

# **Notes Critical of Political Economy**

*by*

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## Some Reflections Over the Socialist Transition

Marx established two periods to arrive at Communism, the period of transition, also called Socialism or the first period of Communism, and Communism or Communism fully realized. He started with the idea that Capitalism as a totality would be doomed to face a complete rupture when it reaches a development such that the productive forces would come into conflict with the relations of production, etc. and in that saw the first period called Socialism, to which he did not dedicate much time, but in the *Critique of the Gotha Program*, he described it as a system in which a series of mercantile categories are already done away with, a product of which the fully developed society has passed on to the next stage. Afterwards came Lenin, whose theory of unequal development, theory of weakest links and the realization of that theory in the Soviet Union and with that implementing a new period not foreseen by Marx. First the period of transition or period of construction, that then transforms into a Socialist society, that itself then transforms into a definitive Communist society. This first period, the Soviets and Czechs pretend to have surpassed; I think that objectively this is not the case, since the moment in which private property continues to exist in the Soviet Union and, of course, in Czechoslovakia. But what's important is not this, rather that the political economy of this period has not been created, nor as such, studied. After many years of economic development in a given direction, they converted many palpable facts of the Soviet Reality into presumed laws that dictate the life of of a Socialist society. I think that here lies one of the most important errors. But the most important, in my concept, is established the moment that Lenin, pressured by the immense accumulation of dangers and difficulties that hovered over the Soviet Union, the mess of political economy, incredibly difficult to carry through, turned on itself and established the NEP giving rise to old Capitalist relations of production. Lenin based himself on the existence of five stadia of the Tsarist society, inherited by the new state.

It is important to clearly highlight the existence of two (maybe three) completely distinct Lenins: One whose history ends specifically on the last paragraph of *The State and Revolution* where he says that is more important to do than to talk about the revolution and one who subsequently has to face the real problems. We pointed out that there was likely an intermediary period for Lenin in which he had not totally retracted all the theoretical conceptions that guided his actions until the moment of the revolution. In any case, in the year '21 onwards, and until slightly before his death, Lenin starts the driving action of making the NEP and taking the entire country towards relations of production that Lenin called state Capitalism, but which in reality could be called pre-monopolistic Capitalism with regards to the economic ordering. In the final periods of Lenin's life, reading with attention, a great tension can be observed; there exists an interesting letter to the president of the Bank, where he laughs at the supposed utilities of him and makes a critique of the financial transactions between companies and the profit between enterprises (papers that they pass between one another). This Lenin, tired from all the divisions he sees within the party is unsure of the future. Although it is something completely subjective, I have the impression that if Lenin had lived

to direct the process of which he was the principle actor and that he had totally within his hands, he would have varied with noticable haste the relations that were established by the New Economic Policy. It was often, in that period, talked about copying from Capitalism a few things, but in Capitalism there was somewhat of a boom in some aspects of exploitation such as Taylorism that no longer exist; in reality, Taylorism is little more than Stakhanovism, work done piecewise in its purest form, or better put, piecewise work dressed with glamour. This very type of payment was discovered in the first plan of the Soviet Union as a creation of Soviet Society. The fact of the matter is that economic juridical scaffolding of Soviet Society was part of the New Economic Policy; within this is maintained the old categories of Capitalism, that is to say that commodities still exist; profit, in some sense, still exists; interest charged by banks still exists, and, naturally, there still exists the material interests of workers. In my conception of this, all this scaffolding is part of what we could call, as I've said, a pre-monopolistic Capitalism. The techniques of direction and the concentration of Capitals were not so big in Tsarist Russia so as to have permitted the development of big trusts. They were in the era of isolated factories, independent units, something that is practically impossible to find in North American industry nowadays. That is to say that, today, in the United States, there are only three firms that produce automobiles: Ford, General Motors, and the sum of all the small companies - small for the character of the United States - that joined together in an effort to survive. None of this occurred in the Russia of that era, but what is the fundamental defect of this system? That it limits the possibility of development mediated through Capitalist competition that no longer liquidates their categories nor implants new categories of a more enlightened character. Individual interest was the arm of the capitalist for excellence and now pretends to be elevated as the lever of development, but is limited by the existence of a society where exploitation is not admitted. In these conditions, man does not develop his fabulous productive capabilities, nor is he developed as the conscious constructor of this new society.

And in order to be in line with their material interest, they are established in the unproductive sphere and in the sphere of services...

This is the justification, perhaps, of the material interest of the directors, the start of the corruption, but in any case it is the consequence of the entire line the of development adopted in which individual stimulation is the driving engine because it is there, in the individual, where, with direct material interest, it is all about augmenting production or effectiveness.

This system has, in some other part, serious obstacles in its automation; the law of value cannot freely operate because there is no free market where rentable and non-rentable producers, efficient and non-efficient, compete and the non-efficient ones die off from inaction. It is necessary to guarantee a series of products for the population, etc., etc. and when it is resolved that the rentability should be generalized for all units, the system of prices changes, new relations are established, and the relation is totally lost with the value of Capitalism that, despite the monopolistic system, still maintains its fundamental characteristic of guiding itself by the market and being a specific kind of Roman circus where the strongest win (in

this case the strongest being the ones who possess the most advanced technique). All this has led to a breakneck development of Capitalism and a series of new techniques that are totally distant from the older techniques of production. The Soviet Union compares its advancement to that of the United States, and says that it produces more steel, but in the US there has been no paralyzation of development.

What, then, is happening? Simply, steel is no longer the fundamental factor to measure the efficiency of a country, because there exists chemistry, automation, non-ferrous metals, and one should also observe the quality of steel. The United States produces less, but produces a great quantity of higher quality steel. The technique has remained relatively stagnant in the vast majority of Soviet economic sectors. Why is this? Because there was a mechanism and it needed to be given automation, establish the rules of the game where the market no longer acts with its Capitalist implacability, but these mechanisms that were thought of are fossilized mechanisms, and therein starts the technological mess. The lack of the ingredient of competition, that has not been substituted after the brilliant successes obtained by new societies thanks to the revolutionary spirit of the first moments, technology stops being the impulse of society. This does not happen in the branch of defense. Why? Because profitability does not exist there as a norm, and because everything is structurally put there at the service of society to realize the most important creations of man for its survival and for the society in formation. But here the mechanism once again fails; the Capitalists have a defense mechanism that is very unified to the productive apparatus, since they're the same companies, they're twin enterprises and all the technological advances obtained in the science of war are passed immediately to the technology for peace and the goods of consumption are given truly gargantuan leaps in quality. In the Soviet Union, none of this happens, they are both stagnant compartments and the system for the development of the science of war serves in a very limited capacity for peace.

These errors, excusable in Soviet Society, the first to start the experiment, are transplanted to much more developed society, or simply arrive at a dead-end, provoking reactions from other states. The first to turn was Yugoslavia, then came Poland, and in this sense so too are Germany and Czechoslovakia, setting aside Romania for special characteristics. What happens now? They reveal themselves to be against the system, but no one has yet to search for the root of the evil; it is attributed to the scourge of the bureaucracy, to the excessive centralization of the various apparatuses, they fight against this centralization of these apparatuses and the companies gain a series of victories and an increasing independence in the fight for a free market.

Who fights for this? Setting aside the ideologues, and the technicians who analyze it from a scientific point of view, the units of production themselves, the most effective ones cry out for independence. This extraordinarily looks like the fight that the Capitalists carry out against bourgeois states that control certain activities. The Capitalists agree that the State must serve some role, that role being in service of losing or to serve the entire country. The rest should be entirely in private hands. The spirit is the same; the state, objectively, becomes

a tutelary state of relations between Capitalists. Of course, to measure efficiency, the law of value is used increasingly, and the law of value is the fundamental law of Capitalism; it is what accompanies it, that is intimately linked to the commodity, the economic cell of Capitalism. The moment in which the commodity is acquired, and the law of value its attributions, a readjustment in the economy is produced in line with the efficiency of the distinct sectors, or units that are not efficient enough disappear.

Factories are closed and Yugoslav (and now Polish) workers immigrate to Western European countries in plain economic expansion. They are slaves which Socialist countries send as an offering for the technological development of the European Common Market.

We pretend that our system picks up both fundamental lines of thought that should be followed to achieve Communism. Communism is phenomenon of consciousness, we do not arrive at it through a leap in the void, a change in the productive quality, or simple friction between productive forces and relations of production. Communism is phenomenon of consciousness, and we must develop that consciousness in man, in which the individual and collective education for Communism is a constitutional part of it. We cannot speak in terms of quantitative economic terms; perhaps we are in the condition to arrive at Communism before the United States has exited Capitalism. We cannot measure in terms of income per capita the possibility of entering Communism. China will takes hundreds of years to arrive at income per capita of the United States. Even considering that income per capita is an abstraction, measuring the median salary of the north american workers, taking into account the conditions of the jobless, taking into account the conditions of black people, even then the level of development is so high that it would cost our countries much to get there. Even so, we are walking towards Communism.

The other aspect is the technical one; consciousness of production of material goods is Communism. Fine, but what is production if not ever increasing use of technique; and what is the ever increasing use of technique if not the concentration of Capitals, that is to say, a concentration of ever more of constant Capital or congealed labour with regards to variable capital, or living labour. This phenomenon is being produced in developed Capitalism, in imperialism. Imperialism has not succumbed due to its capacity to extract profit, resources, from dependent countries and export to them conflicts, contradictions, thanks to the alliance of the working class in imperialist countries against the sum of the dependent countries. In this developed Capitalism, there is the technic germ of Socialism more than the old system called economic calculation that is, at once, the heir of an already surpassed Capitalism and that has been taken as a model of Socialist development. We should, as such, look in the mirror and observe the reflection of a series of correct productive techniques that have yet to clash with the relations of production. It could be argued that they have not done so because of the existence of the relief that imperialism on a global scale is, but this would need some corrections in the system and we only take the general lines. To give an idea of the extraordinary practical difference that exists today between Capitalism and Socialism we could cite the case of automation; while in Capitalist nations it advances at breakneck speeds, in

Socialist nations it is far behind. It could be argued over a series of problems to be faced by Capitalists in the near future, as a result of the fight from workers against unemployment, something apparent, but certainly in this day Capitalism advanced much faster. If Standard Oil, for example, needed to revamp a factory, they stop it and give a series of compensation to the workers. The factory is stopped for one year, they put in the new equipment, and then they resume with better efficiency. What happens in the Soviet Union, even now? In the Academy of Sciences in that country, they have accumulated hundreds, maybe even thousands, of automation projects that cannot be put into practice because the directors of the factories cannot afford for the luxury of their plans falling for a year, if they make an automated factory, they will be asked for a higher productivity, and as such it does not interest them to have a higher productivity. Obviously, this could be solved from a practical viewpoint by giving more incentives for automated factories; it's the Libermann system and what is started to be implemented in Democratic Germany, but all this indicates the degree of subjectivity in which this can fall and the lack of technical precision for managing the economy. One needs to experience difficult hits of reality to start to change; and to always change the external aspect, it is more negatively conspicuous, but not the real essence of the difficulties that now exist that are a false conception of the communist man, based on a long economic practice that will tend and tends to make man into a numeric element, of production for material interest.

Within the technical part, our system tries to take the most advanced parts from the Capitalists and as such should tend towards centralization. This centralization is not an absolute; to make it intelligently it should be worked with the possibilities in mind. It could be said to centralize as much as the possibilities allow; that is what guides our action. This allows for savings in the administration, of workforce, it allows for better usage of the teams working together to known techniques. It is not possible to make a shoe factory in Havana that provides shoes to the entire nation because there would be an issue with transportation. The usage of the factory, its optimal size, is given by an analysis of technical economic elements.

We attempt to eliminate ourselves of, within what is possible, Capitalist categories, as such we do not consider it a mercantile transaction the transportation of product by socialist factories. For this to be efficient, we must restructure prices. This is published by me, \*I have nothing else to add but the little that I have written, save that we must investigate these topics further.

To recap, eliminating Capitalist categories: commodities between enterprises, bank interest, material interest as a lever, etc. and taking the final administrative and technological advances from Capitalism, is our aspiration.

It could be said that all these pretenses are the same as pretending to have our very own

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\*For a better understanding, Cf. "Sobre la concepcion del valor", "Sobre el Sistema Presupuestario de Financiamiento", "La banca, el credito, y el socialismo", and "La planificacion socialista". Published in "Nuestra Industria y Cuba Socialista" in the years 1963-1964 and "El Gran Debate", Ocean Press Editorials, 2006.

Empire State here because the United States has it, and it's logical that we cannot have our own Empire State; but, it should be clear that we can have many of the advancements that the American skyscrapers have, and the fabrication techniques of those skyscrapers, although our buildings would be smaller. We cannot have a General Motors that has more employees than the Ministry of Industry does, and, in fact, we have one similar to General Motors. In this problem, of the administrative technique, technology plays a role; technology and administration have constantly been varying, units that are intimate throughout Capitalist development, but under Socialism it has been divided into two different aspects, which have stayed totally static. When gross technical failure is found in the administration, they look at the proximity and find Capitalism.

To emphasize, the two fundamental problems that afflict us in our budgeted system, are the creation of the communist man, and the creation of the material medium of communism, two pillars that are united by the building they must sustain

We have a great void in our system; how to integrate man in such a way so as to not use what we may call material discouragement, like making every worker feel the visceral need to support the revolution, and at the same time that work be a pleasure; that he feel what we feel from up above.

If it is a question of what is immediately visible, and it is only possible to give interest to those who work is that of the mission, the capacity of the great constructor, it would likely be the case that a construction worker and a secretary would never work with enthusiasm, if the solution were in the possibility of the development of that same worker, we would be very wrong.

What is certain is that today there does not exist a clear identification with one's job, and I think that part of the critiques that are made of us are reasonable, although the ideological contents of the critique are not. That is to say that they critique us because the workers do not participate in the making of the plans, in the administration the state units, etc. which is true, but from there they conclude that the cause is that they are not materially interested in them, that they are in the margin of production. The remedy that is sought after for these workers is that they should run these factories, and that they be responsible for them fiscally, that they have their encouragements at the whims of their own management. I think here lies the crux of the question; for us it is a mistake to aim for the workers to run the units; some worker would have to run the unit, one among them as representative of them, if they want, but one as a representative of everyone insofar as the function assigned to them, to the responsibility and honour bestowed to them, not as a representative of the unit before the unit of the State, in antagonistic form. In a correct central planning, it is important to use the reasoning of each individual unit, and cannot depend on the assembly of workers nor on the criteria of a single worker. Evidently, the less knowledge exists in the central apparatus and in all the intermediary levels, the action of the workers from a practical standpoint is more useful.

This is real, but our practice has shown us two axiomatic elements, a well situated technical chart does more than all the workers in a factory, and a well situated directive chart in a

factory can totally change the characteristic of the factory, from all directions. The examples are innumerable, and we know them all throughout the economy, not just the Ministry. Once again we come to state the problem. Why can a directive chart change everything? Why does it make everything technical, that is to say administratively, better when it comes to the totality of the workers, or why does it give better participation to all the employees such that they see a new approach, with a new enthusiasm for work or a conjunction of all these things? We have yet to find an answer, and I feel we must study this further. The answer must be intimately related to the political economy of this period and the treatment that is given to these questions must be integral and coherent with political economy.