Jan Wacław Machajski
State Socialism
1900

Retrieved on April 21, 2012 from libcom.org

Jan Wacław Machajski

State Socialism

1900

Contents

and exploitation are now protected by a new boss – the "will of the people". If social-democracy considers that "nationalizing" in Germany is a tax grab, while in Switzerland the same phenomenom is a reduction of exploitation, it is only because in Germany the income of the state, augmented by this nationalization, is received primarily by the highest levels of privileged society; while in Switzerland it is distributed "more equitably" among the whole of privileged educated society. It is for this sole reason, according to the teaching of Kautsky, that one and the same reform reinforces the class system in Germany and undermines it in Switzerland.

Social-democracy declares that democracy cannot accomodate state socialism of the Rodbertus type, which implies that the socialist practice of social-democracy in a democratic state reduces to the quest for state socialism (response of Kautsky to Vollmar in the articles cited earlier). In other words, the socialism of social-democracy is state socialism which realizes itself in a democracy. This is confirmed by the tactics of the English, French, and Swiss Marxists, rejecting any illegal methods of struggle and formulating as their goal the gradual taking over by the state of individual branches of industry wherever possible, and insofar as concentration has taken place. By doing so they are able to draw into their own ranks the radicals, the socialist-chauvinists, and outright counter-revolutionaries like the Fabians, creating from all these elements a "purely proletarian" social-democracy.

The workers do not share this ideal because of their own class interests. The proletarian movement defends people condemned to servile physical labour. Its goal is liberation from this slavery. Proletarian socialism is therefore diametrically opposed to the socialism of the intellectual workers, which consists of socializing capital – transforming it from private into socialist, national capital – into constant social capital.

and which are currently "ripe to be taken over by the State", or, as the Marxist say, have been "prepared by the capitalist system itself" for the socialist economy.

Orthodox Marxist social-democracy rejects the various individual cases of nationalization in Germany, because in its opinion they were done "for tax purposes" and the "concentration of political and economic oppression in one set of hands" only reinforces the present system. But in such countries as England and Switzerland, "individual instances of nationalization have undoubtedly weakened the existing order, its oppression, and its exploitation" (see the articles of Kautsky in **Neue Zeit**, 1893, on the subject of state socialism)[27]. In those countries state socialism is not on the agenda, orthodox Marxism assures us; the municipalizations and nationalizations being carried out in the "true democracies" at the present time must be seen, apparently, as the first steps in the "gradual nationalization of the means of production".

But in reality the practice of contemporary nationalizations in France, England, and Switzerland shows that the less the workers are enthusiastic about this "socialism" (in the opinion of the "socialist intelligentsia" this deficit of enthusiasm is indicative of the political immaturity of the workers who even in a democratic setting have not been able to grasp the "socialist ideal"), and the more the workers are indifferent to the achievement of these "socialist steps", the better it is for them. For they can receive major concessions with respect to their working conditions from the new owners (nations, municipalities) which, depending on the will of the people, are compelled to count on the workers' votes to institute their nationalizations. But once installed, the new owners become just as inaccessible as the old ones.

"Individual nationalizations" reinforce the contemporary class system in Switzerland just as much as in Germany. In both countries this means one and the same thing: the transfer of the source of profit from private hands to the ownership of the nation, i.e. of privileged society. Capital

[27] Machajski is referring to Kautsky's polemic with George von Vollmar on state socialism, carried out in the pages of Neue Zeit in 1892–1893: Karl Kautsky, "Vollmar und der Staatssozialismus", **Neue Zeit** (1892), pp. 705–713; George von Vollman, "Zur Streitfrage über den Staatssozialismus", **Neue Zeit** (1893), pp. 196–210; Karl Kautsky, "Der Parteitag und der Staatssozialismus", **Neue Zeit** (1893), pp. 210–221.

Translator's Introduction

The following essay by the Polish revolutionary Jan Wacław Machajski (1866–1926) is part of a larger work, "Scientific Socialism", written in 1900. Machajski refers to this work as a "brochure" although it is almost book-length; it is an extended critique of Volume II of Marx's **Capital**.

In "State Socialism" Machajski quotes extensively from the writings of Karl Johann Rodbertus (1805–1875), especially his "Social Letters" to Julius von Kirchmann (1802–1884). These two Prussian conservatives carried on a debate about the foundations of political economy in 1850–1854. The fourth of Rodbertus's "letters" was actually published separately as a book under the name "Das Kapital". A caustic but detailed account of this debate can be found in Rosa Luxemburg's **The Accumulation of Capital** (Chapters 15–17). Rodbertus defended the labour theory of value but, despite indulging in a lot of hand-wringing about the plight of the workers, drew reactionary conclusions from his analysis. Machajski found Rodbertus's discussion of the capitalist economy, especially at the national level, to be similar to Marx's; however, the particular issues Machajski wished to discuss are more transparent in Rodbertus than in Marx – or in Engels, Kautsky, and Plekhanov.

Machajski's page references to nineteenth century editions of the works of Rodbertus have been replaced by references to the four-volume edition of his works published in 1972. All endnotes are by the translator.

It is believed this is the first substantial piece of writing by Machajski to appear in the English language. Alexandre Skirda has published a French translation in his collection **Le socialisme des intellectuels** (1979/2001) but it is considerably abridged. Nevertheless Skirda's translation has been useful in finding proper translations of the technical terms used in Machajski's essay. Skirda himself credits Maxmilien Rubel for helping him with this problem.

– Malcolm Archibald, January 2011

of human knowledge, of the whole of civilization and culture. Meanwhile the remaining millions are turned into hereditary slaves, condemned to hard physical labour.

The proletariat, through global conspiracy and dictatorship, will seize control of the state machinery, but not in order to extricate it from its difficulties – from the anarchy and bankruptcy of an economic system which is incapable of coping with productive forces which are outgrowing the constraints of current ownership relations . . . The proletariat will strive to seize power in order ***to seize the resources*** of the dominant educated society, the property of the world of knowledge, in order to wrest the heritage of humanity from the hands of the minority which holds it. Then, having abolished hereditary family property as well as private funds and educational facilities, it will use the confiscated resources to organize public education – to "socialize knowledge". For only this conquest, achieved by means of the "uncompromising assault of the proletariat on the right of private property" – that is, by the violent manifestation of its will – will annihilate the basic law of the class system, defended by million-strong armies, by virtue of which all the members of the privileged minority are destined from birth to accede to power, while the descendants of the minority are condemned to slavery.

* * *

The transfer of the means of production into the hands of society, without disturbing any of the other sacred rights of property, is the socialist ideal of the "intellectual workers", of educated society. And it is to this ideal that social-democracy has reduced the goal of proletarian struggle, thereby transforming its brand of socialism into state socialism. Marx's economic doctrine, as we showed in the preceding chapter[26], is completely compatible with this goal.

The "scientific socialist ideal", according to the affirmations of radical socialist educated society, is already being realized at the present time in the West European democracies in the form of "municipalization" and "nationalization" of those enterprises which "yield the highest profits"

[26] Machajski is referring to his essay "Marx's Theory of Social Constant Capital".

Individual property is sacred and so is the sum of the income reserved for the intellectual workers by virtue of their "special talents and abilities". As the national profit grows with each step in the development of technology, so this national profit is distributed "according to the will of the people" among the whole of educated society, in the form of honorariums and pumped-up salaries, creating a whole hierarchy of state employees.

Inherited property is sacred. However, as a result of that elemental sentiment innate to humans which obliges them to love and nurture their own children, educated society transmits its own special talents and abilities, all its own knowledge, ***only to its own offspring*** – Rodbertus has no doubts about this. Educated society without question will reproduce itself through its descendants in the same form – the army of intellectual workers who are learned, capable, and talented and who have concentrated in their own persons the whole of human knowledge.

On the other hand, the remaining millions of individuals will reproduce descendants who will already be ignorant, lacking in any talents, and quite "incapable of rendering immaterial services to human society". These millions, generation after generation, will only be capable of engaging in manual labour, only capable of toiling and admiring the magnificent talent and genius generated uniquely in the higher society which rules over them; they find themselves condemned to a life of slavish, mechanistic labour.

The socialist system of Rodbertus is far from being the complete negation of exploitation as the Marxists claim. In fact he offers us in its purest form that foundation of the State and servitude on which rests our contemporary class system. Indeed Rodbertus says himself that he described his communist system not in order to oppose it to the existing system as a better alternative, but rather in order to better understand the existing system.

The goal of the proletarian global struggle is to overthrow the basis of contemporary domination which regards state socialism as sacred, to overthrow the economic basis of the class system which transmits the entire heritage of humanity into the hands of the ruling educated society. This heritage allows educated society to prepare its own progeny from generation to generation as the sole, hereditary possessors of the whole

State Socialism

According to classical economic doctrine[1], the development of the capitalist mode of production is synonymous with the development of national wealth, and the growth of the "net national income" and the "net national profit".

It is the size of the latter which determines the "strength of a nation" and its culture; the "net national profit" represents the fund which provides the upkeep for all non-productive labour, i.e. for the whole of educated society.

It would seem that the more the source of profit becomes manifest, the more exposed to scrutiny should become the "net national profit". However "scientific socialism", working from theoretical premises which I have examined previously[2], takes a completely different approach to this matter.

The concept of "net national profit", established by the classical economists, cannot be found in any of Marx's economic works. It has disappeared without a trace.

Profit, considered as the ***fund drawn upon by the privileged classes for consumption***, exists in Marxist doctrine only for the consumption of a "relatively small number of capitalists and large-scale landowners". It constitutes only a portion of the value which is extracted from the working class. The remaining portion is accumulated by the capitalists and transformed into constant capital – into a continually increasing quantity of the means of production. This is a manifestation of capitalism's intrinsic striving for unlimited development of the forces of production – the characteristic which embodies its progressive aspect.

So the wealth of a nation is not expressed by the growth of its "net national profit" in the form of the fund for the consumption needs of

[1] Machajski means the mainly British school of economics which flourished from 1750–1830 and is associated with such names as Adam Smith and David Ricardo.

[2] Machajski is referring to his work **The Evolution of Social-Democracy**, published in its final form in 1905 in Geneva.

the whole of privileged society, but rather by the increase of the productive forces of the country, which has no connection whatsoever with consumption. This why it frequently happens that the national wealth rises at the same time that the "national" consumption falls. Thus, even though it is functioning progressively, capitalism finds itself in a obvious contradiction which implies its inevitable demise.

This characteristic contradiction under capitalism between national production and "national consumption" has long been noted by scientific socialism. But despite this obvious contradiction, capitalism quietly goes on thriving. The main thing is that those who predicted a quick death for capitalism because of this contradiction sooner or later become convinced of capitalism's vitality which will ensure it a prolonged existence. The most ardent Russian brains state as fact that in Russia there is not the slightest force capable of shaking the capitalist system (Beltov–Plekhanov)[3]. The most ardent Russian hearts exclaim with enthusiasm: "Capitalism shall lead us to the Divine Light" (**Novoye Slovo** [The New Word][4]). This dogma is pronounced at the same time as Russia is ravaged by famines. Apparently the latter either do not accurately express the contradictions between capitalist production and consumption, or they are still too insignificant and have not attained that degree of development which would allow them to overwhelm the whole "progressiveness of capitalist contradictions".

Those whom capitalism has failed to "lead to the Divine Light" are beginning, at last, to pose the question: why does capitalism's "progressive" contradiction neglect to manifest itself, to declare its "historical mission"? Why does it not reveal itself as "the incessant and inexhaustible source of change of social forms"?

If capitalism's contradiction is so splendidly compensated for by its own progressiveness, it is because, apparently, it satisfies the real interests of certain people. Scientific socialism explains that the progressiveness of capitalism consists in its development of the productive forces

[3] The leading Russian Marxist theoretician Georgi Valentinovich Plekhanov (1857–1918) published his famous book **The Development of the Monist View of History** under the pseudonym "Beltov".

[4] **Novoye Slovo** was a journal of so-called "legal Marxism"; Plekanov published in it, but under the name "Kamensky".

while involving "nationalization", is nevertheless a "barracks" system; while Sanin's "more profound class point of view" states bluntly that Rodbertus's ideal implies the unconditional "negation" of exploitation and all forms of the appropriation of surplus labour.

The dizziness referred to by Sanin clearly affects not Rodbertus, but the Marxists. Rodbertus unceasingly points his finger at that exploitation which is the key to constructing his socialist ideal. But his "pupils", "finding themselves on the heights of European science", and dumbfounded by Rodbertus's prediction of the disappearance of the kulaks, come up with their analysis of Rodbertus "from the proletarian point of view", namely that "this is the absolute negation of exploitation and the appropriation of surplus labour".

"Hereditary property is as sacred as individual property." The socialist system of Rodbertus takes this eternal institution of human society as its starting point. With the complete nationalization of the means of production, all private capital disappears, only to be transformed into social national capital. This means: private persons surrender to the State their right to draw profits from their own capital, i.e. the function of maintaining the workers' wages at the level required for the sustenance of their labour power is fulfilled now by the social group which rules over the workers; the will of this social group is codified in law and it takes on the role previously exercised by private capitalists. The constant replacement of social capital takes place on the assumption of the accumulation in the hands of the dominant social group – acting through the State – of the whole sum of that wealth produced at each given moment which remains after deducting the wages of the "producers of material goods", i.e. that sum which incessantly grows in accord with the rising productivity of labour.

But society no longer includes capitalists and their lackeys; "any possibility of exploitation has been suppressed". The ruling clique now includes only some workers from the army of intellectual workers who have no other means of obtaining their incomes than by the expenditure of "their own labour power". Their labour power, as Kautsky explains, is their knowledge, their special talents and abilities. This labour power has a value which vulgar political economy does not even dare to discuss; it cannot be subject to any kind of critique.

that level of impartiality which would have compelled him to make a final break with traditions which were obsolete, indeed condemned by history." Although he displayed "profound theoretical thought", "theoretical insight", and "acknowledged in theory the possibility of nationalizing the economy," said Kautsky, "Rodbertus remained too conservative to recognize the plight of the propertyless producer as his own concern."

Sanin, considering it his historical mission to deepen the Marxist class point of view more than all the Marxists who have preceded him, finds himself dissatisfied (in **Nauchny Oboz**. [The Scientific Observer], 1899)[25] not only with Valentinov, but also with Kautsky. For the latter, in expressing his opinion about Rodbertus's "theoretical thought", deviated from a consistent application of a strictly class point of view. Sanin explains Rodbertus's vacillations between the "socialist ideal" and bourgeois aspirations as a reflection of the situation of the whole class of feudal aristocrats embedded in the bourgeois system. A "more profound class point of view" gives the following analysis of Rodbertus:

"Although [Rodbertus's ideal] smacks a little of the Prussian-monarchist barracks, . . . nevertheless this ideal is based on the notion of 'nationalization'. In any case, ***his ideal expresses to the highest degree his intransigence towards the appropriation of surplus labour in any form*** and his desire to eliminate any social relations which give rise to, or at least make possible, exploitation. However Rodbertus, the ideologue of the feudal proprietor, is unable to maintain his thought on the dizzying heights of this utopian anti-bourgeois ideal, and exhibits an irrepressible urge to come down from the clouds to the mundane world of the purely bourgeois form of life."

The reader has probably noticed by now that a deepening of the Marxist point of view by Russian Marxists inevitably turns out to be a more dexterous juggling of balls labeled "class struggle", "proletarian point of view", etc. And so it is in the present case. Kautsky's more superficial class point of view at least reminds us that the socialist ideal of Rodbertus,

[25] It has not been possible to locate this rather obscure reference. However, Alexei Alexeievich Sanin was a Russian social-democrat based in Samara, who was regarded as a talented theoretician and whose work was cited with approval by Lenin in **The Development of Capitalism in Russia**.

until they become incompatible with the capitalist system, thereby creating the preconditions for social forms which are more just. Apparently this capitalist progressiveness satisfies the interests of ***humanity in general***. But humanity has not yet arrived at a state where the action of interests of this kind can be seen to be coming into play. Up till now the only real forces are those which represent class interests.

The growth of capitalist progress is inconceivable without the growth of educated society and the intelligentsia, of the army of intellectual workers. Even those whose interests it is to call this class a ***propertyless***, educated ***proletariat***, cannot conceal the fact that the intelligentsia in its standard of living approaches the bourgeoisie (Kautsky), i.e. that just like the bourgeoisie it enjoys a privileged remuneration. Consequently, the growth of capitalism signifies the growth of a "new intermediate social order" which attains in its developed form a bourgeois standard of living.

The more that this contradiction of capitalism, identified by Marxism as "progressive", fails to be effective, the more the proletariat will become conscious that this contradiction does not lead to the downfall of capitalism precisely because its progressive feature satisfies the real economic interests of educated society. The profits extracted by the capitalists provide for the parasitical existence not just of a "handful of capitalists and large-scale landowners". It also allows the possibility for the whole of educated society to possess a bourgeois standard of living. Educated society, the whole army of intellectual workers, is a consumer of the "net national profit".

As the proletariat becomes conscious of this fact, it will become more and more aware of that social force which up to now has diligently concealed its own nature from the eyes of the proletariat, indeed has identified itself with the proletariat: that force is ***the intellectual worker***. The proletariat will realize that it has been too trusting in its relations with this force, which has joined it in attacking capital, but for reasons of its own. For the attack on capital of the intellectual workers consists in the demand for a "just" distribution of the national profit for the benefit of educated society, a distribution which is resisted by a handful of plutocrats, the "feudal lords of industry". The intellectual workers are struggling to attain legal status in the class system, the sort of status

which has always been enjoyed by scholars, indeed anyone possessing knowledge. Increasingly the proletariat will cease to view the army of intellectual workers as allies, but rather see this army as a privileged class exercising power over it. And increasingly the proletariat will modify those socialist doctrines which originated in the period when there was complete trust in the "intellectual workers". It is clear that during that period of the struggle when the enemy was regarded as a friend, the exploitation of the working class, as well as the basis of class rule and the goal of the struggle, could only be understood in a manner which did not harm the special interests of the intellectual worker.

* * *

The ultimate goal of proletarian struggle has been established by scientific socialism as the transformation of commodity production into socialist production by means of the transfer of land and all the means of production into social property.

In Kautsky's writings the reader will find in many places where he explains that socialist thought was bogged down for a long time in utopianism, before arriving at the scientific conclusion according to which the eradication of exploitation does not require the removal of objects of consumption from the sphere of personal ownership (as assumed in primitive communism), but only the means of production. Following this logic, one can only suppose that the "Communist Manifesto", when it proclaimed the abolition of personal property in general, was not yet expressing the "ultimate goal" in its most mature form.

In what way does this just mentioned formula take into account the special interests of the intellectual worker? Straightforward discussions of this question are not to be found, of course, in social-democratic literature which is intended to serve as propaganda for the working class. This literature already serves a purpose in that it is able to deflect the proletariat from examining the special interests of the intellectual workers, which it claims are of no importance. The proletarians are told that the intelligentsia is not implicated in exploitation and lives by selling its own intellectual work power. This is a popularization of that abstract

was not so much a blow struck against Saint-Simon's utopianism as a gesture of reassurance in the direction of Rodbertus, concerned about his sacrosanct inherited property.

At the present time Marxism – in the person, for example, of Kautsky – by teaching that socialism demands the elimination of private property only to the extent necessary for the transfer of the means of production into the hands of society, encourages its followers to regard the inviolability of family property as a matter of individual preference.

* * *

Since the Marxists share with Rodbertus his basic position that socialism repudiates only private property in land and the means of production, they may be said to have in common with him to a greater or lesser degree the general "socialist ideal". Therefore they are compelled to regard his practical activity, distinguished, as is well known, by an extreme conservatism[23], as a retreat from this ideal which is inconsistent from their point of view with the true state of affairs, a residuum of the class interests of his aristocratic milieu which he found himself unable to abandon, in spite of his socialism. The Marxists are quite incapable of understanding that this scholar, "rock solid" in his own convictions, devised his socialist plans, his socialist ideal, in accord with the class interests of privileged society – class interests which the Marxists believe he defended only in his practical, but not his theoretical, activity.

"Despite all his efforts to be unbiased," wrote Valentinov in 1882 in **Otechestvennye Zapiski**[24], "he, Rodbertus, could never raise himself to

[23] Rodbertus once served as Prussian Minister of Education and Public Worship. Although his term of office lasted only 14 days, it sufficed to destroy any notion that he was progressive.

[24] Valentinov, "The economic theory of Karl Rodbertus-Jagetsov", **Otechestvennye Zapiski** [Notes of the Fatherland], № 9, 10 (1883). Valentinov was another pseudonym used by G. V. Plekhanov; **Otechestvennye Zapiski** was a monthly literary-scientific-political journal published in St. Petersburg in 1839–1884. Its contributors included Herzen, Belinsky, Turgenev, and Bakunin. Plekanov's book-length essay on Rodbertus is more readily accessed in his collected works: G. V. Plekanov, **Sochinenia**, Vol. 1 (Moscow, 1922). The passage quoted by Machajski is on page 338. Jagetsov is the name of an estate purchased by Rodbertus.

Elsewhere in the same essay Rodbertus writes: "The right of inheritance . . . is as sacred in the eyes of the law as private property itself".[22]

One can scarcely imagine a more emphatic and solemn enunciation of the inviolability, indeed the permanence, of the right of inheritance than the preceding words of "a scholar who acknowledges the possibility of nationalizing the economy". And yet the Marxists, so often seeking to distance Rodbertus from Marx, have never given any answer to the question about the "sacredness" of inherited property. Indeed it never occurs to them that the "Prussian-monarchist barracks" envisaged by Rodbertus's social system is the direct and inevitable consequence of recognizing inherited property as inviolable. For the inviolability of the right of inheritance in conjunction with the nationalization of the means of production implies no less than the inviolability in the nationalized economy of the special privileges of educated society: the inviolability of the hierarchy of rulers and bureaucrats and the necessity of a barracks regime for the labouring masses, paid "according to the wage scale established by the government" (Kautsky on Rodbertus).

The demand for the "abolition of all rights of inheritance" which was set forth in the Communist Manifesto and which, for the elimination of servitude, must be formulated as the abolition of family property – this demand has apparently become simply "obsolete" for Marxists, just like the vague and unscientific demand for the elimination of private property generally. At the present time no Marxist party is going to be so utopian as to revive this demand. Incidentally such a revival would be counter to the practical activity of Marx himself in the International. Marx, while putting forward resolutions at congresses of the International about the need to nationalize private property in land, mines, and communications, considered it necessary at the Basel congress (1869) to reject Bakunin's resolution about the abolition of the right of inheritance. He justified himself on the ground that Bakunin was only trying to revive the teachings of Saint-Simon (report of the Hague Commission about the matter of Bakunin). But it is clear the rejection of Bakunin's resolution

[21] Rodbertus, *op. cit.,* Abteilung I, Band I, p. 451.
[22] Ibid., p. 567.

economic doctrine which declares inviolable the possessions of educated society.

But scientific socialism's "infallible" formula is virtually identical with the socialist formula of Rodbertus. The latter, it's true, preferred to use the expression "the transfer of the ownership of ***capital*** into the hands of the ***state***" rather than "the transfer of ownership of the ***means of production*** into the hands of ***society***". Nevertheless, the reader will find both expressions used by Rodbertus. Since he relates the socialist formula to educated society, we will find in his work direct indications as to how this formula satisfies the special interests of the intellectual workers.

In the Second Social Letter we read[5]:

". . . The judge, . . . the physician, . . . the teacher . . . receive incomes for the creation of which they did not expend their own labour, incomes which undoubtedly do not constitute the product of their own labour. But all these persons receive their incomes from what the economists call 'the second division of wealth', from the incomes of others who participate in 'the first division of wealth'. The former receive incomes from the latter either directly or through the intermediary of the state as compensation for services rendered to society, services which may be onerous, indispensable, or useful. But there are also people in society who take part in the first distribution of wealth, who draw their incomes from it, and yet neither participate in generating this wealth nor render any other equivalent service . . . Among these people we find the landowner who does nothing in exchange for his income, who hands over his piece of land to another to cultivate while pocketing the rent. Then there is the capitalist who receives a comfortable income in the form of dividends. And the entrepreneur who uses hired managers to run his business."

It's possible some social-democrats will find the ***tone*** of this passage offensive. But they must admit that its ***content*** corresponds in detail to the content of the Erfurt Program, according to which the only "non-

[5] Machajski actually quotes from the " Third Social Letter": Johann Karl Rodbertus, **Gesammelte Werke und Briefe**, Abteilung I, Band I (Osnabruck, 1972), p. 456.

workers" in contemporary society are capitalists and large-scale landowners. And this passage is completely in agreement with the general doctrine of social-democracy according to which the intelligentsia are non-participants in exploitation and live by the realization of their own labour power. Rodbertus deals with this question as follows:

"If I assert that the institution of personal ownership in land and capital is the cause of the workers being deprived of part of their output, I am by no means suggesting that the ability to make use of a certain amount of capital to employ a large number of workers in productive activity is not a public service which deserves to receive compensation. Common sense tells us otherwise. Not only knowledge, but also moral strength and moral action are required to successfully supervise a large group of workers in a productive enterprise . . . Services of this kind, however, are not rendered by the productive workers themselves and ***by the nature of their occupations they are unable to render such services***. But these services are absolutely necessary for national production. Therefore, since a claim can be made for compensation for any social service, no one should question that capitalists, landowners, entrepreneurs, and managers of enterprises can also demand compensation for themselves for the above-mentioned useful and necessary services with as much right as anyone else making claims for services provided . . . such as, for example, a minister of trade or public works, assuming that he fulfills his duties. Furthermore, ***these*** services, just like the services of judges, teachers, physicians, etc., can receive their compensation only from the output of the workers, for there is no other source of material wealth."[6]

Rodbertus, starting from the basic position of social-democracy according to which the intelligentsia is a non-participant in capitalist exploitation, follows social-democracy's logic which leads him to a defense of . . . hard-working business owners. But is Rodbertus really transgressing the ***scientific*** aspect of scientific socialism? Not in the least. His socialist science is characterized by precision just like any other science. In the case at hand, science defends the truth that stripping away the means of production from the owners of land and capital does not require depriving them of the***fruits of their intellectual labour***, any more

[6] Ibid., pp. 561–562.

this happens in an organized manner according to law or in some other way – this is also of little interest to them".

Since it is in no way possible to ascribe to Kautsky such towering stupidity that his naivety could be considered as genuine, then, apparently, his polemical style in this case takes the form of expressing in his distinctive fashion the view that there is no difference between nationalizing by means of forced expropriation, by means of "gradual change by virtue of organization and law", or by means of buy-outs. Therefore on this question there can be no serious difference of opinions between Bernstein and Kautsky.

Thus, while the workers are encouraged to dream about how social-democracy, having attained its goals, will transform human society into one big family where fraternal communist relations will prevail, in the meantime social-democratic science is cooking up an error-free, strictly scientific method of nationalization, thanks to which in the "future order" "consumption of the labouring masses remains on the whole at its previous levels, rising only slowly and gradually".

With the nationalization of the means of production, the national profit, preserved by the above-described means, ends up in Rodbertus's socialist system in the hands of its legal owners.

"As was said earlier [Rodbertus has in mind his theory of value, according to which the value of all goods is equal to the directly expended labour + past labour expended in creating the means of production], land rent and profit on capital are the product not only of whoever has tilled the field, but also to some degree or other the product of the labour of whoever, many years ago, dug up the field; and the product not only of whoever is running the mill today, but also of those who built the mill many years ago. Two points of contention only arise: in the first place, should land rent or profits be received by people who did not actually dig up the field or build the mill, or are not the legal successors of the people who did so? (I am here assuming the law of inheritance and other legal means for the free disposition of private property.) In the second place, does land rent and the profit on capital constitute appropriate compensation for the labour of digging up the field and building the mill?"[21] **(Third Social Letter)**

capital were to proceed without compensation, i.e. with the sudden, complete loss of rents, the whole of national production would be delivered into a state of destructive disarray."[19]

In the event of "the sudden, complete loss of rents" the national profit would be exposed to great danger which – who knows? – could result in total ruin. Thus the only possible way to salvage the institution of the socialist ideal is posited to be the gradual transfer of ownership into the hands of society with compensation for the owners. For in this case profit is not eliminated, but rather preserved – it is transformed from personal to national – and its existence is assured by the whole force of the law and the power of the state.

Engels mentioned somewhere that Marx very often in conversation with him expressed the opinion that the cheapest way to bring about "nationalization" would be by buying out the band of capitalists. Ever since then, many social-democrats, "not wishing to be more Catholic than the Pope" (social-democracy adhered to this principle long before it was formulated by Bernstein) began finally to favour the buy-out as the only scientific method of nationalizing. Kautsky, for example, says in his own "Erfurt Program" that it is "not known" and "impossible to predict" whether nationalizing will take the form of buy-outs or confiscation.[20] This "not known", however, actually means "doesn't matter". In his polemic with Bernstein, when he is required to give a clear answer to the question as to whether nationalizing would require "a general, simultaneous, and violent expropriation, or rather a gradual change, organized and legal", Kautsky with the feigned naivety of a child replied that "as far as the capitalists are concerned, it does not make any difference if they are expropriated simultaneously or one after the other, nor whether

[19] Ibid., pp. 118–119.

[20] Kautsky's comments are found in The Class Struggle (see note 12): "The program of the Socialist Party has nothing to say about confiscation. It does not mention it, not from fear of giving offense, but because it is a subject upon which nothing can be said with certainty . . . In what way this transfer from private and individual into collective ownership will be effected, whether this inevitable transfer will take the form of confiscation, whether it will be a peaceable or a forcible one – these are questions no man can answer . . ." [p. 129 in the Norton edition: New York, 1971].

than it does in the case of intellectual workers. The business owner is an exploiter so long as he delegates the running of his enterprise to his own manager. But if he personally manages his business and demands a salary no higher than that of, for example, "Comrade" Millerand[7] , then he is as an intellectual worker realizing his own special talents and abilities (as Kautsky says), or his own skill at bossing a large bunch of workers (as Rodbertus crudely expresses it).

If this explanation helps in the peaceful resolution of the "social question" between "entrepreneurs" and "proletarians" of the Millerand type, it by no means addresses the social question which relates to the situation of the "productive workers". No matter what socialist transformations take place, the latter are unable, by the nature of their occupations, to render such "services" as their "comrades" of the Millerand type. From the point of view of proletarian socialism, one can object strenuously to the state socialism of Rodbertus, which "requires work from any" member of society, only where he deals with that exploitation to which the proletarian, i.e. the worker performing physical labour, is subject, at the hands of educated society, i.e. at the hands of the intellectual worker.

In the **Fourth Social Letter**, this question is discussed as follows:

"To that part [of the national product] which is distributed in the form of income to individuals, has a claim not only, for example, the worker who grinds the point of a needle over and over, but also anyone who is occupied with scientific or artistic work, or who carries out continuous or intermittent managerial functions which are nowadays regarded as a regular job. For in the general division of labour, the latter is as much a worker as the former; and if the producers of material goods enjoy the products of scholars and artists (and are therefore able to devote themselves exclusively to the production of material goods), so scholars and artists can commit themselves exclusively to the creation of scholarly and artistic masterpieces because they have available the objects of consumption created by others. The objects of consumption are available to

[7] Alexandre Millerand (1859–1943), French politician, was the first socialist to accept a cabinet position in a bourgeois democracy (in 1899). As labour minister he pushed through a law reducing the working day to 11 hours.

everyone, but the production of objects of consumptions, and the labour involved in producing them, remains specialized."[8]

Concerning the great happiness of the needle grinder in being able to help (thanks to his specialized slave labour) in the development of the arts and sciences, concerning his great honour to participate (thanks to that specialization) in a heart-warming collaboration with scientists and artists – concerning all this the economist, taking note of the "socialization" of labour, speaks with the same crudity and arrogance as the classical economists, who regarded the capitalist system as eternal. This is the manner in which true socialist science interprets the social-democratic doctrine that "knowledge is labour power". The possessors of this labour power – scholars – who provide the needle grinder with so much pleasure and delight with their products of science and the arts, are at the same time his co-workers – comrades in the division of labour.

In the place just cited Rodbertus makes the following interesting comment:

"This relationship has given rise to an impulse to extend the field of political economy in an unwarranted fashion to include the division of labour in general (in society) which results in the abasement of non-material goods to the level of economic goods. But . . . although the field of political economy concerns itself with the material goods destined for producers of non-material goods, it nevertheless does not deal with the services rendered in exchange for the latter."[9]

This definition of political economy is acknowledged, of course, not only by Rodbertus. It is acknowledged by ***all*** the economists, including those who, as Rodbertus wittily notes, speak in the prefaces of their books about the equivalency, in economic terms, of physical and intellectual labour, while in fact the entire content of these books, which never mention a word about the products of intellectual labour, proves just the opposite. This observation can also be applied to Marx's treatise, if it is true as affirmed by the Sombarts and Ratners[10] that Marx considered

[8] Rodbertus, *op. cit*., Abteilung I, Band II, pp. 88–89.

[9] Ibid., p. 89(fn).

[10] The German sociologist and Marxist academic Werner Sombart (1863–1941) was the author of **Sozialismus und soziale Bewegung** (1896); the Russian Jew Mark Ratner

the entire value of the product of his labour", then the "legal principle" decides beforehand that all the income currently received by all the "intellectual workers", i.e. by the whole of educated society, is its inalienable property since it is its undeniable reward for its labour, for its "special talents and abilities". To sum up, this "legal system with communism in land and capital and private ownership by the individual of the value of the product of his labour"[17] is a ***class*** system featuring the direct rule (direct in the sense of not involving plenipotentiaries) of the educated possessors of culture over the remaining majority, which is condemned for its inherent inability to render "non-material services". The age-old oppression of the majority of humanity, doomed to life-long manual labour, has not been destroyed at all. However, the capitalist system no longer exists, capitalist-exploiters have disappeared, and "commodity exchange inevitably ceases"[18]. If this scenario were to come to pass, it would apparently be in accordance with the statement of Kautsky cited above, that "we are striving to eliminate private property only to the extent that this is necessary for the abolishment of the capitalist means of production".

How would this socialist ideal of educated society be put into practice?

"In such a society the division of labour can be retained in that form which it has assumed at the present time, under the regime of private property in land and capital . . . All current enterprises would continue to produce the same goods, under the condition that the transformation of private property in land and capital into social property proceeds in such a way that ***rents***, rather than being paid to the former owners, are ***transferred*** to the social budget. Then so long as the private owners of land and capital are not abolished without compensation, but rather bought out, then***at the beginning the consumption of goods would continue in the same form and on the same scale as previously***. And only gradually, in tune with the rising national income and consumption of the labouring classes, would the content of the national product be modified . . . But if the abolishment of private ownership of land and

[17] Rodbertus, *op. cit.,* Abteilung I, Band II, p. 118.

[18] Ibid., p. 123.

to the demand for nationalization of the means of production alone. The "socialist ideal" in this form is undoubtedly "scientific", because even a non-social-democratic scholar like Rodbertus recognizes the necessity of such nationalization. Judging by what we have quoted above, Rodbertus would no doubt have warmly applauded Deville[15], who declared in the Chamber of Deputies in 1897 that terrible slanders were being spread about the socialists, accusing them of wishing to abolish private property. Rodbertus would surely also have recognized his own thought in the following statement of Kautsky in **The Agrarian Question**:

"The goal [of social-democracy] is not the abolition of private property, but the elimination of the capitalist mode of production. We are striving to eliminate the former only to the extent that this is necessary for the abolishment of the latter."[16]

It is clear that that legal principle which Rodbertus posits as the basis of his communist order is a generalized deduction from his doctrine about the "various social services" which was cited above. This doctrine defends the absolute right of doctors, teachers, judges, and ministers to the incomes they receive today, in view of the absolute necessity and usefulness of the services they provide. This doctrine demonstrates the absolute impossibility of transferring these services to "productive workers", and that the existence of the arts and sciences is possible only because at the other pole of social life there is the specialized occupation of the grinder of needles.

When Rodbertus states that in his communist system "the social law stipulates not only what sort of social demands must be satisfied, but also how many individual producers should be assigned to meet these demands" (ibid., p. 136), it is clear that this social law in practice would never "lower the income of the producers of non-material goods to the level of income of the producers of material goods". If in his system "property is . . . reduced to its essential principle – to labour", and if this principle amounts to the "individual ownership by the worker of

[15] The French socialist deputy Gabriel Deville (1854–1940) was the author of a number of theoretical works of Marxism. He approved of Millerand's entry into a bourgeois government (see note 7).

[16] Karl Kautsky, **Die Agrarfrage**, (Hannover, 1966; reprint of the 1899 edition), p. 333.

intellectual labour to be "productive", on a level with physical labour. On the other hand, the only factor which accounts for the existence of political economy is the ***value of labour power***. The calculation of this constant by the economists is realistic enough, for it is a measure of the wage rate maintained by the ruling classes at a certain level which they deign necessary to sustain the existence of labour power. In obtaining this constant, the economists, while drawing on their observations of reality, limit its existence to the field of production of "material goods", i.e. to the field of physical labour. Thus the science of political economy—and as a science it has claims of universal applicability—protests against any attempt at the "abasement of non-material goods to the level of economic goods"; it protests against any attempt to abase the "producers of non-material goods to such a degree that it is possible to apply to them the category of the value of labour power"; and it protests against any demand requiring them to account for the services they render in exchange for the compensation received by them in the form of material goods.

It is appropriate to ask a scientific socialist, continually complaining that the capitalists always deprive the intelligentsia of the authority which it possesses in other forms of society, if he can point out to us even one violation of the rules of political economy by capitalist economists. No, the imagination of those who protest so eloquently against the "abasement of intellectuals" – an imagination which is so passionate, so sensitive to the sufferings of intellectuals who were raised for cushy jobs but are unable to occupy them because of the anarchy of production – this imagination gives rise only to illusions which make it impossible for the scientific socialist to demonstrate that capitalist economists violate political economy.

The afore-mentioned detailed explanation given by Rodbertus to educated society occupies in his first work of 1842 a very small place, which reduces to the following:

"The greater the sum of rents (surplus value), the greater the number of people who can live without engaging in productive (in a strictly

(1871–1917) was one of the leaders of the Socialist Jewish Workers Party, and the author of Marxist analyses of the peasant question in the Russian empire.

economic sense) labour, and devote themselves to other occupations. However the magnitude of the sum of rents depends . . . on the productivity of labour. Thus we see how closely connected the higher spheres of political life are with economic activity. The higher the productivity, the richer can be the intellectual and artistic life of the nation; the lower the former, the more impoverished the latter."[11]

How forthright this passage is! It does not obfuscate the issue in the manner of the Marxists, according to whom the accumulation of profits only augments the means of production, which cannot be consumed by anyone. However, Rodbertus avoids establishing a direct connection between rents and the intellectual life of the nation, because specifying this relation might evoke in the reader the following image, stripped of any embellishment: the higher the national profit, the greater the consumption fund of privileged educated society. It is not only capitalists who are interested in the exploitation of the proletariat and the size of profits, but also the whole of educated society. For the workers are exploited not only so a handful of capitalists can live in idleness, but also for the parasitical existence of the whole of educated society, the producers of "non-material goods". The standard of living of the workers is reduced to the minimum required to sustain existence so that the "intellectual workers" can receive incomes with no fixed limit for the "realization" of "their special talents and abilities". The workers cannot enjoy the fruits of increased productivity, because this increase only serves to improve the life style of privileged educated society.

If the principles developed by Rodbertus (which are essentially a "strictly scientific" consequence of the Erfurt Program[12]) are applied to the planning of a communist society, then the following picture is obtained:

[11] Rodbertus, *op. cit.,* Abteilung I, Band I, p. 110. Rodbertus defines "rent" as "all income obtained without personal exertion, solely by virtue of possession" (**Gesammelte Werke**, Abteilung I, Band I, p. 392). Thus it includes both land-rent and profit on capital.

[12] The Erfurt Program was adopted by the Social Democratic Party of Germany at its 1891 congress in Erfurt. Karl Kautsky, who helped to draft the Program, wrote an official commentary on it, **The Class Struggle**, which came to be regarded as an exposition of the doctrine of "orthodox" Marxism or, as some would say, "vulgar" Marxism.

"This system need not be communistic to the extent that private property is excluded in general. Private property is completely excluded only in the case where in dividing up the ***national income*** the principle of social distribution depends exclusively on a single ***social will***, governed only by considerations of practicality. In this case a communist 'distributor' is required; this role can be filled by a St. Simonian pope[13] – a proletarian dictator – or take the form of a social directory. On the other hand, individual property will exist if the principle of distribution is independent of any such single social will, and results from some ***legal principle***, i.e. from a principle associated with the ***exercise of individual freedom***. In the latter case such a 'distributor' is not necessary. So it is quite possible to introduce communism in the possession of the land and capital of the nation without communism in relation to distribution. In such a case only property which bears rent is abolished, and not property generally. On the contrary, property is then just reduced to its essential principle – to labour – and reduces to the individual ownership by the worker of the entire value of the product of his labour." (**Fourth Social Letter**)[14].

Social-democracy takes the position that any discussions about the "future order" over and above the general demand for the transfer into the hands of society of the land and the means of production would only be utopian fantasying. Social-democracy rejects any examination, not only of the details of this "future order" (such an exercise would just be a waste of time, of course), but also any analysis of the "legal principle" which "socialist" educated society would like to see applied as the basis for the nationalization of land and the means of production. Encouraging the workers to indulge in fanciful dreams of the "future order", "socialist" educated society more and more restricts its own socialist plans, its own "socialist ideal", conforming to its own interests, and in this manner arrives at a "scientific ideal". We have already mentioned that the demand of the **Communist Manifesto** for the "abolishment of private property" has been reduced, with the development of scientific socialism,

[13] The utopian socialist Henri de Saint-Simon (1760–1825) founded a social movement loosely modelled on the Catholic Church.

[14] Rodbertus, *op. cit.,* Abteilung I, Band II, pp. 117–118.