution in which the workers initially seized production and set up workers' councils. [18]

The problem is, as the history of German social democracy demonstrates, if you abandon the idea of a rupture, and simply embrace gradualism you necessarily give up the final goal: socialism of any kind in practice. As German (French, etc.) social democracy did well before the neoliberal era. [19] There is no way to eliminate the capitalist class as a class without an historic social/political rupture. A world without capitalists is a qualitatively different one. You can, at least theoretically, do it by legislation rather than direct worker confiscation. You can go after the biggest ones first and work your way down the economic ladder, but it is still a rupture—and that is not a matter of semantics but of social reality. So, if you “downplay rupture”, what you are left with is a gradualism that has no way to achieve the expropriation of the expropriators. No doubt, Chibber would like to see the expropriators expropriated in order to achieve worker- or state-owned enterprises in market socialism. But he seems to have excluded any actual means of accomplishing that.

What about the Meidner Plan? The last refuge of gradualists, Sweden's Meidner Plan came as close as one could to a non-rupture model of the transition to a version of market socialism. [20] Formulated fifty years ago, hence its current semi-centennial celebration as a panacea, by (German-born) Swedish trade union economist Rudolph Meidner, the plan proposed that each enterprise over a certain size annually issue new shares reflecting “excess profits” that would go into “wage-earner funds” that were to be governed by union officials. Its dividends were mostly to go to social projects such as worker education. The idea was that as profits grew, the number and proportion of the fund-based shares would grow. Hence, in theory at least, eventual worker-ownership under union control would result. Investment decisions, however, were left to management, not the wage-earner fund. Meidner estimated that for a highly profitable company like Volvo it would take 20 years for the wage-earner-fund to own a majority of company shares (52%)—longer for other companies. For the funds to control almost all shares (97%) it would take 100 years—and that's for a highly profitable firm. The capitalists would be squeezed into a tiny minority of owners. Gradualism at its most glacial.

In addition, since the shares were based on increased “excess” profits it meant the workers would be encouraged to work harder and longer and/or reduce the workforce via new technology to get to socialism. Class struggle to increase worker income or improve conditions would in practice reduce profits and hence the number of shares sent to the wage-earner fund, thus lengthening the road to ownership. The incentive was for unions to minimize conflict. Nevertheless, due to strong employer opposition and the retreat of the Social Democrats, the plan was drastically watered-down when implemented in 1984. Share ownership by the funds was controlled by government officials with some employee representatives. Wage-earner fund shares in any one company were limited to eight percent. After seven years the funds controlled only 3.5 percent of the total value of all Swedish company shares. It was a flop and further opposition from capital and its conservative government killed it in 1992.

While in its original form it might appear to have passed the non-rupture test, its dilution and eventual death, in fact,

underline the basic reason why there is no transition to socialism, no expropriation of the expropriators, without a rupture: the systemically-rooted dialectic of class conflict for survival. No matter how polite or gradualist the proposed transition, the capitalist class will recognize it as a threat and will not sit still for its own demise. In Sweden the threat was minimal and this was all quite peaceful. In Russia, Germany (ask Rosa), Chile, etc. not so peaceful. Any proposed "Road to Power" that fails to take that into account is a path to defeat or worse. There is no socialism without a rupture.

The major difference between revolutionary socialists and reformists or gradualists, of course, is not about whether you fight for reforms over time. Revolutionary socialists have always fought for reforms often alongside classic reformists and liberals. Nor is it a matter of revolutionary fantasies or impatience. It is about that big step, that rupture, the expropriation of the expropriators, no matter how it's accomplished, without which the final goal is inconceivable.

22 September 2026

Source: [Tempest](#).

PS:

If you like this article or have found it useful, please consider donating towards the work of International Viewpoint. Simply follow this link: [Donate](#) then enter an amount of your choice. One-off donations are very welcome. But regular donations by standing order are also vital to our continuing functioning. See the last paragraph of [this article](#) for our bank account details and take out a standing order. Thanks.

[1] Rally in support of striking Teamsters Local 320 workers at the University of Minnesota, Minneapolis. Photo by Taylor Dahlin

[2] This description of the planning system is taken mainly from George Gary, *Money, Financial Flows, and Credit in the Soviet Union*, National Bureau of Economic Research, Inc, 1977 and Ernest Mandel, *The Soviet Economic Reforms and Yugoslav Experience*, October 1968, Marxists.org, <https://www.marxists.org/mandel/1968/10/ref-yugo.html>; Ernest Mandel, *Marxist Economic Theory*, London: Merlin Press, 1971, pp. 248-604.

[3] Victor Reuther, *The Brothers Reuther and the Story of the UAW/ A Memoir*, Boston: Houghton Mifflin Company, 1976, pp. 90-93.

[4] Gary, p. 86

[5] Jacek Kuron and Karol Modzelewski, (henceforth K&M) "An Open Letter to the Party", an International Socialism Publication, 1968; also in *New Politics*, vol. 5, nos. 2 & 3, 1967.

[6] Martin L. Weitzman, Soviet Economic Growth and Capital-Labor Substitution, *The American Economic Review*, Vol. 60, No. 4, September 1970, p. 677.

[7] Soviet History Archive (marxist.org), *Annual Growth Rates in the Soviet Union, 1941-1989*, <https://www.marxists.org/history/ussr/government/economics/statistics/growth-rates.htm#1950s>

[8] K&M, p. 34.

[9] For Taylor and Mayo see Gerard Hanlon, *The Dark Side of Management: A Secret History of Management Theory*, New York: Routledge, 2016; for lean production, Sungur Savran, *Lean Production and Flexibility: The Highest Stage of Taylorism*, in Sungur Savran and E. Ahmet Tonak (eds.), *In the Tracks of Marx's Capital: Debates in Marxian Political Economy and Lessons for 21st Century Capitalism*, Cham Switzerland:

palgrave macmillan, pp. 265-316.

[10] K&M, p. 33.

[11] David E. Powell, Labor Turnover in the Soviet Union, *Slavic Review*, Vol. 36, No. 2, January 1977, pp. 268-285.

[12] K&M, pp. 60-63.

[13] Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*, New York: Monthly Review Press, 1998; David F. Noble, *Forces of Production: A Social History of Industrial Automation*, New York: Oxford University Press, 1984.

[14] BLS, Table 3, Number of private sector establishments by direction of employment, by establishment age, 5/22/26, www.bls.gov/bdm/us_age_naics_00_table3.txt

[15] Chibber, How Socialism.

[16] Vivek Chibber, "Our Road to Power," *Jacobin*, December 5, 2017, <https://jacobin.com/2017/12/our-road-to-power>

[17] Eduard Bernstein, *Evolutionary Socialism*, New York: Schocken Books, 1961, pp. viii

[18] Pierre Broué, *The German Revolution, 1917-1923*, Chicago: Haymarket Books, 2006, pp.129-283.

[19] See, for example, Hal Draper, The New Social Democratic Reformism, in Hal Draper, *Socialism From Below*, Chicago: Haymarket Books, 2019, pp. 97-114.

[20] I have mainly used this highly favorable account of the Meidner Plan: Joe Guinan, Socialising capital: Looking Back on the Meidner Plan, 2019, https://www.academia.edu/37368092/Socializing_capital_Looking_back_on_the_Meidner_Plan.