

Albert Einstein and Socialism

The year 2006 was a double anniversary for Albert Einstein, one of the foremost names in natural science – fifty years after his death, and one hundred after the publication of his seminal papers on relativity. However, his observations on society, his adoption of Marxian labour theory of value and his denunciation of capitalism, as usual did not find any mention in the media. In 1949, at the request from the American left-wing journal *Monthly Review* Einstein contributed an article titled “Why Socialism?” Though brief, it made a point against the stick-in-the-mud anti-socialists being translated and published in many languages. It can be read at: <http://www.monthlyreview.org/598einst.htm>

Einstein traced the origin of class societies back “to conquests” that gave rise to “a priesthood” which “in control of education, made the class division of society into a permanent institution and created a system of values by which the people were thenceforth, to a large extent unconsciously, guided in their social behaviour”. Censuring “the so-called civilized period of human history” he argued, “nowhere have we really overcome what Thorstein Veblen called ‘the predatory phase’ of human development. The observable economic facts belonging to that phase and even such laws as we can derive from them are not applicable to other phases. Since the real purpose of socialism is precisely to overcome and advance beyond the predatory phase of human development, economic science in its present state can throw little light on the socialist society of the future.”

Like Marx, Einstein held, “It is ‘society’ which provides man with food, clothing, a home, the tools of work, language, the forms of thought, and most of the content of thought; his life is made possible through the labor and the accomplishments of the many millions past and present who are all hidden behind the small word ‘society.’” We have a “biological constitution” which is “fixed and unalterable”, yet during our lives, we acquire a “cultural constitution” which is subject to change. Anthropological studies confirm that our social behaviour “may differ greatly”, so our biological constitution has little to do with how we live. However, seemingly idyllic self-sufficient survival in small groups was lost in oblivion. He held “that mankind constitutes even now a planetary community of production and consumption”. This, however, is not a hazard but could be a secured haven for further human evolution, if only we could end “economic anarchy of capitalist society”.

Einstein calls “workers” all those who do not share in the ownership of the means of production. The owners purchase the “labour power” of the workers paying wages, which are determined not by the value of what they produce “but by their minimum needs”. Increasing concentration of private capital acquires “enormous power” which even political democracy cannot check. Production is carried on for profit, not for use. An “army of unemployed” usually exists, and workers live in constant fear of losing their jobs. Technological progress frequently results in more unemployment rather than in an easing of the burden of work for all. Unlimited competition leads to a massive waste of labour. “This crippling of individuals I consider the worst evil of capitalism. Our whole educational system suffers from this evil. An exaggerated competitive attitude is

inculcated into the student, who is trained to worship acquisitive success as a preparation for his future career,” declared Einstein.

Drawing such a precise sketch of how capitalism works in alienation and anarchy, he proceeded to uphold, “A planned economy, which adjusts production to the needs of the community, would distribute the work to be done among all those able to work and would guarantee a livelihood to every man, woman, and child. The education of the individual, in addition to promoting his own innate abilities, would attempt to develop in him a sense of responsibility for his fellow men in place of the glorification of power and success in our present society.” Then he remembered, “A planned economy is not yet socialism” and before an abrupt closure of his contribution, inadvertently, made some erroneous comments about so-called “problems of socialism” as to how “to prevent the bureaucracy becoming all-powerful and overweening”, how to protect “the rights of the individual” etc.

In fact, he did not see that “planning” based on “production for use” beyond the law of value is Socialism, and “planning” based on “production for profit” as regulated by the law of value is capitalism, whether the ownership rests with the private or the state. He did not probe deeper to see that Socialism could not have a “bureaucracy”. He had to, because he fell short of the Marxian base/superstructure form-and-content cause-and-effect method of analysis and recognition of the state ownership of capital as another form of private property.

Planning the Law of Value?

As regards “planning”, comparably, in a different vein though, Paul Sweezy, the author of a book *The Theory of Capitalist Development* [usually recommended to the university students for doing a part paper on Marxian Economics] and who was associated with the *Monthly Review*, enthusiastically upheld the Russian economy as ‘socialist’, and erroneously made a pseudo-contrast between capitalism and socialism. Under the caption: ‘Law of Value’ vs. ‘Planning Principle’, he observed:

“It follows that in so far as the allocation of productive activity is brought under conscious control, the law of value loses its relevance and importance; its place is taken by the principle of planning. In the economics of a socialist society, the theory of planning should hold the same basic position as the theory of value in the economics of a capitalist society. Value and planning are as much opposed, and for the same reason, as capitalism as socialism.”¹

Sweezy had taken over “this contrast” from the Bolshevik leader Preobrazhensky with the following note of acknowledgement:

“This contrast is correctly drawn by the former Soviet economist Preobrazhensky: ‘In our country where the centralized planned economy of the proletariat has been established and the law of value limited or replaced by the planning principle, foresight and knowledge play an exceptional role as compared with capitalist economy.’ E. Preobrazhensky, *The New Economics* (1926, in Russian, p. 11). I am indebted to Mr.

Paul Baran for calling my attention to this passage.”²

“This contrast” goes against Sweezy’s own observation of the Marxian yardstick that “buying and selling of labour power” is “*the differentia specifica* of capitalism”³ which he might have read from Marx’s expression in following passages:

“The historical conditions of its [capital’s] existence are by no means given with the mere circulation of money and commodities. It can spring into life, only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour power. And this one historical condition comprises a world’s history. Capital, therefore, announces from its first appearance a new epoch in the process of social production. The capitalist epoch is therefore characterized by this, that labour power takes in the eyes of the labourer himself the form of a commodity which is his property; his labour consequently becomes wage-labour. On the other hand, it is only from this moment that the produce of labour universally becomes a commodity.”⁴

He could have read the following too:

“In the controversies on this subject the chief fact has generally been overlooked, viz., the *differentia specifica* of capitalist production. Labour-power is sold today, not with a view of satisfying, by its service or by its product, the personal needs of the buyer. His aim is augmentation of his capital, production of commodities containing more labour than it pays for, containing therefore a portion of value that costs him nothing, and that is nevertheless realized when the commodities are sold. Production of surplus value is the absolute law of this mode of production. Labour-power is only saleable so far as it preserves the means of production in their capacity of capital, and yields in unpaid labour a source of additional capital.⁵ The conditions of its sale, whether more or less favourable to the labourer, include therefore the necessity of its constant resetting, and the constantly extended reproduction of all wealth in the shape of capital.. Wages ... by their very nature always imply the performance of a certain quantity of unpaid labour on the part of the labourer.”⁶

Moreover, in fact, Socialism will not have ‘economics’ as such but a social organization of productive and distributive activities under eco-friendly circumstances. Economics will become a museum piece since it will die with the death of capital whose “science” it is.

Lenin’s distortion

Sadly, the prevailing Leninist dogma that “socialism” is a transitional stage between capitalism and “complete communism” – prevented many like Einstein, Sweezy, including this author during his long Leninist detour, from looking the relations of production up for characterizing the Russian economy and such likes..

The so-called “scientific distinction between socialism and communism” was Lenin’s creation. In the *Tasks of the Proletariat in Our Revolution*, written April 10, 1917, Lenin said, “The name ‘Social-Democracy’ is *scientifically* incorrect, as Marx frequently

pointed out, in particular, in the *Critique of the Gotha Programme* in 1875, and as Engels reaffirmed in a more popular form in 1894. From capitalism mankind can pass directly only to socialism, i.e., to the social ownership of the means of production and *the distribution of products according to the amount of work performed by each individual*. Our party looks further ahead: socialism must inevitably evolve gradually into communism, upon the banner of which is inscribed the motto, ‘From each according to his ability, to each according to his needs.’⁷

In September 1917, Lenin put on record that “socialism is merely state-capitalist monopoly *which is made to serve the interests of the whole people* and has to that extent ceased to be capitalist monopoly.”⁸ Absurd, since nobody could order capitalism “to serve the interests of the whole people”. Capitalism works *objectively* to serve the interests of the capitalist class *against* the interests of working class. On the contrary, Socialism is the *negation* of capitalism. However, Lenin lacked courage to present his absurdities without Marx’s name, lest people would catch him in the act of an anti-Marxist.

Again, in the *State and Revolution*, written September 12-14 (25-27), 1917, he declared:

“But the scientific distinction between socialism and communism is clear. What is usually called socialism was termed by Marx the ‘first’, or lower, phase of communist society. In so far as the means of production become *common* property, the word ‘communism’ is also applicable here, providing we do not forget that this is *not* complete communism.”⁹

The second sentence of the quote is simply untrue and Lenin knew it.

Marx did distinguish between “the first phase of communist society” and “a higher phase of communist society” in his *Critique of the Gotha Programme*. However, he used the terms “socialism” and “communism” alternately and synonymously to describe the post-revolutionary world society based on common ownership, so he could also call it “socialist society”. Notably, notwithstanding phases, even during transition the production relations of society are certainly communist *or* socialist. Not even an iota of the relations of production is capitalist here:

“Within the co-operative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labour embodied on the products appear here *as the value* of these products, ... since now, in contrast to capitalist society, individual labour no longer exists in an indirect fashion but directly as a component part of the total labour.”¹⁰

Therefore, communism or socialism, phase aside, you do not have the economy with money. In the first phase of transition Marx proposed a ‘labour voucher’ (not wage or salary) system – not “according to the amount of work” as Lenin claims – but after some six deductions from the “proceeds of labour”. At the same time, however, he argued that it was a “defect”. And it would be overcome in “a higher phase of communist society,

after the enslaving subordination of the individual to the division of labour, and with it also the antithesis between mental and physical labour, has vanished; after labour has become not only a means of life but itself life's prime want; after the productive forces have also increased with all-round development of the individual, and all the springs of co-operative wealth flow more abundantly – only then the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: *From each according to his ability, to each according to his needs!*"¹¹

Obviously, at that time (1875) productive abundance was lacking, hence Marx's distinction. Today Socialists do not endorse any "labour voucher" as such, since it conforms to a form of economic rationing with exchange, alienation and in effect voucher circulation, which has no function in a non-exchange economy as sought by socialists. In addition, because abundance waits since the beginning of the twentieth century, while a disorientated working class suffers owing to want of class-consciousness. Abundance does not have a measure of measures. For us its only measure is satisfaction of needs.

Thus, "the distribution of products according to the amount of work" was Lenin's dogma that changed "need" with "work", not a tenet of Marx, and it could never work, because workers never receive for what they produce, but for what they require for producing and reproducing their ability to work. They receive less than what they produce – leaving a surplus at the disposal of their employers.

Sweezy failed to apply Marx's Materialist Conception of History in the specific case of Russian economy where commodity production and buying and selling of labour power always existed with all its paraphernalia – money (the rouble), price categories including differential wages, rationing, confiscation, taxes, profits partly disguised in the state budgets, so-called black markets, banking and suchlike. These existed despite the centralized planning under a totalitarian single party dictatorship. Preobrazhensky's 'Planning principle' itself neither limited nor replaced but succumbed to the sway of 'Law of value'. This was shown by with the drop in production in Russia after the 1917 Bolshevik *coup d'état* through the so-called War Communism, bloody Kronstadt March 1921 until the so-called 'New Economic Policy' May 1921, basically a return to private enterprise, when previous production were attained and surpassed.

Call it Communism or Socialism, it will require no economic policy – new or old, nor will it require a flourishing state. In the running of Socialism, economics, politics and the state will wither away.

Einstein's error

Einstein failed to apply his already obtained benchmark – "The economic anarchy of capitalist society as it exists today is, in my opinion, the real source of the evil." This is because he concerned himself only with one form of ownership, "private ownership of capital" remaining unaware of the other – the state ownership and control. He did accept Marx's labour theory of value largely, but did not see an independent organization of the working class without leaders as the vital necessity to win the battle of democracy.

Alternatively, he might have confused social ownership with state ownership, having missed Marxian materialist distinction between the society and the state, hence, his concern about “the rights of the individual” to “prevent the bureaucracy becoming all-powerful and overweening”.

Hence, his mistake that socialist planning is involved with “the power of bureaucracy”. Although he did not mention a name, in reality, he was pointing to the Russian variety of state-run capitalism, to which he was generally sympathetic even to the extent in the 1930s of not questioning the Moscow Show Trials. His error consisted not in viewing and denouncing the “the far-reaching centralization of political and economic power” and the “all-powerful and overweening” “bureaucracy”, but in misjudging this terrifying bulge as “problems of socialism” which in fact are problems of capitalism – the state-run capitalism.

To pinpoint Einstein’s positivist error about the “bureaucracy” let us read:

“The bureaucracy is only the ‘formalism’ of a content which lies outside itself. The *corporations* are the materialism of the bureaucracy, and the bureaucracy is the *spiritualism* of the corporations. The corporation is the bureaucracy of civil society; the bureaucracy is the corporation of the state. In fact, therefore, bureaucracy as the ‘civil society of the state’ confronts the ‘state of civil society’, the corporation.. ... The spiritualism disappears along with the materialism that opposes it. The consequence fights for the existence of its premises as soon as a new principle challenges not their *existence*, but the *principle* of their existence. The same spirit, which creates the corporation in society, creates the bureaucracy in the state. ...The ‘bureaucracy’ is the ‘*state formalism*’ of civil society. It is the ‘state consciousness’, the ‘state will’, the ‘state power’, as *one corporation* – and thus a *particular, closed* society within the state.. ...The ‘state formalism’ which bureaucracy is, is the state as formalism; ...The bureaucratic spirit is a Jesuitical, theological spirit through and through. The bureaucrats are the Jesuits and theologians of the state. ...The bureaucracy is the imaginary state alongside the real state – the spiritualism of the state. ...The bureaucracy has the state, the spiritual essence of society, in its possession, as its private property. The general spirit of the bureaucracy is the secret, the mystery, preserved within itself by the hierarchy and against the outside world by being a closed corporation. ...*authority* is the basis of its knowledge, and deification of authority is its *conviction*. ...The state only continues to exist as various fixed bureaucratic minds, bound together in subordination and passive obedience.. Actual knowledge seems devoid of content, just as actual life seems dead; for this imaginary knowledge and this imaginary life are taken for the real thing.”¹²

“Bureaucracy implies the adjustment of one’s way of life, mode of work and hence consciousness, to the general socio-economic premises of capitalist economy.”¹³

With individual, joint stock, corporate and state ownerships of capital, bureaucracy is the way of life of both owners and workers everywhere.

The Law of Value pulled down the Russian Empire

Cartels, monopolies or nationalization are different forms of the same capitalist mode of production. The Belgian Trotskyist Ernest Mandel also went wrong in stating what happened in the USSR as if the law of value had ceased to operate there. The sudden “collapse” of the Russian Empire by the end of 1980s did not happen due to an American ‘conspiracy’, but under the sway of the most powerful objectively operating undercurrent economic law – the Law of Value.

“The essence of bourgeois society consists precisely in this, that a priori there is no social regulation of production. The rational and the naturally necessary asserts itself only as a blindly working average.”¹⁴

“Active social forces work exactly like natural forces, blindly, forcibly, destructively”. In spite of us in opposition to us, they master us “so long as we do not understand, and reckon with them.”¹⁵

According to the Marxian base/superstructure form-and-content cause-and-effect method of analysis, centralized planning is not a basic but a superstructural category. It could be founded on either “production for profit” as regulated by the law of value, or “production for use” which embraces egalitarian well-being of all humanity within “the co-operative society based on common ownership of the means of production”. Equal members of the society and associated producers will make all social decisions about production and distribution – locally in direct assemblies, regionally and globally by sending mandated delegates elected and revocable at short notice. Planning in itself neither is a conscious measure, nor opposed to value.

To plan is to act with a purpose. If you plan your purpose in terms of state-set prices that too express socially necessary labour or indirect social labour, planning serves the interest of the capitalist state’s “profit” for an “all-powerful and overweening” “bureaucracy”. In reality, price – the money name of value – always remains a spontaneous economic category. In addition, setting prices and determining prices is not the same thing. Nobody can determine prices. Prices – the “embodiment of abstract, undifferentiated and therefore equal human labour” – the ultimate form of self-assertion of value, i.e., indirect social labour – are determined by “a social process that goes on behind the backs of the producers”¹⁶, “in an indirect fashion”¹⁷, “in a round about way.”¹⁸ This is why the operation of the law of value is unobservable, and thus uncontrollable. This is why the Russian state had to reset its set prices, re-fix the fixed, reappraise term-plans mid-term; rewind the defined targets, now and then, here and there, no matter what the governments’ subjective intentions were. Their ‘price-administration’ engendered an immense range of interest groups, lobbies, cliques and internecine conflicts that give rise to “all-powerful and overweening” bureaucracies everywhere.

Alternatively, if you define your purpose in terms of both the individual’s as well as society’s needs and desires in accordance with the available means including direct social labour of the associated producers, it would come under society’s pre-arranged direct control and conscious method of socialist “production for use”. Planning under

universally owned and democratically controlled “production for use” will not, and cannot, give rise to a “bureaucracy”.

Top-down bureaucracy, economics, politics and the state will have become unnecessary in Socialism. Instead, there will be only a *bottom-up* administration of affairs of life. Economics and politics, as the sciences of the capitalist society, will die with of the death of capitalism. To be specific, Socialism shall not have a planned ‘economy’ under a state ownership controlled by an over-weening bureaucracy, but obviously will have an organized system of production and distribution under universal ownership run by equal members of society as associated producers.

Notes:

- 1 Paul Sweezy, *Theory of Capitalist Development*, pp.53-54
- 2 *loc.cit*
- 3 *Ibid.*, p.56
- 4 Marx, *Capital*, Vol. 1, Progress, 1974, p.167
- 5 “The limit, however, to the employment of both the operative and the labourer is the same; namely the possibility of the employer realizing a *profit* on the produce of their industry. If the rate of wages is such as to reduce the master’s gains below the average profit of capital he will cease to employ them, or he will employ them on condition of submission to a reduction of wages.” (John Wade, l.c. quoted by Marx as footnote, *Capital*, Vol. 1, p.580)
- 6 Marx, *Capital*, Vol. 1, p.580
- 7 Lenin, *Selected Works*, 2, p. 47, emphasis added
- 8 Lenin, *Impending Catastrophe and How to Combat It*, written September 10-14, 1917, SW. 2, p.247
- 9 *Ibid.* p. 342
- 10 Marx, *Critique of the Gotha Programme*, Peking, 1976, pp. 14-15
- 11 *Ibid.*, p.17
- 12 Marx, *Contribution to the Critique of Hegel’s Philosophy of Law*, *Collected Works*, Vol. 3, pp. 45-7
- 13 Lukács, *Reification and the Consciousness of the Proletariat*, in *History and Class Consciousness*, p.98. Readers must note that we do not agree with Lukács on many other vital points like organization and definition of the socialist revolution and the question of the so-called transition.
- 14 Marx’s letter to Kugelmann, July 1868, *Selected Works*, Vol. 2, p.419
- 15 Engels, *Anti-Dühring*, Progress, 1969, p.331
- 16 Marx, *Capital*, Vol. 1, pp.51-52
- 17 Marx, *Critique of the Gotha Programme*, Peking, 1976, p.15
- 18 Engels, *Anti-Dühring*, Progress, 1969, p.365 & 367