

NEW GERMAN CRITIQUE

What Is Socialization? A Program of Practical Socialism
Author(s): Karl Korsch, Frankie Denton, Douglas Kellner
Source: *New German Critique*, No. 6 (Autumn, 1975), pp. 60-81
Published by: New German Critique
Stable URL: <http://www.jstor.org/stable/487654>
Accessed: 09/04/2010 17:33

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/action/showPublisher?publisherCode=ngc>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



New German Critique is collaborating with JSTOR to digitize, preserve and extend access to *New German Critique*.

<http://www.jstor.org>

What Is Socialization? *A Program of Practical Socialism**

by Karl Korsch

1. The Goal of Socialization

The socialization demanded by socialism signifies a new regulation of production with the goal of replacing the private capitalist economy by a socialist communal economy. Its first phase consists of the socialization (*Vergesellschaftung*) of the means of production and the resulting emancipation of labor. Its second phase consists of the socialization of labor.

2. What is Production?

The task of socialization is concerned with production. In this context "production," however, does not signify the technical process of the manufacture of goods and the relations between human beings and (naturally given or artificially produced) material. Rather, "production" here simply signifies social relations between several people which are connected with every technical production, i.e., the "social relations of production." The

* The term socialization in Korsch's essay refers to the active, conscious activity of constructing a socialist society and thus refers to a process of *socialist socialization* which can be distinguished from that process of socialization in bourgeois society that has become an increasingly central concern of social scientists who discuss role behavior, political socialization and socialization by the family, peer groups, school, mass media, etc. Korsch's emphasis is on the social relations of production and process of "socializing society" rather than on the socialization of the individual into prefabricated roles, behavior, attitudes, etc. which are discussed by social scientists in their theories of socialization and criticized by Marxists in their critiques of false consciousness, alienation and reification. Whereas "socialization" in bourgeois society serves the function of stabilizing the current system of production and thus inducing the individual to conform to the system, socialist socialization, in Korsch's view, strives for democratic control of the means of production by the workers who decide on their social use. An interesting discussion of the concept of socialization as used by Korsch is found in Felix Weil's study *Sozialisierung* published in Berlin in a series edited by Korsch in 1921 and reissued by Underground Press (Berlin, 1968). Weil notes the confusion surrounding the term "*Sozialisierung*" and then in a study heavily influenced by Korsch attempts to clarify the concept in terms of the task of constructing a genuinely socialist and thus "socialized" society. This study is published in Karl Korsch, *Schriften zur Sozialisierung*, Erich Gerlach ed. (Europäische Verlagsanstalt, Frankfurt am Main, 1969), pp. 15-42.

object of the new regulation through "socialization" is *production as the sum total of social relations*.

"In the process of production, human beings work not only upon nature, but also upon one another. They produce only by working together in a specified manner and reciprocally exchanging their activities. In order to produce, they enter into definite connections and relations to one another, and only within these social connections and relations does their influence upon nature operate, i.e., does production take place." (Marx, *Wage-Labour and Capital*).

The structure of the capitalist society which socialism struggles against is determined by the fact that in a capitalist economic order the social processes of production are essentially viewed as the private affair of individual persons. In contrast socialization aims at the creation of a socialist communal economy; that is, an economic order in which the social process of production is considered a public affair of the producing and consuming whole.

3. What are the Means of Production?

The first step toward socialization is the elimination of capitalist private property in the "means of production" used in production and its replacement by social property.

The "means of production" are all those physical objects or goods that are used for the purpose of production. According to the Erfurt Program this includes above all: "Land, mines and quarries, raw materials, tools, machines and means of transportation." Not the inner character of an object, but its use for the goal of production makes it a means of production. Generally speaking the entire earth in its naturally given form and character (nature) can be a "means of production," as well as all alterations and improvements brought about by conscious human activity on, under or above the earth's surface (plants).

An object becomes useful for the goal of production when through its use a productive achievement (*Leistung*) is brought about. Productive achievements can consist of performances or services that are meant to directly satisfy a present need; e.g., the performance of a virtuoso in concert, a taxi driver, or a railroad conductor. As a rule, however, productive achievement consists of bringing forth goods that serve as a means of satisfying future needs (means of consumption). In the first case "means of production" are those objects used in performances or services (a grand piano, a taxi, a locomotive); in the second case they are objects used to produce consumer goods (raw materials, machines, etc.). Directly or indirectly, every productive achievement serves consumption.

That human activity which creates a productive achievement of any kind through the use of the means of production is called *labor*. Labor itself is therefore not a single means of production among others but is the universal and necessary condition of every productive use of the means of production, thus of all production in general.

At the present level of economic development, production, the use of the means of production to bring about productive achievements, does not proceed as a result of individual persons independently satisfying their own needs through their own labor (cf. section 2). Rather, it proceeds through the combined effect of a division of labor among many people who bring about a common productive achievement. Under the capitalist economic order, however, the actual means of production used in such common production are not the common property of the producing and consuming community, but are the private property of single persons who may or may not participate in productive labor.

4. What is Capital?

Private property in the means of production becomes *capital* through its combination with *wage labor*.

In a society in which the means of production necessary for production exist as the private property of one part of society, while the other part of society is excluded from possession of the means of production, having only its labor power at its disposal, the possessor of the means of production (the capitalist), acquires the power of *control* over the social processes of production. The capitalist also appropriates the entire *revenue*, less the amount with which he buys the labor power necessary for production, and thus determines the obligatory labor performance of the propertyless producers (proletarian wage laborers) in the production process. Labor power, which before the conclusion of a "labor contract" was, like property, the private right of the natural bearer, becomes the private property of another through the labor contract. During the capitalist production process it does not belong to its natural bearer, but to the owner of the means of production used in production (the capitalist).

"Property in its present form moves in the opposition between capital and wage-labor." (*Communist Manifesto*)

In this sense of the word, "capital," as the right to the private control and use (exploitation) of social production, can, in a society in which production proceeds through the employment of propertyless wage labor, include *every* private ownership of the means of production no matter what means of production are involved. "Capital" is the designation of certain social

relations of production, not the designation of certain material types of means of production. "Capital" does not only consist of the products of previously performed labor ("produced means of production," "plants"), as in the usual designation of the word by bourgeois economy which it contrasts to land, to that which is originally given. Land ("nature") itself can also be capital. Both "means of production" can become capital when they provide the material basis for production resting on unfree wage labor within an existing framework of private property. If that income which the capitalist owner of the means of production extracts from the social production that has taken place with his means of production but without his own labor is designated as his revenue (*Rente*), any income attained by the capitalist without labor belongs to this revenue, as well as the so-called land-rent (*Bodenrente*). A capitalist is thus not only the possessor of the production plant erected on the land from which he obtains his "capital revenue" in the narrow sense, but he is also the private owner of the land on which the production plant stands as the one who appropriates for himself a part of the profits of production under the name of "ground rent" (*Grundrente*). As social relations of production, "ground rent" and "capital revenue in the narrow sense" are equivalent to "capital revenue."

5. The Capitalist Social Order

When the social relation of production "wage-labor" becomes the *universal foundation of social production* in a society, then every means of production that is privately owned becomes capital. All members of such a social order are divided into two classes: on the one side, the capitalists who exploit and control production, and the exploited proletarian wage-slaves on the other. Not only the direct managers and beneficiaries of social production belong to the capitalist class, but in a more general sense, everyone who, by controlling and profiting from social production, directly or indirectly *has any share whatsoever which represents recompense not earned from productive labor which he himself performed in the production process*. It makes no difference whether he obtains an income *in addition to* that which partially rests on his own productive labor (the so-called "employer's profit"), and which he could also obtain without being the private owner of the means of production (the collector of ground rent and other capital revenue).

While it was normal in earlier stages of development of the "capitalist" social order for a single person to be both the manager and beneficiary of social production at once, today these functions are normally parcelled out among several persons or groups of persons, all of whom participate more or less directly in controlling and profiting from production. We have already become acquainted above with the case where the capitalist owner of land

shares with the capitalist owner of the production plant in the exploitation of production that takes place in the plant. Two other typical cases of such a division of the capitalist function are first, the case in which the real owners do not themselves manage production but permit someone else to manage it for their benefit. For example, as shareholders they let the board of directors manage the company's affairs. Even more widespread is another case which is relevant here: a production plant that works with credit. In this type of business as well, several persons participate as "capitalists": first, the so-called legal "owner" of the business; and secondly, the provider of credit. Together both share in the control and benefits (exploitation) of the production in question.

The replacement of private property in the means of production through social property, the socializing of the means of production, is equivalent to the liberation of labor from alien capitalist domination and exploitation, to which it is subordinated in the capitalist economy during the processes of production. The socializing of the means of production is thus equivalent to eliminating the opposition between capital and wage-labor that dominates the present capitalist economic order, as well as eliminating social class divisions, class domination and the class struggle that arise from the opposition between capital and labor.

6. Economic and Political Power, Private and Public Law

The demand for socializing the means of production and the liberation of productive labor is the demand for the transformation of a historically emergent form of the social relations of production, "property," into another, only now emerging form. Capitalist private property, as it appears in the opposition between capital and wage-labor, is not an eternally valid form of social production but rather a temporary one, valid only for a certain temporally past period.

The power of the capitalist private property owner to control social production and to appropriate its profits appears as an *economically* grounded power, in contrast to *politically* grounded power relations, i.e., the right of the state to govern and tax individual citizens. As we showed in section 2, both forms of power are, however, at the same time *social* relationships of person to person. These are in their origin and continued existence dependent on the social principles which perpetuate and support it; especially on the recognition, and if need be coercion by the laws of the state. "The owner of an object can . . . do with the object *whatever he wants* and can *exclude others from any interference.*" (§903 of the German Civil Codebook) (*Deutsche Bürgerliches Gesetzbuch*).

This equivalence between economic and political power has become obscured by the present division of the entire law into public and private law which is peculiar to the legal system marked by capitalist private property. "Publicum ius est, quod ad statum rei Romanae spectat, privatum, quod ad singulorum utilitatem." (Ulpian L 1 §2 De justo et jure, p. 2) ("Public law is directed toward the well-being of the entire political community; private law serves to benefit single individuals.")

The treatment of human relations in economic life as the sphere of private law could never and nowhere be completely carried out because state and society would have fallen asunder as a result. The right of the owner of the means of production "to do with his things whatever he wants" was constantly and everywhere limited by public law: by laws and injunctions promulgated in the interest of the common good. Similarly the material *unfreedom* of the propertyless wage-laborer which predominates during the social processes of production and derives from the merely formal "freedom" of the workers' right of possession and disposal over his labor power was, in fact, alleviated everywhere through mandatory limitations of wage contract freedom and through legal public protection of workers in some form or another.

7. Socialization and Social Policy

From the previous presentation it appears to follow that there are basically two different ways of "socializing the means of production," of eliminating capitalist private property of the means of production. One could socialize by taking the means of production away from the jurisdiction of individual capitalists (expropriation) and by placing them under the jurisdiction of public functionaries (nationalization, communalization and other forms that we shall discuss later). And one could socialize by *internally transforming* the content of private property of the means of production without expropriating its owners. One would progressively treat production, which according to private law, previously belonged to the private property of the capitalist owner as an affair of public law, the regulation of which no longer depends exclusively on the private owner by virtue of his private right but instead depends as well on public legal organs: federations of workers organized by professions and territory, federations of employers and united associations of workers and employers (labor partnerships, labor parliaments).

The chief representative of this second form of "socialization" today is Eduard Bernstein. According to him, "the basic issue of socialization is that we place production, economic life, under the control of the public weal (*Allgemeinheit*)." In his view socialization can come about if "the public seizes more and more control of economic life with the help of laws and ordinances." And he proclaims today, as he did more than twenty years ago,

that "a good factory law can contain more socialism than the nationalization of several hundred businesses and enterprises."

Bernstein's position maintains, in the formulation which appears here, the complete equation of "social policy" and "socialization." Through gradual limitations on the privileges (*Befugnisse*) of private property owners by means of social policy, private property is supposed to be transformed and slowly develop into public property. In reality, however, *social policy*—which, in its very concept presupposes capitalist private property and wants to merely settle (*schlichten*) the conflict between the individual rights of the capitalists and the claims of the public by arbitration—can never change into a true socialization *without a break and radical change* in direction. The important element for true socialization which Bernstein's conception nevertheless contains, apart from his acceptance of capitalist modes of thought, will be discussed in the following sections. In the meantime this point must be emphasized: there can be no socialization of the means of production without either all at once or gradually eliminating *completely* the private property owner from the social process of production!

8. Socialization and the Distribution of Property: "Half-measures"

From this negative condition of any genuine socialization the following emerges: no "socialization of the means of production" but a mere change of private property owners takes place in all those procedures which only present a more equitable distribution of private property. The transfer of property from a single person to a so-called "judicial person" of private law must be included here; for example, the transfer of a privately owned business to the common property of a corporation. Such procedures are no more socialization than some simple projects of division occasionally characterized as "socialization" by the badly informed opponents of socialism; for example the division of large estates of land into small settlements for numerous single owners. This kind of thing will not, however, be considered here.

The demand for a *complete* elimination of the private property owner from the process of production reveals the inadequacy of all such measures, which amount to a power and profit sharing between the non-working property owners on the one hand, and the non-possessing workers on the other. To such measures belong:

1. Kautsky's proposal that "land, insofar as it is being utilized by large industrial plants, should immediately be nationalized," but that "the plants that exist in or upon it," which have leased land from the State, should be allowed to continue as "private operations."¹ Other measures include:

1. See Karl Kautsky, *Richtlinien für ein sozialistisches Aktionsprogramm* (Berlin, 1919).

2. All the projects of “profit-sharing” promoted time and again, with or without success, during the last hundred years by well-meaning capitalists who proposed paying a part of the total business profits to their wage laborers.

3. The recently proposed participation (often falsely labelled “industrial democracy”) of the workers’ and employees’ representatives, elected by the plant members for the individual plant (labor commissions, factory councils, employee committees), in the control and administration of the plants, which are basically still left to the capitalist owner.

From the point of view of socialism all these “half-measures”—just as the Bernstein plan—can be seen as partial payments (*Abschlagszahlungen*) at best. In less favorable cases they are directly opposed to the true interests of the working class moving towards emancipation. This holds true especially for most of the projects of so-called “profit-sharing.”

9. The Task of Socialization

By demanding that the private property owner be “completely eliminated from the sphere of production” one does indeed secure the distinction between mere “social policy” and genuine “socialization” (cf. section 7). One also avoids confusing socialization with a simple distribution of private property and with all sorts of “half-measures” (cf. section 8). But beyond this, the demand in no way more precisely determines the actual content of the task of socialization.

Even after the complete elimination of the capitalist private property owner, the same means of production can only *be used for production* at a given time by a determinate number of producing workers—as every *means of consumption* can, in the same way, be consumed or used only by a determinate number of people at the moment when it fulfills its purpose.

The “socializing of the means of production,” which socialism demands, cannot and does not wish to alter this actual fact. In a socialist communal economy one must also decide which people may and should use the existing means of production for production, under what working conditions production should proceed, and in which way the products of production should be distributed among the totality of the producers and consumers. In the socialist communal-economy too there is a regulation of the social relations of production, an order of property. The establishment of this order is the task of socialization.

Depending on how a completed socialization plan performs this task and how the above questions are decided, it will either create a more or less complete community property in a true communal economy, or it will indeed

eliminate private property, but only to replace it with some kind of *special property* (*Sondereigentum*).

10. The Conflict of Interests between Producers and Consumers

The greatest danger that the task of creating true community property will nonetheless meet with failure in carrying out a plan of socialization stems from the fact that even after the elimination of capitalist private property from production, two opposing interest groups will remain in the economic life of a human community: on the one hand the interests of the producing workers of each individual branch of production, on the other, the interests of the totality of the remaining producers and consumers. In short, the conflict of interests between producers and consumers.

When the interests of either the consumers or the producers are given priority in the regulation of the social relations of production, instead of a true "socializing" ("*Vergesellschaftung*") of the means of production, the formerly existing private capitalism is merely being exchanged for a *new capitalism* through alleged "socialization." This new capitalism, depending on circumstances, can be designated as a consumer-capitalism (national, local or consumer cooperative capitalism) or as a producer-capitalism. Only by avoiding both dangers, through equal and just consideration of the interests of producers and consumers alike does true community property develop in the process of socialization, rather than special property of one class.

Those forms of socialization which come closest to the danger of a *consumer-capitalism* are socialization by means of nationalization, communalization and the affiliation of production plants with consumer associations. The danger of *producer-capitalism* on the other hand, arises in an attempt to socialize in the direction of the Workmen's Cooperative Production Society movement and modern syndication ("the mines to the miners," "the railroads to the railway workers," etc.). The goal of socialization in the spirit of socialism, however, is neither consumer-capitalism nor producer-capitalism, but rather true community property for the totality of producers and consumers.

11. The Claims of Producers and Consumers on the Regulation of the Social Relations of Production

The division of claims raised in the regulation of the social relations of production in the name of producers or consumers results from a breaking down of capitalist private property—which socialization is doing away with—into its individual privileges.

“Private ownership of the means of production” as domination in the current capitalist economic order contains two elements, as indicated above:

- a) a right to the entire yield of the production carried out by using these means of production, less all the expenditures for raw materials, wages, taxes, etc. (according to Marx a right, usurped by the capitalist, to the “surplus value” continually produced by the unfree labor of wage-laborers);
- b) a right to the control of the production process, limited only by general public law, especially so-called social legislation.

In contrast, the demand “to abolish private ownership of the means of production,” and to “socialize the means of production” raised from the standpoint of the producing laborer likewise signifies two things:

- a) a right to the yield of labor for the worker;
- b) workers’ participation in the control of the production process corresponding to the significance of labor for the production process.

The same demand, however, from the standpoint of the *consumer* signifies:

- a) distribution of the yield of the entire social production among the totality of the consumers;
- b) a transfer of the controlling rights of the capitalist private owner to the organs of this totality.

12. The Two Basic Forms of Socialization

As a result of these perspectives a different attitude appears on the part of the producers and on the part of the consumers toward the various potential forms of “socialization.” In the first type, satisfaction for the claims of the producing laborers is granted only indirectly while the claims of the consumers, in contrast, are directly satisfied. In the second type of socialization the opposite is the case, representing direct socializing seen from the standpoint of the producing laborers, but only an indirect socializing viewed from the standpoint of the whole of the consumers.

a) Socialization, as nationalization or communalization of plants, as well as in the affiliation of production plants with consumer cooperatives, is indirect from the standpoint of the producing laborers, direct from the standpoint of the totality of consumers. In none of these three cases does the producing laborer immediately achieve any share in the control and benefits of production, but rather remains as before a wage laborer. This is due to the replacement of the capitalist private owner with functionaries of the state, the community or the consumer cooperative.

If this were the extent of the matter, no community property of the totality would in reality be created through this alleged socialization, but rather a

special property of the consumer class. Private-capitalism would be replaced by consumer-capitalism. This is especially true for nationalization, as well as for the other two aforementioned forms of socialization.

The true relationship may be seen in the two terms frequently used as synonyms: socialization and nationalization. We have already observed above: not every socialization takes place in the form of nationalization. And we observed here: mere nationalization alone and of itself cannot be recognized as socialist socialization [*sozialistische Vergesellschaftung (Sozialisierung)*].

b) The form of socialization which is direct from the standpoint of laborers, and indirect from the standpoint of the totality of consumers, consists of the transfer of ownership of all means of production of a plant (a branch of industry) to the laboring participants in that plant (branch industry participants). Through this transfer, the laboring participants in production achieve complete control over the entire process of production and over its yield. True community property can, of course, no more be created through this process alone, than through the form of socialization discussed under a) above. Instead the capitalism of the private capitalist would only be replaced by a producer-capitalism, a special ownership of certain groups of producers.

13. The Need for Both Basic Forms of Socialization to Complement Each Other

The common characteristic of the two differing types of "socialization" is the following: socialization of either type always eliminates the private capitalist, who previously pretended to represent:

a) the workers against the interests of the consumers;

b) the consumers against the interests of the workers as producers; but in actuality only assured himself social power and a laborless income from the profits of social production by curtailing the share of the laboring workers as well as of the totality of consumers. Only through the abolition of this superfluous link, however, does the necessary and natural conflict of interests between producers and consumers, laborer and beneficiaries take actual effect. This conflict of interests has to be settled by each of these forms of "socialization" if community property and not merely special property of a single class is to be created.

This settlement takes a different form in the nationalized, communalized plants affiliated with consumer associations on the one hand, and in the plants socialized by means of Workmen's Cooperatives and syndicates on the other. The end result in both cases must be the same, however, if true socializing is to develop.

a) The same is true in regard to the distribution of the *profits of production*. It seems that there are two very different questions: how much of the total yield of a plant (a branch of industry), taken over by the laborers participating in the plant by means of Workmen's Cooperatives or syndicates, are the producers required to deliver to the state, commune or other organ of the totality, and how high should be the wages in a state, communal or consumer-cooperative production plant? In reality both questions aim at the universally necessary solution of one single problem: which percentage of the total yield should go to the producers as such, which percentage to the totality?

b) And it is likewise with regard to the distribution of *control* over the production process. The control of social production is composed of a number of different decision-making processes. Among these are: 1) the decision as to what and how much should be produced, that is, which exact quantity of goods or services should be delivered to the consumers by the branch of production in question; 2) the decision about the way in which production should be carried on, that is, the selection of material and work processes and human tools of labor; and finally 3) the establishment of the conditions under which these human tools of labor should be working (temperature, atmosphere, sanitary regulations, duration and intensity of labor, wages and other considerations). In a purely private capitalist economy, all these decisions are made by the private owner of the means of production "as he pleases." Up to now the laboring class could only indirectly through political struggle and through the actual labor-struggle, i.e., through implementation of legal decisions and collective labor-contracts (tariff-contracts), exercise a certain influence on the content of the working conditions (3 above) and perhaps on the selection of the work processes (2 above) insofar as these affect the working conditions. Outside the plant, as citizen and member of the trade union, the worker stood on equal footing with the employer; in the plant, the latter was master and the worker his slave. Only after the Voluntary Service Law (*Hilfsdienstgesetz*) of 1916 did that development begin which, now progressing at a faster pace since the November revolution, called into existence within the plants elected labor representatives, labor commissions ("*Arbeiterausschüsse*") and factory councils ("*Betriebsräte*"), with codetermination rights (*Mitbestimmungsrechte*) guaranteed by public law.

Clearly, a form of "socialization" with the goal of creating true community property could not transfer the diverse privileges, exercised in purely private capitalist economy by a private individual, entirely to the public functionaries authorized by the totality of consumers (state, community, etc.); the

workers who are first and foremost engaged in production would remain in their function as workers unfree. Nor could it reserve all these decision-making rights solely for the producing laborers of a plant (a branch of industry), if the totality of consumers are not to be placed at the mercy of the workers of the individual plant (the individual branch of industry). Whatever means are employed to draw the boundary between the rights of the producers and the totality of consumers, it is certain that in the end it must be drawn *uniformly* in the two fundamentally different forms of socialization, if ever a just settlement of the conflicting interests, and consequently a true socializing of the means of production is to be achieved.

14. Their Ability to Complement Each Other

If it is possible to mutually create true common property in all available means of production for the totality of producers and consumers through an adequate settlement of the conflict of interests with both basic forms of socialization (nationalization, communalization on the one hand, and Workmen's Cooperative Production Societies and syndicalism on the other), then these basic forms have *both* proven to be appropriate points of departure for a socialist communal economy (*Gemeinwirtschaft*). Thus *both ways* could be adopted *side by side* with no offense to the socialist idea.

a) It follows in particular that all the arguments usually raised by the professed adherents of nationalization against the socialization advocated by the Workmen's Cooperative Production Societies (and syndicates) rest on false assumptions. Nobody would consider dividing the profits, which are gained in a plant by using means of production belonging to the totality, exclusively among the plant's workers. Instead, it would be natural to designate a portion of this profit for more general purposes. And while a mathematical calculation of the absolute size of this portion cannot be made, it may be said of its relative size, that the portion of the total profits of a plant (a branch of industry) to be specified for general purposes could be larger, the larger the total worth (land and building worth) in the plant (in the branch of industry) of the means of production used in production is in relation to the number of workers employed. In this way, the possibility would be avoided that the workers of a single plant (a branch of industry) themselves become capitalists, exploiters of alienated labor, through the collection of land rent and capital revenue.

b) The opposite may equally be shown to be true, that in the correct application of nationalization (communalization, etc.) those arguments are unfounded, which are directed specifically against this type of socialization by implacable opponents of the system of *wage labor*. Wage labor is not in itself incompatible with socialist communal economy, but rather as an element of

the opposition “capital and wage labor”; this is the case where capitalism, special ownership of the means of production, exists and can exploit the wage laborers who are excluded from such ownership. Where no more special ownership, no more capitalist exploitation exists, the payment of wages is only a *technical* form of distribution of the profits of production designated for the producers. It is only a technical difference, whether in a Workmen’s Cooperative Production Society plant, after setting aside a considerable sum to be paid out to the state, the community, and miscellaneous public purposes, the remainder of the profits is divided among the plant participants, or whether, in a pure state plant, the laborers are paid a correspondingly *higher* wage. Moreover, this technical form of wage payment is not even necessarily and inextricably bound to the socialization form of nationalization (communalization, etc.). In the borderline case, in which a pure state plant—exactly as many a capitalist plant has already done in private economy—pays its workers a portion of the profit made by the plant in the form of “profit-sharing” in addition to the fixed working wage, this technical difference also disappears and, as far as the distribution of the *production profits* is concerned, the two basic forms of socialization collapse into one.

c) It would be equally false, if, from the standpoint of the producing laborers, one wanted to give preference to the socialization form represented by the Workmen’s Cooperative Production Societies or syndicates because they guarantee the worker a more influential share in the control of production than does nationalization. For, after all, such a preference of one form of socialization over the other exists only so long as the state plant, community plant, etc., clings to the undemocratic form of plant organization developed by private capitalism, which excludes the worker from any codetermination whatsoever within the plant. Inherently, however, it need by no means do this. The private capitalist has, as we saw in section 13b above, already been forced by the latest developments of our “social legislation,” the Voluntary Service Law (*Hilfsdienstgesetz*) of 1916 and the revolutionary development of 1918-19 to accept a certain public-legally guaranteed participation of the “labor commissions” (“factory councils”), elected by the plant members, in the administration of the plants. How much more capable and available for such organizational development is the no longer capitalist, but already socialized plant, that is, the state plant, community plant, or consumer cooperative plant! A decisive influence on the establishment of working conditions, cooperation in the determination of the work processes to be used and at least an advisory and observational (*kennntnisnehmend*) share in the remaining matters of plant management can immediately be granted to the

elected representatives of the workers and employees of the plant in the state plant, community plant, or consumer cooperative production plant as well. In other words: a division of control over the process of production which is fair to the interests of both the producers and consumers can be achieved as easily in the course of nationalization (communalization, etc.) as in the course of syndicalization.

15. The Settlement of the Conflict of Interests between Producers and Consumers

The most important result of the foregoing presentation is the following: neither the transfer of the means of production from the private power sphere of the capitalist into the power sphere of the public organs of the totality (nationalization, communalization, etc.) nor the transfer of the means of production out of the possession of private owners into the common possession of all parties concerned in production (socialization by Workmen's Cooperative Production Societies or syndicates) represents *in itself alone* a replacement of capitalist special property by true socialist community property. Rather, in addition to these measures, internal transformation of the concept of property is needed, a total subordination of every special property to the viewpoint of the common interest of the totality. Here the idea promoted by Bernstein receives due credit: he emphasized the lasting significance of all those measures (so-called "social legislation") which attempted to lessen the generally damaging effects of the capitalist private economy in the existing capitalist society. These measures remain, as we now see, necessary for the *completion* of socialization even when private capitalist property is totally eliminated and replaced by a social special property, whether this be the special property of the functionaries of the totality of consumers or the special property of a partnership of producers. *Vis-à-vis* this type of special property as well, it remains necessary to provide for a distribution of the profits of production in which the interests of all sections of society are justly considered, and in general "to place production, economic life, under the control of the general public." Only in this way is the development of social production relations carried further from "private ownership" by individual persons through "special ownership" by individual sections of society to "community ownership" by the entire society.

16. The Socializing of the Means of Production as "Industrial Autonomy"

Thus "socialization," "socializing" of the means of production consists of two complementary transformations of the private capitalist mode of production to create true community property. First, the means of

production are transferred out of the power sphere of individual private owners into the power sphere of some sort of social functionaries and second, there is a public legal limitation of the power privileges of the present directors of social production in the interest of the totality.

Through the simultaneous completion of both of these transformations, neither that which one today commonly means by nationalization (communalization, etc.) emerges—which in reality is merely state-capitalism (or another form of consumer-capitalism)—nor that which one nowadays calls Workmen's Cooperative Production Society socialization or syndicalism, and which in reality is only producer-capitalism. Instead, a new and more complete form of socializing the means of production develops, which will be designated here as "industrial autonomy."

17. What is "Industrial Autonomy"?

Industrial autonomy exists when in every industry ("industry" is used here in the broad sense of any planned economic activity including agriculture) the representatives of the workers participating in production step in as executives controlling the production process, in place of the previous private owner or his appointed manager. At the same time the limitations already forced upon capitalist private ownership of the means of production by state "social policy" are further developed to become an effective public property of the whole (*Obereigentum der Gesamtheit*). It is of no inherent consequence for the development of industrial autonomy whether it is envisioned as nationalization (communalization, etc.) with subsequent limitation (for the benefit of those directly participating in production) of the rights of control given public functionaries of the whole community or, vice versa, as the transfer of the means of production of an industry to the possession of its members with subsequent legal limitation of the thus created separate ownership of the partnership of producers (in the interest of the consumers).

18. The Realization of Industrial Autonomy

The carrying out of the socialization of a branch of industry in the form of "industrial autonomy" will turn out differently according to the needs of the individual case. It is possible to accomplish the socialization of *individual* plants in the form of "participatory organization" (*Veranstaltlichung*) (thus designated by Schäffle)², the success of which even within a capitalist social order may be seen in the classic example offered by the "Carl Zeiss Foundation" already in existence for several decades in Jena. For the present

2. Albert Schäffle, *Die Quintessenz des Sozialismus* (Gotha: F.A. Perthes).

situation there is greater significance in the possibility that entire industries, which are as yet not ripe for centralized "nationalization," and perhaps never will be, can immediately be socialized by way of industrial autonomy and transferred into the community property of society. In an industry socialized in this manner autonomy may exist in several forms: 1) the syndicate comprised of all plants of the branch of industry in question may possess an autonomy *vis-à-vis* the national central government which is limited only by necessary consideration for the interest of consumers; 2) the individual plant may possess a limited autonomy *vis-à-vis* the syndicate which comprises the plants and partially determines their administration by central means; 3) within the administrative bodies of the syndicate (1) as well as the individual plants (2) the various levels of other producers (the employees and workers in the narrow sense) may possess a limited autonomous sphere of rights apart from the superior management, a right to independent regulation of those matters of special concern to them.

The manner in which the interests of the totality of *consumers* manage to prevail *vis-à-vis* these "autonomous" industries will likewise be different according to the needs of the individual case. Here the communal economic goal is cooperation among the consumer organizations (state, community, consumer associations and specially founded administrative unions [*Zweckverbände*]) in a public *assessment* of demand, which is binding for the syndicates and the individual plants, and which replaces the production for the market in an exchange economy with pure production according to demand. To the extent that such pure demand production cannot as yet be realized, the present exchange economy among individual persons is temporarily replaced by an exchange economy among the different branches of industry. In this phase, therefore, the individual branches of industry do not produce exclusively according to *demand* but still in part for the *market* (one may think here of the export business especially). Therefore the case might come up, in which one plant realized disproportionately high profits, while another could not even obtain the necessary profits for minimal payment of its workers. Insofar as this case concerns different plants of one and the same syndicated branch of industry, the loss suffered by one plant must naturally be made up from the surplus of the other; technically defective plants are closed down by the syndicate. Apart from this, every autonomous plant, and likewise every autonomous syndicate, must set the prices of its products sufficiently high, so that the total yield of the plant (all the plants included in the syndicate) guarantees all working participants in production a continuous, adequate means of support. That the special group of producers, which makes up the individual autonomous factory or the

autonomous syndicate, might overcharge the community of consumers is to be avoided by means of the legally guaranteed public participation of the consumer organizations in determining prices. A further form of consumer participation in the management of production, which limits the autonomy of the groups of producers, grows out of the principle emphasized in section 14b: the two-part division of the total profits of every plant (every branch of industry) such that only one part is available for the laboring production participants while the other, in the form of *taxation*, for example, is drawn upon for the general purposes of the community of consumers. There the principle was also stated, according to which the fixation of these portions takes place: after assessing the absolute amount of the expenditure required to satisfy general consumer purposes, the coverage of these costs will be divided among the individual branches of industry (the individual plants) in accordance with the basic principle that every branch of industry (every plant) must contribute proportionately more from its profits, the greater the total value (resource and labor value) of the utilized *means of production* is in relation to the number of workers employed. Only that part of the profits of a branch of industry (or plant) still remaining is available for the special purposes of the partnership of producers (e.g., for creation of reserves, plant improvements and expansion, workers' pay and pensions, among other things). Thus, in this direction as well, already at this level of communal economic development where as yet no true demand-economy exists, the autonomy of the producers finds its limits in the consideration of the general consumer needs which are to be satisfied by the total production of society. Making sure that these limits are observed is the task of the consumer organizations (state, community, consumer cooperatives, etc.), which, for this purpose, have been granted the right to share in the management of the autonomous industries (cf. as *one* way in which the change can be executed practically, the excerpt from a proclamation of German-Austrian social democracy, as well as the relevant discussions in the report of the German commission for socialization on coal-mining published during the printing of this publication).

19. Industrial Autonomy Better than "Nationalization"

The implementation of "socialization" is usually envisioned by the layman in the form of simple *nationalization*. Most of the arguments conventionally raised against "socialization" are based on this equation of socialization and nationalization. Hence the argument appears that nationalization of the

3. Both texts were printed in an appendix to the German publication, (the editors).

means of production without endangering profitability would only be feasible at all within a rather narrowly limited group of production branches, those plants "ripe" for centralized management. For all other branches of production a period of gradual maturation would have to be observed and many branches of production would not develop in the direction of gradual maturation for centralization at all, but rather in the exactly opposite direction; the latter could, therefore, never be "socialized" without financial loss and a decrease in production potential. Further there is the argument that every type of "socialization" whatsoever would lead to bureaucratization, schematization and consequently to the death of private initiative and to stagnation.

All these arguments make sense as objections to centralized "nationalization" of certain unsuitable branches of production. They have no significance as arguments against socialization itself, against the replacement of capitalist private ownership by socialist community ownership, which is to be begun immediately on a wide scale. For as we have seen, this socialist community ownership is in no way synonymous with state ownership. Nationalization was, from our point of view, only *one* of the forms of socializing and all forms of socializing whatsoever were only recognized by us as true socialist "socializing," if they led as a result to that particular regulation of the social relations of production, which we here designated as the form of *industrial autonomy*.

Vis-à-vis this socialization in the form of industrial autonomy, all the usual arguments raised against centralized "nationalization" prove groundless. Bureaucratic schematization and stagnation is precluded; private initiative is not killed but rather furthered wherever possible, since the opportunities for exercising such initiative are expended through autonomy to a group of plant participants, which under private capitalist economy had no possibility of exercising any initiative. And the danger of losing profits could only arise in the event that, following the exclusion of the private owner from production, *private self-interest* were to cease providing a constant impetus to the most profitable production possible. The fact is, however, as will be illustrated immediately, that the mere socializing of the *means of production* is in no way connected with the elimination of private self-interest from the motivations of production; instead, through socializing the means of production in this first phase of communal economy, private self-interest can be of even greater service as motivation for the most profitable and prolific production possible on a still greater scale of production.

20. The Socializing of the Means of Production as Emancipation of Labor: The Continuing Development toward Socializing Labor

In the first sections of this publication, "socializing the means of production" was designated only as the first phase of communal economy. It was stated in this first phase, the previously unfree "wage labor," exploited in production by "capital," was only liberated, but not yet socialized. In fact a stage is imaginable, and in all probability will become a broad-scale reality in our country in the near future, in which the physical *means of production* are community property. But the laboring producer's private right (*Eigenrecht*) to his labor power will, for considerable period of time, continue to exist as the right to a portion of the profits of social production, a portion which *corresponds* to the length and quality of his labor. In production, where the self-managed community of producers is managing its own affairs (within the limits stated in section 18 above), where, for example, the totality of those working members of an individual plant (supervisors, employees, workers) will have to decide *autonomously* on the working conditions (especially on the wages to be paid to the various groups), it is certain that despite the strongly developed *solidarity* of the industrial working class, their decision will not turn out to be in accordance with a *socializing* of the labor power of all concerned. Neither the principle of simple equality nor that of equal wages for equal labor time will presumably be accepted as the general principle of compensation, nor the even broader demands to consider differences in need (e.g., bachelor and head of family). Rather, in order to increase the absolute size of the proportionately shared production profits wherever possible by attracting the best "hands" and "heads," the principle of "equal wages for equal achievement" will probably provide the general rule of thumb for industrial compensation for the present; and simultaneously the inverse will be true: "differential compensation for varying achievements." In this first phase of social economy the specific talent of the industrial "enterpriser" in particular, will meet not with worse, but rather with better payment, than in the capitalist state of today, where under normal conditions the greater part of the profits of production do not go to the enterpriser himself, but rather to finance capital (cf. section 5 above). Not only the compensation, but also the power of persons with unusual enterprising ability, is more likely to be greater in the autonomous individual plant than in today's capitalist economy, where the finance capital of the banks "controls" industry and whereby a special kind of industrial venture, the financial enterprise, exercises a far-reaching supremacy over all other kinds of industrial enterprise.

In this first phase of communal economy the socializing of the means of production, far from excluding the motivational force of private self-interest

from production, and thereby weakening the productive forces, resulting in a reduction of productivity (social production), actually brings about an emancipation of labor and an expansion of the motivation of economic self-interest to a significantly larger circle of participants in production. In its first phase socialized industry will be characterized by differing wages and the sharing of all groups of plant participants in the profits of communal production with a differently graduated share in the profits for different groups. The owner-capitalism, which is eradicated as the capitalist spirit, will be resurrected as worker-capitalism; the exploitation of the material means of production by private ownership, now rendered impossible, will be replaced by the unlimited exploitation (*Ausbeutung*) by every worker of the private right to his own labor power. Perhaps the conjecture of the English socialist Bernard Shaw will prove correct insofar as the talented intellectual worker will be the last exploiter (*Ausbeuter*) of society. In autonomous production, decontaminated by the cessation of the class struggle between the capitalist "haves" and the proletarian "have-nots," that *sense of community* will gradually develop which is the prerequisite for the establishment of the second and higher phase of social economy, in which the labor power of every individual, just as the material means of production will be community property, whereby every individual contributes to social production according to his ability and in turn participates in the profits of communal production according to his need. The special form of socialization of "industrial autonomy," as presented in this publication (especially in section 18 above), favors this development by creating the possibility that, in place of private individual egoism, an already "socialized" group-egoism appears: the egoism of the autonomous special group. Beyond this, however, the transition from the first to the second phase of the community can no longer be furthered substantially by economic/political measures; its acceleration can, instead, be primarily achieved by a series of *cultural/political* measures which can be summarized by the designation "socialization of education." A detailed discussion of these must be reserved for a special publication.

21. What Should We Do?—Educating for Socialism

Thus far, this presentation has had the task of projecting a picture of the goals of practical socialism. Various paths can be taken in order to arrive at these goals, i.e., in order to create true socialist communal economy by actually implementing socialization. Such paths are: a) first of all, political action to effect the socialization of individual branches of production through national legislation and local ordinance; b) secondly, the active *encouragement* of (consumer- and producer-) cooperative efforts, undertaken

without coercion by means of free competition; c) thirdly, the economic/political action of the working class, which seeks to further the internal transformation of capitalist private ownership by transacting tariff-agreements and by enforcing contractual recognition of the rights to codetermination of the workers' associations and the elected workers' representatives in the individual plants.

The logical continuation of these latter means of struggle is, in times of revolutionary fervor, the struggle to remove the capitalist enterpriser from control over the production process and to place him under the control of the totality of plant participants; today this struggle is being fought out in many individual plants according to the program of the Spartacus League. This last means holds no terror for those who affirm the ideal of socialism. It is not a means of socialization to be condemned on the basis of some kind of moral precept; not any more than political revolution is a morally objectionable means of political emancipation. On the contrary, this general and "direct" action of the working class has the particular, invaluable advantage over the other methods of socializing that in the struggle to create the socialist economic order, it evokes and develops most strongly and most powerfully those psychic impulses in the proletariat, without which such an economy can ultimately not exist, much less develop from the first to the higher phase of communal economy (cf. the Spartacus Program).⁴

Yet such direct action towards socialization is only capable of *successful* application as long as revolutionary times endure and only under the condition, that the highest power, having reached command after the revolution by the will of the entire people emancipated from the yoke of capitalism, and representing the mutual interests of the totality of all producers and consumers, subsequently recognizes the socialization brought about through non-political "direct" action. When this precondition no longer exists and when the appearance of this condition can no longer be expected, then the transition to socialist communal economy—outside the sphere of political action, of cooperative self-help and of the struggle of the unions for contractual fixation of more favorable working conditions—can only be effectively furthered through unceasing *educational* efforts directed at the upcoming generation. Here lie the lasting, monumental tasks of those human beings, whose passionate longing and revolutionary exuberance will never be exhausted by the always slow, often faltering and regressing development of the social relations of production.

Translated by Frankie Denton and Douglas Kellner

4. *Was will der Spartakusbund?* (Verlag des Spartakusbundes, 1918).