

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",¹ 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.²

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

control which would find application in the new society, and which we describe as accounting according to average social labour-time. The precondition for the establishment of the general foundations of Communism were that money and the market must completely disappear, and the disciples of Marx, insofar as they concerned themselves at all with the foundations of Communist production, did not proceed any further than this. In Communism they saw fundamentally nothing other than a continuation of the concentration of economic resources as we have known this under capitalism, which would then bring Communism into being quite spontaneously. This outlook is revealed most clearly in the case of Hilferding, who subjects to examination the consequences of a total concentration of capital in the hands of one single owner. He draws the imaginary picture of a mammoth trust and describes this in the following words:

"The whole of capitalist production would then be consciously regulated by a single body which would determine the volume of production in all branches of industry. Price determination would become a purely nominal matter, involving only the distribution of the total product between the cartel magnates on one side and all the other members of society on the other. Price would then cease to be the outcome of factual relationships into which people have entered, and would become a mere accounting device by which things would be allocated among people. Money would have no role. In fact, it could well disappear completely, since the task to be accomplished would be the allocation of things, not the distribution of values. The illusion of the objective value of the commodity would disappear along with the anarchy of production, and money itself would cease to exist. The cartel would distribute the product. The material elements of production would be reproduced and used in new production. A part of the output would be distributed to the working class and the intellectuals, while the rest would be retained by the cartel to use as it saw fit. This would be a consciously regulated

society, but in an antagonistic form. This antagonism, however, would express itself in the sphere of distribution, which itself would be consciously regulated and hence able to dispense with money. In its perfected form finance-capital is thus uprooted from the soil which nourished its beginnings. The circulation of money has become unnecessary, the ceaseless turnover of money has attained its goal in the regulated society, and the *perpetuum mobile* of circulation finds its ultimate resting place." (R. Hilferding: "Das Finanzkapital" ["Finance Capital"], trans. T. Bottomore, p. 314 German Edition, p. 234, (English Edition))

According to this theory the development towards Communism is an unproblematical matter. It is an automatic and contradictionless process, which capitalism itself completes. Capitalist competition leads to the concentration of capital, and by this means large aggregations develop in industry. Within such an aggregation - for instance, a trust which combines transport, mining, rolling mills, etc., in one integrated economic community - a sphere of distribution without money develops. The higher management simply decides to which factory the new means of production (extended reproduction) are to be delivered, what and how much is to be produced, etc. According to this theory the problem of Communist production is fundamentally nothing other than the further implementation of this kind of concentration, which then leads to Communism quite spontaneously. Private ownership in means of production will be superseded, for the simple reason that it becomes a hindrance to the further combination of industrial establishments. With its elimination the process of concentration can develop to the full and nothing then stands in the way of combining the whole of economic life into one mammoth trust, which is then administered *from above*. The preconditions which Marx laid down for a Communist society would thereby have been fulfilled. The market will have disappeared, because one single concern does not sell to or buy from itself. The prices attached to products also then vanish, whilst the higher administration directs the stream of products from one industrial unit to another, according to what

in that, through them, the necessity for a system of social regulation and accounting control became recognised, even if Kautsky did then conceive of this coming into being on the basis of present-day money. He believed that money would be indispensable "as a measure of value for book keeping purposes and as a method of keeping account of exchange relations in a socialist society", as well as as "a means of circulation". (K. Kautsky: "Die proletarische Revolution und ihr Programm" ["The Proletarian Revolution and its programme"], p. 318.)

The destructive criticism of Communism wrought by Weber and Mises had in reality the effect of helping the study of the Communist economy over its moment of inertia and to place it on real foundations. It was they who summoned to life those intellectual forces which from that moment on have allowed themselves no further rest, since it was from that moment that it became possible to pursue further the Marxist method of thought in relation to the concept of the average social hour of labour.

As an opposite pole to that of state communism, various syndicalist currents began to appear around the year 1910, which sought to continue capitalist production through "syndicates", "industrial unions" or "guilds". These would then distribute their profits amongst the workers, or profits would be allowed to accumulate in a central social fund. This form of "communism" was never subjected to any theoretical elaboration, unless we can consider as such the work of Otto Leichter entitled "Die Wirtschaftsrechnung in der sozialistischen Gesellschaft" ["Economic Regulation and Control in a Socialist Society"] which was published in Vienna in 1923. This study is based in general upon the method of social regulation and accounting control founded upon labour-time computation, and its without doubt the best effort hitherto produced in this field. The theory of autonomous economic administration at the hands of the producer-consumers themselves here takes a good stride forwards. In it, the problems are posed quite truthfully, although in our view Leichter fails to develop them to a

they find to be expedient. That it should ever have been thought necessary to measure how much labour each product embodies was obviously a naive error committed by Marx and Engels.

Thus the course of development taken by the science which concerns itself with the Communist economy does not assume the form of a straight line, but takes, after Marx, a different direction, to return to its former classic position only at around 1920. In this connection, it is surely a bitter irony that it was precisely the bourgeois economists who unintentionally helped the science of Communism to take a generous step forward in its development. At a time when it seemed as if the downfall of capitalism was within foreseeable reach and that Communism was on the point of taking the world by storm, Max Weber and Ludwig Mises began to develop their criticism of Communism. They were of course able to relate that criticism only to the Hiferingian brand of "socialism" and - what is essentially the same thing - Russian "communism", whilst Neurath, the thoroughgoing disciple of Hifering, was compelled to suffer the consequences of this. Their criticism concluded by demonstrating that an economy without any means of regulation or accounting control, without a general denominator by means of which to measure the value of products, is an impossibility. And indeed their shot had found the right mark. The result was considerable despondency and confusion in the "Marxist" camp. In the field of economic science the impossibility of Communism had been proven, simply on the grounds that, in the case of such an economy, each and every form of planned production would have ceased. Communism, which sought to prove its very right to exist precisely on the basis of the anarchy of capitalist production, showed itself to be even less amenable to a planned mode of operation than capitalism! Block then added his voice by saying that there could be no question of Communism before it had been demonstrated what means of control was to replace the "market mechanism". Even Kautsky lost his composure and so arrived at the most nonsensical proposals, such as the fixing of prices over long periods, etc. These wild somersaults of Kautsky's nevertheless had a positive content,

