

Communist

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Voice



Successor to the
Workers' Advocate

FATE OF THE CUBAN REVOLUTION

The 60s: 'Communism' without workers' rule

*Debating today's Cuba: Report on a trip to Cuba
and reply — a vain search for 'shoots of socialism'*

Castro embraces the Pope

IDEOLOGIST OF STATE-CAPITALISM

On the views of Preobrazhensky

Privatization takes its toll in China

On the East Asian economic crisis

Gulf war threat: To hell with Clinton & Hussein!

Correspondence:

*Questions on NEP, the 'deformed workers state', and SLP
'Left' communism hurts exposure of Castroism*

What is Communist Voice?

Communist Voice is a theoretical journal which not only exposes the capitalist system, but deals with the tragedy that has befallen the revolutionary movement. It confronts the thorny questions and controversies facing progressive activists today, and holds that the crisis of the working class movement can only be overcome if Marxist theory again enlightens the struggle for the emancipation of the oppressed. The liberating ideas of Marx, Engels and Lenin have been twisted beyond recognition, not only by outright capitalist spokespeople, but also by the false "communist" regimes of China, Cuba and others today, and of the Soviet Union and Eastern Europe of yesterday. *Communist Voice* denounces these distortions (revisions) of the ideas of Marxism-Leninism — whether Stalinism or Trotskyism or reformism — and stands for placing revolutionary theory on a solid basis through the criticism of revisionism and by analyzing the new developments in the basic economic and political structure of the world today. Through this work, the *Communist Voice* seeks to pave the way for communism to once again become the red, fighting banner of the revolutionary working class movement. Only the influence of the real communist theory can help the goal of a classless, communist society again spread among the workers and oppressed here and around the globe. Only the spread of anti-revisionist Marxism can overcome the influence of liberal, reformist and petty-bourgeois nationalist trends and allow the struggle against capitalism to break out in full force.

The revolutionary parties and movements of the working class in the 19th and 20th centuries never achieved their full goals. The working masses fought monarchy, fascism, colonialism, and various capitalist classes, and also made their first attempts to establish a new social system — however these attempts never went beyond the first steps. This class struggle will be renewed in the 21st century, as the masses are faced with how to escape from the escalating misery brought by capitalist development around the world. To hasten the day

of the revival of the revolutionary movement, the *CV* opposes the neo-conservative and reformist ideologies that are dominant today. It holds that progressive work today requires more than opposing the ultra-conservatives and more than trying to reform the marketplace. It means helping reorganize the working class movement on a basis independent of the liberals and reformists as well as the conservatives. The *CV* sees its theoretical tasks as helping to clear the way for a future reorganization of the working class into, first and foremost, its own political party, as well as other organizations that truly uphold proletarian class interests.

Communist Voice thus continues the Marxist-Leninist and anti-revisionist cause to which its predecessor, the *Workers' Advocate*, was dedicated. For a quarter of a century, the *Workers' Advocate* was the paper of a series of activist organizations, the last one being the Marxist-Leninist Party. The demoralization of the revolutionary ranks included the dissolution of the MLP and, along with it, the *Workers' Advocate*. But the *Communist Voice* continues, in a different form, with fewer resources, and with more emphasis on theoretical work, the struggle of the *Workers' Advocate* to contribute to the development of a mass communist party.

The *Communist Voice* is published by the **Communist Voice Organization**, which links together members in a few cities. The CVO calls on all activists who want to fight capitalism in all its guises to join with us in opposing all the bankrupt theories and practices of the past — from Western-style capitalism to Stalinist state capitalism, from reformism to anarchism, from reliance on the pro-capitalist trade union bigwigs to "left" communist sectarianism toward "impure" struggles. It is time to lay the basis for the revolutionary communism of the future by revitalizing the communist theory and practice of today. Only when communism spreads among the millions and millions of oppressed can the struggle against capitalism again become a force that shakes the world!

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The crash in East Asia

By Pete Brown

The following speech was delivered on Feb. 1st at a meeting called by the *Detroit Workers' Voice* to discuss the East Asian crisis. The author has edited it for publication in *CV*.

For the working class, surviving in a capitalist economy is like sailing on the Titanic. As long as the ship is sailing the bourgeois experts tell us, "Don't complain! Progress is being made, and eventually we'll all arrive in a better land for everyone." So we keep sailing along — until the ship runs into an iceberg. Then, lo and behold, there aren't enough lifeboats for everyone. The first-class passengers (the bourgeois) get bailed out while the workers get locked in, beaten, shot at and sent to the bottom. This is exactly what's happening today in Asia.

In the 1980s and 90s bourgeois journalists called East Asia's economic growth a "miracle." Supposedly this "miracle" proved that capitalism could bring an economy up from third-world levels to developed-world levels without crisis and without class contradictions.

When we were told this we were supposed to overlook a few little problems in the East Asian countries. Like the massive destruction of the environment — the cutting and burning of the rain forests, the smog and water pollution. Or the exploitation of children, dragged into factory work at a young age. Or the extreme overwork — workers required to put in workdays of 12-16 hours, seven days a week. Or the extremely

low wages paid to many workers and the lack of benefits or social security systems. Or the political repression that stands behind this harsh exploitation.

A perfect example is Indonesia. The government there is a fascist dictatorship. President Suharto came to power by way of an army coup that killed hundreds of thousands of people. Opposition political parties and independent trade unions are suppressed; East Timor is subjected to a bloody military occupation; and the rain forests are rapidly being destroyed. But none of this bothered the Western bourgeoisie and governments. They relied on Suharto as a staunch enemy of communism and revolutionary currents in East Asia. They invested in Indonesia and helped it achieve relatively high growth rates in the economy.

Just a couple years ago economists were predicting that Indonesia would be the next "tiger" economy following in the wake of South Korea, Taiwan, Singapore and Hong Kong. Supposedly if the workers just kept their noses to the grindstone, Indonesia would finally rise above its third world level and everyone there would enjoy higher standards of living. Of course, in order to get there the workers for Nike, Reebok and other companies would have to endure horrible working conditions for horribly low pay for years on end. But wouldn't they be glad to sacrifice for the greater glory of Suharto and his family of billionaires? President Bill Clinton certainly thought so, which is why he strengthened U.S. relations with the Indonesian military and happily took campaign contributions from Indonesian financiers. But today the onset of economic crisis has exposed the weaknesses in

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Overproduction crisis

The crisis in East Asia is basically a capitalist overproduction crisis. Capitalism has overreached itself, creating an engine of production of goods that cannot be sold, at least not sold at a profit. This is particularly true in the hi-tech industry of computer and chip manufacture. In the last couple years the price of memory chips for personal computers has dropped drastically. This is due to the new factories churning out chips in South Korea, Taiwan and other countries. The world market is being flooded with computer components. Prices on computers and related equipment are dropping, so more and more can be sold, but at some point the market gets glutted.

Sales of exports from East Asia began slipping in 1996. And exports are an important part of the economies of all these countries. As exports stalled, uncertainty settled onto the equities markets — stocks and real estate. Stock markets and real estate had been in a giant boom during the 1990s, with prices soaring. But now the reverse happened. Stocks and real estate went bust.

This led to the currency crisis of last summer (continuing until now). With the price of their assets dropping, manufacturers and real estate speculators could no longer repay their loans. This put local banks into trouble and made it questionable whether they could repay what they had borrowed from foreign banks. At this point international currency traders began rushing for the door, trying to avoid being the last ones out. They began dumping East Asian currency as quickly as they could. The result was devaluation of the currencies, beginning with Thailand last June. After that a series of competitive devaluations occurred. Currencies fell like dominoes.

The crash in Asia is proof once again that capitalism is characterized by anarchy of production. Through experience the capitalists have learned to expect a boom-and-bust cycle. But they never know when, exactly, the boom is going to end. And they don't know how deep the crisis is going to be. As long as the boom continues they want their capital involved, yielding maximum profit. So they keep pumping more air into the balloon until it finally bursts.

Unplanned, anarchic production

Capitalists did not foresee this crisis occurring when and where it did. And even after it started they did not foresee the depth of it. Despite warning rumblings in 1996, economists and investment analysts were still bullish on Asia well into 1997. Despite the fall in asset prices, most investment advisers continued to tell their clients that "the fundamentals are strong" and the value of assets will "bounce back." Even after the currency crisis began, last summer, they continued to sing this song.

Conservative free-market ideology misled the investment analysts here. Free-market ideology told the capitalists that if the government simply leaves things alone and allows the free market to operate, then markets will eventually put themselves

aright. And free-market ideology told them that the basic cause of a currency crisis is a government's deficit spending, inflating the currency. If a government keeps its budgetary house in order, then the currency should be basically sound. Some small changes in exchange rates may be necessary from time to time, but there won't be any large fall in currency values, and the economy will continue to produce prosperity for investors.

When it comes to government policy, the Asian countries were actually paragons of free-market ideology. Governments did not take on excessive debt, as the Latin American countries did in the 1970s. The governments did not overspend — in fact, they were noted for being cheap, for refusing to provide basic social services for the masses and for refusing to regulate the exploiters. They gave investors a free hand. Governments in the region usually kept their budgets in balance, did not run a deficit, and did not inflate the currency. So according to free-market ideology "the fundamentals" were sound.

But despite these assurances, currency traders last summer hastened to dump Asian currencies and to accelerate the crisis. In this they weren't guided by an ideology but simply by the fear that things were not right with the Asian economies, and they didn't want to be the last ones out. So Asian currencies continued to plummet through the summer and into the fall.

Through late summer official predictions — for example, by economists at the International Monetary Fund — continued to call for an average growth rate in these countries of 7% for 1998. But in the fall it finally became obvious that investment was being scaled back, that foreign banks were no longer extending loans and credit, and that new projects were being postponed or cancelled. Then the process of scaling back growth predictions began. Instead of 7%, new estimates of 6.5% or 6% began to appear. Then 5%. In late October, after the fall of the Korean *won*, figures of 4% began to appear. And by year's end this was the official prediction of the IMF — 4% growth for 1998. By this time IMF bailouts had been agreed upon for the most hard-pressed countries, and it was felt these would be enough to sustain growth.

But now, after one month of 1998, rosy predictions of continued growth are no longer being made. Working out a bailout plan for Korea is taking more time than anticipated. And for Indonesia the bailout plan seems to make things worse. So now the economists are reluctant to make precise predictions. They say, "perhaps zero growth, perhaps negative growth." For Indonesia, it may be even worse. Right now the Indonesian economy is at pretty much a standstill. By late December, after six months of decline, the Indonesian rupiah had fallen to about half its value of last summer. But now, after just another month, its value has been cut in half again. So Indonesian capitalists, to repay their \$65 billion worth of short-term foreign loans, must now earn four times as many rupiah, to be converted into dollars, as before.

Suharto has been playing a game of hide-and-seek with the IMF. Suharto asked for and received an IMF bailout plan months ago. But he's been very slow to implement its provisions. Suharto is reluctant to follow through, since the IMF is demanding, among other things, breaking up the conglomerates controlled by Suharto's children. But aside from that, the

IMF demands are simply more of the same conservative free-market ideology that was already in control of Indonesia. The IMF demands no government deficit spending — this at a time when companies are going bankrupt and laying off thousands of workers. Thus the government has no means to support social welfare spending or make-work projects, even if it wanted to.

When Suharto resists the strictures of the IMF, the rupiah falls, due to “uncertainty” — international investors are leery of putting money into a country that doesn’t conform to the IMF. But when Suharto agrees to the IMF plan, the rupiah also falls, this time due to political uncertainty — everyone knows that following through on the IMF plan will probably produce a depression in Indonesia and make Suharto even more unpopular than he already is.

Some people have tried to see in this crisis a conspiracy against the so-called upstart Asian tigers, an attempt on the part of old-time international finance capital to reassert its dominance. The prime minister of Malaysia and Indonesian President Suharto maintain that everything is fine with their economies, that it’s just a matter of international currency speculators manipulating prices. But the international and Western-based capitalists, economists and investment analysts themselves did not see this crisis coming and didn’t know how to respond to it. Now, once it’s arrived, they fall back on the law of the Titanic: take to the lifeboats, every man for himself, and to hell with anyone who falls behind. Western investors are going to use the IMF bailout plans primarily to protect their own investments. But this doesn’t mean they planned the crisis; they would have been quite happy to go on making profits.

Capitalism means anarchy of production. This doesn’t mean that nothing can be known about it, or that everything happens in a haphazard, arbitrary fashion. There are objective laws at work in its development. In fact these objective laws are now

asserting themselves despite the subjective wishes of the bourgeoisie. Everyone involved — Suharto, the Indonesian capitalists, the IMF, U.S. investors and government spokesmen — wished for and predicted a resurgence of the Indonesian economy in December. But it continued down, despite their best wishes.

Workers’ attitude: to hell with capitalism!

The main lesson of the Asian crisis for workers is, “Don’t put your faith in capitalism.” We are told to work hard, keep noses to grindstone, and eventually everything will get better. And for years the “Asian model” has been promoted to us with its “Asian family values” and “Buddhist work ethic.” But now, as the capitalists rush to the lifeboats, Asian workers are being left to go down with the ship. Suharto’s children will have to make do with a little less, with millions instead of billions, as their conglomerates are broken up. But for Indonesian workers laid off from their jobs, it’s not a question of losing a little status; it’s a question of survival.

So for the Asian proletariat the question of struggle is definitely on the agenda. Our task should be to support them and in particular to help orient that struggle, to keep it directed at revolutionary goals. Asian workers will be going into the streets to demand job security, payment of wages owed them, unemployment insurance, welfare payments and government-created work projects. All of this is fine, and we should support these struggles. At the same time, as part of this support, we should clarify that there is no real stability for workers as long as their lives are controlled by capitalist anarchy. The only real solution to the instability of life under capitalism is to replace it with socialism. □

Discussion following the presentation on East Asia

Below are notes on the discussion, grouped by subject for the readers’ convenience.

Details on East Asian countries

One comrade asked for more information about the extent of the crisis in particular countries. Are these countries going into a depression?

In reply, a comrade gave some details about Indonesia. The economy there is practically at a standstill. Foreign exchange transactions aren’t being made, which freezes foreign trade. Banks aren’t making loans to industrialists and merchants. Many businesses are laying off employees, and workers remaining on the job are having their wages severely cut. To make matters worse, workers who do have money can’t buy needed goods, as the shops are practically bare of food, drink, kerosene and cooking oil. There is also a political crisis facing

President Suharto. It’s questionable whether he can rely on his own generals.

On Korea, a comrade explained that many banks are being closed or consolidated through mergers. This is leading to large-scale layoffs in the banking industry. Since the banks in South Korea were state-owned, this means a crisis for government employees. Credit from the banks is also severely tight, so industrialists will be laying off many employees. A number of the giant industrial monopolies — the *chaebol* — are in financial crisis, unable to repay their loans and on the verge of bankruptcy. This includes Daewoo and Kia Motors. This opens up the prospect of Korean *chaebol* (or significant shares of them) being bought up by U.S. multinational corporations. For example, Ford and GM have previously owned shares in Korean auto companies, and may expand these.

This raises the question of whether this entire crisis is an imperialist conspiracy engineered by the U.S. and other West-

ern imperialists to break into these countries' markets and dominate them. The comrade explained that no, this crisis had objective causes and was not expected by the imperialists any more than by the domestic capitalists. Nonetheless, in a crisis the imperialists naturally work to protect their own interests first. The IMF bailout plan is designed first of all to protect the Western banks' loans. Secondly, the imperialists will use the crisis to buy out some of the domestic capitalists. This is a natural capitalist process: big fish eat the smaller ones. The interests of the workers — protection from layoffs, etc. — are not considered.

But the workers have not been silent. There have been demonstrations against layoffs and the IMF bailout plan. But the protests may have been stopped for now. There are two main trade-union federations in South Korea; one of them is closely attached to the government, while the other is social-democratic reformist. The latter held some protests against the IMF plan and threatened a general strike, but last week when IMF officials came to South Korea to hold further discussions, these trade-union leaders were invited. They went, and issued some vague "agreement" about the plan. So it's questionable whether these union leaders will authorize further protests.

Meanwhile, Hong Kong is getting ready for another siege on its currency. Last fall the Hong Kong dollar, which is pegged to the American dollar, was put under a lot of pressure to devalue. Hong Kong was able to avoid this, but at a cost; interest rates in Hong Kong were sent skyward. By late fall the crisis seemed to be over, but recently Hong Kong's currency has been put under increasing pressure. Publications such as the *Wall Street Journal* are worried about this, since if Hong Kong were to devalue, this could put a serious crimp in China's economy, and would also seriously hurt Japan.

On Japan: right now its economy is stagnant but not in crisis. Japan is a question mark. Many of the loans granted to East Asia were from Japanese banks. If these loans turn out bad, Japan's stagnation could turn into a severe financial crisis. Already some major banks and brokerage houses have declared bankruptcy. So now the government has announced a plan to allow banks to get rid of bad loans. This is roughly based on the U.S. savings and loan bailout of the 1980s. In December the government estimated it would have to aid banks to the tune of about \$240 billion. More recently the government revised this estimate to \$600 billion! Like the U.S. S&L bailout, this plan amounts to massive government welfare for the rich corporations and banks.

What happens in Japan is crucial to the world bourgeoisie. If the crisis in Japan were to reach the proportions of, say, Indonesia or Korea, then the entire world financial system could come crashing down. Japanese banks are deeply exposed in Korea and other Asian countries. The crisis is very close and very dangerous to them.

One comrade expressed the conviction that this crisis proves once again the correctness of Marxism. Listening to the bourgeois media, you can hear a note of fear in the commentators' voices. They know that they don't know what's going to happen, and this doubt and fear comes through in their voices. The rapid fall of markets in East Asia sent a gasp of fear

throughout the bourgeois world. They sense that this may be it, that the genie is out of the bottle. And though they don't say so, this is a backhanded salute to Marx.

Depth of the crisis

One comrade raised the question of how serious the present crisis is; how does it compare, say, to the gold crisis of the early 1970s? Will it reach the level of the Great Depression of the 1930s?

A comrade expressed the view that this was the most serious economic crisis of capitalism since World War II. The crisis will have many international ramifications. For example Malaysia is expelling one million Indonesian laborers who have been laid off from their jobs. So you have a million workers, with no money and no prospects for work, dumped back into Indonesia, where there is also no prospect for work and a shaky political situation. The East Asian countries are now headed into deep recession and maybe depression. And this was the region that world capitalism had been glorifying and was counting on for continued growth.

Another comrade compared it to the Mexican crisis of 1994, when Mexico devalued. Like Mexico, the East Asian countries will eventually make a comeback, but growth will be slow for years. And even when growth does revive, as in Mexico it won't help the masses very much for a long time. Wages will be depressed for years.

Another comrade pointed out that it's similar to the Latin American debt crisis of the 1980s; but in this case it hit the entire region all at once. Through the 1980s and 1990s, East Asia was pointed to as the model for Latin America. Now it's reversed; the East Asians are in the dumps, and Latin American countries are showing some growth. But it should be remembered that Latin America had its "lost decade" of the 1980s, and even now the region is far from recovered. And there's another similarity to Latin America: in both cases there wasn't a lot of direct investment in the countries involved by the imperialist powers. There were loans. In Latin America the loans were made to government agencies, while in Asia the loans were to private or semi-private banks and financial institutions. But in both cases the imperialists themselves are not greatly exposed, directly.

Another comrade compared it to the U.S. savings and loan crisis. In the S&L crisis, American workers weren't directly affected very much. Over the long run they're forced to pay for the crisis in higher taxes, but at the time they weren't forced out of work or forced to accept lower wages. But this is what is hitting the workers of East Asia; they're facing something much worse than the S&L crisis.

One comrade speculated that this crisis could mark the beginning of worldwide stagnation. Bourgeois pundits have been glorifying the "great bull market" of the 1990s, but this might be the end. They've been talking about "the new economy" as something that was immune to business cycles, immune to boom-and-bust cycles, immune to recession. This has all been proved wrong as far as Asia is concerned, and this could be the beginning of a worldwide crisis.

Bourgeois solutions for a bourgeois crisis

Another similarity to the Latin American debt crisis was noted: the prescription being given to the people of East Asia by the IMF is the same prescription meted out to Latin America. In both cases the IMF and big powers tell them the free market is the solution to all problems. They must get rid of state industries, cut back government budgets, privatize publicly owned enterprises, open up their markets to more competition, etc..

This plan may well exacerbate the crisis in East Asia. Precisely at a time when millions of workers are losing their jobs, Indonesia for example is supposed to cut its budget, not spend any money on welfare, state subsidies, or state-sponsored work projects. Nor is it allowed any deficit spending to try and stimulate the economy. This is crazy; this is just asking for trouble. In the U.S., the bourgeois economists agree that a recession is one time when you have to allow some deficit spending, have to allow some expansion of welfare spending. But they're not going to allow any such thing in Indonesia. Their plan will only increase the misery of the masses and make it more likely that the entire country will blow up.

One comrade noted that even Jeffrey Sachs, the noted bourgeois "shock therapist", thinks that the IMF is being too harsh on East Asia. Sachs was hired as an adviser to Poland when the Solidarity government first came into power. Sachs was a strong advocate of "shock therapy", to force Eastern European economies into the free-market system by jumping in headfirst without any lifeboats for the masses. But Sachs has made headlines recently by opposing the harsh IMF plans for East Asia. Sachs notes that the IMF was totally wrong in its predictions about East Asia; they were looking at things through rose-colored glasses and expecting high growth rates even after the devaluations started. So they didn't know any more than anyone else in East Asia. Yet now they're demanding harsh cutbacks that will make things worse. The IMF "bailout" plan will guarantee bank loans, the loans made by Western banks, but will kill production and markets.

Another comrade pointed out that Canada has been practicing balanced budget austerity for a number of years. Yet the Canadian dollar has been steadily losing value during these tight-money years, and now has reached an historic low. This proves that austerity is no guarantee of financial stability.

Insecurity for the working class

One comrade pointed out that this crisis is not just a crisis for the bourgeoisie. It's scary for workers too. All our pension funds are wrapped up in the stock market. Our futures are tied up in the market.

Other comrades agreed and gave examples of this. It was pointed out that many companies — for example the U.S. Postal Service — are switching responsibility for pensions from company-paid group plans to plans that are based on individual responsibility, where the individual worker invests a certain

amount. This puts the individual in a bad situation in case something goes wrong in the stock market. Nothing is guaranteed; there's no secure future. It was also pointed out that in the midst of the current debate over Social Security, that some congressmen are proposing that Social Security be privatized, so that all our pension money will be tied up in the stock market. It was pointed out that these proposals are based on the so-called success of this system in Chile, where it was adopted under the fascist dictator Pinochet. For a number of years the bourgeois experts were touting the Chilean system as a great success. But recently the stock market in Chile has declined drastically, and now nobody's talking about this "model" any more. It was also pointed out that, even with so-called guaranteed pension plans, companies often renege. Very often companies blow their employees' pension plan money and simply don't pay. Even big blue-chip corporations like General Motors renege on promises to their retirees; GM had promised to pay their retirees' full medical benefits, but recently they cut back on this.

This insecurity for the working class is due to the fragility of the market system. The entire population is affected by what happens in the stock market. It used to be that the government was afraid to tie funds to the stock market. But today everything is being hitched to the stock market, and so everything is affected by the market's volatility.

Shock therapy — a way out?

Getting back to the discussion of Jeffrey Sachs and "shock therapy", one comrade raised the question if shock therapy might be the solution to East Asia's economic troubles. According to news reports, it seems to have worked in Poland.

In reply, one comrade noted that the situation in Eastern European countries is very mixed. Some countries are doing much better than others in the transition to free-market economy. The ones that are doing best, such as Poland and Hungary, are the ones where the free-market economy already existed to a large degree before the big change of the 1990s. These countries seem to have survived the shock therapy and are now doing OK. But in some other countries such as Albania, Bulgaria and Russia, the situation is simply horrible. This is not to mention Yugoslavia, where civil war blew up; or the civil wars that have broken out in the former Soviet Union. But just economically, Russia is in a severe depression and has been so for years. And if Poland is now back to about where it was before the shock therapy, it should be borne in mind that the working class had to pay a terrible price during the transition period. Jobs disappeared, wages went unpaid or declined drastically in value, pensions and savings disappeared. The latest such example is China, which is privatizing with a vengeance. But many protests have already broken out in China. The workers there are angry about being forced to bear the burden for this transition. □

Privatization takes hold in China — millions laid off

By Pete Brown

Last September the Communist Party of China announced a new plan to privatize industry at the party's 15th Congress. In March this plan was duly endorsed by China's leading government body, the National People's Congress. But the government didn't wait until then to begin shutting down factories and laying off workers. In fact the government has been following this plan for some time, even before last September. But in the last few months the plan has picked up steam and turned into a juggernaut smashing Chinese workers' living standards. Every day factories are shutting down or drastically cutting back their work force. Millions of workers are being laid off, their jobs permanently eliminated. In industrial northeast China it's estimated that the unemployment rate already exceeds 20% and is climbing fast.¹

This is taking place in a situation where China has no government-run social welfare system. In the past workers' pensions, health care, housing, day care etc. were all provided through their employer, the local enterprise they worked for. But being permanently laid off cuts workers off from these benefits. In many cases they are allowed to stay on in their housing, but their other benefits are reduced or eliminated. And their pay — used to buy food, pay school fees for their children, etc. — is drastically reduced. Some workers receive unemployment pay from their local factory of around \$17 a month. This is a severe cut from their previous pay, which might have been \$100 a month or more. These are the lucky ones. Many of those laid off are receiving no cash benefits at all.

The result is that many workers have been turned into street vendors selling bowls of rice, bean curd, etc. to pedestrians. Many have also taken to wearing placards advertising products. And many of them simply hang out on street corners looking for work. In old industrial areas, street corners are now covered by workers standing around with signs around their neck, advertising their skills. The workers stand there day after day, tools in hand, hoping for a little employment.

Chinese bureaucrats say this is just the beginning. In total, they say, at least one-third of China's 100 million industrial workers will be permanently "excessed" in the next few years. Already the railway industry has announced plans to get rid of 1.1 million workers, while the textile industry plans to shed 1.2 million.

These layoffs come at a time when China already had a

massive unemployment problem due to the privatization of agriculture. Since the 1980s millions of impoverished peasants have been flooding the cities looking for work. The rural migrants, desperate for jobs, in the past took the temporary, no-benefit jobs such as day laborers, peddlers and nannies. But now they are being joined on the street corners by urban industrial workers. This exacerbates the problem of unemployment in rural areas, where it is estimated some 130 million laborers are unneeded, neither employed in farming nor in rural industry. Added to the tens of millions due to be laid off in the cities, this means the total number of unemployed in China will soon reach well over 150 million people. This is an enormous number, even in a country with a population of 1.2 billion. And this is at a time when government leaders are predicting (i.e., hoping) that national production will increase by 8% this year. What happens if China gets hit hard by the Asian economic flu and goes into recession? In any case, 8% economic growth doesn't mean much to the average worker or poor peasant standing on a street corner looking for work and living in a plywood shanty.

Of course many millions of workers are still employed. But they too are suffering from the massive privatization. First of all, their lives in this period have become very insecure, as they never know if their factory will be next on the hit list. And financial restructuring means that even factories that are busy producing goods are unable to continue normal operations. So many workers are paid intermittently, if at all. It's not unusual for workers to go months without receiving their wages. Further, in the process of privatization, many workers are forced to give up their life savings to buy shares in their company. This gives them ownership, formally, but no real power, which continues to rest in the hands of the bureaucrats. The only difference is that now the workers' savings and pension funds are wiped out.²

Workers protest

Workers in China are not just lying down and accepting these attacks on their livelihood. Street protests have broken out in a number of locations. Last fall there were news reports of workers' demonstrations in the western province of Sichuan. In December there was news of workers protesting in the central city of Hufei and also the eastern province of Jiangsu. In early January, in the central industrial city of Wuhan, workers stopped traffic all day in a protest against mass layoffs. Workers converted into street vendors are also launching protests

¹"Joblessness: A Perilous Curve On China's Capitalist Road", by Erik Eckholm, *The New York Times*, January 20, 1998.

²"China's Economy: East Asia's whirlwind hits the Middle Kingdom", *The Economist*, February 14-20, 1998.

against police harassment and discrimination.

In trying to organize their movement the Chinese workers face severe repression from the ruling bureaucrats. Independent trade unions are strictly prohibited. And the revisionist tyrants maintain a system of discrimination that makes it very difficult for workers of different trades and different backgrounds to unite. Workers are legally banned from moving freely from one job or location to another. Rural migrants are not allowed, legally, to reside in cities. They can become legal city-dwellers only by paying exorbitant bribes to urban officials.³ So they are forced to take "unofficial" jobs at below-market wages, to live outside normal housing projects, and to suffer discrimination in all aspects of their lives. The government tries to justify this system with talk about the need for "social stability", but obviously it's more concerned with keeping the working class split up than in providing stability to workers' lives. If the government leaders cared at all about stability for workers, they wouldn't be throwing millions of them out of work.

Zhu's maneuvers

China's new prime minister, Zhu Rhongji, is the architect of China's economic "transition." He knows the workers are getting upset and is trying to placate them. But he's trying to do this without actually ameliorating the workers' desperate situation. For example, at the recent National People's Congress he announced that the bureaucrats too will suffer, that the ruling apparatus of the government and Communist Party will be cut in half and that millions of bureaucrats will lose their jobs. But in later interviews Zhu indicated that the *apparatchiki* will not actually lose their jobs until new positions are found for them.⁴ This makes their position quite a bit different from the production workers standing on street corners! And even if some bureaucrats do lose their jobs, how does this help the industrial workers who are still laid off?

Trying to address this, Zhu also announced a program of public works projects. The Chinese leaders bragged that this will amount to one trillion dollars in investment over a period of three years. This will certainly create some jobs, as workers are employed building infrastructure — roads, dams, electrical power grids, etc. But most of this program was already planned before, and the jobs will be only temporary. So Zhu's announcement of this plan was more of a political ploy than a real solution to unemployment.

Zhu also says he is crafting a new, national social-welfare system. So workers laid off in the (distant) future may perhaps have unemployment benefits to fall back on. But this is a typical capitalist ploy: talk about reforms sometime in the future while carrying out the attack on workers' living standards today, in the present. Zhu hasn't actually presented any concrete legislation on this. And it's doubtful that the bureaucrat-capitalists

³"The X-files", *The Economist*, February 14-20, 1998.

⁴See the report on Zhu's press conference in *The New York Times*, March 20, 1998, p. 1.

will be willing to fund much of a social welfare system when their state banks are insolvent and state-owned factories are closing down.⁵ When it comes to concrete measures, Zhu in fact lays out further attacks on workers' living standards such as commercialization of housing so that workers will now have to pay market-rate, unsubsidized rents.

So it's obvious Zhu is just trying to play off the workers for a few years until the present "transition" crisis somehow resolves itself. What Zhu is mostly relying on is hope — hope that the private capitalists who have been promising the world to China will somehow come through and bail China out of its problems. China's rulers hope and expect that millions of new jobs in the service sector and in new industries will be created, and that these jobs will soak up the workers laid off from old factories, and partially sop up the excess labor in rural areas. But with the Asian financial crisis, that's really not looking good either. For one thing, there's a lot less capital investment in China due to the crisis. Much of the capital flowing into China in past years came from Hong Kong, Taiwan, Japan, and other nearby areas. But these areas have all been hit by the Asian flu, and they don't have as much capital to invest as before. Furthermore, China will be hurt by the devaluations of neighbors' currencies. Devaluation makes exports from Thailand, Indonesia, Korea, etc. cheaper on the world market, so China faces stiffer competition trying to sell its products. And further, as neighboring economies sink into recession, they will be purchasing fewer exports from China. Trade figures from January already show a steep decline in imports going into the Asian "tigers."

The alternative: fight for socialism

The bourgeois press notes the ill effects of China's privatization, but they regard it as mostly unavoidable. China must modernize, they say; China's factories must become efficient, and this necessarily means shedding millions of excess

⁵The Chinese bourgeoisie can afford to send their children to Harvard and Yale, can afford lavish banquets, and are quite happy paying bribes to one another. But when it comes to funding benefits or providing jobs to the poor, suddenly they remember that the government has a financial crisis.

The crisis is real enough. China's state banks actually have more bad debt than they do assets. The credit rating agency Standard & Poor's estimates that China's bad loans amount to 60% of the nation's GDP; "that makes them perhaps twice as serious as South Korea's banking problems, or 20 times America's savings-and-loan crisis of the early 1990s." ("China's Economy", *The Economist*, February 14-20, 1998, p. 37.) Recently Zhu announced a plan to bail out the nation's banks with \$32 billion worth of state-guaranteed bonds, but this won't put much of a dent in the problem.

But the bourgeoisie isn't interested in solving this problem in a way that would benefit the masses. Far from it. As in Korea and the U.S., the bourgeoisie will shift the burden of this crisis onto the working class.

workers. The "iron rice bowl" of the old state-capitalist system actually had massive amounts of unemployment hidden inside it, they say, and the present transition is simply making this "disguised unemployment" open.

We are all for modernization. But the transition going on in China is *capitalist* modernization. Yes, China is getting new buildings, new roads, new machinery. But the question is, who is going to pay for all this? Who is going to control this new system? And who is going to benefit from it? The state-capitalist tyrants of the old system are converting themselves into private-market capitalists, eager for their new role as Western-style millionaires. Meanwhile, the workers and poor peasants of old China are being forced into their role of typical

ground-down capitalist wage-slaves, desperate for any job to avoid poverty and starvation.

There is an alternative, and that is *socialist* modernization, modernization controlled by the working class. This would raise the level of technique in an organized, planned way together with steadily rising living standards for the working masses, who would be fully employed. This is not just a dream, but the expectation of workers who see the possibilities inherent in modern technology and large-scale industry. It is the bourgeois bureaucrats of the old China who are standing in the way of such a truly efficient, truly earth-shaking modernization. Carrying through the class struggle is the way for Chinese workers to open up the path to this genuine modernization. □

Cuba in the 1960s: Bureaucrats head to 'communism' without the workers

By Mark, Detroit

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INTRODUCTION

One of the major controversies among left-wing activists today is what attitude to take to the Castro regime and the type of society it built in Cuba. Undoubtedly, the 1959 overthrow of the brutal, U.S.-backed Batista regime was a great victory for the Cuban masses. In the wake of this triumph, a series of social reforms benefiting the downtrodden were carried out by the new regime. Within a couple of years, the new government nationalized U.S. and other foreign capitalist companies as well as the large businesses of the Cuban bourgeoisie. Castro, who had come to power under the banner of merely reforming

Cuban capitalism, suddenly announced he was taking Cuba on the road to communism.

Since then, many left-wing trends have considered support for the Castro regime an article of faith. They see the last four decades as basically a continuation of the revolutionary process in Cuba. With the collapse of the Soviet Union and the degeneration of China into open tyranny and market capitalism, there are those who cling to Cuba as the genuine model of socialism which has avoided the pitfalls of the other allegedly "communist" countries. Others criticize Castro policies in varying degrees, but hold on to the view that Cuba is still a "workers' state" of some kind or at least "anti-imperialist". Among those who hold this sort of position are the pseudo-Marxist trends who traditionally identified with the Soviet revisionist system and nearly all the Trotskyist groups.¹

But however comforting it may be to think that the flame of revolution still burns brightly in Cuba or that Cuba has found the way to the communist future, this analysis will not stand scrutiny. In a series of articles, *Communist Voice* has detailed how the Cuban revolution died long ago.² In its wake, a new sort of class tyranny was erected in which the existence of state property did not signify the building of socialism but state-capitalism. The new ruling class was not the private owners of the past, but the top party and state bureaucrats. The main means of production were controlled by this new elite while the

¹A number of Maoist groups consider Cuba to be "state-capitalist." But their defense of the model established in the Soviet Union from the 1930s until the rise of Khrushchov limits and undercuts this as Stalinist economic and political policy is at odds with Marxism-Leninism, and, in its essentials, not that different from Cuban revisionism. The section of Trotskyism that allied with Tony Cliff and the SWP of Britain also call Cuba, the Soviet Union, China, etc. state-capitalist. But Cliff's analysis that Stalinist state-capitalism overcame anarchy of production, succeeded in overall social planning, and that the continued existence of the profit-motive was only due to Russia's transactions in the external capitalist world does not accurately describe Soviet reality and paints it in near socialist colors. There are also some semi-anarchist ("Left communism," e.g.) and anarchist trends that consider Cuba state-capitalist by denying the necessity for a more or less lengthy period of transitional measures for new revolutionary society to establish real social control over production and eliminate the vestiges of the old capitalist society that continue to exist for a time.

²See listing following the end of this article on p.21.

masses had no say in how the system operated. While state property dominated, real accounting and control by the working people was never established. Thus beneath the veneer of a planned economy, the anarchy of production typical of capitalism reigned. Private interest reasserted itself in the state sector as each enterprises' success depended on its own financial health instead of how well it served a social plan. As the enterprise managers and the party/state leaders were *de facto* owners of the economy, it followed that they should see fit to help themselves to a relatively luxurious lifestyle by appropriating a portion of the wealth created by the toilers.

Far from breaking the mold of the corrupt revisionist (phony Marxist) path that led to the debacles in the Soviet Union and Eastern Europe, Cuba too has seen its revolution evolve into state-capitalism, and its state-capitalism evolve toward private capitalism. This process was accelerated by the collapse of Soviet "socialism" which long ago had established its state capitalist system which largely provided the model for the Cuban system and on whose aid and economic ties Cuba had been dependent. More and more, Cuban enterprises are evolving into the more standard capitalist forms, e.g., the creation of corporations legally controlled by small groups of the elite, a major influx of foreign capitalist corporations and the ability of them to buy up Cuban enterprises, and increasing room for the creation of small private businesses.

What attitude one takes toward the so-called Cuban "communist" path is an important matter for all those who are sincerely interested in the fate of the Cuban workers. Their revolutionary future can only proceed through a struggle against the Castroite rulers and the re-establishment of a genuine Marxist-Leninist trend. But the importance of this critique extends beyond the situation in Cuba. Examining how the Cuban revisionist economy and social structure functioned helps uncover the basic patterns common to revisionist state-capitalism in the Soviet Union (since Stalin's reign), China, and elsewhere. The general issue at stake is what does and does not constitute a Marxist conception of the transition period from the revolutionary overthrow of capitalism to the attainment of classless, communist society. Thus, the question of whether Cuba is state-capitalist or really a revolutionary society is not a minor quibble, but a important dividing line between genuine communism and its counterfeit.

I: HOW WAS PRODUCTION ORGANIZED?

Petty-bourgeois revolutionary leaders nationalize much of the economy

In previous articles we have chronicled how in the 1970s, the Castro regime built up a state-capitalist order based in large part on the type of capitalist market reforms that were being pushed by the Soviet revisionists at that time. This system has been the basis for the evolution of Cuban state-capitalism

toward private capitalism that is still ongoing. Here we will look at some of the major features of how the Cuban system developed in the period leading up to the 70s.

The program that carried Castro and the July 26 Movement which he led to power at the end of the 1950s did not go beyond capitalism. It aimed at such things as turning more land over to small farmers, providing certain social programs, ending Batista-style tyranny and corruption, diversifying from sugar dependence and fostering domestic Cuban business, and getting a better deal in relations with the U.S. Initially it had the support of some sections of the Cuban bourgeoisie, and even the U.S. government had hopes that it might reach an accommodation with it. In its social content this was a bourgeois-democratic revolution and its main leadership was a radical section of the petty-bourgeoisie.

The nature of the revolution as described by Castro in his April 24, 1959 speech in New York City's Central Park included the following points:

- * "I have clearly and definitively said that we are not communists";

- * "The gates are open to private investments that contribute to the development of industry in Cuba";

- * "It's absolutely impossible for us to make progress if we don't come to an understanding with the United States";

- * "Democracy that talks only of theoretical rights and forgets the needs of man is neither sincere nor true. Neither is the dictatorship of a man nor the dictatorship of a class, or groups, of castes, nor of an oligarchy" (Here Castro opposes the class rule of the workers as undemocratic and creates illusions that the material well-being of the masses can be accomplished without class rule, i.e., under capitalism.)³

Despite the non-socialist nature of this program, it was carried out in a resolute manner that stepped on the toes of U.S. interests and incurred the wrath of a large sections of the Cuban bourgeoisie, including those bourgeois who were previously in an alliance with Castro. In the course of this conflict, the new, young Cuban regime wound up nationalizing the imperialist enterprises operating in Cuba as well as the larger Cuban industrial facilities and farms. Thus within a couple of years the Castro regime had created a very large state-economic sector. For its part, U.S. imperialism attempted to bully Cuba through an economic embargo and topple the regime with the infamous Bay of Pigs invasion.

The imperialist efforts to strangle Cuba caused many problems for the new regime. But as we shall see, various of the ills that have beset Cuba for the last four decades cannot simply be attributed to the U.S. embargo. The policy of the Castro regime must also be exposed. Supporters of the Castro regime often try to portray criticism of the regime as simply

³The Castro quotes are cited in the book Rene Dumont's book *Is Cuba Socialist?*, p. 15; Viking Press; 1974 edition.

U.S. government or right-wing "gusano" propaganda. But in fact this article relies a good deal on information from sources who have been generally sympathetic to the regime and even the views of top Cuban leaders.

Having nationalized the larger capitalist businesses and having initiated strong economic ties with the Soviet and Eastern European revisionist regimes, by 1961 Castro claimed that he was really a "Marxist-Leninist" and Cuba was going to be a communist country. However, in reality the Cuban regime's sudden transformation was not ushering in socialism, but amounted to the grafting of the theory and practice of Soviet state-capitalism onto the previous petty-bourgeois radicalism. Indeed, it was typical of the petty-bourgeois attitude toward the masses that the regime could announce it was socialist without bothering to have first let the masses in on this little secret! For the Castroite rulers, their allegedly socialist society was something that they could build even if the workers had not really been prepared for it or had any say in the matter.

How did production in the state economy operate?

Though the Cuban leadership had nationalized much of the means of production, this does not prove that it was on the road to socialism. True, Marxism holds that to achieve socialism, the former capitalist property must stepwise become state property. But Marxism also holds that the existence of state property in and of itself does not mean that society as a whole directs production, and it is just such social control of production which is the basis of socialism. In light of this, and the history of four decades since the revolution, it is clear that the nationalization carried out by the Castro regime proved not to be a component of a transition to socialism. One must look beyond the mere fact of nationalization and see how the state sector actually operated.

In the 1960s, there was a strong tendency among the new Cuban rulers to imagine that within a few years the country would be at the doorstep of classless communist society. The idea that Cuba was on the verge of communism became the official banner of the Castro government particularly in the late 60s. One of the factors that apparently gave rise to this idea was that *in form*, large numbers of individual workplaces were considered to be mere departments of one huge enterprise. This was part of what became known as the *budgetary-finance* system. But despite government decrees that gave the appearance of societal control of production, something else was going on. The budgetary-finance system was not the product of the step-by-step development of conscious control of the enterprises and the central bodies by the masses. Rather, it was initially established as the regime's response to suddenly finding itself in control of a lot of nationalized enterprises, many of which lacked funds of their own and/or any competent managers. The emergency measures may have been necessary, but the regime's painting of this as something approaching communism was creating an illusion.

What was actually going on in the economy was a million miles from communism. Overall planning was largely a fiction

despite the existence of central economic bodies apparently in control of everything. Enterprises that were supposed to be behaving as parts of a single firm commonly acted as if they hardly knew each other.

One example of this is that individual firms tended to "max out" their budgets with little regard for how this would affect the central financing institution which supplied all the funds for their production and that of all the other enterprises covered by the budgetary finance system (all funds acquired by the firm for its goods/services were deposited in the central fund). Production targets might be reached by some firms, but such inefficient use of resources was bound to sap the ability of the economy to increase or even maintain its output of goods and services. According to the president of the National Bank at the time, "In 1961, 1962 and 1963, the State budget was in deficit. During the same three years, the budgetary enterprises stopped contributing substantial amounts to the budget. . . ."⁴

Compounding the problems of replenishing the central fund was that the managements often never bothered to pay or collect in transactions between their firms. Presumably, firms that did not pay could accumulate more funds for themselves. Meanwhile, the unpaid firm was still guaranteed its financing from the central funds. This problem was so rampant that special legislation (Law 1007) was passed to punish offenders. It apparently had little effect however as the National Bank president reported "an average of 20 thousand infractions per week for a value of \$20 million [pesos]."⁵ The Bank president was part of a section of the Cuban leadership that became disgruntled with the budget-finance system and contended that if only enterprises were self-financing, such problems wouldn't exist. The "self-finance" system was sanctioned for the agricultural and foreign trade sectors in 1962. But the Bank president had to concede that the initial results showed that the self-financing enterprises had an even worse record of violating Law 1007 than the budgetary finance system. In fact, since the 1970s the self-financing system has been dominant in Cuba. But as has been chronicled in previous articles in *CV*, far from overcoming economic anarchy it has led to ever-greater strength of private interests and anarchy of production.

The problems that arose under the budget-finance system do not mean the idea of having the economy operate as a single entity is wrong as its accomplishment is necessary for a fully socialist economy. Nor can it be precluded that the concessions to capitalist methods inherent in a "self-financing"-type system could be a temporary phase in a transition to socialism. What the failure of both systems in Cuba indicates is that if the workers are not actually developing their ability to run and control the economy, no form of economic organization will convert state property into really socialized property.

Another widespread problem was the accumulation of unused raw materials and machinery as well as unpurchased

⁴Silverman, Bertram; *Man and socialism in Cuba: the great debate*; p.293; Atheneum; 1971.

⁵*Ibid.*, p.292.

consumer goods. For instance, Cuban President Dorticos complained in 1966 about the "enormous quantity of iron that waits for the Greek calends in warehouses that cost foreign exchange but have no use to our economy . . ." The phenomenon of unused industrial resources was taking place in a situation where generally there was a problem of shortages of material and machinery for industry. In June, 1964 a Cuban official reported that the "excess capacity" in light industries producing consumer goods had reached over \$84 million per year. Part of the problem was that the enterprises were trying to meet quantity and cost goals by producing shoddy goods. In one case the production cost of shoes was reduced by skimping on materials to the point that their average life was reduced from a year to three months. Such practices led to consumers refusing to buy them, leading to the growing inventories.⁶

The examples of economic chaos mentioned above were symptomatic of a general inability to establish economic accounting and control in the 60s. An author sympathetic to the Cuban revolution describes the situation as follows:

"Yet, effective planning and economic controls are particularly weak in Cuba. The virtual elimination of financial controls having increased reliance on record-keeping and centralized decision-making, planning depends heavily on accurate information and on managers capable of translating this information into rational decisions. But managers make little use of the data they collect and frequently know little about the financial operation of their enterprise. . . . The fragile planning system is further undermined by 'overcommitment' of resources and the uncertainty of foreign supplies. The inevitable has occurred: First, shortages and bottlenecks have reduced industrial capacity and worker productivity; second, the decision-making process has been plagued by bureaucracy, so much so that a parallel planning apparatus that bypasses the existing bureaucratic structure has been created to ensure the fulfillment of urgent strategic goals (this special apparatus is under Fidel's personal direction). . . ."⁷

It's notable in this description that Fidel Castro's idea of dealing with the economic anarchy was to set up his own personal power structure to carry out some emergency measures. This did nothing to solve the underlying problems however. Indeed, what the quote above politely calls Fidel's efforts "to ensure the fulfillment of urgent strategic goals" in the 60s were themselves a fiasco which accelerated the anarchic tendencies. By 1970 Fidel had to confess the failure of his measures in the late 60s. We shall look more at these measures soon, but for our purposes here it is enough to note that the

need for Castro's special apparatus was another indicator of the rampant disorder in the economy.

Stagnation of production

The disorganization in the economy naturally had a big negative effect on production. In the first two or three years after the Castro regime took power, there was a dramatic improvement in the conditions of the masses. This was possible not only because there was redistribution of the wealth from the old society that was used to reduce the gross inequities of the past but because there was an increase in material production due to the use of formerly idle farm land, the employment of large numbers of formerly idle workers and other reasons. But the rest of the decade basically saw economic stagnation. The last half of the 60s saw hardly any growth in total Gross Domestic Production, and the per capita GDP in 1970 apparently dipped below what it was in 1960.⁸ Writers familiar with the situation at the time report major declines in output per worker in the first part of the 60s.⁹ This problem persisted in the later 60s as well. The chronic shortages of consumer goods led to the flourishing of the black market, with all its attendant profiteering.

Sudden expropriation of petty businesses

Despite the great problems encountered in organizing the larger enterprises into the state sector, in 1968 the Castro regime suddenly decided to expropriate about 55,000 tiny businesses such as food sellers, restaurants, artisans and various services. The transition to socialism involves overcoming petty production. But in this case, the state was in no position to provide suitable replacements for the goods and services they provided. Moreover, a genuine Marxist-Leninist policy toward these small businesspeople would not consider them en masse as enemies, but seek to find various ways to encourage them to combine their resources in cooperatives which would eventually prepare them for a transition to state property.

Reliance on sugar exports, Soviet state-capitalism and the world market

The Castro regime's decision to give up on breaking Cuba's dependence on sugar exports also played havoc with the economy. Reliance on the ups and downs of the world sugar

⁶Bernardo, Robert M.; *The theory of moral incentives in Cuba*; pp.111-112; University of Alabama Press; 1971.

⁷Silverman, p.22.

⁸Eckstein, Susan Eva; *Back from the future: Cuba under Castro*; p.220; Princeton University Press; 1994.

⁹Bertram Silverman concluded from an interview in Cuba that "worker productivity may have declined by as much as 30 percent between 1962 and 1965." (See *Man and Socialism in Cuba*, p.8.) Rene Dumont, a French agricultural expert who traveled to Cuba several times as an advisor, reported that "productivity of an agricultural work day had decreased by about one-half" from 1958 to 1963. (See *Is Cuba Socialist?*, p.29.)

market had been one of the major features of Cuba before the revolution, and its overwhelming dependence on sugar exports was a major factor cementing the domination of U.S. imperialism. The U.S. not only owned a good deal of the sugar facilities in Cuba, but Cuba relied on being able to export to the U.S. market and relied heavily on U.S. imports for everything else.

The original goals of the revolution included more diversification of the Cuban economy and less dependence on the U.S., and when the U.S. businesses were expropriated and the U.S. imposed its embargo on Cuba in the early 60s, the issue of dependence on the U.S. ended. This of course did not mean that U.S. imperialism ceased to have an impact on Cuba. The U.S. embargo created a lot of difficulties for the Cuban economy, which had relied on U.S. trade and equipment for industry. The U.S. embargo also made trade harder with other countries. In the first couple of years in the 60s there was an attempt to develop domestic industries to produce a number of goods that used to be imported. As well, the regime sought more diversity in agriculture and less emphasis on sugar.

This path was abandoned in 1963 however. The Castro regime had been banking on the phony "socialist" countries of the Soviet Union and Eastern Europe to supply it with oil, equipment and plants. They imagined that within a few years these imports would allow them to carry out a big leap in industrial development. These countries were not operating on the basis of revolutionary solidarity, however, and there was a heavy price to pay for economic cooperation with them. The Soviet revisionists demanded repayment in sugar, and they used their economic leverage to push their own economic prescriptions on Cuba and subordinate its foreign policy to their own ambitions to undermine the "threat" of revolutions so as to reach accommodation with Western capitalism. Castro and Che periodically expressed irritation with the Soviet revisionists, but never broke with the policy of reliance on them. Thus, the U.S. imperialist domination was swept out but was replaced by imperialist pressure of a new type. And thus Castro and co. began to place ever-greater emphasis on sugar.

Meanwhile, Cuba's still extensive trade with the Western capitalist countries (excluding the U.S.) continued to be overwhelmingly based on sugar exports. Before the revolution, a downturn in sugar prices could set the economy into a tailspin. Under Castro, Cuba remained at the mercy of the world sugar market. Nevertheless, Castro ignored the peril and threw more and more resources into the efforts to reach a huge increase in sugar production, the famous goal of the 10 million-ton sugar harvest in 1970. In fact the 1970 harvest fell well short of this goal despite enormous amounts of labor and resources thrown into the effort. As well, world sugar prices collapsed, plunging below the cost of production in 1968 and "rebounding" in 1970 to only less than half of what they had been in 1963.¹⁰

Castro's scheme was a disaster. Not only did the windfall of funds from sugar sales fail to materialize, but orienting everything toward producing sugar took a heavy toll on other

sectors of the economy. This resulted in exacerbating the shortages of basic necessities for the masses. For example, the increased planting of sugar and other export crops was at the expense of needed food crops for the Cuban population.

This scheme also played havoc with whatever planning existed in the economy. As one after another emergency measure was pushed to see the big sugar drive through, planning, record-keeping and any open discussion of economic policy went by the wayside.

II: BENEATH THE APPEARANCE OF "COMMUNIST DISTRIBUTION"

Did communist distribution exist?

By the late 60s, the Cuban party and state officials adopted a number of policies which they portrayed as "communist", distinguishing them from the lower stage of communism often called "socialism." The Castro regime's policies only bore a superficial resemblance to "communism" however. Such was the case with the diminishing role of money economy, so-called "voluntary labor" and communist methods of distribution of societal production. Given the state of anarchy in production and the inability to overcome general scarcity, there was no way that distribution could actually proceed along communist lines.

A system of communist distribution means that everyone works to their ability for the good of society without concern for direct compensation while everyone is free to draw from social production whatever they need. In such a system, work is voluntary because an individual's living conditions have nothing to do with the amount of work they contribute, as they still must in the socialist stage. But such a distribution system can not be imposed without proper conditions. It requires such things as that society is able to produce in great abundance and that its members have freed themselves from the habit that was imposed upon them under capitalism of expecting compensation for every minute worked. Such conditions did not exist in Cuba.

True, even in a society that is still early on in the transition to a fully socialist economy, there will be instances of workers spontaneously working gratis for the good of society, and these instances of working in a communist way should be encouraged. Undoubtedly many Cubans and foreign activists who came to Cuba in the 60s to participate in production brigades were inspired by revolutionary motives. But the "voluntary labor" in Cuba soon became largely compulsory measures or was basically *compensated* civilian or military labor shifted from their former employment to some emergency project, mainly the ill-fated attempt to achieve the giant sugar harvest. At the same time as the masses were coerced into accepting longer working hours and more deprivations, such "moral incentives" didn't apply to the bureaucratic elite who lived in

¹⁰Eckstein, pp.39-40.

relative splendor.¹¹ Insofar as there was equality in distribution, it manifested itself only in a ration system of meager consumer goods for the workers. The workers wound up subverting the "voluntary labor" of the late 60s, hastening its collapse.

Thus, the problem was not merely that non-communist measures were painted in communist colors. Nor was it that a better policy would have been able to reach the higher stage of communism in short order. The problem was that the allegedly "communist" policies of the time widened the antagonism between the new elite and the working people. As has been documented in other CV articles, although the regime retreated from these policies in the 70s, they never overcame this antagonism and their reforms cemented a system of state-capitalism.

Pseudo-"voluntary" labor

The Cuban regime painted a false picture of what was going on under the banner of "voluntary labor." For instance, in 1968 the ruling party newspaper *Granma* reported that some 170,061 workers had renounced overtime pay and therefore had elevated themselves to the status of "communist workers". But the same article also reports that in return for eliminating overtime pay the regime offered social security payments of 100 percent of wages, a considerable material incentive.¹² In the earlier 60s (about 1962-1966) various "emulation" campaigns were organized that, according to the Cuban officialdom, reflected voluntary labor and rejected "private gain" in favor of "emulation for the sake of increasing the output of the community."¹³ Actually, however, coercion was often used in getting workers to "volunteer", and there were material rewards that involved such things as individual and production unit level cash awards, vacations and the possibility of procuring scarce consumer

goods.¹⁴ After 1966 the regime laid less emphasis on cash bonuses in favor of consumer goods. Thus, such labor was not "voluntary", but a way for certain workers to get a bit more than was possible through the paltry rations system.

A good deal of the mobilization from urban areas for the sugar harvests of the late 60s does not really seem to have much in common with working in a communist way. According to Rene Dumont, "when these city dwellers spend several weeks going from place to place, they retain their regular salary, which is significantly higher than that of the agricultural workers." Dumont and others point to the low productivity of these "volunteer" cane cutters as also casting doubt as to their voluntary nature.¹⁵ The generally low productivity of what was called volunteer labor presents a problem. Part of working in a communist way involves achieving high levels of productivity. But much of the labor in the "voluntary" sugar harvests was not very productive and tended to be a drain on economic development.

Dumont also personally examined the "Isle of Youth", a large-scale colony to develop the Isle of Pines off the southeast coast as a citrus fruit and cattle-producing area. This project was highly-touted by the Cuban government as "the first vanguard of communism in Cuba." But actually, Dumont describes a situation where the permanent labor force is party soldiers assigned there whose work was notably unenthusiastic and civilian workers who worked like "a very average civil servant" devoid of revolutionary consciousness.

Workers subvert the regime's policy

While the masses were exhorted to work ever harder, the regime's promises of relief from austere rations never materialized. There was no starvation, but by the end of the 1960s food shortages were as bad as in 1962. Waiting in long lines for basic consumer goods that arrived in short supply was a chronic problem. The shortages fed the creation of an extensive black market where distribution was along naked capitalist lines, i.e., according to who had the most money. Scarcity greatly impacted work habits, too. Once workers had put in enough hours to pay for their allotment of rations, there was nothing for their wages to purchase, save for the black market whose items were often too-high priced for these workers to afford. This discouraged workers from exerting themselves beyond what was necessary to get the basic rations. Besides low productivity, absenteeism became a widescale method of subversion of the government's policy. In 1970 daily absentee rates hit 20-29% in several regions and reached over 50% in August 1970 in Oriente province. In 1969, Jorge Risquet, Cuban Minister of Labor confirmed this revolt of the workers,

¹¹Besides various other perks for high officials, various sources report official wage scales where the top bureaucrats make as much as eight to ten times as the large numbers of lower-paid workers during the 1960s. See, for instance, Robert M. Bernardo's *The theory of moral incentives in Cuba*, p. 71 or Rene Dumont's *Is Cuba Socialist?*, p. 58.

¹²Bernardo, p. 78. It should be noted that Bernardo apparently considers this an example of "moral stimulation." Apparently, that's because for Bernardo, voluntary labor is defined in such a way as to become meaningless. He thinks it's voluntary labor even if "sanctions are used too, as part of that mechanism, [of compliance for "voluntary labor" — Mk.] such as the myriad difficulties of all kinds that the non-volunteer may encounter in the future. . . ." (p. 26) As well, he considers the mere fact that deprivations are suffered by the workers to show they do so "voluntarily". Also, he admits that what's often called "voluntary labor" in Cuba is hard to distinguish from simply being assigned to certain work by the authorities. (pp. 48-9)

¹³Bernardo, p. 57.

¹⁴Bernardo, pp. 62-63.

¹⁵Dumont, pp. 68-69. Dumont does not expect that even the most highly-motivated city dwellers would attain the productivity of experienced cane cutters. But he points out that a good deal of city dwellers produce at a third of the rate or less than the section he considers real volunteers do.

complaining that "undisciplined work, absenteeism and negligence in working are *increasing* phenomena. . . ." ¹⁶

The military substitutes for "voluntary labor"

In order to deal with the fact that the "voluntary labor" plans just weren't working, Castro decided that it was necessary to bring in the military to carry out his production plans. There's nothing necessarily amiss about the army taking part in production in a society moving toward socialism. But here we're talking about the military running key economic sectors and the forced militarization of labor. Certainly such a policy has nothing in common with voluntary labor, and the increasing reliance on it toward the end of the 60s reflects the failure of government production plans, including those dependent on voluntary labor at the time. Indeed, recourse to the army betrayed a lack of faith in developing worker control and accounting in general. Not only were military brigades assigned to push the work through, but by the end of the 60s, the army officers actually replaced the civilian management structure. Thus, agricultural workers were sort of unofficially inducted into the army to see that discipline was enforced. This emergency measure did not solve the problem of agricultural efficiency however. The military proved to be inept in agricultural matters. Nor could they stop the growing disdain of the workers for the whole state of affairs.

In 1970, Castro confessed to the failure of the policies of the late 60s. An economic program borrowing heavily from the market socialism then in vogue in the Soviet Union was then promoted by the ruling bureaucracy.

III: "SOCIALISM" WITHOUT REVOLUTIONARY WORKING-CLASS ORGANIZATION

The brief look at the economy above brings out the fact that the construction of a socialist order is impossible without the revolutionary initiative of the workers asserting itself in running the society and organizing the new economic system. But Castro and the Cuban leadership were not oriented toward building a revolutionary workers trend either before or after taking power. Undoubtedly the regime carried out any number of measures that the workers liked and established extensive social programs that prevented the extremes of poverty commonly seen in capitalist countries. But deprived of their own proletarian class organization, the workers were only mobilized to follow the orders from the new elite, not take matters into their own hands. To this day, the institutions of power in Cuba have never facilitated the ability of the workers to run society. Castro has declared himself a Marxist-Leninist a million times since taking power, but there can be no Marxist society if there is no workers' state, and there can be no

workers' state if there are no means for the workers' will to manifest itself.

The history of the Cuban leadership from the period of the struggle to topple Batista through the 1960s confirms that they never saw the working class in the role of masters of the new society, but as mere recipients of whatever plans the new petty-bourgeois elite had in mind. As mentioned earlier, the program under which the July 26 Movement came to power did not go beyond a reformed capitalism carried out through revolutionary means. It had no socialist perspective although it did envision significant state intervention in the economy, which however, did not distinguish it from many bourgeois development plans in the third world at the time. Nor did the July 26 Movement see any particular significance to establishing itself among the workers. The July 26 Movement did eventually establish something of a base among a section of the peasantry, although the program on which it established itself among the peasants prior to taking power was not that radical. The idea of organizing guerrilla bands in the countryside was not because the July 26th Movement had deep roots in the peasant movement or had a strategy of a massive peasant uprising, but because it was thought to be advantageous from a military standpoint.

The urban movement that was linked to Castro's guerrillas in the mountains had its activist base among the students and other elements of the middle strata. These students had some links with the urban workers but their idea of mobilizing the workers went no farther than the needs of the moment of the petty-bourgeois leadership. The urban movement connected to the July 26 Movement was by no means orienting the workers to think beyond the reforms its program offered; its program was tailored to court a section of the reformist bourgeoisie that was part of the July 26 coalition.

Meanwhile, the state of class organization of the workers was not strong enough to challenge the petty-bourgeois leadership. The rural workforce that was at least partially employed as wage labor was very large in Cuba and was sympathetic to the revolution, but did not exhibit a particularly high level of mobilization. The urban workers participated in the 1957 general strike and were generally sympathetic to the struggle. But their movement was not strong enough to give rise to their own revolutionary class organizations. The PSP, the supposedly communist party, was under Soviet revisionist influence. They had strong ties to the workers but had a class collaborationist policy including a sordid history of wheeling and dealing with the hated Batista. The PSP at first stood against the revolutionary struggle although it eventually joined in towards the end. The orientation of the July 26 Movement plus the lack of a powerful independent revolutionary workers' trend meant that the workers movement would be subordinated to the wishes of the petty-bourgeoisie in the Cuban revolution.

After coming to power, the Castroite leadership decided supposedly to embark on the road to socialism. But they retained their petty-bourgeois attitude toward the workers. Castro boasted of how clever it was to not tell the world that he (allegedly) all along planned to establish socialism in Cuba. Such an outlook is only possible if one imagines that socialism is something bequeathed to the masses like a royal proclamation

¹⁶Dumont, p.113. Emphasis as in the original.

rather than the product of the revolutionary initiative and organization of a particular class.

Part of the Castroite leadership's posture as Marxism-Leninists involved a several-years-long process of setting up the Communist Party of Cuba, which was founded in 1965. Unlike a real communist party, this party was not the voice and organizer of a revolutionary workers' movement. Its main purpose was merging together, under the domination of Castro's faction, the Revolutionary Directorate (the urban-based organization linked to the July 26th Movement), the PSP and Castro's July 26th Movement. Thus, the so-called workers' party was fashioned by the cobbling together of various petty-bourgeois trends. Mass organizations were founded, but as they were under the control of this phony "communist" party, there was no chance for them to be a real voice of the masses.¹⁷ The lack of democracy for the workers was also reflected in the lack of power of the rank-and-file members of the Communist Party. One manifestation of this was the fact that the first party congress was not held until 17 years after the Castroite leaders came to power.

Some may argue that it's possible for non-Marxist radical trends to shed their former views and become real communists. That's possible, but it's not what happened in this case. Indeed, the founding of the Cuban Communist Party comes at a time when Castro, Che and other Cuban leaders were spreading a series of theories internationally belittling the need for workers' revolutionary organization in general, and communist parties in particular. While the Cuban leaders now justified their measures with Marxist-sounding phrases, they did not take Marxist theory seriously. They produced fanciful tales about the alleged "proletarian ideology" of the July 26 guerrilla bands and even disparaged the theoretical struggle in general.¹⁸ The Cuban leaders reconciled the apparent contradiction between founding their own communist party and belittling the party concept by pretending that all the functions of a communist party could be achieved by the guerrilla military organization. This is not a Marxist theory, but it does shed light on what actually happened in Cuba where the petty-bourgeois leadership of a guerrilla organization took on the trappings of a workers' political party.

Despite adopting certain Marxist-looking appearances, the Castroite leaders had no more a notion of developing worker control of society after they took power than when Castro was openly disavowing communism. The 60s was notable for the regime's supposed concern with relying on the consciousness of the workers. But in practice, they tried to impose their schemes

without regard for the level of consciousness of the workers and without much concern over the fact that the state institutions and mass organizations were not subject to the workers' will. The problem wasn't simply that the Cuban leadership made some mistakes. The building of a new revolutionary society is inevitably accompanied by errors. But here we have a case where the general orientation of the leadership was an obstacle to workers' rule and the rectification of mistakes.

IV: CHE AND THE MID-60s DEBATES

What were the debates about?

The policy pursued by the Castro regime took place amidst the well-known theoretical debates of the mid-60s. Though Castro himself basically abstained from this public debate it included many top Cuban leaders along with some prominent foreign leftists like Charles Bettelheim and Ernst Mandel. One side, led by Che Guevara, used supposedly Marxist arguments to justify the economic measures the regime took under the "budget-finance" system. The other side advanced pseudo-communist theories to show that the "self-finance" measures operating in the agricultural and foreign trade sectors were needed. As shown above and in previous *CV* articles on the subject, in practice the policies carried out under *both* systems were not moving Cuba toward socialism.

Nevertheless, these days a whole mythology has developed around the stand of Che in these debates. Since the 1970s, Cuba has generally followed the "self-finance" model which Che opposed. But that hasn't stopped the Castro regime from mounting a major campaign since the mid-80s to promote Che's views as the antidote to whatever ails the society he has ruled. In 1987, for instance, Cuban economist Carlos Tablada wrote a book entitled *Che Guevara: Economics and Politics in the Transition to Socialism* which touts Che's views as a mighty advance of communist theory in order to claim that Castro is adopting this true "communist" course of Che. The cynical nature of this campaign (which is still on) is shown by the fact that the more the talk of the allegedly communist views of Che, the more Castro has converted state property to private capitalist forms, the more the economy is banking on imperialist investment, and the more the privileged elite demand austerity for the masses.

But what about what Che actually said? Do his theories really offer a Marxist alternative to the problems that have plagued Cuba and other countries where state-capitalism has masqueraded under a socialist signboard? Che, like his opponents, could throw around communist-sounding phrases. As well, the framework of his opponents certainly deserved to be attacked as it was heavily influenced by the anti-Marxist views in fashion in the Soviet Union at the time. Che's opponents painted a false picture of the state-capitalist methods of the Soviet Union of the time as socialist. Under the pretense that in the transition to socialism it is not possible to immediately dispense with all the economic methods of capitalism,

¹⁷For example, the top leadership of the Cuban trade unions were appointees of the Castro regime. At the local level there were elected representatives but they could not challenge the basic policy set at the top. Workers used the opportunity of the local elections to express their displeasure with their lot, throwing out three-quarters of the local leaders in 1966. See Eckstein's *Back from the future*, p.35.

¹⁸See the article "Che, the armed struggle, and revolutionary politics" in *Communist Voice*, vol.3, #3, Aug. 10, 1997.

they pictured socialism as government limitations on a capitalist economy. But in reply Che failed to come to grips with the fact that although in appearances the measures he advocated looked socialist, the economy was not really operating in this manner. He expressed concern about the dangers that may arise from capitalist-type measures, but didn't take into account that certain conditions must be created before such measures can be dispensed with. This approach led him to insist that his policies were correct no matter how far the actual results of these policies diverged from what they were supposed to accomplish. In expressing this in theoretical terms, Che wound up with the idealist argument that if a measure he favored existed, then reality would, of necessity, conform to the goals of such measures.

Ignoring harsh realities

For instance, in Che's budget-finance system all the production units in the state sector were supposed to soon act as one centralized socialist enterprise. But when it was clear that this was not taking place, Che theorized that, *by definition*, this must be what was taking place, albeit with numerous difficulties.

Any real communist would agree with the goal of bringing the economy under centralized social control where commodity exchange and money cease to exist. But if the actual situation in the economy showed that the policies Che backed were not bringing this about and that instead crisis and economic anarchy were dominating the scene, then this is evidence that these policies are wrong. A correct communist policy is not merely stating high-minded goals, but finding the means to reach those goals. Che was hindered in doing this by his overall idealist and volunteerist approach. We have discussed in a previous article how this outlook manifested itself in Che's failed "focoist" strategy for creating revolutions.¹⁹ This approach also appears in Che's theorizing on how the economy should be set up.

Che failed to seriously judge his budget-finance policies by how well they were achieving their proclaimed goals. Rather, he defended them with bogus general theories that stood the Marxist understanding of the relationship of ideas and the material conditions on their head. For example, in responding to the charge that policies supported by Che did not take into account the conditions then existing in Cuba, Che replies, "To think that legal ownership or, more properly, the superstructure of a particular State at a given time has been imposed despite the realities of the relationships of production is to deny precisely the determination on which he [Charles Bettelheim — Mk.] relied."²⁰ Che argues that since the economic base determines the superstructure (which includes government policy and the ideas of leaders such as Che), he must have a correct appraisal of the economic conditions. In contrast, Marxism holds that ideas are correct *in so far* as they conform

to the material conditions. Che converts this into the view that it is impossible for a government policy to not be based on economic reality. Marxism holds that government policies are not accidents, but rather can be explained by economic conditions. But even though one could find an explanation for Che's policies (and his opponents) in certain material conditions, this by no means proves Che understood the material conditions or that his policies were bound to achieve their proclaimed goals.

Time and again Che argued that since budget-finance measures he liked existed, that fact itself proved they were helping the Cuban economy advance to socialism. Thus Che chastised an opponent that questioning Che's policy was the same as denying that in general the state of the productive forces determines the relations of production. As Che put it: "To say that the consolidated enterprise [under which Che's budget-finance system grouped different production facilities and considered them as one entity — Mk.] is an aberration is just about equivalent to saying that the Cuban Revolution is an aberration" and "that our present relationships of production do not correspond to the development of the productive forces, for which reason he [Charles Bettelheim — Mk.] anticipates significant setbacks."²¹ Here once again Che does not defend his preferred policies by demonstrating how they were achieving what they were supposed to, i.e., how well they took into account conditions, but by arguing that government policies he likes are necessarily in line with objective conditions. Of course, in some parts of the economy the opposition's "self-finance" system was operating. Yet somehow Che doesn't consider that this was proof of *that* system's viability.

Che's efforts to settle the issues of economic forms by such arguments are especially striking considering his own description of the economy. Che himself acknowledged the extensive nature of anarchic behavior going on underneath the legal designation of state enterprises as operating as one entity. He notes that a production facility "can never count on receiving supplies when they are needed" and "often receives raw materials for a different production process" which "leads to technological changes that increase direct costs, labor requirements, and, sometimes, investment needs." As well, "we have neither sufficient analytical capacity nor the capacity needed to collect data," "there is a scarcity of really qualified cadres at all levels" and "we can also cite the lack of a central planning body that would operate consistently." Thus, "the entire plan is often disrupted and may require frequent adjustments."²²

Can capitalism arise from within the budget-finance system?

But despite Che's frankness, he sought to blow off the uncomfortable facts by insisting that since in his view the state

¹⁹ *Ibid.*

²⁰ Silverman, p.104.

²¹ *Ibid.*, p.102.

²² *Ibid.*, pp.150-151.

sector *should* be one big enterprise, it was not possible for capitalist methods to arise there. For instance, Che could write that "we agree that, as yet, the State sector in no way constitutes a single large enterprise." Yet at the same time he held that the law of value and commodity exchange could not possibly arise within the state sector as long as legally all the enterprises were considered as one.

His reasoning was, did not, Marx say that "In order to be a commodity, the product has to pass into the hands of a second party . . ." ²³ True, commodity exchange was forbidden by law in the budgetary finance system and thus the law of value "outlawed." But since in fact the production facilities did not operate anything like one entity, each production facility had to fend for itself. Thus, rather than acting in harmony, enterprises grabbed all the resources they could, failed to fulfill obligations toward each other, saved resources by cutting corners on quality, etc. Separate interests were banned, but separate interests arose anyway. So it seems there were all sorts of "second parties" within the state sector. Since scarcity and overall disorganization forced enterprises to fend for themselves, the legalities restricting the enterprise from so doing were becoming an empty signboard about to crumble altogether. In other words, the anarchy under the banner of "one enterprise" was creating conditions for the establishment of unplanned allocations and output of goods between enterprises in the state sector and between the state sector and the mass of individual consumers. If competing enterprises produce goods in conditions of anarchy, they will eventually be bound by the law of value and revive commodity exchange.

Che's arguments against material incentives

Che has also become well-known for arguing against mainly using material incentives as the workers' motive for producing and for relying primarily on uncompensated voluntary labor. He rightly pointed out that compensation according to work was a feature of capitalist distribution. But once again, while Che could proclaim a worthy goal of Marxism, he ignored the conditions necessary to achieve this goal. Marx taught that in order for voluntary labor to predominate, there would have to be a very high level of the development of the productive forces and social control of production. Marx noted that until such material conditions could be created, distribution according to the amount of work performed was inevitable.

Che himself acknowledged the state of disorder and weakness of the Cuban economy. But this didn't keep him from insisting that in the Cuba of the mid-60s, non-material incentives should be the main type used. His attitude toward material incentives was "we are unwilling to use them as the primary instrument of motivation" because "the predominance of material incentives . . . would retard the development of socialist morality." ²⁴ It is no doubt true that in so far as direct material rewards are necessary, communist consciousness will

be limited. But what Che ignored is that real social control of production and developing the productive forces creates the necessary conditions for ending distribution according to work. Under these conditions, the need for direct compensation will be undermined as more and more goods and services can be provided without regard for the amount of work each individual supplies to society. Che failed to see that recognizing the conditions necessary for communist methods of work and distribution to become dominant would not "retard" socialist morality. By the same token, attempting to impose measures on the workers without regard for the state of the economy and the level of the workers' consciousness definitely *would* retard the achievement of the goals that Che talked about.

Che advocated that revolutionary consciousness would allow Cuban society to base itself on non-material incentives. But the consciousness he was talking about was not the actual consciousness that existed, but the consciousness that Che wished existed. As we have seen, the masses were not willing to work in a highly productive manner while there was no relief from austerity. Thus, the more the Castro regime pushed "voluntary labor," the more they had to rely on coercion, eventually ending up with semi-military regimentation of labor. This doesn't mean that the masses were devoid of revolutionary sentiment. However as Marx pointed out, even when the workers are conscious enough to carry out a socialist revolution, this does not mean that they are ready to jettison all the habits acquired under capitalism, or that the new society will quickly create all the material prerequisites to establish all the features of the higher stage of communism.

In the Cuban revolution, the workers never even ascended to power. For all Che's talk about relying on the workers' consciousness, Che, like the Castroite leadership in general, disregarded it. They came to power without any declared perspective of socialism and without paying attention to organizing a revolutionary workers' trend. They were little concerned with providing any real power to the workers after the revolution either. Che did not concern himself with such retarding of the workers' consciousness.

While Che lashed out at those who would rely on material incentives, as a top minister running the Cuban economy, he did not do away with material incentives. In fact, a strong case can be made that he relied on them. He supported a variety of material penalties to workers who didn't make quotas. Meanwhile some of his measures that were lumped under the banner of voluntary labor were in fact coerced. As well, while some so-called "voluntary labor" did not involve direct material rewards to individuals, they did involve material group rewards for various production facilities or brigades. Today, some Castroites have claimed that this shows that really Che had a clear Marxist approach on this issue. Actually, it's another example of Che's theorizing clashing with certain realities even he was forced to reckon with.

Che's illusions in Soviet revisionism

Che's ideas on developing the Cuban economy also rested on unrealistic expectations about the aid that would be provided

²³This and the previous quote are from Silverman, p.237.

²⁴Silverman, pp.134-135.

by the Soviet Union and its East European allies. Though Che did not like various features of these countries, he felt they were socialist, and that therefore they were obligated to sacrifice their own interests so as to help build up Cuban industry. He held that the Soviet bloc should "develop trade formulas that permit the financing of industrial investments in developing countries even though this contravenes the price system prevailing in the capitalist world market. This would allow the entire socialist camp to progress more evenly . . ." ²⁵ But Che's hopes that this aid would be based on revolutionary solidarity quickly showed themselves to be false. For a few years, the Soviet Union exported more to Cuba than it got back in return, presumably as Che would have wanted it. But then the Soviet Union's tolerance for a burgeoning trade deficit ended. As chronicled earlier in this article, the Soviet Union not only wanted to be compensated for its "aid", it pressured the Cuban leaders away from their plans for diversifying the economy and back into Cuba's traditional lopsided reliance on sugar exports.

Che periodically complained about economic relations with the Soviet Union, but he never gave up his illusions in it. For example, in his February 1964 article "On the budgetary finance system", Che moaned about the general state of trade relations with the Soviet Union but also held that a new trade agreement between Cuba and the USSR was "in the spirit of proletarian internationalism." ²⁶

Che's unrealistic hopes in Soviet aid were connected to his confusion of the Soviet Union with a country building socialism. He saw some things going on in the Soviet Union which he did not like, but he did not grasp that the system developed by Stalin and the Soviet leaders that followed him was actually state-capitalism. He did not grasp that the Soviet revisionists were not interested in proletarian internationalism and that it was not an aberration that the Soviet foreign policy sacrificed the revolutionary struggles for the sake of big power wheeling and dealing with the Western imperialists. Indeed, while Che often used bitter words against others in the Cuban leadership who considered the 1960s economic system of the Soviet revisionists as a model to be followed, other times he denied that there was really any differences of principle between them because his rival's system "has proved that it yields practical results, and based on similar principles, both systems seek the same ends." ²⁷ He had a similar attitude toward other revisionist systems. Che considered Yugoslavia under Tito a type of socialist system too, despite his objections to the pronounced capitalist-type methods employed in its so-called "self-administration socialism." He also considered the Maoist path in

China to be socialist.

Guevarism: the left-sounding wing of Cuban revisionism

In what relation then, do Che's views on economic policy stand toward the course taken by the Castroite leadership as a whole? Che resigned his post as head of Cuban industrial development in 1965 and left Cuba for unsuccessful attempts at developing guerrilla struggles in the Congo and Bolivia, where in 1967 he met a tragic death. The circumstances and reasons of his departure from Cuba are the subject of much debate, but they do not change the fact that the theoretical legacy of Che represents no fundamental departure from Castro. True, Che cannot be blamed for each disastrous measure taken by Castro in the late 60s and later when Che was out of the picture. But Che's strong volunteerist tendencies helped create the climate for those measures. Che shared Castro's general faith in Soviet revisionism. They both had illusions about Soviet revisionist aid and considered the oppressive state-capitalist order there as socialism. Nor did Che challenge Castro's bureaucratic rule and denial of workers' democracy. Rather he was an enthusiastic supporter of Castro's methods. Che's theoretical legacy does not represent a Marxist alternative to the revisionist path taken in the former Soviet Union, but an admixture of petty-bourgeois radicalism and theories borrowed from the revisionist states □

Other articles in *Communist Voice* describing the development of the Cuban revisionist system:

—The Imperialist Helms-Burton law and the myth of Cuban socialism, v.2, #5.

—Did Castro steer Cuba towards socialism in the late 1980s?, v.2, #6.

—Cuban "socialism" adopts the Soviet state-capitalist model, v.3, #1.

—How some former anti-revisionists reconcile with Cuban revisionism, v.3, #2.

—Che, the armed struggle and revolutionary politics, v.3, #3.

—for more articles on the debate over Cuba in the left, see the complete listings of previous articles elsewhere in this issue.

²⁵ *Ibid.*, p.143.

²⁶ *Ibid.*, p.143.

²⁷ *Ibid.*, pp.131-132.

Chicago Workers' Voice's Barb reports from Cuba:

A desperate search for "shoots of socialism"

By Mark, Detroit

Prettifying repression

In the latest issue of the *Chicago Workers' Voice Theoretical Journal* #14 (Feb. 18, 1998), Barb's "Report on trip to Cuba" contains her observations about conditions there based on a recent week-long trip. (See pages 28-34 of this journal.) Barb paints a very flattering picture of the Castro regime. She refuses to give any overall characterization of the social order built under Castro, but confines herself to cheerleading for whatever exists and hinting that it's sort of socialist. Barb does her best to omit information which would undermine this picture. She also tries to "spin-doctor" her observations so as to make Castro's policies seem as glorious as possible. Yet despite this, her own observations come back to haunt her. Even the information she presents shows that Castro has not been building a socialist society but a repressive, state-capitalist system run by privileged bureaucrats, not the workers.

Barb starts off presenting herself as a non-partisan reporter of facts who holds that "comrades can incorporate this material into whatever view they hold of Cuba's economic and political character." By the end of her article, however, she is fuming against supporters of *Communist Voice* for writing in a *Detroit Workers' Voice* leaflet that "the repressive society in Cuba has nothing in common with genuine socialism or communism." Barb may as well fume at the realities of Cuba, as even the tidbits she describes contradict her conclusions. Barb goes on to announce that "even to *bring up* 'genuine communism' *at this point in history*" is "irresponsible." (Emphasis in all Barb's quotes as in original.) It's quite a confession that a self-styled Marxist-Leninist like Barb can't see the relevance of genuine communism today. But defending the Castroite system requires Barb to dispense with genuine communism.

"The Cuban workers do not control the society"

Barb blithely comments that it's "the obvious fact the Cuban workers do not control the society." This is an amazing statement from someone who tries to paint Cuba as sort of socialist, much less someone who presents herself as loyal to Marxism-Leninism. Barb wants to evaluate the Castro regime without regard to the relationship of the regime to the working class. Indeed, in all her musings about everything in Cuba it is notable that she can't find a single example of how the workers decide anything of significance in Cuba or how the official institutions reflect the workers' will.

Barb grants that some other force than the workers is ruling Cuba and at one point she acknowledges the existence of "the strata of Cuban bourgeoisie" and calls for an examination of how they amass wealth and manipulate the system. But she never brings up that this indicates there is a class rule over the workers in Cuba. Instead, time and again Barb tries to create the impression that the Castro regime is not politically repressive. For instance, she writes of the Cuban population that: "The Cuban masses certainly suffer from serious material deprivation, but I doubt that most feel they are living in a *politically* repressive society at this *particular moment in history* — and now the Catholics will be happier and some political prisoners will be released, etc., etc."

It's striking that Barb herself all but admits that even by her standards Castro has been repressive for most all of his reign. Hence, when she talks about the lack of repression she must confine herself to "this particular moment." Barb also considers it a great triumph that the masses are unhappy with the government, but allegedly not Fidel. Evidently Barb wants us to believe that Fidel is not responsible for government policy! But no sooner do we learn how beloved Fidel is, then Barb confesses that this doesn't apply to the 125,000 people who legally fled Cuba in 1980 or others who have made highly-dangerous illegal attempts since. (These are not the well-off "gusano" reactionaries who fled in the early years of radical reform.) These 125,000 left because Castro temporarily allowed it. Does she doubt that another mass exodus would be likely if it was permitted by the Cuban and U.S. authorities? Of course, one could justly argue that imperialist propaganda is a factor luring Cubans to the U.S. But Barb herself recognizes that it's also estrangement from the regime that motivates exiles.

Now let us examine what is going on at "this particular moment in history." Barb informs us that film makers can only make officially-sanctioned criticisms of the government. She points out that films can criticize past government policies provided that the criticism is from the present standpoint of the Castro regime. Somehow it doesn't register with Barb that such things are a sign of the chill put on any serious disagreement with Castro. She also reminds us that Raul Castro was recently in China heaping praise on the "socialism" of the butchers of Tienanmen. It's well known that Castro thinks highly of the Chinese party/state methods of maintaining power, i.e., crushing all opposition. Still Barb can't seem to find anything repressive about the Castro regime these days.

After all, Barb argues, things have loosened up a bit recently. She notes that: "Tourism has and is continually changing the society. As mentioned, the ease-up on religion, culture, homosexuality, etc. has a lot to do with encouraging tourism." According to Barb then, Castro isn't repressive (right this minute, anyway!) because he responds to the pressure of foreign tourists and the Pope's request to release prisoners. But if it takes the clout of foreign tourists and capital and arch-reactionaries like the Pope to get the changes Barb is excited about, then this shows that these decisions are not made by the masses. Moreover, the fact that the regime responds to the Western bourgeois forces will not be lost on the masses. If change only takes place with the assistance of foreign capital, this will help drive the Cuban people into the arms of the Western bourgeoisie as the alleged force for change.

Barb does cite an instance where the government eased up somewhat on its persecution of "punk-rocker youth," but only after 100 of these young people attempted suicide by injecting themselves with the HIV virus. She considers this an example of how the Cuban masses can influence the government. In effect, Barb is arguing that the regime is responsive — all you have to do is kill yourself!

As we have seen, Barb contrasts the "serious material deprivations" of the Cuban masses with the allegedly great *political* atmosphere. Evidently, Barb doesn't think that a political order that enforces austerity for the masses (but not the elite) is repressive. But what of the political process in Cuba? Barb fails to mention that while there are elections in Cuba, real political debate is banned. No serious political issues are dealt with in elections to local assemblies because the only "political" activity allowed is the posting of the biographies of various candidates explaining who they are, but not their political views. Supposedly, these local representatives are to have something to do with determining candidates for higher regional or national assemblies. However, there are mechanisms in place that assure that it is next to impossible for anyone other than the hand-picked candidates of the regime to get elected to higher posts. For instance, Castro loyalists from the mass organizations automatically get dominant representation on committees that put forward the slates of candidates for the provincial and national assembly elections. Incidentally, this is not the opinion of some "gusano" or Jesse Helms. This description is repeated by various leftist travelers to Cuba who generally think highly of the Castro regime.

Of course, Castro argues that his political system is superior to the bourgeois democracies where, he correctly notes, wealth allows political clout and the rich manipulate the system to their advantage. He ridicules the circus of bourgeois parties clawing at each other while pretending to care about the masses. But his alternative is not workers' democracy, but a suffocating bureaucracy that effectively renders the workers powerless. Yes, private wealthy groups don't dominate Cuban politics. But the privileged bureaucratic elite controlled by Castro does. They are the only ones allowed the means to carry out political activity. They are the ones that even Barb must backhandedly admit have historically banned all significant political opposition. Nor can there be any doubt that should a genuine

proletarian revolutionary trend develop in Cuba, Castro would find it intolerable. If Barb can't find repression in Cuba, it's because she's not looking.

Reducing "socialism" to free services

Barb doesn't care if the workers rule and tries to dance around the question of political repression. But for Barb, Cuba is sort of socialist anyway because it allegedly has various "shoots of socialism." One of these "shoots" is the "extensive free services that Cubans enjoy, no matter how cut back." Reducing socialism to having a certain amount of free services is a complete abandonment of Marxism. Just how arbitrary such a standard is can be seen by the fact that while Barb attaches socialist labels to the Cuban social programs, she curses the revisionist regimes of Stalin and Mao as oppressive despots despite the fact they implemented wide-ranging social programs similar to those in Cuba. Indeed, once such an arbitrary standard is used to decide what is and isn't socialist, then there's no grounds to oppose those who want to argue that to the extent that social programs exist in the openly capitalist countries, socialism exists there as well.

Meanwhile, Barb's own report chronicles the shabby state of these now cut back services. There's subsidized housing, but "the shabbiness of the apartment buildings is shocking." There's not outright starvation, but "there is a shortage of vegetables and fruits" and "what isn't rationed is often beyond the means of ordinary workers," even sugar. "The public transportation system looks nightmarish." Barb even talks about how people are begging in the streets for "pencils or pens for school-children" and how it's a good idea for tourists to pay people who help them with soap, shampoo, or toothpaste. Meanwhile, while Barb boasts of all the high-tech health industry developed to serve rich tourists, "common 'drug store' medicines are in critically short supply." Indeed, Barb reports that the group she went to Cuba with "actually suffered food deprivation" and had to go to restaurants to survive. But if it took Barb only a few days to become disgruntled, imagine what it is like for the Cuban masses who have lived this way for decades. And unlike Barb and her traveling companions, the masses cannot afford to regularly eat at restaurants.

Barb tries to dismiss the misery of the masses with semantical games. She roars against using the term "safety net" to describe the social programs and insists they are "considerably more" than that. But, as we saw above, Barb admits that despite the social programs, "the Cuban masses suffer from serious material deprivation." Call them what you will Barb, the issue is they do not lift the Cuban masses beyond severe austerity. It should also be noted that while the collapse of the Soviet Union certainly helped create a disaster, chronic shortages of necessities, bad housing, etc. have existed throughout Castro's reign.

Barb pleads that since things were even worse for the masses before Castro came to power, this proves that "the 1959 Revolution is still very much alive." This is another tired straw man erected by apologists of Castro. No one can deny that the 1959 revolution brought positive changes. Revolutions do

change things. But revolutions also die. The February and October revolutions in Russia brought positive changes. Certain of the social programs lasted, "no matter how cut back" at least through most of the 1980s. But that did not change the fact that the revolution died 50 or more years earlier. The masses in Cuba today may still feel good about things their revolution accomplished. But that doesn't show the revolution is still on. In fact, if the masses want to preserve what's left of the social programs they won, they are going to have to develop their own class trend to fight against the regime.

Castro's ideological cesspool: another "shoot of socialism"?

Barb considers the ideological training in Cuba another example of the "shoots of socialism." She correctly points out that there have been some positive changes, for instance the better treatment of black Cubans. But neither this example or others cited by Barb shows that Castro has established "shoots of socialism." She also points to the treatment of women, but her own description merely says that it is better than the extreme machismo attitudes in some other Latin American countries. Later we'll see how Barb acknowledges that prostitution is making a comeback.

Barb talks about "a certain honesty in interactions." But no matter how honest the Cuban masses are with each other, this doesn't mean that *the regime* is honest with the masses, much less that Castro is developing "shoots of socialism." Actually, like in other class societies, the social conditions force the Cuban masses to be less than honest with the authorities in order to survive. For instance, they must continually wriggle around government regulations, undermine work rules, and participate in black market activities. This sort of conflict between the masses and the regime is anything but a "shoot of socialism."

Barb is even excited about how Castro's ideological training has taught the people "sharing out scarce goods." Barb holds that this is "*not* the ideology of capitalism." But shared austerity, as practiced by the Cuban government, is not some anti-capitalist ideology but a policy forced on the masses who resent it. Barb doesn't mention that it is the masses, not the elite, that have shared scarcity for nearly 40 years. If this is anti-capitalist ideology then so is the shared scarcity advocated for the masses by the ruling class in the openly capitalist countries.

On the question of ideology too, Barb's own observations slap her in the face. At one point she hails the promotion of Che. But then she has to admit that "the youth I've talked to have little idea of what Che actually did or what he stood for." Barb says "In spite of the way Che may be manipulated these days, is that such a bad image to hold up?" So Che's image is "manipulated" by the regime and no one understands what he actually stood for — but that's socialist ideological training according to Barb.

Barb also notes the growing influence of the Catholic Church among younger people. True, even in a genuine socialist society, religious influences cannot be decreed away

and may linger on for a protracted period. But in this case, Castro's ideology reinforces religion. Thus Barb quotes Castro saying "Catholics can be Communists." When Castro says such things, he is not merely arguing that a person with religious beliefs may support a revolutionary cause, but is attempting to reconcile communist ideology with religious doctrine and kissing up to the reactionary Church hierarchy. Thus, it was no accident that during the Pope's recent visit, Castro tried hard to portray the Pope as an anti-imperialist rebel and an enemy of the capitalist powers. But Barb raises no objections to such Castroite ideological hogwash.

Moreover, she ignores that the official ideology in Cuba has twisted Marxism into an ugly caricature in general. One could write an endless list of the pseudo-Marxist nonsense emanating from the Castro regime. We could begin with the petty-bourgeois theories of Fidel and Che belittling the proletarian party and the historic role of the working class, continue through the regime's apologetics for Soviet revisionism, and end with the attempts to dress up the present bloody Chinese regime and the reemergence of market capitalism there as the last word in "socialism."

Far from an effective antidote to capitalism, Castroism has time and again led the oppressed masses astray. If Barb does not consider our opinion worth consideration, let's quote another source. "In my opinion, the Cuban leadership, while it has stood at the head of many progressive measures in Cuba, has overall played a bad role. . . . In particular, it has played a bad role in regard to revolutionary theory and what direction the various revolutionary movements should take. They have promoted reformism and in some cases have hamstrung the movements in various countries."¹ Who said this? None other than another member of Barb's *Chicago Workers' Voice* group, Sarah. Sarah admitted this despite the fact that overall she too tries to prettify Cuban revisionism as sort of socialist.²

Land ownership and foreign capital

In her consistent efforts to fight off any exposure of what's

¹Quoted from Sarah's article "Movie review: Che", which originally appeared in the *Chicago Workers' Voice Theoretical Journal* #12, Feb. 26, 1997 p. 35, col. 2. The article was critiqued in Mark's article "Apologizing for the Castro regime or supporting the Cuban workers", which appeared in *Communist Voice*, vol.3, #2, May 8, 1997.

²It speaks volumes about the pretensions of Barb and the *Chicago Workers' Voice* group to fight opportunism that they promote a pamphlet by Barb supposedly exposing Trotskyism while Barb sees no problem when the Cuban leaders chose the most reformist wing of Trotskyism to be the official Cuba franchise here. Barb ignores that the U.S. Trotskyists with the closest ties to the Cuban regime, the SWP and WWP, work to tone down the mass struggles in the U.S. and trail the liberals and trade union bureaucrats. Support for reformism — that's Barb's new definition of "not the ideology of capitalism"!

actually going on in Cuba, Barb naturally has to deal with the question of the ever-greater role of private capitalism in the Cuban economy. Barb writes:

"There are many types of foreign investment allowed but, in all, the foreign investors do not own the land, nor, in my understanding, are they sold existing businesses or structures. They are 'given' them to run and make a profit from. A recent *Granma* article featured Raul Castro in China learning how to set up free-enterprise zones and industrial parks, while flattering the Chinese that Cuba and China represent the last bastions of 'socialism'. The government has vowed to offer investors a more attractive proposition than they can get elsewhere."

Barb admits that the Cuban rulers are looking to private capitalism for salvation like the Chinese leaders. She notes that Castro is making Cuba as attractive as possible for private profit-making. But for her, the essential thing to remember about foreign capital in Cuba is that "the foreign investors do not own the land." Barb has written reams supposedly describing the Leninist position on the agrarian question in general and land reform in particular. But evidently she has yet to grasp that Lenin, like Marx and Engels, held that lack of private land ownership in no way precludes the development of capitalism. If a foreign capitalist firm sets up shop on state-owned land in Cuba, it's private capitalism all the same.

Likewise, Barb says it's OK that Cuban enterprises are "given" to foreign capitalists "to run and make a profit from" because they are not "sold existing businesses." Why giving away the state enterprises to foreign capital is better than selling them is anyone's guess. Note also that Barb never says foreign businesses cannot have 100% ownership of *new* businesses they establish but only that allegedly they cannot own *existing* state enterprises. But she is wrong about the ownership of state enterprises, too. In 1982, the Cuban government approved a joint venture law whose article 15 allows 49% *ownership* by foreign investors in such enterprises. This law also makes it possible for majority foreign ownership of these enterprises in certain cases. Since then, foreign investment rights have been further expanded.

Fidel's people's capitalism

Elsewhere we learn from Barb more positive things about the influx of private capitalism into Cuba. She creates the impression that so long as Fidel's watchful eye oversees private capitalist development, the evils that arise from it aren't so bad after all. Barb reports that private capitalism, especially in tourism, is "taking up the slack in employment" while failing to mention that Castro is hoping that the private sector will absorb those who will be fired from the state sector which is being slashed. The same thing is happening now on a more drastic scale in China where the private sector is also supposed to be the savior, but everyone agrees mass unemployment is what lies ahead.

But we are just being pessimists. After all, Barb crows,

private capitalism is opening up promising new careers as tourist agents and taxi drivers for those who "earned degrees in biology or law." There's new opportunities for "Cuban women dressed up like French maids" and for "prostitutes." In fairness, Barb found it an "ugly scene" that "13-14 year old girls were skipping school to mingle with fat, prosperous German businessmen." But on the other hand, Barb found the French maid costumes only "seemingly demeaning" and was "assured that their wages and tips compensate" for this. And don't think the sleazy nightclub scene is returning to Havana. Barb found the show at the Tropicana Nightclub "fun and tasteful." Wow! See how Castro has made capitalism give up the evil ways of its past! Before the revolution Cuba was known as a brothel for wealthy tourists. But now?...well...never mind!

Barb's psychic-socialism

The weakness of Barb's arguments leads her to resort to musings about what Castro's subjective intentions are instead of an analysis of what actually is going on in Cuba. We learn that "Lenin once defended the name of the USSR, which of course contains the word 'socialist,' by saying that it was validated by their 'intentions.'" Barb concludes from this that we can decide what has been going on for the last 39 years in Cuba by speculating on Castro's intentions. Presumably we should end the examination of the Soviet Union at Lenin's intentions too and not waste our time examining what became of that revolution.

Having dragged poor Lenin into her charade, Barb announces "I am not convinced that Castro consciously know that he is NOT CREATING socialism!" (caps as in original) Now here's a devastating argument! Maybe Castro really thinks he's a socialist, and maybe he's just lying. But no matter. If Castro thinks he's doing good, then he should be praised to the skies.

But using these same standards, how can Barb curse Stalin and Mao? How does Barb know whether or not they thought they were building socialism? A strong case can be made that these two wound up distorting Marxist principles beyond recognition and built state-capitalist orders. But how does Barb know that they, in their own opinions, were doing something else?

Barb says Stalin and Mao were just "splendid potentates" while Castro "brought about a most remarkable Revolution." Is that what is supposed to prove the superior intentions of Castro? Evidently everything that Castro ever did was well-intended, whereas the Long March and the decades-long mass revolution in China was just a ploy by Mao to get a cushy government job. As for Stalin, whatever he became, there is no doubt that at one time he was a revolutionary leader in the ranks of the Bolsheviks. With such an arbitrary methodology, history can be distorted any way you like. But subjective nonsense is all you can get from Barb's investigative technique, otherwise known as mind-reading.

Castroism and Stalinism

Barb rightly considers Stalin a terrible despot. But let's look at Fidel's record. Castro has denied the workers any real power, he has maintained a personal apparatus of power than can undo or implement any policy on his say so, and is part of the bureaucratic elite that lives in relative splendor. Of course, Castro's rule is not an exact duplicate of Stalin's. But there are basic similarities, except for the fact that Castro could never abandon the task of building a communist trend since he never took it up.

Barb also omits that Castro tied Cuba closely to the oppressive state-capitalist order in the Soviet Union. The basic system there was established by Stalin though Fidel's contemporaries, Khrushchev and Brezhnev, made certain reforms in the system. She has evidently forgotten that Castro considered the Soviet Union as the great socialist ally of Cuba. These days, Castro and co. have found another regime of "splendid potentates" to praise as a model of socialism. Barb reports how "A recent *Granma* article featured Raul Castro in China learning how to set up free-enterprise zones and industrial parks, while flattering the Chinese that Cuba and China represent the last bastions of 'socialism'." It is no secret that Castro admires the fact that the revisionist tyrants in China have ruthlessly put down all opposition to maintain their monopoly of power.

Supporting the Chinese path has nothing to do with defending socialism. In China, the process of market capitalism nudging out the old state-capitalist forms takes place under the tutelage of the present party/state apparatus. Indeed, Castro's Chinese allies are privatizing at a furious pace. The same basic transition toward market capitalism also occurred in the former Soviet Union. Castro has worried that the old Soviet bureaucracy lost power in the course of this change, however. This is why he likes the Chinese government's tyranny. This also explains why Castro had some differences with Gorbachev's *perestroika* policy (in particular with the political opening that accompanied it) even as he was moving Cuba in a similar direction.

Articles in *Communist Voice* have shown that far from engaging in a transition to socialism, Castro's recent policies are following the same general course of state-capitalism evolving towards market capitalism that has happened in the other revisionist states such as the Soviet Union or China. To combat this, Barb creates a big haze about what's really going on. In her article she writes: "Cuba's new image certainly *looks* like *perestroika* but the government does definitely portray the current economic policy as Cuba's NEP — a necessary retreat on the road to socialism." Of course many Soviet ideologists portrayed *perestroika* as simply NEP-type measures, too. But what the Cuban government says seems to satisfy Barb because nowhere in the article does she question the Cuban government's stand, but generally finds nice things to say about the market measures being introduced.

Now if someone really wanted to figure out if Cuba was simply engaging in a temporary retreat after building socialism for three decades, or rather was a state-capitalist order heading toward private capitalism, they would have to have some notion

of what's been going on in the socio-economic structure since 1959. This would show that the general retreat to market-type measures within the state economy did not begin in 1990 but two decades earlier with the adoption of the Soviet state-capitalist policy championed by Liberman in the 60s. The "retreat" in Cuba began long ago although the recent policy goes farther down the road of the market. It is not a temporary measure. Perhaps Barb feels that even if Castro has run a state-capitalist economy for several decades and the market plays a bigger role than ever today, that is of little importance compared to the supposed "intentions" of Castro.

What type of social system exists in Cuba?

Barb's article has no need of coherent analysis because its only serious point is that whatever sort of system Castro has built, it's good and should be supported. Just try and figure out what type of system she thinks exist in Cuba. She condemns those who point out the gulf between socialist society and the state-capitalist system set up by Castro. But then she says that when billboards in Cuba proclaim socialism there, "obviously, that is not the case." Evidently it's OK for Barb to say socialism doesn't exist, but no one else.

So what sort of society *does* exist in Cuba according to Barb? She never says. She rails against those like the *Communist Voice Organization* who consider it state-capitalist. The designation "revisionist" has likewise disappeared. So it's not state-capitalist and socialism doesn't exist there either. Without saying anything definite, she constantly hints that Cuba is in transition to socialism. Perhaps this explains her obscure argument that it's bad for anti-revisionists to say Cuba is not socialist, but OK for her. Evidently she's trying to claim that when anti-revisionists say Cuba is not socialist, they are unjustly attacking Cuba for not having reached a *fully* socialist society devoid of private production, money, etc. She feels this is unfair because it fails to recognize that, in her view, Cuba is *in transition* to a fully socialist system.³ It is apparently for the same reason that Barb attaches great importance to whether or not Castro calls Cuba "socialist" as opposed to on the "socialist road," and doesn't call the *society* of Cuba "communist."

But what good does it do to split hairs over exactly how far down the road of socialism Cuba has gone when Barb admits that the workers don't control society anyway? Barb attempts to deal with this by arguing that the workers in the Soviet Union did not control society "under the Bolsheviks." How or why she reached this conclusion, she never says. It's just presented as an obvious fact. Does she feel that Lenin was unconcerned about whether the workers' controlled society and hence it's legitimate for her not to worry about it? Does she

³This would echo the general approach of another *CWV* member, Sarah. A year ago she wrote an article portraying Cuba as sort of socialist because it had "features of a society in transition" to socialism. For more on this, see the article "Apologizing for the Castro regime or supporting the Cuban workers?" in *Communist Voice*, vol.3, #2, May 8, 1997.

feel that the society Lenin ruled over was devoid of workers' power? Or does she mean that later, under Stalin, a society was erected that had abandoned workers' rule? Who knows. In any case, the issue of principle is this — can we talk about building socialism without the workers' controlling society? If the workers controlling society is not a big deal, then it doesn't matter if the workers even came to power in Cuba or have asserted their control over the next four decades. Nor does it matter if the workers had control over society in any of the other revisionist regimes, or in the Soviet Union during Lenin's time. If it does matter, then we cannot support the present Cuban system or the other revisionist systems. Of course, temporary setbacks can come up in this process. But it's absurd when Barb doesn't care if the workers control Cuban society nearly 40 years after Castro came to power.

Barb's gag order

Desperate to stave off the criticism of Castroism, Barb says now is not the time "to 'advise' the Cuban masses how to be 'revolutionary'." This is really pathetic. It's OK for Barb to give her view painting a pretty picture of the Cuban regime. That's not advising the Cuban masses to support the regime. By her standards, your only guilty of advising the masses if you oppose the regime. In short, this is nothing but an attempt to silence criticism of Cuban revisionism. Yes, Barb says the gag will be ripped off our mouths once she has judged that "more serious work" has been accomplished (such as calling the psychic hot-line to find Fidel's hidden thoughts!). How lucky we are to have a censor such as Barb to decide what can and can't be said in the debate over Cuba!

What course should the Cuban workers take?

But while ordering us to keep quiet, Barb challenges us to show "what economic course *should* Cuba take?" This shows that Barb really means it when she says don't give revolutionary advice to the masses, despite her attempts to sound ironic. For her, the issue is to give advice *to the regime*.

But there is no economic course that can be taken by the Cuban party and state leaders that will put Cuba on the road to socialism because the party/state leadership is a new bourgeoisie lording over the workers. There's no measure that will convert the state-capitalist order into a socialist one. Progress in Cuba today can only come through struggle against the regime.

The advice I would give is to the workers and poor peasants. I would explain that the last revolution has served a progressive purpose, but it is long over. I would tell them the truth about the state-capitalist nature of the present system and explain how this is not what real communists advocate. I would strive to explain what the difference is between Marxism and Castroism. I would encourage the toilers to form their own class organizations independent of the official party, trade unions, women's organizations, etc. I would tell them that this is necessary if they want to be able to defend themselves against Castroite austerity as well as the battles they will face against the growing sector of private exploiters. I would point out that while Castro uses anti-imperialist rhetoric to fool you, the old imperialist exploiters are making their way back. I would make it as clear as possible that the basic lot of the workers will not change under the present system and that a new revolution, the socialist revolution is necessary. I would not pretend that this revolution is around the corner, but encourage a perspective of the communist future and serious thought about the internal and external conditions that would make an attempt at revolution reasonable.

Finally, I would tell the workers and peasants that this will be the most protracted and difficult work. Inevitably the government will persecute you. As well, the phony revolutionary phrases of the regime have undoubtedly sown much confusion among the workers. But I would point out that real revolutionary work cannot escape such problems. I would say do not heed the advice of those who consider building a genuine communist workers movement at this point in history to be "irresponsible." □

Report on a trip to Cuba

By Barb, *Chicago Workers' Voice*

The following report from Barb, here reprinted in full, originally appeared in the latest *Chicago Workers' Voice Theoretical Journal*, issue #14, February 18, 1998.¹ She makes a flattering assessment of the Castro regime, but many of her concrete observations tell a different story that she is repeatedly forced to explain away or apologize for. Finally, in the postscript to her report, she admits "the obvious fact that the Cuban workers do not control the society", but she thinks that this isn't necessary in order to have "shoots of socialism". She is thus aware that she is painting a policy of benevolent despotism as the practical socialism of the moment, and she goes to the extent of declaring that it is "irresponsible" at this time in history to even discuss what genuine socialism really is or isn't. Her report is critiqued in Mark's article "A desperate search for 'shoots of socialism'", which appears on pages 22-27 of this issue of *Communist Voice*.

Having spent but a brief week in Cuba in November, I will merely give an anecdotal account of what I observed and what was told to me. While there, I also had access to a recently-published (in English) government handbook. Information from this source will be labeled (GH). Comrades can incorporate this material into whatever view they hold of Cuba's economic and political character.

Women's Conference

I visited Cuba under the auspices of an international conference called "Women on the Threshold of the 21st Century" held at the University of Havana. Even though the conference was only an excuse and an inexpensive way to go, I was hoping for more than was the case. It seemed little different from any other feminist university conference held anywhere. The conference was ambitious, offering about 90 workshops and short courses over a four-day period, which pretty much covered the spectrum of women's experience (schedule is available). I ended up attending only one and a half days (15 workshops), but did read some additional papers presented and heard summaries of others. I particularly checked out the workshops relating to Cuban women under such catchwords as race, class, economics and power. However, the presentations tended to be short and, thus, superficial or general, and most often they were of an academic, historical or demographic nature. There was also the problem of distraction, in that one's attention was divided between the Spanish presentation and the English translation, given by university

students sitting among groups of English speakers..

About 100 foreign participants attended, representing the U.S., Canada, Australia, England, Turkey, P. R., Mexico, Central and South America. The topics presented by the foreign guests seemed mostly old hat, tangential, or academically frivolous, such as women's impact on the internet, on the environment, their role in soap operas, the suffragette movement, migration patterns, the feminization of poverty, psychological issues, etc.

Interestingly enough, the word "socialism" was not to be found among the 90 presentation titles! The only important motive that I could discern behind these conferences (held every two years) was that of encouraging guests to carry on the struggle against the U.S. blockade; and I suspect that is an underlying motive behind the many international conferences that the Cubans host. A special reception was held for Alice Walker, the Black-American novelist, who was honored for her work against the blockade.

The conference emphasized the gains women have made since the Revolution, and that cannot be denied. There is certainly legal equality in Cuba, and the (GH) gave these statistics: women comprise 40% of the civil sector workforce, 62% of technicians, 29% of executives, 60% of university graduates, and occupy 23% of the seats in the Communist Party and the parliament. In addition, women enjoy some social benefits that are rare even in developed capitalist countries, for example, state subsidies if they have to take time off from work, not only for childbirth, but to care for sick children or relatives. Abortion has been legal since the Revolution, and methods are comparable to those in the U.S. although women must furnish a supply of their own blood to cover any emergency. Currently, there is a strong family-planning and contraceptive campaign; one sees few pregnant women and the street. The government imports contraceptives and sells them below cost, but they are still relatively expensive.

The conference was held in conjunction with The Cuban Women's Federation, which was established immediately after the Revolution. It is very comprehensive and very respected. After researching the Bolshevik *Zhenotdel*, it struck me that the Cubans followed many of its guidelines, only did some things better (possibly a topic for a future research project). One of the tasks of the CWF is to keep alive in the people's memory the women heroes of the Revolution, such as Haydee Santamaria, Melba Hernandez, "Tanya", Celia Sanchez. It was emphasized how much Castro valued the role of women in the Revolution and trusted them to carry out the most dangerous and sensitive assignments. One thing I did learn was the considerable role women had played in the War for Independence. Today, women are still not conscripted into military service, but there is now a women's military academy. Vilma Espin, the wife of Raul Castro and head of the CWF, was to give the closing address, but was unable to make it. One U.S. conferee audibly interjected, "She's probably home

¹ A couple of typos have been corrected, and several sets of square brackets have been replaced by parentheses.

making Raul's lunch!" Who else but an American feminist would publicly demonstrate such gall? In her place, Graciela Pogolotti spoke. She is a famous old guerilla fighter after whom streets and parks are named, but I wasn't familiar with her.

The informal discussions were really more interesting than the formal presentations, although they were hard to follow. However, one dominant theme could not be missed. The Cuban women complained, although in good humor, that the men did not share equally in domestic duties. Housework is still considered "women's work..." In contradiction to the historical ideal of women as guerrillas and the official propaganda of their promotion in society, there is still a prevalent concept of women as the "sweet and tender" sex. The men are very respectful, even gallant — but the women do the cooking. At one point, a young Cuban man (there were a few men in attendance), cried out in mock anguish, "Hey, I'm NOT the enemy!" And it was at that point that I felt I could be at any "feminist" conference, anywhere in the world!

While the conference was well-organized, and the Cuban women were wonderfully gracious hosts, it was obvious that there was not a lot of money or resources behind it. This I concluded from talking to women who had attended other Cuban international conferences on science, technology or education, which had been much more elaborately provisioned, offering field trips, transportation, meals, and literature, which this conference did not.

Social Services

Many people we talked to pointed to the healthcare and educational systems as Cuba's proudest achievements. Despite the privations of recent years, healthcare is still almost totally free. According to (GH), before the Revolution there were only 6,000 physicians in a country of 11 million people, and 3,000 of these fled. Now there are 284 hospitals, in addition to several hundred local clinics, maternity centers, blood-donation centers, and dental clinics which cover 96% of the country. There is a ratio of one physician to every 195 citizens, and every year 5,000 new students enter medical schools and research institutes (entrance dependent on "revolutionary behavior"). The Cubans have eradicated many diseases entirely, and life expectancy and infant mortality rates still compare favorably with the most advanced countries. Evidently, however, a saturation point has been reached, and Cuba "exports" medical workers.

The new industry called "Health Tourism" (SERVIMED) comprises nine international clinics which specialize in the treatment of complicated conditions — organ transplants, rare skin and eye diseases, etc. The Cubans manufacture many high-tech, specialized medicines for export — interferon, medicines for hepatitis B, for meningitis — as well as medical equipment. However, common "drug-store" medicines are in critically short supply. Visitors are asked to bring down aspirin, vitamins, cold and allergy medicines, and especially asthma inhalers, even though asthma is another medical specialty. On the other hand, we suspected a "scam" on the streets, where a young man was persuading tourists to buy asthma inhalers at the tourist

pharmacies for his allegedly sick girlfriend.

The Cubans seem to be handling the problem of AIDS rather intelligently. At the onset of the epidemic in the early 80s, they threw out all their blood supply and began testing a large segment of the population: all military personnel, pregnant women, anyone who had traveled abroad. The (GH) estimates that currently there are only about 2,000 HIV and AIDS cases. Patients are mandatorily housed in a sanatorium in Havana, but are allowed home visits (the "warranter" program). Recently, an "ambulatory" or out-patient program has been started.

A shocking phenomenon occurred a few years ago. About 100 "roqueros" or punk-rocker youth (and their girlfriends and wives) deliberately injected themselves with the HIV virus as a protest against government restrictions on their lifestyle, which not only involved American-style dress and music but also refusal to work or comply with compulsory military service. In the sanatorium, they were allowed to practice their lifestyle and, as well, had access to better food. Now most are dead, but this sad occurrence evidently had some influence on government relaxation of restrictions on youth activities. (I have a most interesting article on this which is available.)

My traveling companion, who is a Social Worker, visited a huge mental hospital (4,000 patients) and talked with both patients and workers. She was impressed by the kindness and caring of the healthcare workers, although the care-concept seemed to her to be paternalistic "warehousing," that is, no concept of community-based mental health or of integrating patients into the community. On the other hand, there are obviously not the resources to do so. The psychotropic medicines are mainly donated from abroad, e.g., from France, and are of the out-dated, heavy kind. All able patients are employed in such activities as assembling toys and manufacturing ceramics. This is considered an important part of their therapy, and supposedly they are paid standard wages. While she was there, a large musical entertainment was presented in which both guest artists and patients participated. She also pointed out to me that there are almost no public conveniences for the handicapped, and that the casts and apparatuses she saw on the streets are very old-fashioned. We witnessed a bad bicycle-car accident in the middle of the city. Although an ambulance was summoned, none came, and after a considerable wait, motorists carried the victim to a hospital. A nurse who was with our group tried to give instructions on how to properly handle the injured man, but to no avail.

As mentioned, the educational system, bright spot as it is, has over-produced professionals. The society simply cannot absorb them. The University's exterior is attractive, but its classroom resources are minimal; it is just beginning to computerize. The tank with which the students held off Batista's police occupies a prominent spot on the grounds! The public school buildings we saw were very shabby, and ordinary school supplies are still lacking. But the school children are a delight. Long lines of well-behaved, co-operative, happy, laughing kids are everywhere — touring public attractions and doing outdoor exercise in the park. According to (GH), 95% of the high-school students volunteer one month of their summer

vacation to helping the farmers with the crops and also teaching literacy. We were told, however, that there is now a shortage of pre-school slots and long waiting lists.

Che

Yes, Che is everywhere — on the billboards, on the buildings, on the currency, in the bookstores, and in many museums. The Che t-shirts, posters, paintings and postcards seem geared toward the tourist trade. In fact, the Museum of the Revolution (the old Batista palace) is almost as much devoted to Che alone as it is to the total Revolution. Every scrap of his personal possessions — bloodied, bullet-ridden clothing, utensils, guitar, radio, etc. — has been preserved. Even the mules which carried his asthmatic body through the mountains of Bolivia are stuffed and mounted. A holiday, "Heroic Guerilla Fighter's Day," is devoted to Che; and his bones have recently been returned to Cuba and reunited with his hands in a grand new monument and museum in Santa Clara.

In the U.S., the kids are encouraged to "want to be like Mike"; in Cuba, the kids are encouraged to "want to be like Che." In spite of the way Che may be manipulated these days, is that such a bad image to hold up? To be fair, Che has never not been the strongest revolutionary presence in Cuba — along with Jose Marti. However, the current Cuban promotion campaign seems to have spawned "Che mania" among the youth worldwide. The youth I've talked to have little idea of what Che actually did or what he stood for. One young man from Honduras sporting a Che t-shirt answered: "Oh, well, you know. He's a cool revolution man." By the way, although there probably are some, I never saw a picture of Castro anywhere.

The Countryside

We spent one day driving around the countryside in the direction of Pinar del Rio, west of Havana. While this area has some cane, banana and citrus groves, it is mainly tobacco country. We were told that 70% of the agricultural land is government-owned and 30% is private-owned. According to (GH), 58% of the state land has now been granted in free usufruct to people already working it. Most of these farmers have organized themselves into cooperatives. The private land is taxed heavily, but the (GH) noted that the cooperative farmers are not taxed, and that both sectors enjoy the full range of free services and benefits granted to all other citizens. The privately-farmed land is the best kept up and produces the highest yield, although we were told that only about a half of all arable land is presently under cultivation. Due to the overeducation of the people, and the fact that fuel shortage has arrested mechanization, Cuba is having trouble recruiting sugar cane workers. Supposedly, the government has been forced to double wages for cane-cutters. An interesting phenomenon is the considerable outmigration from the cities to the countryside of urbanites, including women, seeking employment on the private farms.

The *bohios*, which are thatched-roof, dirt-floor huts, are still a common sight in the rural areas. They are in use both as

family dwellings and for tobacco storage and curing. The countryside is littered with unfinished construction projects: bridges that connect nothing, foundations for housing dug and then abandoned. A very disturbing sight was the hoards of people waiting by the roadside, often for hours and in the rain. They were carrying large bundles, and had come from the towns into the countryside to purchase food. They were hoping to catch a ride from motorists, as few buses are running in this area anymore. The rural police are now, more often than not, on horseback, and there were many horse-drawn wagons on the road. In addition, we saw many old trucks crammed to the limit with agricultural workers being transported to and from the fields. We did not happen to see any oxen used in fieldwork, although we were told of them. We saw no "state patrol" cars on the highways even though the many bicycles and animals on the road make driving conditions hazardous.

Transportation

There were actually more cars on the road than I expected to find — plenty of old American-model Dodges, Plymouths, Oldsmobiles and Buicks with fins. These cars are so prized that they have become an "icon" of Cuba: many artists specialize in "car paintings." On every block and by the side of the highway, one can see feet sticking out from under stalled vehicles, their owners valiantly trying to repair them. By necessity, the Cubans have become inventive fixers, and prizes are awarded in the neighborhoods for the most ingenious repairers. But there are also (old) Russian and Polish cars, and (new) Korean and Japanese cars. We were told that there is now no gas rationing *per se*, although only licensed car owners can purchase gas, which is about 4 times the price of gas in the U.S. There are now many privately-owned taxis, and also many motorists earn extra cash by picking up passengers. With the fuel crisis, the government imported one million Chinese-made bicycles, and now there are many ingenious conveyances, pedi-cabs and bike-carts, as well as horse-drawn conveyances in the city. We happened upon two interesting events: a huge bicycle marathon race and a demonstration of racing cars.

The public transportation system looks nightmarish, although it still costs only a few centavos. Long lines of people are constantly waiting, and tourists are discouraged from using the buses. To cope with this, the Cubans have manufactured monstrously strange vehicles which look like they have been knocked together from old (Russian?) army trucks and tanks. The Cubans swear that these khaki-colored "camillos" (camels), as they are nicknamed, can hold 350 passengers.

The New "Liberalism"

While we were there, the country was gearing up high-speed for the Pope's visit. Conferences scheduled for that time had been canceled. All the Catholic churches were ablaze with welcoming banners. I couldn't resist purchasing an amusing commemorative plate from one of the churches which portrays a pensive Pope, chin in hand, sitting under the Cuban flag, evidently pondering what to do! According to (GH), over a

third of the population identifies as Catholic, and this includes a sizeable representation of younger people, unlike in Russia where the Orthodox Church supporters are mainly elderly women. However, few attend church regularly. Cuba's most famous cathedral in Plaza de Catedral was undergoing extensive renovation. There appear to be several motives behind this new tolerance toward religion (Castro recently said that "Catholics can be Communists!") As we all have seen on TV, Castro's bold (and risky) invitation to the Pope was obviously calculated to arouse opposition to the blockade and to increase humanitarian aid. But these historical churches are also of tourist interest, and serve the needs of the new foreign residents. Incidentally, people seem to be very aware of and appreciative of the organization "Pastors for Peace" who recently got caught trying to smuggle computers into Cuba.

A few of us had the opportunity to attend a private *Santaria* ceremony (like Haitian *voudoun*). I don't know if, in the past, any effort was made to discourage *Santaria*; my impression is that it was pretty much left alone as it was a deeply ingrained relic of the African (Yoruba) cultural and religious heritage of Cuba's large and poor Black population (about 30%). Today, *Santaria* appears to be thriving — almost "trendy." The large *Santaria* district in Havana, as well as *Santorian* towns, are now tourist attractions. In addition, there were "white" Cubans participating in the ceremony, and also we visited an alley-art gallery featuring many *Santarian* artists.

The film of a few years back, "Strawberry and Chocolate," which won wide acclaim worldwide and was very popular in Cuba, is said to have been partly responsible for a change of attitude toward homosexuality. The current Party position was expressed to me this way by our guide who, I assumed, is a Party youth-organization member: "We still see homosexuality as a social deviance, but they are human beings like everyone else and deserve the full rights of all other citizens." Homosexuality is attributed to deviant parenting or upbringing; there appears to be resistance to a genetic theory, but at least it's a start.

Popular culture seems fairly free. One now sees many posters and t-shirts advertising rock groups, and youth styles resemble those in the U.S. — dreadlocks and braids, dyed hair, shaved heads, pony-tails — although I didn't notice any tattooing or extreme piercing. The Cubans are big movie-goers; we saw constant lines (almost as long as bus lines) of people waiting to purchase tickets. The film industry is very small, and it is difficult to judge the amount of freedom currently given it. Both "Strawberry and Chocolate" and a current hit "Guantanamo" criticize government policies, but they seem to me to be criticizing "old" government policies, and to be supporting "new" government positions. Both films have been widely distributed. (A critique of these films will appear in the next issue.) The TV industry is still embryonic. There are only a couple of local stations, which air the requisite government meetings which nobody seems to watch, but plenty of Mexican soap operas which people love. Only the hotels can afford cable, on which a full range of mindless U.S. fare is available. The locals often gather in the bars of the smaller hotels to watch American sports. All Cuban sporting events, by the way,

are free. The video industry is gaining momentum, and a VCR is a prized possession. There are also foreign radio stations, including one English station. We also saw quite a bit of satirical art. A lot of it seemed to be directed against stupid bureaucratic practices or the worship of the dollar, or depicted the cruelty of the living conditions. Again, it was hard to tell just where it was coming from.

Economic Situation

During *el periodo especial*, the name given to the period from 1990-94 after Cuba got the rug pulled out from underneath her with the collapse of the Soviet Union and Eastern Europe, according to (GH), she lost 85% of her markets, more than ½ of her fuel supply, and 70% of her imports. Between 1990 and 1995, the economic situation decreased by 34%. Special hardship was caused by the decline in oil delivery from the SU. During this period, as everyone knows, the people experienced acute shortages in basic foodstuffs, clothing, footwear, and hygienic articles, to the point where the government put out pamphlets on how to use local herbs to make soap and cure minor illnesses. Housing suffered and, as well, cutbacks in electrical power were imposed several times a week. The government emphasizes, however, that during this period, no schools, hospitals, or elderly facilities were closed. "Guantanamo," now playing in the U.S., gives a good picture of how people dealt with *el periodo especial* and the black market. The government insists that Cuba began to pull out of *el periodo especial* in 1995.

Not so long ago, Castro insisted that: "For us to adopt *perestroika* would be like living in our home with another man's wife." Cuba's new image certainly looks like "*perestroika*" but the government does definitely portray the current economic policy as Cuba's NEP — a necessary retreat on the road to socialism. The (GH) lists the new economic measures as: increased crop diversification and food export; convertible currency (dollars); dispersion of state lands for private use; a new tax system to heavily tax private businesses; raising of prices for nonessential goods (not specified); abolition of certain gratuities (not specified); self-employment encouraged; free-market prices for agricultural and industrial goods; simplification of the central state apparatus (more autonomy given to local centers); foreign capital investment and joint ventures; and changes in laws accordingly.

These new laws state that foreign investment is possible in all areas except health, education and the military. There are many types of foreign investment allowed but, in all, the foreign investors do not own the land nor, in my understanding, are they sold existing businesses or structures. They are "given" them to run and make a profit from. A recent *Granma* article featured Raul Castro in China learning how to set up free-enterprise zones and industrial parks, while flattering the Chinese that Cuba and China represent the last bastions of "socialism." The government has vowed to offer foreign investors a more attractive proposition than they can get elsewhere. The Germans and Italians seem to be in currently in

the forefront.

According to (GH), as of the middle of 1996, more than 200,000 people are now engaged in 140 newly-allowed owed private enterprises. Most of these have to do with the food or service industry, such as restaurants, taxis, car and appliance repair, small craft retailers, etc. Anyone, even professionals, can engage in these occupations. We saw many hustlers on the streets, selling back issues of *Granma* and souvenirs of the Revolution, and proprietors operating food carts, used-book, fruit and flower stalls, and craft stands. But the situation is nothing like in Russia, for example, where the streets are crowded with *kiosks*, and people are lined up at the railway stations, selling off their pitiful household possessions and family heirlooms.

Because of the nature of our visit, we were limited to talking with university people, students and service workers. We did see a few factories, mainly old and decrepit, and were told that especially the cement factories had bad working conditions and that environmental illness was a serious problem in them.

Living Conditions

It was interesting to re-read Jim's article of 1993 and to compare it with the living conditions of the Cubans four years later. Today, the people appear to be well and fashionably dressed, still not so well shod, however. We were told it was no longer necessary to donate clothing. The citizens have a slim appearance, but are very energetic and healthy-looking, this despite continued rationing of basics. What isn't rationed is often beyond the means of ordinary workers, such as coffee, rum, even sugar —chief among Cuba's exports! There is a shortage of vegetables and fruits for local consumption, although meat appears to be more plentiful. The Cubans are just beginning to develop their fishing industry and to encourage people to eat fish, formerly considered a "low" food. The terrible situation of a few years back where children were suffering from vitamin-deficiency eye disease appears to be under control now. Efforts are definitely directed toward the children, who receive a special ration of milk and also soap and other baby products. The soap ration has evidently gone up to 2-3 bars per family per month, and the electricity blackouts cut back to one or two hours per week, staggered among the districts. Hotels are exempt.

At our very modest, state-run guest house (\$270 for 8 nights and 2 meals per day), we actually suffered food deprivation. We were served the same meal every day: for dinner, a choice of fried beef, pork or chicken, potatoes and rice in very small portions. We never saw a vegetable. For breakfast, when they ran out of eggs, a deep-fried ham and cheese sandwich which most guests found inedible. Milk and coffee also often ran out. The conference participants found it necessary to go searching the streets for fruit, not easy to find, or to resort to Chinese restaurants in Havana's small Chinatown or other private restaurants, where food was plentiful, tasty and inexpensive. Although there are "dollar specialty stores" and even "dollar supermarkets" now, travel books advise travelers to bring food

with them, and it is a good idea. Out of curiosity, I checked out the University cafeteria, and was appalled to see that it offered only three dishes: brown rice with peas, plain white rice, and a kind of pastry.

The housing situation does not appear to have improved. The shabbiness of the apartment buildings is shocking, and it is common to see people drawing water from outside pumps. Rent is still very cheap, but most people are buying their apartments. Some people, e.g., pensioners, are given living space, and it is also possible to inherit a deceased relative's apartment. The Cubans brag that they have no homelessness. We were invited for dinner at the home of our guide, whose mother is a divorced university teacher. University professors still make double the salary of an ordinary worker, although now it has gone up from a 150-300 peso ratio to 250-500. The apartment building was located in Milimar, formerly a rich section, its mansions now converted into foreign embassies or multiple dwellings. We were told that the former servants of these rich had been given first choice of apartments; this is similar to what the Bolsheviks did. Our hosts' ugly cinder-block apartment building, eerily located beside the Iraq embassy with a huge, scary picture of Saddam outside, was dark and in a state of disrepair. Inside, the living conditions were very depressing: five family members in a very small space, bathroom plumbing which did not work, an antiquated kitchen smaller than an average U.S. bathroom, cracked dishes, an ancient Russian-made TV — but lots of books. We were served an elaborate meal, but felt guilty eating it because we suspected that the family had blown their ration stamps for our benefit. We brought along wine, but had no idea what a rare treat it would be — simply beyond the means of most people.

The streets of Havana are bustling with activity. Everyone seems to be hurrying to or from work. There is very little lounging about, although we did notice a few elderly drunks who seemed to be tolerated by the police. We were approached only a few times by people asking for money or goods. We brought down a lot of soap, shampoo, and toothpaste to give to helpful citizens or instead of tips. The saddest supplicants were the mothers asking for pencils or pens for their school children. One other rather sad phenomenon was the hundreds of scraggly stray dogs roaming Havana, surviving off tourist handouts. It seems that during *el period especial*, people couldn't afford to feed their pets and had to let them loose.

Havana, as well as the other towns we visited, is generally clean, tidy and well-ordered. I was admonished by a "park patrol" for indecorously sitting on a bench arm rest instead of on the seat, and a young Cuban man who did likewise received a sizable ticket. I was constantly using a camcorder, and was stopped only once by a young policeman who very politely inquired if I were taking pictures of the police. When I explained that I was actually focusing on a monument but was afraid to cross the street (there are few traffic lights), he gallantly took my arm and led me across and back!

Tourism

Nicknamed "the chimneyless industry," tourism is going

great guns. Underneath the shabbiness, the old Spanish colonial architecture is fascinating. The UN has designated "Old Havana" as a world historical heritage site. According to (GH), in 1995 tourism generated an income of one billion dollars, and Cuba currently averages about 3/4 million visitors yearly. The hotels appear to be booming with business, and some are quite splendid. They contain many luxury shops and special services, expensive restaurants, musical entertainment, foreign magazines and newspapers, etc. Although it was a bit disconcerting to see Cuban women dressed up like French maids, we were assured that their wages and tips compensate for this seemingly demeaning costume. Tipping was formerly not allowed. About the only construction we could see was the renovation of hotels and other tourist facilities and attractions. The wonderful stretch of white-sand beach east of Havana is now sprouting resorts, and trendy cafes, bars, and music clubs have sprung up in the city. Will the Cubans next revive the gambling casinos?

I had forgotten that Cuba capitalizes so much on Hemingway, who resided there for many years and supposedly supported the Revolution. His old hotel room, favorite restaurants and bars, private marina, etc. have all been preserved and designated as tourist sites. Our guides couldn't understand why we were not at all interested. They were shocked when I volunteered that many regard Hemingway as having had reactionary politics and a chauvinistic attitude toward women!

Tourism has and is continually changing the society. As mentioned, the ease-up on religion, culture, homosexuality, etc. has a lot to do with encouraging tourism. But most important, tourism is taking up the slack in employment, especially for the over-educated professionals, many of whom are now working in the tourist industry. For example, our tourist agents, who worked for the University, had earned degrees in biology and law. Tourism is also responsible for the many people who have gone into the taxi industry. It is enabling many service workers to obtain not only dollars but foreign-made goods as well. Tourism has had a positive impact on attempts to control the black market; it is responsible for the new rules on foreign currency which now may be bought and sold. A new "tourist peso" bill which equals a US dollar has been circulated, and travelers' checks and credit cards are now accepted (not American Express, of course!).

With tourism has re-emerged some evils, mainly petty theft and purse-snatching (although, as yet, practically no violent crime). We were warned against youths on bicycles who would snatch bags and cameras, and prostitutes quite openly walking the streets with their clients were pointed out to us. We saw a very ugly scene at one of the beaches where 13-14 year old girls were skipping school to mingle with fat, prosperous German businessmen. Another lesser "evil" is the famed Tropicana Nightclub, one of Cuba's biggest tourist moneymakers. We couldn't resist checking it out. The place is huge, the price is exorbitant — \$50 for a two-hour show, and the drinks are watered down — but the show is fun and tasteful, no bare breasts like in Las Vegas. The Tropicana stayed open after the Revolution, amidst much criticism. I can't understand

who frequented it besides the Russians? Certainly not the Cubans. A poll was taken of the audience, which was heavily German, French, Italian and Canadian, but a sprinkling of tourists from everywhere. It wasn't asked how many Americans, but they were there. Our flight from Cancun was full of vacationers who were bopping over for the weekend just to say they'd been to Cuba.

The US-Cuba Connection

Maybe others are aware of these matters, but I learned some new things. For example, I was surprised to learn that the University of Havana has a "U.S. Studies Program" which regularly sends academics to the states for research. One professor's project had been Harold Washington, Chicago's former Black mayor! Another surprise to me was the huge, heavily-guarded U.S. "Cuba Special Interest Section" building in central Havana, which is an "embassy" but not an "embassy." I was told that it employs over 100 people. When I asked what they do there, the answer was: "They spy!" It is intriguing to speculate just how these "spies" integrate into Cuban society. I was also taken aback by billboards advertising American products, e.g., Lux soap and Pepsodent toothpaste. There must be some subsidiary arrangement through another country. And why is the tourist peso tied to the American dollar? Why not, e.g., to the deutschmark, or to the currency of some other heavy investor?

Despite the dire warnings and complications mentioned in most guidebooks, it is very easy to visit Cuba and quite cheap when you get there. One can go down officially under the auspices of a government conference or tour, with a U.S. Treasury Department license and visa, although this office is now swamped, and one should allow about 3 months for application processing. The government has an arrangement with an E. Coast travel agency through which flight arrangements can be made with Air Cubana. (I have the information on this, plus a long list of officially-sanctioned conferences.) Or one can merely hop over from Cancun, Nassau or Jamaica on nothing more than a \$20 tourist card. Although flight arrangements to Cuba cannot be made in the US, we easily made ours through Air Mexicana in Mexico City and were allowed to pay for our Cancun-Havana ticket in Cancun. Cuban customs does not stamp passports, and the only restriction is that one must have verification of a place to stay. It is now also possible to go down as a student for a six-week study tour, through a U.S. college (I also have this information). It is easy to get past US customs, who assume you have been vacationing in Mexico or the Caribbean. Just be careful about bringing back Cuban cigars — a red flag! And even though you can buy Cuban cigars in Mexico, Mexican customs also questioned us. I couldn't figure that out.

Postscript — or the end of anecdote

Yes, it is true. There are billboards all over Cuba which proclaim: "Tenemos socialismo, y tendremos socialismo" (We have socialism and we will (continue to) have socialism). And

obviously, that is not the case. However, in my opinion, to make such statements as "the repressive society in Cuba has nothing in common with genuine socialism or communism" is not a very materialist or dialectical way of dealing with Cuba (re: DWV). For starters, no one on this earth has yet experienced "genuine socialism." One should perhaps review Lenin's analyses about "shoots of socialism" (or communism) which he regarded as any sincere volunteer or cooperative efforts by the people which undermined capitalist exploitation, individuality and selfishness. Despite the obvious fact that the Cuban workers do not control the society (as the Soviet workers did not under the Bolsheviks either), there are, in my opinion, certain "shoots" which took root in Cuba and remain today. For example, the extensive free services that Cubans enjoy, no matter how cut back, are considerably more than a "safety-net." Moreover, a lot of ideological training has been accomplished, which is not the ideology of capitalism: better race relations than I am aware of in any other country, the spirit of sharing out scarce goods which have been donated and other neighborhood cooperation, many forms of volunteerism, a certain honesty in interactions and, not the least, the respect shown to women in a Latin culture, all of which seem pretty impressive to me.

Furthermore, to even bring up "genuine communism" at this point in history seems to me to be irresponsible. Certainly, Castro's rhetoric is sloppy. Sometimes he talks about "creating socialism" or being on the "socialist road." Sometimes he speaks of Cuba as being "socialist": the 1977 Constitution states that "The Republic of Cuba is a socialist state formed by workers, peasants, and other manual and intellectual laborers." Perhaps I am mistaken, but I don't believe that he actually calls the society of Cuba "communist," although the government or the Party may be referred to as such. Lenin once defended the name of the USSR, which of course contains the word "socialist," by saying that it was validated by their "intentions." It is mainly the western capitalist press which has wildly hurled the epithet "communist" at any regime it is threatened by, so, in my opinion, to talk about "Cuba's phony communism" only confuses the very complex situation.

Castro may be incompetent, misguided, ideologically flawed, whatever you wish, but he is no Stalin, Mao or Ceausescu, who lives as a splendid potentate and lies to the people to maintain personal wealth and power. He is, after all, the man who brought about a most remarkable Revolution and has stood his ground against incredible odds. I am not convinced that Castro consciously knows that he is NOT CREATING socialism! While there is plenty of grumbling against government blunders and the inevitable red tape, Castro himself seems remarkably exempt from criticism. (Obviously,

I am not talking about the Cuban exiles: the "gusanos," the "Marielites," or the "barcos"). My impression is that he is neither hated nor feared by the majority of the population, and I believe that most regard him as a sincere advocate of the working masses. A common view, however, is that Castro cannot control those beneath him, as the military narcotraffickers' case of a few years back demonstrated. Our guide insisted that I take home a book (in English) which has reprinted the entire Ochoa, *et al.* affair, including a transcript of the trial. It was very interesting, but I had to send it back.

The Cuban masses certainly suffer from serious material deprivation, but I doubt that most feel they are living in a politically repressive society at this particular moment in history — and now the Catholics will be happier and some political prisoners will be released, etc., etc. The fact remains that Cuba can still blame the U.S. blockade (the "silent bomb") rightfully for much of their economic deprivation, and that undoubtedly clouds the internal situation. In addition, the current market reforms are going to improve the average Cuban's standard of living at least for the immediate future. Things have already improved in the last couple years, due to tourism and the controlled foreign investment, which Castro believes to be the only way out of the economic crisis. Like other Caribbean islands, Cuba has few mineral resources to exploit. And while agricultural certainly needs reorganizing, there has to be money to invest in any enterprise. What economic course should Cuba take?

It is a platitude that the situation in Cuba is not a carbon copy of the USSR or of Eastern Europe, but I personally feel that there is much more serious work to be done besides relying on bourgeois appraisals of Cuba, before one can "advise" the Cuban masses how to be "revolutionary." One intriguing thing: when we asked people where the "well-to-do" lived, we got nothing but blank responses. Perhaps a place to start would be to do some investigation on the strata of Cuban bourgeoisie: who they are, how exactly do they maintain their lifestyle, by what means do they rob the people, what laws and loopholes allow them to do so, how is ideology manipulated to justify this?

The problem is, the 1959 Revolution is still very much alive in Cuba. Deprived as the Cuban masses are, the older generation still remember how much worse life was for them 40 years ago, and the younger generation is constantly reminded of it. As our young guide expressed it: "I'm a Black man. I received a free university education and now I have a law degree." Even though he cannot currently get enough work in his specialty, he is both grateful and hopeful — and that counts for a lot. □

Castro embraces the Pope of reaction

By Gary, New Jersey

In January 1998, Pope John Paul II was warmly greeted in Cuba by Fidel Castro and the Cuban government. The Pope was invited to Cuba by Castro to help break down the U.S. blockade that has been in effect for decades. The Pope had expressed opposition to the blockade, as have many European leaders who have been investing in Cuba. It was a big play by Castro, kissing the Pope's feet and trying desperately to put a socialist spin on it. But like the oppressive, state-capitalist system whose implementation Castro has overseen, all the socialist proclamations cannot prettify this spectacle.

As the leader of a capitalist state, it would not be so unusual to play one set of imperialists off another to gain some advantage, and had Castro come right out and said they are dealing with the devil to fight the blockade, you could cut him some slack. But Castro denies this is what he's doing; instead the invitation has only to do with their similar views on world events! (His welcoming speech on 1/21/98.) And the Pope's exceptional character! (Castro's 1/16/98 speech in Havana) This is the "character" who embodies the continuation of oppression of women, the obscurantism of medieval religion and superstition, the whitewashing of murderous regimes around the world who use the Church to suppress the revolt of the masses, the condemnation of birth control contributing to the forced impoverishment of the masses, and the glorification of the imperialist plunder of the world. This "character" has never supported the struggle of the masses. But according to Castro, he shares the Pope's views. Well, he finally admits it.

It wasn't enough to invite the Pope — Castro went ahead and glorified this icon of reaction. He referred to him as Holy Father, a despicable term of groveling before religious superstition. "... we feel the same way that you do about many important issues of today's world and we are pleased it is so..." (1/21) He even credited the Pope with being in support of world revolution: "Another country will not be found better disposed to understand your felicitous idea — as we understand it and so similar to what we preach — that the equitable distribution of wealth and solidarity among men and peoples should be globalized." (1/21)

Castro lied to the world so that he could explain away giving a platform to this reactionary. He gave the Pope another platform to manipulate the truth about his church and its historic role as supporter of the most violent, oppressive regimes in Latin America and the rest of the world. Another platform to preach platitudes to the most oppressed populations to keep them passive and powerless. And Castro embraced him and called him "one of the greatest headaches of imperialism today." (1/16) To the masses of the world who wrongly believe that Cuba represents some socialist hope, this is an endorsement for the Pope to escalate his criminal propaganda.

We know that Castro is a master of convincing people that the most regressive, backward ideas (like his state-capitalist system) can be contorted to appear progressive. Many activists on the left have fallen for his distortions over the last 30 years. So it is little wonder that he was able to transform the Pope from being the leader of the modern Dark Ages into the leading preacher against the social evils of imperialism.

Castro even excuses John Paul II for being the spearhead of Western imperialist propaganda against the revisionist, state-capitalist regime in Poland, the Pope's homeland. He says in one of his speeches with him that this is a "fabrication" because he doubted "there really existed subjective and objective conditions to build socialism in Poland." (1/16/98 in Havana) Well, it is true there was never socialism in Poland, but to let the spokesman for world reaction off the hook for his role in re-establishing the free market capitalism of Poland and the domination of the Church there is to serve that system. And Castro isn't making this statement as a principled anti-revisionist. He is an unprincipled leader of a state-capitalist, oppressive system which mutilates theory for his own ends like any good capitalist politician.

The Cuban government has chosen to use religion like any other oppressing capitalist government. The struggle of the Cuban people has always included throwing off organized religion and its social and political role in maintaining the power of the ruling class. Castro's support of the Pope should underline that for the Cuban people and their struggle against their ruling class. □

*Does the existence of nationalized industry
prove that a country is socialist?*

Preobrazhensky—ideologist of state capitalism (Part 1)

By Joseph Green

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Introduction

Evgeny Preobrazhensky's celebrated book *The New Economics* appeared in 1926, yet its influence is still felt today. It aimed at presenting a theoretical picture of what the transition to socialism looks like, and dealt with subjects such as planning, the role of the state sector, and "primitive socialist accumulation". Although Preobrazhensky (1886-1937) was a Russian communist who was part of the Trotskyist "Left Opposition" to Stalin in the 1920s and was murdered by Stalin's regime in 1937, his ideas on the state sector and industrialization (and those of the Trotskyist movement in general) have much in common with those of Stalin. Preobrazhensky held that, given that the old bourgeoisie had been overthrown, the nationalized industry and state sector of a regime were inherently socialist, no matter how the state sector and the government were run. He could not see that a new bourgeoisie could arise from within the state sector and, basing its power on the state sector, become a new ruling class, a state-capitalist ruling class.

The *New Economics* presents a series of arguments to prove that the degree of socialism in the Soviet Union could be measured simply by the size and power of the state sector. Many of his claims echo today in the debates over whether the supposed "communist" regimes in China, North Korea and Cuba today, and the late Soviet Union and Eastern Europe yesterday, actually were socialist. The Marxist view that progress to socialism is measured by the extent that the workers themselves run the economy and the entire country, and that the state sector itself has to be judged as to whether the working masses control it, have been discarded by the apologists of these regimes. Dependency theorists, most Trotskyists, and many reformists have denied, and still deny, that these were state-capitalist regimes.

Yet, if Marxist-Leninist socialism is ever rise again as the banner of world proletarian revolt, there must be clarity on the state-capitalist nature of the late Soviet Union and similar regimes. These regimes stole the term "Marxism" to prettify the capitalist reality of their countries; they were really revisionist regimes who "revised" the heart out of Marxism until there was nothing left of value to the working class. Neither the exploitation and oppression of these regimes, or the orientation they sought to impose on the world revolutionary movement, can provide any inspiration for a socialist revolt in the future. Marxism can only renew itself on an anti-revisionist basis, by showing that it provides the only scientific explanation of the state-capitalist nature of the revisionist regimes.

Preobrazhensky's *New Economics* has turned out to be state-capitalist economics, and his legacy has served as ideological reinforcement for state-capitalist regimes. His significance is not that he was the only one in the Russian Communist Party in the 20s to put forward such ideas. In fact, Preobrazhensky shared a fairly common assessment of the nature of the state with, not only the "Left Opposition", but most of the people who he was polemizing against. So ironically, the main significance of his work today isn't so much how he differed from his opponents such as Stalin and Bukharin, but how he defended what he tended to share with them. He ended up providing the most elaborate and influential statement of this common, state-capitalist position in the name of communism. Many people who wouldn't think of citing Stalin for their views on this question, will ponder similar views by Preobrazhensky and his co-thinkers. Thus the well-known Trotskyist scholar Isaac Deutscher lavished praise on *The New Economics*, claiming that it provided

"the first serious and still unequalled attempt to apply the 'categories' of Marx's *Das Kapital* to the Soviet Union. . . a landmark in Marxist thought. . . Many regarded Preobrazhensky rather than Trotsky as the author of the Opposition's economic programme—he created at any rate its theoretical groundwork."¹

The debate on industrialization

The New Economics appeared in the midst of the Soviet industrialization debate of the 1920s. By 1921, industrial production had been reduced to a trickle; the economy had been ruined by World War I, the Civil War, and the foreign intervention against the Bolshevik revolution. Simply to restore the economy to its pre-World War I levels would be a task requiring years, and yet moving towards socialism would require going way beyond that level. Indeed, Russia was still largely a peasant country, with individual or small-scale peasant production. Inducing the peasants to move towards socialism and modernizing agricultural production called for increased industrial production to provide machinery and consumer goods for the countryside. At the same time, providing food for a growing urban population, agricultural raw materials for industry, and grain for export required not only an increase in agricultural production, but a willingness of the peasants to supply these goods to the industrial economy. Debates broke out over whether the investment of scarce resources should be divided between industry and agriculture or center on industry; on the relative weight to give to providing consumer goods immediately versus investing in building up productive capacity for the future; on what relations to maintain with the foreign market; etc. Expressed this way, the issues resemble those faced by many underdeveloped countries. However, the Soviet debate was also over how to maintain workers' rule and move towards socialism.

The Bolshevik Revolution in October 1917 had overthrown the capitalist government, but political power by itself does not eliminate the capitalist economy. There has to be a lengthy transition period in which the workers not only displace the capitalists from the factories, but also gradually induce the peasants and other small producers to join together in socialized, large-scale production. But it wasn't long before the plans of the new regime for a gradual transition towards socialism were cut short by Civil War and foreign intervention, which reduced industrial production to a trickle, and scattered the working class. To deal with this crisis, the Bolsheviks carried out rapid and extensive nationalization of all industry, seizure of the agricultural surplus, and emergency measures on all fronts: this was the period of so-called "War Communism". After the Civil War was won, it was found that the system of War Communism could not survive. The workers were not yet able to dispense with capitalist methods in running industry, and

the peasants wouldn't accept the continuation of the agricultural requisitions. So in 1921, at the urging of Lenin, the Bolsheviks adopted the famous "New Economic Policy". This policy was a return to the idea of a gradual transition towards socialism and an admission that commodity production and capitalist methods could not yet be dispensed with.

Under the New Economic Policy the economy had a state sector, a private capitalist sector, and petty-bourgeois peasant production. Private capitalists were particularly strongly entrenched in trade and commerce, while the countryside was almost entirely dominated by individual peasant production. Moreover, the state sector itself made use of many capitalist methods; for example, the various state industries were on a self-financing basis. It was necessary to get the economy going and to restore production. But there was also an ongoing fight between several different forms of production.

The NEP-type economy was clearly not a socialist economy. There was a transitional situation where the working class, if successful, might gradually consolidate its ability to run the economy. Lenin talked of the necessity of learning how to oust the private capitalists from their economic positions by learning how to carry out trade and other activities, and of the need to strengthen the state sector. But he also raised questions about the nature of the state sector in such a transitional situation.

For example, in an article in January 1922 on the trade unions, he stressed that NEP-conditions would result in an "inevitable rise of narrow departmental interests and excessive departmental zeal" in state industry. Despite the fact that the working class controlled the state sector through the overall control of the communist party as well as through local control at each workplace, there would be "a certain conflict of interests in matters concerning labor conditions between the masses of workers and the directors and managers of the state enterprises, or the government departments in charge of them." The task of trade unions led by communists wasn't simply to support the state sector, but to protect the workers against "the blunders and excesses of business organizations resulting from bureaucratic distortions of the state apparatus."²

Lenin did not introduce some new terminology to define this character of the state sector. And, dying in 1924, he did not develop this analysis of the different tendencies in the state sector beyond this point. But, despite his absorption in the urgent problems of strengthening state industry and state institutions, he didn't identify the struggle for socialism as simply enlarging the state sector.

Indeed, aside from worrying about what was happening internally to the state sector, Lenin also held that the organizational forms needed to bring millions of small producers towards socialism involved more than just the growth of the

¹Deutscher, Isaac, *The Prophet Unarmed—Trotsky: 1921-1929*, 1959, p. 206.

²"The Role and Functions of the Trade Unions Under the New Economic Policy," *Collected Works*, vol. 33, pp. 184-196. This statement was adopted as a decision of the Central Committee of the Russian CP on January 12, 1922. The quoted parts are from Section 3.

state sector. Thus, in a key article in 1923 he worried about the lack of attention being paid to the collectivization of agriculture. He held that it was necessary to find forms of transition to socialism that would be "the *simplest, easiest and most acceptable to the peasant*" so that "every small peasant could take part in them." He believed that the spread of co-operatives, and particularly producers' cooperatives (or collective agriculture), could provide this transitional form.³

The NEP didn't develop the way Lenin hoped. There was success in restoring the pre-war level of production, but bureaucratic features in the state sector, the communist party, and the trade unions deepened, while collectivization didn't develop very far. But his theorizing on NEP pointed out a number of the issues that should have been assessed practically in the debate over what economic course to follow.⁴

I. The state sector as socialist in and of itself

Given the debates taking place in the 20s, in which Preobrazhensky was a vigorous participant, one might expect that Preobrazhensky's *New Economics* dealt extensively with many concrete issues facing industrializing countries, and it was in that context that the book was first brought to my attention. Yet the book has little direct discussion of the various policy debates. Preobrazhensky stressed, in the introduction and elsewhere, that he was not dealing with particular policy decisions or government actions, but with obtaining a theoretical picture of the general nature of transitional economies in general and the Soviet economy in particular.

Underlying his theoretical conception is that the state sector of the Soviet economy is socialist. By this, he doesn't mean that it was a transitional institution helping to move the society to socialism, but that it was already socialist. He argues that it only appears on the surface to be the case that such capitalist economic categories as rent, interest, separate enterprises, surplus value, and commodity production still exist in the state sector. He held that the state sector, no matter how weak and undeveloped, had already vanquished commodity relations in its internal workings. Commodity relations, in his view, only existed in the state sector insofar as it exchanged with external

sources, such as peasant consumers⁵, the merchants, the capitalists, and the world market.

Actually, not just Preobrazhensky, but other major figures in the Russian Communist Party also regarded the state sector as already socialist and held that one could ignore the different class tendencies within it. Stalin made a point of this in rebuking a critic, Sokolnikov, at the 14th Party Congress in Dec. 1925.⁶ And in fact, if a successful transition towards socialism were in fact occurring, the state sector would be that part of the economy that was most directly under the control of the working class and that most showed the features of a planned economy. Nevertheless, even in that situation, when the state sector is really under the control of a revolutionary working class, it is not socialist in the full sense of the word, but is only the most advanced institution of the transitional economy; it is not a socialist institution, but a transitional institution. Lenin, as mentioned above, pointed to the "inevitable" contradictions that would arise between the state sector and the working class under NEP. A key weakness in the debates in the Russian CP was that, instead of developing Lenin's insight further, they lost sight of it. Preobrazhensky, by arguing against any recognition that capitalist features remained in the state economy, in effect urged everyone to close their eyes still tighter.

Thus *The New Economics* opened with Preobrazhensky reproaching some unnamed critics for thinking that the

⁵He regarded the sale of goods to workers and office employees in state enterprises as an internal transaction of the state sector.

⁶See Stalin's "Reply to the Discussion on the Political Report of the Central Committee, Dec. 23", sec. 7 (*On the Opposition*, Foreign Language Press, Peking, 1974, pp. 244-6). Stalin rebukes Sokolnikov for referring to various state agencies whose function is to deal with the private or foreign capitalists and with the peasant economy as "state-capitalist", although this term had been used by Lenin to refer to state-regulation of capitalism. Stalin refers to "the socialist nature of our state industry" without qualification and denigrates the idea that the capitalist methods used in the state sector had any affect on its character. Thus Stalin declared the "methods of 'capitalist economy'", such as the monetary system, aren't really capitalist anymore when they are in the hands of the state. Instead, "the functions and purpose of those instruments of the bourgeoisie change *in principle*, fundamentally; they change in favor of socialism to the detriment of capitalism." (Emphasis as in the original) He makes no mention of contradictions with the working class that might arise because of these methods, nor of the tendency of bourgeois methods to foster separate private interests within the state sector.

Meanwhile, Sokolnikov, although in 1926 a member of the "Left Opposition", had gone through a rather distinct political evolution. As we shall, it is unlikely that the "Left Oppositionist" Preobrazhensky would have agreed with Sokolnikov's point either. *The New Economics* reads like a polemic against the point that Sokolnikov is apparently raising.

³"On Co-operation," *Collected Works*, vol. 33, pp. 468.

⁴I am not saying that everything went right with NEP before Lenin's death. Near the end of my article "The question of 'state capitalism under workers' rule'" (*Communist Voice*, vol. 3, #3, Aug. 10, 1997), I also pointed out that Lenin never dealt with the issue of what to do if the Bolshevik government could no longer maintain itself as a revolutionary one. He always assumed that the Bolsheviks still had sufficient support to justly regard themselves as the party of the proletariat and the basic masses.

capitalist features remaining in the state sector could seriously affect how it worked (was "regulated"). His argument is that they must not really have recognized that the state sector was socialist, no matter what they said in words. He wrote that "my opponents have been obliged, through acknowledging the law of value as the unique regulator of the economic system of the U.S.S.R., to deny utterly . . . that our state economy is socialist in type (however primitive this type may be) . . ."⁷

His views concerning the law of value will be dealt with in part two of this article; what is important for us now is that Preobrazhensky reasoned about the state sector not on the basis of what it actually was at the time or what it inevitably is in a transitional period, but from the point of view that it was already socialist and so all its main features must be socialist ones. Moreover Preobrazhensky didn't argue this way out of the belief that everything was going well in the USSR. He was quite upset over what was happening in the party and the Soviet bureaucracy, as well as with the economic policy being followed in the state sector. But he didn't regard the actual situation in the party and the state sector as relevant to the character of these institutions.

The growth of state industry will automatically bring socialism

Preobrazhensky's view of the state sector led him to think that the various problems of Soviet society would be solved "automatically", so long as long as the state sector kept growing. The problem was simply to secure as large an investment fund for state industry as possible. This would develop the productive forces as fast as possible, and

*"the development of the productive forces must inevitably mean an increase in the relative weight of the production of means of production, and this increase quite automatically intensifies the tendency for commodity production to disappear in the state economy . . ."*⁸

Elaborating on this, he discussed the issue of wage differentials, the distinction between skilled and unskilled workers, and other social relations among the workers of the state sector. His main conclusion was that

"Here we have a fresh extremely interesting example of the fact that under socialization of the instruments of production purely quantitative changes—in this case the growth of the productive forces and material wealth in the state

economy—*automatically* intensify the process of dissolution of the categories of capitalist society."⁹

Needless to say, the subsequent evolution of the Soviet Union has disproved Preobrazhensky's theory of "automatic" entry into socialism. Soviet industrialization, including the dramatic growth of heavy industry, occurred while the Stalinist state-capitalist order was being consolidated. This doesn't at all prove that industrialization was unnecessary—only large-scale production can serve as the basis for socialism—but it does show that the question of which class is able to organize this industrialization can't be ignored. Lenin pointed to the "inevitable" existence, during the transition period, of certain contradictions between the state sector and the workers, and history has shown that a new ruling class can develop on the basis of the state sector. If the proletariat is going to ensure that the state sector remains its revolutionary tool, it has to look frankly at the contradictions in the state sector caused by bourgeois methods. Only by recognizing these contradictions, and not by explaining them away, can the proletariat work to ensure that they are resolved to the benefit of the revolutionary cause.

The commodity-socialist economy

Preobrazhensky's conception of the state sector is implicit in his characterization of the Soviet economy—he described it as the "commodity-socialist system of economy". This term might mean different things to different people, but what Preobrazhensky meant is that there were two different economies in struggle: the socialist economy, which was the state sector, and the rest of the economy, which was engaged in commodity production.

The word "socialist" has been used in different ways. Sometimes it is used to mean the full socialist economy, in which there is no commodity production. Sometimes it is used to refer to transitional forms which are moving towards socialism. Since Preobrazhensky was, as he repeatedly stressed, making a theoretical analysis of the basic nature of the economy, he was careful about how he used terms. He seriously meant that the Soviet state sector was socialist. He mentioned "transitional relations" a few times, but he viewed the transitional character of the Soviet economy as being that the state sector was still only part of the economy. In his system, the degree of the transition can be seen by how far the state economy has absorbed all the rest of the economy.

For Marxism, the socialist aspect of a transitional economy is the extent to which the proletariat has taken over the control of production and can run it as a planned, unified whole. The state sector plays an important role in this, but it is not identical with the socialist organization of the proletariat. One has to judge how far the proletariat has actually gained control over the state sector, and how far the state sector really runs as a planned, unified whole. This may sound like a small difference

⁷Preobrazhensky, Evgeny A, *The New Economics*, translated by Brain Pearce, Oxford University Press, 1965, "Foreword to the First Edition", p. 3.

⁸*The New Economics*, Ch. III, section entitled "Surplus Value, Surplus Product, Wages", p. 187, italics as in the original, underlining added.

⁹*Ibid.*, p. 192, emphasis as in the original.

from what Preobrazhensky was saying, but Preobrazhensky's view of the state sector implied that the state sector should already be judged as if it were a consistently planned, completely unified whole, overlooking the protracted struggle and the material conditions needed to achieve this. His theoretical definition of the state sector led him to ignore or overlook the significance of the commodity relations engulfing the state sector, and to believe that they were purely external to the state sector.

Thus, Preobrazhensky's view of the "commodity-socialist system" implied that there is no possibility that a new ruling class could develop from within the state sector. He could only see Soviet society degenerating into capitalism if representatives of the rich peasants or other capitalist interests took over; he couldn't see the new state bureaucracy replacing the old capitalist class as exploiters. The Marxist view, however, holds that this is quite possible, since it doesn't automatically identify the state sector with the socialist cause of the proletariat. While Preobrazhensky saw state industry automatically becoming more and more socialist as it grew, Marxism holds that the proletariat has to become more and more organized to ensure that this will take place.

It is common to say that a transitional economy combines both socialist and capitalist elements, but this idea was taken to an extreme by Preobrazhensky's formula of "socialist-commodity" society. In fact, the characteristic institutions of a transitional economy that pave the way for socialism won't themselves exist, or will have to started to wither away, in what Marxism considers a socialist society, because they are designed to fight against conditions which no longer exist, namely, the existence of money, classes, several different modes of production, etc. In this sense, socialist society doesn't differ from transitional society only quantitatively (a bigger state sector, a larger party, etc.), but looks quite different. For example:

* In a transitional society, there is still money and there is still commodity production, while socialist society has neither money nor commodity production.

* In a transitional society, there are different classes. In a socialist society, not only is there no longer a capitalist class, but even the class distinction between the workers and peasants has vanished.¹⁰ However, the habits and ways of thinking of the former classes still remain, and take a whole period to overcome. There is still more work to be done in overcoming the divisions between mental and manual labor, city and countryside, etc. and reaching the stage of communism.

* For example, in a transitional society, there may well be

¹⁰ I argued this point against Sarah in the article "On proletarian tasks in the period of the tottering of the PRI regime: Once again on peasant socialism", *Communist Voice*, vol. 2, #6. See the section "The Class Basis of Socialism". Sarah was afraid that the Marxist idea of the elimination of a separate peasant status meant driving the peasants off the land and oppressing them.

agricultural coops and collective farms of various types, while in a socialist society the organization of agriculture is similar to that of industry.

* In a transitional society, the working class uses the state sector to extend its control of the economy. There is a major struggle to build up the revolutionary state, and to ensure that it is really a proletarian state, not the old type of state. But already, by the time of socialist society, the transitional state has withered away quite far. Eventually, under communism, central planning of the economy is accomplished without a state apparatus; in that sense, there will no longer be a state sector.

Preobrazhensky's term the "commodity-socialist system" suggested, instead, that socialism already existed in part of the economy. It glossed over the differences between transitional institutions and socialist ones. Instead of highlighting the economic struggle that takes place within the state sector itself, it complacently suggested that the only danger of capitalist restoration came from outside the state sector. Because it walled off the state sector from the turbulent class contradictions of the transitional sector, Preobrazhensky could believe that the state sector automatically becomes more and more socialist as it grows.

Political consequences— support for Stalinist state capitalism

Preobrazhensky's view that the growth of the state sector would automatically bring socialism had political consequences. It would lead him to embrace the state capitalist system built up under Stalin.

By the end of the 1920s, most of the participants in the debate over industrialization were coming to the view that the amount of investment in state industry had to be stepped up. The period where industry could advance rapidly by simply restoring unused capacity was coming to an end, as industry reached 75% of pre-war levels in 1925 while aging equipment required replacement. Some change in policy was likely, but what? In 1928-1930 official policy turned to rapid industrialization and forced collectivization under Stalin's First Five Year Plan.

Meanwhile, the Left Opposition, which Preobrazhensky supported, had lost its positions in the ruling party by late 1927, and various Oppositionists included Preobrazhensky were arrested in 1928 and exiled to distant parts of Russia. But Stalin's turn to rapid industrialization, and break with Bukharin's policies towards the peasants, seemed to most of the Left Oppositionists as their own program. Given Preobrazhensky's view that the growth of state industry would automatically solve all other problems, it was natural that he subordinated all other issues, including the brutal treatment of the opposition, to that of industrialization.

As the Trotskyist Deutscher himself describes it:

"When in 1928 Stalin accelerated the tempo of industrialization and turned against private farming, the Oppositionists first congratulated themselves on the change, in which they saw their vindication; but then they felt themselves robbed

of their ideas and slogans and deprived of much of their political *raison d'être* [reason to exist]. . . . If it is a galling experience for any party of group to see its programme plagiarized by its adversaries, to the Trotskyists, who in advocating their ideas exposed themselves to persecution and slander, this was a shattering shock. Some began to wonder . . . Was it not time, they asked themselves, to give up the fight and even to reconcile themselves with their strange persecutors?

"Those who succumbed to this mood eagerly assented to Radek's and Preobrazhensky's argument that there would be nothing reprehensible in such a reconciliation, and that the Opposition, if it was not merely to grind its axe, should indeed rejoice in the triumph of its ideas, even though its persecutors gave effect to them. . . . he [Stalin] was carrying out so much of the Opposition's programme there was reason to hope that he would eventually carry out the rest of it was well."¹¹

The reconciliation didn't go well. The former oppositionists were still mistreated, and many ended up shot. Preobrazhensky himself was admitted back into the ruling party, expelled again in 1931, readmitted in 1932, arrested in 1935 and again in 1936, and executed in 1937. But, although the antagonism between Trotskyists and the Stalin regime reached fever pitch, the ideological affinity remained. Even in *The Revolution Betrayed*, written at a time when the state-capitalist system was rapidly solidifying in Russia, Trotsky insisted that the state bureaucracy in the Soviet Union could not have become a new ruling class because "the means of production belong to the state" and the bureaucracy "is compelled to defend state property as the source of its power and its income" and "in this aspect of its activity it still remains a weapon of proletarian dictatorship."¹² Indeed, to this day, the orthodox Trotskyist groups hold that the Soviet regime established by Stalin never became state-capitalist, due to the dominant role in the economy of the state sector. For example, even after the revisionist regime in Russia collapsed, the late Trotskyist theoretician Ernest Mandel still insisted that the Soviet bureaucracy had not been a ruling class and that the late Soviet Union had been a "postcapitalist" society, as he reiterated in 1992 in one of his last works, *Power and Money: A Marxist Theory of Bureaucracy*.

Thus Preobrazhensky's theory had dramatic political consequences. His theory of the "commodity-socialist system" led him to believe that only representatives of rich peasants

(kulaks) or other private capitalists could usher in the degeneration of the revolution, while the champions of the state sector were bound, whatever their errors, to defend socialism. When Stalin not only defended industrialization but attacked the kulaks, what basis was left to Preobrazhensky for opposing his policies?

Preobrazhensky reconsiders

But although Preobrazhensky was readmitted to the party, he criticized the way the First Five Year Plan was carried out in an article he wrote in 1931 for the Soviet journal "Problems of Economics". This article, entitled "On the Methodology of Construction of the General Plan and the Second Five Year Plan", never appeared in print, but it is known through the extensive excerpts from it that appeared in the articles denouncing it in the Soviet press. It appears that Preobrazhensky's objection was that there was too much investment in heavy industry and that this was creating disproportions in the economy. He argued that the attempt to place the entire economy on a new industrial footing at the speed envisioned in the Five Year Plans would result in overbuilding heavy industry, so that there would be excess capacity in heavy industry once the basic industrialization of the economy was complete.¹³

This idea of overaccumulation contradicted views Preobrazhensky had put forward in the 20s. So it turns out that, in order to criticize Stalinist economy, Preobrazhensky had to abandon some of his previous views. He had previously stressed that more accumulation in heavy industry was the solution to every problem, including the shortages of consumer goods. This had led to the article "Economic Equilibrium in the System of the USSR" (1927), where Preobrazhensky argued that even if a program of rapid industrialization might appear to put too much emphasis on heavy industry,

"What appears superficially as overaccumulation in heavy industry is merely a special form of underaccumulation throughout the state economy, taken as a whole." He stressed that "we arrive at the conclusion that overaccumulation in the state sector, given the tremendous task of rapid reequipment and expansion of the fixed capital of industry (a task that will take decades to complete), is an absolute impossibility."¹⁴

But in 1931 Preobrazhensky found that overaccumulation in

¹¹Deutscher, Isaac, *The Prophet Outcast—Trotsky: 1929-1940*, Ch. I "On the Princes' Isles," pp. 62-63.

¹²Trotsky, Leon, *The Revolution Betrayed: What is the Soviet Union and Where Is It Going?*, written in 1936, ch. IX, section 2 "Is the Bureaucracy a Ruling Class?", p. 249.

¹³See Erlich, Alexander, *The Soviet Industrialization Debate*, pp. 178-180 and Donald Filtzer's introduction to a collection of Preobrazhensky's essays entitled *The Crisis of Soviet Industrialization*, pp. xlii-xlvii.

¹⁴See the collection of essays by Preobrazhensky entitled *The Crisis of Soviet Industrialization* (with an introduction by the ardent Preobrazhenskyist Donald Filtzer), pp. 195-196, emphasis as in the original.

heavy industry was quite possible. He felt that this explained the fierce disproportions in the Soviet economy in the 1930s, which saw factories competing with each other to get supplies of raw materials and other necessities. Yet the Soviet Union did not end up with an overcapacity in heavy industry, thus refuting Preobrazhensky's prediction.

The problem was that Preobrazhensky was criticizing Stalinism from a merely technical point of view. He wasn't dealing with how class relations evolved during the First Five Year Plan, just the planning numbers.¹⁵ He still maintained his general views about the state sector, so he couldn't recognize that the blatant disproportions were a manifestation of the anarchy of production arising from within the state sector itself. From his perspective, it had to be only bungling that distorted the real, unified nature of the state sector. So he argued against mistakes in planning in favor of a different methodology of planning, not against the state-capitalist system that was being consolidated. In fact, in the post-World War II period, right up to the dissolution of the Soviet Union, there were many attempts to solve the problems in the Soviet economy by changing the methodology of the planning agencies, but none ever succeeded in overcoming the disproportions and anarchy that are always under the surface in a state-capitalist economy. This is because the ultimate cause of these disproportions are not mere technical errors, but the class reality of these societies.

II. Economic categories and the state sector

Now let's examine some of the particular ways that *The New Economics* denied the state-capitalist features that were growing in the Soviet state sector. Many of Preobrazhensky's arguments were similar to those that can still be found in numerous left articles and books that apologize for the revisionist regimes, such as Kotz and Weir's recent book *Revolution from Above* which is discussed in the last issue of *Communist Voice*.

¹⁵Of course, he could have had no hope at all that an article criticizing Soviet class relations would have been allowed in the press. But, if he had such a criticism, the clandestine *Bulletin of the Opposition* would have been overjoyed to publish it and discuss it, no matter what the state of his relations with Trotsky at the time. In fact, even the ardent defender of Preobrazhensky, Donald Filtzer, takes Preobrazhensky's methodological criticisms of the Five Year Plans as his actual view, and believes that it is consistent with the approach in his previous work. He writes that Preobrazhensky "seems to have based his critique of Stalin's industrialization drive on the ideas developed in the 1920s articles on 'Economic Equilibrium' and in *The Decline of Capitalism*", and that in general he was "continuing the theoretical work begun during his days in the Opposition". (Filtzer, "Introduction", p. xliii)

We will see that often, in the name of getting a theoretical picture of the Soviet economy, he explained away what was actually happening as being supposedly only temporary and transient phenomena. He insisted on analyzing not what existed, but his idealized view of how things should be. He would label the state sector in accordance with what he would like to see in the future, and not what it actually was at the moment. This is what Deutscher praised as applying Marxist method to the Soviet Union.¹⁶ Yet it is the opposite of Marx's method, which looked reality in the face and brought class contradictions to the fore.

The state sector acts as a unified whole

On behalf of his theory of the Soviet Union as a "commodity-socialist system", Preobrazhensky wished to prove that the commodity production, competition between enterprises, and other capitalist features did not exist inside the state sector. Such things only existed in a separate commodity sector of the Soviet economy or in the state sector's relations with that commodity sector, while the state sector was supposedly something of a model of socialist relations. He overlooked the necessity for the working class to struggle to gain mastery of the state sector, and instead presented the struggle in a transitional society as only the state sector growing and taking over the rest of the economy.

To support this viewpoint, Preobrazhensky insisted that the state sector already acted as one unified whole. The problem was that under NEP and the self-financing system the individual enterprises were in large part on their own. How did Preobrazhensky deal with this? He insisted that this was only a surface appearance. Instead of analyzing what negative trends were developing in the very midst of the state economy and how the working class could fight them, he claimed that, from the point of view of the highest and most profound theory, these trends didn't exist.

Indeed, he argued that the very existence of the state sector proved that it was a unified whole. He wrote:

"The first and most important factor is that the state economy goes into action and cannot but go into action, only as a unified whole. An individual state enterprise, detached from the whole and hurled into the arena of competition would probably not survive, but would be crushed. But the same enterprise forming part of the unified complex of state economy has behind it all the power of this complex, and for this reason it is now not at all an isolated enterprise or trust of the old capitalist type, even when it has 'gone over to businesslike accounting' and to the outward eye looks like an individual ente-

¹⁶It is ironic that Deutscher called this applying "the 'categories' of Marx's *Das Kapital* to the Soviet Union", when it mainly consisted of denying that these categories applied to the state sector.

prise in a commodity economy, or a capitalist trust [monopoly]."¹⁷

It's not at all clear that no state enterprise could survive on its own, since state enterprises exist in countries all over the world. But even if one accepts that no Soviet state enterprise could then stand on its own, it still wouldn't follow that the various enterprises necessarily acted as a unified whole. The Soviet state could and did use various methods to prop up the state enterprises which still left them divided. Just as a capitalist country may use protectionism (tariff walls) and subsidies to foster certain domestic industries, without thereby eliminating the competition among the various national capitalists, so the Soviet government used the state monopoly of foreign trade and other measures that guaranteed a market for state enterprise, and these measures did not eliminate the self-financing system. Preobrazhensky proudly called these measures "socialist protectionism," but failed to notice that protectionism was one thing, unifying the enterprises was another.

A key task of Marxist economic science today is to expose the anarchic forces and private interests that will exist in the state sector unless and until the proletariat really runs the economy as its own. Behind the veneer of state ownership, private interests can and do multiply. This is key to understanding the way the Soviet economy functioned right up to the collapse of the Soviet Union.¹⁸ But Preobrazhensky argued that only shallow, vulgar or suspicious people would attach much significance attention to the capitalist forms in the state economy, saying that

"when our trusts were set up and passed over to businesslike accounting [the self-financing system—JG], the outward appearance of these trusts, their capitalist profile and capitalist methods of calculation, gave occasion to a number of vulgar economists to propound a sort of 'theory' of competition between individual state enterprises and capitalist enterprises—a theory which, in a suspicious way, united Marxists who were educated, or at least literate, with the smatterers and philistines of bourgeois 'science'."¹⁹

Thus he criticized people for studying the competition between the state and private enterprises, rather than urging them to go further and also study the competition inside the state sector

¹⁷*The New Economics*, Ch. II, sec. "Primitive Accumulation, Capitalist and Socialist", p. 129.

¹⁸See "The Anarchy of Production Beneath the Veneer of Soviet Revisionist Planning" in *Communist Voice*, vol. 3, #1, March 1, 1997. Also see Mark's series of articles in *CV* on the Cuban economy. They show that, despite the vast differences between the size and situation of the Cuban and Soviet economies and the personal characteristics of their leaderships, the Cuban state economy showed remarkably similar features to that of the Soviet Union.

¹⁹*Ibid.*, p. 129.

itself.

Backing down a bit, Preobrazhensky said that maybe the state sector wasn't unified back in 1921-2, but now (1926) it surely was. He wrote:

"the practical requirements of the state economy and its separate links . . . are a far more solid thing than these paltry philistine opinions, which are an attempt to represent as the normal type of relations among the trusts, and between them and the private market, what were only temporary and superficial phenomena occurring at the time of the transition of the state economy from War Communism to the period of socialist accumulation (or as we customarily say, to NEP), that is, phenomena of a certain disorganization and disconnectedness of the trusts, lack of direction of these trusts, and so on. However, as soon as the period of reorganization . . . was concluded, . . . there began the process of 'gathering together' of the state economy, as a unified whole, . . ."²⁰

Then, a couple of pages later, he admitted that the state sector still wasn't being run as a unified whole. He wrote of the great advantages "of a unified, organized complex". But he admitted that

"Attempts to utilize these advantages under the system of War Communism were unsuccessful, and their fruits were lost and fell down into that hole of general economic deficit which was characteristic of that economic system. Now these advantages would be very much more noticeable if we were at last to carry out the most urgent organizational task, which is also an important political one, of directing the entire state economy as a single entity."²¹

So Preobrazhensky aggressively advocated that the state sector must always be regarded as acting as a single entity, while admitting that it actually didn't yet work that way. He pooh-poohed the actual features in the state economy, consoling himself that they were only "temporary and superficial phenomena". So here we have an example of Preobrazhensky characterizing the state economy theoretically not according to what it actually was, but in accordance to what he hoped it would be. No doubt he believed that if only the Left Opposition was running things, the state economy would be unified, and that in any case "practical politics, dictating economic necessity to this machine"²² would force whoever ran the government to unify the state economy.

Yet even when the mixed economy of the NEP period, with its overtly capitalist-style methods, was replaced by the more activist central state planning of the Five Year Plans, the clash

²⁰*Ibid.*, pp. 129-130.

²¹*Ibid.*, p. 133, underlining added.

²²*Ibid.*, p. 129.

of one state manager with another and other features of the anarchy of production remained. Based on his theoretical picture of the Soviet economy, he could not understand the deeper reasons why this was so, such as the class nature of the Soviet industrial management and its relations to the mass of workers. As we have seen, in his 1931 article, Preobrazhensky held that this was simply the result of a bad methodology during planning.

This was a technocratic approach which hid the tasks facing the proletariat with respect to the state economy. He declared, in effect, that "the state sector is unified, or would be if it were just administered properly."

Profit

The need to make a profit was one of the most visible and discussed features of NEP; the self-financing system meant that each enterprise had to look towards its own "bottom line". Yet Preobrazhensky insisted that the term "profit" didn't really apply in the state sector.

His argument was that state planning reacted to profits in a different way than private industry did. It set prices differently, and decided where to invest differently. This supposedly proved that it would be superficial to think that "the term profit . . . strictly speaking and without qualification" could "describe relations within the state economy". Instead one should use some other term, such as "socialist accumulation". The state sector supposedly didn't make profits; it accumulated.²³ But changing the name of the process didn't change the reality. The form of state accumulation during NEP was through making a profit.

This illustrates another way in which Preobrazhensky closed his eyes to the realities of the state sector. He believed that state enterprises had transcended capitalism when they acted differently from firms in a competitive free-market or from how they would have acted in "the classical epoch of capitalism". But capitalist monopolies and the state sector of capitalist countries also acted differently than competitive firms in the free-market, set prices differently, etc.; yet they were undoubtedly capitalist. If anything, monopoly capitalism was a higher development of capitalism than what it replaced. Capitalist methods evolved from the 19th to the 20th centuries. Therefore simply pointing out over and over that the methods used by the Soviet state sector differed from "classical" capitalism didn't show whether these methods had transcended capitalism. Indeed, some of the methods used in the Soviet state sector were later used by a number of bourgeois governments of developing countries.

Moreover, while Preobrazhensky held that profit really had little to do with state sector because there was planning, he ignored—or explained away—that a good deal of the planning revolved around how to make a profit. *The New Economics* was indeed devoted to showing that the state sector should make more of a profit at the expense of the countryside than it was

currently doing (oops, I'm sorry, it wasn't supposed to make more "profit", but to have more "socialist accumulation"). However important these profits were for expanding state industry or other necessary purposes, this does not change the fact that state industry was trying to generate a surplus through the form of profits. For the sake of accumulating these profits, Preobrazhensky recommended setting high prices on industrial goods, higher than those which Preobrazhensky believed would have been dictated by the law of value. For most people, this would show that profit-seeking was still alive and well in the state sector. But according to Preobrazhensky's upside-down logic, because the prices and profits were to be set *higher* than they would be in a free-market situation, therefore capitalist categories like "profit" didn't apply.

Stock issued by state enterprises

In discussing profit, Preobrazhensky mentioned that "we already have a fairly large number of joint-stock companies, which are mostly state concerns, and a small number of mixed and private ones. It would seem that in respect of the distribution and investment of new productive resources we are following in the footsteps of capitalism."²⁴

Well, if there were joint-stock companies, it would seem that profit really was still an important category. Preobrazhensky however immediately adds that to be concerned about the existence of joint-stock companies would be "to take the external form for the essence of the matter." He argued that only a small amount of new investment funds was raised by these companies issuing stock to private sources, and that most of the funds came from the state. He claimed that

"the very structure and method of work of joint stock companies with state capital are hardly to be distinguished from the activity of any [state] trust, and the method of collecting capital is by getting subscriptions from state institutions for state or municipal (which are one and the same) enterprises or groups of enterprises."²⁵

In brief, Preobrazhensky simply waved his hands and said that all the distinctions in the state economy were irrelevant. State enterprise or municipal, funds raised by subscription or allocated from a central source, no matter, it was all "one and the same". He never proved this; he simply asserted it over and over. For Preobrazhensky, there wasn't any economic reason why various forms persisted in the state economy; it wasn't connected to objective causes, such as how far commodity production still had a hold on the Soviet economy or how far the working class still was from directly managing the economy. So Preobrazhensky corrected reality by asserting that really, on the theoretical plane, it was as if these capitalist

²³*Ibid.*, Ch. III, Sec. "The Category of Profit in the State Economy", p. 196.

²⁴*Ibid.*, p. 199.

²⁵*Ibid.*, p. 199.

forms didn't exist. The economic essence of the matter, he thought, was that the different types of enterprises and transactions—joint-stock company or not, self-financed or not, etc.—were all mandated by the state. Therefore, in his conception, presumably the state planners could arrange or rearrange these things as they liked, if only they had more experience and better understanding of economics. Preobrazhensky's theoretical picture of the economy simply *ignored* the objective problems that would have to be dealt with if the capitalist-style methods of NEP were to be eliminated.

Thus Preobrazhensky believed that he could show that profit, joint-stock companies, self-financing and other capitalist methods were insignificant if he could show that the state exercised some planning; he held that profit and planning were polar opposite categories. So he exaggerated the extent and effectiveness of the Soviet state planning of that time. He argued that since the state set certain goals with regard to production, this must mean that, no matter whether stock was issued or not, the investment funds for industry were obtained in a unified, centrally-planned way. He thus replaced the factual question of whether the investment funds were obtained in this way by a theoretical argument that the nature of the state sector proved that they must be obtained this way, and so any facts to the contrary must just be a surface appearance. True, he said, on the surface these funds went through "our Soviet banking system" and even a "joint-stock company for new industrial construction" (which he regarded as unimportant because, "let us hope", it would be temporary). But he insisted that the

"distribution [of resources] cannot be otherwise than planned, because it is completely absurd to suppose that the process of expanded reproduction of state industry and transport, all new construction, etc., can proceed in a planned way in the sphere of *fulfilment of production programmes* and yet can be unplanned, relying on some process of self-activity and spontaneity within the state economy, when it is a question of *collecting resources* for expanded reproduction."²⁶

But, having said that it was *completely absurd* to imagine that the distribution of investment funds in the Soviet economy could have been anything but planned, he then had to admit that, after all, this absurdity was—at least to some extent—the current reality:

"It must be observed in passing, however that our state economy has not yet found completely satisfactory organizational forms for servicing the process of expanded reproduction in this way . . ."²⁷

So it turns out that the state sector would have allocated its investment funds in a planned, unified way which made all

financial transactions into a mere formality, except for one teeny, weeny little problem—the state sector hadn't yet found the organizational forms to do so. But why worry about this problem? All it allegedly showed was that

"The existing structure of our state economy often proves to be more progressive than the system whereby it is managed economically."

The "existing structure" referred to Preobrazhensky's theories about how the state sector should work, while the "system whereby it is managed economically" referred to how the state sector actually worked. The real absurdity here is Preobrazhensky's building up of a theoretical picture of the Soviet economy not on the basis of what was actually happening in it, but only in accordance with his hopes, wishes, and dreams about what it might yet turn out to be. Such a method of characterizing the various parts of the economy was called by Preobrazhensky, "anticipat(ing) the tendency of development".²⁸

Interest

Preobrazhensky also wanted to prove that the category of interest on loans didn't exist in the Soviet state sector. The problem is that interest obviously did exist; it appeared not only on loans that the state sector floated from the general population, but even with regard to transactions between state enterprises. How did Preobrazhensky deal with this? Once again, he insisted that what was actually going on in the state sector was fictitious, while his theorizing was reality:

"As regards interest merely so-called, interest as one of the imitations of capitalist forms . . . the fictitiousness of this category leads to the eye. From behind the miserable curtain of capitalist form and bourgeois terminology and phraseology (which some specialists indulge in with a most serious and important air) the body of reality sticks out in all its nakedness."²⁹

Why was the category of interest "fictitious"? It was because Preobrazhensky regarded every financial transaction inside the state sector as merely formal, like shifting papers from one cubbyhole to another. He argued that since the state sector was completely unified, paying interest from one part of it to another amounted to a meaningless operation that changed nothing. He made a comparison to

²⁸*Ibid.*, p. 196. Preobrazhensky also insisted that to look at the existing situation would be "to attribute our insufficient understanding . . . and the mistakes which result from this, . . . to economic necessity, thus reducing by a corresponding percentage in theoretical analysis the possibilities of conscious regulation which are *objectively embodied in our system*." (The end of Ch. I, p. 76, *emph. as in the original*) But ahem, having ruled out a study of what is actually taking place, how does Preobrazhensky know what these objective possibilities are?

²⁹*Ibid.*, Ch. III. Sec. "Interest. The Credit System", p. 209.

²⁶*Ibid.*, Ch. III. Sec. "The Category of Profit in the State Economy", p. 200, underlining added.

²⁷*Ibid.*

"an entrepreneur who works with his own capital and does not pay interest to himself, though he may, for the salving of his book-keeping conscience, attribute some interest to himself in his ledgers."³⁰

But here we have a circular argument: such categories as "interest" were merely fictitious, because the state sector acted like a single entrepreneur; but how did one know that the state sector was completely unified—it was because such categories as "interest" were merely fictitious. In fact, the continued existence of "interest" might suggest that the state sector wasn't so unified after all, and that's why Preobrazhensky had to argue that "interest" was merely a ghost.

For Preobrazhensky, even the financial transactions between the state sector and its employees was only a formality. For example, he took up the question of loans floated by the state to the general population (something like U.S. savings bonds), and considered what happened when workers bought them. He wrote, with respect to "that part of internal loans which is subscribed by workers and wage-workers in the state economy" that "the workers and office-workers set aside part of their wages and give it back to the socialist accumulation fund; they receive in return for it not interest but something in the nature of a bonus for reducing their personal consumption."³¹ Does it change the nature of this interest to call it a "bonus" for foregoing consumption? Isn't that how vulgar bourgeois economists describe interest?

As regards credit given by one state enterprise to another, Preobrazhensky wrote that:

"We have here simply a redistribution, within the state sector, of new, free state resources. It is nothing more than an imitation of the *form* of capitalist relations, an imitation which will cease when the state economy finds from experience and gives organizational form to new methods of planned redistribution, methods which will conform better to the state economy's whole internal structure."³²

This was the same argument as before: if the state sector really was just one big enterprise, then such credit really was "simply" moving chairs from one side of the room to another. And once again, Preobrazhensky evaded the question of why, in this case, these capitalist forms persisted. He simply assumed that it was due to a lack of imagination on the part of the state planners, and that the form of credit actually contradicted the existing structure of the state sector. He gave no proof of this; he didn't suggest another organizational structure or, better yet, point to an alternate organizational form that had already been used in part of the state sector with excellent results. He simply asserted that, as credit and interest violated his picture of the state

sector, they must be insignificant.

Rent

Preobrazhensky also denied that land rent existed in the Soviet Union. This may seem strange, as it mainly concerned peasant production in the countryside, and his theory of the "commodity-socialist" system apparently emphasized that commodity production and its categories still existed in peasant production. So what threat did the concept of "rent" pose to his theoretical system? The problem was that land rent would now be paid in the form of various taxes to the state, and Preobrazhensky didn't want to admit that the state sector could have anything to do with such a capitalist category as rent.

So Preobrazhensky ridiculed that

"People have often discussed, and continue to discuss, with serious mien, the question whether the peasants pay absolute or differential rent (in Marx's sense of those categories) to the state in the form of the food tax, or now in that of the single tax, what rent a state enterprise pays to the local Soviet on whose territory it is located, and so on."³³

Preobrazhensky's argument was that

"rent, in Marx's sense of this term, is a category of the capitalist mode of production in its developed form, when it has conquered the sphere of agriculture. In other words, Marx analyzes in his theory of rent the production and distribution relations of pure capitalism, when the whole land is cultivated by capitalist farmers, while the ownership of it is in the hands of another class, the class of landowners."

Russian agriculture was, however, predominantly small-scale peasant production, so Preobrazhensky's triumphantly concluded that Marx's analysis didn't apply.

Preobrazhensky then cited several quotations from volume III of *Capital* in order to prove his point. The problem, however, is that Marx went on to say the exact opposite from what Preobrazhensky wanted him to say. Marx specifically pointed out that differential rent existed in small-scale peasant production where the peasant owned his own land and where capitalism was "relatively little developed" in the country. He said that differential rent "must evidently exist here much as under the capitalist mode of production."³⁴

Whoa, one might say. If the peasant owns his own land, then how does he or she pay rent? In this case, differential rent refers to the extra profit or surplus which a peasant makes when farming land which is especially fertile or otherwise advantageous compared to the land used by other peasants. Peasants who pay rent to a landlord or to richer peasants would

³⁰*Ibid.*, p. 213.

³¹*Ibid.*, p. 212.

³²*Ibid.*, Ch. III, sec. "Interest. The Credit System", p. 213, emphasis as in the original.

³³*Ibid.*, Ch. III. Sec. "The Category of Rent", p. 202.

³⁴Marx, Karl, *Capital*, vol. III, Ch. XLVII. "Genesis of Capitalist Ground-Rent", Sec. V. "Metayage and Peasant Proprietorship of Land Parcels", pp. 804-6.

usually be charged more for such land so that the land owner would capture this differential rent (hence the name, differential "rent"). Peasants who own the land, however, might get all this extra profit for themselves. But if there are various taxes on the peasantry, then, depending on how the taxes are assessed, they might amount to the peasant handing over the differential rent to the state. If the tax is the same for each peasant, or for each hectare of land, then it has nothing to do with differential rent. But if the tax has some relation to how good the land is (such as a tax on agricultural production), it might in part come from the differential rent.

Preobrazhensky however not only claimed that it was absurd to imagine that differential rent could exist in the countryside, but he also denounced the idea that land rent existed when a state enterprise paid some level of government for the land it uses. Here again was his argument that all transactions inside the state sector were fictitious. He asserted, as always, that it only looked like the enterprise was paying rent. It had

"only the outward appearance of a relation of capitalist society, copying only the form and title, and in fact being one of the ways in which planned distribution is misrepresented. If we transpose the corresponding graphs in the local and state budget, and also in the balances of the state enterprises subjected to [land-] tax, then all this rent will disappear like smoke; without the slightest change in the spheres of production, or that of distribution *between classes* (not merely between departments of one and the same class)."³⁵

He didn't say, however, why the state sector bothered to go through the bother of charging a land-tax (ground-rent), if it really made no difference. It took time and effort to bother about this tax, and if it was a charade, why didn't Preobrazhensky simply propose to abolish all land-taxes? Why not "transpose the graphs" and see if it really made no difference? But since under the self-financing system each state enterprise had to make a profit, it would seem that it would matter quite a bit to them whether the land-tax was on their "graph" or some other agency's graph. It might affect what and how much they could produce—contrary to Preobrazhensky's assurance that it would have no effect on production. Whether the land tax was in its budget would also affect what services a government body could provide to the population.³⁶

³⁵*Ibid.*, p. 207, emphasis as in the original..

³⁶Preobrazhensky's argument that a transaction between state entities (state enterprises and levels of government) doesn't affect distribution "between classes" was also off-base. Whether a government agency could spend more or less, and whether a state enterprise produced more or less, affected the whole population. But aside from that, his argument was based on the absurdity that all transactions between the same class were economically irrelevant. It would mean, for example, that

Commodity production

Preobrazhensky had to declare that profit, interest, rent and so forth were illusions, as far as the state sector was concerned, because he denied that commodity production itself existed in the relations between various state enterprises. This led him to try to prove that the use of money and prices was also a mere formality in a large part of the state sector. If he could show that money was a mere phantom, then he could declare every category based on money was also "fictitious".

To show that money was fictitious, he isolated certain types of financial transaction among state enterprises, and then *ignored their relationship with all other transactions*. Any one financial transaction, when taken as self-sufficient in itself, can be regarded as merely formal. Thus, Preobrazhensky declared:

"In these cases where the state appears both as monopolist producer and as only buyer of its own monopolized production, relations between state trusts are similar to the internal relations of a single combined trust. *Here the category of price is purely formal in character*, it is merely the title to receive from the common fund of the state economy a certain sum of means for further production and for a certain level of expanded reproduction."³⁷

But isn't one of the functions of money to be a "title to receive . . . a certain sum of means for further production"? One would have to show how this "title" differed in some essential way from the "title" usually conferred by money in order to conclude that its existence as money was purely formal. Otherwise Preobrazhensky's argument is as if one were to say that a passenger jet isn't an airplane—that's a purely formal name for it—really it's a machine for moving people from one place to another.

In fact, when one examines the chain of transactions of which one state factory supplying another was only a part, the reality of the money-function becomes clear. When two state enterprises in NEP Russia bought and sold from each other, the financial accounting didn't stop there. The financial balance that resulted affected whether each enterprise made a profit, and so survived under the self-financing system. The enterprise that sold goods in turn used the money it received to buy raw materials or to provide benefits for its employees. The enterprise that received means of production used them in its production, and the price of the means of production affected the prices it charged for its finished goods. This chain of consequences existed even in the case of those transactions between state enterprises which were mandated by some planning agency or other. When Preobrazhensky considered

³⁶(...continued)

all buying and selling between capitalists was fictitious too, because such transactions don't affect the distribution "between classes" but only redistributed things among the capitalists.

³⁷*Ibid.*, Ch. III, "Commodity, Market, Prices", p. 164.

one single transaction between two state enterprises by itself, he cut this continuing chain of transactions. But having done so, the individual transaction naturally looked isolated and purely formal. It wouldn't matter what price was charged, or if any price was charged, until one looked at the other links in the chain. To really show that money and the category of price was "purely formal in character", it would be necessary to show that one could dispense with them in the whole chain of transactions.

Preobrazhensky could not show that price and money were purely formal in this chain of transactions; that's why he had to concentrate on a single link. That was the only way he could ignore the fact that, in the self-financing system then in use, financial calculations clearly made a big difference to what happened. Whether the enterprise made a profit played a direct role in whether the enterprise could make other transactions, whether it could raise or lower its prices, in whether it could provide more benefits for its employees, in whether the management was regarded as successful, and even in whether the enterprise was regarded as viable or was a candidate for being shut down. Indeed, most of Preobrazhensky's economic work was devoted, directly or indirectly, to arguing about the level of prices that state enterprises should charge for their goods. He concentrated on what prices the peasantry should be charged for the industrial goods of the state sector. However, these prices were connected to what the state enterprises charged to others, and to what prices they used among themselves. It would seem that money and prices weren't such a fictitious category for state industry after all.

Nevertheless, later on in *The New Economics*, Preobrazhensky repeated the claim that money relations in the state sector were purely formal, and with less qualification than before. He stated that

"in relations within the state-sector, . . . the money relations have assumed mainly a role confined to calculation and accounting in relation to the means of production, while money is dying out in its role as one of the instruments for achieving spontaneous equilibrium in production."³⁸

Preobrazhensky also argued in general that the prevalence of money relations in the Soviet Union didn't necessarily indicate commodity production. He argued that "this form of exchange of goods for money, which is almost universal in our country, and the monetary calculation which goes with it, are taken by many as an index to" the extent of commodity production in the Soviet Union. He held that such a conception

"was undoubtedly . . . at the root of all that over-estimation of the role and significance of the laws of commodity economy which has prevented and still prevents many from grasping the true essence of our economic system. *However, it is quite wrong to say: the field in which exchange of goods for money prevails=the degree of*

importance of the law of value. This is wrong even in relation to simple capitalism, in so far as in the monopolistic period of capitalism the law of value has already been partially abolished, along with all the other laws of commodity production which are connected with it."³⁹

Here Preobrazhensky argued that monopoly and the state sector in general, and not just the state sector in a transitional economy, partially transcended commodity production. To make this claim, he identified commodity production with certain particular laws of pricing (which he regarded as the law of value). We will discuss the law of value in part two of this article. For now, what is important is that he regarded capitalist monopoly and capitalist state-monopoly as having, in part, replaced commodity production, rather than being its latest and highest phase.

True, the planning of vaster and vaster enterprises that occurs in monopoly capitalism helps show that economic planning is now feasible. Capitalist large-scale production wins one position after another, inadvertently creating better material conditions for socialist large-scale production. At the same time, monopoly capitalism has spread capitalism into every nook and cranny of the world, commercialized the last fields of endeavor that might have seemed resistant to the full dance of the dollar, and expanded commodity production immeasurably.

It transforms and modifies capitalism, but it doesn't overcome the laws of commodity production; instead it intensifies the contradictions of commodity production to fever pitch. For example the planning capitalist monopoly introduces in some fields is complemented by new crises of immense proportions appearing unexpectedly in the national and global economies.

Preobrazhensky's views about monopoly capitalism shed some light on his discussion of the state sector. He repeatedly argued that whenever a price in the state sector was not set spontaneously, or an economic transaction differed from what would take place in a classical free market, then it was a sign that commodity relations were being overcome. But by itself, this only showed that the Soviet state sector was similar to capitalist monopoly. Such arguments miss the fact that commodity relations can only be ended by eliminating the multitude of conflicting private interests, and only a true social control over the state sector could accomplish this. Monopoly capitalism, despite its planning of ever vaster enterprises, continually gives rise to a clash of private interests. To truly judge whether commodity relations were overcome, Preobrazhensky would have had to lay emphasis on the differences with capitalist monopoly.

The working class can't exploit itself

Preobrazhensky's theories led to a merely formal approach to the problems the working class faced in controlling the Soviet government and state sector. He argued that, as a matter

³⁸*Ibid.*, Ch. III. Sec. "Interest. The Credit System", p. 216.

³⁹*Ibid.*, ch. II., "The Struggle between the Two Laws", p. 140.

of theory, the workers couldn't be exploited by the state sector. Why?

"... The working class cannot exploit itself. The division of the proletariat between those workers who fulfil organizing functions and are better paid, and the rest, is a division *within a single class*, and in principle is not distinguishable from the division of this class into skilled and unskilled workers."⁴⁰

Thus Preobrazhensky assumed that, because the proletariat seizes state power and the state sector during the socialist revolution, an equal sign could be put between the state sector and the proletariat. Perhaps he would have replied to anyone who doubted this with the same sarcasm with which he replied to anyone who felt that commodity production still permeated the Soviet Union,

"Perhaps the replacement of private ownership by social ownership on all the commanding heights is merely a formal juridical act which involves no change in the *essence* of the system?"⁴¹

But in fact the proletariat has to devote tremendous effort to ensuring that the state sector acts as its revolutionary tool. The revolution ushers in a period during which the working class

⁴⁰*Ibid.*, Ch. III, Sec. "Surplus Value, Surplus Product, Wages", p. 188, emphasis as in the original..

⁴¹*Ibid.*, Ch. I, Sec. "The Method of Studying the Commodity-Socialist System of Economy", p. 74, emph. as in the original.

strives to take over the direction of the economy through a variety of means—through its party, through a workers' government, through workers' control at the workplace, through replacing the old bureaucracy and state apparatus with a system based on the masses, etc. It not only strives to build up the state sector, but to build it in a way fundamentally different from the old capitalist monopolies and state monopolies. Only thus can the state ownership of the commanding heights of the economy be regarded as a social ownership.

Preobrazhensky claimed that the managers and directors of the state sector (who he delicately called those "who fulfil organizing functions and are better paid") were just another part of the working class. But in fact one of the most profound struggles facing the socialist revolution is transforming the way production is directed so that these positions really do become just another function of the working class. Without this transformation, when workers enter into these positions, it may simply result in their leaving the working class and filling the ranks of a new exploiting class. In fact, as the Soviet Union degenerated into a state-capitalist society, a new ruling class did develop. The former capitalist class had been overthrown, and eventually large numbers of cadre from working class and peasant origin filled up economic and state posts. But a new ruling class was generated from the executives in state industry and the bureaucrats in government and party posts. According to Preobrazhensky's and Trotsky's theory, this is impossible, but it is what happened.

(to be continued) □

*Down with the devastation of the Iraqi people
by Clinton and the Saddam Hussein regime!*

Not another war for oil!

U. S. imperialism, out of the Persian Gulf!

The following two articles about the war crisis are from the Feb. 23 issue of *Detroit Workers' Voice* (#18), published by the Detroit Marxist-Leninist Study Group.

The Clinton administration has been threatening to bomb Iraq at the end of February. Although the deal on weapon inspections and sanctions brokered by UN Secretary General Kofi Annan may avert this attack, the conflict between the ruling classes of American and Iraq is likely to continue to simmer on and off. Despite what the capitalist politicians and newspapers say, this is not mainly a fight over UN resolutions, weapons of mass destruction, or democracy. It is instead a fight for influence over the oil-rich Middle East in general and the Persian Gulf region in particular. Clinton wants the Persian Gulf to be an American lake, with U. S. dictation over the flow of oil supplies. The Saddam Hussein regime, despite its defeat in the Persian Gulf war, still wants to become a local power-broker. The present crisis is just another episode in an ongoing cynical fight for influence over this region, with a big bully, the U. S. government, confronting a would-be local bully, the Iraqi regime. Meanwhile it is the working people of Iraq who are paying the bill.

It is time to say: Enough! Not another war for oil! Not another massacre of the Iraqi people for the sake of the geopolitical ambitions of the capitalist ruling classes! The threats to bomb Iraq yet again showed that the U. S. government remains an imperialist power, ready to send aircraft carriers and troops and bombers around the world. It is still trying to arrange the affairs of other peoples and nations. And it is doing so, as both the Clinton administration and the Republicans say, for "American national interests", which is how they refer to the interests of the oil companies and the multinational corporations. It is a crime for one country to bomb and invade another for its own "national interests". In city after city, activists have demonstrated against a foreign war for the profits of the American corporations. It is these protests that have told the world that the American workers, youth and activists don't support the chauvinism and militarism of the American ruling class.

We must display solidarity with the Iraqi people against both the savage policy of the Clinton administration and the heavy weight of the Hussein regime. The Iraqi people have paid heavily for the geopolitical ambitions of the ruling classes. The American capitalists want to get rid of Hussein, because he is quarreling with them, but only because they want to impose

another Iraqi strongman. It is only a new revolutionary movement of the Iraqi masses that can bring salvation to Iraq, and the U. S. government is opposed to such a prospect, which it calls the "breakup" and "destabilization" of Iraq.

A struggle for oil and empire

The U. S. government doesn't want freedom in the Middle East, just American domination. Moreover, the U. S. sees throwing its weight around in this area of the world as part of its plan of maintaining an imperial presence throughout the world.

Over the decades, the U. S. government has looked for local reactionary powers to serve as bases of its influence in the Middle East. It has backed Israel to the hilt in order to apply pressure on the Arab countries. But it has also looked for a suitable regime in Gulf region itself. For years U. S. policy centered on using the reactionary Shah of Iran to serve as its enforcer in the Persian Gulf, but the Shah was overthrown in 1979. The U. S. then looked to Saudi Arabia as its reliable watchdog, and it also sought to use Iraq as a counterweight to its neighbor, Iran. The U. S. played Iraq and Iran off each other, making use of long Iran-Iraq war of the 1980s. In the course of this, the U. S. helped arm Iraq and maintained friendly relations with Saddam Hussein which it only broke after Iraq invaded Kuwait.

Today U. S. policy banks on such reactionary monarchies as those of Saudi Arabia and Kuwait. Such maneuvers have nothing to do with democracy, and everything to do with oil and empire. If the U. S. government had had any concern for the people of Iraq or the Persian Gulf, it wouldn't have backed the decade-long slaughter of the Iran-Iraq war in the 1980s, nor would it have maintained a economic blockade that curtails food supplies to Iraq in the 1990s.

Testing of new weapons

Moreover, the U. S. government had some special interests that could have been advanced through bombing Iraq. For example, the U. S. military is anxious to try out its bloody toys, such as a new generation of "smart bombs". The American bourgeoisie hopes to maintain its world military supremacy through high-tech weaponry, and it trumpeted its easy triumph in the Persian Gulf war as a verification of U. S. military tactics and weaponry. But in fact the "smart bombs" of 1990 had a rather mixed record, and the Pentagon has sought

to improve them. But until the new weapons are tried in actual combat, they remain a question mark. The Pentagon was hoping to use Iraq as one gigantic shooting range.

Weapons of mass destruction

The Clinton administration says that it is simply interested in preventing the development and use of weapons of mass destruction by the Iraqi regime—namely, chemical, bacteriological and nuclear weapons. This is a cynical lie. The U. S. and other western powers helped arm Iraq, and the U. S. saw nothing wrong with Hussein using chemical weapons against Iran during the Iran-Iraq war. What is different now is that the U. S. government is quarreling with Iraq and afraid that Iraq might target the wrong areas.

Meanwhile the U. S. government has also helped other governments in the region obtain weapons of mass destruction, such as Israel. Israel has nuclear weapons, and there is not the slightest doubt that, should it ever suffer military defeats on the scale that Iraq had, it would use these weapons, and it had contingency plans to incite a general nuclear war.

Moreover, the U. S. has large stockpiles of weapons of mass destruction, and the U. S. government—no matter whether there was a Democratic or Republican president—has consistently refused to pledge not to be the first to use nuclear weapons. It was U. S. military policy to make first use of nuclear weapons in Europe if there was a war with the Soviet Union. And the U. S. government thus holds open the option of first use of nuclear weapons, should it suffer a deep defeat. Meanwhile the U. S. helps arm various of its allies with nuclear or other weapons of mass destruction.

As a result, whether the bombing takes place or Kofi Annan's deal holds, whether the UN inspectors go back to work in Iraq or not, whether Hussein or Clinton comes off better in the showdown, there is a continuing danger of the use of weapons of mass destruction in the Persian Gulf. This danger is from both sides. Hussein has used chemical weapons in the past; and he is willing to suffer sanctions indefinitely and go to the brink of war to preserve Iraq's chemical, bacteriological and nuclear possibilities. The U. S. and various of its allies also maintains these weapons. The only way to restrict the use of these weapons is to develop a revolutionary movement against imperialism and the capitalist classes.

Both sides are wrong

It might seem to be commonsense to imagine that one side or the other in a confrontation must be right. But commonsense isn't always right. And in this case, both sides are in the wrong. Clinton's drive to bomb Iraq is a criminal act, but this doesn't mean that there is anything good in the struggle of the regime of Saddam Hussein to build up weapons of mass destruction. We must stand for the third side, the side of the masses. It is this side which suffers in Iraq from both the U. S. squeeze and the Hussein tyranny and which suffers in the U. S. from the ongoing offensive against workers, minorities and immigrants.

Meanwhile the Clinton administration doesn't even pretend to be supporting democracy in the Persian Gulf. The Saudi Arabian theocracy is one of the U. S.'s closest allies. And take Kuwait, which will be one of the bases for American aircraft striking at Iraq. The Clinton administration doesn't say a word over the denial of democracy in its close friend, Kuwait. Kuwait is a reactionary monarchy, ruled by the al-Sabah family. More than half the population is denied even the right of citizenship. When the U. S. army liberated Kuwait from Iraqi annexation, it looked on with indifference as the Kuwaiti monarchy stepped up its oppression of "foreign" laborers, many of whom had been born in Kuwait or lived there for most of their life.

The struggle of the Iraqi people

U. S. imperialism isn't interested in the welfare of the Iraqi people, the Kurds, or the other peoples of the Middle East, and it will never be. It is up to the workers of this country to support our Iraqi class brothers and sisters including the Kurds. The Iraqi people have fought against imperialism, especially British imperialism, and the local Iraqi monarchy in the past; various sections of the Iraqi people have fought against the Hussein regime; and a revolutionary movement will arise again someday.

The Hussein regime itself results from the strangling of the hopes of the Iraqi people. In 1958 the Iraqi monarchy was overthrown. Eventually, in 1968 the Ba'ath Socialist Party seized power in a military coup. But this party, although it talked in the name of "Arab socialism", actually sought to build up Iraq as a capitalist power. It succeeded in nationalizing the oil industry and using the oil revenues to spur economic development, but it also suppressed the rights of the working people. An authoritarian regime developed under the one of the Ba'ath's key leaders, Saddam Hussein. Step by step, as Hussein's regime has developed, it has taken away the gains won by the Iraqi people in struggle. The task facing the Iraqi people is to build up an opposition movement that is based on the interests of the toilers, not on the interests of other bourgeois strata.

Our tasks

Here in the U. S. the Iraq crisis demonstrated that the American government has kept its military ambitions despite the end of the Cold war. This means that the struggle against U. S. imperialism remains on the agenda. It shows that U. S. military intervention around the world will not end until capitalism is overthrown and the workers run this country.

To fight this imperialism, we must seek to build up the closest solidarity between the American workers and those in the Persian Gulf and elsewhere around the world. The only security that we can have against new military adventures or the use of weapons of mass destruction by the U. S. government or by other governments is rebuilding the workers' movement throughout the world. Today the workers' movement is disorganized all over the world, but this will not last forever.

All capitalism has to offer us is one crisis after another—an economic crisis in East Asia, a military adventure in the Persian Gulf, mass layoffs here, and mass slaughter there. The same system that wages war abroad oppresses us at home; the same system is responsible for both war and economic exploitation. This is why the Democrats and Republicans cannot

dominate politics forever, and why an independent workers' movement will eventually arise. Let us protest the present Iraq crisis not just to display solidarity with the Iraqi people and encourage a liberation struggle for their freedom, but also to help bring closer the day when a powerful liberation movement will arise here in the U. S. as well. □

Protests hit U. S. war drive

The shouts of angry protesters are ringing out against the war drums of Clinton and his media flunkies. In Columbus, Ohio, the administration and CNN tried to stage-manage a phony "town hall" meeting to promote the war, but anti-war slogans drowned out the speech of Secretary of State Albright and activists challenged the government's lies and hypocrisy in the brief chance they had to make comments. A 300-strong demo was also held.

The next day U. S. UN rep Richardson was shouted down

by 150 protesters at the U. of Illinois, 250 people participated in a forum challenging the pro-war editors of the school newspaper who mocked a campus protest the week before. On Feb. 21, over a thousand people protested in San Francisco. Dozens of other protests were held or scheduled, including big regional actions in San Francisco and New York on Feb. 28. Join the protest! Raise your voice against the oil war at workplaces, communities and schools. □

Correspondence

Questions on the “deformed workers’ state”, NEP, and state-capitalism

2-24-98

Dear CV,

I am enclosing 4 booklets published by the SLP. I am also enclosing a xerox copy of a booklet published by the Organization for a ML Worker’s Party. The booklet on Cuba you might find interesting. I would appreciate any criticism, positive or negative.

Could you explain the difference between the Trotskyist theory of the “Deformed Workers State” and the theory of “State Capitalism”? The reason I am asking you this question: The (NEP) New Economic Program, which was initiated by Lenin. The NEP restored a temporary form of capitalism to the USSR. Do you view this as State Capitalism?!

What is your view of the Marxist concept of the corruption and bribery of the proletariat, due to the fact that the proletariat of the “advanced” imperialist countries share in the super-profits of the exploitation of the oppressed nations. I am not just talking about the U.S. workers, but also the workers of Western Europe, Canada, Japan, Australia, ETC!....

With proletarian regards,
TB □

Reply: Marxism vs. the Trotskyist theory of the “deformed workers’ state” and the De Leonist SLP

March 12, 1998

Dear TB,

You ask whether we view Lenin’s NEP as “state capitalism.” We do not think that temporarily employing certain capitalist methods during the transition to socialism proves that the society as a whole is state-capitalist. There are many objective reasons why it is impossible to abolish all the remnants of capitalism overnight. At the same time, I believe that the idea that the overall transition period to socialism is simply “state- capitalism” is wrong. There is a distinction between a state-capitalist society such as the system consolidated under Stalin, in China or in Cuba and a society making progress in bringing the mass of toilers into taking responsibility for establishing control and organization of the new economy.

Lenin’s hopes for the NEP period rested on the latter idea. Lenin considered socialism to be more than simply national-

ization. Indeed, he was concerned that the revolution had found itself with more nationalized property than it had the ability to run. As well, the vast petty-production in the countryside could not decreed out of existence. In this situation, he put forward a series of measures aimed at bringing the capitalist features of the economy more under the control of the workers. If the workers could succeed in such control over the capitalist elements and organize themselves to work in a disciplined fashion, this would not yet be full social control of the means of production, but would be creating the conditions for this.

While this was Lenin’s conception of the NEP, this doesn’t answer the question whether in practice the NEP era should be considered part of the transition to socialism or was society pretty much consolidating along state-capitalist lines. The NEP measures did mitigate the extreme antagonisms that had developed between the state power and some sections of the peasantry and workers. But were the workers making progress in asserting their control over society or had an irreconcilable gulf developed between the government and the toilers? As an organization, we have not reached a conclusion about how well this period measures up. Here I am merely raising that there are some criteria for differentiating a transition to socialism from that of revisionist state-capitalism.

Regardless of where one places the NEP years however, I think that there’s no doubt that an entrenched system of class oppression eventually developed in all the revisionist states. When anarchic production continues for 40 to 70 plus years and class stratification hardens, a new form of capitalism exists no matter whether the regime claims to be on the road to socialism or not. When the mass of workers are simply the ruled subjects of a bureaucratic elite, this is not a country in transition to socialism. When the theories promoted by the party and state leaders twist Marxism beyond recognition, set up roadblocks to revolutionary struggle and do not advocate change beyond a few tweaks of the status quo, this is not a revolutionary social system.

The Trotskyist “deformed” or “degenerated workers’ state” is a cover-up of societies that have long-ago abandoned any right to call themselves “workers’ states”. The Trotskyist theory is that until nationalized property is privatized, the economy is still basically socialist even though some bad bureaucrats may be running the country. Many Trotskyists will have criticisms of the bureaucrats and even call for “political” revolutions against them. But since these states are allegedly workers’ states (minus the workers running anything!) the Trotskyist view winds up apologizing for numerous crimes of revisionists. As well, as the “political revolution” looks favorably on the present organization of state property, it balks at a *social* revolution and confines itself to changing the leadership.

I briefly glanced at the SLP pamphlets you sent. Perhaps in my haste I have missed something, but here are my initial

impressions. The SLP is right when it says the Castro regime is oppressing the workers. They point to any number of atrocities of the regime and knock down some of the hypocrisy of those who try to justify these crimes.

However, they use the crimes of the Cuban bureaucrats to disparage the idea that the proletarian revolution requires a proletarian party.⁽¹⁾ Thus, the SLP claims that the bureaucratic methods of the Cuban party are the inevitable result of being a "vanguard" party. In other words, they dismiss the idea that the proletariat should form its own party composed of its most class conscious members which is supported by the workers and seeks to release their initiative in the building of the new society. And they chafe at the notion that such a party should take power as if this negates the workers' running society. The SLP fuming against the party concept is such that they wind up denouncing Cuban party members for doing such things as reporting administrative problems at the plant level to higher administrative bodies! They consider this as proof of opposing rank-and-file participation. Evidently the SLP thinks that if the workers have a complaint against bad local managers, it violates their initiative to raise the issue with higher bodies. Presumably it's only of concern to the workers of that plant and higher bodies representing the interests of a broader section of the workers should have no say in the affairs of "their" plant.

This is in line with the anarcho-syndicalist De Leonist ideology of SLP. They hold that the trade union form of organization suffices to organize the revolutionary struggle and the future socialist society. For them, a proletarian party taking power would interfere with the only legitimate form (in their eyes) the "socialist industrial union." The De Leonists claimed that the socialist industrial union supplanted the need for the dictatorship of the proletariat as well. Their semi-anarchist approach was that as soon as the bourgeoisie was overthrown, the "political state" would cease to exist and along with it political parties.

I noticed in one of the SLP pamphlets on the Soviet Union that they insist it is wrong to call the Soviet Union state-capitalist because something beyond capitalism has evolved there. The view that capitalism has been abolished is based on the idea that planning and state property are big factors. Thus, even though the SLP admits that there's "no universal interest in making the plan work" and "large elements of chaos" they hold that planning prohibits the economy from operating as it does in the pure market way. The problem with this is that if planning is what's restricting real capitalism from developing, then the lack of social planning that they admit to opens wide the door for the capitalist features they claim aren't characteristic. To get out of this difficulty, they fall back on the fact that the economy just doesn't look like the market economies. But why would the SLP expect state-capitalist economic forms to look just like the market forms?

History has shown that the private interests in the Soviet Union were very powerful indeed. Thus, within the womb of state-capitalism, private capitalist interests emerged and shattered the old bureaucratic system. This confirms the falsity of the SLP view that planning prevented real capitalist interests from developing.

You also ask about the bribery of the proletariat of the advanced countries due to super-profits from the oppressed nations. That there is a stratum of bribed workers in the advanced countries is true and it's true that the superprofits from imperialist world domination are a factor. I would not agree that the working class in these countries as a whole is bribed. But the labor aristocracy, and the trade union officialdom that has arisen from its ranks uses its privileged position to spread its influence among the class as a whole. Our view is that there exists a basis to carry out revolutionary work among the workers in the imperialist countries and counter the influence of the bribed stratum. ...

Revolutionary greetings,
Mark, for *Communist Voice*

Notes:

1) The following note was not part of the original reply. The SLP claims to uphold the need for a proletarian party. But the role of the party according to the SLP is essentially to cheer on the various mass organizations that develop in the workers' struggle. Thus, they rail against the party "leading" the workers struggles as an alleged hindrance. The SLP reduces the party to an educational association, not one that itself mobilizes the workers for revolutionary action. The SLP pays lip-service to opposing social-democratic ideas of trailing behind the spontaneous movement, but attacks the idea that a proletarian party should assign itself the duty of overcoming the limits of trade union consciousness.

Of course, trade union consciousness, i.e., the realization that the workers need to battle the employer over their immediate conditions, is something the workers spontaneously develop even without a party. If there is no need of a party to take the mass of workers beyond what they already know, then there's not much left for a proletarian party to do. In line with this, the SLP denounces the idea of a party having some members who can devote full-time attention to the needs of the revolutionary movement, that is, they denounce parties which have "professional revolutionaries." Evidently it's OK for the bourgeoisie to have professional strikebreakers, professional political police, professional propagandists for reaction, but the proletariat has no need of highly-trained leaders to combat the well-developed bourgeois apparatus of repression. □

About some 'left'-communist and other views on Cuba

Dear CV,

I am enclosing several xerox copies of articles you might find interesting. I would appreciate any comments, negative or positive. I became aware of your organization from a mutual friend!

Sincerely,
L, Boston

Reply: On Cuba

April 5, 1998

Dear L,

Sorry for the delay in replying, but other work got in the way. You asked what I thought about the articles you sent me, so here goes.

The article "Cuba is a capitalist hell" proves that it takes a lot more than cursing everything in Cuba to provide a revolutionary criticism of the state-capitalist system there. The main problem, according to the author, is that Castro led a national liberation struggle. This is a mortal sin for "left"-communists for whom the only really legitimate struggle is the world socialist uprising. Until that great day, every other struggle is simply a stalking horse for one or another exploiter, and hence the workers should abstain.

In order to lend a theoretical cloak to their opposition to the actual revolutionary motion of the toilers, the "left"-communists claim that it is impossible for the masses to win any improvements in their conditions because capitalism is in decay and no further development of the productive forces can now take place. Unfortunately for the "lefts," the world does not obey their theory. Only the blind could deny that there have been many mass struggles that have led to real gains for the workers and poor. Likewise, only "theorists" who ignore what's actually been happening can deny that capitalism can no longer grow.

No doubt that capitalism cannot escape crisis, ruins the masses and the environment, etc. Exploitation will not end until capitalism ends. But the conclusion drawn by the "lefts" is that it is irrelevant what sort of conditions the workers must endure under capitalism. From their standpoint, it doesn't matter if the workers are denied all rights, suffer from semi-slave conditions, are crushed by colonial oppression, or brutalized by racist terror and discrimination. Likewise they turn up their noses at revolutionary peasant uprisings. After all, radical agrarian reform does not in itself go beyond capitalist relations.

Under the banner that Castro waged the forbidden national liberation struggle, the article tries to deny that there was any progressive content to the Cuban revolution. It's one thing to show that the revolution led not to socialism, but a repressive, state-capitalist order. But the article insists on trashing certain radical reforms that benefited the masses. Indeed, it goes so far as to paint the Batista regime as a high-wage paradise for the workers that was unfortunately done in by the Cuban revolution.

In the midst of glorifying the Batista regime, the article mentions the huge gap between the urban population and the masses in the countryside who lacked even education, health care and employment. Even pro-imperialist authors concede the revolution considerably improved the situation of the rural masses in these areas. But this article insists this was a mirage.

What about the agrarian reform? The article fails to mention that land was redistributed from the big landowners to many thousands of peasants. It only mentions the fact that the Castro

regime exploits the agricultural workers, but not the fact that in the good old days, huge numbers of these workers were unemployed for months on end and their conditions generally worse.

What about education? I think it was a positive development that there were major campaigns to bring education to the countryside and urban poor. But all the article can see is that education was used to promote the regime. Perhaps the author would abolish public education in the U.S., too! After all, it doesn't provide a socialist education and the content is often reactionary. Who cares if the workers can read or write?!

Health care? Yes, the article admits that free health care was established. But, the article whines that free health care was more "profitable" for the regime because it meant the sugar workers wouldn't collapse in the fields. Maybe the author would prefer the good old days in Cuba. When sugar was harvested by slaves, they were literally worked to death. After slavery, the agricultural worker might have no work or income for lengthy periods. But the author considers it a *step backward* when the regime provides employment and health care!

No doubt, the apologists of Castro glorify the social programs and life under the regime in general. If the article just hit against that, it would make a valid point. But it is stuck in its absurdly "left" viewpoint that undermines any of its legitimate criticisms of the regime.

I also looked at the *Workers' Tribune* articles on Cuba. On the positive side, they say there was a revolution which carried out certain reforms, but that it was not a socialist revolution or led by the workers. However, I was not clear from the articles I read what attitude they had towards the bourgeois-democratic reforms that took place.

The articles note Cuba's ties to the world capitalist market and give some examples of the negative effects. They also are critical of the Soviet-Cuban alliance. All this is legitimate.

At the same time, they portray the ills of the revisionist, state-capitalist economies as mainly due to their ties to Western capitalism. This is what they use to show that Stalin led a real socialist society while Khrushchev betrayed socialism. Stalin was a real communist because in his day the Soviet Union had an economy relatively insulated from the vagaries of the world capitalist market, and after Stalin, the Soviet bloc became tied to the West.

This is not correct. First of all, a closer look at the Soviet economy under Stalin shows that beneath the veneer of planning, anarchy of production reigned. The economy grew, but severe problems were developing. As well, a new class society was developed with a vast gulf between the toilers and the bureaucratic elite. The Soviet economy did not rely on ties to the Western bourgeoisie, but its economy and society was rotting from the inside.

Secondly, in the post-WWII period, Stalin created panaceas about economic ties to the West in the name of the elimination of the two separate markets. He had hopes that the wartime alliance would become a general alliance of peaceful economic cooperation to the benefit of all. Needless to say, the mainstream Western bourgeoisie was not interested at the time and

the idea collapsed. Over time, however, certain East European countries did develop significant ties to the West.

Despite the fact that eventually there were ties to the West, I highly doubt that the economic debacle of the Soviet Union was mainly caused by that. As for Cuba, economic ties to Western capital were more important. But this still doesn't explain how the dominant state sector operated. Actually, the way the Cuban state sector operated bears a good deal of resemblance to how the Soviet economy functioned under Stalin. True, fluctuations in the sugar market have rocked the Cuban economy. But even here it doesn't explain everything because Castro's main market was the Soviet Union and Eastern Europe.

I also noticed that *Workers' Tribune* had a penchant for attaching a call to turn the imminent inter-imperialist war into a socialist revolution to a number of articles including those on Cuba. It's off-base from a number of angles. A major inter-imperialist war was not imminent in the early 80s, nor was the socialist revolution in response to it. So it doesn't have much to do with what was actually going on. Maybe the idea was to look more revolutionary than anyone else by giving a super-"left" looking slogan regardless of whether it was appropriate at the time. (This doesn't mean it was wrong to build a movement against our own imperialist rulers, only that their approach didn't assist this.)

It's also strange that when talking about Cuba, the main call revolves around the conflict between the U.S. and USSR. That's an issue, but U.S. imperialism also used it as a smoke-screen. The U.S. government created hysteria about Soviet-Cuban interference in Central America as if the revolutionary movements existed because of some plot in Moscow and Havana. But the main issue there wasn't the U.S. vs. the USSR but the masses vs. their own dictators and exploiters and their U.S. backers. Thus, though it may seem odd, the very "left" phrases about overthrowing the U.S. bourgeoisie wind up showing the issue of the actual mass struggle in Central America into the background. I'd have to know more about *WT*'s overall stand to understand how agitating this way fit in with their overall views, but it strikes a strange note.

Revolutionary greetings,
Mark, for *Communist Voice* ☐

Correction to the last issue

(from issue #18)

In the correspondence column in the last issue of *CV* (Vol. 4, #2, April 20, 1998), there was an error in the "reply on Cuba" on p. 55.. The last sentence of the third paragraph should have read "Likewise, only 'theorists' who ignore what's actually been happening can hold [not, can "deny"] that capitalism can no longer grow." ☐

A note on planning in the future society

Our last issue carried lengthy excerpts from an e-mail correspondence between JP Monteiro, a frequent contributor to the Portuguese journal *Política Operária*, and Joseph Green, editor of *CV*. We carry below a brief note from Monteiro to Green. Since then, the wide-ranging exchange has continued at length, and we hope to carry more of it in the future.

Sunday, Feb. 1, 1998

. . . Yes, I have received and read the last issue of *CV*. Thanks also for sending me the previous one that I had lost. Good work on Mexico, on the Soviet Union, on East Asia and again on dependency theory. *CV* has become one of my readings of reference.

On our exchanges about communism, you had to make editorial choices (as I have had) and I'm not going to discuss them. I can't agree however with the title: "Debating planning in a revolutionary society". As you know, my views (against planning, administrative apparatus, etc.) refer to a full communist society — not a transitional or revolutionary one. This is something that will probably take at least two or three centuries to develop and will take place in a technical and social environment that we cannot but imagine. Viewed from today, it is something of a science-fiction scenario. It has, however, a scientific base, established by the founders of Marxism, and that's why I take issue with [make an issue of] it. Another reason is that I think we are in a dire need to capture the imagination of the workers in general, and of the youth in particular. I think this will take an important part in the reconstruction of the communist movement.

I feel it is important to emphasize this because I think it has somewhat been a source of incomprehension (from you and from my friend Viraj also). I'm not an utopian and I don't think there is a drop of "semi-anarchist influences" on me. It's just that the society I picture is not for tomorrow or for the day after the proletarian revolution. It's a long, long way ahead.

Comradely,
João Paulo Monteiro ☐

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