The Workers Councils as Organisational Foundation of Communist Production
Published in 1930 by the Gruppe Internationaler Kommunisten, the remnants of the Allgemeine Arbeiter Union Deutschlands (AAUD). A fascinating analysis of the Russian Revolution, showing a deep insight into the nature of social democracy and bolshevism as the midwives of state capitalism. Followed by an interesting discussion of the possible methods of organising production and distribution in a communist society. Nonetheless, it falls down in hinting at distribution based on labour time vouchers, a theory which fails to take into account the potentials of production available today (and indeed in the 1930s) and the problems of inequality that this would cause.
The Workers Councils as Organisational Foundation of Communist Production

IN OUR WORK 'Fundamental Principles of Communist Production and Distribution', the establishment of a Communist society is viewed from a quite different aspect from that which has previously been customary in the working class movement. To a certain degree it was the course of development taken by the Russian Revolution which was the causal premise, placing firmly on the agenda the necessity to carry through a closer examination of the problems of communist economic life.

It is only necessary to read the Russian 'Factory Decrees' to recognise that the workers there have no influence whatsoever upon the course of economic life, which inevitably leads to the conclusion that the right of disposal over the productive apparatus lies in the hands of subjectively motivated administrators and managers, and that the workers under Russian state communism have remained wage workers. In addition, one would have to be blind not to see that the profit motive is the foundation of Russian production, just as everywhere else in the capitalist world, that production is not
organised to ensure the satisfaction of the needs of the producers.

A further reason compelling us to make a closer examination of this matter lies in the new situation which has arisen in respect of agrarian production. In our work: 'Perspectives of Development in Agriculture', we have shown that agrarian production is now completely 'socialised' - that the peasant economy has now been transformed completely into 'industrial production', but that the agrarian question nevertheless remains the great barrier which would render impossible any attempt to implement those forms of 'socialism' or 'communism' which reflect the conventionally prevalent conception of those societies. Agricultural production is organically unamenable to integration into the 'communist economy' ie. into the state administration. From this we draw the conclusion that the entire conception of this form of 'communism' MUST BE FALSE.

The third and perhaps the weightiest reason making it necessary to carry out an examination of the problems of Communist production lay in the fact that the working class during the period of the revolution needed other forms of organisation than those which were prevalent in the working class movement during the period of peaceful 'improvement of working conditions'. The
organisational structure of the revolutionary workers' movement then finds its definitive form in the Factory Organisations and Workers' Councils.

However, there exists a close association between the organisational structure of a movement and the various idea-systems through which that movement expresses itself in terms of consciously motivated social practice. This interconnection is so profound that it is possible to define the various organisational structures as functional instruments serving the idea-systems through which the working class movement is defined in conscious terms. The organisational structures adopted by the various tendencies within the proletarian movement then develop along parallel courses alongside the differing idea-systems through which the particular modes of construction of the Communist society then prevalent, are conceptually expressed. If at the same time we also perceive the emergence of structural changes in the PRACTICE of the class struggle, this may be taken as a sure indication that important changes in the sphere of the various idea-systems have taken place which, even at that very moment, are seeking in this way to find their appropriate organisational expression.

IN REVOLUTIONARY periods important changes in the realm of ideas take place which develop with an
otherwise unknown rapidity. The motivation underlying the workers' struggles is completely transformed and becomes fully radicalised. One of the most important lessons to be learned from the revolutionary period 1917-23 is that the idea-concepts which then underwent transformation acquired a totally different organisational expression from those adopted by the old workers movement. The most violent struggle then comes to be enjoined against that old movement, extending even to bloody conflicts, and all for the reason that these older organisations have opposed themselves to the new aims adopted by the now radicalised workers and their new movements, which in their turn reflect the newly-formed systems of ideas. The Factory Organisations and Workers' Councils are the organisational weapons by means of which the workers carry through the revolution.

THE IMPORTANCE that was ascribed to the concept of Workers' Councils at the beginning of the revolutionary period is revealed in, for instance, a survey prepared by D J Struik on the occasion of the Resolution on Workers' Councils adopted at that time by the Communist Party of Holland
We read there,

'Nothing reveals more clearly the progress we have achieved in our understanding of the laws of the social revolution than does our Declaration concerning the Council system. A mere two years ago, this declaration would have been quite impossible: and if we return to just three years ago, even the clearest minds then at work in the International would have had virtually nothing to say about the significance of the Councils in the form in which we now see them.'


It will be a difficult task to find opinions expressive of this kind of spirit anywhere in the pre-war literature. Up to the time of the February revolution of 1917 statements were everywhere restricted to a simple declaration of the changes which were considered necessary in the political and economic forms through which the revolution was expected to express itself. Any more exact indication than this was, so far as we know, not attempted, at least not on this side of the Welchsel. [That is in the Social democratic movement of the time. The river Welchsel in the German mind of the time marked the 'East' or limit of European settlement. - publishers note.] In the whole of her pamphlet on the
'Mass Strike', Rosa Luxemburg writes only once in passing concerning the Council of Workers' Delegates of 1905.

In his book on the First Russian Revolution, Trotsky writes at length concerning the history, the significance and the power of this first Workers' Council, but he does not concern himself in any similar depth with an examination of the Council System as such. And even in the Marxist publications which appeared during the first half of the World War, in for instance 'Der Vorbote' [The Harbinger], 'Der Lichtstrahl' [Ray of Light] etc. any reference whatever to the Petrograd Soviet of 1905 is wholly absent.

The fact that, a short while after the outbreak of the February Revolution of 1917, the Soviet concept began to acquire such a firm foothold and a widespread acceptance is exclusively the outcome of the revolutionary praxis underlying the revolution itself. If ever the well known dictum of Mehring; 'Die Intuition der handelden Massen genialer sein kann denn das grosste Genie' [The intuition of the masses in action can have more of genius in it than the work of the greatest individual genius] has received confirmation, then it has been in this case.
The highest and most positive quality that the revolutionary period of 1917-23 has given us consists in the fact that it has enabled us to see the forms which the proletarian revolution must assume in order to complete itself, whilst at the same time it has brought to light the world view which is the expression of the new forms of class struggle in the sphere of ideas. The seizure of control over the social apparatus of production is carried out by the Factory Organisations and, most definitively, by the organs brought into being through their combination, the Workers' Councils. For this reason, any examination of the problems associated with Communist production and distribution must proceed on the foundation of these new organs of proletarian power and the idea-world which has arisen on that foundation.

'Die Arbeiter rate werden einmal das Wesen
Der ganzen Menschheit auf Erden
So als in Blumen in einer grossen Garbe
Das hochste Sonnenlicht zusammen gelesen.

Sie sind das Hochste des Allgemein-Seins
Sie sind das Verwerfen des Allein-Seins,
Darin jeder Mann, Frau und zartes Kind
Allein sein einzig Ziel, die Menschheit find't.

Die Arbeiter rate sind darum wie das Licht
Sie sind der Friede, die Ruhe und das Heil,
The Marxist Definition of the Fundamental Social Preconditions determining the Domination of the Working Class

IN ADDITION TO the role of the Factory Organisations, we have as the second point of the commencement for the fundamental principles of the Communist economic system, the Marxist definition of the social preconditions underlying the domination and exploitation of the working class. We are concerned here in the first instance not with repeating as many quotations from Marx as possible, but with the clearest possible elucidation of the general line of thought, the essential theoretical foundations of his analysis.

The foundations upon which the domination and exploitation of the working class take place are in their essentials EXTREMELY SIMPLE: they are comprised in the simple fact that the workers are separated from control...
over the means of production. The capitalist is the owner of the means of production - the workers possess only their labour power: the capitalist holds in his possession the conditions under which the workers must labour. This places the workers in an economic situation in which they are without any rights or power whatsoever, and this is so even if political democracy has been developed to the highest point of perfection. They are totally dependent upon capital. Along with its right to control over the means of production, the owning class has simultaneously the right of disposal over labour power: that is to say it dominates and rules over the working class. Expressed as succinctly as possible, this means that,'THE RIGHT OF DISPOSAL OVER THE MEANS OF PRODUCTION EXERCISED BY THE RULING CLASS PLACES THE WORKING CLASS IN A RELATIONSHIP OF DEPENDENCE UPON CAPITAL.

The Essential Factors

THE FACT THAT the working class is separated from control of the means of production includes within itself the fact that they also have no control over the finished product of their labour. The workers have no connection whatever with the articles their labour has produced; they do not belong to them but to their 'master'. What
takes place after that is not their concern; their role is solely to sell their labour-power and then to exert it on behalf of the capitalist, and to receive in exchange their wages: they are WAGE WORKERS.

Given the essentials of this situation, this could not be otherwise. Control over the productive apparatus includes the right of disposal over the finished product. They are merely two different sides of the same relationship - they are functionally interdependent, the one cannot exist without the other, the one can only exist through the other. Because the workers do not have any right of control over the productive apparatus, for that reason they also have no right of disposal over the finished product; this is the fundamental means through which the form of domination over the workers is exercised, it is fundamentally from this cause that they are forced to become wage workers.

WAGE LABOUR is the expression of the fact that labour is separated from the product of labour, that the workers have no rights either over the products of their labour or over the productive apparatus. The existence of wage labour is the certain sign of the absence of any responsibility on the part of the working class for or over the production process, a certain sign that they are ruled
over by those who do hold the right of disposal over the social apparatus of production and the social product.

However simple the foundations of the system of rule over the working class may be, the foundations for the elimination of wage slavery are just as simple - even if their practical implementation is by no means so easy.


That is the FIRST ESSENTIAL foundation of Communist production.

It is no longer possible, of course, that this can happen in the same simple way as once the craft worker obtained his rights over his tools and the product of his labour. Present day society knows nothing of the individual, self-sufficient labourer; it has long since gone over to social production, to a fully socialised labour process, in which each individual is only a tiny cog in a gigantic machine. It is for this reason that the workers today must hold possession of the means of production SOCIALEY. Social
ownership, however, which does not at the same time include the right of control over production, has failed in its purpose. Socialised forms of control are not an end in themselves, but only the means for realising this right of control over the means of production for the workers - a means of eliminating the separation of labour from the product of labour, a means of enabling the abolition of wage labour to be accomplished.

The Confusion of Aims with Means

IT IS HERE that we discover the weak spot in the present day labour movement. The aim is proclaimed of bringing the means of production into common ownership, and it apparently occurs to no-one that this cannot in fact be any aim at all; no-one even suspects the fact that, with the transformation of society into 'common ownership', the problem of how a new mode of production comes to be established IS FIRST POSED. The working class lives under the false illusion that Communism will somehow happen 'of itself', simply as a result of the elimination of private property in the means of production. But the assumption that wage labour must necessarily disappear when this is achieved is false.

THE REAL STRATEGIC AIM OF PROLETARIAN POWER can only be the conquest by the workers of the right of
control over the means of production, and therewith also over the product of their labour. By this means, they simultaneously eliminate the entire basis for wage labour. Only by this means does the working class become 'free'. The socially exercised right of disposal over production by the FREE PRODUCERS - that is the foundation of Communist society.

However, having once won control over the means of production, the free producers cannot dispose of these means arbitrarily, just as they wish, as do the 'free proprietors' under capitalism, the factory owners or 'captains of industry'. So soon as that power of disposal becomes arbitrary, a socially exercised right of control becomes impossible. The first precondition for ensuring that the right of disposal over the productive apparatus is socially implemented resides in ensuring that production is carried out according to generally valid principles, principles upon which all social labour must be founded. Only then are decisions and actions possible which are socially arrived at. To achieve this, the free producers must create EQUAL CONDITIONS OF PRODUCTION FOR ALL PRODUCERS. So soon as this is achieved, production rests on the same foundation throughout the whole of society. THE FREE PRODUCERS therewith simultaneously become EQUAL PRODUCERS. In this way the industrial
organisations in their combinations of the most varied kind come to embody 'THE ASSOCIATION OF FREE AND EQUAL PRODUCERS'.

Seen from this viewpoint, the demand for equality is seen to arise, not in any way from any 'ethical' or 'moral' foundation, but far rather to have been born out of the NECESSARY CONDITIONS of production peculiar to Communist economic life itself. Here 'equality' is seen to be no ethical concept but an ECONOMIC one. It seeks to give expression to nothing other than that production in all the industrial organisations proceeds according to the same laws, in order that a social right of disposal over the productive apparatus may be made possible. The securing of these laws for the whole of production as a binding obligation: THAT IS THE ESSENTIAL TASK OF A PROLETARIAN REVOLUTION.

Thus we see that the moral demand for equality, which is a central demand we place upon Communism and which is simultaneously the precondition for the full unfolding of individuality, has its foundation in EQUALITY OF PRODUCTION.

The Social Democratic Revision of Marxism
SOCIAL LABOUR ITSELF AND THE ORGANISATIONAL FORMS WHICH ENABLE CAPITAL TO RULE OVER THAT LABOUR BECOME CONFUSED WITH ONE ANOTHER

Both the reformist and the radical [Bolshevik] wings of Social Democracy have carried out a revision of Marxist science in precisely this decisive question of the 'Association of Free and Equal Producers'. In the Marxist sense, the socialisation of the labour process is nothing other than the necessary outcome of the fact that commodity production becomes, in the course of social development, the dominant mode of production. Wider and wider circles of producers come to work exclusively for the market. Each produces what he himself does not consume - the product so produced is destined for others; as a result of this, each individual performs social labour, each labours for society. It is capitalism itself which is the great revolutionary, which in the course of its development tears the producers from their old and accustomed mode of production and places them at the service of capital by precipitating them into a labour process which uproots the old, obsolete labour conditions and destroys each and every relationship to the person or family. Capitalism has reduced all to a condition in which each individual, stripped of all property, possesses nothing but his naked labour power,
and so is compelled to participate in the socialised labour process.

Social Democracy has understood [and still understands] by this process of socialisation of production something quite different. It saw the continuous advance of social production only in the continuing growth in the formation of trusts, syndicates and cartels. It perceived socialisation only in the form in which the social means of production are organised. In reality this is nothing other than the FORM in and through which the right of disposal, exercised by both the private and the collective capitalist interests over the means of production - over socialised labour and over the social product - IS ORGANISED AND CONCENTRATED.

Social Democracy confuses the specifically capitalist FORMS through which the domination over social labour is established with the SUBSTANCE of that social labour itself.

It is little wonder that, given such a confusion of concepts, the understanding of Socialism should also assume a quite different content from that which follows from the Marxist method of cognising social reality. In the case of both the radical wing of Social Democracy as also in that of its reformist twin, it is the vertical trust -
the capitalist form of combination which structures the organisations of production in one single combine from the procurement of raw materials right up to the finished product - which is seen as the ideal condition for the Communist mode of production also:

'The entire people's economy is organised according to the example of the Post Office . . . . . That is our first task.'

[VI Lenin 'State and Revolution', Foreign Languages Publishing House, Moscow p 169]

What is obviously being dangled before the eyes of the working class here is the illusory vision of a road, purportedly leading to socialism, which projects a perspective in which that class, as the FIRST step, conquers POLITICAL POWER, in this way gains control over the STATE, AND ONLY THEN, AND BY THIS MEANS ALONE, acquires control over the central apparatus of production originally created under the auspices of capital itself.

Thus the well known 'left' Marxist, Parvus explains:

'How easily the transition from large scale industry to state production may be carried through.'

[Parvus: 'Der Staat, die Industrie und der Socialismus,' p 112]
We find the same thing with Rudolf Hilferding. He states,

'This means nothing other than that our generation has had placed before it the problem of transforming, with the help of the State, with the help of consciously applied methods of social regulation, the present-day economy organised and led by the capitalists into an economy administered through the democratic state.'

[R Hilferding; 'Die Aufgaben der Sozialdemokratie in der Republik' - p 6]

THIS IS THE general view of Communist production which we encounter amongst all shades of opinion within Social Democracy. The differences between these various schools only appear as significant when the question as to the methods to be adopted, the tactics to be pursued in order to achieve this social aim, are raised for discussion and decision. The reformist wing of Social Democracy attempts to reach its goal via the road of universal suffrage, by utilising bourgeois democracy. It seeks to 'conquer the one self-same bourgeois capitalist state, and through its agency to overcome the organisation of capital. The real situation, of course, is that the State, even with the Social Democrats in the government, is subdued and placed yet more firmly under the control of the organisation of capital.
The radical wing of Social Democracy, the Bolshevik Party, decisively opposes this policy. It propagates the destruction of the bourgeois state in a revolution and the formation of a new political power, the political organisation or party of the working class - the state of the proletarian dictatorship. Through the agency of this state and as the consequence of a revolutionary development, a centralised economic organisation is to be created [following the example of the capitalist trusts], into which industries and industrial organisation are adopted as soon as they are 'mature' enough. In other words: those branches of industry which, as a result of capitalist development, have achieved a sufficient degree of concentration as to merit inclusion in the state administration are destined to undergo 'nationalisation'.

**Nationalisation and Socialisation**

ALTHOUGH Marx has not drawn a picture of Communist economic life in any detail, there can be no doubt but that, according to his view, the regulation of production would come about,

'not through the state, but through the combination of the free association of the socialist society.'
In this conception, management and administration of production should be the direct responsibility of the producer-consumers themselves, and should not be organised through the state. The equating of state with society is a discovery of later years. This view does, of course, contradict that expressed in the 'Communist Manifesto', which in this respect may be understood as a work still at the conceptual stage of state capitalism. It was, however, precisely the revolutions of 1848 and the Paris Commune of 1871 which formed the seed-bed of experience from the soil of which the new outlook grew and developed.

Engels also, in his 'Anti-Dühring', expressed himself in opposition to state socialism, where he writes,

'But neither conversion into joint-stock companies nor conversion into state property deprives the productive forces of their character as capital. . . . The modern state, whatever its form, is an essentially capitalist machine, the state of the capitalists, the ideal aggregate capitalist. The more productive forces it takes over into its possession, the more it becomes a real aggregate capitalist, the more citizens it exploits. The workers remain wage workers, proletarians. The capitalist
relationship is not abolished, rather it is pushed to the limit. . . . State ownership of the productive forces is not the solution of the conflict . . . This solution can only consist in actually recognising the social nature of the modern productive forces, and in therefore bringing the mode of production, appropriation and exchange into harmony with the social character of the means of production. This can only be brought about by society's openly and straightforwardly taking possession of the productive forces, which have outgrown all guidance other than that of society itself . . . ' 

[F Engels: 'Anti-Dühring'; Foreign Languages Press, Peking;1976 pp 360-1]

It then followed that, in the course of the years 1880 - 1890, this standpoint of Marx and Engels came to be adopted by Social Democracy as a whole. For instance, Wilhelm Liebknecht stated in a speech which he gave on the occasion of the attempted incorporation of the railways, mines and other large scale industries into the state administration: 

'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 employer . . . 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 will be waged under the slogan: Forward to Social Democracy, forward to State Socialism!

[W Liebknecht: 'Staatssocialismus und revolutionare Sozialdemokratie' quoted by H Cunow in: 'Die marx'sche Gesichts-, Gesellschafts- und Staatstheorie,' Band 1, P 340]

Cunow remarks in this connection:

'Following this cue, the Party Congress has also declared itself against nationalisation; for Social Democracy and state socialism are 'irreconcilable opposites'. [ibid p 340]

It was approximately at the turn of the century that this classic standpoint was abandoned, and in its place nationalisation, or the incorporation of industrial establishments into state industry, was presented as a gradual development towards Socialism. In the terminology of Social Democracy, such establishments were then termed 'establishments under common
ownership', even though the producers have nothing whatever to do with their administration and management.

**The Problem Posed by the Russian Revolution**

The Russian Revolution has provided us with a practical example of the implementation of the theory of state socialism. The Bolsheviks have never conducted any propaganda to the effect that the workers should occupy the factories, in order that these should then continue to function under the administration of the workers themselves. The expropriation of the factory owners was for them never a matter for the factory workers, but one for the new STATE POWER. The role played by the workers was restricted solely to that of destroying the state apparatus of the bourgeoisie and in this way of hoisting the Bolsheviks into command of the new state. The gradual introduction of 'communism' then became the responsibility of the new state, which had as its programme the nationalisation of those establishments 'mature' enough for the central state administration.

THIS MEANT, however, that the Bolsheviks found themselves almost immediately embroiled in
contradictions with the masses of workers. On the 7th of November 1917 the Bolsheviks assumed control of the government, and already on the 14th of November a 'Decree on Workers' Control' was promulgated, in which certain general powers of control over production were vested in the Works Councils, but in which it was also expressly laid down that the Works Council was NOT TO CONCERN ITSELF WITH THE DAY TO DAY MANAGEMENT OF THE FACTORY. It was also expressly forbidden,

*'to take possession of or to administer the enterprise', except with the permission of the 'higher authorities'.

These 'higher authorities', however, held back from nationalisation measures because their administrative apparatus was not yet sufficiently developed as to be capable of maintaining the factories under their control. Up to the 28th of June 1918, when the Bolsheviks had already held governmental power for 8 months, they had succeeded in nationalising barely 100 industrial establishments. Also, the majority of these were 'punitive expropriations' undertaken as a defence measure against the sabotage attempts of the private owners.

The workers, however, had a different outlook on the implementation of Communism. Because the government was simply not carrying through
nationalisation, there now arose quite spontaneously a movement for 'autonomous' or 'wildcat' expropriation. According to Piatakov [at that time director of the State Bank] there arose quite spontaneously,

'an elemental movement for seizing control of the factories, set in motion by the organs of the Workers' Control.'

This had as its consequence,

'the transfer of administrative responsibility for the factories into the hands of groups of workers instead of into the hands of the Workers' State.'

'A new owner comes into possession, just as individualistic as the former one, and the name of the new owner is the Workers' Control Committee.'

['Izvestia' 27th April 1918]

Whereas the All-Russian Congress of Economic Councils [ARCEC] had up to that moment [8th June 1918] succeeded in nationalising just 100 factories, the 'wildcat' form of expropriation comprised up to that moment over 400 factories, of which 200 had been expropriated in the short span of time from the 15th of May to the 28th of June. The First Congress of Workers' Councils [Soviets], held in May 1918, had indeed declared 'autonomous' expropriation to be forbidden, but the extent to which
this Congress truly represented the actual views of the workers is sufficiently expressed in the above-mentioned achievement of 200 expropriations. This rapidly spreading movement for 'wildcat' expropriations formed one of the underlying causes behind a sudden change of government policy. On the 28th of June the wide-ranging 'Decree on Nationalisation' was promulgated, with the aim of introducing at least some order into production. For the time being, this nationalisation was to be no more than a formal matter, since the intention was that production should continue under the management of the old capitalist owners, who retained control of the factories under 'cost-free lease-and-use' agreements.

There now begins a struggle for control of the factories. The ARCEC [see above] initiates a campaign against 'syndicalist tendencies', in that it takes the reins of management into its own hands, whilst the workers attempt to retain management for themselves. One example among many must suffice: the starch factory 'Jivilov' was nationalised by the government, but the Works Council refused to hand over management to the representative of the ARCEC. This led to the formation of a 'Union of Workers Representatives' which defended the 'autonomy of the factory committees' in opposition
to the trade unions. This particular organisation was first set up in the railway workshops.

However important a close investigation of these 'syndicalist tendencies' and the struggle against them may be for the solution of problems confronting the social revolution, this is not the place at which to initiate it. Our purpose for the moment is restricted to revealing the contradiction which had arisen, on the one hand between the governmental power and its policy of nationalisation and, on the other, the autonomous revolutionary initiative of the workers - that is to say, the contradiction between nationalisation and socialisation. The above examples offer sufficient proof of the fact that this contradiction really was present in the revolution.

As for the Communist Party, it provided no guidelines as to how the workers should integrate their factories into the Communist mode of economic life, it gave no indication as to how in practice control over management and administration was to be vested in society. As far as it was concerned, the liberation of the workers was not to be the task of the workers themselves; on the contrary, the introduction of Communism was to be the responsibility of the 'men of science', the 'intellectuals', the 'statisticians', etc. The Communist Party believed it to be necessary merely to
chase away the old captains of industry and to take the power of command over labour into its own hands in order to ensure for society a safe berth in the harbour of Communism. As for the working class, it was fit only for the task of chasing away the old oppressors of labour - and to install new ones in their place! Further than this their role did not and could not extend, because the foundations for their self-organisation were not provided for in the generally accepted rules of production.

The Bolsheviks, who sound forth to the world with fanfares that they are consistent followers of Marx, would have done better if they had not declared themselves in quite such emphatic terms. They are, in fact, no more that consistent REVISERS of Marx, since the change from SOCIALISATION OF PRODUCTION, as Marx conceived it, to 'nationalisation of the mature industrial establishments' - signifies nothing more or less than the total negation of the proletarian revolution, the abandonment of Communism itself. According to Marxism, there is no valid distinction to be made between 'mature' and 'immature' industrial establishments; society can become 'mature' for Communism ONLY AS A WHOLE.

'The belief is widespread that the Marxist aim of 'socialisation' is being gradually achieved in that
measures to nationalise or municipalise individual industrial establishments are believed to be a development towards socialisation. This is the reason for the otherwise incomprehensible and mysterious emphasis on the so-called 'mature' establishments. . . . According to Marx, however, society can become mature for socialism only as a whole. Separate industrial establishments or branches thereof can, according to him, no more become 'mature' or 'ripe for socialisation' than the separate organs of an embryo can, in the fourth month of pregnancy, become mature and be delivered separately, to lead thenceforth an independent existence.'

[F Oppenheimer, quoted by H Beck: 'Sammellbuch uber 'Wege and Ziel der Sozialisierung', pp 16-17]

The Form of Domination over Labour and the Working Class under 'State Communism'

WHAT PASSSES FOR Socialism or Communism amongst all shades of the Social Democratic movement has, in fact nothing to do with the introduction of qualitatively new economic laws of motion governing material social production; but represents no more than the carrying
over of the forms of organisation typical of capitalism into the economic life of 'communism'. What, however, is the significance of the form of organisation of production created by capital? What meaning does it have, on the one hand as seen from the viewpoint of the wage-labourer, and on the other hand from that of the capitalist? It is nothing other than the FORM OF DOMINATION OVER WAGE-LABOUR, THE ORGANISED FORM OF RULE OVER THE WAGE WORKERS. The Marxist definition of capitalism leaves no doubt concerning this. With Marx, the social position of the capitalist over and against that of the wage-labourer is characterised by the fact that the former holds in his hands the right of disposal over labour and the proceeds of labour, that is to say, over the worker and the product of his labour in the production process.

The various theories of socialisation held by all wings of Social Democracy all revolve around this one point concerning the form of domination of the working class. For them it is a matter of course that labour must be ruled over and commanded, and that in addition to this [because it is a socially indivisible and integrated system with which we are concerned] it is self evident that a strong central organisation will be necessary. The task to be fulfilled consists in organising the apparatus of
command over the workers as comprehensively and with as centralised a structure as possible; this apparatus of command itself, however, is, in this case of the reformists, to be placed under the control of Parliament or, in the case of the Left or radical wing of Social Democracy, under that of the proletarian state, a state which is established under the leadership of the [alleged] political party of the wage workers, the Bolshevik party. In other words; the form of domination over the working class is to be ameliorated through the introduction of 'democracy'.

It is within the limits set by this conception that the various tendencies within the so-called 'Marxist' workers' movement all move, from the out-and-out reformists right up to the declared revolutionaries whose aim it is to destroy the present day economic and political organisation of society and to organise it anew. In the case of all of them, the conscious aim pursued is that of achieving the organised power of command over labour.

Should the 'socialist' system of production function smoothly after these socialisation schemes have been introduced, then it will be the main concern of the administrative caste to secure its right of disposal over the productive apparatus and so at the same time over its right of command over the workers;
'If we are to speak seriously of a planned economy, if the mode of distribution of labour-power is to be brought into full correspondence with the economic plan at any given stage of its development, then it is impermissible for the working class to lead a nomadic existence. In the same way as with troops, they must be prepared to be stationed in holding camps, posted here and there or simply ordered about.'

[L Trotsky; 'Russian Correspondence' - Imprecorr 1920 Vol.10 p 12]

In theory, this right is demanded in the name of the economic plan; in practice, it is brought to bear against each and every undesired and undesirable interference in the economic process on the part of the wage-workers. Whenever the workers themselves express the wish to assume a measure of control over the production process, this aspiration is represented as an expression of 'bourgeois values' and . . . the workers concerned are treated as counter-revolutionaries! The whole development of Russian state communism offers many instructive examples of this. [We have already drawn attention to the Decree of Workers' Control promulgated on 14th November 1917, in which 'interference by workers in the day-to-day administration of establishments' is expressly forbidden]. On 20th April
1918, at the Third Trade Union Congress, the Government was able to restore individual management of factories and in part to re-establish the principle of responsibility 'in an upward direction' - i.e. towards senior management. The 'Union of Workers' Representatives' and a group around Gorky, on the other hand, opposed this by advocating the collective responsibility of the 'Works Councils', but they were unable by a small margin to carry the day. In 1920 the principle of individual management, and with it that of individual responsibility, was introduced as a general measure.

WHAT, THEN, is now to be achieved either through parliament or through the central authority governing economic life set up by the self-styled political party of the wage workers?

Exploitation is to be eliminated, in that we are all unanimous. The reformists believe that this aim can be attained even while the laws of motion of capitalist commodity production remain in force. Exploitation is to be eliminated through the fact that exploitation is now to take place through the agency of the state, with the profits thus obtained being channelled back to the workers through the various social institutions and reforms. The Bolsheviks, on the other hand, made an attempt to abolish the laws of motion of the
contemporary capitalist system of production altogether, and sought to distribute the social product 'in natura', ie. by means of a barter system. This attempt was made both in the sphere of distribution to the industrial establishments [accumulation] as also in that of individual consumption. It was very quickly shown to be impossible, whereupon the above mentioned reformist method was resorted to in its place. In both cases the result was the same: STATE CAPITALISM.

The Distribution of Means of Production and Consumption 'In Natura' [By Barter] as a Bolshevik Ideal

THE EXPERIMENT THE BOLSHEVIKS HAD as their aim the attainment of a social situation in which wage-labour and exploitation were to be eliminated. Accordingly, they consciously strove to achieve the abolition of money. This aim was to be attained through the unleashing of a gigantic wave of inflation affecting all means of exchange. The state printing presses worked day and night, to print ever more paper money, which the state used to discharge its payments, but for which it gave no guarantee of value;' Bank notes are being produced . . . . It is impossible to produce sufficient bank notes. The
demand for them is even more colossal than the means of producing them.'

[A Goldschmidt; 'Die Wirtschaftsorganisation Sowjet-Russlands', p 138]

With this tremendous increase in the total mass of money in circulation, the value or purchasing power of the rouble naturally fell. Prices of commodities on the other hand, soared daily to higher levels, a phenomenon with which we also are familiar from the time of the German inflation [1923]. The value of the currency fell so rapidly that those who had something to sell no longer wished to surrender their wares against money. Indeed, they still wished to exchange their goods, without using the intermediate form of money; they only wished to exchange goods BY DIRECT BARTER.

This, indeed was precisely the situation which the Bolsheviks were striving to achieve. In a Memorandum of the Russian Commissariat of Finance, which was distributed to all the delegates at the Third Congress of the Communist International, held in 1921 in Moscow, THIS POLICY OF A DELIBERATELY PURSUED INFLATION IS PRAISED AS A CONSCIOUSLY APPLIED METHOD FOR THE INTRODUCTION OF COMMUNISM.
'If here with us in Russia the value of money is sinking, this may be a heavy burden for us to bear . . . . But we have one solution, one hope; we are moving towards the complete abolition of money. We are adopting the method of paying wages in kind, we are introducing free use of the tramways, free education, free meals - even if for the time being the quality is poor - rent-free accommodation, lighting etc. We are introducing all this very slowly, under extremely difficult circumstances, whilst at the same time being compelled to struggle uninterruptedly for our aims; but we do have a solution, a plan . . . .

[G Zinoviev; 'Zwolf Tage in Deutschland' p 12, quoted by Pollock; 'Planwirtschaftliche Versuche', p 73]

This form of Communism would, then, be characterised by the fact that the Central Economic Council of the Soviet State would hold in its hands all control over the production and distribution of goods and provision of services, whilst at the same time steps would be taken to eliminate all money and trade. It would be necessary to determine on behalf of all citizens, how much bread, butter, clothing, etc. each individual is to receive, and then to supply these goods to him in kind. This would be made possible through the conscientious application of production and consumption statistics;
'The proletarian economy is in principle an economy of goods-production, an economy based upon barter. As the construction of the state economy gets under way, money must first of all disappear from the transactions undertaken between the socially administered industrial establishments. The coal mines supply the railways and the iron and steel works with coal without any accounting for it in price. The iron and steel works supply iron and steel to the engineering works and these in turn supply machines to the state-owned agricultural establishments, without money acting as the intermediary. The workers receive a continually increasing part of their wages in kind; living accommodation, heating, bread, meat, etc. . . . The role of money as a means of exchange gradually dies.'

[E Varga; 'Die wirtschaftspolitischen Probleme der proletarischen Diktatur,' p 139]

That these aims were not restricted merely to paper declarations can be seen from the following dates;

January 1919 - Introduction of free postal deliveries

February 1919 - Decree concerning transport of goods between state factories without any bank transfer and without any record of account;
June 1919 - Introduction of free transport of goods on the railways.

THE 'NATIONALISATION' OF wages' was introduced in stages throughout the entire period from 1918 to 1921. At the end of this period, only 15% of wages were paid out in money form, whilst 85% were paid in kind. Telephone charges, gas, water supply, electricity, rents, fuel and transport were all supplied free of charge. The Commissariat for Food Supplies had as its responsibility the provision of 58 million citizens by this means.

Thus the regulation and accounting of production and distribution needs would not take place through the form of money, or in any other general measure, but only in totals or quantities of goods supplied. Account would be kept according to weight, length or area, or finally according to the piece number of consumption goods supplied. In a word, the intention was to move over to a 'natural economy', an economy based on barter relations which Otto Neurath characterises in the following words;

'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. [Society] 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', p 84]

From 1918 to 1921 the Bolsheviks carried through their attempts to realise this principle in practice, and the last form assumed by these attempts should rightly be seen as the official memorial to its death. In the year 1921 the stabilisation of the rouble was carried through; the return to a 'value-based currency' became official policy once again.

The Soviet state was compelled to abandon its perspective of eliminating money from production and distribution, its plan to establish in place of money economic accounting in kind implemented through the agency of the state economy.

However, it was in no way the 'failure of the world revolution', not even the alleged unsuitability of individual peasant economy for state economic administration, which had led to this fiasco. All that this experiment had revealed was that production and distribution on this kind of 'communist' foundation was impossible. THE RUSSIAN REVOLUTION HAD DEMONSTRATED IN PRACTICE THAT A MODE OF
PRODUCTION WITHOUT A UNIT MEASURE OF ECONOMIC REGULATION AND CONTROL IS NO MORE THAN AN UNWORKABLE UTOPIAN ANOMALY!

In the case of the attempt to steer Russian economic life onto a new course, a strictly pre-determined plan was - in the prevailing circumstances quite correctly - resorted to. The separate industrial establishments drew up their production plans and calculated their cost increments, which were then elaborated by the central trust administration into a general plan for the entire trust. The amalgamation of all the plans of all the trusts then gave the All-Russian Congress of Economic Councils a general summary of the entire productive apparatus comprised within the system of state ownership, from which a general plan of production for the whole of state industry could then be drawn up.

But all these plans were based upon a computation IN ROUBLES! Why was this not on the basis of a computation IN KIND?

BECAUSE AS far as the fundamental, and hence imperative, categories of the economy are concerned, the mere adding together of the various PRODUCTS of labour - according to weight, physical dimensions or numerical quantity - IS A TOTALLY POINTLESS EXERCISE.
As for the fate suffered by the Russian attempt, described above, it led to the value of the rouble falling very rapidly, and as a consequence the prices of products rose just as fast. As a result, the plans and the cost increments so laboriously calculated only held validity of paper - for the actual process of production, they had no value or meaning whatsoever. Varga, who accepts the merits of the 'inflation method' from the point of view of having a social strategy, is compelled to admit having found its greatest disadvantage to lie in its ineffectuality as an ECONOMIC METHOD. He writes,

'The rapid and continuing devaluation of the currency is a disadvantage to the extent that it hinders the stabilisation of wages, calls into being wages struggles, causes disagreements between the state workers and the proletarian state itself, compels the workers continually to demand wage increases, renders all economic calculations extremely difficult and renders impossible both the drawing up of a consistent state budget and, especially, the maintenance of that budget within its set limits.

[E Varga; 'Die wirtschaftspolitischen Probleme der proletarian Diktatur', p 138]

Thus it is in this way that we can find one of the practical reasons why the Soviet state was compelled to desist
from the step of destroying 'value-based currency'. Already by 1919 the admission had been made that 'accounting according to the VALUE of products is daily becoming more necessary', so that, already by the time of the Second Economic Congress in 1919, the decision was taken,

'to express all computations of the most important state expenditures according to the values of the products exchanged.'

[A Goldschmidt; 'Die Wirtschaftsorganisation Sowjet-Russlands', p 133]

It is self evident that this is only possible if the whole of production stands on the foundation of value. Thus the general stabilisation of the currency had to follow as a necessary consequence.

**Two Lessons from the Russian Revolution**

THE GREAT Bolshevik Experiment in founding a 'natural economy' contains two important lessons, the one economic, the other political. These lessons should serve to help the working class develop a proletarian consciousness. The economic lesson is that a rational economy is wholly impossible without a general measure for the accounting of relations in economic life. In order
to draw up a production plan it is necessary to know how much labour in its various forms, measured in labour-time [labour-hours] is available and how this labour is to be distributed amongst the various branches of production. Since up till now it has proved impossible to add together tonnes of steam-coal, and hectolitres of corn, it is necessary in the case of all products to leave out of account their form as useful articles, their 'use value', and to concentrate solely upon that one characteristic which they all without exception have in common. And that characteristic is THAT THEY ALL EMBODY DEFINITE QUANTITIES OF HUMAN LABOUR. The drawing up of a production plan therefore makes it imperative that the QUANTITY OF LABOUR REQUIRED FOR IT IS DETERMINED FOR EACH SINGLE PRODUCT MAKING UP THE PLAN. In a communist society it is possible to measure this labour directly, without the intermediate distorting-gloss of money;

'Society can simply calculate 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.'

[F Engels; 'Anti-Dühring'; Foreign Languages Press, Peking, 1976 p 402]

As for the political lesson, this consists in the fact that attempts to invest administrative control over the means of production in a central state authority can only lead, in ever increasing degree, to the elimination of the independent initiatives of the workers. Under such a system, it is not possible for the producers to have any control over the product of their labour; the divorce of labour from the product of labour is the essential characteristic of such a mode of production, EXACTLY AS UNDER CAPITALISM. Attempts to establish distribution of the product in kind, to proceed to 'nationalisation of wages' can, under these conditions, serve only to place control over the sources of the 'peoples wealth' ever more firmly in the hands of the central state authority. The growth of wages in kind in its Bolshevik form, is therefore nothing other than the GROWTH OF THE MEANS FOR ENSLAVING THE WORKING CLASS. In the concentration of power over the objective means of control over the productive apparatus, over social labour
and over the total social product in the hands of the central state authority, we perceive the process through which the revolutionary concept of the dictatorship OF the proletariat is transformed into its opposite, into the counter-revolutionary concept of a dictatorship OVER the proletariat.

The Unit of Economic Regulation and Control in a Communist Society

The Regulation of Production

In the previous section 'The Marxist Definition of the Fundamental Social Preconditions determining the Domination of the Working Class' we have seen that the essential problem confronting Communism lies in overcoming the division between labour and the product of labour. Not some variant of a 'Supreme People's Economic Council', but the WORKER-PRODUCERS THEMSELVES must possess the right of control over the product of their labour, and this right must be exercised through THEIR OWN FREE AND AUTONOMOUS INDUSTRIAL ORGANISATIONS. Only in this way can they become free producers, and only thus can they have the power to group themselves in a relationship of mutual interdependence, into an 'Association of Free and Equal
Producers'. Precisely because contemporary technology has reached a point in its development in which the whole of production is fully socialised, all industrial establishments without exception have been made completely dependent upon one another in the technical sense, and so formed into one single uninterrupted labour process. In exactly the same way it is now the task of the revolution, for Communism to forge them into a single economic entity. This, however, is only possible if the entire economic process is unified by an OBJECTIVE ECONOMIC LAW OF GENERAL VALIDITY.

This unity of combination is of a completely different kind to that presented by the so-called theories of 'socialisation'. These have never looked any more deeply into the matter, than merely to comprehend the matter purely mechanically, as no more than the ORGANISATIONAL AMALGAMATION of the various branches of production. They concern themselves exclusively with the question as to WHICH industries are to be combined and how that problem is to be solved in the purely organisational-technical sense. This has nothing whatever to do with the fundamental laws of motion of a new economic system. In such a situation as the one now prevailing, ie. prior to the carrying through of the revolutionary destruction of the old capitalist
system, it is not possible even to consider such questions, for the simple reason that, before that can be done, it is necessary to have a clear conception concerning the mutual relations which must prevail between the various industrial organisations; that is to say, concerning the fundamental social legality which regulates the relationship of the separate industrial organisations to the economic organism as a whole.

THE NEW GENERAL economic law under which the entire economic system is unified into a social whole does not, therefore, at least in the early stages, concern itself in any way with the purely organisational integration of the various sectors of the economy. It is concerned only with establishing the general conditions under which the producers, UNITED WITH ONE ANOTHER THROUGH THEIR INDUSTRIAL ORGANISATIONS, participate mutually in the general system of the economy. It is in the first place necessary that these conditions be the same for each economic sector. In contradistinction to Lenin, who proceeds from the principle:

'The entire people's economy is organised according to the example of the Post Office, . . . that is our first demand'.

We say: 'Equal economic conditions for all sectors of social production, that is OUR first demand.'
Only then is it possible to take up the question of the FORM of organisation to be adopted in its technical sense.

'Equal economic conditions' relates in the first place to the introduction of a firm and universally valid unit measure of economic regulation and control according to which all relations of production and distribution are governed and on the basis of which all accounting computations must be carried out. It is no longer possible for this measure to take the form of money, because there is no longer any 'second person' interposed between worker and his product. The worker now no longer stands as an 'alien' over and against the product of social labour. It is of course true that the worker himself does not consume the product which he himself has directly produced; but his product does bear within it a quality which all goods socially produced have in common: the average social labour time required for its production. Viewed from the SOCIAL point of view, therefore, all goods are QUALITATIVELY completely equal. They differ from one another only in the QUANTITY of social labour which has been expended in the production process. In the same way as the unit of measure for individual labour-time is the labour-hour, in the same way must the unit of measure for the quantity
of SOCIAL labour contained in products be the AVERAGE SOCIAL LABOUR HOUR.

Thus it is revealed as a compelling necessity for the proletarian revolution that all industrial organisations have, as their revolutionary obligation, THE DUTY TO COMPUTE FOR ALL PRODUCTS they have produced, the exact amounts of average social labour-time expended in their production, and at the same time, to pass their products on to other industrial organisations or to consumers with the appropriate labour-hour quantum stamped upon it. In exchange for this each industrial organisation has the right to draw upon an equal amount of social labour in the form of other products, in order to be able to contribute towards continuing the production process in accordance with the same method. In this way, all participate in the production process under equal economic conditions. So soon as this system of regulating production and distribution has been established, the whole of economic life, which is already socially UNITED through the mutual association of the various partial forms of labour, is now also economically, ie. socially, REGULATED.

Capitalism attempts to establish this regulation by organisational means, through the continually increasing concentration of its power in industry. What it achieves
is, of course, no more than the organisation of competition on an ever higher and more antagonistic level, with increasingly more catastrophic crises as the result. Attempts are made to ameliorate the contradictions associated therewith by political means, according to the rules of 'democracy', and with the aim of ensuring the continuation of the capitalist system on a more secure foundation. This, however, only serves in the end to place on a more organised footing the last and most profound of all capitalism's many contradictions: that between the capital-owning class and the proletariat. Such a social situation can only be overcome when the workers set themselves free; when they conquer the right to assume undisputed command over the means of production and begin to participate in the economic process under conditions of economic equality.

**The Regulation and Control of Distribution**

The revolution however, does not consist solely in a transformation of the economic conditions of production; it also establishes new economic conditions in the sphere of distribution, more specifically in that of individual consumption. So soon as the workers hold the power of disposal over the product of labour in their hands, THEIR RELATIONSHIP TO THIS PRODUCT MUST
THEN BE ESTABLISHED AND REGULATED ON A NEW ECONOMIC FOUNDATION; ie. in this sphere also the new production relations must find the culminative completion in a new economic relationship anchored in the new social legality. The workers may indeed possess the power of control over the product of their labour, but this power does not bestow rights in the same form as that in which they existed under capitalism ie. in AN ARBITRARILY FREE RIGHT OF DISPOSAL. The right of disposal over the product of labour can only be exercised under social conditions which are identically equal for all. The producer and consumers are indeed free, but only through the instrumentality of their social interdependence and unity. Each industrial establishment is nothing MORE than a cell in the great economic organism of society. But it is also not LESS than this!

Each cell may have its own qualitatively defined task, its own differentiated role, which it can fulfil only through its own independent self-activity. And yet, at the same time, this self-activity is only possible IN AND THROUGH the clearly defined framework formed by the general law of motion of the Communist social organism as a whole. Within this defined framework free autonomous activity and self-movement can develop and unfold, and for this
reason the workers become, through the very instrumentality of this framework, - FREE PRODUCERS.

The equal conditions governing individual consumption can, on the other hand, be made manifest only through the same unit of measurement as that which is applied to consumption as a whole. In the same way as the individual hour is the unit of measurement for the labour contributed by the individual, so also is the individual hour of labour at the same time the measurement for individual consumption. By this means consumption also is SOCIALLY REGULATED and moves within limits which are fully and clearly defined.

In its essence therefore, the social revolution is nothing more than the introduction of the labour-hour as the unit measure regulating and controlling the whole of economic life. It serves as the measure in production, and simultaneously the right of the producers to their share in the social product is measured through its instrumentality. THE MOST ESSENTIAL CHARACTERISTIC IN ALL THIS, HOWEVER, IS THAT THIS UNIT MEASURE, AS THE UNIVERSAL CATEGORY OF ECONOMIC REGULATION AND CONTROL, IS IMPLEMENTED AND CARRIED THROUGH BY THE PRODUCERS AND CONSUMERS THEMSELVES. And this is so, not because it is an 'ethical' or 'moral' demand of Communism, but because, from the
point of view of economic reality, NOTHING ELSE IS POSSIBLE.

It is, of course also true that the elimination of unequal rights in the exploitation of labour, the precondition for the full unfolding and development of the free human being, is also an ethical demand. But this only proves yet again that the spheres of economy and social ethics can only realise themselves through their mutual interdependence - they both become fused into a single entity.

**Publishers' Note**

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