

CHAPTER VI

GENERAL SOCIAL LABOUR

The G.S.U. Establishments

Up to this point we have considered only such industrial establishments as supply, through their productive activity, a tangible or measurable product. However, we have already made reference to the fact that in certain establishments no material or physical product is created, whilst at the same time they remain indispensable for social life. We mentioned in this connection the economic and political councils, the educational system, the health service, etc. - in general, institutions concerned with cultural and social needs. They produce no tangible product. The result of their activities is that their services are absorbed directly into society, and in their case, therefore, production and distribution are carried out simultaneously. A further characteristic feature of these establishments is that, in a Communist society, they supply their services "free of charge". They stand freely at the disposal of all to the extent that they are needed. With this type of establishment the principle "supply according to need" is realised; distribution takes place without economic measure. This type we will name ESTABLISHMENTS FOR GENERAL SOCIAL USE (GSU ESTABLISHMENTS) or simply PUBLIC ESTABLISHMENTS. This is in contradistinction to those establishments which do not produce without compensation and which are here named PRODUCTIVE ESTABLISHMENTS.

It should be clear that this difference in economic function introduces complications into the Communist system of economic regulation and control. Were all establishments to produce a tangible product, one would need to say relatively little about Communist production. It would only be necessary to organise a correct distribution to the productive establishments in respect of P, C and L, and production would be able to move smoothly forward, whilst each individual worker could receive



"the full proceeds of his labour-power", paid to him in Labour Certificates at the factory. Labour-time then becomes the direct measure for that part of the social product which is destined for individual consumption.

This, however, does not reflect the realities of the system. Although the GSU (public) establishments consume means of production, raw materials and also consumption goods for the workers who work in them, they contribute no new product to the total mass of products at the disposal of society. All those use-values which the GSU (public) establishments consume must therefore be deducted from the mass of products produced by the productive establishments; that is to say, the workers do not receive "the full proceeds of their labour" paid out at the establishment, and that labour-time is not the *direct* measure determining that part of the social product which is destined for individual consumption, inasmuch as the workers must surrender a part of their product for, amongst other categories, the public (GSU) establishments.<sup>1</sup> This makes it appear as if, in this case, the exact relationship of the producers to the social product had been disturbed, and it is indeed here that the source of the difficulty may be found which has caused the economists so many headaches.

It is now our task to find a final solution to this problem. For all economists concerned with the economic system of Communism, this question is a sensitive point. It was, furthermore, from the attempt to solve this anomaly that, amongst other things, Neurath's project for a central authority for producers and distributors first arose, in that it is this central authority which decides what and how much out of the total social product each individual shall enjoy according to "the way of life to which he is accustomed". Others are not quite so consistent in their treatment of the problem and attempt to solve it by means of indirect taxes (Russia). But in all these cases the answer to the question as to exactly what and how much should be allocated to the worker-producer for his individual consumption represents just so much fumbling around in the dark.

On one question, however, there is unanimity: in order to solve the problem a central management and administration of the economy is necessary, which then means that there can be no question of establishing an exact relationship of the producer to the product. The fact that "libertarian communism" à la Sebastian Faure is also compelled to grasp at the straw offered him by an economy administered "from above" means that in this system also the basic motivation may be imputed to the same cause.<sup>2</sup>

Since it can be demonstrated from this that the most significant roots of state communism lie embedded in attempts to solve this problem, it is imperative that we devote especial attention to it. It was indeed only after the onset of the revolutionary period 1917-23 that a solution first became possible, when the Marxist principle - as, indeed, the Bakuninist also - that "not the state but the union of free associations of the Communist society" represents the positive principle in the construction of Communism, crystallised into its first concrete form in the system of Workers' Councils.

#### Leichter's Price Policy

The first to have brought this problem closer to its solution was Otto Leichter, for the simple reason that he was the first to have placed the Communist economy upon the material foundation of "cost accounting". Nevertheless his work did not reach a satisfactory conclusion, because in the final outcome he did not know how to apply consistently the category of average social labour-time to both production and distribution. Leichter's conception of the whole economy is that of a giant trust, Hilferding's "universal cartel". For him the question then resolved itself into that of deciding wherein the source from which he might derive the general public accounts (what we have termed the GSU services) might lie. He turned his face against the method of indirect taxes and sought other means. He even found them ... but, in doing so, he let fall the category of average social labour-time. Where Kautsky



failed, having placed himself in an anomalous situation through being unable to perceive the difference between the factory average and the social average, Leichter also failed to solve this same problem. But, in his case, he did not permit this to lure him away from the method of labour-time computation completely. Instead of calculating the social average for the entire "guild" or sector of production, he determined a "price" for each product according to the productivity of the least efficient (or most expensive) establishments, thus compelling the remaining industrial establishments to operate at a profit, which profit then flows into the general treasury of the whole of society. Concerning these profit-making installations he writes:

"These will then throw up/ a differential plus amount, or - expressed in capitalist terms - a surplus profit which, of course, should not be left to accrue to this or that individual factory alone but - once again expressed in capitalist terms - must be eliminated through taxation."

(O. Leichter: *ibid.*, p.31).

Although Leichter finds that it is most frequently convenient to apply a method of control over the stream of products according to "the socially necessary labour-time therein specifically expended" (page 38), he does not, as we have already noted, carry this through to its logical conclusion. Above all, he does not recognise the crucial role played by the category of average social labour-time. As we shall see, he attempts to compensate for this later, but nevertheless he has in this way drawn the first veil of confusion and obscurity over his analysis.

In the meantime, this "source of income" is found to be an inadequate device and, to be quite blunt, not fundamentally essential to Leichter's system. In the course of his later examination of the problem, he attempts to formulate it more exactly and in doing so achieves a fundamental advance over and against all other work in this field of which we know. The first step in his scheme is to combine all public costs under one heading and then to determine

how many labour-hours per year have been expended by all the producers to achieve this (it is obvious that this requires a general system of social book-keeping). In this way he obtains two values which, when brought into relation with one another, produce a difference-amount. Since the entire calculation rests upon the computation of labour-time, he has by this means uncovered an integer which indicates how many labour-hours must be contributed per head of population on account of GSU or public works. And thus he has also uncovered how much of the labour-power directly expended in the productive establishments must be added to the prices of products in order to cover the "costs" of these GSU (public) social expenditures:

"Each productive establishment will thus have responsibility, each year when the overall production budget for society as a whole is drawn up, for introducing into its specific works or factory budget a category relating to general social costs pertaining to the entire social production system (p.65). The total sum thus arrived at for all the various economic headings - which then become, of course, a charge upon the entire production system - is then aggregated to form some final amount, presumably one related to the total number of labour-hours performed in the spheres of both production and distribution. The difference-amount thus arrived at is then added to the sums paid out for individual remuneration of labour ("wages") when the origination costs of all social ("public") expenditures are summated, so that an element representing the general costs of society is included in the cost prices of goods. It would, of course be equivalent to an injustice, and would have almost the same effect as an indirect tax, were one to add that same increment for general social costs to all commodities, to the most staple as to the most luxurious, to the most basic as to the most complex, to the most necessary as to the most esoteric. Amongst the most important tasks of the Economic Parliament or Supreme Economic Administration will

