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“SOCIAL” ENTERPRISE BY THE “SOCIALIZATION OF CAPITAL” PROCESS IN CAPITALISM

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GENERAL CONFEDERATION OF WORKERS OF GREECE

ABSTRACT

This paper argues alongside the Marxian – Engelsian variant of the Classical Political Economy by considering “social” enterprise as the end outcome of the process of “socialization of the capital” in capitalism. The main theoretical finding of the paper is that “social” enterprise is the enterprise which is owned by all citizens except those who work in it as its salaried employees. This thesis is completely original in the bibliography. Consequently, “social” economy, i.e., the integrated total of “social” enterprises, belongs in common to all citizens by joint share-holding of their capital. Consequently, “social” economy is the economic synonym to a value-based “socialism” minimizing but not eliminating surplus-value, i.e., exploitation of man by man.

Keywords: Social Enterprise, Social Economy, Socialism, Classical Political Economy, Marx, Engels.

JEL Classification: B14, J54, P13

Introduction

There are two alternative fundamental definitions of a so-called “social” enterprise: The first one derives the “social” character of an enterprise by the

stated “social” character of its operational objective or the impact of its activity to society. Obviously, this definition is subjective.

The second alternative generates the “social” character of an enterprise by the “nonprofit making” status of entrepreneurship. Evidently, this definition is not practically exclusive of the alternative “nonsocial” types of conducting business: First, in most of the cases, state enterprises are operating on a zero-profit principle; even on a planned loss basis. Second, in the least of cases, a nonprofit state is one of the possible alternative states that a profit-making private enterprise can assume during its life span.

So, the discussion about “social” enterprise as well as the derived “social” economy ends up practically in considering as “social” whatever business activity in not formally state owned or strictly private managed.

In this paper I will detour this definitional impasse and I will assume that the “social” is the end product of a process, i.e., “socialization of capital”. Of course, “socialization” has a solid bibliographical reference in the Classical Political Economy. More particularly in the Marxian – Engelsian variant of it, the notion is related directly to socialism as the process generating it. The paper asserts in favor of a new and original type of value-based socialism minimizing formally surplus-value and provides its elementary formal model with a summary description of its fundamental structural and operational qualities while inserting it into society.

The basic models of reference consecutively constructed are feed by some real-life implementation parameters concerning: operational principles, management specifications, and inherent time and space dynamics. Along this line of approach, the implied complementary role of the state is explored and its consequent corresponding functions are integrated in an elementary societal structure of three elements (economy – state – civil society).

The paper concludes with the formal identification of the stability / irreversibility conditions of this elementary societal structure and ends up by a compact summary and positioning of it in the efforts to conceive rationally post-bureaucratic socialism.

Socialization

Marx was assessing at the time of writing of the 1st volume of *The Capital* in 1867 that the centralization of the means of production and socialization of

labour induced by capitalism had at last reached a point where they became incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.

According to Marx, this expropriation, which is the negation of the negation, does not re-establish private property for the producer, but gives him individual property based on the acquisition of the capitalist era: *i.e.*, on cooperation and the possession in common of the land and of the means of production but it is the transformation of capitalistic private property, already practically resting on socialized production, into socialized property.

What is, however, “socialized property” and how is it managed by “society” itself? Marx is not yet ready to provide an answer other than a generic one such as the further socialization of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production. What was the break-through contained in Marx’s socializing transcendence of the roaring industrial capitalism in relation both to his surrounding reality as well as the global communist vision inherited from the past that was still active in front of him by the living person of his opponent Weitling (1845)? How Marx’s marvellous dialectical logical syllogism of the double negation of private property can be practically applied by socialization in the capitalist real world and actual life of his epoch?

The answer to these questions had to wait for twenty-five years or so. Marx will return posthumously to the question of socialization in *The Capital*, vol.3, edited and published in 1894 by Engels. However, this time he approaches the issue in micro-economic terms. The return to the socialization after the publication of Engels’ *Anti-Dühring* practically means that Marx intends to elaborate further the solution provided by it, *i.e.* to go beyond the proletarian statization as the transitional initial phase of socialization or proletarianization. So, the question at stake is the 2nd phase of socialization, *i.e.*, the proper social economy and its post-dictatorial or democratic societal management.

Marx acknowledges that in capitalism the joint stock companies were a socialization vehicle of capital. The material capital is undivided, while its value image is divisible and transferable up to the infinite cent. Properly speaking, this kind of capital co-property is the capitalist company per excellence because it is a co-property of value for the sole reason to be applied as capital, *i.e.*, to generate surplus-value.

According to Marx, the socialization of capital has two discrete operational aspects. First: because - along the line of Smith (1776) - ownership in the joint stock companies is separated from their actual management. Second: because the joint stock company is a transition toward the conversion of all functions in the reproduction process which still remains linked with capitalist property, into mere functions of associated producers, into social functions.

The socialization of capital in the form of the joint stock company destructs the private ownership over the means of production regardless the fact that they operate as capital or not. This destruction potential is increased by the addition of credit funds in which the joint stock company has practically unlimited access. Finally, Marx concludes that it is the control over social capital, not the individual capital of his own, that gives the capitalist control over social labor. According to Marx, this is the abolition of the capitalist mode of production within the capitalist mode of production itself, and hence a self-dissolving contradiction, which *prima facie* represents a mere phase of transition to a new form of production. It manifests itself as such a contradiction in its effects.

To this socialization of capital, Marx counter opposes the socialization of labor which he identifies to the workers' co-operatives. He thinks that the co-operative factories of the laborers themselves represent within the old form the first sprouts of the new, although they naturally reproduce, and must reproduce, everywhere in their actual organization all the shortcomings of the prevailing system. But the antithesis between capital and labor is overcome within them, if -at first- only by way of making the associated laborers into their own capitalist, i.e., by enabling them to use the means of production for the employment of their own labor. They show how a new mode of production naturally grows out of an old one, when the development of the material forces of production and of the corresponding forms of social production have reached a particular stage.

Naturally, this "self-employment of own labor" poses the old-time classic problem of value-added distribution: how the benefit from this self-employment will be distributed among the co-operating workers? In capitalism, the equality among capitalists is realized by the value magnitude of their contribution to the joint capital of the enterprise. How the equality of workers of unequal contributions to the productive process can be achieved? If the simple

democratic rule of majority-minority prevails, then the unskilled industrial majority will become after a while the exploiters of the skilled minority¹.

Ultimately, Marx compares the two alternative socialization class types and concludes that the capitalist stock companies, as much as the co-operative factories, should be considered as transitional forms from the capitalist mode of production to the associated one, with the only distinction that the antagonism is resolved negatively in the first and positively in the second case. Marx's juxtaposition of workers' cooperatives to the capitalist companies, private or joint-stock, is not at all a theoretical breakthrough of any historical importance. Pre-industrial communism was -as it has been noted many times above- the eternal champion of the self-managed producing communities of this or the other form and in terms of value or non-value operation. Besides, the Socialists had already constructed, on the basis of Blanc's (1839) work, a whole spectrum of alternative societal co-operative/associative models of post-capitalism in value terms. So, the whole issue was not about co-operatives as non-capitalist organizational forms; there was a global proletarian consensus on this point, but about their value or non-value mode of operation. *The Capital* fails completely to clarify the issue at stake.

Further, in terms of socialization, the juxtaposition of joint stock companies and co-operatives is false. If the measure of socialization is the number of the individuals concerned, then the number of share-holders in a company can be infinite while the number of participating workers is always limited. Therefore, the number of shareholders can be always greater than that of the operative workers. Therefore, workers' co-operatives cannot be the basis of socialism because they provide only an inherently limited socialization (which is of course better than the single person capitalist business venture, but worse than that of the shareholding basis of a multinational company active in the whole world).

However, the socialization of the capital is not a mere question of the number of people concerned by it. It has also another much more important operational meaning and consequence. A shareholder in a joint-stock company can be also a shareholder in another company and/or in many others. Therefore, the coordination of different joint-companies is made through the group of the common shareholders they have. On this basis, a holding company is formed. But a holding company is much more than a co-ordination / directing unit of

¹ For this reason, during the period of the collapse of Stalinism, the scientific and skilled technical personnel of the enterprises, especially of the high-tech ones, were proven to be the ardent champions in favor of their privatization.

joint-stock companies. It is also this, but additionally it is an autonomous profit center in relation to the joint-stock companies under its control which now are transformed in mere productive units in the context of global profitability of the capital invested in the holding company. So, the holding companies are the efficiency calculators of the production and its consequent readjustments tools on a consensus basis (because the holding company is not in any case the absolute majority shareholder of the joint-stock companies in which is participating). To give only one contextual example the Chinese stock-exchange statistics shows that in the end of 2004, 71.7% of the 1,377 Chinese listed companies are controlled by holding companies (OECD, 2005).

On the alternative class case, a worker in a co-operative cannot be simultaneously a worker in another co-operative. So, he cannot operate the coordination job done endogenously by the shareholder capacity. Therefore, a discrete coordination unit is needed, and this unit -irrespectively of the name to be given to it or its institutional character- is the state as a hierarchical superior commanding unit to the producing co-operatives. The “technical” planning authority or production co-ordination bureau, or GOSPLAN, or producers’ central council, or communist economic administration, all of them are - alas! - alternative synonyms of the state.

Marx’s analytical conclusion on post-capitalist property and management is not at all a breakthrough. Simply it clarifies that the “co-operative use and management” of the enterprises by the workers working in them will succeed the abolition of the private property over the means of production. Logically Marx’s model is complemented - as Engels indicated - by a Central Planning Agency managing globally the local surpluses and deficits of production in kind in relation to the respective demand/needs. However, this Central Planning Agency, being hierarchically superior to the producing/consuming co-operative units as their “coordinating/deciding/commanding unit”, constitutes operationally a hybrid “state”. Consequently, the “state” is not “withering away” even in the long term. However, the exploitation capacity of this state is minimized because of the operation of the economy in physical units (according to the economic calculus of use-values) and not in value terms (according the economic calculus of value).

Questing for the socialism of the next day of the present-day capitalism

With various modifications and semi-value arrangements the central planning in kind which was established by the Stalinist revolution/counter-revolution in the 1930’s lasted till the end of 1980’s. Then, in the beginning of the 1990’s, the

system collapsed altogether, the USSR dissolved and the political monopoly of the Communist Party replaced by representative democracy.

In direct consequence of these historic upheavals, proletarian or industrial communism, i.e. that formulated step by step by Engels' and Marx's synergy, lost any credibility even as a very long perspective: proletarian dictatorship managing central planning in kind does not lead to communism but to... their joint disaster! So, finally, industrial or proletarian communism does not exist anymore... On the basis of this conclusion, i.e. the actual historic nonexistence of industrial or proletarian communism, let us try to define the next day of the present day capitalist economy and society not in perspective terms of its - supposed- after next day communist future but in terms of its immediate feasible socialist change.

What is the problem of principle that some of us have with capitalism which in the same time defines by juxtaposition the essence of communism? It is, of course, its exploitation core component. Anyone who wants to abolish capitalism has to abolish exploitation, i.e. surplus-value, i.e. simultaneously and complementary the capitalist and proletarian classes. The rate, the degree, of abolition of the surplus-value defines quantitatively par excellence the rate of socialist transcendence of capitalism but only under the qualitative constraint of the time irreversibility of such surplus-value abolition.

Consequently, the dynamic solution to our problem practically starts by the effort to minimize surplus-value, i.e., to establish (irreversible) socialism. One way to effectuate this minimization is by establishing central planning in kind as it was the case in Stalinist USSR. This way proved historically in the 1990's to be a long-term impasse, i.e., unsuitable for a developed economy (the "intensive" stage of economic development according to the standard soviet political economy). The collapse of the central planning in kind logically implies that the feasible minimization solution, if any, is to be found in value terms, i.e., based on the conservation of capital!

This was exactly the historical experience of the inverse transition in Eurasia: central planning was dismantled by the transformation of the huge and big state-owned enterprises into joint-stock companies. This transformation was accompanied by the socialization of their "re-invented" capital which was effectuated by the free and equitable distribution of their fresh share capital to the civil population of reference (according to each particular enterprise case).

Therefore, the socialization of capital is the necessary but not -as the Russian experience shows at first glance- sufficient condition for the socialism of the next day of present-day capitalism.

The elementary formal model of socialism based on the socialization of capital

Let us now present the theoretical elementary model of the socialization of capital, i.e. socialist transition (Lambropoulos, 1993):

Let us have two capitalist enterprises (E1, E2). By definition in each one of them there are the corresponding groups of owners (capitalists: C1, C2) and workers (proletarians: W1, W2).

$$C1 \cup C2 \leq C1 + C2, W1 \cup W2 = W1 + W2$$

Let us suppose also that the profit is respectively 20 and 30 value units ($p1=20$, $p2=30$). The total profit is of course in capitalism: $p=p1+p2=50$.

Now let us suppose that the owners of each enterprise are the workers in the other or -inversely- that the workers in each enterprise are the owners of the other: $C1=W2$ and $C2=W1$.

What is the social/class character of the enterprises of this particular kind?

Of course, each one of these two enterprises, taken separately, continues to be a capitalist enterprise: the owners and the workers are different groups of people: $C1 \neq W1$ and $C2 \neq W2$.

But if we take the two enterprises together as a set then we remark that on the aggregated or social level the people involved are in the same time capitalists as well as workers: $C1+C2=W1+W2$.

This means that the final exploitation, i.e. the profit/surplus value disappears (tending asymptotically to zero)!

Concretely:

The net profit appropriation for the $W1=C2$ is: $Np1 = p2 - p1 = 30 - 20 = 10$.

The workers in the Enterprise 1 provide a profit of 20 value units to the workers in the Enterprise 2 and appropriate from them a profit of 30 value units. So, finally they appropriate the difference, i.e., a profit of 10 value units.

Respectively, the net profit appropriation for the $W2=C1$ is: $Np2 = p1 - p2 = 20 - 30 = -10$.

So, the workers in the Enterprise 2, finally, provide a profit of 10 value units to the workers in the Enterprise 1.

Of course, by definition: $\Sigma Np = Np1 + Np2 = 0$.

The total profit, surplus-value, exploitation, produced in the economy is entirely distributed between the capital owning workers. The model diminish internally exploitation while conserving profit / surplus-value intact!!!

What is the change occurred in the economic calculation by the workers' cross ownership of capital? While in capitalism the total profit, surplus-value, exploitation is the sum of the elements of the profit/enterprise vector of the economy, in the socialized model of economy it is respectively the residue difference between them.

Conclusively: in the case of capitalism, we would have had a profit, surplus-value, exploitation of 50 value units; in the case of communism, we would have had -by axiomatic definition- a 0 value units' profit; in our case, we have global profit of 10 value units. Therefore, the model is situated operationally between capitalism and communism. It is situated more near to communism and less near to capitalism, irrespectively of the complete morphological similarity to it. So, our model is a model of socialism in terms of profit, surplus-value and exploitation.

Let us now explore the operational properties of the model in terms of efficiency/cost decreasing. The model keeps operationally intact the difference between labor/wage and capital/profit. Formally, no one has a double operational identity at the same point of the process: everyone formally acts uniquely either as a salaried employee or as a capital owner. So, the microeconomic maximizer of efficiency/cost decrease generated by the permanent operational antithesis between profit and wage is maintained. Consequently, any social enterprise is at least as efficient as any actual private joint-stock company... because it is as such, i.e., taken distinctly, a capitalist enterprise pushed in the extreme limit of its stock-holding potentiality by englobing the whole population of the citizens of reference. Therefore, the Austrian School critique to socialism is simply... irrelevant.

The efficient management of the system of workers' co-ownership of capital implies either the decrease of the direct working time or -alternatively- the consideration of the time dedicated to the management of capital owned as working time, implying an increase in the wage as well as the mass social transformation of the capital management activity to a formal working activity. Consequently, the management system of the socialised companies/sector is direct and participative, therefore it also socialised. Let us now explore the class properties of the model.

We have capitalist enterprises without a distinct capitalist class but still we have the ordinary working people, i.e. the proletarian class. What is this state of society? Obviously, it is not capitalism; for we do not have a distinct capitalist class. Also, it is not communism; for we continue to have exploitation of men by men yet minimized. So, it is socialism formally defined as the minimization of exploitation, i.e., surplus value, generated by the free and equitable distribution of the share capital of society to the civil population of reference (which for the time being specified in workers working in the socialized enterprises).

Let us now explore the social properties of the model:

It is evident that the model while it abolishes structurally the class difference between labor and capital does not abolish operationally completely the social differences: the workers in one of the companies can appropriate individually as capital owners of the other more surplus-value than the workers in the other from them. That means that exploitation is minimized but not annihilated. It rests some surplus-value which has become organically a residue magnitude. So, the distribution of surplus-value between the capital owning workers does not eliminate as such any social difference between them.

Generalization of the elementary model

So, by definition, it cannot ever exist a single, a lonely, “socialist” enterprise as it can be the case with both a private or a state enterprise. A “social” company cannot stand alone. On the contrary, it presupposes at least two companies, each one of which represents “society” in regard the other. Therefore, the “socialist” enterprise exists only as an element of the larger set of social companies ($n \geq 2$) that defines “socialism” holistically producing operationally the social minimization (not the annihilation) of the surplus-value.

The elementary two enterprises’ model is, of course, directly generalized to the general case of n enterprises, where $n \rightarrow \infty$. However, this generalization implies two combined major changes:

First, the formal introduction of the notion of “ ∞ ” defines -implicitly- world economy as the domain of socialization. Accordingly, state boundaries -the nightmare of old socialisms- become irrelevant. So, socialization redefines the so-called global companies as world co-property of citizens working in them irrespectively of their passport, language, place of residence, skin color, religion and sex.

Second, the economic calculus of values is effectuated on a per capita scale. That means that the number of workers in each enterprise composing the socialized vector of economy, are entering explicitly the algorithm calculating the reciprocal transfers of surplus-value between them. The epicenter of the new socialism is thus the individual person in his operational quality of worker and not anymore, the “enterprise” or whatever other “collectivity” (work group, community, a.o.) as it was the case of the old socialisms.

Of course, the number m of co-workers/co-owners admitted formally by the generalized model tends to be ∞ : $m \rightarrow \infty$.

A $m \times n$ matrix is formed relating co-workers/co-owners and enterprises on world scale. The elements of the matrix can admit various (per capita) contents (profit, wage, investment, etc.) and its elements can admit positive, negative, or zero values.

These various matrixes are, of course, interrelated forming a value macro-model of the socialized economy as such in every given space reference.

In the profit version of the matrix: P_{ij} , i : worker/owner m (line), j : enterprise n (column), $p_{ij} \in \mathbb{R}$:

(1) If $p_{ij} < 0$: an output of profit is indicated

(2) If $p_{ij} > 0$: an input of profit is indicated

Of course, the elements, the lines and the columns of the matrix are continuously changing in real time.

The line and column properties of the profit version of the matrix: P_{ij} are very interesting but their (necessarily formal) exploration, surpass the frontiers of the present paper.

Essentially, they reflect in an individual as well as partial and/or total aggregate manner the basic operational principles of a socialized economy. From an individual angle of view:

- Every worker produces a profit in the company in which he is employed, thus he produces surplus-value, so he is subjected to exploitation. In the rest of the companies of the share co-ownership network he participates, he is a shareholder.
- In some companies of the network, he does not collect a dividend but in the rest of it he collects.
- Therefore, the same person is at the same time a producer of surplus-value as a wage earner and an appropriator of alien surplus-value as a capitalist. Therefore, he is exploiter and exploited. He is a manager and performer. It is understood that the final aggregate social result of all networks is zero if the

surplus-value produced is redistributed only to those who participate in its production.

The changes and their inherent properties identified above make the new type of socialism defined by the generalization of the elementary model of cross proletarian property of capital endogenously a dynamic global one, i.e., a transitional formation in principle. As far I am acquainted with the relevant history and bibliography the conclusion that social is the enterprise that belongs to everybody else except those working in it is completely original. Technically, the social property is defined as the set of the complementary sets to the reference population of the subsets of the wage earners of all companies that constitute the economic system of reference.

What does this conclusion mean? That property becomes social only when the individual use of its object is separated from it, i.e., it is used by the non-owners. Consequently, private property, that is the identity between property and its use, is abolished and replaced by social co-property. Consequently, the elementary social property is -as it has been noted- the capitalist property because it presupposes the complementary as well as antithetic co-operation at least of two persons who in the historic continuity take consecutively (first the profiteer, then the wage-earner) the qualification of citizen.

Societal insertion of the general model

What happen to whatever residue of surplus-value in the system of cross workers' participations in the share-capital of the enterprises? The most common solution is to be absorbed by the respective income taxation. However, it can also be distributed by a second round of distribution of capital. In such a case, the only conceivable distribution of capital is that to the non-working subset of the population of reference which together with its working subset constitute society itself (to every space depiction it may has).

The elimination of the residue surplus-value can and must take the form of participation of the non-working citizens in the share-capital of the enterprises of reference. By this action the initial classization generated by the exclusive cross workers' capital ownership is completed to literal socialization. The socialization makes socialism structurally irreversible: the vast majority of the citizens do not have any reason to alien themselves from their capital property; instead, they have many reasons to maintain it.

Thus, the non-workers act as the equalizer partners making equitable the social distribution of surplus-value effectuated by the first round of socialization of the

ownership of capital between the producers/workers (classization) and in the same time their participation in the share-capital completes and validates the irreversibility of the whole socialized structure, i.e. socialism. The vast majority of citizens, including the men and women of the armed forces and police, do not have absolutely any reason to alienate themselves from the social property they acquired through the socialization of capital. Besides, no-one interdicts to anyone desiring so to accumulate individually as much as social property he can. His marginal impact, i.e. the social significance of his “capital”, the relation of power it conveys over other men’s labour, will tend -practically- to zero! Ultimately this means that there is no room left for building a counter-revolution. At least in theory, the “counter-revolution” becomes senseless.

Of course, if the stock-holding of the enterprises is extended to the non-working population then the analytical constraint of the non-participation of the wage-earners to the share capital of the enterprises in which they are employed can be lifted without provoking any kind of significant operational or structural change. Simply, their stock-holding is a minority workers’ capital participation making de facto their right of control over the enterprise they are work in relatively more comprehensive than that of the other stock-holders.

At management level, the employees in each company co-manage as a minority shareholding group the company in which they are employed. They co-manage as a majority stockholding group the rest of the companies of the socialized sector of the economy. Consequently, the proletariat achieves the class self-management of the companies in the socialized sector and the asymptotic elimination of exploitation of man by man in it.

Certainly, some wage-earners will attribute more surplus-value than the sum of the surplus-value they appropriate in compensation. Accordingly, they will be in worse income position than their other colleagues. Any resulting inequality in the individual exploitation balance is corrected directly -to some extent and if possible- by the income and capital distribution of the state tax revenue and assets acquired by the inheritance and income taxes. Of course, this administrative operation can be realised also by a company owned directly by the whole adult population. However, the civil population participates to the decision-making process of this company / agent by strictly equal and unalienated (but transferable) rights.

Why then, besides the management, do we need also the societal co-ownership of enterprises? In order to insert in the economic process the operational principle that those who decide for something are assuming simultaneously the

responsibility for their decision, i.e. the benefit or cost of the realization of decision they took. Inversely, those who are not agree to the majority decision must have the right to disassociate themselves from the future injury they foresee coming. This responsibility assumption is the pre-condition not only for the operational efficiency in the use of available resources but also for the political democracy itself². It is reminded that the extreme limit of “democracy” is the right of individual / group disassociation from the population of reference.

The self-management of the social enterprises / social sector

In the shareholders of each socialized company are included physical persons who are also shareholders and / or working in companies that supply its inputs (suppliers) and in companies that buy its output (customers). In particular, if this company is in the sector II (production of means of consumption), then a part of its shareholding basis consists of the consumers of the products and services that produces. If, instead, a company belongs exclusively to the sector I (production of capital goods), then a part of its shareholding basis consists of the users of its products and services (operators of the equipment produced, etc.).

The administration, therefore, of the socially owned enterprises is carried out through the social co-management of: a) the workers employed in the company, b) their suppliers, c) their customers who purchase their products and services as intermediate inputs, d) the final consumers of their products and services, and e) users of their products and services. If, therefore, these specific categories of stockholders are represented as such in the Board of Directors of the company, then the organic connection of the company with the productive sectors in the operative framework of which it exists is achieved in terms of transparency, i.e. of full information. The famous “trade secret” of capitalism is thus abolished operationally and finally.

The proposal for the composition of the Board may be originated directly from the general assembly of the shareholders of an investment fund or from a portfolio management and investment holding company, or the trade-unions in which the shareholders who are wage-earners are organized or a consumers’ and users’ union in which they are organized, permanently or temporarily (e.g.,

² Let us add that the inherent inefficiency in the state management of resources is that the cost of a bad decision is not paid by those who took the decision. Inversely, the benefit from a good decision is unequally distributed in favor of the state apparatus and at detriment of the rest of the eventual participants. In this double way, the state continues to exercise its inherent exploitation function as a combined power / force management system.

patients in a hospital), the consumers and users of the products or services of the company.

The control variables of the activity of each company, i.e., the business plan of objectives and strategies, pricing, production volume, investment and profits are well known and therefore all together constitute an economy of (almost) complete information. The change in the information state of the socialized sector of the economy in combination with the election of the boards of directors by the shareholders grouped –finally- according to input - output matrix of the economy (suppliers - customers - consumers / users) creates business networks along the axes of the vertical integration and the spatial repartition of companies (Rizopoulos, 1994). The co-management of these networks is made through informal or formal councils in which are represented all or most of the major companies that make up each network.

If now, these networks manage a common (regional, national or international) supply and demand electronic information system for products, services, capital, etc. of the socialized companies it is produced the operational self-managed and self-adjusted planning of the (basic) economic process in real time and without the requirement of a predetermined plan of mandatory implementation³. Therefore, the management of socialization produces economic planning without any need and requirement of a hierarchical plan as its tool.

Therefore, competition without been structurally abolished is replaced by negotiation leading to the mutually beneficial cooperation between companies. The qualitative difference between capitalist and socialist competition lies in the information state that characterises the markets: in capitalism, it is imperfect (“trade secret”); in socialism, it is (almost) perfect (“open negotiation or consultation”). Consequently, a new decentralized planned management of economic activity emerges as a direct operational effect of the social property regardless of the fact that the networks and their councils are formed, dissolved

³ For those unfamiliar with formal open decentralized sub-networked interactive information non-hierarchical systems, it is indicated that the familiar to all of us internet Facebook Application is a sufficient first level exemplary approximation of the operation of an open continuous information production, dissemination, evaluation and feedback sub-networked non-hierarchical system. Of course, the Facebook Application does not have a user’s tailored made sub-application for processing automatically the shared information. In our case, this local processing system has to be parametrized by the participants themselves according to their character, needs and objectives. Finally, it is just noted that as of the third quarter of 2016, Facebook counted 1,79 billion monthly active users.

and reorganized continuously and permanently in response to the evolutions in the actual course of the economy and the technological innovation (Rizopoulos and Maroudas, 2006).

This decentralized participative planned management is superior to any central planning we've seen so far on paper and in practice because it is inherently continuously self-adjusting in real time and not in the exogenous time of the annual government budgets and plans. The “magic” of the planned decentralized self-regulation of the economic activity is not due only to the technical competence of its council managers nor to the electronic information and telecommunication systems they are using. Primarily is due to the social character that the ownership of the companies has taken and to the derivative task of the corporate governance and of its representatives in the network councils to serve the interests of the co-owners of the means of production by inserting formally these interests in the corporate procedures in which they are participating and informally by their parallel consumption, savings and investment behavior.

Methodologically, this kind of “societal co-management of social enterprises” is a further enlargement (i.e., socialization) of the content of the concept of the “collective co-management of the self-organized workers” conceived by the left minorities in both the Bolshevik Party and the Social-democracy in the 1920's (e.g. Kollontai, 1921). Therefore, by this way is also an update and correction also of Marx's fundamental co-operative concept.

The participation of the state in the management of the social enterprise/ social sector

Of course, no one can interdict to the stock-holders to vote the representative of the Ministry of Finance, i.e. the state, for their delegate in the Board of Direction if such a representation right has given to a state agent or at least a minority group of stock-holders has asked for it. But in this case the ownership of the company is social while its management is done with the minority / majority participation of the state as a simple occasional plenipotentiary of the respective group of co-owners.

In the extreme case that the stock-holders vote overwhelming for the representative of the state then the management of the company is, of course, formally a state one but the control is exercised by the stock-holders, i.e. society. Thus, politically this possibility satisfies also those who support the thesis of “the state management of enterprises under workers' control”. How society wants to

be represented; by the state or other organizations (including the political parties) or individuals, etc., this is something that no one knows in advance. So, let us allow society to choose by itself the way it wants to be represented in the Board of Direction and just provide the appropriate system to do so.

The decision to socialize

The capital assets owners in every economy are in a variable composition the following:

- 1) the state (central government),
- 2) the local and regional administration,
- 3) collective groups of citizens (trade-unions, pensioners⁴, Church, etc.),
- 4) private individuals.

Respectively, the decision to socialize is:

- a) In the cases (1) and (4), a centralised political decision of citizens taken by some democratic procedure (governmental legislation, constitutional amendment, referendum),
- b) in the case (2), a decentralised political decision of citizens taken by some democratic procedure (local or regional council decision, local referendum),
- c) in the case (3) an operational decision of the respective Boards of Directors with or without members' pre- or post- approval.

The specific role of the state in the continuous socialization process

Complementary to the socialization pattern, the social role of the state is limited to three specific to this type of economy basic tasks: First, the imposition and collection of substantial inheritance tax in order to control the accumulation of personal wealth and capital within the generations' succession time line. Second, the free distribution of the inheritance tax proceeds to each new generation acquiring civil status in order to become co-proprietor in the enterprises' capital on equal term with the rest of the civil population. This is a continuous redistributive function not of income but of capital, i.e., property rights.

⁴ The pensioners are not in all the cases exactly owners but most commonly rentiers for life. The pension funds imply a more delicate and complex approach because they -as well as the investment funds and other similar type of agents- can and in the most of cases must operate as intermediary capital management agents between the individual shareholder and the socialized companies.

Third, the state has one and only one welfare social problem to resolve, that is how someone who has been dropped out for one or another reason from the “game” of the social co-ownership can rightfully reenter to it, if he wants to. This practically means that the repartition of the social capital is not a single initial social or socialist political act but an ongoing process of continuous repartition of capital. However, this continuous repartition is conditional; it is done under terms and conditions which have to do, of course, with the responsible social attitude and civil behavior of the eligible citizens. The permanent re-socialization of capital just described is the economic sufficient condition⁵ for socialism to become irreversible.

The subsequent to socialization role of the state

The new welfare state has dual class character and so it is a transitional state. Its activities are waning to the following, indicative, activities:

- 1) Defence and public order, with or without citizens’ militias and vigilance committees of citizens,
- 2) Management of the state-owned industrial and research companies in the sectors of defense and security,
- 3) Financial control of the companies, socialized or not,
- 4) Supervision of the activities of all agents and control of their legitimacy,
- 5) Management of the system of collection and processing of the information provided by the companies concerning their financial performance, technology, employment, investment plans etc., and social dissemination of this information,
- 6) Elaboration of the balances of supply - demand by sector, region, nationally and internationally.
- 7) Evaluation of the business plans of the socialized and large companies,
- 8) Elaboration of the indicative plans of national, regional and sectoral development,
- 9) Taxing on current income and assets inherited in order to avoid the reproductive accumulation of excessive private capital,
- 10) Management of the corrective income and social capital assets distribution of a part of the public revenue and capital assets from the income and inheritance taxes in order to prevent the appearance of a class of resourceless citizens,

⁵ There is also a second sufficiency condition but of political order for the irreversibility: the transformation of the actual political system from representative to delegative (Lambropoulos, 2013:381-400). The transition can be effectuated by the so-called “political socialization”.

- 11) Grant of the equity capital portfolio to the youth accessing civil status,
- 12) Acquisition -with or without compensation- of equity capital participations in the collective companies of limited shareholding composition and then their socialization,
- 13) Inter-regional transfer of resources from regions with surplus resources to the deficit regions.

The main social mission of the state is the management of the social redistribution process between successive generations and between wealthy and needy citizens. The redistribution transfers not only income but also capital assets coming from the taxation of income and heritage.

The health, education and the so-called social or public services are simply services to users whose provision is subject to equity stockholding of local, regional, national, or international scale (with the corresponding appropriate adjustments on each case of the groups of shareholders, wage-earners and users) and they are not state activities except in extreme cases.

Therefore, the state is not -almost at all- an implementing economic actor inside society. Primarily, the state is an information providing, processing and dissemination agent; secondarily, it is a business behavior monitoring, supervising and controlling institution. Finally, it is an Institution on the side of society and under its direct management: defender, security and legality maintainer and -last but not least- society's accountant and wealth notary.

The inherent transnational / global dynamic of the socialization pattern

Practically, the socialization of capital is valid for every contemporary economy: developed, less developed or underdeveloped, of course with the respective concrete case operational adjustments. It is also valid irrespectively of the various economies' actual institutional status: imperialist, capitalist, state-capitalist, bureaucratic, post-bureaucratic, transitional, etc. Finally, it is an efficient, self-sustainable and open post-capitalist management system of a value economy integrated organically into the world economy.

The socialization pattern is not constrained inherently by the state or "national" boundaries as it implies any state based economic system. Therefore, it is -by definition- worldwide, following the trajectories of the existing global, multi-national and international companies. Consequently, the formal regional economic integration multilateral structures, such as the EU and the euro-zone, open widely the door to the chain trans-nationalization of the socialization pattern from one country to another. Finally, the supporters of religion-based

states can't any more divert the socialist claim as they did successfully up to now in some countries of Islamic faith on the basis of the state character given to it by its promoters.

Conclusions

The formal generation of "social" enterprise by the "socialization of capital" process inherent into capitalism defines it as the enterprise which is owned by all citizens except those who work in it as its salaried employees. This analytical outcome is completely original in the bibliography.

Therefore, "social" economy, i.e., the integrated total of "social" enterprises, belongs in common to all citizens by joint share-holding of their capital. Consequently, "social" economy is the economic synonym to a value-based "socialism" minimizing but not eliminating surplus-value, i.e., exploitation of man by man. So, the paper presents a new concept of socialism based on the socialization of capitalism's capital and the maintenance of the calculus of value. It simply conveys an opinion among others.

Of course, there are also other socialist suggestions, contributions and proposals. It is reminded that the collapse of Stalinism generated immediately afterwards the formulation of alternative to capitalism economic models of explicitly stated socialist scope (Nuti, 1988, Pablo, 1989, Šik, 1989, Aslund, 1990, Ellerman, 1990, Csaba, 1991, Schweickart, 1992, Cockshott and Cottrell, 1993) to succeed the defunct bureaucracy. In most of the cases, the post-bureaucratic generation of models tries to reconcile the original Marxian co-operative concept ("back to the ancestors") with a market economy, i.e., the economic calculus of value and thus –ultimately– of capital. The only different approach in the post-bureaucratic wave of socialist models' formation is that of Roemer (1994) who with Ortuño-Ortín and Silvestre (1993) propose the social participation in the distribution of a part of the enterprises profits but without accompanied by any capital ownership over them as well as any participation in the election of the Boards of Directors of the enterprises.

However, one of the key findings of the research outcomes presented in this paper is that "social" enterprise is that one which belongs to all the others except those who work in it. This is, of course, a qualitative difference with all other alternative relevant opinions identified so far.

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