

ON THE CAPITALISTIC TRANSFORMATION
OF "SOCIALISM"

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Lenin's intention of capitalistic development

At present, "socialism" is in an inevitable process of transforming themselves into capitalism. In some cases of these countries, this process is even intentionally pursued. We may see this trend as the one in which the present "socialism" must identify itself as "pre-capitalism" and consider its capitalistic transformation as its own task. In fact, this awareness existed already in Lenin's thinking immediately after the Revolution, as we are going to see in this paper.

It is well known that soon after the Revolution, Lenin considered economic development as the "most important task" and tried hard to introduce "state capitalism" in the socioeconomic structures. For instance, in his paper titled "The 4th Anniversary of the October Revolution", written in October 1921, Lenin stated as follows:

"We expected -- or perhaps it would be true to say that we presumed without having given it adequate consideration-- to be able to organize the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state. Experience has proved that we were wrong. It appears that a number of transitional stages were necessary -- state capitalism and socialism -- in order to prepare by many years of effort -- for the transition to communism. Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this

small-peasant country to build solid gangways to socialism by way of state capitalism." (in "Lenin's Collected Works" Vol.33, p.59)

Lenin thus admitted frankly his mistake to attempt impatient socialization of revolutionized Russia, and declared that "many years of effort" would be needed to build up "capitalism" based on individual interest in the first place, because the country, predominated by small farmers, had not experienced developed capitalism.

Lenin's "capitalism", however, is "state" capitalism. His concept of "state capitalism" can be seen in his article titled "The Tax in Kind" published in the same year (in "Lenin's Collected Works", vol.32). According to Lenin, it is characterized by (1) concessions to large capital in order to make them the supporters to the government, (2) organizing small industry into cooperatives, (3) enlistment of capitalists as merchants and deals with them, and (4) leasing national properties to capitalists. In his article, the term "state capitalism" is used in the sense that the initiatives of the government came from the state granting certain "interests" or "privileges" directly to capitalists (the attempt to set up cooperatives - (2) - was also to facilitate contracts between the government and capitalists). As such, we may see it as "promotion of capitalistic undertakings by the government" or "development of capitalism by the government".

Essentially, it is the very process of "the primitive accumulation of capital" discussed in Marx's "Capital".

Return to Marx's Theory of the Primitive Accumulation

Marx' theory of primitive accumulation of capital goes, in issues, as

follows. The capital multiplies itself by exploiting works and acquiring surplus value. Then through what process was the capital first accumulated? Obviously, capable and hard-working individual entrepreneurs may accumulate funds as the result of their "fair" effort. Yet, more often than not accumulation of capital is a product of incidental appreciation of product prices or protection by the government. Therefore, the capital is not always clear and honest, self-generated reward of hard work. Thus, "Capital" disclosed the "original sin" of the capitalistic accumulation.

In fact, this process can be seen in the history of capitalism in a number of countries. For instance, the protectionist customs duties or state sponsorship of industrialization pursued in under-developed Germany are typical of the state capitalism. Japan also experienced industrialization "from the above", first as the governmental initiatives in the Meiji Era and up to the so-called "biased production system" in the post-war period. Protectionist tariff can be seen in all early phases of capitalistic development, including that in the United States of America, while the same trend is manifest in "dictatorial development" pursued by a number of developing countries. All of them pertain to "state capitalism". Marx argues in "Capital" that even in England, who is thought to represent the most "autonomous" version of capitalism, it needed a lot of good lucks and state interventions to achieve the full development.

In the case of England, the "autonomous" capitalism first occurred in rural areas as the result of two waves of "Enclosure Movement", the first one in 13th to 16th century and the second in 18th to 19th century. Yet to succeed to produce a new relationship between the capital and wage labour, the movement needed a luck, that is, surge of prices of wools

and agricultural products. In the second wave of the Enclosure Movement, strong-handed legal intervention of the state was instrumental to its success. Therefore, Capitalism in England too needed the governmental intervention, at the crucial stage of formation of the capital-wage labor relationship.

This of course does not mean that all the primitive accumulation needed the support of the government. First of all, all of new relations of production arises because of superiority of new production system. And, the "luck" of inflation is not necessary the result of protectionist policy of the government (in some cases at least). Capitalism can develop through "the purely economic causes" ("Capital"). Lenin also tried to encourage development of capitalism "from the below" by liberalizing commerce and protecting small farmers by means of the food tax. Therefore, the main issue is which of the two - the initiatives from the above, or from the below - contributes more to development of capitalism.

From Lenin to Stalin

Clearly, Lenin preferred the "top down" approach. In his "The Tax in Kind", he argues more or less as follows. Liberalization of commerce and protection of petit bourgeois (farmers) by means of the tax in kind are indispensable to destroy the paternalistic system of economy which still survives in Russia, but on the other hand, the soviet regime must unite with the state capitalism (such as the big capital) in order to make sure that these people will not present a threat to the regime and to promote development of socioeconomic structure (i.e., growth of state capitalism). Moreover, Lenin continues to say as follows;

"Soviet power gains by the development of the productive forces, and by securing an increased quantity of goods immediately, or within a very short period. We have, say, a hundred oilfields, mines and forest tracts. We cannot develop all of them for we lack the machines, the food and the transport. This is also why we are doing next to nothing to develop the other territories. Owing to the insufficient development of the large enterprises the small-proprietor element is more pronounced in all its forms, and this is reflected in the dererioration of the surrounding (and later the whole of) peasant farming, the disruption of its productive forces, the decline in its confidence in the Soviet power, pilfering and widespread petty (the most dangerous) profiteering, etc." (in "Lenin's Collected Works" Vol. 32, pp. 345-346)

We can notice here two things of Lenin's concern. Firstly, he felt that the political instability at that time could lead to collapse of the new regime, and second, he was very eager to realize urgent growth of production primarily by developing big industry. This strong concern gives rise to a sense of distrust toward small farmers in Lenin and made him opt for seeking alliance with big businesses. He could not believe in speedy development of capitalism from below, and thus was forced to count upon the development of state capitalism.

In the author's opinion, this failure to opt for the "bottom up" growth of entrepreneurs was the distant but real cause of today's serious lack of competent businessmen. However, in considering the social conditions in Russia at that time, no one can blame Lenin's choice as a mis-

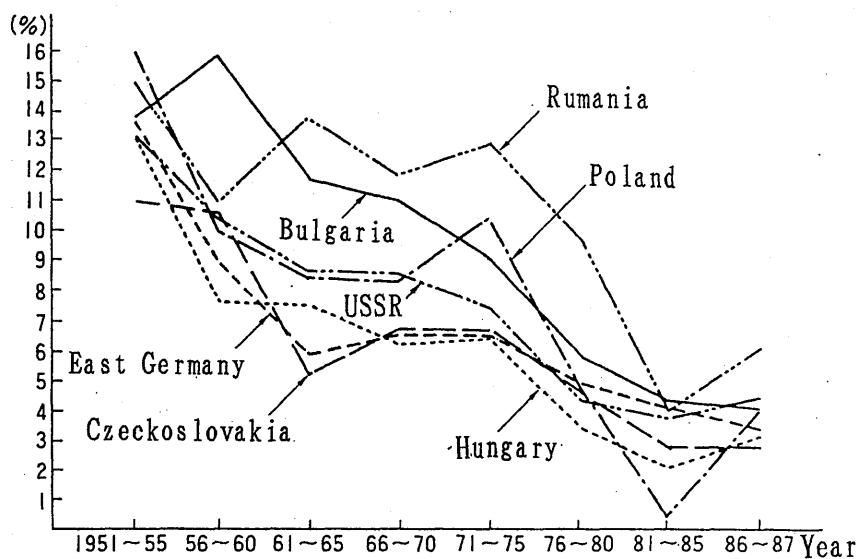
take. In any event, he was the first leader who tried to develop capitalism under "socialist" regime, and we know that state initiative in underdeveloped capitalism is the inevitable law of human history.

The fact that the "advanced" capitalism of England is characterized by its relatively autonomous development coming from below, in contrast to less advanced Germany and Japan who had no choice but to take governmental policy of fostering capitalism "from the above" fully agrees with the historical law. Those developing countries of today, inevitably go the way of "dictatorial development" for the same reason. In an underdeveloped country, the very urgency of need to develop industry makes it impossible to wait patiently for autonomous growth of capitalism from below. Thus the country has to promote growth "from the above". This is a universal law, valid in every where, whether the regime is capitalistic or "socialistic".

As a matter of fact, Soviet Union under Lenin's successor; i.e., Stalin, saw a tremendous development of the state capitalism. In terms of economic growth, it was a spectacular success. As much as Lenin himself sought to realize a certain type of capitalistic development as a means to transform the state from "state capitalism" to "socialism" and perceived the "socialism" as a totalitarian system of economy, there is undeniable continuity between Lenin and Stalin. Of greater importance, in Lenin's case as "state capitalism" and in Stalin his centralized and totalitarian leadership, only this statism could make the economic development possible in Soviet Russia. The stagnance of Russian economy is a relatively new phenomenon which became apparent in the last decade or two. That Stalin was successful in achieving an incredible economic development in Soviet

Russia (except for the agricultural sector) is clearly seen in Figure 1 be low.

Figure 1 Shifts of Industrial Growth-rates
In "Socialist" Countries



Note: For Rumania, 1981~85 and 86~87 pertain to output of goods. The figures were taken from the "Statistical yearbook of COMECON Countries" of each year in question.

Source: Satoshi Mizobata, "Wandering Socialism of Today" (Samayoeru Shakaishugio Kangaeru), eds. Hayashi, Onishi, Sanaka, in "Shinpen Gendaino Keizaishakai", Showado, 1991.

To argue for legitimacy of the Soviet leaders including Stalin might cause some misgivings on the part of our reader. In fact, I'm also wondering if it was possible somehow in Russia to find ways to develop industry by means of promoting small entrepreneurship. And I have no intention to defend the Soviet leaders for their atrocious acts against humanity. However, the posterity cannot reverse the course of history by denouncing past errors. A politician is a politician wherever he may be, and what he does in a given environment is necessarily conditioned by his position under prevailing circumstances. We should rather recognize the

fact, instead, that at every early stages of industrialization, be it in USSR, Germany or in Japan, the economy had to be run by totalitarian or state-initiating principles, and that this is a inevitable law of history. It is easy for us to denounce Stalin for his wrong doings, but we should not forget that USSR achieved a spectacular economic development under his dictatorship, and that this success made it possible for Stalin to remain in power for such a long period of time.

Reappraisal of Rostow's Theory

In short, my position with regard to the "state capitalism" pursued by Lenin and then by Stalin is relatively sympathetic, because in looking back the economy of U.S.S.R., it is obvious that they needed it in order to build up industry quickly enough when the country was devastated by the war and surrounded by hostile neiboughors. In contrast, what should be condemned is, in my opinion, the retroactive policies adopted by Bredjinev and his followers who reversed Khrusckev's course of economic reform and restored the "state capitalism" in place. A same policy must be judged differently under different historical environment. For this reason, we must focus our attention now to the aspect of historical stages of development, and in this context, we should not forget a major contribution made by American economist, W.W.Rostow, in his work published in 1959 and titled "The Stages of Economic Growth".

Rostow thought that in general, history must go through five stages of (1)the traditional society, (2)the preconditions periodf, (3)the take-off, (4)maturity, and (5)the age of high mass-consumption. He regards "socialism" as a "a disease of the trandition" and therefore takes a neg-

ative attitude toward it, but he recognizes socialism in the sense that it is one of the forms every societies has to take in going through the stages 2, 3 and 4. I would like to quote the following statement made by Rostow, although it is rather lengthy, because it shows his thinking very clearly:

" At the moment the Soviet Union is a society technically ready for the age of high mass-consumption; it is structurally ready in terms of the education and skills of its working force; it is psychologically ready and anxious, as evidence by Soviet literature, by Soviet politics, and, indeed, by trends in the Soviet economy, where the demands for housing and durable consumers' goods are beginning to assert themselves; but the regime is straining to hold the dam, to control the bulk of the increment to annual income for military and investment purposes.

In terms of the stages-of-growth, Russia is a nation seeking to convert its maturity into world primacy by postponing or damping the advent of the age of high mass-consumption. Communism is a curious form of modern society appropriate only to the supply side of the growth problem: perhaps for take-off, certainly it can drive a society from take-off to industrial maturity --as Stalin demonstrated-- once its controls are clamped upon that society. But in its essence Communism is likely to wither in the age of high mass-consumption; and this, almost certainly, is well understood in Moscow." (p.133)

Here, we need to remark that Rostow does not make distinction

between the existed "socialism" (that is, "socialism" as pre-capitalism) and socialism in the true sense (socialism as post-capitalism), yet subject to this qualification, he is saying that the existing "socialism" is not adequate to lead the society to the fifth stage of historical development characterized by mass consumption. Rostow therefore argues that the "socialism" is bound to fail, and for this reason, he was thought to be anti-socialist. In any case, we must admit that his projection proved to be entirely accurate and correct. We do not consider that the Soviet regime embodied "true" socialism (socialism as post-capitalism), but we already know that the totalitarian regime failed completely to develop entrepreneurs and to promote economic activity, as Rostow foresaw back in the late 50's.

Yet, we must not overlook another important point in Rostow's argument, in that he says the "socialistic" structure is suited for industrial "take-off" and the "maturing" of industry. In this perspective, Rostow is by no means an ordinary anti-communist. He knows to observe reality with calm objectiveness. Rostow states, for instance, that the maturity of Soviet society was accomplished by Stalin, and that "considerable progress was achieved in wide areas of industry during the era of Stalin. In this sense, we can regard Rostow's theory purely materialistic, because of his viewpoint that is set to investigate the foundation of existing object.

Up to now, Marxists all over the world have done nothing but to negate validity of Rostow's theory, because they think that this theory, if accepted, will result in a denial of the supremacy of socialism. However, we should keep in mind that their objective to Rostow would be

valid only if that "socialism", i.e., "socialism" as pre-capitalism, is the true socialism (socialism as post-capitalism). But now we know that was a pure illusion. Therefore, in this perspective, Rostow's theory seems to deserve a serious reappraisal.

Turning our attention back to Rostow's work, why did he thought that a "socialist" regime was susceptible to bring about industrial take-off and maturity? His argument, quoted below, is pertinent to this question:

".....in such a setting of political and social confusion, before the take-off is achieved and consolidated politically and socially as economically,a centralized dictatorship may supply an essential technical precondition for take-off and a sustained drive to maturity: an effective modern state organization....."

Communism is by no means the only form of effective state organization that can consolidate the preconditions in the transition of a traditional society, launch a take-off, and drive a society to technological maturity.....Communism takes its place, then, beside the regime of the Meiji Restoration in Japan, and Ataturk's Turkey, for example, as one peculiarly inhumane form of political organization capable of launching and sustaining the growth process in societies where the preconditions period did not yield a substantial and enterprising commercial middle class and an adequate political consensus among the leaders of the society." (p.165)

According to Rostow, this regime is "suited" when there is political instability(1) and only few entrepreneurs(2). In other words, to achieve "take-off" and "maturity" in such an environment, "centralized dictator-

ship" is "effective". If so, those two difficulties Lenin faced - political instability and urgent need for economic development (which becomes more critical in the case of the lack of competent entrepreneurs) - constituted the very environment which makes "centralized dictatorship" fit to deal with the issues. Here, both Rostow and Lenin are completely in agreement. Rostow, to be sure, considers "communism" inhuman and condemned it for this reason (and we know that so far, "socialism" fully deserves the blame) but he says that where these two predicaments exist, there is a fair chance for the regime to choose the centralized dictatorship of Lenin /Stalin style.

To put it differently, Rostow considers Lenin or Stalin to be no different from Ataturk of Turkey, or from those leaders of Japanese bureaucracy in the era of industrialization (i.e., the primitive accumulation of capital), or even Bismark in the end of 19th century. The list could include most of developing countries of today as well as both Japan and Germany up to the Second World War. In any event, that "socialism" tended to be dictatorial and centralized not because it was the "socialism", but because of its transitional character. In this sense, many "tragedies" which occurred under that "socialism" were exactly the same as those under the 'centralized capitalism' during the transitional period. The "tragedies" occurred not because the regime was 'socialistic', but because it was dictatorial. Thus, "tragedies" were not "tragedies under socialism", but "tragedies of transitional period."

Conditions making centralized power effective for production

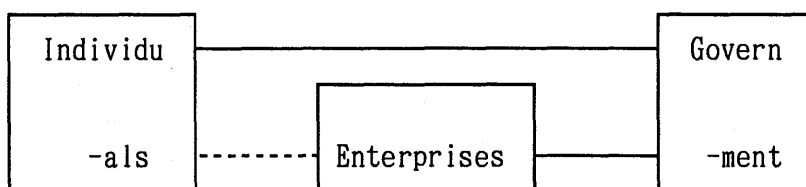
Perhaps, we have talked too much about the "tragedies". The most important point I wanted to mention in conjunction with Rostow's theory is that centralization of political power is "effective" to takeoff during the early stage of capitalism and industrialization, and that the concentrated power takes effect when there are two conditions.

Among these two conditions, the lack of political stability can be removed by economic growth and improvement of people's standard of living. As it is, the essential condition is urgency of economic development. But if so, why is state intervention "effective" to develop economy? The answer could somewhat depend on the degree of maturity of class of entrepreneurs. Let me explain.

Now, the troubled society needs to develop economy, and the "economy" here mainly refers to growth of large scale industry. Big industry requires, above all, cadre of competent businessmen who know how to mobilize and control large amount of funds and thousands of workers by organizing them. But, generally speaking in the early stage of capitalism, the entrepreneurs did not have sufficient financial resources nor ability to manage large number of workers. Under these circumstances, the government must raise funds needed for industrial development and to invest the funds directly or by way of loans to key industrialists. For instance, the disposition of government-owned business in Japan was typical of this process, and so was Lenin's policy to go forward with the "state capitalism". Nationalization of key industry is another form of governmental intervention (regardless of whether "nationalization" takes place in a capitalistic or "socialistic" regime, such as the case of the former Japan National Railways).

On the other hand, the government may compensate for the lack of entrepreneurs' ability to control workers. For instance, the government may despatch police to end strikes and other labor unrest (we can see this often in developing countries), or to ban any form of labor movement by means of laws and orders. In this case, while <government→enterprises> support is developed, <government→individuals> suppression is multiplied. This relationship can be illustrated in figure 2.

Figure 2 Schema of Statism



So long as capitalism is not yet firmly entrenched in a society, that is to say, where the capital-wage labor relationships is not developed yet, <enterprises→individuals> controlling power is very weak, and as such, entrepreneurs cannot manage workers effectively. And then, they cannot accumulate sufficient capital. If so, the government must compensate for the weakness <enterprises→individuals> relationship by means of the coercion <government→individuals> and the assistance <government→individuals>. The crucial issue is managerial capability of entrepreneurs; i.e., <enterprises→individuals> controlling ability.

The most accomplished form of the state-initiated economy can be seen in Stalin/Bredjnev era of the East world. Although, there was of course

no "capitalists" in the ordinary sense, a special group of privileged people controlled industry and ensured administration of economic activities. Since management of factories and plants was a part of their job, they had to be able to control their industrial workers, but in reality, their competency was quite low in general. This lack of managerial competency (and the resulting deterioration of labor relations within individual factories and plants) was being fostered by the dictatorial paternalism, and therefore such a deterioration couldn't be overcome. In such a situation, the government can no longer delegate whole authority and power to managers. It issues orders and directives to enterprises. In some cases, the ruling political party, which couldn't be separate from the government, uses its own organization within enterprises to exert control over workers. Various forms of education and training are often used to sustain morale of workers and to promote ideological awareness for "building up of the economy". This is one type of <government→individuals> coercion, given in Figure 2, and can be seen both in capitalistic states such as Germany, Japan or in those developing countries, and in the Soviet Union under Stalin/Bredjnev, where "socialism" was a euphony of statism. In this sense, it couldn't be of much use to try to distinguish state intervention under capitalism from those under the "socialism" as pre-capitalism. Without the distinction, we cannot recognize the real world.

In other words, the necessity of state intervention under insufficient competent entrepreneurs mean the unnecessary of it under sufficient able industrialists. By the same token, there will be no need for the state to provide funds to enterprises if they can raise sufficient funds by themselves. So long as they can control labor unions adequately,

there is no need for coercive laws and orders governing acts of unions or workers. In Japan, for instance, conservative parties can get voters' support not by means of public undertakings (such as the pork barrelling and liberal disbursement made by the Tanaka Cabinet) but thanks to communitarianism and capital-labour cooperation in paternalistic corporations. Moreover, in the early 80's, the management actually strengthened their control over workers by extending working time in spite of introduction of new statutory laws for protection of workers. This shows that in general, corporations are already powerful enough to control workers without support from the government. On the other hand, corporations are now capable of developing their business entirely on their own, or with much less support from the government, such as public works and similar undertakings. The rising tide of neo-liberalism, deregulation as well as privatization in the advanced countries can only be understood in this context.

"Planning" has nothing to do with socialism

Thus, we may state as follows: the government can play a positive role in a premature society, but maturing of society makes the government largely redundant. This means that from a long-term historical viewpoint, shrinkage of the state is a progress.

This concept is perfectly in agreement with Marx's thesis of "demise of the state", all the more as it denotes a "demise" rather than as "abolishment". Our readers may not find it to be readily acceptable, because this contradicts radically with the basic concept of "socialism", traditionally held, that "socialism" means above all planned economy.

The conventional theory of "socialism" has defined capitalism primarily on the basis of (1) capital-wage labor relationship and (2) market mechanism. The theory has held that disappearance of market mechanism and resulting concentration of economy automatically puts an end to the capital-wage labor relationship, and it is a fact that so far, in every regime based on the 'socialism', concentration of economy took place in order to abolish private capital.

However, the end of private capital did not mean disappearance of privileged class as we have already seen. It merely legitimated politicians to be managers of enterprises in spite of their total incompetency.

This usually resulted in disappearance of disciplines and work ethics on the part of workers, and in this sense it was not totally unwelcome to them. In the end, however, the entire society ended up gradually to become lax and complacent. The regime never succeeded to cope with alienation of labour nor to create right environment for motivating them. Unlike capitalistic society in which entrepreneurs think and decide all the issues while workers are out of all mental initiatives, they were absent both on the part of managers as well as among workers.

This requires us to make a radical change in our concept of the conventional socialist theory. For that purpose, however, we need to know more clearly about the relationship between two commonly held basic concepts of the capitalism, i.e., (1) capital-wage labor relationships, and (2) market mechanism. To state the conclusion first, I consider that the definition of capitalism must be the capital-wage labor relationship and not the market mechanism. And the latter is no more than a general prerequisite, because of the following reasons.

Firstly, we can assume a situation in which the market mechanism can exist without (1). For instance, we can image a historical situation in existence where the market is entirely made up by private individuals in the absence of capital-wage labor relationships. Therefore, (1) and (2) are different things.

But, on the other hand, we cannot deny, that there is a close link between (1) and (2). Even if a market is made up only by individual enterprises, the market mechanism in the economy cannot do without making severe competition among them. Then, under the condition, some succeed while others are ruined. And, those who succeed and grow, because of expansion in scale of operation, will sooner or later need workers. This creates the capital-wage labor relationship. In other words, the market (by developing competition and natural selection among participants) necessarily establishes the capital-wage labor relationship. This represents the 'ordinary' course of development of market. In this case, the market is one a important condition needed for existence of the capital-wage relationship.

However, the relationship between (1) capital-wage labor and (2) market is not necessarily absolute. The capital-wage labor relationship can exist, at least in principle, without market. For instance, the government might arbitrarily force certain people to become capitalists and others to become workers. The capitalists can monopolize mental work and the monopoly is the substantial content of the the capital-wage labor relationship. The example abounds in fact - under the 'socialist' regime and in capitalis states who sell state-owned companies for the sake of development of industry.

This 'creation of capital-wage labor relationship from the above' has a number of shortcomings. For one thing, it usually fails to develop competent entrepreneurs - managers, and in this sense, the primitive accumulation of capital cannot be completed without effective market mechanism in place. Market and capital-wage labor relationship have thus close and complex linkage. A lot of histories of capitalistic development demonstrate it.

From the preceding observation, we can say that in the past, people tended to ignore the distinction between (1) capital-wage labor relationship and (2) market, even though the distinction was necessary. We can also say that market (2) is not a key element of definition of capitalism. At best, it is one of the prerequisites for existence of capitalism.

At this point, we must turn our attention to validity of the prevailing theory which considers that "abolition of market" = "concentration" = "nationalization" accomplishes "abolishment of private ownership of means of production" and this inaugurate "socialism".

What must be essential here is how to define "ownership". According And I think the real substance of ownership is nothing else but the control over use of the property in question (i.e., means of production, for the purpose of our discussion), as was pointed out by Nobuo Okishio already. "Private ownership of means of production", in substance, is "private monopoly of decision concerning use of the means of production".

For this reason, the form of ownership is irrelevant here. The crucial question is who monopolizes the decision-making power, regardless of apparent form of ownership. In this context, we can say that those salaried officers, who do not "own" means of production but who enjoy con-

trol over the means, are "agents of the capital" = de facto capitalists. "Ownership" in a legal sense is not relevant in this issue, as "de facto" monopoly of decision-making power can exist regardless of legal ownership, and this is exactly what happened in the "socialist" countries.

In the past, too much attention was given to the "ownership". This is a mistake, because it cannot be the main issue. What is crucial must be the power of decision making, for which "ownership" is no more than one of the basic premises. In a capitalism where ownership and management were not clearly separated in older days, "ownership" automatically gave the owner decision-making power over production. He could exercise effective control over the workers as a sort of dictator by using the right of ownership. In this instance, "ownership" appears as an effective condition for the owner's dictatorial power over the labor; i.e., the key component of capital-labor relationship. Therefore, in the bourgeois revolution, bourgeoisie advocated for "absolute right of ownership" in order to give a legal justification for the prerequisite condition.

This of course does not mean that the condition alone can create the capital-wage labor relationship, because it is perfectly possible, for example, that a president and other officers are appointed by election. And the elected people can control over workers by claiming that they are delegated in the election by the workers. In this instance, the democratic principle replaces ownership as the condition of authority. Thus, dictatorial power can be founded on different principles.

The system of joint stock company (and that of modern banking institutions who collect deposits from the people at large in order to supply funds to the capital) now makes it possible for certain cadre of

managers to maintain substantial control over their business without "private ownership" of means of production as capitalist. At this stage of historical evolution, "private ownership" has even less importance to the existence of capital-wage relationship. From the opposite angle, we may say that even if workers are fairly well treated and therefore are able to own shares or bank deposits, the dictatorial power of capital (in the capital-wage labor relationship) suffers no setback. On the contrary, it only contributes to strengthening of capitalism. Here again, we can see that "ownership" is no longer the main issue in characterizing capitalism, and this is why we are seeing more and more signs of "dictatorial power over the labor" in action today (such as the cases of KAROSHI), to such an extent that it has become a social problem in Japan. We must not overlook the fact that this goes hand in hand with the development of corporate capitalism. Obviously, the circumstances were quite different in Marx' days, and this explains why he thought "ownership" was the key issue to distinguish capitalism and socialism.

As it is, we must say once again that "ownership" is now no more than one of the conditions of capitalism (capital-wage labor relationship), just as the "market" is one of them. In the past, many of us thought that change of ownership = nationalization was the sole condition to "socialism", forgetting completely that the real crucial issue was to change the "capital-wage labor relationship". We need to come out of the impasse, and this requires us to put the conventional theory under a critical review. By the same token, to think that "abolition of market" = "concentration" is the central issue to "socialism" is clearly a fallacy, in that this ignores the reality of "capital-wage labor relationship"

within the enterprises. The transmutation from capitalism to true socialism must be accomplished not by "nationalization", nor by "abolition of market" or "concentration", but only through radical changes in the "capital-wage labor relationship" = dictatorial control over workers within enterprises. It is on this premise alone that we can give theoretical framework to those new ideas such as "concentration marks early stage of industrialization rather than the socialism", or "mere primitive accumulation of capital".