

*Socialism: neither a calculation, nor a knowledge problem*

Mateusz Machaj

Abstract

The purpose of the paper is to analyze the "calculation argument" presented by Mises in 1920 against the socialist ideal. We argue that his case should be restated in a different way and related to the property problem and the intellectual division of labor. The whole Misesian literature touches upon that problem, but these authors do not go far enough in their conclusions. First section explains the argument from 1920 and its significance for the whole debate. A next section presents the "market socialism" answer to the "calculation problem" as an effective way of directing the resources in the socialist state. Third section deals with the Misesian answer to the managerial model, summarized by the Austrian as "playing the market". In this section we try to go deeper in this statement and explain why this is not a way of ridiculing "market socialism", but the most important argument of the debate, as explaining the difference between the real market and the false market. Fourth section extends Mises' arguments against the "market socialism" and explains why they should be considered as general arguments against the socialism. Fifth section comparatively explains the essential difference between the capitalist prices and the socialist ratios. Sixth section offers the reorganization of the whole argument against the socialism on the Misesian ground. Last section offers concluding comments.