

Critique of Bettelheim's 'Economic Calculus and Forms of Property'

(Guevara vs. Bettelheim, excerpts from the 'Great Debate')

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In an article recently published in *Revolutionary Democracy*, the progressive side of Che Guevara's economic thought was briefly discussed. During the early stages of the Cuban revolution a vivid debate took place, in which despite his flagrant idealist and mechanical mistakes, Che Guevara defended the basic guidelines for the construction of socialism consistent with those implemented in the Soviet Union and the former People's Democracies in Eastern Europe during the 30-50's. The above mentioned article concentrated on the positive and progressive aspects of the revolutionary's thought, while at the same time not enough attention was drawn to the idealist and mechanical exposition of his ideas. In essence, Guevara defends a number of valid and crucial statements in the political economy of the socialist construction from idealist positions. The identification of those idealist mistakes is as necessary as the identification of the progressive elements in order to objectively consider the work of the Argentinean revolutionary.

During the course of the so called 'Great Debate' (Cuba 1963-64) a number of ideological trends confronted each other with regards to fundamental questions of the political economy of the transitional system. In this debate Guevara was basically the only one leading member of the Cuban revolution who more or less consistently supported Stalin's views on the role of commodity-money relations in the state sector. Guevara's argumentation found stiff opposition in the island both among those who advocated close economic ties with the Soviet Union and those who opposed such path of economic development. This corresponds to a wide ideological spectrum ranging from Trotskyism to conscious and unconscious supporters of the ideas of 'market socialism' (leading representatives of Trotskyism who participated in the discussions were also in favour of the theses of 'market socialism') advocated in the post-Stalin Soviet Union. One of the most prominent members of such a debate was the French professor in economy, Charles Bettelheim. Needless to say, Guevara, despite having developed a titanic effort in a short period of time to study the sources of Marxism-Leninism, was under the ideological influence of these anti-Marxist trends.

Charles Bettelheim became active in the economic debates in Cuba. In April 1964, Bettelheim published an article 'On Socialist Planning and the Level of Development of the Productive Forces' ('Formas y métodos de planificación socialista y nivel de desarrollo de las fuerzas productivas', *Cuba Socialista*, Año IV, pages 51-78) in which the author confronts Guevara's views by arguing in favour of the preservation of commodity-money relations in the state sector as a result of the low level of development of the productive forces, which does not make possible the necessary levels of the socialisation of labour:

'In fact, the disappearance of mercantile categories would imply a more advanced socialization of the social reproduction process that is true today' (C. Bettelheim, in *Man in Socialism in Cuba*, Atheneum, New York 1973, page 47).

Before getting into this subject it is particularly important to draw the reader's attention to why we find Bettelheim's participation in the Cuban debate relevant to the present investigation. Bettelheim's idealism has been exposed in the past by Claude Varlet in his work 'Critique de Bettelheim' within the context of Bettelheim's idealist conception of history. In the present article we will focus on identifying the dominant element of metaphysics and idealism in Bettelheim's theory of the economy of the transition to socialism as presented in his work 'Economic Calculus and Forms of Property'. We find the idiosyncrasy of Bettelheim's thought of particular relevance as long as it assists us in trying to understand the idealist stand of Che Guevara in questions of political economy. We believe that Che Guevara was not alien to the ideological influence of Bettelheim. The more or less direct interconnection between Guevara's and Bettelheim's idealism will be elaborated in more detail in the future.

Bettelheim's right wing stand in the question of commodity categories in the transitional economy was the object of criticism in one of Guevara's articles 'The Meaning of Socialist Planning' in which the latter rebels against the categorical statement, that because of the low level of development of the forces of production in Cuba commodity-money relations are an objective necessity in the state sector. In arguing against Bettelheim, Guevara classifies him as a typical supporter of economic calculus (economic calculus in the interpretation of such a category given by the revisionist economists in the post-Stalin Soviet Union).

Bettelheim starts off his analysis by postulating the necessary existence of commodity categories in all sectors of the economy, motivating this by a phenomenological observation: commodity-money relations (full blown category, both in form and content) are part of the economic analysis of the transitional economies (i.e. the Soviet Union, Eastern Europe and China), hence the latter exist and their existence needs to be explained theoretically. Bettelheim argues that the genuine causes for the need of commodity-money relations in socialism had not been subject to careful theoretical analysis. He finds that the state-of-the-art theoretical analysis of that time (including that of the revisionist Soviet economists) inadequately addresses the issue. Bettelheim believed that the economic analysis mystifies the role of the plan, which is a result of the superficial evaluation of the role of the relations of property in the socialist economy. In his view, many economists conceive the relation of property within the boundaries of its purely juridical expression: the means of production belong to the state; hence the former and the products of production are appropriated by the working people via the interference of the state. Bettelheim argues that this economic relation is more complex:

'...the socialist mode of production must consequently also possess specific forms that conceal real relations, the place of these dissimulating forms being the 'plan.' If this is the case, then the specific complexity of the relations that the plan simultaneously reveals and conceals also requires a *theoretical analysis*. The absence, or inadequacy, of this analysis can be the source of a 'fetishism of the plan.' (Bettelheim in Economic calculation and forms of property, page 38)

Bettelheim postulated that the relation between various production centres in the socialist economy is more complex than anticipated. Due to the finite development of the forces of production and other subjective factors, despite being formally part of one big production centre, the state, the different branches and enterprises in practice confront each other to a significant

extent as independent producers. Given that, the only form of economic bond possible among them is the commodity-money categories.

Bettelheim's argumentation arises from his own understanding of the definition of commodity given by K. Marx in the *Capital*:

'In general,' says Marx, 'objects of utility only become commodities because they are the products of different kinds of labour carried out independently of each other.' (C. Bettelheim in *Economic calculation and forms of property*, page 42. Citing K. Marx *Capital*, 1:72-73)

The concept of commodity, however simple it may be with respect to other more complex economic categories in capitalism and socialism, it has been the object of discussion for over a hundred years and yet one can find a large variety of interpretations of this seemingly uncontroversial concept. The concept of commodity is a multisided one. Various trends, which aim at the perpetuation of commodity-money relations in socialism, try to give its particular interpretation of the commodity category. The interpretation of the commodity category as the carrier of an economic relation between two private producers seems to be more or less accepted by many, or at least formally. This definition does not seem complete enough to Bettelheim, as the latter feels that the category commodity embodies a more general type of relation, namely, the relation between two independent producers, as opposed to the relationship between private producers, which is a more restrictive relationship, especially within the context of the analysis of this category in the socialist economy.

'Reflecting on this formulation, we can see that it expresses the idea that the transformation of products into commodities does not originate directly in the fact that products are the result of different kinds of labour carried out by the 'owners of private property' (or by workers under the instruction of these owners, who have previously purchased their labour-power), but in the fact that they are, very precisely, 'the products of different kinds of labour carried out independently of each other.' (C. Bettelheim in *Economic calculation and forms of property*, page 53)

It is clear from this definition that the type of economic bond between the state sector and the collective farms should adopt the form of commodity-money relations, or at least a the stage when the collective farms own not only the products of their labour but also the main means of production. In this respect the collective farms confront the state sector both as a private producer and an independent producer. Within this context the controversy arises when the state owns the main means of production. Bettelheim would attack this problem within the boundaries of a more general question. To what extent commodity categories are valid and what are their functions in the state sector? Bettelheim's answer is unequivocal: there is an objective necessity for commodity-money relations between production centres within the state sector; means of production and even labour are commodities in the transitional economy. The main argumentation in favor of such conclusion lies around the fact that for the effective socialisation of the means of production the nationalisation of the means of production serves only as a necessary but not enough condition and that an specific development of the productive forces is required, which allow the necessary level of effective appropriation of the means of production by society. To declare the appropriation from the hands of the bourgeoisie of the mean means of production via the process of nationalisation implies a juridical statement, which, following cites

from Engels and Lenin, create the necessary conditions for actual socialisation but by itself does not bring the necessary level of appropriation of the means of production by society that can allow to proclaim the conditions for the liquidation of commodity money relations. As a result of this argumentation, different productive units within the state sector, despite the juridical relationship remain effectively as independent producers; hence, the law of value retains its regulatory role.

‘As we know, what precisely characterises commodity forms of production is that the ‘independence’ of the different kinds of labour, that is, of the processes of labour, conceals the reciprocal dependence of the labourers. It is precisely this dependence that lays down the limits to the relative independence of the production processes. These limits are imposed upon the ‘independent’ producers through the law of value. This brutally imposes *ex post facto* the reciprocal dependence of labour and its activities. Its action is indicated by the term ‘regulatory role’ of the law of value. (C. Bettelheim in *Economic calculation and forms of property*, page 54-55)

Bettelheim provides a criterion with which to determine the level of effective socialisation of the productive forces by society. Bettelheim establishes a close interconnect between the concept of interdependence of the various centres of production and the effective socialisation of the productive forces. The more complex production becomes, the more interconnected the various productive centres. This is a mechanism that created the material conditions for the effective socialisation of the means of production. It is clear, that such a level of technical diversity implies a high level of development of the forces of production, which was not provided by the economies of the depending countries.

‘The increasing socialisation of the productive forces is thus shown in the fact that every branch has recourse to means of production from an ever-greater variety of sources. This process is the other aspect of the increasing division of labour and the increasing specialisation of economic activities. It is this socialisation of labor that forms the objective basis for planning and renders it both possible and necessary, owing to the increasing *interdependence* of the various elementary processes of production.’ (C. Bettelheim, in ‘The Transition to the Socialist Economy’, the Harvester Press Limited, 1975, page 48)

For the completeness of his pro-market argumentation, Bettelheim formulated a more general law concerning the interrelation between the development of the productive forces and the relations of production (primarily relations of property). In essence Bettelheim postulates that the level of socialisation of the forces of production determines the level of socialisation of the production relations, or to be more concrete, establishes an upper bound to the latter.

‘The ‘limits’ that the level of the development of the productive forces assigns to the development of socialist relations of production are related to the *modalities* of coordination between the processes of production. These modalities are necessarily *different*, according to the level of development of the productive forces and the *nature* of this development. In effect, depending on the particular case, the coordination of the processes of production can take the form either of a *centralised plan* or of the *superimposition of plans* that *coordinate* these processes.’ (C. Bettelheim in *Economic calculation and forms of property*, pages 52-53)

For instance, if the level of development of the forces of production is not high enough (incipient level of interdependence among production centres) the level of socialisation of the labour does not allow the socialist state to allocate resources among the various branches of the state sector according to the global needs of the socialist economy as a whole. On the contrary, the low level of development of the forces of production impels the plan to establish itself as a coordinator of the exchange of labour between enterprises according to market relations, since it is the mercantile relations the form through which the socialisation of labour should adopt according such circumstances. With this Bettelheim refutes the prerogative of the revolutionary state to allocate resources according to criteria other than that imposed by the regulatory role of the law of value during the transition period to full socialism. Bettelheim reminds Guevara that his plans for the construction of a state sector do not correspond to the poor level of industrialisation of the Cuban economy and that the establishment of economic relations within this incipient form of socialist industry cannot occur other than in the form of the mercantile relations. Guevara brilliantly exposes Bettelheim's metaphysics in his economic thinking by bluntly stating:

'Therefore, we do not agree with his opinion that financial self-management or accounting autonomy 'are linked to a given state of the productive forces'. Such a conclusion is the result of his analytical method' (Che Guevara, 'The meaning of socialist planning' in 'Man and Socialism in Cuba', New York Atheneum, 1973, page 109)

Bettelheim holds Stalin responsible for the lack of deep understanding and theoretical research with regards to the existence of commodity categories in the socialist economy. Despite the fact that his analysis does not substantially differ from the 'new' conception of the place and origin of commodity money relations that arose during the second half of the 50s's in the Soviet Union and consolidated at the XX-XXII Congresses, he seems to present his theoretical exposition as his own creation. As a matter of fact, at the time when Bettelheim writes his 'Economic calculation and forms of property' (1969), Stalin's works had long been 'overcome' and forgotten in the Soviet Union as at that point no one questioned that all products in socialism adopt the commodity form. As many other economists in the post-Stalin Soviet Union he rebels against Stalin's thesis about the existence of two forms of socialist property (state and collective) as the main reason for the preservation of commodity categories in socialism.

'From this particular formula (which invokes a 'subjective' justification: the acceptance or non-acceptance by the collective farms of other economic relations), it would appear that the reply is that the existence of commodity categories is really the result of the existence of two forms of property.'" (Bettelheim in Economic calculation and forms of property, page 44)

Apart from the well-known argumentation posed by right-wing economists, Bettelheim adds his personal contribution to the critique of Stalin's conception. He criticises many economists (not only Stalin, but also many of his detractors) for diluting the juridical form and the essence of the economic relation underlying the relations of property of the means of production in general and in socialism in particular. This argumentation is a result of Bettelheim's viciously metaphysical and anti-dialectical analytical method, which brings him, as we will see below, to most preposterous conclusions, which would have provoked the hilarity of even the most right-wing revisionist economists in the post-Stalin Soviet Union.

Continuing Bettelheim's line of thought, within the context of Stalin's unsatisfactory analysis of the role and origin of commodity-money relations in socialism:

'Before examining this economic basis for the existence of commodity categories, we must briefly state why the legal explanation, which refers exclusively to the existence of several forms of ownership of the means of production, is unsatisfactory.

This is so for the following reason: the existence of different forms of property ownership of the means of production does, indeed, explain the maintenance of commodity relations between the 'different proprietors': between the state and the collective farms, the state and consumers, the consumers and collective farms, and between the collective farms themselves. However, the existence of these forms does not explain the maintenance of commodity categories, and, therefore, of buying and selling within the state sector itself.' (C. Bettelheim, *Economic calculation and forms of property*, page 45)

Clearly, Bettelheim does not conceal his right-wing stand as he openly acknowledged the commodity character of the means of production in the state sector. It is therefore natural, as will be seen before, that the law of value becomes the regulator of the distribution of labour among the more or less independent economic units that the state sector comprises. However, Bettelheim goes further than any right-wing revisionist in the Soviet Union by acknowledging the commodity character of labour in Socialism. Bettelheim postulates that the enterprise in the transitional economies inherits from capitalism the basic feature of the separation of the workers from their means of production, which he refers to as the double separation. In doing so, he naturally concludes that labour-power also adopts the form of a commodity:

'...labour-power and means of production intervene in the process of production under the *value-form* and the labor process is duplicated as a *process in which the value of the means of production undergoes a self-increment*. This process is one in which the value-form is produced and reproduced through abstract labour' (C. Bettelheim, *Economic calculation and forms of property*, page 78)

To Bettelheim's credit, in a sense, he is being more consistent than his Soviet counterparts in the post-Stalin period. Even though, de facto, labour power was treated as a commodity in the Soviet Union, Soviet economists never acknowledged this in public. In fact, Bettelheim is consistently applying the line of thought of right-wing revisionism in political economy by overcoming this contradictory discontinuity in the analysis of economic categories: from the one had all products, including the means of production in socialism adopt the form of commodity (not only the outward form) but labour power does not. From the point of view of a right wing revisionist, the preservation of commodity categories is an absolute necessity and on the other hand, the duality inherent to the commodity in the market economy (use/exchange value) still holds in socialism. Following this line of thought it is hard to conceive that the duality of the economic relations finds an abrupt end at the very same point of origin. According to the theory of right-wing revisionism the commodity character of the product is a reflection of the fact that labour in the transitional economy is not directly socialised, so why is labour not a commodity in socialism? Bettelheim replies in the affirmative, thus exposing the internal inconsistency of the mainstream right-wing revisionism.

Bettelheim exhibits in common with the mainstream right-wing revisionists the failure to understand Lenin's statement of genius about the dying off of commodity categories, which was further developed by Stalin. Stalin's formulation's in Economic Problems with regards to the restricted use of commodity categories in socialism is usually evaluated in isolation from Lenin's critique of Bukharin's right-wing revisionism. Right-wing revisionism, as a form of bourgeois thought, does not conceive of commodity categories outside the boundaries of the bourgeois right: if commodities exist, the contradiction between individual and social labour should hold and the law of value should inevitably determine the character of labour exchange. While being consistent, Bettelheim's economic thought is not necessarily to the right of the mainstream revisionists, never mind the scientific character of such discussion. Bettelheim is able to overcome the inconsistency in the treatment of economic categories not because he is more liberal than others, but because he does not need to resort to such a contradiction.

Bettelheim's economic system is specific in the sense that it resorts to a different type of mechanism to allow commodity categories in the state sector. Bettelheim's metaphysical method envisions the separation between technical forms and social forms within the relations of production (not to be confused with the separation between productive forces and relations of production. Bettelheim here introduces a new subdivision, whose *raison d'être* will be addressed below).

'At the analytical level, it is necessary to distinguish between the *relations of production*, that is, the system of positions assigned to the agents of production in relation to the principal means of production (a system which constitutes a fundamental *structure*) and the *social relations of production*. The latter are the effects of this fundamental structure. These effects concern the agents themselves (the division into classes, the social division of labour, the technical division or labor), as much as the forms of the labour process into which they enter, and the modalities of articulation of these processes (thus, the forms of the units of production, the latter's internal 'organization,' the relations between them, and, consequently, the division of social production).' (C. Bettelheim, page 59)

Marx's analysis is concerted with the study of the social side of production, in other words, the object of political economy deals with the relations of production and not with the 'technological' aspect of production. Ultimately, production as a whole involves the unity of those two elements. Bettelheim for some reason pays special attention to the distinction between the technical side of the relation of the subject to production ('system of positions assigned to the agents of production with respect to the principal means of production') and the social aspect of that relation. Although it seems reasonable that at some point in the analytical dismembering of the subject it may be useful to be aware of the technical and social sides of the relations of production, it is appropriate to inquire as of the use and purpose of such an exercise.

The analytical dismembering of various sides of the object of study is very important element of the scientific method. This applies equally to natural and sciences and humanities. However, metaphysical thinking is unable to conclude analysis with the corresponding synthesis. In this concrete example, Bettelheim's remark on the need to separate what he defines as the fundamental structure of the relations of production from the social content of these relations (it is not clear to us if the author includes the technical division of labour as part of the social

relations of production) is meant to serve a concrete purpose. This potentially metaphysical separation between the technical and social sides of what is treated as a unity in Marxism-Leninism, is aimed at introducing ideological forms (elements of the superstructure) into the analysis of the relations of production: this point, which is common to Maoist argumentation in political economy is as fundamental to its particular idiosyncrasy as it is erroneous, and unavoidably (whether consciously or unconsciously) leads to conclusions similar to those drawn by the ideologists of post-Stalinist Soviet revisionism with regards to the commodity character of the socialist economy.

‘These social relations of production are ‘lived’ by the different categories of agents under the modality of the representation of their ‘role’ and of that of other categories of agents; this representation means that the social relations of reproduction are *doubled by ideological relations*. When these ideological relations are *in correspondence* with the social relations of production, they ensure the *identification* of the different categories of agents with their ‘role,’ and they guarantee, at their own level, the reproduction of the social relations of production. This reproduction is thus dependent on the dominant ideological relations (those that form the ideology of the dominant class and consolidate the dominant relations of production).’ (C. Bettelheim in *Economic calculation and forms of property*, page 59)

Here, Bettelheim draws the quid pro quo that summarises the idealist essence of his theory. Marxist political economy is aimed at studying the social side of production, but does not consider as an object of study the ideological forms that are derived from them. The basic thesis of historical materialism is here subverted when Bettelheim de facto allows ideological relations to become the leading element of the process of reproduction of the social relations of production. It is obvious to any Marxist that society is to be considered as a unity of ideological forms and the economic foundation of society and that between them there exists a certain interrelation of correspondence (the dictatorship of the proletariat is inconsistent with the dominant role of the private character of the main means of production, the same way as the dictatorship of the bourgeoisie is inconsistent with the socialisation of the means of production). However, Marx never considered ideological relations in his analysis of the economy relations, leave alone coming to the conclusion that ideological forms are to guarantee ‘the reproduction of the social relations of production’ (never mind the fact that it is not quite clear to us what exactly Bettelheim refers to by means of such a complex formulation; his subdivision between the technical and social sides of production is not fully understood by us).

It is no surprise that Bettelheim’s insistence on introducing ideological relations bears the purpose of exaggerating and absolutising the return influence of the superstructure on the economic basis. This will ultimately allow Bettelheim to draw a number of practical and far reaching conclusions regarding the role of ideology in the socialist construction, or what he usually prefers to refer to as the transitional economy, which in the end of the day puts under question the objective character of economics laws.

‘The ‘correspondence’ of ideological relations and social relations of production indicates the capacity of the ideological relations to contribute, at their own level, to the reproduction of the social relations. This capacity implies that the ideological relations ‘represent’ social relations of production by concealing them, at least in social formations that are divided into classes. The

dislocation between roles and functions determines a noncorrespondence between the two categories of social relations (of production and of ideology).’ (C. Bettelheim in Economic calculation and forms of property, page 60)

Bettelheim insists on the necessity of the correspondence between the ideological forms and the social economic relations underlying them. There is no question about the need for a certain correspondence, in general, in the abstract sense of that word. However, here we are impelled to draw the reader’s attention to a similar argumentation followed by Bukharin/Bogdanov when interpreting Marx assertion about the need for the establishment of the particular way labour is exchanged in every mode of production. From this abstract formulation Bogdanov inferred a new general economic law, the law of labour expenses, which in the end of the day was aimed at substantiating the perpetuation of the operation of the law of value in socialism. We draw the reader’s attention to this similarity, in order to ascertain the reader that Bettelheim follows a very concrete modus operandi, which he has clearly not pioneered.

Effectively, Bettelheim’s economic theory is conceived as the unity of the social relations of production and the ideological relations. In Bettelheim’s economic system, ideological relations are given a dominating role. By emphasizing the dialectical unity social relations of production and ideological relations, Bettelheim opens the way for the subordination of the first to the second. This scheme is alien to historical materialism, which has proven that the material production conditions the social, political and intellectual life:

‘...social classes warring with each other are always the products of the relations of production and exchange – in a word, of the economic relations of their epoch; that therefore the economic structure of society always forms the real basis, from which, in the last analysis, the whole superstructure of legal and political institutions as well as of the religious, philosophical, and other ideas of a given historical period is to be explained.’ (F. Engels, Socialism Utopian and Scientific, Peking Foreign Languages 1975, pages 71-72)

This aspect of Bettelheim’s thinking had been already exposed in the past in the excellent work of C. Varlet, in which the author analyses Bettelheim’s most known and publicised works, ‘Class Struggles in the USSR’:

‘Bettelheim here distorts the dialectical materialist conception of the relations between the base and the superstructure. Under the pretext that the economic base cannot exist without the superstructure and that this latter in return acts upon the base, Bettelheim denies that in general the economic base plays the essential, decisive role, that the nature of the economic base determines that of the superstructure.’ (C. Varlet, in ‘Economism and Historical Idealism in the Writings of Charles Bettelheim’, published in Revolutionary Democracy, Volume VII, No. 2, September, 2001, pp.60-69.)

Bettelheim’s idealist interpretation of the role of ideological and political forms is present throughout his work and it represents the most basic feature of this thinking. Bettelheim considers that the class struggle is reflected in the social relations of production and not that ideological and political forms in the end of the day are a reflection of relations of production. Class struggle is in Bettelheim’s opinion is to become the engine of the development and

perfecting of the relations of production and their elevation to higher forms of organisation of production. In conclusion, material production does not condition the superstructure but superstructure conditions material production:

‘The production relations that are reproduced in a factory, however, basically reflect the social relationships that are reproduced in the social formation as a whole, and the class struggle being waged throughout the society. The socialist transformation of the production relations always results from class struggle and, above all, from the ideological and political class struggle being waged throughout the social formation.’ (C. Bettelheim in *Cultural Revolution and Industrial Organisation in China*, Monthly Review Press, New York and London 1975, page 91)

The ultimate goal of Bettelheim’s reasoning is to demonstrate the transition to higher forms of economic organisations is possible via the ‘revolutionisation’ of production and that the preservation of capitalist relations of production are possible under socialism as long as these are ‘under the control’ of revolutionary ideological relations. And this is only possible via the dominance of ideological relations over the relations of production, which is a prerogative of the state of the dictatorship of the proletariat. Only this way, socialisation of the process of production can ever become effective. This seemingly revolutionary argumentation is built upon a complex and Byzantine reasoning that the author meticulously follows in order to substantiate the preservation of commodity-money relations in socialism and has little to do with Marxism.

Bettelheim’s metaphysical method, which ultimately turns his economic thinking into the idealistic and voluntaristic, leads him to draw the following preposterous assertion:

‘The system of state enterprises constitutes a form of existence of ‘state capitalism under the dictatorship of the proletariat’ (C. Bettelheim in *Economic calculation and forms of property*, page 87)

Never in the Marxist literature can one find a statement that identifies the state sector under the dictatorship of the proletariat with state capitalism. Bettelheim does not substantiate this type of conclusion, which can only be identified with the worst of the Trotskyite traditions:

‘A primary effect is that the *process of production* continues to have the form of a *process* in which value undergoes a self-increment, since *labour-power* enters into this process as value having the capacity to produce value greater than its own. Consequently, the enterprise is the place where *capitalist social relations of production* are reproduced.’ (C. Bettelheim in *Economic calculation and forms of property*, page 86)

By allowing labour power to be a commodity and the process of the relation of self-increment of value in production, Bettelheim is basically confronting the situation when the proletariat in power is performing self-exploitation. Instead of the allocation of labour in the socialist sector, Bettelheim is proposing the re-distribution of surplus-value among production centres of the state sector according to a socialist (socialist?) plan, that the economic function of the dictatorship of the proletariat in the transitional society is to appropriate and distribute surplus value extracted from the working class. In that case, why Bettelheim does not acknowledge the existence of capitalist exploitation in the state sector? Unless the author is utterly confused about the meaning

of the concept of surplus labour in socialism, one would be impelled to appreciate in Bettelheim's economic theory serious elements of pre-Marxist thinking.

Here Bettelheim seems to absolutise the transitional character of the socialist relations of production by declaring that they remain capitalist in essence with all its consequences. Bettelheim is clear in stating that surplus value is retained in the socialist sector, being the labour of workers under the dictatorship of the proletariat and a commodity just as anything else in the economy of the transitional society. But what seems most absurd of all, it is not the fact that surplus value is considered to be a valid category in socialism (which may be the result of the author's absolutisation of a certain degree of immaturity in the development of the relations of productions during the course of the socialist construction) but rather, the fact that the author does not have a problem in establishing a correspondence between the capitalist essence of the social relations of production and the revolutionary essence of the ideological and political relations. In trying to solve the internal inconsistency of modern revisionism, according to which all products in the socialist economy are commodities but labour is not, Bettelheim has necessarily to incur into another contradiction, which renders consistent with his idealist stand in political economy and his analysis of historical processes.

As illustrated above, the author acknowledges the necessary relation of correspondence between the social relations of production and the ideological forms that represent them (not that we agree with such a formulation). What we find hard to understand is how capitalist social relations of production can correspond to revolutionary ideology and politics. Can socialist social relations of production correspond to bourgeois forms of ideology? And if they do can they coexist for long? How long can the capitalist social relations of production correspond to the revolutionary forms of ideology and politics? Are we referring to a temporary state of affairs appropriate to quite particular historical junctures in which relations of production remain in a state of flux as a result of revolutionary upheavals? Bettelheim would probably reply in the negative, as this state of 'inconsistent' correspondence would exist for as long as the transitional society remains a fact.

It comes to mind that Bettelheim is stuck with such type of contradictions just as the neo-Brezhnevites are unable to give a scientific explanation of how the dictatorship of the revisionist, with its ideological and political forms is able to correspond to the revisionist assertion that the state property in the post-Stalinist Soviet period belongs to the working people. And here we have to make a clear distinction, that we do not consider the economic relations in the post-Stalinist Soviet Union as socialist, as probably some of the adherents of Bettelheim's writings would agree. A Marxist analysis would indeed establish a relation of correspondence between the revisionist ideological and political relations and the capitalist essence of the post-Stalinist Soviet economy. However, it is very hard to reconcile the idea of a different type of correspondence, or at least within the context of extended periods of time in which economic relations have more or less consolidated and reproduce themselves steadily.

Bettelheim draws a rather surprising statement, to say the very least, but consistent with the idealist character of his analysis with regards to the characterisation of collective property in the transitional period:

‘What radically distinguishes the people’s commune from a cooperative is that it is not only an economic unit, but also a *political unit*, a unit within which social and political requirements have priority over economic requirements. Furthermore, because of this dominance of political requirements, it has been possible, in the Soviet Union, to characterize the state enterprise as a ‘superior form of socialist property,’ *in comparison to the kolkhoz (which forms a collective enterprise).*’ (C. Bettelheim in *Economic calculation and forms of property*, page 75)

We strongly object to the author’s assertion that the leading criterion to declare the enterprise a superior form of socialist property with respect to the collective farm based on the different level of ideological and political organisation of the industrial proletariat with respect to the peasantry. It is hard to understand within the context of Marxist economic theory that ideological relations can become the leading criterion with which to determine the level of development of the relations of production. Even if the ideological organisation of the political unit is of a better quality (and the Chinese people’s commune certainly was a higher form of political organisation of the working masses with respect to the kolkhoz of the post-Stalin Soviet period) can a form of economic organisation based on the collective ownership of the means of production and the results of production (never mind the incipient level of mechanisation of labour common to the Chinese people’s commune at that time and the fact that by virtue of its people’s nature, not only poor and middle-class peasants were allowed to be part of the commune) be considered a superior form of socialist property than the Soviet kolkhoz of the Stalin period, in which the main means of production (machine tractor stations) belonged to the state? We believe that the leading criterion to determine the level of development of socialist property in its evolution toward higher forms of economic organization is the level of the socialisation of the means of production and the process of production as a whole.

It is clear to us that the process of the elevation of collective production to the level of state enterprises is a lengthy one and its duration and character may depend strongly on the level of development of the forces of production. The ideological organisation of the working masses definitely plays a major role in this transformation; however, the laws governing such a complex transition are objective ones and the level of militancy of the members of the collective by itself cannot change the essence of the relations of production, can only accelerate, decelerate or even revert the economic transformation, depending on the social-economic and historical conditions.

Bettelheim is driven by the observation that the effective appropriation of the means of production by the proletariat is a function of its political organisation and consciousness. Is the labour of a factory or group of factories with a more conscious and better organised proletariat more socialised than that of a factory in which the workers are less conscious and organised? According to Bettelheim the concept of socialisation of the means of production and labour in the transitional society is intimately correlated with ideological forms and to a great extent reduces itself to a socio-political problem.

According to Bettelheim, ideological relations may determine the character of the relations of production. A question arises: is a factory owned by a capitalist and functioning by the laws of capitalist production a more progressive form of economic organisation if the workers were allowed to sing *The Internationale* at the beginning of each working day, chanting revolutionary slogans while at work and were allowed to gather, rally within the premises of the enterprise or

even to freely agitate in favour of the socialist revolution? Isn't this a similar argument to those used by today's revisionists in Russia to suppress the class struggle in those companies whose directors belong or are in some way associated with allegedly left organisations? Supporters of Bettelheim's theses may argue that these elements are not genuine Marxist-Leninist. Would it really matter to the essence of the relations of production if the owner of the factory were a genuine member of the Marxist-Leninist party?

Within this context, does not the study of the essence and functioning of the relations of production cease to be the object of consideration but rather the ideological and political forms of organisation, which, according to Bettelheim, represent the social relations of production? Doesn't this approach relegate political economy per se to a secondary role in the social-economic transformation of the socialist society? Doesn't Bettelheim's economic theory agree with Bogdanovism and Bukharinism in this regard? Bogdanov/Bukharin differ from Bettelheim in the sense that the former reduce political economy to the study of the organisation of the forces of production and the latter the study of ideological and political forms of the organisation of the working masses. Bettelheim agrees with Bogdanov/Bukharin on the need to perpetuate commodity-money relations in socialist production, as the study of the relations of production (in the classical, Marxist-Leninist sense of this concept) is not the main issue of concern.

Even though Bettelheim formally agrees with the need to objectively formulate the economic laws of the transitional economy, his reasoning from top to bottom represents a negation of this methodological statement and indulges in the most flagrant idealism, which impels the author to draw the most dangerous conclusions. As briefly pointed out above, Bettelheim's metaphysical method leads to idealism, and ultimately renders the mechanism needed by the author to substantiate the perpetuation in the transitional economy of the form and content of the commodity-money relations, which he admits consciously and without reservations. While consciously admitting the preservation of commodity-money relations in the transitional economy, Bettelheim clearly conceives the roadmap for the liquidation of these in the long run. The author sees the 'revolutionisation' of the production centre as the mechanism for the elevation of various forms of property coexisting during the transitional period to higher forms socialisation of labour:

'This forms one of the 'moments' in the 'revolutionization' of the enterprises, of their transformation into another 'form of organisation' involving a different distribution of the functions of direction and control. Only a transformation of this kind can establish (along with other transformations that concern not only the enterprise) one of the stages leading to *new forms of socialisation of labour*, and thus to *the elimination of the value-form from the process of production itself.*' (C. Bettelheim in *Economic calculation and forms of property*, page 83)

Although the term revolutionisation does not seem to us to be very well defined, we believe that Bettelheim envisions the transition to socialism as the result of the radical changes in people's thought with regards to their place and role in production. The way the working class perceives and exercises its relation to the means of production, the results of production, and in general the consciousness of its participation in the labour process is a central element to determine the level of socialisation of labor, which in the end determines the development of the quality of the relations of production. While assigning ideological and political issues such a prominent role in

the process of socialist construction, Bettelheim allows the preservation of full blown commodity-money relations within the state sector, including treating labour as a commodity, etc... The ideological relations being the leading criterion for the determination of the character of the relations of production, in Bettelheim's system the impact of preserving commodity-money relations is mostly ideological: the preservation of old economic forms affects the way the people conceive its relation to production and is a reflection of the fact that the labourer in the transitional society still thinks of labour as an obligation and the managerial staff in production still thinks of its role in production as one would think in capitalism (it is worth noting that Che Guevara in essence agrees with Bettelheim in this idealist understanding of the essence of the relations of production). But provided that the dominant ideological relation is that dictated by the ideology of Marxism-Leninism, as long as the conscious proletariat led by the communist party is in command of the economy, this negativity in the economic relations is subdued. Via the progressive revolutionisation people's minds with regards to the process of production the conditions will be given for the gradual elimination of commodity-money relations. But in the mean time, because the revolutionary working class is in command commodity-money relations are perpetuated and developed in the state owned sector, a fraction of the national bourgeoisie (however progressive it may be) is allowed in production (or even shares a fraction of the surplus value), flagrant revisionist elements are allowed into leading positions of command in the economy (after however long periods of re-education), rich peasants are allowed into the people's communes, etc...

The fact of the matter is that such an approach in practice does not differ significantly from the famous formula advocated by the revisionists of the post-Stalin period: the path towards the elimination of commodity-money relations (the discussion of allowing elements of the national bourgeoisie or the rich peasants into production did not stand as a question as, these had been liquidated as a class in the Soviet Union) lies through their development in the socialist economy. The revisionists of the post-Stalin period argued that the operation of commodity-money relations in socialism is subjugated to the socialist plan, and as a result of which their essence had changed and no longer reflected the capitalist economic relations. Bettelheim proposes to preserve commodity-money relations as long as they are subdued by the dominant ideological relations imposed by the dictatorship of the proletariat. The modern revisionists propose to preserve commodity-money relations as long as the socialist plan subdues the former. In our view both approaches have almost identical implications with regards to the role of commodity-money relations and the path for their elimination during the course of the socialist construction.

As pointed out above, despite the fact that Guevara played a progressive role in the Cuban economic discussion and overall defended the basic principles for the construction of socialism, his economic thought is not free from idealism and mechanical thinking. The idealist aspect of Guevara's economic thought will be covered in more detail in the future. However, it is appropriate to draw the reader's attention to the fact that Guevara also conceives mercantile categories idealistically, as a reflection of a complex of ideological relations. While defending the non-commodity character of the relations among production units in the state sector, he refutes the revisionist thesis of the necessity to develop mercantile categories on the grounds that the latter curtail the development of consciousness.

‘The individualistic concept instilled in man’s consciousness by direct material incentives must be eradicated because it obstructs the development of man as a social being’ (Che Guevara, 'On the budgetary finance system' in ‘Man and Socialism in Cuba’, New York Atheneum, 1973, page 143)

It is for this reason that Guevara comes to the following formulation, which may appear innocuous at a first glance:

‘The law of value and planning are two terms linked by a contradiction and its resolution’ (*ibid*, page 143)

It is not clear to us what the level of direct influence of Bettelheim’s idealism was in Cuba during the early stages of the revolution. It is also unclear to what extent was Bettelheim’s thought able to influence Guevara’s economic thinking. However it is clear that Bettelheim and Guevara share certain common elements of idealism in their understanding of the role and influence of mercantile categories in socialism.

‘This conclusion shows us the ideological character that the opposition ‘plan/market’ can assume. When the plan is ‘thought’ in the form of immediate representation, it effectively appears to be simultaneously both the *opposite* and the *same thing* as the market. This character of identity of opposites signals an *ideological coupling* and thus an opposition, which is at the same time both illusory and real.’ (C. Bettelheim in Economic calculation and forms of property, page 38)