MARC LINDER
REIFICATION AND THE CONSCIOUSNESS OF THE CRITICS OF POLITICAL ECONOMY

STUDIES IN THE DEVELOPMENT OF MARX' THEORY OF VALUE
CHAPTER IV
CUBA

The human specimen has an invisible umbilical cord that binds him to society in its general effect: the law of value.¹

We will not have a socialist consciousness and a communist consciousness with the sign of the peso in the mind and in the heart of the men and women of the people.²

Comparative studies lend themselves quite readily to drawing parallels that are as otiose as they are artificial. Formal, point by point comparisons are therefore not in order. Rather, given the framework of the transition period, an attempt is made to examine the specificity of the Cuban transitional society insofar as it explains the practical-theoretical revolution of capitalist commodity production. Subjective estimations of theoretical positions, on the other hand, are equally irrelevant: the apportioning of merit and reproach to persona pronounces upon its own sterility.

A. Metamorphoses

The 26th of July movement initiated a process that compelled the former to supersede itself merely in order to exist. The efforts to gain national sovereignty on the basis of an industrialized economy providing a human standard of living for an imperially exploited and thus distorted society were


thwarted by a phenomenon which, rejected both by bourgeois modernization theory and by Latin American fascist demagogy, could be understood only through collective practical experience: monopoly capital imperialism.

Unlike pre-revolutionary Russia, Cuba was not itself a colonial exploiter; nor however was it forced to carry out an extensive anti-feudal revolution. The massive presence of foreign, particularly of U.S. American, monopoly capital both in industry and in agriculture, generated an anti-imperialist consciousness


4 Cf. the conclusions of Maurice Zeitlin: "Unemployment and underemployment in the working class served as a constant source of radicalism...because of the 'transparency' of the connection between the workers' unemployment and the economic structure as a whole. The irrationality of a system that could give them full employment scarcely more than a part of the year, and the recurrence from year to year of this 'boom and bust' experience of employment and disemployment, was visibly rooted in the peculiar nature of Cuban capitalism, and, too, in its ultimate dependence on and control by foreign capital." (Revolutionary Politics and the Cuban Working Class [NY, 1970], p. 280.) With respect to the connection between imperialism and unemployment it must be kept in mind that in Cuba, as in many other areas of the imperialized "Third World," foreign capital intentionally withdraws land from cultivation so that the peasants are cut off from the land and hence from access to a refuge from factory or rural wage labor; in other words, foreign capital (or national capital for that matter), by buying up land and purposely letting it lie fallow, forces the peasant population into the reserve army of the unemployed by separating this population from the only other possibility to provide itself with a subsistence living. This process is historically an essential factor in the rise of capitalism—namely, the often violent expropriation of the immediate producers and their transformation into "free" laborers. On this process of "primitive accumulation" see Kap., I, chapters 24 and 25; Gr., pp. 363ff. For a description of the situation in Cuba see Edward Boorstein, The Economic Transformation of Cuba (NY-L., 1969), p. 4; for a similar account of the treatment of Latin American Indians see Andre Gunder Frank, Capitalism and Underdevelopment in Latin America (NY, 1969), pp. 135ff.
which, when confronted with a certain conjuncture, could easily become anti-capitalist. Such a conjuncture was in fact forthcoming in the form of U.S. American political, economic and military struggle against Cuban autonomy.

Among the peculiarities of pre-revolutionary Cuban society relevant for our context is the decisive role played by the agricultural proletariat; for as a result of the lack of significant feudal relations, the rural wage workers did not pose demands for division of the land following the revolution and hence agrarian reform took a different form from what had been common in Eastern Europe.

Similarly, the fact that the revolution started from the countryside at a time when Cuba was not undergoing an acute periodic economic crisis—rather, world market demand for sugar had reached high levels—meant that the national bourgeoisie did not participate intensively in the Revolution. This circumstance obviated the need for a semi-state-private mixed sector of the economy after the Revolution.5

The severe fractionation of the Cuban manufacturing working class into unionized and relatively well-paid groups versus the remainder must also be taken into account, for it led to varying degrees of support for the Revolution and varying responses on the part of the Cuban leadership to preserve the loyalty of the entire working class.6


If within imperialist societies the rubrics of national product and national income are mystifications insofar as they neglect classes, portraying the producers and/or receivers as one undifferentiated unity (Volkseinkommen), this mystification doubles itself in imperialistically exploited societies insofar as a large part of the economy does not belong to any part of the "nation". The practical consequences of penetrating this mystification assumed radical form in the period following the seizure of power: national and international class struggle.

In May, 1959 the first Land Reform was carried out, at the expense of the latifundia, providing small farmers, who had had no property rights, these rights and a maximum of sixty-six acres of land; the landless rural workers, however, received no land, 80% of the old estates being collectivized. This first phase represented an attempt to redistribute wealth and increase production primarily by expanding department II (means of consumption). By the end of the second phase, a transition to national-democratic state capitalism, in 1960, 80% of industrial

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7 Michel Gutelman, L'agriculture socialisée à Cuba. Enseignements et perspectives (P., 1967), p. 19; Leopold González Aguayo, La nacionalización de bienes extranjeros en América Latina (Mexico City, 1969), I, 159, n. 116. Of the twenty-two most important sugar cane latifundia (= 1,793,020 ha.) nine were Cuban (= 620,005 ha.) and thirteen North American (= 1,173,015 ha.); of the latter the three largest were Cuban Atlantic, American Sugar Refining, and United Fruit. Gutelman notes that "these properties had been acquired for the most part, at the beginning of the century, for a song."

8 E. Boorstein, The Economic Transformation of Cuba, p. 44.
capacity, and 30% of the land (including 45% of the sugar cane area), had been nationalized. The third, explicitly socialist, phase, beginning in 1961, was characterized by: 1) the reorganization of INRA (the National Agrarian Reform Institute), leading to the creation of Granjas del Pueblo. The rapid creation of state farms was necessitated by the hundreds of thousands of land workers who had served as agricultural proletariat to the sugar cane latifundia, thereby developing a corresponding consciousness:

The relations of production...transformed the mentality of those peasants who were proletarianized in such a way that the principal longing of the great majority...was not to obtain a piece of land, but rather a remunerative wage and their social rights as workers.

Thus the previous attempts at collectivization had proved unsuccessful, for "those transformed from agricultural workers into collective farmers smashed the capitalist administrative apparatus without replacing it with an equivalent or better one...." This contradiction was thus solved by the Granjas del Pueblo; 2) industrialization through budget deficits; and 3) the monopoly of foreign trade.

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9 Ibid., p. 32.
13 Sergio de Santis, "Bewusstsein und Produktion. Eine Kontroverse zwischen Guevara, Bettelheim und Mandel über das Ökonomische System in Cuba," Kursbuch, #18 (1969), pp. 80-82. The Italian original, Critica Marxista, III/5-6 (1965), was inaccessible.
An instinctive revolt against the sugar dominated imperialist past led during 1962 to an ill-advised diversification program resulting in the exhaustion of internal accumulation. The 1962-65 Plan suffered from the lack of domestic industrial raw materials and sources of energy. The impending crisis in the summer of 1963 secured the return of the predominance of agriculture, especially of sugar; a second Agrarian Reform in October, 1963 expropriated all intermediate farms (70-400 ha.); and the hitherto scattered people's farms were integrated under an INRA elevated to ministry status.

The strategy then proposed to gain enough foreign exchange from sugar exports in order to pay for industrial imports. The regularity guaranteed by contracts with the socialist bloc was required by the transition to a planned economy. Of major importance with respect to economic policy, and certainly decisive in drawing the lines in the coming debates, was the question of how long this strategy should be employed. Guevara proposed a process of substitution for imports, beginning in 1970, "on the basis of an industrialization programme of great scope." Huberman and Sweezy appear to attribute absolute validity to the original strategy:

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15de Santis, p. 84.

16Ibid., pp. 84ff.

17As S. Tutino, "Lettera dall' Avana," Problemi del socialismo, X/32 (1968), 971, points out, not even China's commercial flow underwent the abrupt rupture suffered by Cuba.

...It became increasingly obvious that Cuba's demand for industrial products was not, and under no conceivable circumstances could become, large enough to justify the establishment of a wide variety of modern, technologically efficient industries.19

There are a number of intricate factors involved here. Although historically a major sugar grower, Cuba is, in absolute terms, not one of the most naturally fertile areas for cane sugar; it ranks ninth or tenth, attaining 20-25% of the Hawaiian level.20 On the other hand, it has been suggested that Cuba could nonetheless "finance" its industrialization on the basis of "comparative advantages";21 since Cuba produces sugar more "cheaply" than any


"One says to us for example that free trade would bring into existence an international division of labor and would thus assign to each country production harmonizing with its natural advantages.

You do not believe, gentlemen, that the production of coffee and sugar is the natural vocation of the West Indies.

Two hundred years ago nature, which does not care about trade, had planted there neither coffee trees nor sugar cane." Gutelman, p. 24, states that Cuba grows higher grade sugar, averaging 12-13% against 9-10% of other countries; this is not borne out by the Cuban study, which estimates Cuban cane at 12%, Taiwanese at 12.9%, Australian at 13.9%, Puerto Rican at 12%, and Hawaiian at 11.4%. CS, no. 56, p. 173.

other socialist country, it would be to the "advantage" of the Soviet Union and of Cuba to exchange means of production for sugar.\textsuperscript{22} Huberman and Sweezy conclude "that if prices are set in reasonable relation to costs, the Soviet Union can reduce the average cost of its sugar consumption by exchanging what Cuba needs for Cuban sugar...."\textsuperscript{23} "Reasonable" of course refers to the workings of the law of value among socialist countries, although this aspect was apparently not a topic of discussion at the time of Cuba's economic re-orientation; nor was it included in the debates. Guevara, however, returned to this matter in 1965, and it will be taken up accordingly.

As this new phase began, the Cubans recognized that a collective effort would have to be organized to overcome the peculiar mixture of "guerillerismo" and artificially imported bureaucratic planning methods,\textsuperscript{24} which meant that not only would the validity of Soviet development for Cuba have to be examined, but also Cuba's own brief tradition of empirical-utopianism.\textsuperscript{25}

\textsuperscript{22}Dumont, p. 126, states that natural fertility in the Ukraine is approximately one-half that of Cuban cane sugar; Gutelman, pp. 21f., goes so far as to assert that, since costs of sugar production in the Soviet Union at $6/lb. are three times as high as in Cuba, even though $6/lb. would exceed the world sugar market price, it would nevertheless be justified for the Soviet Union to pay Cuba partly in dollars inasmuch as it would have to pay in dollars on the world market, while its additional demand would raise the world market price. Cf. Boorstein, pp. 187f., on the intricacies of the world sugar market.

\textsuperscript{23}Socialism in Cuba, p. 78.


\textsuperscript{25}For a further review of early developments in the Cuban economy following the seizure of political power see Dudley Seers, Andres Bianchi, Richard Jolly and Max Nolff, Cuba. The Economic and Social Revolution (Chapel Hill, 1964), esp. chapters 2 and 3 on agriculture, and 9 and 10 on industry. H.M. Enzensberger, "Bildnis einer Partei. Vorgeschichte, Struktur und Ideologie
B. Debates

As one of the participants subsequently indicated, the debates centered about two pairs of problem complexes: first, economic policy, relating to a) industrial organization, and b) incentives; and secondly, economic theory, with specific reference to a) the law of value, and b) the nature of the means of production produced and consumed within the socialist sector. And although Mandel is again correct in locating the Budgetary Financing system as the central aspect of the debates from which ultimately all other issues derived, he tends to impute unjustified significance to the pragmatic factors; for this debate tendentially represented a re-examination of the qualitative differences both between socialist revolution in the "Third" world and so-called modernization, and between so-called affluent consumer capitalism and the advanced socialist countries.

It is particularly important to emphasize this inasmuch as many writers, including supporters and outright enemies of Cuban socialism, have misconstrued the debates, their outcome, and especially Guevara's role therein. Although leading to disparate

der PCC," Kursbuch, #18 (1969), 212f., points out that the July 26th Movement maintained a rather skeptical attitude towards Marxist theory in light of the supposedly conservative politics of those Latin Americans devoted to it; on the other hand, Enzensberger sees a deep pragmatic influence stemming from the long North American imperialist presence. Given the superficiality of this article in general, these claims must be taken cum grano salis. An appropriate critique is to be found in A. Schubert, "Zur Rolle und Entwicklung der KP Kubas," SoPo, no. 4 (1969), pp.100-103.

28 S. Dumont, p. 54, where it is reported that in a conversation in August, 1960 Guevara said that he would refuse "to participate consciously in the creation, in Cuba, of a second North American society, even if everything there belonged to the State!"
conclusions, these views share a neglect of Marx' analysis of commodity production, which causes them to operate with reified concepts of phenomena of varying importance.

Thus T. Draper, from whose anti-communist book one can expect little of scientific value, defends "poor, dead Marx" against Guevara's alleged categorial mix-ups: Marx, Draper lectures, "located alienation in the capitalist system of production, in capitalist exploitation," thus rendering nonsensical Guevara's struggle against "alienation" within socialism on the basis of counterposing moral to material incentives.30 What "poor" Draper understands by alienation one will probably never learn since he rejects analysis of the theoretical content of the debates because they embody "quotations mongering," "this typically Communist custom of arguing by quotation," "this disputation in Marxist exegesis."31 Apparently Draper deems it far more scholarly to replace "quotations" and "exegesis" with invective, ignorance, and distortion. Given Draper's scientific apparatus, it would be fruitless to try to explain to him that alienation as the unintended subjugation of society to man-made value object-ivity precedes capitalist exploitation and does not automatically disappear together with it. That Draper then on the basis of his seemingly encyclopedic ignorance seeks to classify Guevara's theories with those of the Narodniki and "homologous groups elsewhere"31 will doubtless redound to his prestige among those circles responsible for his journalistic prominence.

29 Castroism, p. 159, n.
30 Ibid., pp. 191, 192, 194.
31 Ibid., p. 160.
A strong current of the "Left" sympathetic to the Cuban Revolution rests on a similar misconception of what "alienation" is, and of what Cuban policies are aimed at. Thus John Gerassi, editor of an American edition of Guevara's writings, asserts that "for Che, the Revolution...is basically directed at and justified by the setting up of a genuine 'love generation' to use a New Left term." Trying to relate this "love generation" to the debates, Gerassi manages to fill up a sentence with as many errors as words:

If all efforts are to be directed at creating Socialist Man, Che would argue, then the Theory of Value (as dependent on supply and demand), is wrong; Value becomes defined according to the moral and social worth of a product, not its market worth. Elaborating on this in what is intended as a blurb-like guide to one of Guevara's contributions, Gerassi specifies that the traditional Communists...tend to stick to the view that the value of goods is decided by supply and demand, while Guevara, who considers value a social phenomenon, seeks to explain it by stressing the flexibility and changeability of relationships. Pity the poor reader relying on Gerassi's wisdom for understanding this "very difficult, technical discourse." What is "traditional" about a Marxist's accepting value as an eternal relationship of scarcity (for it is this and not supply and demand that Mora means)? It would indeed be a "love" society run on the basis of

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32 Venceremos', p. 20.
33 Ibid.
34 Ibid., p. x.
"flexibility" and "moral worth": 35

A further, and certainly politically much more significant, tendency consists in implicitly paying tribute to bourgeois modernization theory:

The Republic of Cuba will thus take another way to the industrial society than did the European and Asian socialist nations. It can do it because today an industrially efficient community of socialist countries.... The success of the Republic of Cuba is of universal significance. It shows the Latin American brother peoples their own future.

[... ] It enriches the theory of development of the lowly developed agrarian societies which are struggling for their economic independence. 36 (My italics--M.L.)

35 Such illustrations could easily be multiplied. See, for example, K.S. Karol, Les guérilleros au pouvoir (P., 1970), p. 391, who contends that Guevara's writings marked "a return to the humanist inspiration of Marx, even though his arguments were founded less on a rigorous analysis of the social and economic mechanisms of each society." This inability to understand that the "young" Marx' "humanitarianism" had been scientifically sublated in Kapital and that Guevara had taken up where Marx left off and not where he began, is also characteristic of the abridged English version of de Santis' essay: "The Economic Debate in Cuba," ISJ, II/10 (1965), 524. The editor of a recent English translation of the main contributions to the debate also falls into the error of not evaluating the theoretical significance of these discussions: "The reader unfamiliar with the Cuban experience should be forewarned about the style and language employed in many of the articles included here. The debates drew on the rhetoric and concepts of formal Marxist analysis. In this sense it drastically distorts the Cuban style which has strongly resisted developing a manualistic Marxism." (Bertram Silverman [ed.], Man and Socialism in Cuba: The Great Debate [NY, 1971], p. ix.) Why the concepts used in the debates are "formal" and why they are per se synonymous with "manualismo" Silverman does not explain. Cf. his description of the law of value in his "Introduction": "For the uninitiated, in Marxian theory the law of value provided [?] an explanation of the underlying forces that determined [?] the relative prices of commodities." (Ibid., p. 11.)

36 Hell, p. 442.
Such a view is inexact, for, despite the fact that it properly stresses the necessity of revolution in the "Third" world, it suggests that this is merely a substitute for "industrialization," and secondly, that the particularly critical aspects of the Cuban Revolution, such as the conscious effort at eliminating commodity production, may be valid only for the "underdeveloped socialist" societies, thereby exempting "the" industrial society from such processes.37

The debates themselves originated about the time a law went into effect regulating the extent to which the Budgetary Finance system would be expanded:

The Budgetary Finance System will not direct all state enterprises since...the Revolutionary Government has authorized, likewise, the employment of the system of self-financing in order to norm the financial activities of the state enterprises.38

This law, no. 1122 of 23.VIII.63, authorized that enterprises under the jurisdiction of the Ministries of Industry, Construction, Transportation, Communications, Home Trade, Film, Tourism, Public Health, and Hydraulic Resources would be integrated into the Budgetary Finance system, whereas the enterprises subject to the...

37This conclusion has been drawn by P. Clecak, "Moral and Material Incentives," Socialist Register 1969, eds. R. Miliband and J. Saville (N.Y., 1969), pp. 109f: "...Any attempt [in the advanced socialist societies] to institute a system of moral incentives remotely similar to the Chinese or Cuban models would either precipitate a return to Stalinism or reflect a desperate political response to a sudden regression in the level of productivity."

38Felipe Garcia Carabia, "Comentarios sobre la ley reguladora del sistema presupuestario de financiamiento de las empresas estatales," NTRE, no. 4 (1963), p. 44.
Ministry of Foreign Trade and to INRA would retain financial autonomy.  

It must be taken into account that neither system had yet established itself within the relatively short period preceding the debates. Budgetary Finance had still not generated the political consciousness adequate to a non-bureaucratic development; and the system of financial autonomy was still hampered by organizational deficiencies resulting from a lack of qualified personnel.

It was under the impact of this development that a series of articles was published in the leading Cuban theoretical journals, although by no means were all of the participants at all times aware of the course or even of the existence of the debate as such.

The opening contribution was made by Guevara in the first issue of the organ of the Ministry of Industry, which he headed. It appeared to contain little that was provocative: a fairly straightforward account of the origins and workings of Budgetary Finance. In fact, centering on the quantitative aspects of value-price relationships under the influence of a conscious manipulation of the law of value and on the need for devising a method to

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39 Ibid., pp. 44f; the law itself appeared in Gaceta Oficial, 26.VIII.63.


41 "Consideraciones sobre los costos de producción, como base del análisis económico de las empresas sujetas al sistema presupuestario," NTRE, no. 1 (1963), pp. 4-12.

42 Ibid., p. 5.
accelerate the essential process of raising productivity, the article did not particularly deviate from a long tradition in the Political Economy of Socialism. Of interest is Guevara's description of the non-commodity nature of products among enterprises operating under Budgetary Finance:

Our conception...considers the product as a long process of internal flow during the course of time of all the steps which it must take in the socialist sector until its transformation into a commodity, which happens only when there is a transfer of property. This transfer is realized in the moment in which it leaves the state sector and becomes the property of some consumer.

In the same month in the organ of the Foreign Trade Ministry, which he headed, Alberto Mora responded without specifying his opponents. Occupied principally with refuting the alleged contention that the law of value no longer applied to enterprises within the state sector, Mora proceeded to analyze the nature of value. His approach is to be sure unique for a Marxist. After asserting that value is a category intentionally created by man, Mora states that the objective relation expressed by this category is essentially that of scarcity: the relation between limited available resources and growing human needs. Mora is convinced that he can lend credence to his verbal disavowal

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43 Note, for example, Guevara's use of the expression "adding value," ibid., p. 6, which contentively will be contradicted in later articles.

44 Ibid.

45 "En torno a la cuestión del funcionamiento de la ley del valor en la economía cubana en los actuales momentos," Comercio Exterior (June, 1963), here cit. acc. NTRE, no. 3 (1963), pp. 10-20.

46 Ibid., p. 15.

47 Ibid.
of similar subjective theories of value by stressing that value is created only by socially necessary labor. Yet as was observed in previous chapters, such an exclusively quantitative conception involves the danger of proclaiming the eternal nature of value production. At least Mora has the virtue of consistency, for he admits not only that value will not lose its meaning until scarcity is eliminated, but hints that given the continuous generation of new needs, value will never disappear. Insofar as value persists in a planned economy, one must merely determine how the law of value is "concretized"; for Mora planning appears as the necessary alternative in a society in which the "free" market no longer exists, but which is still subjected to the law of value. Such a truly radical perspective not only obliterates all qualitative distinctions between monopoly capitalism and socialism, but also tendentially renders communism impossible.

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48 Ibid.; Mora's notions of marginal utility theory emerge again in the mechanistic claim to be able to build upon modern bourgeois political economy just as Marx had had no compunctions about using Ricardo as a point of departure (ibid., p. 16, n. 14); Mora does not appear to know that Marx considered all the political economists who, during his lifetime, gradually drifted away from the labor theory of value towards production cost, supply and demand and/or subjective theories increasingly more worthless.

49 Ibid., p. 15.

50 Ibid., pp. 16f.

51 This framework doubtless explains Mora's seemingly anti-utopian critique of the Soviet theories of the 1920's. Subsequent theoretical development under Stalin was also heavily influenced by the "theory of immediacy, of the 'praxis' of the 'current moment'," "That this does not correspond to a subjective desire is confirmed by the intents of the most profound theorization which are made in the first period (Bukharin, Preobrazhensky, Larin, etc.), which by not corresponding to the 'concrete conditions' completely lose perspective, developing almost always deplorable theoretical interpretations." ("Sobre algunos problemas actuales de la construcción del socialismo," NRED, no. 14, 1965, pp. 21f.) Furthermore, Mora severely criticized Guevara—without mentioning him by name—for opportunism, alleging that promises of the destruction of alienation at a time when this was objectively impossible could only lead to frustration (ibid., p. 26).
Several months later Guevara replied rather moderately, confining himself to indicating the discrepancies between Mora and Marx on value, and to correcting the somewhat distorted description of Budgetary Finance given by Mora. Criticizing the latter’s reified and at best quantitative conception of value as created by socially necessary labor time, Guevara emphasizes that Marx’ critical intentions were oriented towards the fetishistic phenomenon of abstract labor, which is indissolubly connected with commodity production, and that a failure to recognize this could involve certain unspecified dangers. With respect to the law of value Guevara points out that Mora’s notion of its working through the plan is similar to the bourgeois conception of Konjunktur research. Guevara admits that, owing to organizational deficiencies, inadequate societal development, and the existence of the financial autonomy system, the socialist sector does not yet function as one large enterprise; yet at the same time he insists that tendentially commodity production and exchange are being eliminated and that those contradictions still extant are non-antagonistic, i.e., not qualitatively identical

52 Thus de Santis, "Bewusstsein und Produktion..." p. 89, is not correct in limiting Guevara’s answer to concrete problems exclusive of Marxist theory.


54 Ibid., p. 6.
Perhaps the central contribution to the debate was Guevara's attempt to explain in some detail the differences between Budgetary Finance and financial autonomy. Although Guevara formally conceded that no principal differences were present in the sense that each system strove to arrive at a more

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55 Ibid. Subsequent to the debates Guevara was charged in Western Europe with having neglected the problem of how socialist labor could be so organized that it would not lead to new forms of domination: "Instead he stares spellbound at the alienation flowing from the market and commodity production. It is however impermissible for a Marxist to separate domination and alienation: it is domination that tears control over production from the producer. Thus domination is the source of alienation, not the product which is created as commodity under alienated relations. What Guevara is practicing is the fetishization of commodity fetishism; with the astounding success that this 'theory,' which in Cuba masks the central problem of the transition period and thus becomes an instrument of domination, is celebrated among us as 'alternative' to the economism of the Eastern Block" (Günther Maschke, "Entfremdung--Herrschaft--Produzentendemokratie. Bemerkungen zum Problem der Übergangsperiode," Kursbuch, #23, [March, 1971], p. 92.) We refer the reader to chap. 5, below, for further discussion. Here we may state that the reference to the Soviet-bloc countries as the alternative to Cuba reveals itself to be a strawman when we consider that "orthodox" representatives of those countries also maintain the distinction between capitalist domination and the "alienation" stemming from the production of commodities. Thus during the same period in which the Cuban debates took place, the major philosophical journal in the GDR published two articles which express this distinction very emphatically: Wolfgang Heise, "Über die Entfremdung und ihre Überwindung," DZfP, XIII/6 (1965), 684-710, esp. 702; Wolfgang Eichhorn and Erich Hahn, "Zur Theorie und Erforschung des sozialistischen Bewusstseins," ibid., XV/8 (1967), 901-21, esp. 916.

56 "Sobre el sistema presupuestario de fianciamiento," Trimestre--Suplemento del Directorio financiero, no. 7 (1963), here acc. NIRE, no. 5 (1964), pp. 3-23.
effective mode of approaching communism, his comprehensive and highly critical formulations suggested that the forces behind Budgetary Finance were not wary of an immediate confrontation. Proceeding to a discussion of the practical or methodological differences, Guevara refers to three aspects distinguishing the centralized and decentralized systems. First, whereas Budgetary Finance considers an enterprise a number of factories or units with a similar technological base, common goal or geographic location, in the auto-finance system an enterprise is a production unit with its own juridical status. Further, in Budgetary Finance money functions solely as a unit of reckoning, permitting direct central control, whereas under financial autonomy, given the relation of the enterprise to the bank as that of a private producer, money qua means of payment continues to function as an indirect instrument of control. Finally, hourly and piece wages dominate under the system of financial autonomy, whereas Budgetary Finance employs hourly rates with precisely limited premia for overfulfillment.

57 Ibid., p. 8.
58 de Santis, "Bewusstsein und Produktion...", pp. 96f.
59 "Sobre el sistema...", p. 9.
60 Ibid.
61 Ibid.; in the Soviet Union approximately 60% of industrial workers are "on" piece wages, mainly in production sectors in which the tempo is unlimited and no over-production can occur. Serguei Shkuro, "El principio del interés material y la remuneración del trabajo en la URSS," CS, II/15 (1962), 50f. At the time of the introduction of a new wage scale in Cuba, piece wages were explicitly criticized: "...Piece work, in general, by encouraging the material interest of the workers in the increase of their particular yield, independently of the results of social production, depends alone on individualism which separates the workers from the collective interest, and therefore does not combat in them a certain egotism which blocks their education and formation as conscious members of the socialist society." Augusto Martínez Sánchez, "La implantación del nuevo sistema salarial en las industrias de Cuba," CS, III/26 (1963), 15.
At this point Guevara turns to the fundamental and more subtle problem of incentives.\textsuperscript{62} Emphatically acknowledging

\textsuperscript{62}Boorstein, p. 272, opines that the problems of decentralization versus centralization and material versus moral incentives must be discussed separately since all combinations are possible. This is, however, an ahistorical view that overlooks the fact that the rise of decentralization on the basis of material incentives in the Soviet Union was a direct result of the increasing inability of a bureaucratically controlled centralistic system to integrate the growing forces of production. The alternative within the bureaucratic system was a delegation of control to decentralized, local bureaucracy, on the basis of linking "management" material incentives to individual worker material incentives. Therefore the essential point involves not decentralization versus decentralization, but rather a "bureaucratically" organized economy oriented towards the law of value versus a society directed at the destruction of commodity production on the basis of a collectively self-educated working class. Cf. Altvater and Neustü, "Bürokratische Herrschaft und gesellschaftliche Emanzipation," passim. Although Boorstein does not directly attack Budgetary Finance in his book, in a review of Dumont's book he approves of financial autonomy and explains Budgetary Finance as a reaction to por la libre: MR, XVI/10 (1965), 62ff. Huberman and Sweezy, Socialism in Cuba, p. 160, refer to China as a decentralized, non-market society that relies on a highly developed state of socialist consciousness. A standard Soviet textbook from the pre-decentralized period recognizes the non-correspondence between Budgetary Finance and material incentives: "If the entire money accumulation of the state plants had to be passed on to the budget, then the mechanism would be lacking which would materially interest the plants in the financial results of their work." N.N. Rowinski, Das Finanzsystem der UdSSR (B., 1953), pp. 63f. Given the differences we have outlined, it would appear inaccurate to state that the "standard system" of the Soviet Union "applies, with only minor modifications, to...even Cuba." (George Garvy, Money, Banking and Credit in Eastern Europe [NY, 1966], p. 10.) On the Soviet system see the revealing remarks by A.M. Aleksandrov, Finansy v sotsialisticheskom vosproizvodstve (M., 1959), p. 36 concerning the relation between production and monetary movements; cf. also Wilhelm Bing, Investitionsfinanzierung in der Zentralverwaltungswirtschaft (Stuttgart, 1970), p. 1. And for a recent Chinese view of Soviet reforms in the direction of introducing independent production units see How the Soviet Revisionists Carry Out All-Round Restoration of Capitalism in the U.S.S.R. (Peking, 1968), p. 22. Perhaps the most radical suggestion in this direction is to be found in G.S. Lisichkin, Plan i rynok (M., 1956).
the objective necessity of material incentives, Budgetary Finance rejects them as the major lever on the grounds that they tend to assume an autonomous existence opposed to the tendency of the transparence of human relations in socialism. On the other hand, Guevara rejects as mechanistic the view that material incentives can be overcome by offering more and more items of consumption, for the latter slogan belongs to the system that socialism is supposed to destroy: direct material incentives and the development of socialist consciousness contradict each other. Guevara then posits that to the degree that Communist society is approached, i.e., to the degree that labor is transformed from necessary drudgery into a pleasant task, the development of consciousness will contribute more to the growth of the productive forces than would material incentives; should this, however, be empirically refuted—which has not yet happened—, then a return to material incentives would be in order.

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63 "Sobre el sistema...," p. 10.

64 Ibid.; this later became an essential aspect of the simultaneous construction of socialism and communism. Cf. Castro’s speech of 13.III.68, Socialismo y comunismo..., p. 124: "But, moreover, material incentives here? Who could offer more material incentives than imperialism? With its developed economy, with its technically equipped industry, it can offer more than anyone and, in fact, does." Or again in Castro’s speech of 29.IV.67 (p. 49): "Often there is abundance and egotism remains. One can have abundance without communism. But one does not reap the benefits of communism only with abundance but without education, but without the truly socialist consciousness, the truly communist consciousness."

65 "Sobre el sistema...," pp. 10f.; it must be kept in mind that "the moral factors are rarely abstract. One understands by moral factor the manner of conceiving revolutionary tasks which leads the masks to interest themselves for them." S. Tutino, "L’acquis de la revolution," Partisans, no. 37 (1967), p. 17.
Although Budgetary Finance recognizes premia for over-fulfillment as necessary in the transition period, it does not consider it correct to interpret: to each according to his labor, as meaning full payment of the percentaged overfulfillment in extra wage; for part of the social product must serve regenerative and non-productive consumption; and further, the political-economic decisions regulating this primary distribution preclude mathematical justice with respect to wages and premia.\textsuperscript{66} In further contrast to financial autonomy, the Budgetary Finance system of norms possesses the merit of excluding the possibility of mechanically accumulating premia in order to reach the next higher wage rate, thereby enforcing professional qualification, which in the long run must contribute to raising the technical level of the working class.\textsuperscript{67}

\textsuperscript{66}"Sobre el sistema...," p. 13.

\textsuperscript{67}Ibid., p. 14. At approximately this time a new industrial wage scale was introduced in Cuba; it comprised eight qualification groups (the parenthetical figures refer to the hourly wages in pesos): 1.000 (.48), 1.167 (.56), 1.354 (.65), 1.583 (.76), 1.854 (.89), 2.188 (1.05), 2.563 (1.23), 3.100 (1.49). In addition there were three categories of labor conditions (with corresponding coefficients): normal (1.00), dangerous (1.20), and heavy (1.35). Juan González, "La organización del trabajo en la industria," NTRE, no. 4 (1963), p. 106. Here are the corresponding qualification groups and wages (pesos per hour) for agriculture: 1.000 (.37), 1.135 (.42), 1.298 (.48), 1.513 (.56), 1.758 (.65), 2.055 (.76), 2.405 (.89). (Hugo Chinea, "Organización del trabajo en la agricultura," TYP, #36 (May, 1967), p. 31. It must be remembered that a policy has been adopted in Cuba to maintain the relatively high wages that workers in the pre-revolutionary period had achieved in the North American monopoly capitalist industries; the new uniform wage rates apply to all other industrial workers. S. Guevara, "Tareas industriales de la Revolución en los años venideros," CS, no. 7 (1962), p. 43. According to Carmelo Mesa-Lago, The Labor Sector and Socialist Distribution in Cuba (N.Y., 1968), p. 110, as of 1964 the wage differential among agricultural workers was 1:2.6; between
Returning finally to the persistence of commodity production in socialism, Guevara radically breaks with a tradition (traced back to Bukharin above) that understands communism as being created by the (Schein-) dialectical complete utilization commodity-money relations. Implicitly criticizing what might be termed Marxist modernization theory, Guevara states that such a view

agriculture and industry 1:3.8; and between industrial workers and "technicians" 1:11. His figures indicate similar differences for China ca. 1960. For the Soviet Union in 1964: industrial differentials--1:2; agriculture--1:3.8; industry--"technicians--1:6.8. It must be observed that these figures are based on sometimes dubious sources and on Mesa-Lago's extrapolations. Further caution must be used in face of the author's willful distortions doubtless derivative of his conclusion "that as the socialist regime eliminates private property and the individual-material interest, it must also strengthen the machinery of repression, control and discipline. The suppression of these incentives leads to a restriction of liberty." (p. 184)

Apparently for Mesa-Lago capitalism is the materialistic embodiment of the principle of freedom, inasmuch as he equates the Cubans' disregard of individual factory "profit and loss" with irresponsibility: "The Revolutionary Offensive," Transaction, VI/6 (1969), 29. Finally, this boundlessly cynical observation on Cuban industrial wage rates by the Czech economist R. Selucky: "Although I favor wage differentiation, I find this difference cruelly large—not only in comparison with Czechoslovakia, but even in comparison with Western Europe, which does not accept wage equalization." "Spotlight on Cuba," East Europe, XIII/10 (1964), 22. This from one of the architects of a system that introduces—in contradistinction to Stakhanovism, which led to a global increase of norms rather than to wage differentiation—direct linking of output and wages: S. also Rudé Pravo, of 4.II.68 (cit. by Altvater and Neusüss, p. 46, n. 46) which pronounces upon the preferability of rising prices and more rapidly rising wages to stable wages and falling prices on the grounds that the former appears as social recognition, the latter as an anonymous gift!
would have to assume that the goal of the construction of socialism in a backward society is something like an historical accident and that its leaders in order to compensate for the error have to dedicate themselves to the consolidation of all the categories inherent in the transition society, leaving only the distribution of income in accordance with labor and the tendency toward the liquidation of exploitation of man by man as the foundations of the new society, which in itself alone does not appear to be sufficient as a factor of development of the gigantic change of consciousness necessary to be able to confront the transition...68

To Guevara's global interpretation of the Cuban Revolution there were two types of responses: one methodologically, and the other practically oriented, particularly with reference to incentives. As de Santis notes, it is significant that the major representative of the first type was not a Cuban, indicating that the supporters of financial autonomy were not willing to engage in a direct confrontation with their Budgetary Finance counterparts.69 Instead the task fell to C. Bettelheim.70

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68 "Sobre el sistema...," p. 15. There were of course exceptions to this older tradition; see, e.g., Leont'ev, "Kharakteristike denezhnoy sistemy v perekhodnom khoziaistve," Sots. khoz., II (1925), 55.

69 "Bewusstsein und Produktion...," p. 97. Carlos Rafael Rodriguez, from whom such a response might have been expected, did however write an article on Cuban agricultural development, in which he devoted some space to explaining the material incentive system at work under INRA: "El nuevo camino de la agricultura cubana," CS, III/27 (1963), 94-96. Apparently subsequent to the close of the debate Rodriguez came to support moral incentives; s. Marcha of 9.XII.66, pp. 10f., cited in Huberman and Sweezy, "The Latin American Revolution: A New Phase," MR, XVIII/9 (1967), 5f. For a more detailed judgment by Rodriguez see his interview "En el proceso de construccion del socialismo la politica debe tener prioridad," Chile HOY, I/9 (11-17 August 1972), 32, 28f.

70 "Formas y metodos de la planificacion socialista y nivel de desarrollo de las fuerzas productivas," CS, no. 32 (1964), here cit. acc. the French original: "Formes et methodes de la planification socialiste et niveau de developpement des forces productives," La transition vers l'economie socialiste, pp. 129-52.
The foundation of Bettelheim's critique is formed by a strict emphasis on the priority of the productive forces over the relations of production, which Bettelheim strives to identify as pure Marx. 71 In this context one ought to recall the analysis in chapter two of Bettelheim's *Les problèmes théoriques et pratiques de la planification*, which in its technicistic approach resembles Mora's contribution.

Bettelheim, adopting as it were the role of Lenin vis a vis Communism's sick left-wing children, admonishes the Cubans of the confusion of the purely juridical form of property with the real capacity to appropriate, and to control economic processes, lest the Cubans fall victim to certain well-known varieties of bureaucracy.72 Bettelheim notes with some distress that this error traces its origin back to Stalin who, despite affirming the objectivity of economic laws in socialism against Bukharin, Preobrazhensky, et al.,73 unfortunately succumbed to a mechanistic juridical-property explanation of the persistence of commodity

71 Whereby he equates Marx' understanding of the relation between the productive forces and the relations of production with Stalin's "law of the necessary correspondence of the relations of production with the character of the productive forces." ("Formes et méthodes...", p. 131, n. 1) In a more recent study Bettelheim has lent greater precision to his formulation; see *Calcul économique et formes de propriété* (P., 1970), p. 116.

72 "Formes et méthodes...", pp. 138f.

73 It was shown above that this is a misrepresentation of their viewpoint.
Rather Bettelheim sees the cause of the continuance of commodity production in the development of the productive forces, which latter expresses an actual fragmentation of activity centers precluding the type of socialization of labor adequate to non-commodity production. The

Ibid. p. 146. Given Bettelheim’s acceptance of Stalin’s "law" of the necessary correspondence between the relations and forces of production (s. Stalin, "O dialekticheskom istoricheskom materializme," Sochinenia, ed. R. McNeal [Stanford, 1967], i xlv, 310), and Marx’ identification of the juridicial superstructure as another expression of the relations of production (Zur Kritik der Politischen Oekonomie, MEW, XIII, 9), it appears irrelevant whether one proceeds from the property relations or the relations of production; the error does not lie in the point of departure, but rather in the hypostatized correspondence between the relations and forces of production.

"Formes et methodes...," p. 147; Bettelheim admits the similarity between his views and those of Sik (ibid., p. 147, n. 26). This is particularly true of their quantitative understanding of values. Sik, Plan and Market Under Socialism, pp. 20, 36ff., 100, 108. Sik is an illustration of whether the seemingly orthodox Marxist insistence upon the priority of the forces of production leads: "To suppose that socialist interests are held only by people who have recognized...the existence of long-range social interests is typical sectarianism. It mixes the categories of conscious long-term interests of socialists trained in Marxism and of direct interests of the majority of people arising from their experiences with the socialist mode of production." (Ibid., p. 196) Sik’s anthropological understanding of "the direct interest of most people is for their material consumption to be as high as possible" as a result of "the inevitable hierarchy in people’s needs that appears as a certain generally valid average development of human needs." (ibid., p. 179)
proof of the hypothesis is supposedly provided by the fact that despite planned labor inputs, one can still discover only ex post facto whether the labor expended was socially necessary.\textsuperscript{76}

But as Marx stressed:

That the quantity of labor contained in a commodity which is the societally necessary quantity for its production—the labor time thus necessary labor time—is a determination which affects only the value magnitude. Private labor is thus supposed to represent itself immediately as its opposite, societal labor; this transformed labor is as its immediate opposite abstract universal labor...\textsuperscript{77}

Yet this contradiction need not trouble Bettelheim since he, together with Sik,\textsuperscript{78} considers it merely a phenomenal form of a much deeper contradiction that will always dissimulate the relations of production.\textsuperscript{79} The law of value Bettelheim lets die—appropriately enough—a quantitative-technicistic death:

When the socialization of the labor process and the transformation of the relations of production permit a previous adjustment of the activities...the law of value loses its regulatory role to the extent that the producers succeed in coordinating beforehand their activities, principally through an economic plan.\textsuperscript{80}

\textsuperscript{76}"Formes et méthodes...," p.148.

\textsuperscript{77}\textit{TudM, MEW, XXVI, pt. 3, 133.}

\textsuperscript{78}Plan and Market Under Socialism, p. 20.


\textsuperscript{80}Ibid., p. 1440.
To Bettelheim's quasi-denunciation of the Cuban Revolution both Guevara and E. Mandel replied, whereby it is necessary to observe the differences between the latter two, a task that has been neglected by most commentators.

Mandel concentrated on refuting Bettelheim's application of a crude productive forces--relations of production schema. Pointing out that Bettelheim's criterion of complete appropriational control was a straw man, and that his appeal to Lenin was irrelevant since Lenin, in distinguishing between socialization and confiscation, had been referring to petty bourgeois enterprises, which indeed had not yet undergone real socialization under capitalism, Mandel suggests that the juridical form of socialist property corresponds to the reality of the relations of production to the degree that unified socialist planning becomes possible.\textsuperscript{81} Furthermore, the fact that this control is not yet complete is due not to the level of productive forces in Cuba, but rather to the lack of experience and to organizational mistakes; to say otherwise would be tantamount to negating the possibility of socialist revolution in the "underdeveloped" countries.\textsuperscript{82} More generally, Mandel demonstrates that Marx' concept of the relations of production was very comprehensive, almost synonymous with a mode of production, and that the determination which Marx discovered between the forces and relations of production applied to longer historical periods in a qualitative sense and not to

\textsuperscript{81}"Las categorías mercantiles en el periodo de transicion," \textit{NIE}, no. 7 (1964), p. 13.

\textsuperscript{82}Ibid.
every quantitative change in the forces of production.  

At this point Mandel seemingly reverses himself by stating his agreement with Bettelheim's critique of Stalin and the former's explanation of commodity production in socialism as originating in the insufficient level of the productive forces. Now this involves Mandel in certain conclusions of which he is not aware; for by accepting this explanation of commodity production while simultaneously rejecting an insufficient level of the productive forces as an explanation of the incomplete socialization of the labor process, Mandel must affirm that commodity production has nothing to do with the socialization of labor, but is due rather to a lack of consumer goods, which enforces a strict measurement of labor time as over against the distribution of consumer goods. But in this case Mandel is reduced to reinforcing Mora's notion of value as a scarcity relation: This conclusion, however, is not surprising inasmuch as Mandel has explicitly derived value from the economy of labor time and identified socially necessary labor time as a measure that is supposed to precede any qualitative consubstantiality of the products of abstract labor.

83 Ibid., pp. 15f.
84 Ibid., p. 17.
85 Ibid.
86 Traité..., I, 69, 74; s. also W. Müller, "Marxistische Wirtschaftstheorie und Fetischcharakter der Ware," NK, no. 51-52 (1969), pp. 71-76; even when Mandel does talk of abstract labor, he understands it merely as a part of the total available labor time; s. Traité..., I, 75f.
This quantitative conception avenges itself when Mandel attempts to refute Bettelheim's denial of the non-commodity nature of the means of production in the socialist sector; for Mandel's answer contains the basic assumptions of his opponent: namely the exclusively quantitative conception of value. Mandel then simply poses the question, how one determines whether more than the socially necessary labor time has been expended, and replies—overproduction. Since according to Mandel there can be no overproduction of means of production in socialism, they are not commodities. 87

Mandel also introduced confusion into the question of wages and labor power. He considers such discussions idle insofar as the distribution of the social product takes place in a monetary price, strictly limited by the amount of labor performed, and under necessity lest one be deprived of means of subsistence; these three characteristics then constitute the real economic content

87"Las categorias mercantiles...," p. 24; this criterion appears to be totally irrelevant; whether there is overproduction of means of production in socialism is an empirical question that has nothing to do with commodity production. In fact, Marx, Kap., II, MEW, XXIV, 465, shows that a relative overproduction of "fixed capital" would take place even in pure communism. In his subsequent reply Bettelheim, as a proper quantitarian, adds that the means of production must also correspond to a social need. ("Planification et rapports de production," La Pensée, no. 126 [1966], here acc. La Transition..., p. 186.) More recently Mandel himself has acknowledged the irrelevance of the criterion of overproduction by relating the non-utilization of a machine to its use value; exchange becomes relevant only if as a result of non-utilization the factory were forced to reduce wages or fire workers. S. Discussion contribution in Les problèmes de la planification socialiste--Les cahiers du Centre d'Études Socialistes, no. 82-87 (1968), p. 145.
of sale of labor power. Yet these three characteristics are not specific to the capitalist wage, although the wage is specifically capitalistic. Mandel omits to mention that the peculiar use value of the commodity which the laborer sells is the ability to create surplus value. Now surplus value no longer exists in socialism, but to the extent that there remains a surplus product encompassing those reproductive needs not entering into the direct personal consumption of the productive workers, Mandel is incorrect in asserting that the content of wages continues to exist in socialism because the worker continues to be unable to use the use value of his labor power in exchange for other goods he needs. This of course is equivalent to eternizing the categories of capitalist commodity production.

Guevara's reply was restricted to counterposing a concrete analysis of the dialectic of the productive forces and relations of production to Bettelheim's mechanistic abstraction. Guevara posits that the Cuban vanguard, by taking advantage of an extraordinary historical opportunity, was in a position to foster the subjective conditions for socialism, inasmuch as the objective conditions of socialization were already given. Agreeing with

88 Cf. Marx: "On the surface of bourgeois society the wage of the worker appears as...a certain quantity of money which is paid for a certain quantity of labor." Kap., I, MEW, XXIII, 557. Mandel, Traité..., IV, 154, then admits that this is merely the form and proceeds to define the content as discussed immediately below.

89 "La planificación socialista, su significado," CS, no. 34 (1964), p. 16. For a somewhat later critique of Bettelheim's view of the relations between property relations and the process of appropriation see Andrés Vilarino, "La finanzas, el dinero y la circulación monetaria en el socialismo," TyP, #32 (January, 1967), p. 38. This critique is interesting inasmuch as it is presented by an author who contends that the practice of socialist construction in Cuba and elsewhere confirms the existence of commodity-money relations in socialism and that the contrary opinion has been routed. (Ibid., p. 37.) It must be remembered that Cuba is a relatively small country and that the North American monopoly capital corporations had, within their sphere, built up a high
Bettelheim that consciousness is a product of social being, Guevara adds that given the interdependence established by imperialism on the one hand and by the socialist bloc on the other, consciousness now became eminently what it had always been in embryo since the creation of a world capitalist market: a product of the productive forces of the entire world:

The hopes in our system are directed toward the future, towards a more accelerated development of consciousness, and, through consciousness, of the forces of production.90

Bettelheim's second fundamental error, according to Guevara, consists in his imputing to the juridical superstructure the autonomy that he claimed to be denying; that is, by indicating that the juridical property forms in Cuba had been created against the real content of the relations of production, Bettelheim negates the determinism that he simultaneously

level of real integration, as for instance in oil, nickel, and sugar refining. "The large American telecommunication companies used Cuba as a testing ground for their research and thus left it a very well equipped network, better in some respect than in their own country...." (Karlo, op. cit., p. 324, n. 2.) S. Gutelman, p. 24, on the sugar industry; Tutino, "Lettera dall'Avana," p. 972, maintains the reverse—that U.S. monopoly capital had been very slow to modernize, and that as a result much plant is obsolete.

90 "La planificación socialista...," p. 17; s. P. Baran's remark: "the strength of socialism in the world is cumulative", "Reflections on the Cuban Revolution, II," MR, #10 (2/61), p. 523. Draper's assertion (Castroism, p. 196): "Implicitly, then, Guevara could not justify Cuban policy in terms of Cuban conditions. His entire case rested upon an abstract international Communist 'consciousness' which would enable the Cubans 'to force the march of events'," betrays a certain naivete with respect to the "ontology of the modern industrial world" when it is to Draper's advantage. Draper's opportunistic point of course is that "in terms of Cuban conditions" could have meant only the bourgeois revolution which "Castro betrayed."
applies in playing off the forces of production against consciousness. This concealed hypostatization of the juridical superstructure leads in turn to Bettelheim's transforming the actual or alleged existence of certain value relations into their necessary existence, from which point he proceeds to examine them as given.

By suggesting that such an approach contests the crucial significance of anticipatory consciousness at a time when the

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91 "La planificación socialista...", p. 18. This is rather curious considering that a few years later Bettelheim was willing to grant the Chinese everything he denied the Cubans:

"It seems indispensable to recognize that the role of education and ideology is all the more necessary when the relations of production and of property, which have been created by a revolutionary process, are further 'advanced' than the forces of production within a given country.

"The 'advance' of the political and social organization over the local level of the development of the forces of production brings into being a particular type of contradiction, a contradiction which is favorable to a rapid progress of the forces of production, but under the condition of being correctly mediated and consciously dominated." (C. Bettelheim, J. Charrière, H. Marchiso, La construction du socialisme en Chine [P., 1968], pp. 176ff.)

These remarks were intended as a direct reply to Guevara (ibid., p. 177, n. 12). Still later Bettelheim seems to have softened his position; see Calcul économique..., op. cit., p. 101.

92 "La planificación socialista...", p. 21.
objective conditions are present, Guevara in effect assumes vis a vis Bettelheim an analogous position to Lenin's vis a vis Kautsky circa 1922. Bettelheim, in opposing the construction of socialism in the "Third" world on the basis of a metaphysical materialism disguised as Marxist orthodoxy, implicitly aligns himself with the large number of disparate forces desperately attempting to freeze history in "the" industrial society.

During the "great" debate Guevara was also conducting a second front with the President of the National Bank, Marcelo Fernandez Font. This auxiliary attack assumes especial importance insofar as Fernández was an illustration of the fetishistic dangers stemming from the retention of value relations and/or financial autonomy. Concentrating on Fernández' inability to recognize that interest is a contentive relation expressing the most fetishistic autonomous existence of capital in its self-development, Guevara stresses that a view of the banks as financing investments was itself formal, fictitious, and fetishistic:

93 Cf. Marx, Gr., p. 77: "...If we were not to find in society as it is the material conditions of production and the relations of intercourse corresponding to it for a classless society in a disguised form, then all attempts at blowing it up would be quixotry."

94 In particular Guevara was referring to the article "Desarrollo y funciones de la banca socialista en Cuba," CS, IV/30 (February, 1964), 32-50. Another of Fernández' articles of the same period, "Planificación y control de la circulación monetaria," CS, IV/33 (1964), transmits the same fetishistic spirit Guevara criticized. In the latter article Fernández asserts, for example, that Marx' law of monetary circulation is valid for capitalism and for socialism (ibid., p. 81). Cf. Marx' letter to Engels, 2 April 1858, MEW, XXIX, 316f.; cf. also E. Preobrazhensky, "O dvuh spornykh voprosakh marksovoy teorii deneg," Arkhiv Marksa-Engel'sa, V (M.-In., 1930), 147-49.
This function would be real only if the Bank would finance them with its own means which would in turn be an absurdity in a socialist economy. What the Bank does is to distribute the resources of the National Budget assigned by the investment plan and to place them at the disposal of the corresponding investment apparatuses.  

Again in a critique similar to Preobrazhensky's analysis of workers' savings as leading to expanded reproduction and not to interest, Guevara examines Fernández' notion of socialist savings:

Money saved temporarily stops circulating and this source of resources only has application with economic meaning when it is employed to finance private activity by means of bank loans, since it would be absurd to believe that in a socialist economy the interest costs paid to the saver are compensated for with the interest which is recovered at the state enterprises.

Finally, revealing the material origin of this fetishism and thereby indicating the necessary solution, Guevara establishes the ultimate superiority of Budgetary Finance:

In order to understand the difference between both systems, ignorance of which produces the commentaries of this article, it is necessary to take into account that all these categories arise as a consequence of the individualized view of the independent households and only preserves its form as instrument in order to be able to control the national economy since the property is in fact the whole people's. This fiction, which comes to dominate the minds of men as this article which we are replying to demonstrates, is eliminated with the application of the Budget Financing System.

95 "La banca, el credito y el socialismo," CS, no. 31 (1964), here cit. acc. OC, (B.A., 1968), III, 222f.

96 Novaia ekonomika, p. 232.

97 "La banca...," p. 224.

98 Ibid., p. 229.
With the exception of several other contributions of clearly peripheral value, the debate as such apparently came to a close at this point. Guevara nevertheless returned to the whole problem complex in 1965 shortly before his definitive departure from Cuba. In a speech in February, 1965 at the Afro-Asian Solidarity Conference in Algiers, Guevara, reversing his previous position that had exempted the socialist countries from responsibility for exploitation on the world market, openly declared that "the development of the countries which now begin the road of liberation must cost the socialist countries."  

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99 E.g., Joaquin Infante, "Caracteristicas del funcionamiento de la Empresa autofinanciada," CS, no. 34 (1964), p. 50, who suggested rather mechanically that since the relatively developed USSR uses material incentives, they must a fortiori be appropriate for Cuba. In answer to Infante, who had suggested that Budgetary Finance was reserved for the next higher phase, Luis Alvarez Rom posed the rhetorical question, When would Budgetary Finance ever be applied, since it was generally accepted that communism was the next phase. ("Sobre el método de análisis de los sistemas de financiamiento, CS, IV/35 [1964], 78.) Of interest too was a report on the experiences of Budgetary Finance in the Empresa Consolidada de Harina: "...As positive aspect to be indicated in this whole process is the developed consciousness by our directors with respect to accounting and economic control; it is the experience of this plant that they, through the relations of interdependence which are established in the Budget System, feel themselves stripped of all individualism and are co-participants in the problems which concern the enterprise and the economy in general." (Alexis Codina, "Experiencias sobre el control en el sistema presupuestario," NTRE, II/10 [1964], 58.) An article by Miguel Cossio, "Contribución al debate sobre la ley del valor," NTRE, no. 4 (1963), pp. 3-23, limited itself to reporting various views, most of which has been dealt with above or will be discussed in subsequent chapters.

100 "El Fondo Monetario Internacional es el Cancerbero del Dolar," OC (B.A., 1968), III, 183f.; this was a speech given at a plenary session of UNCTAD in Geneva, 25.III.64.

101 "La tarea consiste en fijar los precios que permitan el desarrollo," OC (B.A., 1967), II, 204f.
Maintaining that the socialist countries participated in this exploitation to the extent that they trade on the basis of the world market law of value, which establishes favorable "terms of trade" for the highly "productive machine producers as over against the less productive agricultural producers, Guevara charged:

The socialist countries have a moral debt to liquidate their tacit complicity with the exploiting countries of the West. (My italics--M.L.)

102 Ibid., p. 205. S. Tutino, "Ricerca e dibattito critico sullo sviluppo economico a Cuba," Rinascita, 11 VII.64, p. 12, states that already Guevara's reply to Bettelheim "assumes the tone of a moral contestation."

It should be noted that Guevara was preceded by a number of years in these charges of exploitation by Milentije Popović who made them in the late 1940s in connection with the Soviet-Yugoslav split: On Economic Relations among Socialist States (L., 1950); since this book is based on an erroneous interpretation of Marx's theory of international value, it did not come as a complete rupture in development when, in the 1960s, Popović claimed that commodity production and abstract value creating labor are inherent features of social labor in all societies: "Pour une revalorisation de la doctrine de Marx sur la production et les rapports de production," Questions actuelles du socialisme, #78 (July-September, 1965), pp. 71-126. And the following enthusiastic support from P.J.D. Wiles would perhaps occasion further reflection on Guevara's position: "Che Guevara, forced to take Cuba back to producing sugar, was a better Marxist than Mao Tse-tung who, according to Wiles, merely charged the Soviet Union with selling at above world capitalist market prices] for all his wild, personalist courage; he used very precisely the language of non-equivalent exchange against [sic] USSR."

(Communist International Economics [NY, 1969], p. 29.) Unfortunately Wiles himself has used very imprecise language in reproducing Marx's theory of international value (Ibid., pp. 7-13); in fact he distorts Marx's theory beyond recognition. In large part this stems from Wiles proclivity to quoting Marx from secondary sources --in this case from the Polish; by the time a key passage arrives in English it says precisely the opposite of what the German says and makes no sense whatsoever, although this of course does not hinder Wiles from taking it as the point of departure of his critique. For further critique see Anti-Samuelson, op. cit., ch.33.
The phenomenon to which Guevara was referring is not denied by those to whom he addressed himself:

...Certainly there is always present even under socialist conditions redistribution of societal labor when two commodities, which are exchanged at uniform world market prices, contain varying quantities of socially necessary national labor time. In accordance with the concept, equal quantities of socially necessary labor time are exchanged if in the production of commodities intended for international sale in the individual socialist states equal value magnitudes per commodity are given. This uniform degree has on the average today not yet been reached in the international socialist system.\textsuperscript{103}

Yet as long as Guevara based his appeal on a strictly moral basis of solidarity, it was easy—but also correct—to reply that non-equivalence could best be overcome by leveling out development rather than through price reductions.\textsuperscript{104}


\textsuperscript{104} S. Kohlmey's somewhat obscure evasion: "It is meaningless to couple the category of justice (in the sense of relations among peoples) with the category of equivalence (in the sense of the law of value). Equivalence (in the sense of the law of value) can mean justice or injustice in accordance with the societal conditions under which it appears. One cannot pass judgments on international relations in a certain social order with a category of the general commodity economy." (ibid., p. 96) One must take into account that this matter affected in particular Cuba, whose foreign trade amounted to 25% of its total annual production, a percentage higher than that for any other socialist country; s. Boorstein, Economic Transformation..., pp. 62, 75. For a detailed account of the Cuban foreign trade structure see A.D. Bekarevich, Kuba: Vneshneekonomicheskie otnoshenia (M., 1970).
Guevara began to realize that an essentially moral position was an unmarxist approach to solving the problems of the international transition period; his experiences in Cuba and in the "Third" world revealed that the forces capable of contributing the required material solidarity were not presently available:

Pursuing the chimera of realizing socialism with the help of blunted weapons left us by capitalism (the commodity as economic cell, profitability, individual material interest as lever, etc.) one can come into a blind alley.105

It is perhaps this insight into necessity that led Guevara to return to armed struggle against imperialism in an attempt, as it were, to organize enough of mankind to cut the umbilical cord called the law of value.106

C. Tendencies

Subsequent to the close of the debate Cuba has evidently chosen to materialize the conception of socialist construction outlined by Guevara.107 In 1965 there were 152 empresas comprising 22,882 units under Budgetary Finance, whereas financial autonomy applied in 69 empresas comprising 1492 units.108 By 1968 the state farms and most industry and trade had been integrated into


106 This was privatistically documented one month prior to Guevara's death: "A Budapest daily criticizes Che Guevara, pathetic figure, and appearing irresponsible and hails the Marxist attitude of the Chilean Party which takes practical attitudes in the face of practice. How I would enjoy taking power if for nothing else than to unmask cowards and lackeys of every kind and to rub their noses in their own dirty actions." El Diario del Che en Bolivia (La Habana, 1968), entry of 8.IX.67.

107 This is formulated advisedly owing to the fact that the U.S. embargo on Cuba has made it extremely difficult to obtain Cuba's scholarly literature. Thus imperialism penetrates even bibliography: Salvador Vilaseca Forné, "El banco nacional de Cuba y
into Budgetary Finance. At the same time the autonomy of the other system has been limited:

the profits which may be realized by these enterprises must be paid in entirely to the national budget: in other words, the profits can neither give rise to a distribution of collective premia nor be used by the enterprises in order to finance a part of their investments.110

In March, 1968 there took place a massive nationalization of petty bourgeois businesses.111 This nationalization of 55,636 small establishments completed the total nationalization of Cuban industry and trade, leaving 30% of the land and 40% of agricultural production in private control.112 And even the latter is gradually

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110 Valier, p. 1618; despite this stricter control one can still not agree with J. Robinson's blithe remark that the differences between the two systems affect merely "the manner in which the bank keeps its records more than anything of substance, for in either case an enterprise whose costs prove to be excessive will be scolded and bailed out, and in either case net earnings are paid into the exchequer." "Cuba--1965," MR, #9 (1966), p. 16.

111 S. Castro's speech of 13.11.68, in Socialismo y
undergoing socialization: free market sales are being eliminated while production is being integrated into micro-plans, in which the state provides all the investment, paying for what is grown in the regular way:

On the production side...his [the private farmer's] position is hardly distinguishable from that of a worker on a state farm, while on the income side he continues to be paid both for his labor and his land.  

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communismo..., pp. 119ff., 167ff.; cf. Huberman and Sweezy, Socialism in Cuba, pp. 138-40. As of 1965 private farmers supplied the following percentages of Cuban agricultural products: sugar cane (32%); rice (32%); vegetables (69%); fruits (68%); coffee (83%); tobacco (89%); cow beef (21%); pork (22%); milk (40%). (Gutelman, p. 203.)

Valier, p. 1616, states that there were 250,000 small producers; Mesa-Lago, "The Revolutionary Offensive," p. 22, indicates 150,000, adding that "Cuba has thus become the socialist country with the highest percentage of state-owned property." This is perhaps to be expected since Cuba is also the only country whose economy is subordinated to Budgetary Finance; cf. Mario Rodríguez Escalona, "La concepción general de las finanzas en la historia y el sistema presupuestario en el periodo de transición," NTRE, no. 10 (1964), p. 30.


Huberman and Sweezy, Socialism in Cuba, p. 128. Cf. Dumont's importunement: "If all the agricultural workers had been...really given notice that the Cuban state would no longer settle the deficits stemming from the laziness of some workers... they would quickly grasp the economic relation of the base, the tight connection between the productivity of their labor and their remuneration." (p. 138) Dumont does not understand that this is precisely the lesson capitalism teaches workers--the point is to change it. Cf. Castro's analysis: "There are those who think that only the whip of necessity, only the whip of hunger makes the human being work, makes the human being produce. We, sincerely affiliated with the group of those who believe in man, think that this is a very poor concept of the human being and that those who think thus, ignore all the enormous capacity of the moral development of man...." Speech of 2.I.67 in Socialismo y comunismo..., pp. 51f.
The emphasis on moral incentives has been retained. Following the unsuccessful attempt to complete the ten million ton sugar harvest, the Minister of Labor, Jorge Risquet, explicitly reaffirmed the continued application of Guevara's conception in spite of the fact that numbers of workers--particularly those of recent petty bourgeois origins--had indulged in anti-social work attitudes. Increasingly a system of norms, in which wages are separated from the quantum of labor, is supplanting premia.\footnote{Gramma, daily Spanish edition, 1.VIII.70. The qualification coefficient system, it is admitted, will not be abolished for a long time. An instance of the skeptical Soviet attitude towards moral incentives in Cuba is Gil Green, Revolution Cuban Style (N.Y., 1970), pp. 53ff. W. Leontief's opinion is similar; s. "A Visit to Cuba," New York Review of Books (21.VIII.69), p. 20. These authors neglect the tendency towards depoliticization of labor inherent in material incentives; cf. A. Gilly, Inside the Cuban Revolution, MR, XVI/6 (1964), 8.}

Given the vanguard nature of the Cuban Revolution itself, the leaders have resisted the advice and pressure of certain readers and writers of manuals\footnote{"On a certain occasion, in conjunction with the constitution of the Central Committee, we said that we did not believe that communism could be constructed entirely independently of the construction of socialism; that communism and socialism would have to be constructed, in a certain sense, parallel to each other, and that to invent a process and to say 'up to here we are constructing socialism and here we are constructing communism', can constitute an error, a grave error. "When I expressed this, which of course is not the expression of a master, nor of an apostle...nor much less of a kind of small ideological pope, some refused. And not a few readers of the manuals were astounded." Castro, Speech of 1.V.66 in Socialismo y comunismo..., pp. 21f.} to accelerate the institutionalization of the Revolution for fear that it would not correspond to the needs of a working class still undergoing intensive transformation.\footnote{This was expressed very clearly by Castro in conversations with K.S. Karol, passim.} The imperialist experience, furthermore, produced an instinctive suspicion among the Cuban people of political forms:

\footnote{"When I expressed this, which of course is not the expression of a master, nor of an apostle...nor much less of a kind of small ideological pope, some refused. And not a few readers of the manuals were astounded." Castro, Speech of 1.V.66 in Socialismo y comunismo..., pp. 21f.}
One almost stopped believing that freedom could be entrusted to the institutions: one learned instead that freedom is a collective conquest, is an attribute appropriate to the collectivity. The mistrust of the institutions is reflected also today in Cuban politics: the steps which have been taken in this sense are slow, and more of substance than of form. The formal institutions have been disillusioning. The Congress, the Constitution also existed under Batista and Prio. There was the Junta, and there were the councillors. But what counted was money.... No one, today, demands back a constitution. There is no expectation of it.\footnote{Tutino, "Lettera dall' Avana," p. 966. A recent Soviet book explains this "peculiar form of the dictatorship of the proletariat" in Cuba on the basis of the need to defend the "homeland" against "U.S. imperialist aggression." See V.G. Afanas'ev (ed.), Nachal'nyy kurs nauchnogo kommunizma (M., 1970), pp. 36f.}

For this reason it is only very recently that the Cuban trade unions have begun to function as important organs of realizing working class needs.\footnote{Granma, weekly English edition, 9.XI.70. On the previous state of the CTC s. D. Alexander, "Vers un socialisme cubain," \textit{LTM}, XXII/249 (1967), 1513.}

Finally, in order to facilitate the destruction of the "peso in the head" increasingly more products and services are being distributed independently of labor performed.