

#### ABOUT THIS BOOK:

*FUNDAMENTAL PRINCIPLES OF COMMUNIST PRODUCTION AND DISTRIBUTION* is the classic exposition of the economics of Communism - and, indeed, apart from the first outline sketches given by Marx in his *CRITIQUE OF THE GOtha PROGRAMME*, upon which the book is based, the only one ever to have been produced. The first working draft was the work of the well-known German proletarian revolutionary and veteran member of the KAPD, JAN APPEL, alias MAX HEMPEL. This draft was subsequently revised and completed in Dutch by a collective composed of members of the GROUP OF INTERNATIONAL COMMUNISTS of Holland (GIK) and published in German by the ALLGEMEINE ARBEITERUNION DEUTSCHLANDS (GENERAL WORKERS' UNION OF GERMANY) in 1930. It is here offered for the first time in an English-language version. It does for Communist society what Marx's *CAPITAL* did for capitalism and is perhaps the most advanced intellectual achievement of the German Revolution.

The economic preconditions for Communism are shown to reside in the abolition of wage-labour, money and all value-determined production and distribution, and their replacement by a system of use-value production regulated through the Average Social Hour of Labour. One of the most remarkable features of the work is the clear and dialectically profound treatment given to the process through which the Lower Stage of Communism progressively "abolishes" itself in achieving the transition from the Lower to the Higher Stage of Communism.

The collapse of State Socialism in the USSR and Eastern Europe lends a very considerable topical significance to this historic document of the German and Dutch revolutionary movement. In its pages, Communists and Socialists today may discover the basic flaw in the economic system laid down for the USSR by Lenin and the Bolshevik Party. Thanks to this work, attention is focused on the apparently so simple but so easily overlooked fact that the Bolshevik system of State Socialism rests upon no objective mode of social regulation whatsoever, and consequently is dependent upon the subjective dictat of an army of major and minor bureaucrats which, as the ruling elite organised in an all-powerful party dictatorship fused in with the State, effectively deprives the mass of the working population of all control over the economic process. It is this which forms the economic foundation for the horrendous tyranny with which the world has for so long been familiar, just as it also reveals the Bolshevik system to be a false model of Socialism or Communism which has misled the world for over 70 years!

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# FUNDAMENTAL PRINCIPLES OF COMMUNIST PRODUCTION AND DISTRIBUTION

by JAN Appel

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FUNDAMENTAL PRINCIPLES

OF

COMMUNIST PRODUCTION

AND DISTRIBUTION

COLLECTIVE WORK

OF THE

GROUP OF INTERNATIONAL COMMUNISTS

OF HOLLAND (G.I.K.)

1930

Translated and Edited  
with a Foreword and Postscript

by  
MIKE HARRIS

Published by  
MOVEMENT FOR WORKERS' COUNCILS  
London, 1993

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Translated and Edited  
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**MIKE BAKER**

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The estate of Mike Baker would be glad to hear from any publisher interested in future publication of this book in order to reach a wider audience. Any group, organisation or tendency of the autonomous revolutionary left who wishes to reproduce it in whole or in part should apply to the publishers.

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# Grundprinzipien kommunistischer Produktion und Verteilung

**KOLLEKTIVARBEIT  
DER  
GRUPPE  
INTERNATIONALER  
KOMMUNISTEN  
(HOLLAND)  
1930**

**NEUER ARBEITER-VERLAG**  
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ALLGEMEINE ARBEITER-UNION DEUTSCHLANDS

## IN MEMORIAM

### JOE THOMAS 1914 - 1990

A life-long worker who understood that, under capitalism, the workers have no control over either the labour process or the product of their own labour; a life-long trades-unionist who understood that, under capitalism, the trades unions, however otherwise necessary, can do no more than regulate the price of labour-power within the wages system.

Transcending both of these, Joe was a life-long advocate of Workers' Councils who understood that only through independent organisation for autonomous struggle could his class achieve its emancipation from the squalor and degradation of wage-slavery and attain to the full material and spiritual freedom of Communism. He died eight months before the publication of the book which gave theoretical expression to his life work.

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### MIKE BAKER 1927 - 1990

The final page of the book was completed two days before Mike died of a heart attack on 15th May 1990.

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## TRANSLATOR'S FOREWORD

The volume whose pages lie before us will doubtless be considered by some as forming something of a literary curiosity in the history of revolutionary ideas, a quaint theoretical remnant washed ashore as a mere fragment amongst the mountains of intellectual flotsam, some positive in content, some negative, left behind by the retreating tide of the European revolutionary movements which followed in the wake of the First World War, only to ebb away gradually during the years of defeat which followed.

To those of us possessed of some modicum of insight into the objective processes underlying revolutionary change, however, and in particular to those who are concerned to establish by means of scientific enquiry and rational analysis exactly "what went wrong" in 1917-21, I would hope that the following text will stand some chance of being recognised for what will come - and for this I at least am convinced - in future decades and by future, hopefully even more steadfast and determined Communist revolutionaries than those of any previous generation, as being the first scientific investigation into the economic foundations of the future Communist society to be based, not upon mere utopian speculation or the voluminous compilation of lists of sterile statistics, but upon the secure theoretical foundation provided by the temporality of the labour process.

For it was in clear opposition to the mechanically deterministic perspectives projected by the theoreticians both of the old Social Democracy of the Second International, the Hilferdings and Neuraths of the Social Democratic Party of Germany, as also by those of the then new

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left variant of Social Democracy represented by Russian Bolshevism, the Lenins and the Vargas, each with their pragmatic vision of a direct growth of capitalist monopoly into a socialism the economic regulation of which would be the province of arbitrary subjective decree exercised by a privileged administrative intelligentsia organised in an all-powerful dictatorial party and armed with powers of decision over life or death for millions of working people, that the proletarian authors of the work now before us were able to distil out of their entire life-experience as wage-workers the vital truth that it is *the quantum of labour-time expended by the producers in the labour process* through which alone all economic activity by social man in the production of his means of life can be measured, and which alone can regulate its movement and underlying development.

The first to give theoretical expression to the need for a fundamental temporal measure of the economic dynamic of a Communist society was none other than the founder of the science of social and historical development in general and of the revolutionary transition to Communism in particular, Karl Marx. The relevant work in which this latter contribution was made was a short, aphoristically pithy polemic which history first handed down to us as the "Marginal Notes to the Programme of the German Workers' Party", but which is more commonly known in the Anglo-Saxon world as the "Critique of the Gotha Programme". It is the first draft outline given in this work of the most essential formative principles on which a future Communist society would be based which justifies its evaluation as one of the most profoundly insightful of all the texts produced by the founder of scientific Communism, just as it must also rank as one of his most misunderstood and neglected. As we shall see, this latter was not merely the result of historical accident but the outcome of quite definite, consciously motivated steps taken by the custodians of "Marxist" orthodoxy in the leaderships of the Social Democratic Party of

Germany and other member-parties of the Second International at or around the turn of the century.

In the literature of revolutionary theory, therefore, the historic document now for the first time placed before the English-speaking world may with some justice be claimed as the highest theoretical achievement of the German and Dutch revolutionary movement - that historically premature yet heroic onslaught upon the bastions of an already mature world capitalist system which may have begun in 1917-18 as the qualitative outcome of the imperialist war through which that maturity and its accompanying heightened contradictions were signalled, but the last dying embers of which were only extinguished some fifteen to twenty years later in the torture-chambers and death camps of National Socialism or in the Gulags and liquidators of Stalin's "first land of victorious socialism". Of these, the first was the counter-revolutionary response of German and international capital to the final defeat of the proletarian revolution in Europe and the intended guarantee against its future recurrence; the latter the murderous outcome of the defeat of the proletarian revolution in Russia and the final and consolidated imposition of the monstrous, totally sterile and creativity-denying relations of state socialism, perhaps the highest and most concentrated form of social alienation to have emerged so far in the history of human society and one which, hopefully, the working class of all lands will in the not too distant future see to it is the last.

It should always be borne in mind, however, that the achievements in theory and practice of the revolutionary movement of the European working class of that time also represent a heritage even the memory of which the manipulative ideological strategies not only of world capital, but also of international state socialism, had rendered it expedient virtually to expunge from the annals of history. It was not enough that the proletarian revolution in Europe should have been crushed; not enough that as many as possible of its most

selflessly dedicated fighters should been hunted down and made to pay for their revolutionary courage and daring not merely with their lives, but through their horrific and protracted deaths under conditions of unspeakable sadism years and sometimes even decades after the last revolutionary skirmishes had been fought and lost; these were merely the diseased form of retribution exacted as a matter of routine by a remorseless and implacable class enemy. Of far greater strategic import was it to the butchers of the counter-revolution on both sides of the Danzig Corridor that in the longer historical view all knowledge, even the faintest recollection, of the intellectual and scientific heritage of the German Revolution and its brave class fighters should be buried so deep under such mountains of intellectual deceit or patronising cant dressed up in revolutionary phraseology that not even the most indefatigable researcher after the truth would ever be able to dig so deep as to succeed in uncovering it.

And here it must be recognised that the perpetrators of this act of historical and scientific effacement were not Gen. Maercker's Freicorps, nor yet Ernst Röhm's brownshirted thugs, but the leaders, official and unofficial, of the "International Communist Movement" and their careerist sycophants and hangers-on in the "Communist" Parties of Western Europe. These were the alumni of that fundamentally counter-revolutionary projection of the international interests of the Russian professional intelligentsia - turned - party dictatorship whose political instruments of dictatorial control and ideological manipulation were the Bolshevik Party and the "Communist International" - just as, in its turn, the chosen ideological vehicle according to whose deceptive pseudo-proletarian and pseudo-revolutionary slogans that bogus "vanguard party of the victorious workers and peasants" was erected was that peculiar vulgarisation of the scientific world outlook and method of Marxism which is indelibly associated with the name of V.I. Lenin.

For all that the revolutionary movements of the German and Russian proletarians suffered the fate that history, pitiless as it is in the objective outcome of its complex workings, always reserves for those social and class movements which dare to appear upon her mercilessly critical stage before all the *dramatis personae* on the revolutionary side of the drama have adequately learned their parts, this was not before their pioneering struggle had produced its most significant achievement: it gave birth to that fully autonomous organisational form which is the basic unitary kernel of the dictatorship of the proletariat in its world-transforming task of constructing the Communist society and the guiding and directing organ in the implementation of the Communist economy based upon the Average Social Hour of Labour: the Workers' Council, or Soviet.

If, then, the work here presented stands as the most advanced theoretical expression of the revolutionary aims and interests of the European proletariat, its scientific guide to the construction of the Communist society, its material and organisational foundation may with equal validity be said to have rested upon the Council Movement, that most fundamental organisational expression of the proletarian revolution and its most typical creative product. It is, therefore, to the memory of the brave class fighters of the German Revolution who manned those pioneering organs of the proletarian dictatorship struggling to be born - the unknown and unsung heroes of the Wedding and Neukölln barricades, the proletarian shock-troops of the Red Army of the Ruhr, the embattled defenders of the Bavarian Soviet Republic - that this English translation of a work which the counter-revolution once thought it would succeed in burying, but which is here born anew, is in all humility dedicated.

It would be fitting at this point to address a few words to the work of translation itself. This is totally straightforward, and will probably be criticised by Anglo-Saxon purists for being too

literal. It is true that, if anything, I have tended quite consciously to err on that side rather than at aiming to produce a piece of stylish English prose - a task which in any case probably lies beyond my somewhat limited literary capacities! My two aims have been, firstly, to render the precise meaning and content of the original as closely and accurately as possible; and, secondly, to catch and express the spirit and colour of the writing. Of these two, the first was relatively straightforward. The latter, however, has rarely been easy of achievement, more usually because the frequently abstract meaning of German words and the - contrary to popular belief - often intellectually extremely concentrated syntax underlying the construction of the sentences of which they form the conceptual building-blocks only rarely allow of a simple and direct rendering into the equivalent English form. In the particular case of the text here translated, however, it also quite frequently occurs that the content of a passage is expressed in a highly original and idiosyncratic style, one which directly reflects the wholly proletarian class origins of its first drafting author, and possibly of his Dutch co-workers as well. The result is an extremely fresh and lively style - one which, while complex and intellectually close-knit where it needs to be, is also refreshingly devoid of any and all academic gloss or scholarly convention.

In deference to these unique literary qualities, of which it may be said that the authors succeeded in finding the perfect organic form through which to express the equally unique scientific content of their work, I have nowhere and in no single instance allowed myself to make any concessions whatsoever to Anglo-Saxon taste, either by inserting some fashionable, but in the longer run damagingly dateable, popular colloquialism, or by *précising* or summarising a passage or sentence into a shorter form than that employed in the original. In a very few places, however, where it has proved wholly impossible to render adequately the original meaning directly through an equivalent English phrase of roughly

similar brevity or conciseness, I have done the opposite and added a few words of text of my own. Wherever this occurs, the reader is advised of the addition in a footnote.

To embark upon the task of translating and publishing a work of economic science in a format and finish which does justice to the perhaps incalculable value of the original is a daunting task forming, by any standards, a formidable challenge for any small organisation, with its slender - a more accurate word in our case would be miniscule! - resources in both financial means and manpower. In the truest sense of the word, the complex and often unavoidably wearisome work associated with preparing the finished text for publication has been a collective effort amongst our Comrades in the Movement for Workers' Councils and the broader Council Communist Movement. Amongst those whose generous contributions to our collective efforts have earned them a deserved place of honour, internationalist courtesy demands that I name first our Cdes. *Paul Ankers* (of Christchurch, New Zealand), *Hartmut Eckert* (of Bremen, Germany) and *Guy Robinson* (ex-USA). After thus using these tributes as an excuse for showing off the impressive international ramifications of our Movement, we move back closer to home to add to the list my old friend *Ray Gibbon* - like myself, a relatively recent convert to Council Communism with the same skeleton in the cupboard of his political history as the one I am condemned to do penance for: years of misguided devotion to the Old Whore of King Street. Without the unflagging efforts of these four in that most dreaded of all publishing chores, the monotonous and exacting task of preparing the Index, we would all probably be still finding ourselves waiting for the book to appear!

Next for mention must come our old veteran, Cde. *Joe Thomas*, upon whose seemingly inexhaustible treasurehouse of knowledge concerning both the British and the international workers' movements since World War I, from the most personal of

reminiscences to the most profound of judgements, and including the myriad personalities associated with them, I have so often had occasion to draw. I have also reserved a special place of honour for our Cde. *Terry Liddle*, whose encyclopaedic knowledge of Russian and Soviet history has been frequently placed unstintingly at my disposal, particularly in the preparation of many of the Glossary notes, and often at the most inconvenient times and occasions. Here it is also fitting that due tribute should be rendered to the enduring patience of my daughter *Helga* who, in spite of her own pressing academic commitments, frequently stepped in to act as advisor in all matters and problems pertaining to computer technology and the practical exigencies of type-setting by Word Processor. Without her expertise, often given in the early hours of the morning, I would undoubtedly have lost many more pages of work than I actually did to that capricious and unpredictable neurotic which our word-processor so often becomes when under my clumsy fingers, but which she was always able to coax over the most mind-bending and nerve-wracking of problems. And finally, it is only fitting that I should reserve my weightiest accolades at the end of this "Honours List" to my long-suffering wife and lifelong co-worker, *Maureen Scott*, for it has been she who has worked at my side through so many months of endless drudgery discharging the numberless - and sometimes mindlessly pettyfogging - tasks which no other Comrade was prepared to take on: proof-reading, pasting up of "art-work", typesetting, textual corrections - the list is endless. Incredibly, after all this devotion to the ceaseless monotony unavoidably associated with a small Publishing House, she also found time to devote her talents as an internationally renowned artist to designing the front cover ! Greater revolutionary zeal hath no woman than this...

Although it was my intention to bring this Foreword to an end some three pages ago, I feel constrained to add the point that we are reminded

in the short Preface inserted by the AAUD that it was Jan Appel's wish, as he lay in his cell in the Remand Prison at Düsseldorf well over half a century ago, that the book "Fundamental Principles of Communist Production and Distribution" should, as the AAUD's brief "In Place of a Preface" puts it, "open up the possibility of a broad arena of discussion within the working class movement". I can do no better than to invoke the same wish for this English translation today. Of one thing we may be certain: never in the history of Communist ideas and the struggles of the workers of all lands to realise them in practice has the scientific clarity and insight which informed the work of Jan Appel and his Comrades been more crucially needed than today. Even as these words are being penned, the international prison-house of state socialism is beginning to fall apart in Eastern Europe, in Asia and, above all, in the "Soviet" Union itself. Since the imposition of state socialism at the hands of the Bolshevik party dictatorship has had as its consequence the forestalling of the achievement of the formal political freedoms associated with bourgeois democracy, it is perhaps natural that the first and most universal demand of the Russian working people, as indeed that of their class brothers throughout Eastern Europe and Asia, should be for that great gap in their modern history to be bridged. For here, as always, the broad focus of the struggle for greater social freedom always moves from the ideological to the political, and only then from the political to the full material reality of economic freedom - Communism. So long as any of the bourgeois-democratic tasks remain to be fulfilled, either because the bourgeoisie reneged on its historical responsibilities or the proletariat was at the time too weakly developed as to be capable of subsuming them within the broader context of the revolutionary struggle for that highest of all freedoms, freedom from economic enslavement, exploitation and alienation - and both of these lacks in fact pertained both in the Russian October and its post-World War II aftermath in Eastern Europe - their achievement will

undoubtedly come to form a part of the overall revolutionary programme of the future proletarian revolutions which now lie just around history's next corner.

When that day of mankind's fullest liberation finally comes, it will bring not only freedom from political domination by the state and the brutal forms of social dictatorship which are its highest expression, but also from *wage-slavery*, the heaviest of all humanity's burdens up to the historical present, and so open up the long-overdue dawn of Communism. It will also be then that the full revolutionary import of the scientific work for Communism achieved nearly sixty years ago by that small group of German and Dutch Communists will be borne home to those coming victors in the cause of the liberation of working humanity from the toils of wage-labour, alienation and enslavement to either capitalism or state socialism, for they will find within its pages that undogmatic, conceptually profound and rationally scientific guide to the construction of Communist society which, as the continuation and enrichment of the work of Karl Marx, will enable them to avoid the pitfalls their class brothers of an earlier era were both too inexperienced and too theoretically blinkered to avert.

As for the present, we are now witnessing the fruitless attempts to fight off the inevitable day of state socialism's collapse and to reform the unreformable stage-managed by the arch-pragmatist Gorbachov. That which his efforts have above all succeeded in achieving has been to split the ranks of the various ruling party and state élites in the various countries of state socialism between those Don Quixotes of the state socialist world who believe that the forms of total state subjection characteristic of the past can be maintained more or less indefinitely into the future, and those more far-sighted pragmatists who, like Gorbachov himself, believe that the best guarantee of saving for the future something of their ramshackle Empire of Alienation, unstable as it already is to the

point of disintegration, is to mix in with the principle of State Monopoly, which remains the fundamental one, a few shoddy capitalist-type economic incentives and fundamentally the same type of parliamentary deception as prevails in the established capitalist countries. What these superficial and facile tinkering prove above all else, however, is the fundamental emptiness and bankruptcy of neo-leninism, with its clumsy prescriptions aimed at papering over the gaping cracks in the facade of state socialism with a vulgar wallpaper made up of a combination of crude "incentive schemes" clearly borrowed from capitalism and a thoroughly ineffectual and potentially corrupt parliamentarism. Throughout the "Socialist Third of the World", as it once so arrogantly and inaccurately described itself, more and more millions of workers, students and intellectuals are beginning to stand up and to challenge the blind and mindless party and state bureaucracies which are the only tangible and practical embodiments of the leninist concept of state socialism - a "socialism" which cannot even feed the very worker-citizens on whose behalf the ruthless machinery of party and state is supposed to be exercising a benevolent and protective dictatorship!

In the hands of those to whom will fall the task of carrying through the Communist Revolution, not only in those lands where leninism has inflicted its destructive and debilitating "social experiments", but also in the capitalist countries, both young and long-established, where the social and class antagonisms engendered by the growing difficulties encountered by capital in expanding and reproducing itself are causing ever greater social poverty, misery and bloodshed as capitalism uses up at an ever faster rate the resources which up till now have helped it to some degree to stave off the truly cataclysmic crises which now lie not so far ahead - in both these socially distinct sectors of the world the work here presented represents the *only clear scientific guide to the construction of the classless, and hence truly*

*rational and harmonious, Communist society* which is the only real alternative to the mindless irrationality and barbarism which underlie, despite their otherwise qualitative distinctness from each other, the production relations of both capitalism and state socialism alike. My parting wish, therefore, is that the work of Jan Appel and his German and Dutch revolutionary Comrades may in the not too distant future receive its most fitting tribute of all: that, following upon this English-language version, it may be translated into every major language of the world, and so at last be brought to bear in its task of ensuring that never again may an alien, unscientific ideology disguising itself as revolutionary Marxism and acting on behalf of a new counter-revolutionary and exploitative class formation be permitted to frustrate the construction of the Communist society of the now no longer so distant future, and that the successful discharge of the negative tasks associated with the revolutionary destruction of capitalism and state socialism may at last be crowned with the triumph of mankind's most creative and liberating achievement, the one self-emancipating act which forms the culminatory phase of the entire revolutionary transition from capitalism to Communism, when the negation of human freedom which is wage-slavery itself becomes negated by the revolutionary abolition of capitalist or state-socialist property in the means of life. Then is also abolished what Friedrich Engels called the dividing line between mankind's primitive prehistory and the point of commencement of its real history: the establishment of the classless, objectively regulated and fully harmonious social relations of Communism. On the day on which the sun of Communism finally arises to shine upon a humanity wearied by thousands of years of class oppression and exploitation, its dawning will in no small measure have been due to the slender volume whose pages now lie before you awaiting your study.

London, July 1989

Mike Baker

The following work, the fruit of a collective study by the Group of International Communists reveals in its structure such a strongly integrated unity of content that it is possible to speak here of a really positive collective effort. The adoption of the collective method of work in drafting the text, which proves in practice what results can be achieved by a consciously motivated group, is just one of its qualities which is of such great and enduring value.

With this work the Group of International Communists have put forward for debate, for the first time in the history of the proletarian class movement, a plan for the future ordering of social production and distribution on the basis of a use-value economy. They have brought together all the experience accumulated as a result of earlier attempts, and the experience of the working class in the struggle to solve this most vital task of the proletarian revolution. In order that the work, which is the final outcome of all these earlier efforts, scientifically defensible may be laid bare and so prevented from generating further confusion.

## FUNDAMENTAL PRINCIPLES

### OF

## COMMUNIST PRODUCTION

## AND DISTRIBUTION

On the other hand, taking as its starting-point the established principles of scientific Communism and combining these with such of the work of previous authors as has been to any degree positive, the work simultaneously reveals new social relations and economic interconnections which in their totality establish the economics of Communism upon a firm scientific foundation. It concerns itself not only with the necessary for economic transformation and construction in the sphere of industry, but also reveals the necessary links with the agricultural economy. In this way the authors provide a clear insight into the internal interconnections and the law-given mode of development characteristic of the entire economic organism of the growing Communist society.

The simple language and the clear methods of analysis employed, which are understandable to every

## IN PLACE OF A PREFACE

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With this work the Group of International Communists have put forward for debate, for the first time in the post-war history of the working class movement, the practical possibility of ordering social production and distribution on the basis of a use-value economy. They have brought together all the experience accumulated as a result of earlier attempts, by theoretical representatives of the working class of a previous era, to solve this most ultimate and conclusive of all areas of the revolutionary theory of the proletariat, in order that the root causes which in the final outcome render all those earlier efforts scientifically untenable may be laid bare and so prevented from generating further confusion.

On the other hand, taking as its starting-point the established principles of scientific Communism and combining these with such of the work of previous authors as has been to any degree positive, the work simultaneously reveals new social relations and economic interconnections which in their totality establish the economics of Communism upon a firm scientific foundation. It concerns itself not only with the necessity for economic transformation and construction in the sphere of industry, but also reveals the necessary links with the agricultural economy. In this way the authors provide a clear insight into the internal interconnections and the law-given mode of development characteristic of the entire economic organism of the growing Communist society.

The simple language and the clear methods of analysis employed, which are understandable to every

class-conscious worker, ensure that every revolutionary who diligently studies the following pages can also fully grasp their content. The clarity and disciplined objectivity of the writing likewise open up the possibility of a broad arena of discussion within the working class movement, one which can draw into its orbit all the varied schools of opinion represented within its ranks.

Since we Council Communists also, within our own ranks, must subject the possibilities projected here to the most thoroughgoing discussion, we reserve for a later date the final expression of our standpoint towards the exposition which follows.

There is one wish, however, which we would like to extend to this text to help it on its way: the work "Fundamental Principles of Communist Production and Distribution" will have proved its success finally and for all time when all revolutionary workers will have consciously read through its pages and brought the accumulated experience contained therein into practical application in the struggle for the victory of the proletarian cause, the victory of Communism! The struggle is hard, but the final goal is worthy of it!

Berlin, 1930

GENERAL WORKERS' UNION  
REVOLUTIONARY FACTORY ORGANISATION  
OF GERMANY

## SUMMARY OF CONTENTS

### Chapter I

#### STATE COMMUNISM OR THE ASSOCIATION OF FREE AND EQUAL PRODUCERS

*State communism : a new form of class rule. The productive apparatus raises itself over the producers. Nationalisation and socialisation. According to Marx, society becomes mature for Communist production only as a whole, whereby management and administration devolve upon the Association of Free and Equal Producers. Average social labour-time as it is expounded in "Capital" and "Anti-Dühring". The Council System brings that Association once again into the field of social vision.*

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### Chapter II

#### THE PROGRESS ACHIEVED HITHERTO IN DEFINING THE PROBLEM

*The disciples of Marx expound the theory of the automatic and spontaneous development of society towards Communism as a result of the concentration of capital (Hilferding). By this means they arrive at a form of Communist industrial life which establishes itself solely by means of use-value production, a production without the intervention of a unit of regulation or accounting control. Weber and Mises reveal the impossibility of such a mode of production, as a result of which great confusion arises in the Marxist camp. Neurath, Varga and Hilferding evade the issue. Kautsky and Leichter recognise the necessity for a fundamental unit of regulation and accounting control. Kautsky goes back to capitalism for a solution. Leichter refers once again to the average*

social hour of labour as a unit of regulation and accounting control. The Russian Revolution demonstrates that centralised control over the productive apparatus carries within it a new form of exploitation, as a result of which Marxism and anarcho-syndicalism achieve a clearer understanding of the problem. That which at first presented itself as free Communism now reveals itself to be the organisation of production on the basis of a centralised right of disposal over the economy (Sebastian Faure).

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### Chapter III

#### THE REPRODUCTION PROCESS IN GENERAL

Under capitalism reproduction is a function of the individual capitalist or separate capitalist groups; under Communism it is a social one. The average social hour of labour as a unit of regulation and accounting control. Modern capitalist industrial computation reveals the possibility for each product to be calculated on the basis of average social production time. The production formula  $(p + c) + L$  is at the same time the formula for reproduction. Leichter applies the capitalist concept of value to labour-power. According to him it expresses a price (expressed in labour-hours) which he conceives as being a reflection of the reproduction costs of labour-power.

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### Chapter IV

#### AVERAGE SOCIAL PRODUCTION TIME AS THE BASIS OF PRODUCTION

Kautsky is unable to adopt average social production time as his method, because he can accept only a system in which this is determined in respect of each end-product

taken as a separate entity and implemented by a centralised administrative organ of control. For the same reason he is helpless when faced with the problem of the individual factory average. The solution lies in the fact that each production group forms a unit which functions according to the formula  $(P + C) + L = \text{average social production time}$ , according to which each particular industrial establishment's degree of deviation from this average is determined by the productivity factor. The sum of the deviations is at any given moment equivalent to nil.

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### Chapter V

#### AVERAGE SOCIAL PRODUCTION TIME AS THE BASIS FOR DISTRIBUTION

In spite of his acceptance of control by labour-time, Leichter conceives of an antagonistic mode of distribution of the product. The guidelines for distribution are to be determined by a statistically derived minimum standard of living. This determines the existence minimum valid for unskilled labour, while more highly qualified labour is remunerated at a correspondingly higher level. This antagonistic mode of distribution of the product is supposed to determine the organisational structure of society. Social responsibility always lies above and never below. With Leichter, the prices of products are by no means equivalent to their reproduction time. The central administration responsible for the totality of production pursues a price policy through which the actual reproduction time of products can no longer find any expression. The average social hour of labour can thus no longer form the basis for distribution. In the state communist system expounded by Varga there remains not

the slightest relationship between labour-time and the distribution of the product. Everything depends upon subjective intention and decree. This well-intentioned proletarian class policy for the distribution of products simultaneously reveals how inherently rotten the system is. It clearly exposes the fact that the productive apparatus has elevated itself over the producers.

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## Chapter VI

### GENERAL SOCIAL LABOUR

The general costs of total production (social welfare, etc.) appear to make a centralised control authority over production necessary. In such a situation the state procures the means to satisfy these general social costs by means of a price policy; in other words, it obtains them through the surplus provided by the industrial establishments, or else by indirect taxation. Leichter attempts to define the problem exactly; that is to say, to bring these costs into an exact relationship with the labour-power directly consumed. In the end he solves the problem by means of yet another price policy. However, the implementation of the category of Average Social Reproduction Time is incompatible with any kind of price policy. The distribution of the product determines that the entire product of the applied labour-power cannot be consumed by the productive workers themselves, but only a certain part of it. This part is determined by what we term the Remuneration Factor or Factor of Individual Consumption (FIC). That factor becomes smaller to the degree that distribution becomes more socialised, and so continually approaches a nil point. Industrial establishments which give up their product to individual consumption without any economic measure, but which simultaneously supply products which must

be utilised in production, are termed "Mixed Industrial Establishments" (Electricity Generating Stations, etc.)

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## Chapter VII

### THE COMMUNIST MODE OF DISTRIBUTION

The decisive factor is the implementation of a method which reflects an exact relationship of the producers to the social product. The consumers' cooperatives as the Association of Free and Equal Consumers. The distribution of the product reveals itself to be a public function. The market mechanism as a means for measuring social consumption needs. The cooperatives as collective expression of individual demands and wants. Distribution amongst the various consumer groups.

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## Chapter VIII

### PRODUCTION ON AN EXTENDED SCALE, OR COMMUNIST ACCUMULATION

Accumulation is a social function. Society determines at its economic congresses the scale according to which the productive apparatus as a whole is to be enlarged. For this purpose, the primary requirement is to ascertain exactly how much labour-power will be absorbed by simple reproduction. The social accumulation fund is formed through the adoption of the indices for accumulation as a category within the Factor of Individual Consumption (F.I.C.). The decision governing its implementation remains in the hands of the producers. By including special accumulation, such as railways, cultivation of waste land, etc., into the sphere of the Account for General Social Use (G.S.U.), disruption of production is avoided.

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## Chapter IX

### THE SYSTEM OF GENERAL SOCIAL ACCOUNTING AS THE MODEL METHOD OF INTEGRATING ECONOMIC PROCESSES

*When production and reproduction have become an organic unity, market, money and prices are eliminated. Nevertheless, for planned production a unit measure of social regulation and control is necessary; the average social hour of labour appears as the natural basis for maintaining a system of accounting control over production. By this means the stream of products flows according to the quantity of average social production time required to produce the specific use-values. The system of general social accounting registers this product stream, whereby it simultaneously receives all the necessary data needed to calculate the Factor of Individual Consumption.*

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## Chapter X

### THE SYSTEM OF GENERAL SOCIAL ACCOUNTING AS AN INSTRUMENT OF REGULATION AND CONTROL OF THE ECONOMIC PROCESS

*Subjective or arbitrary methods of control in state communism. The necessity to distinguish between technical control and accounting (book-keeping) control. In a system of production in which the stream of products flows according to their average social production time, production is controlled by reproduction. It is not an arbitrary or subjective method of control, but one which is completely objective. The determination of average social production time. Control over this derives from the method of recording the various product streams.*

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## Chapter XI

### THE SYSTEM OF SOCIAL CONTROL OVER THE ESTABLISHMENTS FOR GENERAL SOCIAL USE (G.S.U.), OR PUBLIC ESTABLISHMENTS

*The system of automatic control is not so many-sided as in the case of the productive enterprises. It proceeds in only one direction. Other means of control as applied to the comparative examination of the various economic sectors. The system of control as applied to the issuing and distribution of Labour Certificates.*

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## Chapter XII

### SOCIALLY NECESSARY LABOUR AND AVERAGE SOCIAL REPRODUCTION TIME

*Attempts have been made to incorporate an element of accounting control into the category of socially necessary labour-time. This reveals itself to be a practical impossibility. A calculation of the Average Social Reproduction Time leads simultaneously to the determination of the socially necessary labour required for reproduction. In the same way as value forms the nodal centre of commodity production, average social reproduction time forms the nodal centre of a communist economy.*

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## Chapter XIII

### THE ECONOMIC DICTATORSHIP OF THE PROLETARIAT AND THE SYSTEM OF GENERAL ACCOUNTING CONTROL (BOOK-KEEPING)

*The proletariat lays down the new rules of production in an extremely undemocratic way: it exercises an economic dictatorship. The system of general social accounting (book-keeping) reveals itself to be an*

essential support in the organisation of the small-scale productive establishments, which administer and control production quite independently. The dictatorship finally dissolves itself.

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#### Chapter XIV

##### THE AGRARIAN QUESTION AND THE PEASANTS

The development of commodity production. In the case of the closed local economy, the peasant does not appear primarily as a producer of commodities, since he brings to the market only his surplus product. The growing need for money leads to an increase in productivity. The causes of errors committed by the economists in their theories of agrarian development. Through commodity production the peasant loses his independence.

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#### Chapter XV

##### THE PEASANTS AND THE REVOLUTION

The agrarian proletariat is relatively weak. Class contradictions in the countryside are similarly weakly developed. The degree of economic dependence of the peasants and of the proletariat is equally great.

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#### Chapter XVI

##### THE AGRARIAN REVOLUTION IN RUSSIA AND HUNGARY

The slogan "The Land to the Peasants" was able to release such gigantic social energies because in this case the demand of the peasants to function as independent commodity producers was realised. The Russian peasant economy is only now at the outset of a development which the West

European peasantry has already experienced. In Hungary the peasant revolution was unable to develop. Large scale land ownership was placed under central state administration. Neither Russia nor Hungary hold any lessons for the workers' movements of the developed countries concerning Communist methods of regulation and control of the agrarian economy.

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#### Chapter XVII

##### THE AGRARIAN PROLETARIAT AND THE SMALL AND MIDDLE PEASANTS IN THE GERMAN REVOLUTION

The small and middle peasants were not the essential factor in the German Revolution. The agrarian proletariat on the large estates showed no desire for land distribution. Ideology is determined primarily by the level of economic, including technical, development. The semi-proletariat played a strong stimulating role in the German Revolution.

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#### Chapter XVIII

##### THE PEASANTS UNDER THE DICTATORSHIP OF THE PROLETARIAT

The peasants are persuaded by propaganda and economic compulsion to establish their own independent organisations for the purpose of implementing the Council system on the land. The computation of the reproduction time required for their products.

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#### Chapter XIX

##### EPILOGUE

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## CHAPTER 1

STATE COMMUNISM OR THE  
ASSOCIATION OF FREE AND EQUAL PRODUCERSState Communism<sup>1</sup>

The attempts made in Russia to construct a Communist society have introduced into the field of human practice a sphere which previously could be treated only in theory, at least as far as industrial production was concerned. Russia has attempted to order economic life according to the principles of Communism ... and in this has failed completely! The fact that wages no longer increase to correspond with the rising productivity of labour (see Henriette Roland-Holst in the Dutch Journal "Klassenstrijd" ("Class Struggle"), 1927, page 270) provides sufficient evidence of this. A greater degree of productivity achieved by the system of social production brings with it no commensurately greater share in the social product. This indicates that exploitation exists. Henriette Roland-Holst proves that the Russian worker today is a wage-worker. One may try to make light of the matter by referring to the fact that Russia is still an agrarian country in which private ownership of land exists, and that because of this the very basis of wage-labour necessarily imposes itself upon the whole economic foundation of social life. Whoever finds this explanation satisfactory may indeed be perceiving the economic foundations of present-day Russia in an objectively correct light, but in respect of the gigantic attempts of the Russians to implement a Communist economy he has nevertheless learned nothing. It is for this reason that doubts have arisen amongst many proletarians concerning the method which is being applied by the Russians, and which it is supposed will lead to the establishment of Communism. It is a well-known method, which in a few words may be summed up as follows: the working class expropriates the appropriators and places control over the means of production in the hands of the state, which then proceeds to organise the various branches of industry and places them as a state monopoly at the disposal of society.

In Russia matters developed in such a way that the proletariat was able to take command of the factories and to continue running them under its own management. The Communist Party, as the sovereign wielder of state power, then issued directives according to which the factories were to link together their Workers' Councils (Soviets) at communal, district and gubernial (county) level, in order to unite the whole of industrial life into one organic unit. In this way the productive apparatus was built up out of the vital energies alive in the working masses. It was an expression of the drive towards Communism which lived in the proletariat. All forces were directed towards the centralisation of production. The 3rd Congress of the All-Russian Economic Council took the decision:

"Centralised administration of the peoples' economy is the most certain means in the possession of the victorious proletariat for achieving the most rapid development of the productive forces throughout the whole country .. It is simultaneously the precondition for the socialist construction of the peoples' economy and for the incorporation of the smaller enterprises into the unified economic structure. Centralisation is the sole means for avoiding any tendency towards a fragmentation of the peoples' economy."

(A. Goldschmidt: "Die Wirtschaftsorganisation Sowjet-Russlands" ["The Economic Organisation of Soviet Russia"], p.43).

In just the same way as, at the commencement of this development, the essential element in the situation lay in the fact that control over and management of industrial production was in the hands of the masses, with an equally inexorable compulsion was it inevitable that at a later stage these powers would be transferred to the central administrative organs. If at first the directorates, communal councils, etc. were responsible to the masses of the workers, the producers, in the end they became subordinated to the central administration, which directed the whole. At the beginning: responsibility from below; at the end: responsibility from above. It

was in this way that in Russia a gigantic concentration of productive forces such as no other land on earth had ever attempted was carried through. Woe betide that proletariat which is compelled to take up struggle against such an apparatus of power! And in spite of all, this is the reality which has overtaken Russia! There can now be not the slightest doubt: the Russian worker is a wage worker, he is exploited! He will have to struggle for his wage against the mightiest state apparatus the world has ever known!

The fundamental point to which we would draw attention here is that, in the case of this form of Communism, the proletariat has no control over the productive apparatus. In the mere formal sense, it is the owner of the means of production, but it nevertheless has no right of disposal over them. Precisely what proportion of the total social stock of products the producer may receive in return for the work he has performed is determined by a central administration which, if everything proceeds according to plan, determines this on the basis of statistics. In reality, the decision as to whether or not exploitation should take place is vested in a central authority. Even in the case in which a benevolent administration is in command, which then distributes the products in an equitable way, it remains nevertheless an apparatus which has elevated itself over the producers. The question then becomes one as to whether this state of affairs has come to pass in Russia on account of the special conditions prevailing there, or whether in this case we have to do with a characteristic feature typical of each and every central administration concerned with production and distribution. Should the latter be the case, the possibility of establishing Communism would become problematical indeed!

#### Varying Opinions from the Camp of the Marxists

With the single exception of Marx, we find in the case of virtually all writers who have concerned themselves with the organisation of economic life in a Communist society the same principles being advocated as those which the Russians have applied in practice. In this, they base themselves upon the well-known dictum of Engels: "The proletariat

conquers state power and as its first act proclaims the means of production to be state property".<sup>2</sup> They then set about the task of centralisation and begin to construct organisations of a similar type to those which the Russians have called into being. Thus for instance write Rudolf Hilferding and Otto Neurath, names which could be extended by a whole series of other "experts":

"Exactly how, where, in what quantity and by what means new products will be produced out of the existing natural and man-made means of production .. is decided by the social commissariats of the socialist society at national or local level. It is they who mould with conscious intent the whole of economic life, utilising for this purpose all the instruments at the disposal of organised production and consumption statistics, in accordance with the needs of the communities as they, the social commissariats, have consciously represented and formulated them." (R. Hilferding: "Das Finanzkapital" ["Finance Capital", trans. T. Bottomore, p. 1 [German Ed.], page 28 [English Edition]]).

And Neurath expresses this even more clearly:

"The science of the Socialist economy recognises only one single economic master: society itself, which, without reckoning of profit or loss, without the circulation of any form of money, whether it be precious metals or 'labour money' reflecting an economic plan, organises production without the aid of any unit of accounting control and distributes the means of life according to Socialist principles." (O. Neurath: "Wirtschaftsplan und Naturalrechnung" ["Economic Plan and Accounting in Kind"], p. 84)

Anyone can see that they both arrive at the same kind of social structure as that erected by the Russians. Even if we assume that such structures are actually viable (a fact which we deny) and that the

central administration and the organs of social control would be willing or able to distribute the mass of products in an equitable way in accordance with the accepted differing standards of living - even then, and even if we assume that the myriad economic exchanges involved occur smoothly, the fact would still pertain that the producers have in reality no right of control over the productive apparatus. It becomes not an apparatus of the producers, but one placed over them.

Such a state of affairs can lead to nothing other than the forcible suppression of groups which, for whatever reason, come to adopt a position of opposition over and against the administration. *The central economic power is simultaneously the political power.* Every oppositional element which, in respect of either political or economic affairs, wishes to arrange matters differently to that willed by the central administration will be suppressed with all the means at the disposal of the all-powerful state apparatus. It is certainly not necessary to give concrete examples of this - they are already familiar enough. In this way the Association of Free and Equal Producers proclaimed by Marx becomes a prison-state such as mankind has never before experienced!

The Russians, no less than all the other theoretical schools, call themselves Marxists and of course proclaim their theory to be true Marxist Communism. In reality, however, it has nothing to do with Marx. It is bourgeois economics, a capitalist administration and control of production projected in Communist terms. The historical perspectives of the Bolshevik tendency are expressed in the fact that they have observed how, already under capitalism, the production process becomes subject to an ever greater degree of socialisation. The free producer of commodities is hemmed in on every side by trades unions, trusts, etc; production is indeed already "communist"!

"The overcoming of capitalist modes of thought as an incipient social phenomenon presumes the carrying through of an

all-embracing process. It is highly likely that Socialism will first of all establish itself as an economic order, so that Socialists will first be created through the Socialist order, and not, conversely, the Socialist order through the Socialists - a sequence which, furthermore, stands in complete harmony with the basic ideas of Marxism." (O. Neurath: *ibid.*, page 83).

Should it be the case that the economy has become "communist" in this way, it is then necessary only that the production relations be transformed in such a way that the means of production become state property, and then:

"...a socially planned regulation of production in accordance with the needs of the community and of each individual takes the place of the anarchy of social production."

(F. Engels: "Anti-Dühring", Part III; Foreign Languages Press, Peking, 1976; p.361).

On the basis of this plan-determined control they then construct their system further. In order to bring the plan to completion, it is necessary only to install a new management in charge of the capitalist production apparatus - and Communist society is there, ready made!

This perspective of Communism, according to which the proletariat only needs to place a new management in charge of production in order that, with the help of statistics, this will then arrange everything for the best in the best of all possible "communist" worlds, derives its basic origin in consciousness from the fact that the type of economist or sociologist, whose brainchild this is, is unable to conceive of the growth of planned production as an aspect of the development of the working masses themselves, but can conceive of it only as a process which they - the economic experts - are called upon to carry through and complete. Not the working masses, but they, the leaders, are destined to guide the bankrupt capitalist system of production into Communism. It is *they* who have the knowledge, *they* who think, organise and order. The sole role which the masses have to fulfil is to

endorse that which they in their wisdom have decided. Towering above the mass of working people stand the economic experts and leaders with their science, looked up to in reverence by the masses as the custodians of a temple of social marvels which remains closed to them. Science would then be the possession of the great men, from whom the light of the new society beams out. Needless to say, in this form of society, the producers have no control or administrative power whatever over production, so that the picture thereby painted represents a strange version indeed of Marx's concept of an Association of Free and Equal Producers.

All plans of this kind bear clearly the birthmarks bestowed on them by the period of history in which they have been born: in this case, *the epoch of development of the mechanical sciences*. The productive system is conceived as an intricate mechanism which functions through thousands and tens of thousands of gears and cog-wheels. The various parts of the productive process function integrally with one another in much the same way as do the separate yet interdependent partial functions of a production belt, like those to be found in a modern factory - for instance, Ford. Here and there stand the controllers of the production apparatus, who control the operation of the machines by means of their statistics.

These mechanical plans have their origin in a fundamental error, namely, the idea that Communism is primarily a matter of the ordering of organisational-technical processes. In reality, the fundamental question is an economic one: *how the basic relationship between producer and product is to be determined*. It is for this reason that we say, in respect of this mechanical conception, that it is necessary to find the foundation which will enable the producers themselves to construct the edifice of production. This act of construction is a process which proceeds from below upwards and not from above downwards. It is a process of concentration which is fulfilled by the producers themselves, and not in such a way as if manna from heaven were to fall upon them from above. If it is our wish to take the experience of the revolution to heart and to follow

the guidelines given us by Karl Marx, it is even now possible for us to make appreciable progress along this road.

### Nationalisation and Socialisation

Although Marx has left us no detailed description of Communist society, it is nevertheless well known that he adopted the viewpoint that this new mode of social production would be in essence an *Association of Free and Equal Producers*, and that this would come into being quite independently of the theories of the Social Democrats, or even the Communists. It is not the state which is conceived as being the leader and administrator of production and distribution, but far rather is it the producers and consumers themselves to whom these functions would fall.

The reformist school has in the course of years turned this theory completely upside down. The struggle for social reforms and the steady transformation of the various branches of industry into state or municipal enterprises meant for them a steady approach towards Communism. Wherever capitalist development had brought any particular branch of production to such degree of concentration that it could function as a unitary structure under central administration, then this would indicate that it was ripe for nationalisation. Where reformist Social Democracy conceived of realising Communism through a continuous and gradual process of nationalisation, the revolutionary Bolshevik tendency considered that a revolution was necessary in order to complete that process of nationalisation. *Thus the conception of the men from Moscow is based on fundamentally the same theoretical methods as that of the reformists.* During and after the revolution those industrial units which have become ripe for nationalisation will be operated through the state, whilst that part of the economy which is not yet sufficiently concentrated will remain in the hands of private capital.

The Russian Revolution proceeded fully according to this scheme. In the year 1917 the producers in

Russia began to expropriate the owning class throughout the whole economy, with the intention of ordering production and distribution according to Communist principles.<sup>3</sup> The process of expropriation began from below, to the great discomfort of those who wished to lead and administer the economy from above. It was in this way that the Russian economic administration returned to their former owners many factories which had been expropriated by the workers, because they were considered not yet sufficiently "mature" for Communist administration. The First All-Russian Congress of Economic Councils thereupon decreed the following decision:

"In the sphere of the organisation of production, it is necessary to introduce final measures of nationalisation. It is necessary to move forward from the implementation of nationalisation measures for separate enterprises (so far 304) to the consistent nationalisation of industry as a whole. *Nationalisation must not be a matter of occasional expediency, and must be carried out only by the Supreme Council of Peoples' Commissars, with authorisation by the All-Russian Congress of Economic Councils.*" (A. Goldschmidt: "Die Wirtschaftsorganisation Sowjet-Russlands" ["Economic Organisation in Soviet Russia"], page 42).

Here we see quite clearly the difference between nationalisation according to the Social Democratic ideal and Marx's conception of socialisation.

In this we also see the distinction between industrial enterprises which are considered already ripe for Communism and those which are not, a concept of which Marx apparently would never have dreamed. F. Oppenheimer has very correctly observed in the Symposium edited by H. Beck on "Methods and Aims of Socialisation":

"The illusion gains ground that the Marxist concept of "socialisation" is being promoted step by step through the widespread characterisation of nationalisation or municipalisation of individual industrial

enterprises as a form of socialisation. It is for this reason also that an otherwise incomprehensible and mysterious emphasis is placed upon so-called 'mature enterprises ...'. For Marx, however, Socialist society can become mature only as a whole. Separate industrial establishments or branches of such establishments can, according to him, just as little become 'mature' and 'ready for socialisation' as the separate organs of an embryo in the fourth month of pregnancy can become mature and be delivered to lead an independent existence."

(F. Oppenheimer, quoted by H. Beck: "Sammelbuch über 'Wege und Ziel der Sozialisierung' [Symposium on "Methods and Aims of Socialisation"], pp. 16-17.

"What then becomes apparent is that this nationalisation can lead only to the construction of state socialism, in which the state emerges as a single vast employer and exploiter."

(A. Pannekoek on "Socialisation", in "Die nieuwe Tijd" ["New Times"], 1919 page 534).

The aim however should be not to restrict the energies of the masses, who themselves carry out the process of socialisation, but to incorporate them as living cells into the whole organism of Communist economy - a development which, in its turn, becomes possible only if and when the appropriate general economic preconditions are present. The creators of use-values are then able themselves to integrate their factories into the overall sphere of social production, and so to determine the basis of the relationship of the producers to the social product.

The only writer who, as far as we know, tries to speak the truth on matters of this kind is the reformist H. Cunow. He says:

"In the last analysis, it is nevertheless Marx's intention, in opposition to the Cobden School, that a fixed control of the economic process should be applied. Not, however, through the state, but through the

unification of the free associations of the socialist society."

(H. Cunow: "Die marx'sche Geschichts-, Gesellschafts- und Staatstheorie", Band I ["The Marxist Theory of History, Society and the State", Vol. 1], page 30).

In the section on "The Negation of the State and State Socialism", Cunow shows us how German Social Democracy came to desert this standpoint only gradually. At the beginning the movement opposed those tendencies which wished to bring large undertakings such as railways and mines under state administration. One example will suffice. On page 340 of the above-mentioned work we read how, in an article, W. Liebknecht expounded the view:

"It is intended gradually to nationalise one industrial enterprise after another. In other words, to replace the private employers with the state, to continue capitalist industry, only with a different exploiter .. It (the state) appears as employer in the place of the private employers, and the workers gain nothing from all this, although indeed the state has strengthened its power and its means of oppression ... The more bourgeois society comes to realise that it cannot defend itself for ever against the tide of Socialist ideas, the more do we approach that moment at which state socialism is proclaimed in real earnest, and the last battle which Social Democracy has to fight out will be waged under the slogan: 'Forward to Social Democracy, forward to State Socialism!'"

(W. Liebknecht: "Staatssozialismus und revolutionäre Sozialdemokratie ["State Socialism and Revolutionary Social Democracy"] quoted by H. Cunow in "Die marx'sche Geschichts-, Gesellschafts- und Staatstheorie", Band I ["The Marxist Theory of History, Society and the State", Vol I], p.340).

Cunow then demonstrates that this standpoint was already abandoned before 1900, and in 1917 K. Renner declared: "The state will become the lever of Socialism" (See: "Marxism, War and the

International"). Cunow is in full agreement with this, but it remains to his credit that he makes it fully clear that all this has nothing to do with Marx. Cunow makes it a matter of complaint against Marx that he made so sharp a distinction between state and society, which in his view does not exist, or at least is no longer a valid concept.

With their practice of nationalisation according to "mature" industrial enterprises, such as has been implemented in Russia, the Bolsheviks have in reality given Marxism a slap in the face. Indeed, they have thereby transferred their allegiance to the social-democratic concept of the identity of state and society. In Russia, this practice is already making its results felt in the most oppressive way. Society does not hold control over the means of production and the production process. These are in the hands of the ruling clique, which appoints and administers everything "in the name of society" (Engels) ... . That is to say, they are in a position to suppress by hitherto unprecedented means each and every social group or individual attempting to oppose the new form of exploitation. Russia, which should have been an example of Communism, has by this means developed into the ideal of the social-democratic future.

We have dwelt at somewhat greater length upon this type of nationalisation in order to show that this has nothing in common with Marx, and that Marxism is in fact compromised thereby. It was especially after the experience of the Paris Commune that the view began to gain ground with Marx that the organisation of the economy *could not be realised through the state but only through a combination of the Free Associations of the Socialist society*. With the discovery of the precise forms by means of which the proletariat organises itself for revolutionary class struggle, for the conquest of economic and political power - the Workers' Councils - the historical foundations on the basis of which the society of freely associating producers must be historically constructed are brought to light and fully revealed for all to perceive and comprehend.

### The Average Social Hour of Labour as Expounded by Marx and Engels

Marx therefore took his stand upon the concept of the "Association of Free and Equal Producers". This Association, however, has nothing in the least to do with the vague concepts of "mutual aid" which are currently circulating, but has a very material basis. *That basis is the computation of the labour-time which is necessary in order to produce use-values.* As will be demonstrated in the course of this text, this has nothing to do with value. That this was also consistent with Engels' viewpoint can be seen from the following:

"Society will be able to calculate in a simple way how many hours of labour are contained in a steam-engine, a bushel of the last crop of wheat, or a hundred square yards of cloth of a specific quality. It could therefore never occur to it to go on expressing the quantities of labour put into the products, quantities which it will then know directly and absolutely, in yet a third product, in a measure which, moreover, is only relative, fluctuating and inadequate, though it was formerly unavoidable as an expedient, rather than express them in their natural, adequate and absolute measure: *time*."

... Hence, on the above assumptions, society will not assign values to products".

(F. Engels: "Anti-Dühring"; Foreign Languages Press, Peking; 1976; p.402.)

Marx also very clearly indicates the labour-hour as the unit of computation. In his well-known discussion of "Robinson on his Island" he says of this island inhabitant:

"Necessity itself compels him to divide his time with precision between his different functions. Whether one function occupies a greater space in his total activity than another depends on the magnitude of the difficulties to be overcome in attaining the useful effect aimed at. Our friend Robinson Crusoe learns this by experience, and having saved a watch, ledger, ink and pen from the shipwreck, he soon begins, like a good Englishman, to keep a set of books.

His stock-book contains a catalogue of the useful objects he possesses, of the various operations necessary for their production, and finally, of the labour-time that specific quantities of these products have on average cost him. All the relations between Robinson and these objects that form his self-created wealth are here so simple and transparent that even Mr. Sedley Taylor could understand them."

(K.Marx: "Capital", Vol.I; Penguin Books; p.170).

"Let us finally imagine, for a change, an association of free men, working with the means of production held in common, and expending their many different forms of labour-power in full self-awareness as one single social labour force. All the characteristics of Robinson's labour are repeated here, but with the difference that they are social instead of individual."

(K. Marx: *ibid.* p.171)

We see here that Marx, in his "Association of Freely Associating Producers", conceives in exactly the same way of a computation of production time, and indeed on the selfsame basis of the labour-hour. Where, however, Marx has set his freely associating producers in place of Robinson, we now see that we can just as readily place the system of social book-keeping which Communism places at society's disposal, to arrive at the following paraphrase of Marx's text:

"Its stock-book contains a catalogue of the useful objects it possesses, of the various operations necessary for their production, and finally, of the labour-time that specific quantities of these products have on average cost it. All the relations between the members of society and the objects that form their self-created wealth are here so simple and transparent that anyone could understand them."

Marx assumes this system of social book-keeping to be in general applicable to a production process in which labour is social; that is to say, it is equally applicable whether Communism is still at an early stage of its development, or whether the

principle "From each according to his Abilities, to each according to his Needs" (the Higher Stage of Communism) has already been achieved. In other words: the organisation of economic life may in the course of the various periods of development move through various stages, *but the stable basis for all of them nevertheless remains the unit of average social labour-time.*

That Marx did indeed understand the matter thus is for instance apparent from the fact that he is at pains to demonstrate with especial emphasis that distribution can assume various forms. Neurath infers from this that Marx has posed the question in such a way as to suggest that we have a free choice as to *how* the products are to be distributed. A strange error indeed for such a "Marx expert", who surely must know that Marx knows nothing of freedom in this matter, but only of functionally derived organic necessity. Freedom of choice in respect of a system of distribution is circumscribed within the limits set by the structure imposed through the system of production. Nevertheless, this is subject to certain modifications which will be discussed later.

"All Robinson's products were exclusively the result of his own personal labour and they were therefore directly objects of utility for him personally. The total product of our imagined association is a social product. One part of this product serves as fresh means of production and remains social. But another part is consumed by the members of the association as means of subsistence. This part must therefore be divided amongst them. The way this division is made will vary with the particular kind of social organisation of production and the corresponding level of social development attained by the producers."

(K.Marx: "Capital", Vol.I; Penguin Books; p.172).

If, taking this as his basis, Marx was very well able to provide the fundamental category determining, in a Communist society, the method of economic regulation and accounting control applicable in the sphere of production, in the case of the sphere of distribution he demonstrates this purely by way of example. Thus he writes further:

"We shall assume, but only for the sake of a parallel with the production of commodities, that the share of each individual producer in the means of subsistence is determined by his labour-time. Labour-time would in that case play a double part. Its apportionment in accordance with a definite social plan maintains the correct proportion between the different functions of labour and the various needs of the associations. On the other hand, labour-time also serves as a measure of the part taken by each individual in the common labour, and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, both towards their labour and the products of their labour, are here transparent in their simplicity, in production as well as in distribution."

(K.Marx: (ibid., p.172).

Marx also reveals elsewhere in his text that he conceives labour-time to be the basic category of the Communist economy:

"With collective production, money-capital is completely dispensed with. The society distributes labour-power and means of production between the various branches of industry. There is no reason why the producers should not receive paper tokens permitting them to withdraw an amount corresponding to their labour time from the social consumption stocks. But these tokens are not money. They do not circulate."

(K.Marx: "Capital", Vol.II, Pt. III, Chap. XVIII; Penguin Books, p.434).

If it is individual labour-time which is to serve as the measure for the product to be individually consumed, then the mass of products must also be measured according to the same yardstick. In other words, the products must have impressed upon them how much human labour-power, measured in time, how many average social hours of labour, they contain. This assumes, however, that the other categories of production (means of production, raw and auxiliary materials, etc.) have been measured

according to the same scale, so that the entire system of accounting control for production in the separate industrial establishments must be based upon the average social hour of labour. Then one can indeed with all justice declare: "The social relations of human beings towards one another, both as regards their labour and the products of their labour, remain here simple and clearly understood, in production as well as in distribution."

Thus we can see that Neurath is in error when he assumes that production and distribution have so little connection with one another that we can have a "free choice". Quite the contrary! If Marx adopts individual labour-time as the measure determining the individual's share in the product, then by this means he simultaneously lays the basis for the relationship between producer and product, according to which the foundations of production are also determined.

Let us now return to the question as to whether or not a system of planned use-value production, such as would be expressed in an organically integrated economic apparatus, of necessity must lead to a system which raises itself as an alien force over the producers. We say: "No! In a society in which the relation of the producers to the social product is directly expressed, this danger does not exist. In every other social formation in which this principle does not pertain, the system of production must finally and inevitably develop into an apparatus of oppression."

#### Towards the Association of Free and Equal Producers

In the form of its system of production, mankind has created an organism designed to satisfy the needs of tens of thousands of human beings. In the course of their production, we use up both our own labour-power and the production system itself. Seen from this point of view, the process of production is simultaneously a process of destruction, a process of the using up of resources; nevertheless, through this very process of destruction we continuously create new use-values. That which has been consumed is born again in the same process. Machines, tools, our own labour-power, are simultaneously renewed in

this process, are produced anew, or *reproduced*. It is an unrelenting stream of reformed human energy, energy changed from one form into another. Each specific form is crystallised human energy, which we can measure according to the time during which labour is expended in order to create it.

The same yardstick applies to that part of the production process in which no physical products whatever are created, such as for instance education, the health service, etc. Here also means of production and labour-power are expended, in which cases the product simply takes the form of the instruction received, the care given to the sick, etc. Distribution takes place directly in and through production itself, and the expended energies flow in their new form directly into society. Because of the fact that we are able to measure these energies in time, a fully exact relation between producer and product is established. The relation of each individual producer to each specific social product is in this way rendered wholly and clearly perceivable.

In the case of the organisation of production according to the schemes of Neurath or Hilferding, or as it is implemented in Russia, this relationship is, on the contrary, *completely concealed*. Here it is a process veiled in mystery, and the producers themselves certainly know even less about it than the state administrators. In this case, therefore, a definite proportion of the social product must be allocated to the producers by a superior authority, and the former must await trustfully that which they are to receive. This is how matters proceed in Russia. Although productivity may rise, although the mass of social products may increase, the producer nevertheless receives no increase in his share - that is to say, he is exploited.

What should the producers undertake against this? Nothing? Yes indeed, they must take up once again the cause of struggle against the exploiter, against those who hold control over the system of production in their hands! One may attempt to place "better leaders" in power, although this of course does not lead to the removal of the causes of

exploitation. In the final analysis, there remains no other road forward than that of reconstructing the entire system of production in such a way that the exact relationship of the producer to the products fashioned by his labour becomes the foundation of the social system of production. In such a system, however, the tasks of the leaders and administrators in respect of the allocation of the products is also eliminated. *There remains nothing to allocate*. The share in the social product is determined directly. Labour-time serves as the measure for determining the proportion of the total product to be individually consumed.

The question as to whether or not the proletariat, in the course of a Communist transformation of society, succeeds in establishing this relationship between producer and product is in the final instance a question of *social power*. It is on this basis, and this basis alone, that planned production is possible. The separate industrial units, and indeed whole industries, can then be integrated both horizontally and vertically into a single planned whole, whilst all sections compute quite autonomously their share in the total accounting of labour-time used up in its various forms, these being essentially: wear and tear on machinery, consumption of raw and auxiliary materials and expenditure of labour. This fundamental ordering and organisation of Communist production can, and indeed *must*, be brought into being by the producers themselves, can indeed be established *by them alone*. The Association of Free and Equal Producers then becomes an absolute necessity. The system of interlocking relations and mutual interdependence grows from below, precisely because the producers themselves, in their own right, have control over administration and management. Now the necessary scope has been created to allow for the initiative of the producers themselves to be expressed, who are thereby able to create the moving and developing forms needed by social life in all their thousandfold forms.

*It is the proletariat itself which lays in place the foundation-stone cementing the basic relationship between producers and the product of their labour.*

*This and this alone is the key question of the proletarian revolution.* In just the same way as the feudal serf struggled in the bourgeois revolution for his piece of land and for the full right of disposal over the fruits of his labour, in the same way the proletariat now struggles for control of the factories and other industrial establishments and for full right of disposal over production - an outcome which is only possible if the fundamental relationship between producer and product has been fought out to its final conclusion in a new social legality. The decisive question at issue here is precisely that of the place the proletariat is to win for itself in society; the question as to whether, along with the right to labour in the work-places, the right of disposal over the products of those work-places is also achieved; or, on the contrary, whether the proletariat is once again to be pronounced incapable of discharging responsibility, and leaders, experts and scientists are to be entrusted with that right of disposal. In the final instance, this struggle will be fought out against those who believe that they are destined, after the revolution, to assume responsibility on behalf of the proletariat. It is for this reason that the cooperation of such people is only appropriate if the foundations of Communist production have first been laid. It is on this basis alone that their skills may work for society, whereas otherwise they can develop only into a new ruling caste

The dictatorship of the proletariat expresses itself in the two forms of Communism in completely different ways. Under state communism, it suppresses everything which opposes the ruling administration, until all branches of production have become sufficiently "mature" as to be integrated by their respective supreme management bodies into the general structure of power and administration. In the case of the "Association of Free and Equal Producers" the dictatorship serves the purpose of introducing and carrying through the new system of production accounting and regulation on the basis of average social labour-time as the general foundation of all production, and in order to create the basis on which the free producers themselves may control production and administer it. In the case of state communism, on

the other hand, the general conditions are such as will create the strongest possible machinery of suppression under the control of a central apparatus. In the case of the system of freely associating producers, it functions so as to bring to life and to promote those very forces through which it itself as a dictatorship progressively loses power, in order finally to make itself superfluous; *the dictatorship of the proletariat itself works so as to bring about its own demise at the earliest possible historical moment.*

Without concerning ourselves further with state communism, we should far rather now proceed to examine how it comes about that any "reasonable" person at this present historical juncture may still embrace and adhere to the "naive" conception of Marx (who is supposed to have derived this out of the liberal-anarchist tendencies of his time (see H. Cunow: "Die marx'sche Geschichts-, Gesellschafts- und Staatstheorie", Band I, ["The Marxist Theory of History, Society and the State", Vol. I], p. 309) which held that the regulation of economic life should come about "not through the state, but through a union of the Free Associations of the Socialist society", and in which the fundamental category of economic life should be the average social hour of labour. Indeed, over and above all this, it is necessary to take steps to ensure that this "naive" conception of Marx is shown to be *the sole possible foundation upon which Communism might be achieved.* To pose the question in this way means simultaneously to declare that this conception was not in the first place born behind a writing-desk, but was itself the product of a seething, developing revolutionary life-activity.

So far as it is possible for us to look back upon events in review, we may count three decisive moments which marked our disillusionment with the sychophantic hymns chanted by the "communist economists". The first was the spontaneous development and functioning of the Soviet system; the second the disarming of the Soviets by the Russian state apparatus; and the third and final moment of disillusionment the growth of state-administered production into a new, hitherto unknown form of rule

over the whole of society. These facts compelled us to undertake a closer examination, an examination which revealed that state communism, in both theory and practice, has absolutely nothing in common with Marxism. At the same time as social life itself, through its definitive expression, social practice, has, in the form of the Workers' Councils, the Soviet system, impelled Marx's concept of the Association of Free and Equal Producers into the forefront of history, that same social life, with its objective criticism of theory and practice, has simultaneously given the actual power in society to state communism.

## CHAPTER II

### THE PROGRESS ACHIEVED HITHERTO IN DEFINING THE PROBLEM

#### The Disciples of Marx

A survey of the literature of Socialism or Communism, otherwise so rich, shows us that only an extremely meagre body of work has been written concerning the economic foundations of that form of society which it is intended should replace capitalism. With Marx we find the classical analysis of the capitalist mode of production, which concludes with the statement that, through the development of the productive forces, mankind has placed before it the choice either to abolish private ownership in means of production, in order then to continue production on the basis of social ownership, or - to sink into barbarism. This great scientific achievement lifted Socialism out of the realm of utopia and placed it on the firm ground of scientific thought. Concerning the economic foundations of Communism, however, Marx gave us only a few signposts showing us by what means they could be laid. In this connection it is his "Marginal Notes", known as the "Critique of the Gotha Programme",<sup>1</sup> which are especially significant. This wish not to treat of the question at any greater length, to give us only a few pointers, does not however represent any kind of fault in the body of Marxist theory, for to have unfolded these questions for full examination would in his time almost certainly have been premature. Such a beginning would almost certainly have ended in utopia, and it was for this reason that Marx himself warned against it. And so this problem has become to some extent a fruit from the tree of forbidden knowledge, and this it has remained to some extent even to this day, in spite of the fact that the Russian Revolution has proved that it is precisely at this historical juncture that it must be solved.

In addition to defining the general foundations of the new system of production, Marx also indicated the method of social regulation and accounting