

SOCIALISM AFTER HAYEK

ADVANCES IN HETERODOX ECONOMICS

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Over the past decade, economists seeking alternatives to mainstream economic thinking—heterodox economists—have undertaken novel, integrative reformulations of their own theoretical traditions, including Austrian, Feminist, Institutional-Evolutionary, Marxian, Post Keynesian, Radical, Social, and Sraffian economics. Despite long-standing rivalries among these heterodox paradigms, a new wave of pluralism since the early 1990s has given rise to new conversations within and among them, fueled by a shared desire to overcome the limitations and hegemony of mainstream economics. To encourage this new generation of economic research, *Advances in Heterodox Economics* aims to publish books that promote fresh lines of heterodox work in economic theory, policy, philosophy, intellectual history, institutional history, and pedagogy.

Economics in Real Time: A Theoretical Reconstruction

John McDermott

Socialism after Hayek

Theodore A. Burczak

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Foreword

Stephen Cullenberg

Two dates, seventy-four years apart, serve as bookends to the twentieth century's many experiments with socialism. On November 8, 1917, Vladimir Lenin announced the formation of a new communist government in what was to become the Soviet Union, a government that ruled in one form or another until Christmas Day 1991, when Mikhail Gorbachev resigned and handed over power to Boris Yeltsin.

For many, the collapse of the Soviet Union represented the triumph of liberal capitalism and the end of a century-long debate over socialism and communism. Whether one was concerned about the viability of actually existing socialist countries, such as Yugoslavia, China, or Cuba, or the theoretical possibility of new forms of socialism in capitalist countries, such as Japan, France, or even the United States, suddenly the very idea and project of socialism seemed passé. The triumph of capitalism was widely proclaimed. The "End of History" was nigh, not as the inspired liberation of universal freedom of working people everywhere, as Marx and Engels had predicted in the *Communist Manifesto*, but, rather, as the coldly efficient ascendance of global neoliberalism.

Many reasons have been offered for the collapse of socialism, ranging from the inefficiency of planning in a large economy, to the lack of material incentives and rewards for innovation, to the overly statist and undemocratic nature of socialist politics, to the outside aggression and imperialist advances of capitalist countries. An alternative explanation, which I favor, focuses not so much on the failure of socialist economies along one or another dimension but, rather, on a failure of the socialist imaginary.

Socialism has long been identified not only with an end to economic exploitation, exclusion, and alienation but also with the end of business cycles, the eradication of poverty, ecological sustainability, and the abolishment of racial, gender, and sexual oppression. This socialist imaginary has placed impossibly heavy burdens on socialist projects everywhere. Socialism's burden has been that not too little but too much has been asked of it. No economic system can guarantee such a myriad of beneficial outcomes. Socialism can and should instead be defined "thinly," not as a modernist

utopia, but as a project that seeks to end economic exploitation and exclusion through the transformation of class relations in production. Various types of socialism can and have coexisted with both democratic and non-democratic political institutions, with environmental degradation and ecological sustainability, and with poverty and egalitarian distributions of income. What makes the socialist project different from others is that within it those who participate in the production of surplus are not excluded from the decisions about how it is to be used and distributed, regardless of the difficulty of the decisions and trade-offs that the disposition of the surplus requires.

The deconstruction of socialism's burden in many ways takes its theoretical cue from what is now known as postmodern Marxism. In contrast to more traditional forms of Marxism, postmodern Marxism casts a skeptical eye on intellectual or political projects that seek to find an overarching logic to history or to provide a rational foundation for individual or class behavior. Postmodern Marxism looks for moments of "dialectical surprise" in history, moments of contingency and uncertainty that cannot be predicted or contained. It is in this sense that postmodern Marxism shares an affinity with the work of Friedrich Hayek, a profound critic of classical socialism and a doyen of the conservative Right today.

The dialectical surprise in this book is how Burczak uncovers and then recovers what he calls Hayek's "applied epistemological postmodernism," and then shows how it can be used to rethink the socialist project in a new and unique way. Hayek was deeply critical of what he thought was the hubris and certitude of the classical socialist model. He felt that economic action (including the actions of government officials and professional economists) was characterized by uncertainty, error, and subjective perception—what he called "knowledge problems." These knowledge problems gave rise to other fundamental concerns for a socialist economy that many critics of socialism have pointed out: problems of incentives, information dissemination, and coordination.

Rather than dooming the idea of socialism, Burczak transforms Hayek's critique into a profound new way to think about socialism. By linking the Marxian focus on various forms in which surplus labor is performed, appropriated, and distributed to the Aristotelian capability theory developed by Amartya Sen and Martha Nussbaum, Burczak weaves a tapestry of a new model of socialism that is rich in its understanding of complex economies (and thoroughly informed by Hayek and the Austrian tradition of economics) while making visible many of the ethical concerns that have animated socialists for over one hundred years. This is heterodox economics at its best.

Acknowledgments

Over the years, I have incurred substantial intellectual debts that have compounded into this book. Stephen Resnick and Richard Wolff introduced me to the notion of postmodern Marxism. James Crotty and Douglas Vickers opened the door to the idea of radical subjectivism, via Keynes. Samuel Bowles and Herbert Gintis showed how to transform traditional economics into political economy. All were my teachers in the Economics Department at the University of Massachusetts—Amherst. The model of socialism in this book is partly animated by an imaginary conversation among Resnick and Wolff, and Bowles and Gintis. Peter d’Errico in the Legal Studies Department at the University of Massachusetts taught me much about legal realism. Resnick, Wolff, Vickers, and d’Errico served on the committee for my 1994 PhD dissertation, “Subjectivism and the Limits of F. A. Hayek’s Political Economy,” which raised the question about how a left-wing Hayekian economics would look. That question is finally answered, in a preliminary way, by this book.

Jack Amariglio, David Ruccio, Stephen Cullenberg, and George DeMartino have also been important influences on my thinking, through their contributions to economics and postmodernism (especially Amariglio 1990 and Ruccio 1991), a thin theory of socialism (especially Cullenberg 1992), and class justice and Nussbaum and Sen’s capability theory (especially DeMartino 2003).

Over the past decade, I have enjoyed and profited from many conversations, e-mail exchanges, and published debates with the Austrian economists Peter Boettke, William Butos, Bruce Caldwell, Steven Horwitz, Israel Kirzner, Roger Koppl, Don Lavoie, David Prychitko, and Mario Rizzo. They have contributed to my understanding of Austrian Economics, Hayek, and the possibility of a post-Hayekian socialism. I thank each without in any way implicating them for the socialist ideas in this book.

There are also time debts that must be acknowledged. First, Denison University’s Robert C. Good Faculty Fellowship program and the Office of the Provost provided a semester’s leave and a course reduction that gave me time to complete the book. Second, my family—Cathy, Jack, and George—were patient when my attention was regularly drawn away from them to Hayek and socialism.

My largest debt is to Rob Garnett, whose commitment to pluralism and heterodox economics and whose skills as an editor are in large part responsible for this book seeing the light of a published day.

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