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What is Communism?

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In communism, the process of production is no longer a process of capital expansion, but only a labor process in which society draws from nature the means of consumption which it needs. No longer are values produced, but only articles for use. As an economic criterion, the necessity of which is undeniable, since both production and the productive apparatus must be made to conform to the social need, the only thing which can still serve is the labor time employed in the production of goods. It is no longer the 'value' but the calculation in terms of use articles and the immediate labor time required for their production which is the necessary form of expression of a regulated communist economy.

And so, from the standpoint of Marxism, the Russian experiments in planned economy are not to be rated as socialistic. The Russian practice is not directed according to communist principles, but follows the laws of capitalist accumulation. We have here, even though in modified form, a surplus-value production under the ideological camouflage of "socialist construction". The wage relation is identical with that of capitalist production, forming also in Russia the basis for the existence of a growing bureaucracy with mounting privileges; a bureaucracy which, by the side of the private capitalist elements which are still present, is strictly to be appraised as a new class appropriating to itself surplus labor and surplus value. From the Russian experience no positive conclusions can be drawn which have a relation to communist production and distribution. It still offers only examples of the way in which communism cannot be developed.

capable, of manual and intellectual labor. The s.a. reproduction time is accordingly something which as such, as something special, does not exist. Like the laws of nature, which merely bring out what is general in the particular phenomena, without existing as actual laws, the s.a. working hour, which in the concrete sense has no existence, embodies what is general from among the enormous diversity in the material interaction of society".

in communism the lowering of the s.a. production time is a conscious, socially-regulated act. It leads to a general drop in the time of production. If, for example, an enterprise has reckoned its means of production at 100,000 labor hours, and if we assume that these instruments have a ten-year span of life, then 10,000 working hours are to be added on yearly to the products of this enterprise. If the s.a. reproduction time of the means of production employed in this enterprise declines, then in its process of reproduction it can fashion better or more machines and thus increase its productivity, which in practice means expanding the productive apparatus without the expenditure of extra labor. The production time for this enterprise has changed. Since the s.a. reproduction time is observed, the only change is in the productivity factor of this enterprise. The s.a. production time of the cartel with which the enterprise is connected always remains the same as the reproduction time, since the means of production, too, flow in a continuous stream through all the enterprises. The lowest social reproduction times blend again and again in the process of production with the s.a. reproduction time.

By way of summary, it may be said:

"The basis of the s.a. reproduction time is the s .a. working hour. This category is already valid even in capitalism. Even now the individual differences find no expression in the commodity, for the product is converted on the market into money; that is, transformed into the general commodity, by which all individual differences are abolished. In communism, it is the s.a. reproduction time which embraces within itself all individual differences of slow and experienced workers, of capable and less

The decisive problems of a communist economy do not come up until after the market, wage labor, money, etc., have been completely dispensed with. The very fact of the existence of the wage relation signifies that the means of production are not controlled by the producers, but stand over against them in the form of capital; and this circumstance further compels a reproduction process in the form of capital accumulation. This latter is, by the Marxist theory, beside and because of its validity as a law of crises and collapse, at the same time the accumulation of misery, and hence also the Russian workers are actually growing poorer at the same rate as capital accumulates. The productivity of the Russian workers increases faster than their wages; of the increasing social product they receive a relatively ever smaller share. To Marx this relative pauperization of the working population in the course of accumulation is only a phase of the absolute pauperization; it is only another expression for the increasing exploitation of the workers, and to denominate this as the "growth of socialism" is after all hardly possible.

The gist of the Bolshevist "theory of socialization" may be sketched as follows: With the revolutionary overthrow, i.e. the expropriation of capital, the power over the means of production and hence the control over production and the distribution of the products passes into the hands of the state apparatus. This latter then organizes the various branches of production in accordance with a plan and puts them, as a state monopoly, at the service of society. With the aid of statistics, the central authority computes and determines the magnitude and kind of

production, as also the apportionment of the products and producers.

To be sure, the means of production have here passed from the hands of the private entrepreneurs into those of the State; as regards the producers, however, nothing has changed. No more than under capitalism do they themselves exercise the command over the products of their labor, for they still lack the control over the means of production. Just as before, their only means of livelihood is the sale of their labor power. The only difference is that they are no longer required to deal with the individual capitalist, but with the total capitalist, the State, as the purchaser of labor power. In the mind of the Bolshevik theoretician, as in that of the Social Democrat, monopoly capitalism has already made production "ripe for socializing"; the only thing left to do is to give a "socialistic" form to distribution. The decisive aspect of the matter here is the organizational-technical side of the production process; the side developed by monopoly capitalism or to be copied from it, instead of the truly basic factor of communist economy: the economic relation between product and producer.

The conception that the mere centralization of the means of production in the hands of the State is to be regarded as socialization precluded the practical employment of an accounting unit in keeping with a communist mode of economy. Centralized power over social production and distribution admitted of no form of accounting by which an uninterrupted economic process was possible as a substitute for money economy. The Russian attempts at a natural economy during the period of

goods is recorded in the general social bookkeeping by an endorsement, so that the debit and credit of any particular enterprise at any time can be seen at a glance. Everything which an enterprise consumes in the way of means of production, raw material or labor money, appear on the debit side of the enterprise; what it has turned over to society in the form of products appears as a credit. These two items must cover each other continuously, revealing in this way whether and to what extent the productive process is flowing smoothly. Shortage and excess on the part of the enterprise becomes visible and can be corrected. If an enterprise is unable to maintain its productivity, if that productivity declines, then the other enterprises, even though they work beyond the s.a. production time, cannot cover the shortage of the first one. The comparatively unproductive enterprise is unable to reproduce itself, the malfunction becomes visible and can be remedied by society. The control of the GSL enterprises runs parallel in part with that of the productive ones. It results from the material production, through the registration of the articles turned over to them and the receipt of labor money. The product of the GSL enterprises, however, goes into society "gratuitously", so that for these enterprises the credit factor is lacking in their bookkeeping. The control of their productivity will probably only be possible with the aid of comparative investigations.

While under capitalism the category s.a. labor time is dependent on "value", in communism it is only a matter of the labor embodied in goods turned out. And while social productivity under capitalism has to be regulated by the market, which involves a gigantic waste of the social forces of production,

the credit side of the social bookkeeping stands L; on the debit side MPs, Rs, and Ls. "Bookkeeping as a control and abstract summary of the economic process," says Marx, "becomes the more necessary to the extent that the process functions on a social scale and loses its purely individual character. It is, therefore, more necessary in capitalist production than in scattered handicraft and agricultural production, and still more necessary in co-operative than in capitalist production." This bookkeeping under communism is merely bookkeeping and nothing else. It is the central point of the economic process, but has no power over the producers or the individual enterprises. The social bookkeeping is itself only an enterprise of the GSL type. Its functions are: the registration of the stream of products, the fixing of the FIC, the outlay of labor-time money, the control over production and distribution. The control of the labor process is a purely technical one, which is handled by each enterprise for itself. The control exercised by the social bookkeeping extends only to accounting for all receipts and deliveries of the individual enterprises and watching over their productivity.

The control of production in the society of free and equal producers does not come about through persons and authorities, but is conducted through the public registration of the objective course of the productive process; that is, production is controlled through reproduction.

The different industrial organizations turn their production budgets over to the enterprise which conducts the social bookkeeping. From all the production budgets results the social inventory. Products in one form flow to the enterprises; new ones in another form are given out by them. Each conveyance of

"war communism" completely miscarried. Money accounting had to be re-established.

Under capitalism, the means of production (mp) and labor (l), appear as constant (c) and variable (v) capital. The values $c + v$ can be applied capitalistically only so long as they produce surplus value (s). The capitalistic formula of production is $c + v + s$. It is only because mp + l appear as $c + v$, that it is possible to attain s. If $c + v$ drops out, so also does s, and vice versa. What remains is the concrete, material form of $c + v$, that is mp + l, the means of production and labor. The communist formula of production is $- mp + l$.

The development of mp and l proceeds in any society; it is nothing other than the "material interaction between man and nature". The formula $c + v + s$, however, is historically bound up with capitalist society. If under capitalism it was only the interest in s which determined the development of $c + v$, since here the need for the expansion of capital prevails over the social needs, under communism on the other hand, it is only the social needs which determine the development of mp + l. The formula $c + v + s$ presupposes exchange between the owners of $c + v$ and the owners of l. If $c + v$ is lacking, so also is this exchange. It is not until mp has ceased to confront the workers in the form of capital, when it remains merely as the tool of society and is nothing else, that it is possible to speak of a communist economy:

"Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of

the common labor borne by each individual, and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution". (Capital, Vol. I, Page 90-91).

Taking the social average working hour as the computing unit of communist society, it must be capable of embracing all categories of production and distribution. The working hour unit must be applicable, that is, to the quantitative consumption, the quantitative reproduction and the quantitative expansion of the productive forces. Each enterprise must determine the number of working hours it consumes, so that they can be replaced in the same magnitude. Computation by working hours is not difficult, as all the presuppositions for it have already been formed by capitalist cost accounting. In particular, the capitalist process of rationalisation has developed computing methods which are capable of getting at the cost price both as a whole and also down into the last detail. And while these computing methods are today related to the common denominator of money, their conversion into the working hour is attended by no difficulties.

The production formula of any enterprise, as also that of society as a whole, is very simple. We have already stated it as follows: $mp + l = \text{product}$. With the aid of the means of production, human labor produces a quantity of goods. We distinguish between two different kinds of means of production: fixed and

within the scope of this work we must be content with it and merely refer further to Marx: " If we assumed that society were not capitalistic, but communistic, then the money-capital would be entirely eliminated, and with it the disguise which it carries into the transactions. The question is then simply reduced to the problem that society must calculate beforehand how much labor, means of production, and means of subsistence it can utilize without injury for such lines of activity as, for instance, the building of railroads, which do not furnish any means of production or subsistence, or any useful thing, for a long time, a year or more, while they require labor, and means of production and subsistence out of the annual social production." (Capital, Vol. 2 - Page 361).

Let us consider this example. If the construction of a railway proves necessary, the work involved belongs to the GSL part of the social production. If it consumes, for example, three years of labor in a certain number of working hours, this sum is deducted yearly by charging it to the GSL account, from the factor of individual consumption (FIC).

In the relations between the individual enterprises, labor-time money is superfluous. When an enterprise delivers its end products, it has linked $mp + r + l$ working hours to the great chain of partial social labors. This must be restored to the various enterprises in the same magnitude in the form of other end products. The labor money is valid only for individual consumption. As more and more enterprises are brought into GSL production, distribution by means of labor money grows less and less, and rushes on to its own abolition. Fixing the factor of individual consumption is the task of social bookkeeping. On

is to say, the organs of distribution are enterprises of the GSL type, which likewise conduct their accounting according to the formula $mp + r + l$.

The conditions of simple reproduction, with which we have been working so far, are after all only a methodological assumption employed for the sake of simplicity and have no basis in actual fact. Human progress demands the expansion of the productive forces; the process of reproduction must be accomplished on a broader scale. Under capitalism, this process which goes on in terms of accumulation of capital, is the individual function of the capitalistic enterprises. In communism, however, it is a social function. Of the social product a part is here employed for the further expansion of the productive apparatus. If this expanded reproduction is to be a conscious action, however, it is necessary to know the social labor time required for simple reproduction. The formula for simple reproduction is: $MP + R + L$. If the material apparatus of production is to be expanded by 10%, a mass of products of this amount must be withdrawn from individual consumption. When this "accumulation" has been accomplished, production proceeds according to the formula: $1.1 (MP + R) + L$. We have already shown that the social product is completely taken up by society when the individual consumption proceeds according to the formula $FIC = L - (MPs + Rs)$ over $(L + Ls)$.

This individual consumption must now be further diminished by $0.1 (MP + R)$. In the case of a 10% expansion of production, we then get the formula: $FIC = L - 0.1(MP + R) - (MPs + Rs)$ all over $(L + Ls)$. This general formula does not take the place of the concrete solution of the problem in actual reality, but

circulating. So we broaden our formula in accordance with this distinction.

mp + machines, etc. 10,000 working hours	r + raw material, etc. 70,000 working hours	l labor power 70,000 working hours
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Assuming that these figures are applicable to a shoe factory: $mp + r + l = \text{product} - 10,000 + 70,000 + 70,000 = 50,000$ pairs of shoes in 150,000 working hours, or an average of three working hours is consumed in each pair. In this production formula we have at the same time the reproduction formula for simple reproduction. We know how many labor hours were withdrawn from this factory for the production of 50,000 pairs of shoes. The same number of labor hours must accordingly be restored to it. And what holds for the single enterprise holds also for the whole of society, which of course is only the sum total of all enterprises. The total social product is the product of $mp + r + l$ of all enterprises. To distinguish the production formula of the single enterprises from that of society as a whole, we select capital letters for the latter. The formula for the social product (SP) then reads: $MP + R + L = SP$. Assuming MP (the sum of all the fixed means of production) to amount to 100 million labor hours, the corresponding sum R to amount to 600 million, and the labor time consumed to be equal to 600 million, we have the following for the total product: $MP + R + L = SP - 100 + 600 + 600 = 1,300$. Of the total production of 1,300 million labor hours, in conditions of simple reproduction, (i.e.-when no

expansion of production occurs), we assume that 600 million labor hours are turned over to the consumers in the form of means of consumption.

The application of the social average labor hour as the computing unit presupposes the existence of workers' councils (soviets). Each enterprise comes forward as an independent unit and is at the same time, as we shall show later, connected with all the other enterprises. As a result of the division of labor, each factory has certain end products. With the aid of the production formula $mp + r + l$ each enterprise can compute the labor time contained in its end products. In the shoe factory taken as an example, the end product (one pair of shoes) - contains an average of three working hours. This average can be found for each product in each enterprise. The end product of an enterprise, insofar as it is not destined for individual consumption, goes to another enterprise either in the form of mp or r , and this one in turn computes its end products in labor hours. The same thing holds for all places of production, without regard to the magnitude or kind of their products.

When the individual enterprises have determined the average labor time contained in their products, it still remains to find the social average. All enterprises of the same nature, i.e. turning out the same kind of products, must get in touch with each other. From the individual enterprises of a determinate industry, in a given territory, will be derived the total average of all the given averages (average of averages) for these enterprises. To take a rough example: if 100 shoe factories strike an average of three hours, 100 others an average of two, then the general average for a pair of shoes is 2-1/2 hours. The varying

etc. The more society grows in this direction and the more enterprises are transformed into the GSL type, the less will individual labor be the measure for individual consumption. This tendency serves to illustrate the general development of communist society.

With the development of communism, the accounting for FIC changes. Various enterprises, such as an electric plant, work in part for individual consumption and in part for purely productive purposes. To refer to our example: if the consumers are now supplied with electricity free of charge, the electric plant belongs to a new type of enterprise. For accounting purposes, these mixed enterprises must be included either under those of the productive or of the GSL type. This electric plant must receive back from the FIC the deliveries of current, expressed in working hours, going into the individual consumption. The addition of these parts of all mixed enterprises gives the deficit to be made up by the FIC. If we call this part the general deficit (D), we have a new distribution formula: $FIC = L - (MPs + Rs) - D$ over $L + Ls$.

A number of variations are possible here, depending on whether we assign the mixed enterprises to the public or to the productive ones or divide them between the two. But these variations do not affect the clarity of the general view.

When the relation between the producer and product is established, the question of the horizontal and vertical grouping of the enterprises becomes a technically soluble one, which from the economic point of view presents no difficulties. Distribution also, like production itself, is a social question. The "expenses" of distribution are included in the general budgets for GSL: that

nate the means of production for the public enterprises as MPs, the raw materials as Rs and the labor power as Ls, we get the following total budget for GSL: $(MPs + Rs) + Ls =$ services of the GSL, or (for example - 8 million + 50 million + 50 million = 108 million labor hours.) From the 600 million labor hours to be consumed, 58 million must be deducted for MPs and Rs of the GSL enterprises. There remain 542 million labor hours for the individual consumption of all workers. In the productive enterprises the workers were employed 600 million hours, and in the GSL enterprises 50 million. Of the total output of labor power there is available for individual consumption, accordingly, only $542/650$ or 83%. We call this proportion the "factor of individual consumption" (FIC). The formula for FIC is: $L - (MPs + Rs)$ over $L + Ls$. Or employing the figures assumed in our example: $(600 \text{ million} - 58 \text{ million})$ over $(600 \text{ million} + 50 \text{ million}) = 542 \text{ million}/650 \text{ million} = 0.83$.

If a worker has worked 40 hours, he receives a labor-money certificate in the amount of $0.83 \times 40 = 33.2$ which he exchanges for such articles as he pleases. This computation is possible because all enterprises keep an account of their consumption in mp, r and l. The general social bookkeeping, which records all products, has at its disposal all data necessary for determining the payment factor, namely, L, MPs, Rs and Ls, which result from simple summation in the current account.

In the GSL enterprises, the "taking according to needs" was, as we have seen, already realized. With the growth of communism, this type of enterprise receives an ever increasing extension, means of consumption, dwelling, passenger transport,

averages result from the varying productivity of the individual enterprises. Though this is a condition inherited from capitalism, and the differences in productivity will slowly disappear, the deficit of one enterprise must in the meanwhile be made up through the surplus of the other. From the standpoint of society, however, there is only the social average productivity. The determination of the social labor time calls for the cartelisation of the individual enterprises. The opposition between the factory-average and the social-average labor time comes to an end in the production cartel.

The social average labor time decreases with the development of the productivity of labor. If the product thus "cheapened" is one for individual consumption, it goes into consumption with this reduced average. If it is an end product used by other enterprises as means of production, then the consumption of mp + r for these enterprises falls, the production "costs" decline and hence the average labor time for the products of these enterprises is reduced. The matter of compensating for the variations caused in this way is a purely technical problem which presents no special difficulties.

If the working hour serves as a measure of production, it must likewise be applicable to distribution. A very clear statement of this unit is given by Marx: (Critique of the Gotha Programme, page 29) -

"What the producer has given to society is his individual amount of labor. For example: the social working-day consists of the sum of the individuals' hours of work. The individual working-time of the individual producer is that part of the social working-day contributed by him, his part thereof. He receives

from society a voucher that he has contributed such and such quantity of work (after deductions from his work for the common fund) and draws through this voucher on the social storehouse as much of the means of consumption as the same quantity of work costs. The same amount of work which he has given to society in one form, he receives back in another”.

The specialization of labor makes necessary the use of some sort of certificates for drawing from the fund of social articles of consumption. Each producer receives a number of these certificates corresponding to the number of hours of labor he has performed. These certificates may be called labor money, though they are not money at all in the capitalistic sense. “The producers”, writes Marx, “may eventually receive paper checks, by means of which they withdraw from the social supply of means of consumption a share corresponding to their labor-time. These checks are not money. They do not circulate.” (Capital, Vol. 2 - page 412).

The workers cannot, however, receive the full output of their labor. The labor time is not the direct measure for the part of the social product destined for individual consumption. As Marx goes on to explain:

“Let us take the words “proceeds of labour” in the sense of the product of labour, thus the co-operative proceeds of labour is the total social product.

But from this must be deducted: firstly, reimbursement for the replacement of the means of production used up; secondly, an additional portion for the extension of production; thirdly, reserve or insurance funds to provide against misadventures, disturbances through natural events, and so on.”

There is left the other portion of the total product which is meant to serve definitely as means of consumption. But before this can go for individual consumption there has to be taken from it yet: firstly, the general costs of administration not appertaining to production; secondly, what is destined for the satisfaction of communal needs, such as schools, health, services, etc.; thirdly, funds for those unable to work, etc., in short, what comes under the heading of so-called official poor relief today. (Critique of the Gotha Programme – page 27.)

Those institutions which produce no tangible goods (cultural and social establishments) and yet participate in the social consumption may be reckoned as enterprises. Their services go over into society without delay; production and distribution here are one. In the case of these enterprises, the final goal of communism, “the taking according to need”, is already actualized; their distribution is governed by no economic measure. We call these public enterprises, or enterprises for general social labor (GSL). Communist accounting is complicated by the existence of these GSL enterprises just as it was by the varying productivity of the single enterprises. Everything which the public enterprises consume must be drawn from the stores of the productive enterprises.

Going back to our production formula for society as a whole: $(MP + R) + L =$ mass of products, or $(100 + 600) + 600$ million working hours. MP and R have to be reproduced; there remain, of the total mass of products, 600 million working hours. The GSL enterprises take from these 600 million their means of production and raw materials. It is accordingly necessary to know the total consumption of these public enterprises. If we desig-