

ANNOUNCEMENTS

Pamphlets Published by

---*** UNITED WORKERS' PARTY ***---

WORLD-WIDE FASCISM or
WORLD REVOLUTION?

"Traditions must be broken down to bring about unity between theory and practice. Revolution is only possible when this unity becomes an actuality. The purpose of this pamphlet is to help the revolutionary movement come closer to this situation."

-- 10¢ per copy --

WHAT NEXT FOR THE
AMERICAN WORKER?

Dealing with the present day American conditions and outlining a perspective of the future.

"--interesting, easy to read and very original." - H.T. Los Angeles.

"The best pamphlet I have encountered for the American worker.-Send me a bundle of ten".-F.W. Miami, Fla.

-- 10¢ per copy --

ORDER FROM

UNITED WORKERS' PARTY

1604 N. CALIFORNIA AVE., CHICAGO.

In the March Issue of:

THE MODERN MONTHLY
"Uncensored by Party, undoctored by Dogma"

** THE LEADING SYMPOSIUM OF THE YEAR **

WHY I AM NOT A MARXIST

George Santayana

Alexander Goldenweiser

H. G. Wells

WHY I AM A MARXIST

Harold J. Laski

Karl Korsch

Abram L. Harris

WHY I AM NEITHER

Havelock Ellis

25¢ per copy

\$2.50 yearly

SPECIAL OFFER: FIVE MONTHS FOR ONE DOLLAR *** SUBSCRIBE NOW.

The Modern Monthly,
52 Morton St., New York City.

Enclosed.....for five months subscription, starting with the....issue.

NAME.....

ADDRESS.....

CITY.....STATE.....

COUNCIL CORRESPONDENCE

ENGLISH EDITION

For Theory and Discussion

CONTENTS:

THE BASES OF JAPANESE IMPERIALISM.

By The Group of International Communists of Holland.

Translated from "RAETEKORRESPONDENZ".

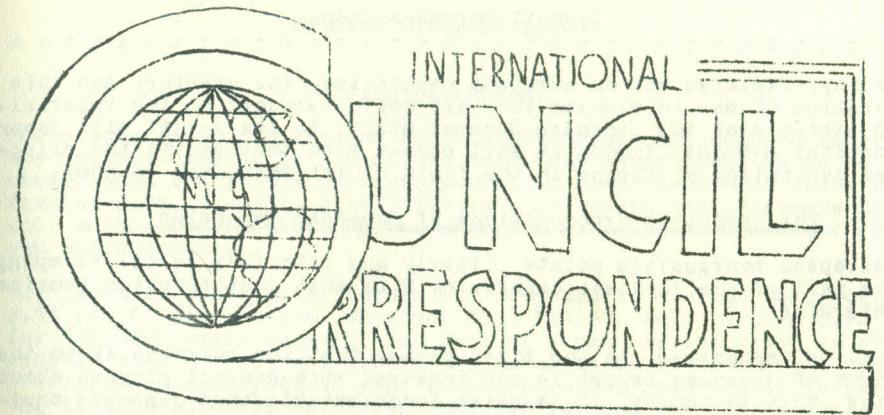
WORKERS' COUNCILS AND COMMUNIST ORGANIZATION OF ECONOMY.

No. 7

APRIL, 1935

10 Cents

UNITED WORKERS' PARTY



APRIL 1935 No. 7

THE BASES OF JAPANESE IMPERIALISM.....

The Declaration of War on European Capital.

A short while ago there appeared in Italy a brochure giving a resume of a large number of articles from the largest Japanese daily, "The Osaka Mainichi and the Tokio Nichi". In it we find the following:

"You Europeans, and especially you Englishmen, have made it nice for yourselves, following the great industrial development at the end of the preceding and beginning of the present century; you have raised the standard of living and have counted upon the world export-trade as upon an eternal right. The world does not, however, stand still, nor does it wait on you if you fail to keep pace with the times. We do not hesitate to affirm that the English and, in general, the European textile industry is being beaten every day by that of Japan, because you have forgotten that the whole basis of trade consists in selling at low prices. The purchasing power of most of the countries with which you do business is rather slight, and for that reason we maintain that the Japanese design of selling their commodities at the lowest prices--regarded from the general human point of view--is more beneficial than your tendency to stick to high prices.

"You Englishmen and Europeans think of your earnings and the high standard of living of your workers; we think of the necessity of finding work for our workers and of the vital need on the part of the millions of Asians, Africans, South Americans--our customers--who lead a more than modest existence. If Japan can sell these peoples a fabric at two cents a yard, why should they pay the Europeans four or six?"

These are the words of Japanese capital, grown power-conscious and engaged in defeating western capitalism with its own logic. With the same logic and the same humanitarian phrases, European capital once destroyed European handicraft, as it also later seized the markets of backward countries and imposed its economic methods upon Asia. Today it raises against the force created by it the same wishy-washy phrases of an economically surpassed petty-bourgeois morality with which the expiring handicraftsmen sought to defend themselves against its competition. The modern and more efficient capital of the East, with self-conscious

brutality, declared war on european capitalism, its creator. And this declaration of war is clearer than all the utterances of the imperialistic warriors of the Japanese General Staff. In its spirit will Japanese capital not only fight; it will defeat with that spirit the dilapidated capitalism of Europe in the field of international economy.

The Technical Preconditions of Japanese Expansion.

The european bourgeoisie points bitterly and with fear to the "dumping" on the part of the Japanese exporters. With what justification remains to determine.

It must be emphasized, in the first place, that the question as to the strength of Japanese export is not answered with general phrases about dumping. That is to say, it is quite incontestable that Japanese capitalism has a technical equipment which is far superior to that of Europe. This holds, above all, of the textile industry. It is true that the costs of setting up a textile factory in Eastern Asia are four times as high as in England, but on the other hand, Japan practices a much more intense utilization of her machinery. The highly modern Japanese textile machines regularly run in two shifts of 8½ hours each, and at highest speed. A ten-year-old Japanese textile machine has worked an average of 62,000 hours, while a similar English machine has been put to use only an average of 24,000 hours. The average number of labor hours per week is reported (1932) as 100 for Japan, as against 40 in Europe.

The intensity of the machine labor hour in Japan is greater than in England. Thus a Japanese spindle turns out in 48 hours an average of 42 lbs. of thread No. 40; an English spindle only 36 lbs. Japan, with eight million spindles, attains almost the output of the English textile industry with 50 million spindles.

The tempo of labor rationalization is so high in Japan that in spite of the increasing productivity the number of workers has remained practically stationary at 4.8 millions the last ten years. While in 1929 10,000 spindles were served by 285 workers in the cotton industry, in 1933 the same number of spindles was left to 197 workers. In the same space of time, the output of a spinner increased by 35.6 percent.

The "currency dumping".

While the highly rational utilization of man and machine, together with the concentration upon a relatively few kinds of thread and fabric, not only in the cotton but also in the wool and artificial silk industry, may put Japan in a position, even from this merely technical point of view, successfully to meet the European and American competition, still Japan has a further advantage in the controlled devaluation of her currency. This devaluation alone does not in the least explain the success of her export trade, and England has no right whatever to raise a howl on that score. For, in the first place, the devaluation of the English currency took place prior to that of the yen, and secondly, the yen was again stabilized on the basis of the English pound. The English example has further shown that a cheapening of currency has only a brief stimulating effect upon the economy, while Japan's success is a long-term affair. Her announcement of the possibility of a new devaluation experiment is evidence, at any rate, of the will to administer, if need be, a new shot of adrenalin to Japanese economy; an experiment which England would hardly venture to follow.

Japanese Wages.

One of the essential reasons for the low prices of Japanese exports is the Japanese wages. In Japan, the commodity labor power is to be had cheap, even though the Japanese wages, in comparison with those in fascist Germany and fascist Italy fail to reveal that enormous difference which is proclaimed by the European press in the interest of its own entrepreneurs.

The Japanese statistical bureau has computed an average daily wage of 2.53 yen (1 yen is equal to about 50¢) 714,600 male, and of 0.95 yen for 729,000 female workers. The Bank of Japan has indicated as average monthly wage of male workers in the metal industry 59.21 yen; in the provisions industry 42.88 yen; in the chemical industry 41.93 yen; in the textile industry 32.05 yen; and for various other branches of industry 44.95 yen. The reported wages for women vary between 23.22 yen in the metal industry and 15.22 yen in the textile industry, and in no case do they amount to as much as 50 percent of the wages for men.

These data, which in themselves are quite unreliable, do not permit an exact comparison with wages in Europe. In the first place, according to an article by Oliver Lawrence in "The Listener" (London), beginning of March 1934, a considerable part of the wage is paid in kind. And secondly, a large number of the women workers, as in the textile industry, is barracked and accordingly has no rent to pay.

Standard of Living.

Japanese wages embody a different standard of living from that of the European workers. The city administration of Tokio has established a mean budget for workers, which comes to 54 yen per month. That is more than corresponds to the average income of all categories of workers apart from those of the metal industry. It is no doubt for this reason that the Japanese statisticians have preferred to make the different computation of income on a family basis. In statistics on incomes and expenditures of 1000 households--statistics which after all are strongly biased--they arrive in this way at an average net workers' income of 77.97 yen per month, and give to understand that 4.89 yen of this amount is saved.

That is paltry, to say the least, when it is borne in mind that saving in Japan has to take the place of social insurance. For the lowest category of the households considered, which show an income of less than 50 yen, this computation itself is bound to establish a monthly deficit of 4.34 yen. A comparison between the Japanese wage index and the index of retail prices shows that the living conditions of the Japanese workers, in spite of increasing industrialization and mounting exports, is absolutely being worsened. From November 1931 to September 1933 the wage index fell from 89.7 to 84.7, while the retail index rose from 130 to 147.

The devaluation of the yen has had no influence, according to Japanese data, upon the workers' standard of living, since the prices to be paid for the necessities of life have not changed. A comparison of the wage and price index, however, says the opposite. It remains to be considered that the necessary foodstuffs for the Japanese workers are limited to rice, fish, tea and a bit of alcohol, and that the rice price in-

dex has dropped considerably in the course of the year 1933. The extremely modest costs for the restoration of the commodity labor power account for the low wages in Japan. Taking for granted the standard of living prevailing in the East--a standard conditioned by historical and climatic factors--and bearing in mind the other living conditions in Europe, it can be said that the starvation wages of Japan are not essentially different from the starvation wages of large sections of the workers of Europe. European capitalism, however, nevertheless fails to find itself in a position to compete with the Japanese wage level, unless by bringing its whole working population to the level of income and life prevailing among the German farm hands and in the German labor service, where wages have practically been abolished.

Woman and Child Labor.

The "rice standard" of the Japanese workers cuts down the Japanese wage fund in a measure which is still unattainable to European capitalism, even with equal or even greater relative impoverishment of its workers. The great prevalence of woman and child labor, which makes the attainment of the existence minimum dependent on the labor of the whole family, presses the wage level far down in the scale.

In spite of high technical pretensions, the Japanese workers are intensively exploited in the highly rationalized production process. This becomes socially possible as Japanese capitalism has at its disposal a reserve army capable of being enormously expanded. By reason of the great growth of population alone, some 200,000 workers are added to it each year. And on the other side there is the highly impoverished peasantry, which makes up the largest part of the Japanese population: an inexhaustible human reservoir.

This human reservoir lives in pre-capitalistic working and exploiting conditions. Since the Japanese bourgeoisie did not grow up in struggle with the feudal forces in the country districts, but arose through the division of the reigning feudal class, the feudal-agrarian subsoil of Japanese society has been widely maintained. The greatest families of the feudal nobility are at the same time those who carry on the concentrated Japanese industry and are the beneficiaries of a peasant exploitation which amounts practically to serfdom. The feudal dependence of the Japanese peasants is concealed, as in large parts of China, behind rent-in-kind relations. It is customary for the peasant in Japan to turn over 50 percent of his crops as rent to the land owner. Since the highly modern industry and the half-feudal agriculture are bound up with each other in the closest possible manner, Japanese capitalism is a direct beneficiary of the feudal exploitation of the peasants. It pockets such extra profits as fall to imperialist capital from the sucking dry of the pre-capitalist producers in other colonial regions, without being obliged to share with the feudal class and the other innumerable intermediary agents. Though the winnings of the Japanese entrepreneurs are in many cases fabulous (in the artificial silk industry, for example, it was possible to denote yearly profits of 75 percent as the rule), there stands at the disposal of Japanese capital a considerable feudal income, which it is free to employ in the competitive struggle on the international plane.

In this respect, also, it is hardly permissible to speak of a genuine "social dumping". Japanese capitalism merely makes use of its position, a position attained by the means and methods which otherwise have been

applied by imperialist capital to colonial territory.

For the Japanese workers, the old feudal relations have become a further fetter. On the one hand, through the attachment to the land, the care of the unemployed, in spite of extreme impoverishment, becomes "superfluous". On the other hand, the recruiting and engaging of workers goes on in half-feudal form. Agents of the great enterprises round up in the villages whole ship and train loads of labor volunteers to whom a cash payment is made forthwith when they have bound themselves to work for several years. This business is usually closed with the head of the family; which is to say that a mild form of trade in human being has developed out of the patriarchal family relations.

Permanent Agrarian Crisis.

In Japan, as in general where similar conditions prevail, the position of the peasant grows worse at an extremely rapid rate, for in addition to the yoke of feudal exploitation there was laid upon them also that of capital. At the very beginning of the world economic crisis, in the train of a 20 percent wage cut and through the return of numerous discharged factory workers to the country, the discontent was manifested in strong agrarian uprisings. The partial boom occurring in 1931 failed to bring any satisfactory relief. The prices of important farm products such as rice, beans, tea and raw silk, did not keep pace with the devaluation of the yen. In the course of the year 1933, this development again became critical, and accordingly the Government, in the autumn of 1933, attempted to ease the agrarian situation, but without real success, through extensive purchases of rice. In June 1934 the Japanese agricultural association published alarming reports: it established that 10 to 15 percent of the peasants no longer had any rice supplies for their personal needs, and that the percentage of the famishing in the areas of silkworm culture was still greater. It further became known that the peasants had broken open some of the Government's rice houses and put these supplies into distribution. The Government is not in a position to remove the causes of the agrarian impoverishment. Any considerable increases in the price of rice would make it impossible to continue maintaining the present wage rates and, with them, the intensified attack on the rivals in the world market. Furthermore, the peasant impoverishment is not to be combatted so much by way of higher prices for rice as through the setting aside of the lease slavery. And the ruling class of Japan will not of its own accord disrupt the basis of its economic power. In view of this fact, there falls to the working peasants of Japan, who make up roughly 54 percent of the Japanese population, a special social significance. The question of beating down the ruling powers of Japan, as in Russia prior to 1917, is not alone a question of the workers' struggle, but at the same time a peasant question. So long as the ruling class of Japan succeeds in maintaining the feudal-agrarian basis of the country, so long is it not only secured at home, but also enjoys a considerable advantage on the world market.

The Japanese State.

Through the close social and family ties uniting the feudal and the capitalistic powers, which are intertwined in closest manner with the State by reason of inherited religion and manners as well as by reason of their interests, the Japanese State has become their ideal instrument both politically and economically. This is proved not only by the policy of

imperialist conquests in Eastern Asia, a policy which serves far-flung political and economic aims in the striving for power. This is proved also by the support which the State extends to Japanese exports. Though the state administration is under heavy strain as a result of the military budget, which in the preliminary estimate for 1934-35 embraces no less than 45 percent of all state expenditures, the Japanese state still has considerable means at its disposal for promoting exportation. In the first place, the Japanese shipping firms have adjustable freight rates. When by reason of the freight to a distant market the Japanese commodities would have to be sold dearer than at least five percent under the lowest competing prices, the freight rate is lowered or even, in certain circumstances, directly made inoperative. Any losses of the shipping firms, moreover, are covered by the State through subsidies. It is this system which conceals an actual dumping. This dumping is possible because Japanese industry operates with large earnings. The increasing expenditures of the State are raised, not by way of mounting taxes, but by way of increasing loans. Of more than 2.1 billion yen provided in the new budget, not less than 1 billion are raised through treasury notes, while the taxes still bring in less than 700 million yen. Japan's national debt amounts to 10 billions. It remains to be seen whether the Government will succeed in the long run in keeping up such a financing system, which would be ruinous to any other State, and on the other hand, in spite of all the tensions, succeed in maintaining, even by force, the equilibrium on the agrarian field.

To the methods of transportational dumping belong also those of an indirect state subvention to Japanese industry through state contracts. For armaments, railway constructions, etc., for which the State lets contracts, excess prices are paid by which the entrepreneurs in question are enabled to set low prices on exports. As regards the silk and steel industry, this system has been officially admitted.

On investigating the character of these methods of export subvention through the policy of adjusting transportation costs and through the over-valuation of army and state contracts, one arrives at the following basic fact: Japan's export power is due to her extraordinarily high capitalist concentration, which is explained by the very manner in which Japanese industrialism arose. A great number of enterprises was founded by the State, and then, when they had become profitable, turned over to private capital,--and without exception, into the family possession of the military nobility. Five family concerns, in the hands of the old military nobility, have under them approximately 75 percent of all Japanese industry. This industry, furthermore, is cartelized in the strictest manner, so that there exists in Japan such a direct interlacing of all enterprises among each other, on the one hand, and with the State on the other, as can be met with elsewhere only in Soviet Russia. And that on a profit and private-economy basis. The financing of the State on the one hand, and the financial promotion of export by the State on the other, turns out to be a sort of unified, organized action of Japanese capitalism.

This impression is still further strengthened on considering that the whole export system is organized by the State. Not only are the prices, the quantity and the quality of the export products established from a central bureau, but, in addition thereto, the working up of the foreign markets and the conducting of the flow of exports itself is centralized and organized. Japanese capitalism has been incomparably more successful than that of any other country in taking hold, as organized

capital, of the state apparatus and as an organized group in going to meet the competing groups of the other countries.

Conclusion.

It has not been possible here to present either exhaustive material or a factual and all-sided analysis of Japanese capitalism, but only points to be borne in mind for that purpose. But at any rate it may have become clear that the power of the youthful Japanese capitalism is anchored not alone in the forced application of the general and well-known capitalist-imperialistic methods, but furthermore in the special structure of its exploitation economy.

Japan will certainly not be able to get away from the contradictions of her own development; not only that, but she will not succeed in avoiding either the laws of antagonistic profit economy itself, nor the opposition between modern capitalist production and feudal appropriation in agriculture. But so long as she is in a position to maintain her social stability itself and to assure herself the double basis of her profit economy, so long will she also be in a position to draw from a new crisis the new forces for overcoming it. She is merely at the beginning of a mighty imperialist attack which she is carrying on both by military and economic means against the old capitalist powers. It is probable that she will emerge as victor from the coming conflicts and will become the deciding force of world-capitalist progress generally for the near future, - if her way is not barred by the uprising of the international proletariat, or if she is not hurled back by the peasant revolution of Asia.

.....

.....

WORKERS' COUNCILS AND COMMUNIST ORGANIZATION OF ECONOMY.

We have received the following theses from Prague, as reported by "Neue Front" No. 20. They are issued under the title "Revolutionary Marxism and Socialist Revolution" by a group of revolutionary marxists "who organizationally belong to the German Social Democracy". Their conception of the way that leads to socialism is here expressed. Our criticism follows.

1. - The experience of all revolutions during and since the War has shown that a reformist and opportunistic policy leads to the defeat of the working class. The preliminary work for the socialist revolution, the winning of the victory in the socialist revolution and the consolidation of that victory presuppose therefore a radical break with all reformist politics.
2. - This radical break demands a fundamental change in the means and methods of the political struggle and in its concrete aims. As a sign of the inner transformation and as an acceptance of revolutionary marxism, the party must lay aside its old name of Socialist Party of Germany (S.P.D.) and become merged in a revolutionary marxist party.

3. - The goal is the attainment of socialism on the basis of a socialist german soviet republic, under the sway of the dictatorship of the proletariat. The revolutionary dictatorship is the necessary transitional period to the socialist society. The destruction of the capitalist system through dictatorship of the proletariat is the presupposition for the realization of the personal and moral freedom of all people now under the yoke of Fascism.

4. - For conducting this struggle, the proletariat has need of a revolutionary party conscious of the goal. This party can and may embrace only the revolutionary vanguard of the proletariat. Only those persons can become members, therefore, who have stood the test of the revolutionary struggle, acknowledge the dictatorship of the proletariat and subordinate themselves unconditionally to the decisions of the party. The party makes use of all legal and illegal forms of struggle. It is the party's duty to prepare and organize mass movements, mass strikes and the armed insurrection.

5. - In case of a war, the party rejects any open or covert form of "defense of the fatherland". It rather calls the proletariat to its aid in converting the imperialist war into a civil war, in order to bring about the dictatorship of the proletariat. Among the means to that end are mass strikes and armed insurrection.

6. - After the conquest of political power, the old state apparatus will be completely dismantled. All legal power and authority passes over to workers' councils, small-peasants' and farm-workers' councils. The councils exercise the dictatorship of the proletariat. The leadership in the dictatorship lies with the revolutionary-marxist party.

7. - The consolidation of power is taken over, until the forming of a socialist army, by the armed proletariat.

8. - The professional bureaucracy will be abolished. All persons serving in public capacities are appointed through the councils and can be recalled at any time.

9. - For the purpose of lending support to the revolutionary dictatorship, workers and functionaries will organize themselves in industrial unions.

10. - Printing establishments and newspapers will be sequestered. Printed matter, radio and any other kind of news service shall be under inspection and control of the councils.

11. - The whole of capitalist property will be expropriated without compensation. General liability to labor will be introduced, and the control of production through the councils.

12. - All banks will be combined into a central bank. In the same manner all insurance establishments will be brought together.

13. - Farm mortgages will forthwith be declared invalid. Rent will be abolished. Land ownership, insofar as it exceeds in any case the amount required for maintaining a family (Familienackernahrung), will be expropriated without compensation. According to the needs of the small peasants and farm workers, there will be a new distribution of the soil. The peasant enterprises will be brought together in associations,

(Genossenschaften). Where the necessary conditions are present, model large-scale agricultural enterprises will be established.

14. - For assuring the means of subsistence to the population, the union of all consumers will be made compulsory. The entire retail trade will be given its proper place in the distributing system of the soviet republic.

15. - Foreign trade will be centralized through the establishment of a foreign trade monopoly.

16. - The construction of the socialist economy will be effected under the guidance of an economic planning bureau (Planwi-tschäftsstelle).

17. - All cultural, educational and recreational institutions will be administered for the common benefit. Art and science will be under the care of the State, which will extend them the greatest possible encouragement. The pedagogical goal of all educational establishments will be preparation for life in the socialist community.

.....

The Way Backward.

After the total collapse of the reformist policy, this thesis comes out for the "revolutionary" way. In thesis two, these people call that a "radical break" with the previous policy, demanding a "fundamental change in the means and methods of the political struggle and in its concrete aims." The goal is then announced (thesis 3) as a "socialist, german soviet republic under the sway of the dictatorship of the proletariat.

At first sight, this seems really to be a radical break with the old policy of the Social Democracy, for a "socialist german soviet republic" and the "dictatorship of the proletariat" were most hotly contested by the Socialist Party of Germany (S.P.D.). But from the theses following (4 - 7) treating of the role of the Party before and after the revolution, and where it is said that of course the workers councils are to be the organs of the "dictatorship of the proletariat" but under the "leadership" of the Party, it is clear that a radical break with the social-democratic policy is out of the question.

It would be more correct to say that they want to go back to the starting-point of social-democratic policy and to the old conceptions regarding the path and the goal of socialism. For there can hardly at this date be any question that the S.P.D. during and after the war no longer carried on any socialist policy, but that it had sunk, precisely along the road of reformism, to a democratic reform party. And for the very reason that this reform policy ended up in Fascism, there can be no talk of a break with this policy. One cannot break with a policy which has ceased to exist.

The old S.P.D. wanted "Socialism" (the purely democratic S.P.D. had ceased to want socialism, and therefore also wanted no dictatorship of the proletariat), but wished to attain it by making use of the legal possibilities apparently offered by bourgeois democracy. The S.P.D. went down with this bourgeois democracy, with which it was inex-

trically intertwined. Anyone who still wants to achieve socialism finds that such legal possibilities are no longer at hand and must accordingly seek to arrive at the goal along other paths; otherwise it is unthinkable. But this path, which the theses attempt to define, does not differentiate itself on a single point from the conceptions present in the old (not yet bourgeoisified) Social Democracy.

This is shown beyond a shadow of doubt in theses 4 - 7. They reveal nothing more than the conceptions of the social-democratic party of Russia (Bolsheviks), which failed to follow the democratic way of the German S. F.

Here again it is the "revolutionary party conscious of the goal", the "vanguard", which leads the masses into the struggles and to victory, prepares and organizes mass movements, mass strikes and the armed insurrection. And after the victory, it is again the party under the leadership of which the workers' councils are to function as state organs, and workers and functionaries are organized in industrial unions. If a doubt should still remain as to who is supposed to exercise the real power in this socialist soviet republic, it is set aside by thesis 7: "The consolidation of power is taken over, until the forming of a socialist army, by the armed proletariat."

Which is to say, that after the victory, the armed workers who are necessary for the overthrow of the fascist state forces are to hand over their weapons in favor of a "socialist army", which naturally is under the command of the Party.

Stripped of all wrappings, what remains is the old social-democratic conception regarding the path and the goal of socialism, according to which the beginning and end of the struggle for socialism lies in the conquest of political power through the social-democratic party.

Now the development of the Russian Revolution has proved that the exercise of state power through the Party cannot be called a "dictatorship of the proletariat"; nor is it a dictatorship of the proletariat through the dictatorship of the party (as the Russian Social Democracy formulates it), but it is a dictatorship over the proletariat. That finds its basis in the fact that the party-ruled State in converting the former private-capitalist economy to state economy again subordinates the workers, as wage-workers, to this state management.

From theses 7 - 17 it becomes clear that also in the construction of "socialism" -- that is, in the organization of economy through the party-ruled State -- it is desired to follow the Russian pattern. The essential point of this organization of economy is that the means of production are declared to be state property and the State comes forward as the single entrepreneur under the control of the workers' councils. Small enterprises in agriculture and industry are to maintain an independent existence (obviously a mere concession to momentary conditions.)

Wage Labor and State Economy.

The socialism which it is desired to construct thus proves to be state economy. It is thought, with economic planning, the elimination of disrupting competition and of profit, in conjunction with the full employment of the increased forces of production, to raise the standard of living of the masses in general. For the very reason that private own-

ership of the means of production stands in the way of a rational economy--still more: in the permanent crisis, hinders employment of the productive forces at all--the abolition of private ownership appears as the next goal. From this then follows the concentration of economy under the central authority of the State. And here it is the task of the scientists, statisticians, engineers, etc., to carry out the actual construction. In this way the socialist construction of economy appears as an organizational problem (Lenin), as an unrestricted generalizing and bringing to final completion of the tendency already foreshadowed by capitalism in the forming of trusts and cartels. The State becomes a mammoth trust which through organization overcomes the obstacles which stand in the way of a further expansion of production.

The Russian development has proved that such a state economy can be nothing other than state capitalism. The worker remains a wage-worker, now bound by state liability to labor (thesis 11). He works in state enterprises and sells his labor power to the State. His wage is the price which the State pays him for it. Thus the State steps into the place of the expropriated private capitalist. It is the State which now exercises command over wage labor and thus also rules and exploits the workers. Labor power becomes a commodity, just as under private capitalism; it is set equal to an already created product (the means of existence which the worker receives by way of the wage). It becomes a commodity; which means also that it is degraded to a thing, deprived of all personal will. It is converted from subject to object. Since, however, the worker cannot be separated from his labor power, the same thing holds of the wage-worker himself; he becomes a thing, is degraded to an object, in order to be employed by the owner of the means of production, as another "means for producing". No further argument is needed in order to state that the fact that in this state economy the worker remains a wage-worker involves also the determination regarding his social position.

But the Russian example is not only a demonstration of the fact that the proclaimed socialism is in reality state capitalism. It has not only proved that state production is not production for need, but ordinary commodity production/ There also arose from it a new ruling element which disposes over the state property and thus comes to occupy a privileged position. This element is interested in the further extension of state power, because it is precisely this state power which guarantees its privileged position in society. It also prescribes the direction for the further development, for in its hands are concentrated all the material means and other forces of society. And what else can it do than strive for increase of the state property and magnification of the state power?

Once social production has taken the form of state enterprise, it follows a development conditioned by way of the relations of power thus created.

The workers are dispossessed, each day anew, when they perform labor; and, in fact, by way of the State, the general proprietor, which appropriates the products of labor. The State is the proprietor, the administrator of the social wealth. It is the organizer, leader and conductor of the social process of production. And it is at the same time the power which determines the portion of the individual and distributes the goods. This is a social organization which is best comprehended if one thinks of the administrative apparatus of all

private-capitalist enterprises, stock companies, syndicates, trusts, etc., as combined with the political power of the State. The state as the single entrepreneur is nothing other than such a conglomeration of all administrative organs of private ownership; for just as the administration of private capital is unproductive, and serves merely as an organ for the appropriation of the products of others' labor, so also the bureaucratic apparatus of the State creates no product and has no other task than to assure to the State what is produced through wage labor in the state enterprises.

Thus the development of state management is marked by an antagonism which is bound continually to intensify. On the one side, accumulation of possession and power in the hands of the state bureaucracy, for it is the State; on the other side the wage-workers, the products of whose labor the State appropriates.

The more the wealth of society as state property increases, the greater is the exploitation of the wage-workers, and the more powerless they are. With the wealth of society as state property, there increases also the impoverishment of the wage-workers; its necessary consequence is the class struggle between wage-workers and state bureaucracy. For the sake of asserting itself in this struggle, there remains to the bureaucracy no other choice than to extend the state's apparatus of suppression, which must grow in the same measure as the cleft deepens. The richer the State, the greater the poverty of the workers and the sharper the class struggle.

The Problem From The Proletarian Point of View.

The wage-workers cannot be content with this "Socialism", even though it should shower them with material blessings (which, moreover, is very much to be doubted). The aim of their striving must be that the rule of capital shall be abolished for them also. Their struggle is directed to doing away with the capital relation itself; that they shall no longer be purchased as labor power and be ranged as a productive force into the productive process on a level with the machines, under the command of the new masters. They must themselves become the masters of production, of their own and the mechanical productive forces. They themselves must take possession of the means of production, in order to use and administer them in the name of society, and answerable to this society. They must themselves rise up to become the director and manager of production, the administrator and distributor of the goods produced, if they wish to unite humanity in the classless society and avoid falling into thralldom again themselves.

From this striving, otherwise than in the case of the intellectuals, there results also another statement of the problem, and new perspectives are opened. In this way conceptions are formed regarding the regulation of the mutual relations of human beings in social production, conceptions which to the intellectual elements appear incomprehensible and which they declare to be utopian and unrealizable. But these conceptions have already unfolded a powerful force in the revolutionary uprisings of the wage-workers, of the modern proletarians. This force was shown first on a major scale in the Paris Commune, which sought to overcome the centralized authority of the State through the self-administration of the communes. It was the cause also of Marx's giving up his idea (expressed in the Communist Manifesto) that state economy would lead to the disappearance of class society. In the wor-

kers' and soldiers' councils of the Russian and German revolutions of 1917-23, it arose once more to a mighty and at times all-mastering power. And in future no proletarian-revolutionary movement is conceivable in which it will not play a more and more prominent and finally all-mastering role. It is the self-activity of the broad working masses which manifests itself in the workers' councils. Here is nothing utopian any longer; it is actual reality. In the workers' councils the proletariat has shaped the organizational form in which it conducts its struggle for liberation.

So it is no utopia, no empty theory, that these workers' councils, wherever they group themselves around production, in the shops, as shop organizations, themselves aim to take possession of the means of production, and themselves direct and manage production. It is a demand which is raised in the course of developments by broad masses of workers. The intellectual element will have to suppress this striving with force if it wants to assert its control in the state economy.

From the viewpoint of the workers' councils, the statement of the problem in matters of economic organization is not as to how production must be governed, and in this sense best organized, but as to how the mutual relations of human beings to each other and among each other are to be regulated in connection with production. For, to the councils, production is no longer an objective process in which the labor of man and the product thereof becomes separated from him, a process which one computes and directs like lifeless material, but to them production is the vital function of the workers themselves. If production -- the vital function of human beings when every one is obliged to work -- even today is social in practice, then also the participation of human beings in that production, their own vital function, can be socially regulated without putting them on a level with their own working instruments and without subjecting them to the command of a special class or element. Once the problem is put in this way, its solution is no longer so improbable, but rather easy to find. It presents itself, as it were, of its own accord. It is the labor of human beings itself, their own vital function, in the fields of production, which serves as a criterion for the adjustment of their mutual relations. Once the labor of individuals, as well as their union in shop organizations, has been introduced as the determining factor in the social adjustment of the mutual relations, there is no longer room for any sort of leadership or management which does not itself take part in the productive process, which merely exercises governing functions and appropriates to itself the products of others.

The Workers' Councils.

The theses make it clear that the authors do not believe in the creative force of the proletariat. Even after the workers' councils as an undeniable fact have produced the proof of that force. No leader of the Social Democracy, not even Lenin, prior to 1917 had recognized the significance of the workers' councils, and yet they had already played an important part in St. Petersburg in the Russian revolution of 1905. It was not until 1917 in Russia, then in Germany and elsewhere, when the workers' councils had proved themselves as the form of struggle of the revolutionarily acting proletariat, not until the broad masses of workers were exercising a decisive influence through the workers' councils upon politics and economics, it was only then that the attention of the political big-wigs of the Social Democracy was directed to

them. But not at all in the sense of perceiving in them the first independent step of the proletariat in the direction of taking its fate in its own hands. The workers' councils were to them a new phenomenal form which must serve to bring the big-wigs themselves into power. The proletariat, this mighty and constantly still growing social force, was in their eyes just so much social force, like the productive forces in the shops--a force which one employs to arrive at determinate results, to put into practice worked-out plans. Such is the thought of the intellectual as leader of the capitalistic process of production, and such is also his thought when as a Social Democrat he thinks of directing the social forces. To him, the proletariat has no thinking of its own; it thinks and acts just as its leaders think. For that reason the "revolutionary-marxist party" (thesis 6) must have the leadership in hand if the proletarian forces are to be thrown into the struggle in accordance with the socialist plans. If it is not the revolutionary-marxist party, then it is simply another party which uses the strength of the proletariat in order to carry out its special plans and designs. Anyone who looks at the matter from this angle can come to no other conclusion than: Without the leadership of the party, no socialism. From this standpoint, the workers' councils appear as new proletarian organs in which the leadership must be won; they must become an instrument in the hands of the leadership, in order thus to influence the thinking and acting of the masses. It is in this spirit also that the workers' councils are seen and defined in the Theses.

But the force which goes out from the workers' councils came into being along the exactly opposite way. It was the mass-will born in the shops and mass-gatherings which raised up deputies and delegates out of the mass, as its mouth-pieces, ready at any moment to stand up for the mass with the uttermost means. This mass-will has hitherto still taken form only in conjunction with a few problems of quite general interest, the solution of which could finally be evaded by no one. Thus the will of the masses in Russia in the year 1917 and in Germany in 1918 was directed to ending the war. The war had to be ended, at any cost; all scruples on that point, artificial, cultivated and rooting in the masses themselves, were finally set aside. In this way there took form everywhere the general will to put an end to the war, and for that purpose to take up the struggle against the military power of one's own country. The workers' and soldiers' councils were merely the organizational form in which this will was converted into action. Thus the workers' councils are possible only as the organizational form of the will of broad masses of workers; though in this connection it must be borne in mind that such a will takes form only under certain presuppositions and is certainly not called into being through the slogans of this or that party.

Now when the "revolutionary-marxist party" strives for leadership in the workers' councils, it follows the opposite course. It wants to make use of these organs of the mass-will as a means of carrying the masses to act in accordance with the will and plans of the "leaders". The leader, however, can see the mass merely as material with which he must work, and the independent mass-will is in this connection a hostile element. Hence the workers' councils under the leadership of a party are robbed of their own strength, and if they live on, it is only through deception, that is, when they conceal from the masses the fact that they have become instruments in the hands of the leaders. And that was the fate of the workers' councils in Russia and Germany after the first goal, the ending of the war, was attained

and opinions diverged with reference to the reconstruction of the social order,--a unified will, that is, on the part of the working masses was no longer present. They were "won" by the mutually competing party tendencies, soon lost even their influence upon the working masses and accordingly have no further value for the party politics of the leader. They have disappeared. It is only in the plans of the "revolutionary-marxist" parties, which are making ready to win the leadership in the coming mass uprisings, that they continue to live as organs through which it is thought to lead the masses.

Yet the spirit which came to expression in the revolutionary workers' councils is not dead. In truth, the essential point consists in the fact that the workers find in these organizations the coordination of their class force, the overcoming of their dispersion in trade-unions, parties, tendencies. When the workers find this unity in the daily class struggle, when they themselves conduct the struggle by way of spontaneously formed organs while setting aside the old organizations by which they were separated, then is the spirit of the revolutionary workers' councils again in the working masses; then do the masses reveal their will.

In the present-day struggle, we see again and again the embryonic forms of this class action, but we see also at the same time the hitherto almost always successful attempts of the old labor movement to snatch away from the workers the leadership of the struggle and place it in the trade-union offices. Just as the "communist" economy of the leaders is to be accomplished along the roundabout way of the state official apparatus, so also the conduct of the struggle is to be taken away from the direct authority of the workers and redirected by way of the trade-union apparatus.

But the power of the ruling class under capitalism is so enormous that only the power of the whole undivided working class is capable of overcoming it.

Thus the class relations tell us that the workers can win only when they have overcome the old labor movement through their council-unity; that they can win only when the "legislative and executive power" in the struggle is exercised by the mass itself.

In the year 1918, in Germany, the revolutionary slogan of the proletariat was: "All power to the workers' councils."

This slogan has meaning, however, only when the power of the councils is the expression of the unified will of broad masses of workers,--yes, of the whole working class. Unity in will and action of the whole working class; that is the soil on which the power of the workers' councils arises. To this end it is not enough when broad masses in extreme need put an end through their own action to an unbearable condition. They did that in 1918 and brought about only the ending of the war. There must be added to this the positive will to the reconstruction of society, to the readjustment of the relations of human beings in this society.

The former, the intolerable condition, may safely be left to capitalist society itself. The situation of the working class becomes ever more unbearable; wage-labor becomes for a constantly growing mass of millions a curse, a nightmare, which cannot be evaded. The situation

finally becomes so tense that in broad masses the will is born to put an end to this unbearable condition, cost what it may. But they cannot end it without at the same time doing away with wage labor. Even the state socialism of the leaders brings no salvation, for it lets wage-labor, organized anew through the state power, remain in existence. For that reason there must be added to the action under compulsion of extreme need the conscious transformation of the social relations. The ending of the state of distress and the reordering of the social relations is a single deed; they are only two sides of one and the same action. Out of the condition which has become unbearable to the working masses, who as wage-workers are given over to absolute impoverishment, there is only this one salvation: that the wage-workers themselves take possession of the means of production. But they can do that only when, combined in the councils, they become the social power and at the same time employ the means of production in common, that is, on communist bases, for the social need.

Communist Economy.

The council or soviet power does away with wage labor; it makes the worker the determining factor in production. Its task is to bring about the liberation of the working class, in that it converts the wage-workers to free and equal producers. But these free and equal producers have to adjust their relations to each other. The firm adjustment of these relations, through which the equality and hence also the freedom of the producers is assured, when it has become an all-mastering law; that is, in the last analysis, the solid foundation on which the communist society rests.

This adjustment, however, is nothing other than the regulation of the interacting process of society, --the regulation of production and consumption; of the participation of the individual producer in the production of goods and of his consumption of the goods produced in common. And where the labor of the individual producers is at the same time his participation in the social production of goods, it necessarily follows that this labor decides also regarding his share in the goods produced. The social measure by which the relations of the producers among each other must be governed is labor, according to the time through which it operates, the labor-hour. The individual, special labor-hour of the single producer is, however, no social measure; it is different in each case and ever and over anew. It is therefore necessary to find the social-average labor hour, the average of all the different labor-hours, and this must be made the socially regulating factor.

It is impossible at this place to be more precise regarding the movement of the communist economic life on the basis of the social-average labor hour. On this subject we recommend the work entitled, Grundprinzipien kommunistischer Produktion und Verteilung, brought out by the Group of International Communists (Holland). We merely point to the carrying out of the labor-time accounting in communist society as an immediate goal and hence do not regard it as something to be "attended to later on".

The economic promotion of labor-time accounting expresses itself politically in working-class control of society. The one does not exist without the other. If the working class is not capable of carrying through the labor-time accounting, that can have no other meaning than

that it is not capable of doing away with wage-labor; not capable of taking over the conduct and administration of the social life. If labor time is not made the measure of individual consumption, then wage-labor is the only solution. Which is to say: there is then no direct relation between the producers and the social wealth. It means that through the wage of labor the separation of the workers from the social product has become a fact. Or, to state the same thing in other words: the management of the production process cannot lie in the hands of the workers. The management of the production process passes over to the "statisticians" and other scientists charged with the distribution of the "national income". Either abolition of wage labor, with the social-average labor hour as fulcrum of the whole economy, under direct control of all workers, or else wage labor in behalf of the State.

We therefore raise as the immediate slogan of working-class power: the workers bring all social functions under their direct control; they appoint all functionaries and recall them. The workers take the social production under their own management through combining together in shop organizations and workers' councils. They themselves enter their shop under the communist form of economy, in that they gauge their production according to the social-average labor time. Thus the whole of society goes over to communist production. This does away with the distinction between enterprises which are "ripe" for social management, and enterprises which are not yet "ripe".

That is the political and at the same time the economic program of the wage workers; it is in this sense that their councils will transform economy. Those are the highest demands which we can raise in these questions; but at the same time also the lowest, because it is a question of the be or not-to-be of the proletarian revolution.

.....
.....
.....

NEW PAMPHLET

Just Off The Press:

"THE BOURGEOIS ROLE OF BOLSHEVISM"

Published by: The Anti-Parliamentary Communist Federation of Glasgow, Scotland.

This pamphlet originally was published as the "Thesis on Bolshevism" in German in the "Rätekorrespondenz" #3, the monthly organ of the Group of International Communists of Holland. It was published in the English in the Council Correspondence #3

32 pages

15¢ postage paid.

Order from: United Workers' Party, Chicago, Ill.
or from: Anti-Parliamentary Communist Press,
56 Commerce St.,
Glasgow, - C. 5.