ARGUMENTS FOR COMMUNISM: PLANNING VS THE MARKET.

The capitalists crow that the market has vanquished planning. Just look at the USSR which abolished the market, compared to China which adopted it. Failure vs success. However, as we shall see, they have it the wrong way round, it's actually the market which is primitive.

In order to keep this post brief, I urge the reader to refer to this previous article which is a comprehensive account of the difference between planning and the market. Much of what is reproduced here comes from that article including the following links all of which have a bearing on planning. The reader will see how extensive my research is on the failure of planning in the USSR.

a) This article explains why co-ops disrupt planning in a collective society.
b) This article explains what has to be put in place to make planning possible.
c) This is one of the articles, in its later sections, which explains why money and labour vouchers cannot cohabit.
d) This is one of the more important articles which discusses universal labour time as the metronome of planning and why investment must originate from the social fund not from local production plant funds.
e) And of course, there is my pamphlet where I analyse planning in the USSR and its failures.
f) Finally, my programme which highlights the democracy needed to plan the social fund.

Planning is to communism what the market is to capitalism. A specifically different way of organising production. In the case of communism, it is releasing the potential of collective property while in the case of capitalism it is releasing the potential of capitalist private property.

We begin with capitalism. A capitalist society is divided by production and only reunited when the results of this private production are exchanged in the market. The market is the glue binding a fragmented society together hence the infatuation with the market. For example, there are over 40 million individual corporations registered in the USA, of which 4,000, the larger ones, are listed on Wall Street. Unless a product can be sold at market no profit can be made, instead a loss is incurred.

So, market prices rule. What determines these prices? In a capitalist market economy, the rate of profit is both the motive and the compass for investment. Capitalists only invest to make a profit, and they direct their investment to where it will earn the most profit. Prices respond to this restless movement of capital. Where prices yield an above average rate of profit, they will attract additional investment lowering them and where prices yield a below average rate of profit, they will shed investment raising them. Thus, the movement of capital, organised in this manner, tends to erode differentials, ensuring according to the economists, the proper and effective allocation of scarce resources making the economy dynamic.

Thus, the so called but elusive equilibrium price so cherished by economists is the price where demand and supply balance yielding an average rate of profit. It is therefore the temporary triangulation of demand and supply and profit. That is what the capitalists mean by price discovery, the sweet spot where prices do not advantage nor disadvantage investment.

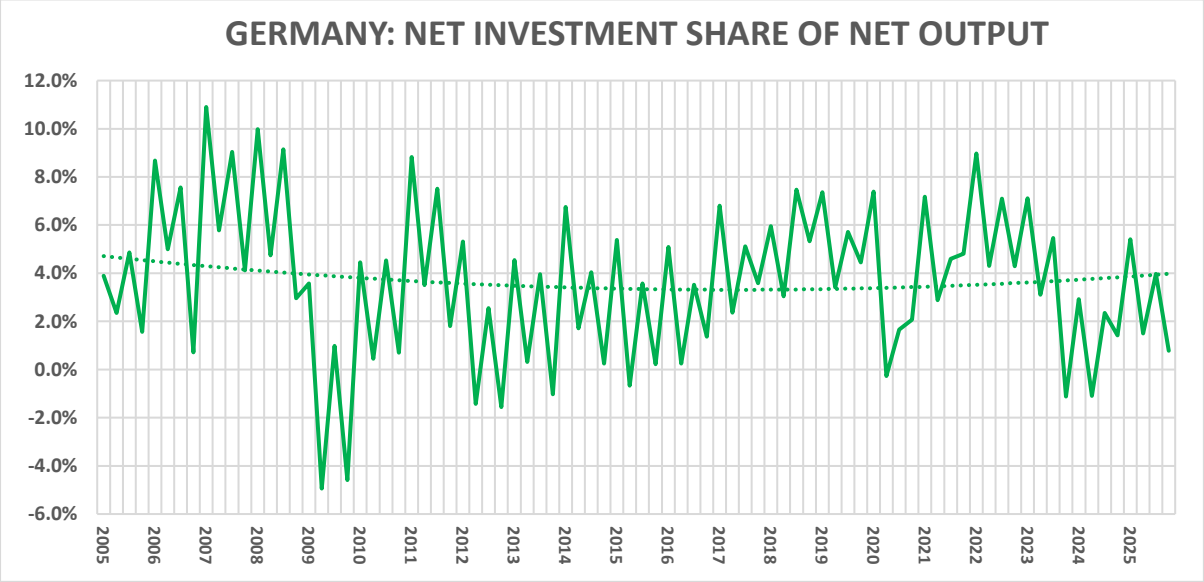
Thus, prices are elastic. They satisfy the requirements of profitability. Or to put it another way. Commodities are products of labour but circulate as products of capital, therefore not at prices tied to their actual costs of production but at prices tied to profitability. This means prices necessarily deviate from their values which means that the vaunted price discovery is a deeply flawed measure one which fails to record what the thing actually costs to produce. For example, oil prices need to be high because so much is invested in mining and refining it, while tap water need not have a high price because much less is invested in filtering and piping it, though to be sure, oil does not slake a thirst.

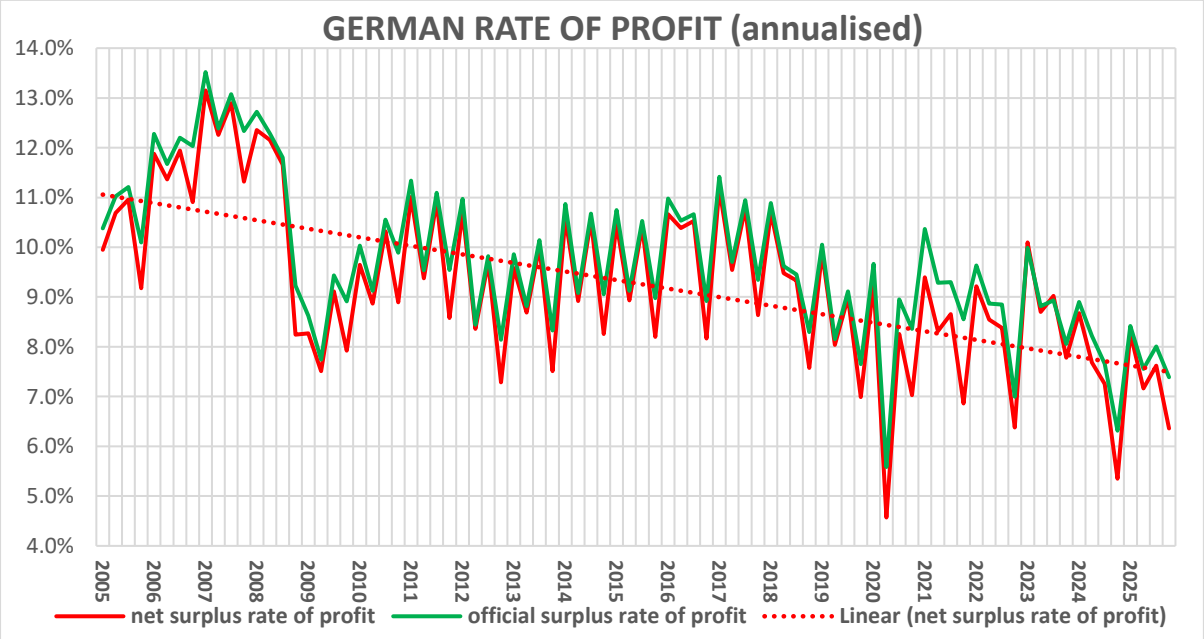
Not only is price discovery flawed, but it is also backward looking. Price discovery is something capitalism is always chasing after. The reality is found in the word – discovery, something known only after it is found. It is not known in advance. Nor can it be. While supply can be responsive, demand cannot be known with any certainty. That is why social media is used to spy on everyone to try and gauge, what, where and when consumers will be spending while trying to influence their spending habits. Meta receives over $200 billion a year for its prying, and Alphabet close to $250 billion. It would be cheaper to simply send every household a questionnaire about their spending intentions and pay them to fill it in. Ah no, that would smack of planning.

And even if demand was known, would it be profitable to meet it? No wonder capitalism has come to rely on marginal theory. The incremental movement towards equilibrium. This is the equivalent of the white stick tap tapping on the uneven pavement.

And it is unstable. Market prices oscillate, pulled and pushed by various events. Here are two graphs for Germany, whose statisticians provide the most detailed and analytical corporate data.

Graphs 1 & 2.





This is only two graphs showing instability, follow this link to find more on the German economy including how volatile turnover is. This is not unexpected because individual producers compete with each other, make decisions behind each other's backs and are governed by economic laws over which they have no control but to which they collectively contribute.

Planning.

In a capitalist economy the labour of the individual only becomes part of the labour of society **indirectly,** through having to first be exchanged. And only after being exchanged can it finally be priced. Price is therefore indirect information not direct information, it does not relay the actual cost of producing a thing, it is distorted information which does not allow a conscious decision to be made about whether something should be produced and in what quantities.

In a communist society the labour of the individual producer becomes part of the labour of society **directly** and immediately. That means goods now circulate as products of labour at costs and prices **directly** tied to their costs of production. Prices are no longer discovered, but known, they represent weighted average labour items, a known fraction of the labour time of society.

It is this knowledge of actual costs of production which allows consumers to consciously decide what they will spend their incomes on. I have called this *consumer led planning* as planning can only be done from the consumption side. Using the internet, planners are informed by billions of consumers what they intend to consume, and the planners build the plan from these instructions. In short, consumers are the active agent and planners the passive ones, the planners do not decide what to produce but how and where to produce.

This is the exact opposite of what happened in the USSR, where the planners were part of the oppressive state, they decided what was to be produced. They were the active agent. Workers had to accept what was provided for them which was demoralizing and alienating. It was one of the many reasons planning failed there.

But there are those who are intimidated by the inevitable collapse of piece rate planning in the USSR. They reach for market socialism. The market remains the guiding force with price at its helm. But price as we have seen is a flawed and indirect form of information. Why rely on it when you are in receipt of direct forward-looking precise information. It would be like designing a three-legged animal with the shorter third leg being prices, whose purpose will be to continuously trip up the two other legs, actual costs and actual demand

Conclusion.

Of all the arguments that will weigh on decisions whether to abolish capitalism or not, planning is the most important. Communism, it could be said hinges, on whether or not planning can work. If it cannot then we are doomed to live in perpetuity in a market economy, of which, capitalism, is its highest expression and the fullest realisation of the potential of private property.

That is why it is vital to understand what went wrong with planning in the USSR. Planning did not fail in the USSR, the Soviet bureaucracy failed planning. They treated planning physically rather than economically because that was simpler, which is why I call it piece rate planning. It was not voluntary but imposed on society with harsh penalties for not following it. It was blind because prices were administrative prices designed to fill the state budget and the wages fund and because of the guerilla warfare between enterprise management and planners over the setting of production targets. Finally, workers were the victims of the plans not their architect. Planning in the USSR was as far away from worker led participatory planning as St Petersburg is from Vladivostok.

In this article I have deliberately avoided discussing the elementary forms of planning found in a capitalist society required by the growing socialisation of production. Yes, there is planning everywhere often described as budgets, and yes, it is very advanced in just-in-time production and international supply chains. Suffice to say we will take all that is best from capitalism to build our new economy.

We need to reinvigorate the discussion on planning. It has gone silent in recent years. When it is discussed, it is often discussed with reference to China; whether planning continues there. It does not, state direction is not planning, planning is led from below, not from above. In China planning decisions are subordinated to the market, what the market finds profitable, or in the face of international competition and embargoes what the market finds necessary. Yes, markets did make China advance rapidly, but as in all matters dialectical, things turn into their opposite, and now China's market economy is stuttering, which like the US, is obscured by the temporary shimmer of the AI bubble.

Whether or not we reinvigorate the discussion, the next recession will create the impetus. Everything in capitalism is over-ripe bordering on the rotten were it not for the AI saloon. But when that ends, when the masses contemplate their future no longer able to live in the present, we must be there with unassailable and knowledgeable arguments for communism, foremost of which is planning.

Brian Green, 13th November 2026.