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# Globalization, Internationalism, and the Class Politics of Cynical Reason

Teresa L. Ebert

“The working men have no  
country”—Marx and Engels,  
*The Communist Manifesto*

## *Suspecting globalization*

Globalization is under suspicion not only epistemologically (because like all concepts it acts as a closure and points to a determinate referent) but also politically. Politically it has become a code name—among conservative cultural theorists—for declaring the end of socialism and the emergence of a new world community that is seen as based on the following:

1. The owning of private property as constitutive of the identity of citizens
2. The displacement of labor by knowledge
3. The death of class and end of class struggle as the dynamics of history
4. The emergence of cross-class reformist social movements (with cross-class itself a code for upper-middle-class coalitions) and thus the end of radical and revolutionary politics
5. The emergence of post-production service economies
6. The marginalization of production in favor of consumption

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In a sense one can say that such terms as *globalization* are simply codes for the retreat from Marxist notions like *imperialism* and a substitution of cultural and political issues for what is actually at stake in the changes taking place in the world—changes that are, above all, in the social relations of production.

This theory of globalization I call *transnationalism* and will argue that it is a corporate theory whose purpose is to legitimate monopoly capital.

I contest this notion of globalization through a Marxist theory of globalization that is founded on the daily manifestations of what Marx and Engels described as the simplification of class antagonisms (1976b, 485). The class struggles that took place in Seattle are among the most recent articulation of this simplification. “Simplification” here, of course, means historical clarification under the pressures of material contradictions. This materialist theory of globalization, which points to the end of capitalism, is called *internationalism*.

Globalization, I argue, is, above all, about the structured inequality in the contemporary world, and contesting theories of globalization are really contestations over how to understand and engage this material inequality. Corporate theories of globalization (such as the ones put forth in Thomas Friedman’s *The Lexus and the Olive Tree* [1999] and supported on the public policy level by Third Way centrists such as Tony Blair, Gerhard Schroeder, and Bill Clinton) attempt to mystify these structured inequalities by literally burying them under increasing levels of consumption. Their argument is that if you have a job and your wages enable you to buy a VCR in Dhaka (capital of Bangladesh), this is in itself unsurpassable evidence that globalization is good for everyone and that class is no longer relevant in the global world. The question of the rate of exploitation—the exchange of human labor power for wages—is completely obscured. Class is displaced by income—any level of income that ensures consumption.

Globalization is a struggle over this very exchange and it is, in the last analysis, a theory of exploitation or human emancipation depending on how it deals with this objective class relation.

Those who have made this exchange the main issue of globalization range from Marxist theories to reformist left views (such as those of Lionel Jospin). In various ways, they foreground this structured inequality and attempt to change it, not by changing the levels of consumption, but by changing the relations of production.

Although my goal here is not a review of the literature on the theory of globalization, I need to situate my own position in the context of the various contesting theories.

### ***Representations of globalization***

The term *globalization* has been actively deployed only since the mid-1980s. In its commonsensical use, especially in the mass media and in popular debates over public policy and economics, globalization is represented as a brand new phenomenon, an almost natural event, inevitable and beyond our control—all we can do is adjust as quickly as possible or we will fall behind.

Scholarly debates, on the other hand, treat globalization as nothing new, as simply the most recent development in a gradual expansion and compression of the world that has been going on almost since the beginning of human history. Whether articulated in terms of the ancient Greek philosopher Polybius's notion of "common bundle," Kant's "universal cosmopolitan existence," or Marshall McLuhan's "global village"—this generalized sense of globalization is theoretically weak and rather trivial. All it really amounts to is the commonly agreed-upon view that the world is becoming smaller: various parts of the world that used to be unrelated are now related, and new means of communication have intensified what was a rather slow process.

The question is not that the world is now interrelated but what is the political and economic logic of these interconnections? How does such a logic legitimate certain class interests? When one moves away from the banal use of *globalization* in mass media and its broad, largely hollow use in scholarly debates to try to make more complex sense of the concept by taking into account its politics, history, and class interests, the logic of these interconnections becomes more clear. It becomes clear, for

example, how the global village is built, upon whose labor, and for whose pleasure.

### ***Globalization-as-transnationalism***

The dominant theory of globalization in contemporary discourse is what I call *transnationalism*. It is based on the notion that a new world community is emerging from the old nation-states, and that this community—unlike the old one that was based on ideology and nationality—is based on shared attitudes, preferences, and tastes. In short, globalization is seen as the emergence of a new cosmopolitanism of interests—it is a matter of lifestyle. Lifestyle is, of course, a code for consumption. According to this theory, it is not what Marx called the “social relations of production” that shape human societies but what Angela McRobbie calls the “social relations of shopping” (1994, 34).

Theories of globalization-as-transnationalism take two distinct forms: theories that focus on “culture” and those that put the emphasis on the “state.”

The cultural theories regard globalization as a new world order based on, in Malcolm Waters’s words, “social arrangements for the production, exchange and expression of symbols that represent facts, affects, meanings, beliefs, preferences, tastes and values” (1995, 8). Waters’s main argument for a cultural theory of globalization is the familiar postmodernist view that culture cannot be reduced to “economic or class relations” (1995, 17), and that “material exchanges localize; political exchanges internationalize; and symbolic exchanges globalize” (1995, 9). For Waters, globalization is a world order in which “material and power exchanges in the economic and political arenas are progressively becoming displaced by symbolic ones—that is, by relationships based on values, preferences and tastes rather than by material inequality and constraints” (1995, 124). Globalization, in short, is the progressive culturalization of social life.

The culturalist argument is renarrated and renamed *neocosmopolitanism* and *cosmopolitics* by Bruce Robbins. Robbins deploys the concept of the new cosmopolitanism to

distance the new globalism from the old detached and disengaged mode in order to produce a subject with “multiple attachments” and thus counter what he regards to be the “romantic localism of a certain portion of the left which feels it must counter capitalist globalization with a strongly rooted and exclusive sort of belonging” (1998, 3). To resist globalization is, in Robbins’s word, “childish” because globalization is real and already happening (1998, 3). Robbins’s notion of globalism as a form of cultural logic becomes more clear in his talk about multiculturalism, which he defines as “the genuine striving toward common norms and mutual translatability.” He echoes Waters’s notions of norms and feelings. In fact, he titles his book *Feeling Global* (1999).

Robbins’s main focus is, of course, the relation of the local and the global and whether the time of the nation, nationality, and nation-state is over. As a pragmatist, he does not finally decide on the subject and argues that globalization does not mean the end of the nation, and the existence of the nation, in itself, does not mean that there is no globalization. He draws no conclusions, and this is one reason why Roland Robertson, in a rather impatient tone, says that globalization theories have become a “play zone” in contemporary cultural theory. By relying on influential poststructuralists, these zones of interpretive indulgence generate the logic of on-the-one-hand and on-the-other-hand that finally leave things in a vague in-betweenness. This sort of hedging and undecidability is not a sign of subtle and nuanced understanding; it is a sign of not wanting to be on the losing side, which shows how much is at stake in globalization.

### ***Political theory of globalization***

While most political theories of globalization argue that “there has been rapid expansion of intergovernmental and transnational links,” they also allow that “the age of the nation-state is by no means exhausted.” The question, however, is not a formalist one over the existence of an entity called the nation-state; rather it concerns the nation’s status as sovereign. David Held,

after all the customary qualifications that pass as subtlety and nuance in the academy, finally concedes that “the sovereign structure of individual nation-states” has in fact not remained “unaffected” by the rise of globalization (1991, 210, 212).

Nation-states are, of course, the invention of early modern times, institutions produced by the rise of capitalism. Capitalism required a jettisoning of the feudal regime with its patchwork of autonomous sovereignty. Difference was absorbed into the homogeneity of the nation-state, producing a unified legal code that protected private property and the investment of the capitalist and allowed for the circulation of a single currency. This economic act was, of course, represented as the creation of a harmonious community of people with a common language and a coherent culture and worldview.

The political theories of globalization argue that these very notions and practices—local legal codes, local currencies, local habits and customs—that enabled the rise of capitalism, have now turned into its fetters. Globalization is seen as the emergence of new transnational institutions more suitable to the new phase of capitalism, all represented to the people as progressive and enlightened institutions.

### ***The materialist theory of globalization***

Both cultural and political theories of globalization occlude the fundamental issues at stake in globalization. They both substitute matters of consumption and the market for production and labor questions. They use different idioms, but both claim that—in the words of George Ritzer, who describes the new world order as the “McDonaldization” of the world (1999, 1–26)—globalization is “revolutionizing the means of consumption.” The cultural theories of globalization, to be more specific, offer as enlightened and inclusive a world culture that Lyotard critiqued as a hollow, transcultural, eclectic consumption regime. This is a culture in which, in Lyotard’s words, “one listens to reggae, watches a western, eats McDonald’s food for lunch and local cuisine for dinner, wears Paris perfume in Tokyo and ‘retro’ clothes in Hong Kong” (1984, 76). In this parody,

Liotard foregrounds the scene of consumption that is being naturalized as globalization. The new world community is a community of taste, preferences, and sensibilities. It violently erases the question of labor and production.

In a similar way but with different conceptual vocabularies, the political theory of globalization represents what is essentially a transborder territory of free movement of capital as a post-state world in which human rights are no longer a local issue but a transstate concern. It is argued that the interventions in Bosnia and Kosovo, for example, by transcending the local nation-state sovereignty, put a stop to genocide. What is missing from this narrative is, of course, that the goal of the intervention made in the name of human rights was to liberate a huge market for global capital and an even bigger market of highly skilled but very cheap labor. Where there is no prospect of such profits for transnational capital, there is no intervention in the name of human rights; Rwanda is one case and Chechnya another. Political theories of globalization are, in the end, apologies for imperialism—a word that has become a taboo in transnational theory.

To understand what is really at stake in globalization and what causes its discontents one should go beyond culturalist and political theories and focus on materialist factors such as labor, inequality, class, and exploitation. Theorists who have focused on these issues argue from a number of contesting points of view.

The neoliberals have embraced globalization and have argued that it is the only route to growth and prosperity for everyone, the only way to increase income and reduce unemployment. To speed up globalization, they have advocated free trade, the removal of all market constraints, and the deregulation of labor and capital at all levels. Their views are daily circulated in such journals as the (London) *Economist* and the (New York) *Wall Street Journal*.

On the left, Immanuel Wallerstein, Andre Gunder Frank, and other theorists associated with “world system” and “dependency” theories, although sympathetic to materialist

thinking, have basically regarded the issue of globalization as a matter of state, trade, and markets. Wallerstein, for instance, considers the capitalist world system to be divided into three zones: the core, the semiperiphery, and the periphery. Each is distinguished from the others by the degree and strength of the power of the state, since it is the power of the state that guarantees the transfer of surplus value and also stands behind capital. He writes, "Actors in the market" try to "avoid the normal operation of the market whenever it does not maximize their profit" by deploying state power (1979). Imperialism is the logic of the relation among states, and the powerful "core" systematically develops underdevelopment in the "periphery." It is, in short, the state that is the dynamic of social and economic relations. In "world system" theory, as is clear from even this limited outline, it is "trade" and not "class" that matters.

Globalization, I argue, is a struggle over the structured inequality in the world economy. The dynamics of globalization is not new means of communication such as CNN, fax machines, and e-mail. To see the means of communication as the cause of globalization is to make ideology the cause of social change; this is, of course, a right-wing notion of social change put forth by such ideologues as Ronald Reagan, who told the English Speaking Union: "The communications revolution will be the greatest force for the advancement of human freedom," with the "David of the microchip," photocopiers, and fax machines bringing down the "Goliath of totalitarianism" (Rule 1989). Nor is globalization a matter of changing the status of states or the emergence of NGOs or other such groups; it is not the expansion of human rights and other legal, political, or cultural matters. These are all effects of the more fundamental processes of the relation of labor and capital.

Globalization, in other words, is the unfolding of the fundamental contradiction in capitalism—the separation of the worker from the product of her labor, which is appropriated by the capitalist. It is the exploitation of labor by capital that produces the structured inequality under capitalism, old or new. This is perhaps another way of saying that globalization begins not with

this or that geographical discovery that expands the world, or this or that communication technology that connects the unconnected, or with changing that status of sovereignty of the state. Keep in mind that the state, as Marx and Engels put it in the *Manifesto of the Communist Party*, is “but a committee for managing the common affairs of the whole bourgeoisie” (1976b, 486).

Rather, *globalization begins with the commodification of labor power itself*—when human labor becomes a commodity like all other commodities and is exchanged for wages. The commodification of labor is the condition of possibility for “profit.” In chapter six of the first volume of *Capital*, Marx gives a sustained analysis of this historical-economic matter and writes that labor power is the only commodity “whose use-value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labor and consequently a creation of value” (1954, 164).

With the commodification of labor, the ownership of the means of production is privatized and the stage is set for competitive capitalism. Capitalism is the accumulation of profit, and profits are obtained on two fronts: by fighting the workers to lower the cost of labor (for example, lowering wages, extending the working hours, and digitalizing labor) and by fighting other capitalists to produce cheaper goods. Both require that the capitalist invest in machinery (that is, constant capital). The more advanced is capitalism, the more investment is made in machinery. As a result, the organic composition of capital—the ratio between C (constant capital=machinery) and V (variable capital=labor) changes, and C becomes higher (Marx 1954, 574 ff.). But profit is not produced by machines; it is produced by labor, which means the capitalist must have access to cheap labor in order to compete successfully.

“Profit and wages,” Marx writes, are “in inverse proportion” (1976, 39). Globalization is the process by which capitalists get access to cheap labor and maintain their competitive rate of profit. Contrary to “world system” theory, which places the market and consumption at the center, Marx writes that profit is “the

main factor, not of the distribution of products, but of their production” (1991, 1022).

This process of the globalization of exploitation—the ready access to surplus labor—sets in motion a highly complex set of secondary processes that require, for example, changes in the status of the sovereignty of the state and its transformation into a poststate; the development of global postnational banking and investment laws; deregulation of markets, changes in environmental regulations, and so on. The cultural and political changes that mark globalization are effects of this internationalization of the social relations of production. The *Manifesto of the Communist Party*, which, among other things, is the first sustained theorization of globalization, discusses these cultural and political changes at length. According to Marx and Engels:

The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form, was, on the contrary, the first condition of existence for all earlier industrial classes. Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses, his real conditions of life, and his relations with his kind.

The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere.

The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country. To the great

chagrin of Reactionists, it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations. And as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures, their arises a world literature. (1976b, 487–88)

Globalization, as Marx and Engels describe it, is a dialectical process. Contrary to its official propaganda, globalization is in no way a remedy for inequality. It reinforces inequality: the fact that it provides jobs for the jobless in no way means that it changes the social relations of production. In fact, globalization is the internationalization of these social relations of production—the internationalization of class structures.

However, it is part of the contradictions of global capitalism that the internationalization of class relations unleashes and unites the forces that were previously separate. The artificial boundaries of “nation” and “nationality” that so far have separated the workers of the world are transformed, and people see what capitalist ideology has effectively prevented them from seeing: class and not nation is the basis of human solidarity. Globalization, in spite of itself, gives rise to internationalism, which is the basis of solidarity for constructing a classless

society not because this is the aim of globality but because this is the law of history.

***Globalization, cynical consciousness, and the political***

The struggle against globalization and for international class solidarity, however, is not an “automatic” effect of history. It requires the development of class consciousness. But ours is a time of cynicism and suppression of class consciousness. In fact, supporting corporate globalization has become the mark of progressiveness in the academy through the use of a cynical reason that champions neoliberalism, free trade, and the interests of big business, all in the name of progress.

Cynicism today is a sign of what Hegel, in his discussion of ethics and principled practice in his own time, called the “unhappy, inwardly disrupted consciousness” (1977, 126). The “unhappy consciousness” is rent within itself because of the conflicts between its knowledge of the “unchangeable”—the principled truth—and its practice, which is derived from the “changeable”—the “things of this world.” The “unhappy consciousness,” Hegel argues, always locates itself in “things of this world” but never forgets its yearnings for the unchangeable—the principled truth. “Unhappy consciousness,” I argue, is the consciousness of the divided subject—the subject torn between the contradictions of what it “knows” and what it “does.” In a sense, this is the schism that Marx and Engels (in *German Ideology*, 1976a) reunderstand as constitutive of bourgeois consciousness, which is oscillating in the gap between “theory” and “praxis.” In other words, cynicism is the logic of a pragmatism that opportunistically deploys ideas and beliefs in order to secure its place in the “things of this world”—that is to say, in order to get things done within the existing structures of access and privilege.

But the existing structures of access and privilege are founded upon the unequal relations of labor and capital and preserve their hegemony by concealing this inequality—by representing the unequal exchange of wages for labor power as if it were equal. Cynical reason gets things done within these structures of privilege by working to occlude the reality of class and structured

inequality. *Cynicism is, thus, the other of class consciousness*, and, I will argue, it also becomes the other of the political. I am aware, of course, that in the common sense, the political is considered to be the pragmatic: a set of strategies and tactics deployed to get things done. However, I understand the political not as the art of the possible—that notion of the political eventually leads to opportunism and to cynical accommodation with existing inequalities. The political, I believe, is the praxis necessary to carry out what Lenin called “what is to be done” (1961)—what is to be done to eliminate inequality and exploitation.

***The formation of cynical consciousness***

In *Critique of Cynical Reason*, Peter Sloterdijk writes that “cynicism is *enlightened false consciousness*. It is that modernized, unhappy consciousness, on which enlightenment has labored. . . . Well-off and miserable at the same time” (1987, 5). Earlier I described the cynical as the effect of a divided consciousness—a conflicted consciousness—and, by drawing on Hegel, implied a critique of that disrupted consciousness. Sloterdijk, however, seems to suggest here that the cynic is not simply a divided consciousness but rather a complex consciousness, a double consciousness. Hegel anticipates such a reading and argues that, among other things, “the unhappy consciousness itself is the gazing of one self-consciousness into another, and itself is both” (1977, 126). The point here, of course, is not to annotate Hegel but to unpack, as much as possible, the formation of the cynical mind and its thick layering.

The layered and self-reflexive, enlightened false consciousness supersedes its own falseness by knowing that it is false. In elaborating on this metaconsciousness, Slavoj Žižek writes that

with disarming frankness one “admits everything,” yet this full acknowledgement of our power interests does not in any way prevent us from pursuing these interests—the formula of cynicism is no longer the classic Marxian “they do not know it, but they are doing it”; it is “they know

very well what they are doing, yet they are doing it.”  
(1994, 8)

To unpack the working of this cynicism, I would like first to map out briefly the main strategy of the cynical mind in its approach to politics and then read the theoretical work of Žižek himself as an act of cynicism—a cynicism that protects itself from being known as cynical by theorizing the cynical. His writings, I will argue, are consummate acts of the metacynical political imaginary in contemporary theory. They are very *apolitical* acts that are cynically circulated as heightened moments of politics in theory.

Let me repeat my own notion of the political: the political, for me, is to undertake praxis—that is, to carry out “what is to be done” to end exploitation. At the core of this praxis is class struggle. A politics without class, in other words, is a hollow slogan.

To act politically in theory—as my brief theorizing of the political shows—is to commit oneself to a practice founded on a principle. It is to take a risk. In contrast, the cynic depoliticizes theory by representing the political in theory itself as a naive performance. It is naive, the cynic argues, because to act politically one has to act according to principles, and principles, like all foundationalist practices, are epistemologically questionable. In other words, the cynic depoliticizes theory by translating politics into epistemology and turning the question of class into a matter of difference. I will return to this later on. Here let me add that having posited politics in theory as a species of naive foundationalism, the cynic then proceeds to textualize the epistemological and further reduce all claims of politics to mere tropes and figures of speech. If textualizing politics was all that the cynic did, he would not be a cynic but a rhetorician who was perhaps committed to the principle of a semiotic politics and theorized politics as representation. But the cynic, as I said, is marked by a divided consciousness; there is a gap between what she knows and what she does. It is a sign of this divided consciousness that at the same time that the cynic renders the political an

ungrounded practice to be regarded with great suspicion, he declares himself to be political.

The cynic covers the gap between declaring herself political and doing the apolitical by resorting to what Sloterdijk calls “kynicism”—a playfulness that blurs the lines between the cynical and a cynicism about cynicism and transforms the whole question into an elaborate ludic performance. Politics, in short, becomes a highly elaborate playful mimicry and a ludic masquerade.

An example of such a highly sophisticated depoliticization of politics in theory through the play of kynicism is Judith Butler’s writing on the political and her parody of classical Marxism.

In her widely circulated and popular attack on “Left Conservatism”—her code name for orthodox Marxism—in her essay “Merely Cultural,” Butler claims the Marxist insistence on class in the realm of sexuality is a direct suppression of sexuality, in general, and queer sexuality, in particular. According to Butler, the “charge . . . that a unified and progressive Marxism must return to a materialism based in an objective analysis of class . . . marks,” for her, “the resurgence of a certain kind of theoretical anachronism” and leads to the “resurgence of a leftist orthodoxy” that she says “work[s] in tandem with a social and sexual conservatism that seeks to make questions of race and sexuality secondary to the ‘real’ business of politics, producing a new and eerie political formation of neo-conservative Marxisms” (1997, 268).

Her alternative to this left orthodoxy with its “objective analysis of class” is a political parody in which she deploys mimicry to empty Marxism of its revolutionary class politics. Butler performs what she calls a “temporary identification” that involves, she says, a “certain ability to identify, approximate, and draw near, it engages an intimacy with the position it appropriates that troubles the voice, the bearing, the performativity of the subject such that the audience or reader does not quite know where it is you stand” (1997, 266). Butler is engaging here in a kind of political cross-dressing—a Marxism in drag—in which she temporarily dons Marxist positions and materialist principles,

only to shed them even before her performance ends. She flirts with historical materialism—taking “the mode of production as the defining structure of political economy” and arguing “that sexuality must be understood as part of that mode of production” (1997, 273)—and then in a cynical, parodic move, turns Marxism on its head, when she attributes to Marxism a “remanufacturing” of the “distinction between the material and the cultural . . . that jettisons sexuality from the sphere of fundamental political structure!” (1997, 274). In other words, she turns Marxism into a caricature, erasing its complex dialectical understanding of the relation of culture and the material base in order to project onto Marxism the very critique made of poststructuralist feminists and queer theorists for their isolation of culture and sexuality in an autonomous realm cut off from the material reality of people’s labor.

One defense of Butler is that she is performing kynicism—for Sloterdijk kynicism is the resistance to cynicism; it is the provocative resistance of “pantomimic, wily” “individualism” (1987, 218) and the cheeky, irreverent actions of a defiant body. But as a viable political strategy, kynicism is indeterminate. As Andreas Huyssen points out, “the kynic can no longer be distinguished from the cynic. Is Sloterdijk displaying kynical strategies or cynical attitudes? It is anybody’s guess” (1987, xxi).

Both the cynical and the kynical empty class out of politics and separate out theory from praxis. We end up with parodic performances that cannot effect change because they cannot recognize the real material relations of exploitation—the exploitation of surplus labor, that is, class exploitation—underlying all forms of oppression, in however complex and dialectical ways. Class struggle is the Other of cynicism.

As I have already argued, cynical reason critiques class as a metaphysical fiction without any grounding in the truth of the social. Through various reading strategies, it has also textualized class and posits that, as Paul de Man has written in *Allegories of Reading*, class, like all concepts, is simply an errant trope, a metaphor without referent. From a poststructuralist perspective, therefore, the differences that class attributes *between* the

proletariat and the bourgeoisie are displaced onto a difference *within* each class itself. In other words, there is more difference *within* the proletariat, in this view, than differences between the proletariat and the bourgeoisie. By transposing the difference from *between* to *within*, poststructuralist social theory has effectively rendered class a textual construct. This is another working of cynicism. This play of/with class is perhaps nowhere more on display in contemporary cynicism than in the writings of Žižek. What is interesting politically here is that he, unlike Butler, has extensively written about cynicism. His writings on cynicism act to preempt and render ridiculous any critique such as mine that reads his own political writings as performances in cynicism. His are metacynical cynicisms. But before reading his writings, I need to say a few words about class, which I have invoked several times in this text.

Class has not only been dismissed as a metaphysical fiction by poststructuralists and cynics alike, but from the within the Left itself (mostly from neo- and post-Marxist positions), class has also come under attack—not as a textual construct but as a concept whose time is past. According to this argument, capitalism has gone through a structural transformation as a result of which the concept of class can no longer explain social differences. Adopting a broadly neo-Weberian concept of class as life chances in the market, this left position eventually replaces the concept of class with the concept of lifestyle. And furthermore—this is the main political issue here—it substitutes consumption and the consuming behavior of the subject for production. If the poststructuralist critique of class is conducted in the slippages of cynicism and pleasure, the left critique of class is carried out in a space of panic, the panic of “enlightened people” who do not want to be “taken for suckers,” as Sloterdijk says (1987, 5), and who thus, as a mode of survival, develop a “permanent doubt about their own activities” (1987, 5).

Class is neither an errant trope nor life chances in the market. Rather, class is the place of the subject of labor in the social relations of production. Class is produced at the point of production and is only tangentially related to lifestyle. The fundamental

division determining—in quite complex and dialectical ways—all other social differences is the division of labor and the unequal appropriation of people’s labor. The enormous edifice of capital accumulation and unequal power, privilege, social order, and cultural production is all built on the exploitation of workers’ surplus labor. Class is the place of the subject in the structure of exploitation—the place of exploited and exploiter, those who own nothing but their labor power and those who own the means of production. There is no capital, no bourgeois society without the exploitation of the workers’ surplus labor—in short, without the inequalities of class.

Class struggle, as Marx tells us, is the engine of history; it is the ground of social practice and thus the root dynamic of any politics that aims at social transformation. This is the reality the unhappy bourgeois consciousness *knows* but *cannot act on*—especially the unhappy bourgeois Left.

We see the acting out of this cynical erasure of class in such examples of the post-Marxist Left as Slavoj Žižek. For all his appropriations of Marxist vocabulary and disclaimers against poststructuralism, Žižek acts out a cynic-kynic performance as parodic and indeterminable as those by any post-al critic. (By *post-al* I mean a bourgeois mode of thinking that assumes a radical break in capitalism and, therefore, posits that we have entered a post-historical, post-ideological, post-class, post-work, post . . . era.) Žižek *mimes* Marx in an effort to turn a materialist ideology critique upside down into a Hegelian idealism and dissolves class struggle into the symbolic surplus of the Lacanian Real.

Specifically, Žižek insists on the “interpretation of social antagonism (class struggle) as Real not as (part of) objective social reality” (1994, 25). Class struggle is dissolved here into an ahistorical Lacanian Real of “social antagonism,” which Žižek describes, in his own words, as “absolute constant,” a “primordial repression” “the non-symbolizable traumatic kernel that found expression . . . in the very distortions of reality, in the fantasized displacements of the ‘actual’ . . . in the guise of spectral apparitions” (1994, 25–26). Žižek’s cynical-kynical miming,

what he calls “this ‘return to Marx’ entails,” he declares, “a radical displacement of the Marxian theoretical edifice: a gap emerges in the very heart of historical materialism” (1994, 28). This cynical gap, of course, is the dissolution of class struggle into “spectrality.” For “class struggle,” Zizek declares, “is none other than the name for the unfathomable limit that cannot be objectivized” (1994, 22).

In the name of answering the cynical, Zizek gives us perhaps the most cynical performance of all. He seeks to rescue ideology critique from the cynical but, in a quite remarkable display of enlightened false consciousness, sinks us more deeply into cynical reason as he dissolves the ground of class struggle on which a transformative politics stands.

“Cynical reason,” Zizek argues, following Sloterdijk, “renders impossible—or, more precisely vain—the classic critical-ideological procedure. The cynical subject,” he says, “is quite aware of the distance between the ideological mask and the social reality, but he none the less insists upon the mask” (1989, 29, 30). Ideology critique has become impossible for post-al critics because the other of ideology—the possibility of truth—is considered unattainable today. The outstanding mode of cynicism is, as Zizek declares, “lying in the guise of truth” (1989, 8).

This understanding of ideology imprisons ideology in the cognitive and the rhetorical, in a formalist logic of a true-false dichotomy, that ends up positing a spectral supplementarity. As Zizek argues, “the extra-ideological point of reference that authorizes” a critique of ideology “is not ‘reality’ but the ‘repressed’ real of antagonism” (1994, 25)—not the materiality of class struggle but the “unfathomable,” idealist “constant” of a “non-symbolizable traumatic kernel.”

In a quite remarkable cynical twist, Zizek has distorted the historical real of capitalism, turning it upside down into yet another ideological phantom. The real of capitalism is not some Lacanian “unfathomable” “traumatic kernel.” It is the concrete, tangible materiality of the expropriation of the worker’s surplus labor in the relations of production under capitalism. Class struggle is not a specter; it is the very real struggle “carried on [in] an

uninterrupted, now hidden, now open fight, a fight,” that as Marx and Engels write in the *Manifesto of the Communist Party*, has “each time ended, either in a revolutionary re-constitution of society at large, or in the common ruin of the contending classes” (1976b, 482).

*Class consciousness as the other of cynical consciousness*

Why this compulsion to cynically erase class struggle, even among the best intentioned of left bourgeois critics? Because, as Lukács has argued, “the objective limits of capitalist production become the limits of the class consciousness of the bourgeoisie,” producing an “*irreconcilable antagonism between ideology and the economic base*. . . . In consequence theory and practice are brought into irreconcilable opposition to each other” (1971, 64). The unhappy bourgeois consciousness, split by the schism between knowledge and class struggle, between what it knows and what it does, cannot allow itself to recognize the reality of class struggle without being forced to recognize her or his own class position, without being forced to either recognize her own exploitation and place among the workers or conversely become one of the “portion of bourgeois ideologists who,” Marx and Engels argue, “have raised themselves to the level of comprehending theoretically the historical movement” of class society “as a whole” and join that “small section of the ruling class [that] cuts itself adrift and joins the revolutionary class” (1976b, 64).

*Class consciousness is the other of the cynical, enlightened false consciousness.* In the “class consciousness of the proletariat,” as Lukács writes, “theory and practice coincide” (1971, 69) because of the proletariat’s struggle to grasp historically and dialectically the concrete totality of the workings of private property and the extraction of surplus labor through all levels and strata of society so that the proletariat, Lukacs argues, “is able to act in such a way as to change reality . . . so it can consciously throw the weight of its actions onto the scales of history” (1971, 69). Red theory is a cultural politics aimed at developing class consciousness. “Working-class consciousness,” however, is not a

narrow economic awareness. As Lenin argues in *What Is to Be Done?*

Working-class consciousness cannot be genuine political consciousness unless the workers are trained to respond to *all* cases of tyranny, oppression, violence, and abuse, no matter *what class* is affected . . . unless the workers learn, from concrete, and above all from topical, political facts and events to observe *every* other social class in *all* the manifestations of its intellectual, ethical and political life; unless they learn to apply in practice the materialist analysis and the materialist estimate of *all* aspects of the life and activity of *all* classes, strata, and groups of the population.” (1961, 412)

Class consciousness is the crux of the international struggle for the emancipation of *all* from the exploitation of global capitalism.

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*Department of English*  
*State University of New York at Albany*

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# **Racism in Prerevolutionary Cuba and Antiracism in the Cuban Celebration of May Day**

**Herbert Shapiro**

The history of the Cuban Revolution from the nineteenth century to the contemporary era of socialism and anti-imperialism is marked by the struggle to eliminate the legacy of racism implanted by slavery and years of U.S. domination. Among the features of contemporary Cuba have been the nation's commitment to internationalism and to unity with other socialist nations, and the rendering of major assistance to the revolutionaries of Latin America, Asia, and most especially Africa. The overthrow of the despotic Mobutu regime in Zaire will always be linked in memory to the aid Cuba provided the revolutionaries of that country in the 1960s. Set in the context of this history, the struggle against racism has been a prominent feature of the Cuban celebration of the international workers' holiday, May Day.

In the course of his work for the liberation of Cuba, José Martí repeatedly addressed the question of racism. In 1885, while discussing the career of Ulysses Grant, Martí wrote of the U.S. Civil War: "Those were the days of the noblest crusade that has ever been seen on earth. From ocean to ocean the northern states rallied to one cry: 'There shall be no more slaves.'" (1953, 15). In a glowing tribute to the genius of Walt Whitman, Martí observed: "When the slave comes to his door, pursued and

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sweaty, he fills the bath tub and sets a place for him at the table; he has his loaded gun in the corner ready to defend him; if they come to attack him, he will kill his pursuer and return to the table, as if he had killed a serpent" (1953, 252). In 1891 Martí declared:

There can be no racial hate, because there are no races.<sup>1</sup> The rachitic thinkers and theorists juggle and warm over the library-shelf races, which the open-minded traveler and well-disposed observer seek in vain in Nature's justice, where the universal identity of man leaps forth from triumphant love and the turbulent lust for life. The soul emanates, equal and eternal, from bodies distinct in shape and color. Whoever foments and propagates antagonism and hate between races, sins against Humanity. (1953, 150)

Also to be remembered is Martí's respect for the Indian cultural tradition, a respect expressed in an 1884 essay when he wrote: "Such Indian writings as we know, the fragments that escaped the episcopal hands of the Landas and Zumarragas, are informed with the splendor of the saman, the elegance of the palm, and the brilliance and variety of the flora of the American uplands." He refers to the Indian phrase as "ample and pliant as a robe" and asks, "Who that has read an account of battle or title of property of the Guatemalan Indians will deny it?" (1953, 192).

Martí was keenly aware that racism could only serve to divide the Cuban nation. In 1893 he explained: "Constant harping on racial divisions and the differences between the races in the case of an already divided people impedes the attainment of national and individual well-being, which are to be secured by the greatest possible coming together of the racial elements that form the nation." He looked forward to a Cuban independence when "merit, the tangible, cumulative of culture, and the inexorable play of economic forces will ultimately unite all men. There is much greatness in Cuba, in both Negroes and whites" (Martí 1953, 308, 312).

A spirit of interracialism marked the Ybor City community of Tampa, Florida, to which substantial numbers of Cubans emigrated following 1886. Ybor City became a rallying center for support of the struggle in Cuba. As historians Gary R. Mormino and George E. Pozzetta write, “No single event defined the values and shaped the thought of early Ybor City more than the struggle for Cuban independence. Afro-Cubans such as Ruperto Pedroso and Bruno Roig spearheaded the formation of local patriotic clubs, and revolutionary leaders such as José Martí preached the unity of races in a greater Cuba.”

Within Ybor City, even though this community was situated within a Florida dominated by racism, there was, according to Mormino and Pozzetta, remarkable harmony between Afro-Cubans and other Latins. An Afro-Cuban, Hipolito Arenas, recalled, “Your color did not matter—your family and their moral character did” (Mormino and Pozzetta 1987, 79). Tampa generated a culture of radicalism that was significantly more enlightened than the norms most often prevailing in the U.S. labor movement. Ybor City radicals prevented acceptance of Jim Crow practices. Interaction between blacks and whites in the workrooms of the cigar industry and in union halls acted as a counterforce against racism. Tampa trolleys did not require separate black sections on vehicles servicing Ybor City.

The 1898 United States intervention in Cuba brought along with it an intensification of what racism existed in Cuba. Protestant missionaries capitalized on the racial fears prevalent among the Cuban white elite. Many of the missionaries, especially Baptists and Methodists, were southerners and they eagerly transplanted the segregationist practices they identified as the natural mark of civilization. A superintendent of Methodist missions in Cuba noted that a prime concern of white Cuban elites (more than likely his own prime concern) was “the mixing of the races,” an anxiety that led such whites not to avail themselves of public schools. Such conditions, Reverend D. W. Carter observed, “created a demand for first-class private schools on the part of persons who are able to pay for the education of their

children, thus being opened a way of access for the missionary to a large and influential class of people” (Pérez 1995, 67).

Part of the mechanism that served to export Anglo-Saxon racism to Cuba was a program for the training and indoctrination of teachers. The subject merits more study than it has yet received. Spanish traditions were to be replaced with dynamic U.S. values. “We are dealing with a race that has steadily been going down for a hundred years,” Governor-General Leonard Wood commented in 1900, “and into which we have to infuse new life, new principles, and new methods of doing things.” It was also Wood’s opinion that a colonial government would be what best suited the “excitable” Cubans (Pérez 1995, 42). Hundreds of Cuban teachers were sent for summer periods of instruction at such institutions as Harvard and the New York State Normal School at New Paltz. This program was inherently discriminatory. According to historian Louis A. Pérez Jr., “Although black students were not directly excluded from this program, racist admission policies of many host institutions in the United States all but formally foreclosed any opportunity for Afro-Cubans to study in U.S. schools.” The president of the University of Missouri assured the Cuban Educational Association that the invitation was not extended “to the Cubans that may be Negroes” (Pérez 1995, 49–50).

Encounters between United States personnel and Cubans in the course of the Spanish-Cuban-American War led to repeated expression of racism on the part of the North Americans. One U.S. army officer complained that the Cubans were “a dirty, filthy lot.” The supposed deficiencies of Cubans were utilized to argue against the granting of independence. The U.S. commander, General William R. Shafter, told a reporter: “Why those people are no more fit for self-government than gunpowder is for hell.” An American cavalry brigade commander concluded that “the insurgents are a lot of degenerates, absolutely devoid of honor or gratitude. They are no more capable of self-government than the savages of Africa.” A *New York Times* correspondent told his readers: “If we are to save Cuba, we must hold it. If we leave it to the Cubans, we give it over to a reign of terror—to the

machete and the torch, to insurrection and assassination.” United States domination frustrated Cuban aspirations in many ways, and it most surely impeded the realization of a Cuba Libre that eliminated racism. Afro-Cubans had filled key positions in the Liberation Army. Men of color made up some forty percent of the Liberation Army’s senior commissioned ranks and some estimates give 80 percent as the proportion of blacks among the army (Pérez 1988, 160; Thomas 1995, 323). The United States insisted upon the dissolution of this army, and, in the subsequently reorganized Cuban Army, reorganized under U.S. control, blacks were denied commissions (Pérez 1995, 9–12, 23). United States intervention in the Cuban Revolution interrupted a process of radicalization that was likely to lead to basic social transformation. The war that resumed in 1895 was, as Maximo Gomez proclaimed, a war that surged from the bottom up and that was why it would triumph (Pérez 1988, 160).

Cuba gave to the world in the person of Antonio Maceo one of the great examples of valiant military leadership in the service of revolution. In the First War for Independence, Maceo repeatedly defeated the Spanish forces in battle, rose to the rank of brigadier general, and won renown for refusing to sign the Pact of Zanjón that ended the war in 1878. According to Philip S. Foner, his “Protest of Baragua” was a protest against ending the war without the achievement of the revolution’s main goals— independence and the abolition of slavery. At Baragua, Maceo told the Spanish commander Martinez Campos that independence and peace were inseparable. Maceo avowed his willingness to resume war, and, although he was unable to do this, his protest, writes Hugh Thomas, made him a hero throughout America (Foner 1972, xix; Thomas 1995, 267). The later Communist Party leader Blas Roca recognized similarities in the historical roles of Maceo and Fidel Castro. He told interviewer Tad Szulc:

The people depend on the leader that they have; the men who followed Maceo were similar to the men who were led by the other mambises but with Maceo they performed

tremendous feats, but with the other leaders they didn't do anything. Why? Because Maceo was a true leader and Fidel is that kind of leader, they know the moment when they should say to the people: "Come on now, let's go," and they put themselves in front. That's Fidel, he puts himself at the head, he doesn't say, "you go," he says "let's go." That is the characteristic of Fidel. (1985b, 62)

United States consular dispatches make clear that Spanish authorities in Havana, especially the notorious General Weyler, joyfully welcomed news of Maceo's killing. The U.S. Vice Consul General reported to Washington that "shouts of joy" greeted the news, and upon Weyler's return to Havana the general was given a military serenade and "in his address was so elated that he declared that it was only his duty as a soldier that kept him in the Island, but if necessary, he would be glad to devote all his energies, as soon as the island was pacified, to the labor of reconstruction of the country and to opening up of its springs of wealth."<sup>2</sup>

Whatever the response of the pro-consul Weyler, there were others in the world who mourned the death of the great Afro-Cuban hero. In an article marking the seventy-seventh anniversary of Maceo's death, the Cuban writer José Luciano Franco reminded his readers of the homage paid Maceo in many countries. In the Italian parliament, the radical deputy Imbriani declared: "Rebellion is a right and a duty of the oppressed, and the glory goes to those who die fighting for their cause." University students in Rome staged a demonstration honoring Maceo's memory and later a large public meeting was held at the Esquilino theater in Rome, attended by numerous parliamentary deputies, teachers, students, and trade union delegates. At the ceremony, a bust of Maceo was unveiled. Eugenio Maria de Hostos, Puerto Rican revolutionary and writer, wrote of Maceo: "But if he was not the first or the only one, he was not second in patriotism, determination, self-sacrifice and courage, and the contemporary world, which has watched him fighting day after day in the most dangerous position, will always view him as the

most genuine representative of fighting Cuba.” There was also the great Hebrew poet Morris Rosenfeld, who wrote a poem of tribute to Maceo titled “To The Death of Maceo.” The killing of Maceo struck a powerful chord of antiracism and anti-imperialism (*Granma*, 16 December 1973).

Following the establishment in 1902 of a Cuban government whose sovereignty was constricted by the Platt Amendment, and the planting of the U.S. base at Guantanamo, the struggle for racial equality continued. A highlight of this struggle was the rebellion of 1912. In 1907 the Independent Party of Color was founded. This organization had its source in the fact that Cuban blacks had legitimate grounds for grievances. Blacks were only infrequently found in the professions, and the farms rented or owned by blacks were generally smaller than those of whites. Hugh Thomas links what he calls “Negro difficulties” to “the difficulties met by all Negroes in dealing with freedom after generations of slavery,” but also acknowledges that the persistence of racism resulted “partly too from a desire to imitate the U.S. and so prove U.S. investments safe” (Thomas 1995, 515–16).

News of the 1912 rebellion was carried in the U.S. press and the *New York Times* responded to the events with an equivocal editorial that amounted to defense of the racial status quo. Headlining its editorial with the words “It Must Be a White Republic,” the *Times* noted that black Cubans had done much to earn full equality; after all, the fact was that “during the later stages of the war its prosecution depended very largely on their courage, energy and devotion.” At the same time, the paper gave its comments a patronizing flavor with the comment that blacks “were good fighters of their kind” and then went on to assert that “Cuba had to decide whether she would be a black or white republic, and a black republic meant in time another Haiti.” The editorial found that the grievance of black Cubans was real enough, but insisted that “one way or another, Cuba will be saved from going the lamentable course of Haiti” (*New York Times*, 24 May 1912).

In the course of the rebellion, it was apparent the United States was concerned with the protection of U.S. property and was prepared to take military action, if needed, to assure the

suppression of the black movement. On May 22, the U.S. Minister Arthur Beaupre urged the Cuban government to take precautions to protect the Spanish-American Iron Company's iron mines at Juragua as well as other foreign properties (some of the U.S. property at Juragua being owned by the Bethlehem Steel Company). Spanish sugar-mill owners reportedly sought detachments of troops (*New York Times*, 23 May 1912).

Beaupre also informed the Cuban government that the U.S. transport *Prairie*, with seven hundred marines on board, had departed for Cuba, along with the gunboats *Paducah* and *Nashville*. The *New York Times* had earlier reported that U.S. interests in the vicinity of Guantanamo and Santiago had made representations to Washington concerning the supposed danger to their lives and property. The Cuban Secretary of the Interior Laredo Bru responded to Beaupre's note with the comment that the Cuban government regarded the U.S. action "with the utmost satisfaction as a practical expression of friendship. We do not regard it for a moment as foreshadowing intervention but as an offer of assistance should the necessity arise which I feel confident will not be the case" (*New York Times*, 24 May 1912).

A document seized by the Cuban police expresses in a few words the essence of the rebellion's goals: "Before you do anything, be very careful. Union and serenity. First, Down with the tyranny. Second: Long live equality. Third: Long live the rights of men. When asked who you are, reply 'Cuba,' . . . love and union result in victory for God, country, and the right" (*New York Times*, 24 May 1912).

A special report to the *Cincinnati Enquirer* indicates that U.S. preparations to crush the Cuban rebellion were in a more advanced state of readiness than reported in the *New York Times*. According to the *Enquirer*, two divisions of the U.S. battleship fleet had been ordered to steam to Key West to be in position to quickly enter Cuban waters. The *Enquirer* declared that the U.S. Navy was prepared "for the greatest naval demonstration since the Spanish-American War." An expeditionary force of fifteen thousand men had been organized by the U.S. Army general staff for action in Cuba. It is noteworthy that the *Enquirer* report

linked the black rebellion to “serious labor troubles,” most especially the possible renewal of a longshoremen’s strike. Indeed the author of the article contended that “of the two, the disturbances which probably will arise at the Cuban ports through the strikers’ operations are believed to be the most immediate and dangerous elements in the situation.” There is in this comment the indication once again that in the U.S. perception of Cuba questions of class and race were linked (*Cincinnati Enquirer*, 26–27 May 1912).<sup>3</sup>

There is also the record of the communication sent by U.S. Secretary of State Philander Knox to the U.S. minister in Havana. Knox wrote: “The Nebraska should arrive at Havana tomorrow and a large naval force will be assembled at a convenient point, probably Key West. A gunboat will be ordered to Nipe. . . . You will inform the Cuban government that in the event of its inability or failure to protect the lives or property of American citizens in Cuba, the government of the U.S. will land forces.”<sup>4</sup>

In the years between 1912 and 1959, Cuban society was marked by a variety of forms of racial discrimination, although lacking the obsession with racial purity, pervasive segregation, and systematic racial terrorization that marked U.S. society. Cuban society did not contain the prohibitions against racial intermarriage that existed in numerous U.S. states, and Cuba did not have an intellectual life corrupted by theories and practices of eugenics, theories and practices that found a warm welcome in Hitler’s Germany. Maurice Zeitlin has carefully evaluated the state of relations between white and black workers in prerevolutionary Cuba. He writes: “The position of the Negro worker vis-a-vis his white fellows in prerevolutionary Cuba is not easily delineated. From what we know, it is probably correct to say that Negro workers were subject to relatively greater economic insecurity and deprivation. While Negroes were distributed throughout the occupational structure, they were disproportionately concentrated in the poorest income groups and the most menial jobs.” Zeitlin adds that “proportionately more Negro than white workers were unemployed, received low

wages, and had only minimal schooling before the revolution, while fewer of them were able to become skilled workers." Prior to 1959, blacks were excluded from most of the better hotels, beaches, and places of entertainment patronized by U.S. visitors and upper-class Cubans (Zeitlin 1967, 68–70).

Racial discrimination had a particularly severe impact upon black women. Elizabeth Stone writes: "Before the revolution, discrimination against Black woman was severe. Segregation existed in public areas and facilities such as hotels and beaches, and Black women had an even harder time than their sisters in getting a job. Black women were excluded from some of the more sought-after occupations such as nursing" (Stone 1981, 23).

An essay by Margaret Randall tells us much about the special burdens imposed on Afro-Cuban women and also recalls the bravery of these women in the nineteenth-century struggle for independence. There is, of course, Mariana Grajales, Antonio Maceo's mother, whose reaction to three sons wounded and two dead was to turn to her youngest son Marcos and say, "And you, get up, it's time you were fighting for your country!" A legendary figure was also Rosa Castellanos, who earned captain's stripes under Maximo Gomez and established a hospital for the wounded in the mountains. The facts reveal the blatant discrimination during the years of U.S. control suffered by black women. In 1903, seventy percent of all women who worked in Cuba were domestic servants. By 1907 there were only twelve women among the nation's lawyers, architects, dentists, engineers, and doctors, and none of them was black (Randall 1974, 3–5).

Fabio Grobart, whose political commitment linked the formation of the Cuban Communist Party in the 1920s with the later Communist Party led by Fidel Castro, offers an insightful perspective on the heritage of racism that marked pre-1959 Cuba. He explained to Tad Szulc:

When Cuba was liberated from Spain there remained in Cuba two bad things that had existed in the past century; the first was the racial prejudice against the blacks. The

blacks had been liberated from slavery in 1886, but there existed the psychology that the black is an inferior person, and due to the fact that no more than 20–30 years had passed since the abolition of slavery, and although slavery didn't still exist, it was converted into racial prejudice, that the black is an inferior being, that the black didn't have the right to a number of things and although there was no written law, in practice they had no right to learn a trade. . . . If a white woman by chance was in love with a black man, she was considered a prostitute by her own people. A white man could marry a black woman, it wouldn't look good, but it was accepted, but a white woman to marry a black man was totally immoral.

Despite the participation of blacks in the wars of independence, the sermons of Martí, all the prestige that Maceo had, slavery left here the heritage of racial prejudice, racial prejudice not of a moral kind, not only a spiritual kind, but a material kind. Only our revolution finally put an end to that; the year 1959 had to come to allow a black to live in the Vedado. . . .

In the 20s we find this phenomenon strongly penetrated among the white masses, was expressed in the sense that a black, twenty-five years after having been liberated from Spain, forty-some years after the abolition of slavery, one couldn't live in certain places in Havana, for example, in Vedado which was then an aristocratic neighborhood, one couldn't rent a house, nor could one send his child to a private school owned by whites. . . . How are white kids going to study together with black kids, and, as a result they were obliged to organize their own schools and their own social life.” (Szulc 1985a, 10, 23–24)<sup>5</sup>

The years of the twentieth century prior to 1959 were also the period of considerable growth of the Cuban labor movement, and major segments of this movement came under Communist leadership. A continuing feature of Cuban labor history was celebration of May Day. The first known marking of May Day

took place in 1890 under the auspices of the *Circulo de Trabajadores* (Workers Club), founded in Havana in 1885 by Enrique Crecci and Maximo Fernandez. On 20 April 1890, the *Circulo de Trabajadores* issued a "May Day Manifesto" calling upon Cuban workers to support the international demonstration in support of the eight-hour day. Workers were urged to march to a mass meeting where speakers would stress the "necessities and aspirations of a united working class." The Havana correspondent of the *New York Times* wrote of the May Day parade that various trade organizations marched through the city's principal streets, greeted with much cheering (2 May 1890). Speakers at the demonstration demanded the eight-hour day, called for equal rights for blacks and whites and urged the solidarity of all workers. Following the demonstration, directors of the *Circulo de Trabajadores* were arrested for having issued the May Day Manifesto and tried for violating a Penal Code written while Cuba was under Spanish rule. A trial, however, resulted in the acquittal of the defendants (Foner 1986, 53).

The tradition of celebrating May Day was also to take root among the predominantly Cuban workers in the Tampa cigar factories. On 1 May 1919, workers at three of the larger cigar factories, Cuesta Ray's, Santella, and Samuel I. Davis, did not report to work. A demonstration did not take place, owing to the city's mobilization of several hundred home-guard militia. The *Tampa Daily Times* described as "inflammatory" a leaflet written in Spanish, under the signature of J. D. Larosa, that called upon cigar workers to join in protesting the imprisonment of "their brothers and other political prisoners" (1 May 1919). The newspaper *El Internacional*, published in Tampa by the Cigar Workers International Union, expressed a quite different view of May Day than that found in the *Daily Times*. In *El Internacional*'s English section there appeared these lines:

May Day—"International Labor Day"—the day which has for many years been celebrated by laborers throughout the world, this year symbolizes more forcibly than ever before

the bond of brotherhood between the workers of the world. . . . On this, the world's Labor Day, the workers cease their labors and join in mighty protests against the wrongs perpetrated upon them by their industrial masters and exploiters. (2 May 1919)<sup>6</sup>

The newspaper added that May Day “grows in significance and in force as the one day on which labor, without regard to race, creed or color, rubs its eyes, stretches its limbs and resolves with renewed determination to dethrone the avaricious monster of capitalism.”

The Communist Party of Cuba was founded at a meeting in early August 1925, with initiative coming from socialists, with the support of several anarchists. Fourteen persons were present at this meeting, including Enrique Flores Magón, a representative of the Communist Party of Mexico; Julio Antonio Mella, Baliño, and Alejandro Barreiro of the Havana Communist group; two representatives of the Jewish section of the Havana group; Yotshka Grinberg, Fabio Grobart and Felix Gurbich of the Jewish Communist youth; three Communists from Guanabacoa and San Antonio de los Baños; and three ex-officio officers of the Havana organization (Thomas 1995, 576–77).

Some months earlier the attention of the international Communist movement was called to the race question in an article, “The Martyrdom of the Negro,” published in *International Press Correspondence*, the organ of the Communist International. The author, who had visited the United States in the capacity of seaman, was the Vietnamese Nguyen-ai-Quac, later known to the world as Ho Chi Minh. Ho minced no words, declaring,

It is generally known that the black race is the most suppressed and exploited of all the races of mankind. It is also generally known that the extension of capitalism and the discovery of the New World had as its immediate consequence the birth of slavery, which for centuries was the scourge of the Negroes and the bloody shame of humanity. (2 October 1924)

But Ho added that not everybody knew that blacks in the United States “are still exposed to fearful moral and physical suffering, of which the most cruel and horrible is the so-called Lynch Justice.” Ho also forcefully made the point that whites had a direct interest in stopping lynching, if for no other reason than that hundreds of whites, including eleven women, had also been lynched, many because they had organized strikes or supported black rights. Ho’s article was a striking call for interracial labor solidarity.

Under the leadership of the Communist Party, large May Day demonstrations were held in 1929 and 1930. In 1929 twenty thousand Cuban workers assembled at the “Nuevo Fronto” stadium in Havana; following this event a battle erupted between police, assisted by mounted soldiers, and demonstrators. Two workers were killed and seventeen others wounded. At the funeral the next day, thousands accompanied the coffins of the murdered demonstrators, Rudiolfo Pérez and Juan Monteigo, to the cemetery. On May Day 1930, thousands of unemployed Cubans demonstrated, and again police and the army killed two workers. Scores were injured (Foner 1986, 105, 111).

High among the priorities of the Communist Party of Cuba was the struggle against discrimination and racism. Blacks were extensively represented among the party’s leaders. The black Communist, Lázaro Peña, was a foremost leader of the trade-union movement. The “soviet” of workers that emerged during the 1930s revolution and lasted until the early months of 1934 was led by the black Communist, Leon Alvarez. A revered labor leader, the Afro-Cuban Jesus Menéndez, head of the sugar workers union, was murdered in 1947 by cohorts of Eusebio Mujal, one of a group of anti-Communists scheming to expel Communists from the labor movement. One of the outstanding cultural figures prominently identified with the Communist Party was the mulatto poet Nicolas Guillén (Zeitlin 1967, 70). Even Hugh Thomas, certainly no friend of the Communist movement, recognizes that Guillén was among a group of intellectuals “who linked the Cuban Communists with the great international leftist cultural tradition, with the Spanish war . . . with Pablo Neruda and Rafael Alberti and the rest” (1995, 1081).

The historical record establishes that the Cuban Revolution that came to power in 1959 was committed to the elimination of racial discrimination and the building of a new Cuba based on equality of black and white (Pérez 1988, 321). Zeitlin, while stating that black-white relationships in Cuba should not be viewed in simplistic terms, notes that since the revolution “the Revolutionary Government has conducted a propaganda campaign in behalf of racial equality, and also has opened all hotels, beaches, and resorts (previously almost entirely privately owned and closed to the public) to all Cubans, regardless of color.” Zeitlin briefly quotes from a speech made by Fidel Castro at the 26th of July celebration in 1962 at Santiago:

In the past when voices were raised in favor of liberation for the slaves, the bourgeoisie would say “impossible, it will ruin the country” and to instill fear, they spoke of the “black terror.” Today they speak of the “red terror.” In other words, in their fight against liberty they spread fear of the Negro; today they spread fear of socialism and communism.

A black worker at the Nicaro nickel refinery in Oriente said to Zeitlin:

I am most proud of what the revolution has done for the workers and the campesinos—and not only at work. For example, Negroes couldn’t go to a beach or to a good hotel, or be jefes in industry, or work on the railroads or in public transportation in Santiago. This was because of their color! They couldn’t go to school or be in political office, or have a good position in the economy either. They would wander in the streets without bread. They went out to look for work and couldn’t get it. But now, no—all of us—we’re equal: the white, the Negro, the mulatto. (Zeitlin 1967, 73, 74, 83 8)

The scholarship of Zeitlin and Pérez is more soundly based than that of Geoffrey E. Fox, whose piece “Race and Class in Contemporary Cuba” is found in a collection edited by Irving Louis Horowitz (1977). The basic defect of Fox’s work is that it

is largely based on interviews with fifty emigres located in Chicago. Fox conceded that from the beginning the Cuban revolutionary government sought to help the black and mulatto population to overcome special disadvantages in education, employment, and recognition of social worth. But Fox comes up with the strange conclusion that Cuban antiracism has its strongly negative side. The root of the problem is black self-hatred. Fox contends his reading of the evidence suggests “that many Cuban blacks and mulattoes accepted the stereotype of themselves as members of an inferior race; thus that they were more anxious to have people forget or ignore their race than to hear it extolled . . . there was an element of Cuban culture that taught that blackness was shameful, and the exclusion of black people from more visible places only natural.” Supposedly people are not likely to welcome improvement in their material conditions when the price “is to stand in public view and to have their blackness pointed out to the world.” Fox turns Fidel Castro’s observation that racial discrimination and capitalistic exploitation are joined to the conclusion that blacks who had imbibed bourgeois values were also likely to believe in their own inferiority (Fox 310, 313, 327–329). Fox’s argument is deficient both in its evidentiary basis and its logic.

The most extensive study of the Cuban Revolution in relation to blacks, at least as published in English, is Carlos Moore’s *Castro, the Blacks and Africa* (1988). Regrettably, what could be a most useful volume is compromised by its hostile view of the revolution. As Harvard scholar Jorge I. Domínguez observes, Moore notes the revolution’s role in improving the conditions of blacks in Cuba. In Domínguez’s words, because blacks were disproportionately concentrated at the bottom of Cuba’s social stratification, “government policies that sought to teach the illiterate, improve the health of the indigent, insure a minimum caloric intake against hunger, and provide jobs for all, were bound to benefit blacks disproportionately.” It is to be wondered that Moore rather hurriedly passes over this feature of the Cuban Revolution. What Moore does emphasize is his claim that the revolutionary regime is negrophobic, repressive of the culture of

Afro-Cubans. Dominguez states there is need for ambivalence in assessing this theme, but by and large he accepts Moore's interpretation (1988, xi–xii). But what is needed is not so much ambivalence as rejection of what constitutes a grossly distorted view of contemporary Cuba.

Moore draws conclusions about Fidel Castro unrelated to any body of evidence. He finds that Castro's reference to Abraham Lincoln as one of the "radical revolutionaries" who do not prematurely announce programs that might unite all of their enemies (Castro is quoted as commenting that "it was only at the end of the Civil War that Lincoln proclaimed the freeing of the slaves") explains what Moore sees as Castro's silence on the racial question. (Moore acknowledges that Castro was a member of the University Committee Against Racial Discrimination.) Moore somehow identifies Fidel's comment that he had been touched by a reading of *Uncle Tom's Cabin* as making plausible the thought that Fidel believed that the liberation of Afro-Cubans would have to await the end of the war against Batista. Moore asserts that the statement in "Manifesto No. 1 to the People of Cuba" (8 August 1995) that the revolutionaries advocated ending "every vestige of discrimination for reasons of race, sex, which regrettably still exists in our social and economic life" constituted nothing more than "constitutionalist trivia." The revolutionary government is censured for lacking sensitivity to Afro-Cuban culture, but Moore still writes that "black workers were the real social basis of the Castro regime in 1959 and increasingly so thereafter." Of how many biracial societies in the world could the same be said? Carlos Moore is interested in condemnation rather than constructive criticism of the Cuban Revolution. Moore reports that the Cubans became most unhappy with Stokely Carmichael (later Kwame Toure) after the Black Power ideologue stated at a 1968 Oakland meeting, "Communism is not an ideology suited for black people, period. . . . Socialism is not an ideology fitted for black people, period" (Moore 1988, 6, 7, 16, 52, 26). This episode has more to say about the waverings in Carmichael's views than about the subject of racism and antiracism in Cuba.

The evidence concerning celebrations of May Day in the years since Cuba entered the road of socialist transformation reveals the consistent theme of internationalism, of insistence upon working-class unity and solidarity with the Africans, Asians, and Latin Americans struggling against imperialism. A characteristic expression of internationalism is found in the 1978 May Day speech of Roberto Velgo Menéndez, general secretary of the Central Organization of Cuban Trade Unions. Velgo began his remarks with paying tribute to the victories of “socialism and internationalism” in Ethiopia and went on to voice greetings to “our brothers and sisters in Angola, Ethiopia and other revolutionary countries, the daring forgers of the new world! . . . to our class comrades in Latin America, the Caribbean, Asia and Africa, who are struggling for full independence and against imperialist exploitation!” (*Granma*, 14 May 1978).

On May Day 1984 Velgo declared that Cuban greetings went to those “in Palestine and the entire Middle East who oppose Zionist aggression; to the brave fighters of the African National Congress and the South West Africa People’s Organization, to the workers of the Sahara.” Velgo added that Cubans honored the Cuban personnel and the Angolan workers who were victims of the “horrendous crime by the South African racists and Yankee imperialism.” The central thrust of the speech was contained in the words “We’d rather die than not be internationalists” (*Granma*, 8 May 1984).

The banners hanging over the site of Havana May Days have expressed the interracialism of the Cuban Revolution. In 1977 a banner displayed portraits of José Martí, Antonio Maceo, and Maximo Gomez, under the statement, “There is no real independence without revolution” (*Granma*, 8 May 1977). The 1 May 1977 issue of *Granma* featured a column by José A. Benitez that made the point that the disintegration of colonialism in Africa “was one of the most important events of the century and was the result of the African people’s struggles and efforts in the development of human society.” Benitez located the roots of this disintegration in the victory of the 1917 Russian Revolution. The same issue of *Granma* also featured an article by Jesus Orta Ruiz

that found the background for Cuba's identification with Africa in the writings of José Martí. Orta reminded his readers of Martí's poem in which a young Nubian speaks:

Love for one's country, Mother,  
does not mean ridiculous love for the soil  
or the grass under our feet.  
It is irrepressible hatred for he who oppresses it;  
It is eternal rancor for he who attacks it.

Orta also quoted Martí's words: "The black race has a noble soul." In his 1973 May Day speech, Fidel Castro recalled the U.S. Civil War and the movement for annexation of Cuba that had its roots in the desire for maintenance of slavery. Castro emphasized that the policy of the Cuban Revolution

couldn't be based on narrow, selfish, chauvinistic objectives; . . . there will be no improvement in the relations between Cuba and the United States as long as the United States keeps on trying to impose its sovereignty over Latin America, as long as it keeps trying to play the role of gendarme over our sister nations in this part of the world. (*Granma*, 13 May 1973)

Castro welcomed the success of the Vietnamese in forcing the United States to sign the Paris peace accords that finally brought an end to the Vietnam War.

The 1973 May Day parade also featured a large reproduction of Jesus Menéndez, the martyred Afro-Cuban leader of the sugar workers union. The 6 May 1973 edition of *Granma*, recalling Cuban May Days of the past, noted that veteran sugar workers spoke "with reverence and admiration about a man who could never be bought off, about the great leader of that vast exploited mass that never stopped fighting for its rights, the unforgettable Jesus Menéndez." In 1974 *Granma* wrote at length of how cigar makers recalled the Afro-Cuban leader of the Federation of Cuban Workers, Lázaro Peña. The workers remembered the young Peña, who began as a lector (reader) at the El Credito cigar factory, later going on to learn the skills of cigar-making.

Cigar worker Alfredo Rodriguez Canal remembered Peña's agile mind that quickly brought him to become acquainted with the essentials of Marxism-Leninism. Cigar maker Juan Trujillo Rivero spoke of Peña's "innate gift for expressing himself so explicitly and with his extemporaneous manner of speaking which brought him close to the hearts of the people." In case of disagreement Peña fought for the things that would bring unity.

Peña was a fervent builder of mobilizing workers for the May Day celebration. In the late 1930s he was a key figure in organizing the May Day demonstrations that called for support of Republican Spain and the establishment of a democratic Constituent Assembly in Cuba. Shortly before his death in 1974, Peña visited his old comrades at the Miguel Fernandez Roig cigar factory, accompanied by Commander-in-Chief Fidel Castro, who presided at a meeting that discussed struggles of the past and present. In 1974 the May Day celebration was dedicated to the memory of the "beloved and unforgettable" Lázaro Peña (*Granma*, 12 May 1974).

There can be no doubt that Cuba's official institutions and its people recognized the great contributions this Afro-Cuban made to his class and nation.

In the years since 1959, Cuban public life has been marked by innumerable events recognizing the manifold contributions of black people, both in Cuba and beyond. Such events include visits by such personalities as Miriam Makeba and Angela Davis; the enthusiastic reception given Nelson Mandela; the holding of ceremonies commemorating the leadership of Martin Luther King Jr.; the funeral of the distinguished pianist Bola De Nieve, attended by such figures as Blas Roca, Nicolas Guillén, and Mariano Rodriguez of the Casa de las Americas; the publication of numerous articles about the murder of George Jackson at the San Quentin prison in California; publication of a major article about the famed *Amistad* slave revolt; Cuban press articles about Malcolm X and Langston Hughes; exhibits about African culture; and publication of scholarly materials about the Yoruba religion.

Symbolic of the ability of contemporary Cuban society to recognize outstanding contributions made by black people are found in the honoring of Nicolas Guillén and the hero's welcome given Angela Davis. On the evening of 10 July 1972, a ceremony honoring Guillén on his seventieth birthday was held in Havana under the sponsorship of the Commission of Education, Culture, and Science of the Communist Party's Central Committee. Major Raul Castro, Vilma Espín of the Cuban Federation of Women, and the veteran Communist leaders Lázaro Peña and Fabio Grobart were among the many prominent figures in Cuba's public life who attended. Minister of Education Belarmino Castilla Mas spoke and remarked that it was Guillén who expressed in poetry the fusion of Spanish and African ingredients "forged in the wars of liberation," but not from the point of view of "blackism." What Castilla appears to be saying is that Guillén was an internationalist rather than a black nationalist. Guillén wrote the poem "Elegia a Jesus Menéndez," a poem in which, according to Castilla, "revolutionary poetry assumed its true role as a transmitter of ideas and hopes and as a cry to war . . . it is a broad fresco in which the working class, through its poet, sings to its murdered leader and reaffirms its faith in victory" (*Granma*, 23 July 1972).

Upon Angela Davis's 1972 visit to Cuba, Fidel Castro said at a public rally that a "tremendous movement prevented the perpetration of a crime, an infamous crime and forced the imperialists to free Angela Davis. And this movement must necessarily fan and consolidate the confidence of the progressive people of the United States, of that other people Angela spoke about—in their own struggle, in their own cause." In an interview given Radio Havana, Davis stated that following her last visit to Cuba she had been able to return to the United States "and tell our people how racism had been virtually eliminated in a very short period of time here in Cuba" (*Granma*, 8 October 1972).

The antiracist significance of May Day in Cuba reflects a consistent commitment to the eradication of any remaining vestiges of racism, placed in the context of adherence to internationalism. In a world in which the poison of narrow

nationalism is all too frequently pervasive, Cuba continues to stand as a beacon of humanism.

*Department of History*  
*University of Cincinnati*

#### NOTES

1. Also see Lerner 1997, viii. Lerner writes that the term *race* itself is a racist construct, and therefore she will in the future join others in putting the word in quotation marks.

2. Vice Consul General Springer to Assistant Secretary of State, Document No. 265 in Microform reel 127, U.S. Consular Dispatches from Cuba. On 14 March 1896 a U.S. citizen, José Gregorio Delgado, renting a plantation at Bainoa, stated in a deposition he had encountered a contingent of the Liberation Army led by Maceo, “numbering about six to seven thousand men, blacks, whites and mulattoes, and even a company of twenty or more women armed with revolvers and machetes.” Consul General report in Microform reel 124, U.S. Consular Dispatches from Cuba.

3. I am indebted to Judith Shapiro for having located this material.

4. Knox, quoted in Thomas 1995, 523. In a message on 26 May 1912 to U.S. President Taft, the President of Cuba José Miguel Gomez stated that U.S. preparations for intervention alarmed and injured the feelings of the Cuban people, at the same time assuring Taft that the Cuban government was able to “annihilate a few rebels without a cause and without a flag” (U.S. Department of State 1912, 248–49).

5. Tad Szulc interviews with Fabio Grobart, 1985. I gratefully acknowledge the aid provided by Mark S. Shapiro in translating the Roca and Grobart interviews.

6. I thank Professor Robert P. Ingalls of the University of South Florida for copies of these Tampa materials.

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## MARXIST FORUM

*Nature, Society, and Thought* initiated with vol. 6, no. 1 a special section called “Marxist Forum” to publish programmatic materials from political parties throughout the world that are inspired by the communist idea. This section makes available to our readers (insofar as space restrictions permit) a representative cross section of approaches by these parties and their members to contemporary problems, domestic and international. The Marxist Forum also includes unrefereed papers presented at conferences of special interest to Marxist scholars. Our hope is to stimulate thought and discussion of the issues raised by these documents, and we invite comments and responses from readers.

In this issue, we present several papers on socialist market economies that were presented at the International Symposium on Socialism and the Twenty-First Century in Wuhan City, China, 18–21 October 1999, and at the Marxism 2000 conference at the University of Massachusetts, Amherst, 21–24 September 2000.



# Marx's Theory of Historical Transcendence and the Creative Practice of Socialism in China

Fu Qingyuan

According to the universal law of historical development, Marx and Engels envisaged in the nineteenth century that a socialist revolution launched by the proletariat would first take place in the advanced countries, but they did not negate the possibility that under special circumstances it could happen in the undeveloped countries. Particularly after the 1870s, Marx and Engels focused their research on the oriental backward nations. In a letter to the editorial department of *Accounts of Motherland of Russia*, a reply to Zassulich, a number of manuscripts, and works such as the preface to the second edition of the *Communist Manifesto*, written by him and Engels, Marx definitely raised the possibility of transcending the chasm in the capitalist development of economically and culturally backward countries.

In fact, Marx and Engels had this view even as early as 1845. In the *German Ideology*, they pointed out that “all collisions in history have their origin, according to our view, in the contradiction between the productive forces and the form of intercourse.” For the conflicts occurring in some countries, it is absolutely unnecessary to wait until the conflicts of those countries develop to their extremity. The competition resulting from the broad exchange among the relatively developed industrial countries leads to the appearance of similar contradictions in the relatively

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undeveloped countries (competition with British industry gives birth to the German proletariat). Engels also said, "It is too bad for us to realize this transformation if we have to wait until capitalist production in every place develops to its extremity and the last small handicraftsman and the last small farmer become the sacrifices of large capitalist production." From Marx and Engels's idea of historical transcendence, we can clearly see that under certain historical conditions countries with a backward economy and culture can transcend the chasm resulting from a lag in capitalist development—that is, they can be directly transformed into socialism from capitalism. Here the crucial factor is that when the revolutionary conditions are matured, the working class should not abandon the historical opportunity and wait for the matured development of capitalism.

The practice of the world socialist movement in the twentieth century completely proved the scientific foresight of Marx's theory of transcendence. During the First World War, these special conditions first arose in Russia. Although capitalism was not sufficiently developed there, the social contradictions were quite strong, and the objective conditions of revolution had already matured. Under these circumstances, should the proletarian party abandon leading the revolution because of the insufficiency of economic and cultural development? Lenin said, "Since the establishment of socialism requires a certain cultural level (though nobody can say what this certain cultural level is like because it is different from country to country in Western Europe), why cannot we first achieve this prerequisite for this certain cultural level by revolutionary means, and then catch up with the people of other countries in this respect on the foundation of worker and peasant power and the Soviet system?" Lenin grasped the revolutionary opportunity, resolutely led the October Revolution, and won victory in the end. Later on, the Soviet Union, the first socialist country in the world, although it encountered many difficulties, leaped rapidly to become the world's secondmost industrial country from a backward agricultural country in less than ten years, thus laying the material foundation for defeating German fascism.

As for the Chinese revolution, it was the product of intensive national and class contradictions. At that time, the Chinese nation was at a crucial point where its very existence was at stake, suffering from bullying and oppression by foreign imperialists and exploitation by feudalists at home. Conditions of life for the broad masses of laboring people were worse than for beasts of burden, and without having the minimum conditions of life, they were thus forced to wage revolution. The armed struggle waged by the Chinese Communists arose from the pressure of Kuomintang reactionaries' policy of war. After the founding of New China, Mao Zedong once told foreign friends:

In 1921, the Communist Party of China was established and I became a member of it. At that time, we were not prepared for fighting a war. I was an intellectual, holding a job as a primary school teacher and knowing nothing about military affairs. What would I know about fighting wars? Just because of Kuomintang reactionaries' white terror, in which both the trade unions and the peasant unions were destroyed, and a large part of the 5000 Communists was either killed or arrested, we began to take up arms and fought guerrilla wars up in the mountains.

These words make things very clear.

In the twentieth century, from a sluggish trickle of water, socialism became a raging tide with turbulent waves, which was an inevitable outcome of the inner contradictions of the capitalist system. Owing to the fact that capitalism made its own people live for a long time in an abyss of misery, the entire capitalist world was enveloped in an unprecedented economic crisis from 1929 to 1933. Moreover, two world wars brought to the people of the world disasters that were unlike anything they had seen before. The prestige of the capitalist system was thoroughly discredited. After the Second World War, a group of countries in Europe and Asia embarked on the road of socialism; later on, the socialist system further extended to Cuba in Latin America. In that period, the territory of the socialist countries accounted for more than one fourth of the world's land, and about one third of

the world's population, two-fifths of the world's industrial output, and about one third of the national incomes.

The world-historic emergence of socialism in countries such as Russia and China fully confirmed the correctness of Marx's historical theory of social transformation, which makes it clear that countries that are backward in economy and culture, under certain historical conditions, can be directly turned toward socialism, without first closing the gap in development with the capitalist countries.

The socialist countries of the twentieth century were born in an environment of relatively backward economy and culture. Owing to this, socialists were confronted with a historically difficult problem, namely, how to consolidate and build upon the achievements of a socialist revolution. After the October Revolution, Lenin time and again pointed out that in contrast to the Western developed countries, which embark upon socialism with difficulty but continue with relative ease, countries that were backward in economy and culture embarked upon socialism easily, but continued on that path with relative difficulty. The reason for the difficulty encountered by the backward countries in socialist construction lies in the following: (1) The objective international situation is severe and over a long period the backward countries will be besieged by the powerful capitalist countries and confronted with the danger of being contained and strangled; (2) the striking economic contrast between socialist countries and the powerful capitalist countries faces socialism with severe challenges.

Because of their poor economic foundations and low starting point, if socialist countries want to catch up with the advanced capitalist countries in economic development and display the advantages of socialism over capitalism, they need to follow a long arduous historical process. Socialism is a kind of unprecedented great cause that Lenin likened to a high mountain never before explored by human beings. He said that we should prepare to endure thousands of difficulties and try thousands of ways. In some aspects, to build socialism is much more difficult than to conduct research in the natural sciences. As Einstein said

in his article "Why Socialism?" the universal laws in the economic and social fields are difficult to discover, for the phenomena observed are often restricted by many factors that are evaluated separately. Therefore people's understanding of the law of socialist development requires a process in which cycles of understanding—practice—reunderstanding—practice must again be repeated. In summary, the socialist cause of humanity is inevitably a long process full of twists and turns.

What the experience and lessons of more than eighty years of socialism in the twentieth century have taught us, however, are the inadequacy of our understanding of the protractedness, tortuousness, and complicatedness of the socialist cause. Here two tendencies have been manifested. One is being overambitious, but haste brings no success. It should be said that those who wage revolutions are prone to make the mistake of being too impetuous. They have good intentions, hoping quickly to eliminate their countries' poor and backward conditions and reach the ideal of communism. But this haste tends to make people unable to analyze the subjective and objective conditions soberly, thus resulting in the mistake of violating the objective laws of development.

In the Soviet Union, Stalin declared as early as 1936 that the Soviet Union had completed the construction of socialism, and in 1939 he put forward the transition to communism, but the Second World War interrupted this course. At the Nineteenth Congress of the Communist Party of the Soviet Union (CPSU), the slogan "transition to communism" was restored. In the period of Khrushchev, the USSR continued to persist in the transition to communism; in 1961, the Twenty-Second Congress of the CPSU raised the slogan of "building communism in a comprehensive way," calling for surpassing the United States within twenty years, basically completing the construction of communism, and realizing the conditions "to each according to his need." Afterward, again, Brezhnev loudly called for building advanced socialism; and Andropov said that the USSR "is at the starting point of advanced socialism." Through several decades, even though the goal of the USSR's development was defended by

each supreme leader, what remained, overall, was nevertheless a left tendency of losing contact with reality and undue haste. Guided by this view, a highly centralized and rigid planned economic system was instituted over a long period, and the ownership was sweepingly one of public ownership, which seriously fettered the development of the productive forces.

The political system was seriously affected by a feudal-type personality cult, and personal arbitrariness prevailed; democracy and accountability were absent within the Party. Principles of socialist legality were violated, seriously impairing the image of socialism.

For a long period, China also made the mistake of being over-anxious for success. Ultraleftist policies such as the “great leap forward” launched in 1958, “racing for the entrance into communism,” and the subsequent repudiation of the “bourgeois right” (namely, the repudiation of “from each according to his ability, to each according to his work,” the eight-grade wage system, and commodity and currency relations, and in productive relations, striving for large, purely publicly owned enterprises) impaired the development of the productive forces. A subsequent mistake was the loss of confidence and abandonment of the principles of socialism.

Facts prove that because of the inadequate understanding of the tortuous complexity of the path to socialism and insufficient ideological preparation for the task, it is rather easy to jump to a right ideology from a leftist guiding ideology. Gorbachev is the best proof of this. The collapse of socialism in the USSR and Eastern Europe was not due to the failure of the basic system and the principles of socialism, but the failure of a specific socialist model of practice, namely the “Soviet model.” The so-called “Soviet model” refers to the structure of the managerial system and the operating method adopted in the basic Soviet socialist system. As a type of socialist mode of practice, the Soviet model, of course, reflects and contains the basic system and principles of socialism. But, because serious malpractice existed in its structure, the basic system and principles of socialism were

distorted and deformed, thus becoming an obstacle for the overall development of Soviet socialism.

There was no hope for continuing the development of socialism in the USSR without reform. But reforming this model was by no means to change the direction of socialism with a breakthrough that would destroy it completely. Gorbachev, however, lacked understanding of the tortuous complexity of socialist development, so that once his reform came across obstacles and difficulties, he lost confidence and abandoned the principles of socialism, adopting a method of completely destroying the former socialist system, just like throwing out the baby with the bathwater. Gorbachev's attitude toward reform branded him forever with the historical mark of shame.

In China, the mistake of being impatient for success was not corrected until the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China (CPC), at which the ideological line of emancipating the mind and seeking truth from the effects was put forward again. On the basis of summarizing both the positive and negative experience of the world socialist movement, Deng Xiaoping especially emphasized the protractedness and tortuousness of the path to socialism. He said that we are still in "the primary stage of socialism," and to fulfill the task of this stage needs "a hundred years." He also said that "to consolidate the socialist system requires a relatively long historical period, and needs the unremitting efforts and struggle of several of our generations, more than ten generations, and even tens of generation, and we must not relax our effort." Facts prove that this understanding conforms better to reality.

The problem of how the economically and culturally backward countries should consolidate, build, and develop socialism is a major one faced by all socialist countries after the October Revolution. In order to meet this task brought forth by history, socialists everywhere have made unremitting efforts to explore this problem in their own respective countries. Their greatest error, however, has been to copy dogmatically for the underdeveloped countries of the East the socialist principles set forth

by Marx for the advanced countries of the West. This has led to a series of mistakes.

From a review of the more than eighty years' history of the translation of socialist theory into practice among economically and culturally backward countries, in which the resolution of the problems of consolidation, construction, and development of socialism was explored, the most efficient results and important theoretical contributions have been made by the nucleus of the CPC's second leadership headed by Deng Xiaoping, the general designer of China's reform, opening up, and modernization, and of over twenty years' socialism with Chinese characteristics since the Third Plenary Session of the Eleventh Central Committee of the CPC. In present socialist China, guided by Deng Xiaoping theory in the problem of how socialism should be built, a number of important changes have taken place.

1) The time for fully realizing socialism and communism is "distant rather than near" and needs "a long rather than a short period." China's socialist future is regarded as incontestable but the complicated character of the socialist course is affirmed.

2) According to this understanding of the stage of socialist development, China is seen to be in the primary stage of socialism, and its main contradiction is that between the backwardness of the productive forces and the people's increasing material and cultural demands. Thus the emphasis of our work must be shifted to the centrality of economic construction. This understanding and practice better conform to the realities that exist after the "transcendence" put forward by Marx.

3) The understanding of the essence of socialism is greatly deepened, and it is understood that poverty is not socialism, productive forces must be liberated and developed, exploitation must be eliminated, and social polarization must be removed—all of which aims at achieving a final common prosperity. The realization of the essence of socialism is a long process.

4) In the mode of development, what is stressed is proceeding from our country's actual conditions and exploring the road to socialism with Chinese characteristics. For more than twenty

years, we have carried out all types of reform in both rural and urban areas, from ownership to mechanisms of management, from local areas to the country as a whole, and from microcosm to macrocosm, aimed at seeking a mode of development that is suitable for the actual conditions of economically and culturally backward countries. Practical benefits have been gained.

5) Socialism is not in contradiction to a market economy and a market economy is not uniquely associated with capitalism. As Deng Xiaoping put forward, level of planning or market is not the essential difference between socialism and capitalism. Planned economy does not mean socialism, for capitalism has planning, too; a market economy does not mean capitalism, for socialism also has a market. Plan and market are both economic measures. This must be considered to be a major contribution to scientific socialism. It is under the guidance of this theory that China has begun and will continue to establish a system of market economy as the general goal of reform.

6) The relation between socialism and capitalism has been correctly handled. Socialism is the alternative to capitalism. Socialism should be good at making use of the “positive results of capitalism,” which is a clear view of Marx. However, owing to the economic blockade enforced by the forces of Western advanced capitalism and their sanctions against socialist countries, and also owing to the way of looking at things, what took shape was the theory of “two markets in parallel—the socialist market and the capitalist market” and the practice of building socialism “by closing the door.” On this foundation of summarizing the historical experience, and proceeding from the actual reality of “one globe with two systems,” Deng Xiaoping drew the conclusion that “China cannot develop without the world,” and worked out a policy of opening up. This plays a decisive role for China in how it makes use of funds, technology, and advanced management, and how it promotes socioeconomic development.

7) The Western multiparty system is not to be followed; the leadership of the Party should be strengthened and improved,

with an emphasis on developing socialist people's democracy, the perfection of the socialist legal system, and construction of a socialist state with the rule of law.

8) While socialist material civil society is being developed energetically, the construction of a socialist spiritual civil society should be furthered, with an emphasis on doing both well. Such is the foundation of the CPC's basic line—its basic program and basic policy in the new period, from which it has drawn up the general plan for running the Party, the country, and the army, thereby giving full life to socialism with Chinese characteristics.

In summary, Marx's theory of historical transcendence is correct—but only on the basis of each country's historical and practical conditions. Only by applying the theory of Marx in a creative way can the socialist countries of the East that have realized historical transcendence imbue socialism with great historical value, achieve unlimited vitality, and remain invincible.

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*Institute of Marxism  
Chinese Academy of Social Sciences  
Beijing*

# China's Socialist Market Economy

Yu Wenlie

## *Marx's idea of the socialist market economy*

Did Marx ever have the idea of a socialist market economy? My answer is yes! In some works of Marx and Engels, such as the *Manifesto of the Communist Party*, the "Principles of Communism," the "Critique of the Gotha Programme," and the *Civil War in France*, one can find the idea that a long transitional period occurs from the proletariat's gaining power to the first stage of communism in which "the whole society in common manages social production." In this transitional period, private ownership is not entirely eliminated, nor are capitalist enterprises wholly abrogated. Thus, commodity production and exchange are still going on, and the market also exists.

The transitional period can be divided into two stages marked by the transformation of ownership: first is the "mixed capitalist-socialist" stage, which is from the transformation of the main capitalist private ownership after the revolution to the time when public ownership becomes the dominant; second is the pure "socialist market economy" or "pure market socialism" stage, which is from the end of the first stage to the time when market production is replaced by common management. Compared with "advanced or complete socialism" (Marx's first stage of communism), the latter stage can be called "the primary stage of socialism." Thus, socialism with Chinese characteristics belongs exactly to this historical stage. Of course, China is still a

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developing country, and the task of “transition” is more complex and difficult.

***The development stages and different forms of market socialism***

Many scholars simply identify China’s socialist market economy with the “market socialism” advocated for Europe and America, with which I do not agree.<sup>1</sup> So it is necessary to trace briefly the tracks of market socialism and distinguish its different forms. Then we can find the differences between China’s socialist market economy and the “market economy.”

Market socialism has a long history. It has different forms and models in different times and different countries, dependent on the ways that socialism combines with a market economy. According to the different forms of market socialism, its development history, beginning with the birth of Lange model, can be divided into four stages:

1) “Lange Model”: market socialism coming into being in the 1930s, with a plan simulating the market.

2) “Dividing-decision model”: market socialism in which the market existed simultaneously with planning, occurring in 1960s–1980s with the development of economic structural reform in the Eastern European socialist countries.

3) “Market guidance”: market socialism developed by British left theorists in the late 1980s against the political background of policy regulation of the British Labor Party.

4) Various new constructions of market socialism models made by Western left theorists since the dramatic changes in the former Soviet Union and the Eastern European socialist countries.

Besides, with the occurrence of “market guidance” and market socialism as the dividing line, these four stages can be divided into two periods. The former two stages are “the earlier period,” and the latter two stages are “the recent period.” We can call the former *classic market socialism*, and the latter *contemporary market socialism*.

The division of “two periods and four stages” like this not only took full account of the different features of market socialism emerging in different stages, paid attention to the essential diversities of the different models of market socialism with regard to their different patterns of public ownership and the different roles between central planning and market, and other features, but also linked market socialism to the rise and fall of the world socialist movement in the twentieth century. People can understand from these characteristics the history of the establishment of the socialist system, its operation, and its reform, as well as the scenes of collision and conformity among economic-social systems against the whole international background, since market socialism is not only an economic trend of thought, but, even more importantly, is a trend of political thought and movement.

***Key differences between China’s socialist market economy and market socialism***

If “market socialism” is understood as the most extensive implication of the combination of socialism with the market economy, China’s socialist market economy (CSME)<sup>2</sup> can be regarded as a type of market socialism. It cannot be denied that the theories and models as well as their “experiments” offer useful reference materials for establishing and developing China’s socialist market economy. The former, however, must not be identified simply with the latter; the two have some major differences.

First, in comparison with the traditional view of market socialism, China’s socialist market economy has gone beyond the earlier pattern of market socialism that was based on a plan simulating the market or a market existing simultaneously with plan. China’s contemporary socialist market economy employs “market guidance.”

Second, in comparison with contemporary market socialism (CMS), CSME possesses the following distinguishing features:

- 1) It possesses a reliable guarantee of its political system. It

operates under the system of socialism with Chinese characteristics (initial period), whereas most models of CMS neglect the problem of “from here to there” and what kind of political system and social forces are relied on to transform the existing economic system into the economic models advocated and operate them smoothly.

2) In the stipulations of the basic socialist economic system, what is defined as the goal of the Chinese model is the guiding principle that public ownership is the mainstream with common development of multieconomic factors, and it is also stressed that the form for realization of public ownership can be and should be diversified. Here, public ownership is mainly state ownership and collective ownership. On the other hand, most models of CMS underplay the role of state ownership. Some models concentrate more on equal income than on concern for the content of ownership. Others stand for a certain form of public ownership: for instance, the “coupon socialism” advocated by John Roemer and the “bureau of public ownership” by J. Yunker. Can their designs hold ground in the market economy? Can these proposals achieve the equal income distribution among citizens they imagine?

3) In the mechanisms of operation, the differences between the Chinese model and CMS are mainly expressed in the extent of government regulation of the market economy in a macro way. The objective of the Chinese model is to make the market play the basic role for allocation of resources under state macro regulation. Emphasizing the basic role of the market, but not ignoring the role of macro regulation by the state, aims at making the market-competing power of China’s economy, which is still weak, hold its ground in the keen competition of the international market and avoid crisis. Most of the foreign models stand for decreasing government interference in the market economy, and the state controlling power is limited—only to guiding the direction of investment and investment components by controlling and regulating interest rates.

4) While China pursues a socialist market economy, it places great emphasis on the spiritual factor, the so-called altruism. In

the practice of a socialist market economy, what should be carried forward are the spirit of devotion to scientific research, the spirit of entrepreneurship and of the model worker, and other noble values—without preoccupation with personal economic rewards. Monuments should be erected and biographies written to replace the insufficiency of material remuneration. Affected by traditional economics, most models of CMS set the subjects of the market activities as the “rational choice” of people who only pursue maximized profits. It is supposed that they are only egoists who grab personal wealth by trickery or force. But I think that the innovation process of the socialist system should be the balancing outcome of the double motives of pursuing both optimum material wealth and optimum spiritual wealth.

***Achievements of China’s reform and opening up toward a socialist market economy***

Here are some well-established statistical data.

First, the gross domestic product (GDP) has increased successively by a big margin. More than twenty years since the reform and opening up, the GDP has increased by an average of 9.8 percent a year, and China’s economic achievement has become the focus of world attention. In 1999, the GDP hit 8.205 trillion yuan (\$995 billion), six times as much as twenty years ago at fixed prices. Especially since its transition toward toward the socialist market economy in the 1990s, China’s economy has been marked by a more stable and rapid development. In recent years, it has maintained a good balance of high growth and low inflation. The following table shows the GDP growth rate over the last ten years (where the figure for 2000 is calculated, and the statistical data shows that in the first half of this year it has increased 8.1 over the corresponding period of the preceding year):

**Table 1. China’s GDP growth rate (%) 1991–2000**

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
9.2	14.2	13.5	12.7	10.5	9.6	8.8	7.8	7.1	8.1

Second, the people's living standard has been greatly improved. The per capita average disposable income of urban residents increased from 316 yuan in 1978 to 5,854 yuan in 1999, representing an annual growth of 6.2 percent after adjustment for price factors. The per capita average net income of the rural population throughout the country increased from 134 yuan in 1978 to 2,210 yuan in 1999, with an annual growth rate of 5.4 percent after adjusting for price factors. Savings deposits of the urban and rural population rose from 21.06 billion yuan in 1978 to 6.2 trillion yuan in 1999, representing an annual increase of 31 percent. With arable land accounting for 7 percent of the total area of arable land in the world, China has successfully satisfied the need for food of a population representing 22 percent of the global population. In 1978 when China first launched reform and opening up, China had a poverty-stricken rural population of 250 million (whose basic needs for food and clothing could not be met). This figure had dropped below 40 million at the end of 1999. This part of the population will be lifted out of poverty most probably at the end of 2000.

Over the past years, China has attached great importance to infrastructure development such as water conservation, communications, and telecommunications, as well as basic industries ranging from iron and steel to energy; it has invested heavily in these fields and achieved rapid development. Bold efforts have been made to restructure and gradually improve the systems of finance, taxation, banking, foreign trade, foreign exchange, planning, investment, pricing, circulation, housing, and social security. The fundamental role of the market in resource allocation under state macro control has been notably enhanced; the basic framework of a new system has been roughly constructed, the structure for opening up has been basically created, and the overall state power has been strikingly strengthened. We have reason to believe that China will achieve even greater development.

### *Current economic problems and the difficulty of reform*

Although great achievements have been accomplished by China's reform and opening up, many problems remain. The key

current problem, I think, is corruption and the difficulty of reform in the state-owned enterprises (SOEs). It is calculated that China's state-owned property loses 100 million yuan (\$12 million) a day. (In fact it may be far more than this. In the ten years from 1982 to 1992, the loss of China's state-owned property reached more than 500 billion yuan.) This is closely related to corruption; an efficient way to reform the SOEs has not yet been found.

The problem of SOE reform is essentially the problem of whether the public economy (that is, the state-owned enterprises) can be gradually marketized. If so, how? Specifically, do SOEs display perfect market behavior? In the language of property-rights economics, this topic is: under such circumstances that the residual claimant right of SOEs has externality (the residual claimant right belongs to the state rather than the members of enterprises) and untransferability, can SOEs be as efficient as private ones? Partly for this reason, the practical result is two major problems: first, the loss of the state-owned property; second, the lower efficiency of some SOEs.

Some enterprise leaders care only how much money and benefits they can gain illicitly and pay hardly any attention to the enterprise's operation. As a result, many enterprises that used to operate soundly are devitalized, and hundreds of million or even billions of yuans worth of state-owned assets have been misused; market-oriented reform is usually cited as an excuse. These leaders abused their power to set up small factories around the big ones. The small ones are working very well, while the big ones are spending themselves. Eventually, the small ones will acquire the big ones and absorb the layoffs from the big ones. When covering such malpractice, some reporters claimed indignantly that these leaders "could even surpass the British bourgeoisie described by Karl Marx in *Capital* in bullying and exploiting the workers" (*China Youth Daily*, 23 August 2000).

***Pay close attention to China and  
develop socialist market economics***

Researchers on socialism arrive at different conclusions about dealing with these problems. Some have said that China's reform

was an error, that the practice of a market economy would lead to polarization and bring about hideousness and other bad habits. So socialism would not leave any room for the market. Others say that the SOEs cannot cope with a market economy and therefore should be privatized.

I do not think that these views are correct. Due to the limited space here, I shall not explain why in detail. The situation around some of the difficulties of China's reform, however, has taken a favorable turn. Good progress has been made in SOE reform. Several years ago, efficiency was low in SOEs, and economic benefit declined in successive years. In 1997, out of a total of 16,000 large and medium-sized SOEs, there were 6,599 in deficit when China started a campaign to make these debt-ridden SOEs profitable within three years. After more than two years of effort, the economic efficiency of SOEs increased noticeably. By the end of June 2000, the number of unprofitable SOEs decreased by 3,626, representing 54.9 percent of all such debt-ridden SOEs. In the first half of 2000, profits earned by industrial enterprises throughout the country increased by 162.2 billion yuan. Among these, the SOEs and enterprises in which the state holds the controlling shares increased by 90.3 billion yuan, increasing 2.06-fold in relation to the previous year, while their added value increased 9.8 percent.

Moreover, at present the Communist Party of China (CPC) and the Chinese government have stepped up efforts to crack down on corruption; Vice Governor Hu Changqing of Jiangxi province was executed because of embezzlement and bribery. Cheng Kejie, former vice chairman of the Standing Committee of the National People's Congress, was sentenced to death for economic crimes. These examples demonstrate China's strong determination to punish corruption. Recently, the National Audit Office was ordered to announce that all officials at and above county magistrate and division chief should be subject to anticorruption auditing before being transferred to other posts. Since August 2000, an instructional campaign was launched among all party members and cadres in the country to stress the

importance of combating corruption and promoting governmental honesty and cleanness. A film reflecting this theme, entitled *A Life-and-Death Decision*, has caused a stir across the country.

Actually, an absolute majority of the party members and cadres and ordinary people remain confident in and enthusiastic about China's socialist cause. As the socialist market economy develops and the people's standard of living improves, socialist cultural and ideological progress is also being made. For example, in the initial period of reform and opening up, people in Shenzhen chanted the slogan that "efficiency is life while time is money," reflecting the tendency for "economic man" to maximize efficiency and profit. Over the past few years, the economic efficiency in Shenzhen has remained higher than other parts of the country. However, a new slogan has become popular among young people there: "Do some voluntary work when I am free" (to help elderly persons with no family and physically and mentally enfeebled persons). Each year the city will send a group of young teachers to aid the mountainous regions in Guizhou Province, where they can only make 400 yuan a month, about one tenth of their monthly salary in Shenzhen. However, the number of people applying for these aid positions each year is always greater than the actual number needed. All these demonstrate that members of the well-off younger generation are pursuing has lofty goals. Some of the successful entrepreneurs participate actively in the efforts to alleviate poverty and help develop education in the backward areas, thereby indicating that they are not only "economically rational" businesspeople.

Frankly speaking, however, a solid foundation has yet to be laid for China's economic upturn; an effective mode also needs to be defined for the SOE reform, and much work must still be done in order to improve the socialist market economy. All these problems can be attributed to the immaturity and incompleteness of a valid and viable socialist market economics. Socialism should achieve equality and seek efficiency at the same time. These are important tasks to be explored by socialist market economics. However, those studying this young discipline are few,

completely disproportionate to those who study capitalist economics. Theory must lead to the development of the socialist cause. China has just taken the first step towards the socialist market economy, and it still has a long way to go. I should like, therefore, to call here on all those who look forward to, or show interest in, the prospects for socialism and all scholars who concern themselves with the progress and development of human society to go to China and do more practical investigation. Take China as one of your research objects so as to develop a true and feasible socialist market economics that especially suits a developing country like China. It is my hope that China's institutional innovation will achieve equilibrium between the pursuit of maximal material wealth and the search for maximal spiritual abundance. I believe that human society will develop in the peaceful competition between different social systems.

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*Institute of Marxism*  
*Chinese Academy of Social Sciences*  
*Beijing*

#### NOTES

1. American scholars holding this view, such as Professor James Lawler, New York University at Buffalo, have discussed it in detail. See Lawler, "Marx as Market Socialist," in *Market Socialism: The Debate Among Socialists*, edited by Bertell Ollman, 23–52. New York: Routledge 1998.

2. Abbreviations used in this article:

CSME	China's socialist market economy
CMS	contemporary market socialism
GDP	gross domestic product
SOE	state-owned enterprise
CPC	Communist Party of China

# Forms and Functions of Enterprises in Socialist Economies

Makoto Itoh

## *Implications of Marx's theories of capitalist economy for socialism*

Unlike utopian socialists, Karl Marx did not elaborate a blueprint for socialist economies. In his lifework, *Capital*, he concentrated on basic theories of the capitalist economy as a scientific basis for socialism. In some pages, however, he presented basic rules to be realized in a future society of associated producers. In those pages, Marx suggested that social relations of production and distribution would be organized simply and transparently by labor time without the fetish of a market order.<sup>3</sup> In the *Communist Manifesto*, Marx and Engels also suggested that, as an initial step of the revolution by the working class, the proletariat would centralize all means of production in the hands of the state (1998, 60).

From these suggestions, the absence of a concrete blueprint for a socialist economic system was generally interpreted to be a consequence of the fact that the basic theories of capitalism in *Capital* were quite useless for the construction of a socialist economy or were to be used merely as a mirror image that would be completely negated in the process of such construction. The Soviet type of socialist economy, in particular, the statist order of central planning, was always identified with the Marxist road of scientific socialism. The economic growth of the Soviet

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economy after about 1928 and after the end of the New Economic Policy (NEP), indeed did take place under central planning, mainly using physical and cost-pricing input-output models without a free market. Therefore, when Joseph Stalin in 1952 argued that the law of value was to be utilized in the Soviet economy just like laws in natural sciences (1972), he was theoretically confusing in three senses.

First, in contrast to naturalism in classical political economy, Marx's law of value clearly refers to historically specific social relations in a market economy. It was therefore confusing to assert that the law of value is applicable to the Soviet economy without a market.<sup>4</sup>

Second, the ruble and ruble prices of products were conceived by Stalin as representing money and commodities remaining in the Soviet economy in the presence of a social divergence among the producers—the cooperative agricultural kolkhozes and the state-owned enterprises. However, ruble and ruble prices without a free-market order could not be genuine money or commodity prices. Their nature and functions should be analyzed as socialist quasi money (s-money) and quasi prices.<sup>5</sup>

Third, while the substantial contents of the law of value relate to the social relations of labor time regulating production and distribution through commodity exchange, Stalin and the Soviet system were not at all clear why they could not analyze and handle the social relations of labor time in the Soviet economy.

Thus, in the experience of socialist economies in the twentieth century led by the Soviet Union, the rich economic theories in *Capital* were poorly used in the construction of the socialist economies. They were generally conceived as irrelevant to socialist economies, or partially referred to with rather confusing contexts, as in the case of Stalin. One of the most compelling tasks for socialist economists in the twenty-first century must be to reconsider the broader potentials of Marxist economic theories based upon *Capital* for the construction of the socialist economies.

The absence of a concrete blueprint for a socialist economy in *Capital* itself can now be interpreted as leaving open the possibility for flexible reconsideration of feasible models of socialism, at least as medium-term options for people to choose. The implications of Marxist economic theories for socialism should be positively explored in such a reconsideration. Otherwise, the whole idea of guiding systemic changes by the former socialist economies in the post-Cold War period tend to be grounded exclusively and narrowly upon neoclassical economic theories.

For instance, Adam Smith believed that commodity exchange originates in the intrinsic human propensity to exchange (1922, 15); neoclassical economics follows this view and sees the market economic order as endogenous to human nature. From its point of view, the socialist planned economies in the twentieth century must be regarded as an unnatural artificial economic system contrary to human nature. The needed systemic changes of planned economies must then be exclusively to realize fully a market economy, which in reality means capitalism. The socialist market economy in China must then be only transitory, to be eventually turned into capitalism.

In contrast, Marx's theory of forms of value implies his conception that commodity exchange originates from intersocial trade exogenous to communal societies. Insofar as the market economic order is thus originally external to human communal societies, socialism can be guided in practice in two different ways. One way would be for a socialist planned economy to exclude the market; this is theoretically conceivable and in itself is not against human nature. The Communist Party of the Russian Federation is seeking to restore support for this path, and to do so it has committed itself to keep a democratic multiparty political order. Another path is to use the market order as an adjusting economic mechanism among socialist forms of enterprises based on the public ownership of the means of production. The Chinese road of a socialist market economy, as well as the various theoretical models of market socialism, is a conceivable

path compatible with Marx's theory. Thus, Marx's theory of the market can allow wider options for socialist economies.

***Forms and functions of enterprises  
in a socialist planned economy***

The operational workings of a centrally planned economy, as was materialized in the Soviet type of society, is relatively easy to understand. Although there were cooperative enterprises in the form of kolkhozes in agriculture, most enterprises were state-owned. Their entire activity in production, delivery of products, reception of necessary inputs, employment, and pricing was controlled by the state or by its planning board.

There could be, however, different allocation of economic functions among the state, local authorities, enterprises, and the households, even within the framework of a centrally planned economy. The state-owned enterprises in China, for example, had far more socioeconomic functions such as medical care, housing for workers, and schools for children than the Soviet enterprises used to have. With less responsibility for social welfare, the state is able to have fewer functions in China. In both the Soviet Union and China, the enterprises had to provide employment for the workers allocated to them. The state did not need maintain employment policies separately from the fulfillment of such a function by the enterprises. As long as the budget constraints of the state-owned enterprises were "soft," as János Kornai defined them (1980),<sup>6</sup> and also as wages were cheap with a free or cheap supply of the means of consumption, the enterprises could relatively easily absorb even excessive numbers of workers.

Central planning must be easier with fewer enterprises and larger-scaled operations. It is also suitable for constructing large-scaled plants and equipment as national projects. It can also work well if the economic target is clearly imaged, as in the case of a war economy. Therefore it could suitably function in the Soviet Union during the 1930s and 1960s, including the periods of the Second World War and the Cold War, mainly building up heavy industries in large industrial complexes.

When Marx contrasted anarchy in the social division of labor at workplaces and despotism in the manufacturing division of labor under capitalism (1967, 1:106, 484) he must have implied the necessity of overcoming both aspects in the future society of associated producers. Unfortunately, the few pages in which Marx referred to this question were misused by Karl Kautsky and subsequently by Lenin to set up the one-nation, one-factory concept of socialism. In this conception, socialism is in the main the form for the solution of the anarchical nature of capitalism by means of central planning in combination with state-owned enterprises. The despotism that characterized capitalist enterprises was ignored and eventually became a national system in Soviet bureaucratic rule. The working masses could not act as real masters of the society, and were continuously oppressed, deprived of democratic rights both within the enterprises and in social decision-making. Marx's basic idea to form a society of associated free persons was far from being realized.

There is a related problem in understanding the major reasons for the failure of the Soviet type of society. The neoclassical economists tend to emphasize that the inefficiency of an unnatural economic order in the form of central planning was the main issue as economic stagnation deepened in the 1970 and 1980s. If the economic order of central planning is irrational and inefficient by its nature, then it would be hard to understand why it realized such strong economic growth with rapid industrialization for a period extending over decades. Though economic growth rates were surely going down almost to stagnation, the economic life of working people in the Soviet and East European countries was still stable and far from deteriorating. If deterioration of economic life is the basic motor for social revolutionary changes, the economic situation, after the systemic changes in Eastern Europe in 1989 and the dissolution of the Soviet Union in 1991, could be a great motivation for social change. The main motive for systemic changes in East Europe and the Soviet was rather the dissatisfaction with the oppressive bureaucratic rule without democracy. Alienated from societal and managerial decision-making, working people lost the social motivation for

cooperation with the state and the enterprises. This caused a stagnation of economic activity in the enterprises, leading to difficulties in the fulfillment of the planned norms, since subjective cooperation among workers with the enterprises and society in general is an indispensable precondition for the successful operation of a planned economy.

The motivation of workers in Soviet society for cooperation with the plan was stimulated initially by a pride for participation in the construction of an ideal socialist society. Later, it was maintained by the patriotic desire to protect the motherland against a fascist invasion, as well as against the threat of the Cold War. It was also supported by the actual hope of improving living standards. One by one, these motivations were reduced and lost to a vicious circle of economic stagnation and social dissatisfaction under alienated living conditions.

Therefore, if a socialist planned economy with public ownership of means of production is to be reconstructed in the twenty-first century, as the Communist Party of the Russian Federation proposes, a sense of democratic participation among the mass of working people must be restored at various levels of social activity. As the Communist Party of the Russian Federation stresses, a democratic political system is important not just to preserve basic human rights in political activity, but also to maintain workers' participation in economic decision-making. Referenda and opinion polls, apart from voting in elections, must be used as important frames of planning and for the selection and guidance of the personnel of the state, local authorities, and bureaucracy. It is also essential to democratize the internal organization of enterprises. Even within capitalist enterprises, decentralization from a despotic central headquarters system to a relatively independent department managerial system has been introduced in order to encourage motivation among middle-level managers and workers. The small-group cooperative activity at workplaces in Japanese firms has also been effective in elevating workers' motivation outside of the competitive market, and could be of benefit for the future of socialism.

Even in a planned economy, various forms of public ownership of the means of production are theoretically possible. Although state-owned enterprises would remain at the commanding heights of industry, cooperatives should not be narrowly limited to agriculture, as had been largely the case in the Soviet Union, but should be positively encouraged as an important economic form for units of associated producers. In addition, the economic roles of local community and consumers' cooperatives should also be highly valued, for they would weaken the state bureaucratic power. While egalitarian principles must be maintained in the economic life of the people, some range of bonus income should be provided for enterprises that improve their performance by workers' cooperative endeavor. The development of a sense of rivalry can be desirable among smaller units of workers' cooperatives, especially in certain service industries, although small, diversified enterprises and economic agencies would create difficulties for, and serve to counteract tendencies toward, comprehensive central planning to some extent.

The concept of a socialist planned economy, however, should not be limited to a centrally planned one as in the Soviet economy. It can be extended to models with various types of public ownership of means of production, planned public prices, and a broad outline of central plans of distribution of resources. Then planned economies would allow more room for decentralized decision-making for local authorities and individual firms to choose what and how to produce, where to sell and purchase in a quasi market. Socialist quasi money would be used in a more dispersed and flexible way among firms and individuals. The distinction between such models of planned economy and models of market socialism would then become looser.

In such models of planned economy, in some sectors like agricultural farming and service industries suitable for smaller scale of businesses, even individual persons or families, can form enterprises with certain socialist restrictions, such as forbidding inheritance of assets and socializing income above certain limits through taxes. With similar restrictions on

shareholders, stock companies can also be utilized in a planned economy in a broad sense. The public character of big stock companies can be maintained by maintaining planned quotas for apportioning shares among the state, local authorities, employees, neighborhood residents, and the general population.

Thus even in a planned economy without free market and private ownership of means of production, the effects of rivalry and motivation for improving efficiency can be organized with various types of enterprises with more decentralized room for decision-making. All these effects would surely be more readily realizable under market socialism or a socialist market economy.

***Possibilities of socialist enterprises in market socialism***

The whole operation of market socialism, which combines the market with socialist public ownership of major means of production, must necessarily be more complicated than the centrally planned socialist economies. Its possible models cannot be deterministically limited to one or two types. Apart from variations in scope of market and planning, various forms of organizational structures and functions of the enterprises can be employed.<sup>7</sup>

In retrospect, social rights of lordship, jurisdiction, commonage, and family possession of land in feudalism were overlapping and combined in a stratified communal order. Modern capitalism started with converting such complex communal property rights, especially of land, into exclusively private property. Beginning with land, all the means of production were turned into private property. Masses of workers, who were excluded from such property, had to sell their labor power as proletarian wage workers. Capitalists and landowners can exclusively determine how to use their property according to their will and interest. By negating capitalism, the Soviet type of centrally planned economy converted private ownership of means of production mostly into state ownership.

If the state were to wither away as a political power, as Marx and his followers assumed would occur in a classless associational society, the managerial units of organization for managing

publicly owned means of production can have various forms, especially in market socialism. Unbundling of exclusive private property rights of the means of production under capitalism<sup>8</sup> and the exclusively state ownership of them in the Soviet type of socialism is theoretically feasible in the twenty-first century. For instance, all land can be put under the ownership of the whole people or the state, as in China. In this case, enterprises using the land for activities related to the market should pay a socialist form of ground rent (s-rent) to the state and thereby contribute as revenue to society as a whole an amount that reflects quantitatively and qualitatively the specific characteristics of the land being used.<sup>9</sup> This is also desirable for maintaining an egalitarian basis for the economic activity of enterprises and working people using the land under different geographical conditions. In my view, uneven economic conditions in China come at least partly from neglecting this necessity.

Just as state-owned land can be entrusted to family farmers and various enterprises by contract for certain periods of time, state-owned firms need not be run exclusively by the state or its bureaucrats, but can be contracted out to managers.

Forms of public ownership of the means of production can also be variegated, and need not be exclusively state ownership. For example, forms of public ownership of the means of production include ownership by communities or their governments at various levels, cooperatives, and trade unions, each form having its own characteristics. A variety of forms of managing and utilizing publicly owned means of production, relatively independent of the form of public ownership, is also conceivable. It is also possible for different types of publicly owned units to be cooperatively combined to set up an enterprise to be run either jointly or under management by contract.

A stock company is a structure that offers particularly rich possibilities for operating different types of enterprises with various forms of public ownership. As Marx noted, already within the framework of capitalism, stock companies enabled “an enormous expansion of the scale of production” by gathering money capital from the general public. The stock company became a

form of “social capital (capital of directly associated individuals) as distinct from private capital, and its undertakings assume the form of social undertakings.” They transform “the actually functioning capitalists into mere manager” and “the owner of capital into a mere owner” (1967, 3:436). Although Marx suggested that such stock companies would be a mere transitional organization together with “the co-operative factories of the labourers themselves” (3:440), leading to a new form of production, they can serve as a more stable form of enterprises in market socialism in the twenty-first century.

In market socialism or a socialist market economy, the organizational forms and functions of stock companies must be socialistically extended.

For example, small enterprises in villages can form stock workers’ cooperative companies as in China. They can mobilize money capital from the local community by promising dividends from net profits according to the number of shares held, so as to set up or extend the enterprises in villages, while their managerial decision-making is based upon cooperative egalitarian principles, just as in workers’ cooperatives. Each member-worker, will have one vote at managerial meetings, regardless of the number of shares owned, unlike stock companies under capitalism. The possibility of separation of functions between owners of capital and managerial activities in the form of stock companies can thus be extended in a socialist way, opposite to the capitalist concentration of managerial power into a small number of directors. As long as the means of production—land, in particular—basically belongs to the people as a whole, the workers can have a sure ground for maintaining equal rights in management, and representatives from the local community and the nation may also be included in the managerial board or committee of enterprises.

Can similar socialist considerations apply to larger-scaled stock companies? When state-owned firms are transformed into stock companies in the transition from a centrally planned socialist economy to market socialism like in China, how can the

socialist public character of enterprises be preserved? There are several points to reconsider in this context.

From the view of ownership of the means of production, land and the dominant part of shares can remain under the ownership of the state and/or local authorities. Money capital necessary for enterprise expansion can still be gathered by issuing new shares for sale to private persons.

In the distribution of the enterprises' net earnings, that part of the ground rent and dividends for publicly owned shares must certainly go to the state and/or the local governments. Moreover, corporate taxes must also be deducted before the size of the dividend for shares is determined. The corporate tax rate need not follow a fixed rate as in capitalist economies, but can be progressive to reflect socialist egalitarian principle. Thus investment income, either in the form of dividend or capital gains, can be restricted socialistically.

Possible separation of ownership of capital from managerial activities can also be used in various ways. The managerial steering committee of stock enterprises (the board of directors in capitalist enterprises) need not reflect the proportion of shares held by the shareholders. Just as workers' control is integrated in certain ways even into capitalist stock companies, workers' organizations like trade unions are to be included as members of the managerial committee. Representatives of the state or national population, local community, and consumers can be included in the committee. Although the day-to-day function of the chief executive officer (CEO) to make quick decisions for the operation of the enterprise is necessary and can be in the form of management by contract, the position of CEO should not be given to privileged bureaucrats or other special persons. Together with other managerial positions, the position can be democratically chosen and rotated. It is desirable to introduce here a system of election and referendum. The system of decentralized departmental management or the Japanese style of small-group activity at workplaces is also worth consideration in order to elevate the degree of sense of participation among workers in a more socialist way.

In any case, Marxist theories and analyses of the forms, functions, and managerial organizations of socialist enterprises have not yet been fully developed, probably because they were not considered necessary in the Soviet type of centrally planned socialism. Socialist economies, including the Chinese road to a socialist market economy, must contain more variegated forms and functions of enterprises. As with many other aspects of theory, Marxist political economy of enterprises for the socialist future has to develop on the basis of critical study of the forms and functions of enterprises in capitalist economies. International Marxist cooperation is thus both desirable and necessary for the development of socialism in the twenty-first century.

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*Kokugakuin University, Tokyo*

#### NOTES

1. See for example, Marx 1976–81, 1:72, 3:985, 3:1016.
2. K. Uno criticized this point in his October 1953 paper before the de-Stalinization of 1956.
3. For more detailed discussion, see Itoh 1996.
4. See Kornai 1980, among other publications of the same author.
5. See Bardhan and Roemer 1993 for examples of such possibilities.
6. This notion is presented in Roemer 1997 in the preface to the Japanese edition of his *A Future for Socialism* (1994).
7. See Itoh 1995, 72–74.

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## **The Question Is Not “When Will Capitalism Die?” but “When Did It Die, and What Should Our Reaction Be?”**

**Bertell Ollman**

To begin, I would like to tell you a little story that brings out very nicely what will be the main theme of my talk. On a plane crossing the Pacific Ocean, the pilot informs his passengers that he has two announcements. “One is good news,” he says, “and the other is bad news.” The good news is that we are traveling at seven hundred miles an hour and all the plane’s instruments are working perfectly. The bad news is that we are lost.”

Some have suggested that this is an excellent metaphor for capitalism, which works well but also does not know where it is going. In my opinion, however, only the latter piece of news is correct: capitalism is lost. But I don’t agree that it is working well. On the contrary, right now it is working so badly that if it were really an airplane we would all recognize that it has gone into a tailspin and is on the verge of crashing into the ocean. Keep this little story and particularly my interpretation of it in mind, and you should not have any difficulty in following me in what follows.

Are we socialists asking the right question about capitalism? Most theories can be seen as answers to particular questions, just as most of our political activities follow from the theories that

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we use. Thus, questions lead to theories, which lead to action. So it is absolutely essential in dealing with capitalism that we begin with the right question. Marxists, who view capitalism as a historically specific social formation with a beginning and an ending, have traditionally asked one or another version of the question, "When will capitalism die?" This has had a profound effect on all our political strategy and practice. But what if capitalism is already dead? Then, the appropriate question is "When did it die, and what should our reaction be?"

No, I am not jesting, nor is this just a polemical point. When exactly something dies is not easy to determine. In regard to the individual, is it when everything in the body stops working? Or is it when the heart stops? Or when one goes into an irreversible coma? Or contracts a terminal disease? There is obviously a process here, and one could make a case for focusing on any of these moments as the moment of death. The same is true of a social system, such as capitalism. Because it appears to be alive and even strong, many are likely to be shocked by my assertion that capitalism is already dead. I would only ask you to recall, however, what Marx taught us about the deceptive nature of appearances.

Have you ever seen a chicken with its head cut off, how it runs wildly about, sometimes for several seconds, before it collapses and dies? If you are small and unlucky enough to be in its way, you can get badly hurt by these final gyrations. Capitalism is a lot like this chicken. It has died, but doesn't know it, and is flailing away in its death throes, causing terrible harm to everyone within striking distance.

Capitalism died the moment the conditions necessary for accumulating capital on the scale required by the enormous amount of wealth available for investment could no longer be assured. It died when the related conditions that are indispensable for selling all of the rapidly growing amount of finished goods likewise evolved out of reach. Today, there are simply not enough profitable investments in the production and distribution of goods, given the gigantic sums seeking such investments; nor

are there enough people with the purchasing power to buy the mountain of goods that have already been produced.

These problems, of course, have always existed as part of capitalism—Marx presents them as internal and necessary contradictions of the capitalist system. But only recently have these problems become terminal. Earlier, major wars and a cold war came to the rescue of the system by destroying and wasting enough wealth to create new opportunities for profitable investment. Thankfully, in the age of nuclear power, a major war is unthinkable (and if it occurs, there will be no one around to reap the benefits), and minor wars, as in the Gulf and Yugoslavia, do not destroy enough to play the same economic role in capitalism that was played by World Wars I and II. The alternatives that have arisen—like investment in the former “socialist” lands, the expansion of credit, space exploration, etc.—are simply too little to take up the slack.

As for being able to sell the growing amount of goods that are produced, here too capitalism seems to have come to the end of its tether. At the very time that developments in technology have led to an enormous increase in the amount of goods available for sale, the spread of capitalist production into many poor countries has given rise to a global working class whose low earnings permit them to buy an ever-diminishing proportion of what they make. The result is that capitalism is being suffocated with goods it cannot sell. In the past, depressions—like major wars—provided a solution of sorts for this problem by destroying and wasting the goods that could not be sold, as well as the factories that made them, so that capital could begin all over. Essential to the success of this formula was the link between increased investment and a rise in employment. Now, however, with the advances in automation, computerization, and robotization, new production does not necessarily mean more jobs. And without more jobs, the working class will not be able to consume more and help trigger the heightened investment that brought capitalism out of previous slumps. My point in all this is that while capitalism is not at its beginning and not at its end, it is definitely at the beginning of its end.

The problems of capitalism do not stop at the borders of China, but can be found in China itself as a result of the economic reforms of the last two decades that have made China—for all its pretensions to socialism—an integral part of the capitalist world system, albeit one with certain socialist features. Hence, capitalism's problems have become its problems. In the sphere of accumulation, for example, the growing failure to find sufficiently profitable investments can be seen in the drastic falloff in foreign investments in 1999 (down 14.6 percent in the first quarter and projected by at least one Chinese government official to fall by over 50 percent for the year). A study of seventy foreign enterprises chosen at random in early 1999 showed that only 40 percent were making any profit; most of the rest were thinking of leaving China. And in real estate, which has absorbed about half of all foreign investment since 1992, the situation is disastrous. In Shanghai, for example, 70 percent of new buildings constructed in 1997 have failed to find buyers, and rents in office buildings have dropped by over 50 percent and are still falling. There is no reason to expect that these figures will improve. In light of this, China's vaunted building boom—the sight of which impresses visitors to China more than any other—has less to do with the government's housing policy than with its employment policy. That is, it has less to do with providing needed homes and offices, since they are not needed or if needed (as in the case of homes) are mostly unaffordable, and more to do with providing low-paying jobs to people who would otherwise swell the rapidly growing ranks of unemployed.

In sum, China—like Russia and the rest of the once “actually existing socialist” countries—has not proved to be the boon to capital accumulation that some thought they would be. China from here on in will get less and less foreign investment, with economic and social consequences that are perfectly foreseeable. Meanwhile, capital's need for profitable investment will only intensify.

As for problems relating to the realization of value (or sale of the final product), here too China provides some striking examples. Overproduction has become very widespread in

China—not overproduction of what people need, but of what they can buy, of what, given their low earnings, they can afford. The earning power of China’s notoriously low-paid workers (with relatively few workers making more than \$60 a month) has kept consumption within China lagging far behind the rapidly expanding output of China’s factories and workshops, and the growth of foreign markets, as impressive as that has been, has simply not been enough to take up the slack. The result is a major slowdown in sales all across the board. Sales in motorcycles, for example, a popular item among workers with minimal savings, fell 22.4 percent between January and September, 1998. Overproduction has also brought a drop in retail prices (deflation) as stores compete to sell excess stocks. In the first five months of 1999, retail prices for all consumer goods were 3.5 percent lower than in the same period in 1998. And, finally, overproduction has led to a serious decline in capacity utilization in industry. Why bother to make what you cannot sell? An industrial survey already in 1995 found capacity utilization below 60 percent in the production of more than 900 different commodities. The situation today can only be worse.

This inability to sell what they make (and could make) is the *main* reason that over half (some say as much as 70 percent) of China’s state-owned enterprises are losing money, and that more and more foreign capitalists are refusing to invest in China or, if already here, are beginning to pull out. What needs to be stressed is that the contradictions underlying these trends are intrinsic to capitalism, and, that for the reasons given, they can only intensify. In China, 1998 and 1999 seem to be the years of the big turnaround when most of the important indicators that had earlier given the illusion of permanent economic development have turned into their opposite.

Deprived of the conditions necessary for its continued existence—in investment as in selling the finished product—the capitalist system can only go downhill, with all its problems of unemployment; hyperexploitation of workers still with jobs; overproduction of goods; unused industrial capacity; growing social and economic inequality; inattention to basic social needs;

ecological degradation; the rise of money and of the people who have a lot of it to positions of major influence throughout society; increase in economic crimes of all sorts; exaggerated forms of individualism, selfishness, and greed; and generalized corruption constantly worsening and becoming intractable. This is happening to capitalism all over the world, and, as we have seen, also in China in so far as it has introduced capitalist forms of production and exchange into its economy. Hence, too, my comparison of capitalism to a chicken that has already died but continues to flail about and cause injuries until, weakened beyond all recognition, it is finally put out of its misery.

But if capitalism is already dead, it doesn't follow that socialism is alive. In fact, the world is going through a postcapitalist transition that could lead to socialism, but it could also lead—as Marx feared—to barbarism, understood as a breakdown not only of the economy but of an entire civilization on the order of what is already unfolding in places like Rwanda, Albania, Chechnya, and Yugoslavia. What is absolutely impossible is the continuation of capitalist relations of production and exchange very far into the next century.

If capitalism is indeed dead, in the sense that I have declared it to be, then how should we socialists react? Or, as Lenin put it—what is to be done? Here the Chinese people are very lucky to have had a great leader in the recent past to whom they can turn for help in answering this crucial question. I am referring, of course, to Deng Xiaoping. Did not Deng say that we must seek truth from facts? In the present situation, this can only mean we should recognize that China's main problems today are not the same as the ones it had twenty-five years ago. Then, one could argue, the main problems were the lack of modern forces of production and generalized poverty. While these difficulties have not disappeared, China's biggest and most pressing problems today are overproduction, unemployment, unused industrial capacity, growing economic inequality, ecological degradation, corruption, greed, cynicism, and other problems connected with the market economy. Deng, of course, is well known for his

market reforms, but he is also famous as a pragmatist, which means doing whatever is necessary to solve the main problems of the day. But if the main problems of our time are so different from those of twenty-five years ago, the solutions Deng favored then could not possibly be the ones he would favor now. To believe otherwise, as so many of those who claim to be his followers apparently do, is to transform Deng's pragmatism of means into a dogmatism of ends, which is one of the very things that Deng fought so hard against.

What I am saying is that there are really two Deng Xiaopings: Deng the pragmatist and Deng the market reformer. Because the main problems China is suffering from today are so different from those of twenty-five years ago, Deng the pragmatist—if he were alive—would search out solutions very different from those he proposed at that time. And in my opinion, the pragmatic—as well as the principled—solution to the worst problems in China today lies in rejecting the experiment with the market economy and setting out firmly on the road to socialism. In brief, this means replacing anarchic production aimed at maximizing individual profit with socially planned production directed toward serving human needs. To those who believe that this was tried before and that it did not work, I would only point out that despite the low level of economic development that existed at that time, central planning was relatively successful in dealing with the very difficulties—unemployment, economic insecurity, inequality, corruption, crime, greed, etc.—that are now tearing China apart. Moreover, the economic development of the last twenty-five years, together with the progress of computer technology, should make planning production and distribution much more efficient than it was earlier, especially if a way can be found to increase the participation of the mass of people in the political process (making it easier for them to identify with the planners and the goals of the plan). That means, of course, introducing more political democracy.

And if China were to take this new socialist road, you should not be surprised to find walking with you there—perhaps arm in

arm with Deng himself—Mao Zedong. A good slogan for this new period might be: *Forward to socialism with Deng Xiaoping and Mao Zedong!*

Positively, a last attempt to summarize the main point of this talk: There is an old Chinese proverb that says: “Don’t, don’t, don’t tie the tail of your dog to the back of the capitalist boat just as it is about to go over the waterfall.”

This paper was presented at the International Symposium on Socialism and the Twenty-first Century, 18–21 October 1999, in Wuhan City, China. All the statistics on the Chinese economy found in this talk come from *The Rocky Road to the Market: Political Economy of Reform in Russia, China, and India* by Prem Shankar Jha (forthcoming).

*Department of Politics*  
*New York University*

## BOOKS AND IDEAS

by *Herbert Aptheker*

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### **Pacifism and Martin Luther King**

The fourth volume of the monumental edition of Martin Luther King's papers has now appeared (edited by Susan Carson et al.; Clayborne Carson, series editor; *The Papers of Martin Luther King, Jr., Symbol of the Movement: January 1957–December 1958*, Berkeley: University of California Press, 2000, 657 pages, lavishly illustrated). During the period covered, the bus boycott movement in Montgomery has succeeded and the young minister, not yet thirty years old but already a celebrity, faces the daunting task of helping erase the racism befouling the nation.

The theme of this period in the young man's life is set in the sermon of 1 January 1951: "It is ultimately more honorable to walk in dignity than ride in humiliation. We struggle," he said, "not to defeat the white man"—no—"we are out to defeat injustice." And we must show the misguided one that "we are helping him as well as ourselves when we fight this issue, this great problem of injustice." Remember, always, he writes, we must "love the person who does the evil while hating the deed that the person does. . . . And it is this love that will bring in this new age" (80–82).

A central thesis in this volume is the futility of resorting to violence in fighting evil. That evil exists must reflect God's will, for God is omnipotent: "Since God through his ultimate causal will decided to give man freedom, he had to make it possible for evil to exist if men did not properly use their freedom" (109).

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But violence against this is futile and less than futile. "The shores of history are white with the bleached bones of nations and communities that failed to follow this command," for Peter said, "Put up your sword" (109, 120).

Perhaps when outnumbered ten to one, as were Black people in the United States, this advice is sound, but history abounds with examples refuting King's pacifism: the revolutions in the United States, France, Haiti, and South America, and the forcible resistance to Hitler come immediately to mind. A central theme is King's use of the Declaration of Independence and its affirmation of the equality of human beings; but notable is his failure to observe that this Declaration was a pronouncement of the resort to war and the justification therefor.

Allied with this is King's repeated assertion of the alleged passivity of the slaves in the United States, his implied warning that patience may be exhausted, and his insistence on the futility of force. King's acceptance of the myth of the slaves' docility, no doubt sincerely reiterated (see especially 118–20, and 170), is sharply contrary to Coretta King's speaking, according to the editor, "on behalf of her husband to ten thousand people who had marched down Constitution Avenue in support of school integration," on 25 October 1958. Here Mrs. King invoked the memory of the underground railroad and added:

This walking to end injustice went on for years and did three mighty things. It shook the slave system to its very roots. It aroused the conscience of this nation. It gave the lie to the myth of the so-called "kindly master" and "contented slaves." (515)

This is sharply contrary to King's repeated assertion of African American passivity: "So long as the Negro accepted this [subordinate] place assigned to him, so long as the Negro patiently accepted injustice and exploitation, a sort of racial peace was maintained" (170; see also 274).

The error is compounded by King's rejection of "false communist ideology" (176) and his acceptance of editor Melvin Arnold's suggestion "correcting" King's evenhanded rejection of

the two alleged evils of capitalism and Communism. This apparent equation will not do, urged the editor, and he was successful in inducing King to accept a revision equating the two and picturing a caricature of Communism in terms indistinguishable from Hitler's. In suggesting this alteration, the Harper editor conveyed his own view of the probable low level of the readers of King's book; "99 percent of your readers" are not "at home with theoretical concepts," he assured King. Alas, the quite young and inexperienced King accepted all of the "corrections" offered by the properly sophisticated Mr. Arnold (404–05).

These attitudes are not unrelated to the editor's uncritical acceptance of the mythology surrounding the 1956 events in Hungary. Vice-President Nixon, "happening" to be in Austria at the time, was anxious to help the "freedom fighters" in Budapest, but, as King observed, declared himself unable to help freedom fighters in Birmingham. A little editorial awareness of the distinctions between events in those two cities might have helped King at the time (and his present editor) illuminate the source of this "riddle."

But I do not wish to close with these critical (and controversial) observations. What we have in the fourth volume of the *Papers of Martin Luther King, Jr.* is a product worthy of the splendid effort by Professor Clayborne Carson and his collaborators to make available the remarkable efforts of its subject to help cleanse this Republic.

### **Criminal injustice**

An important study has been issued recently by the Virginia Advisory Committee to the U.S. Commission on Civil Rights: *Unequal Justice: African Americans in the Virginia Criminal Justice System*, published in April 2000. (This brief monograph is obtainable without charge from the U.S. Commission on Civil Rights, Eastern Regional Office, 624 9th Street NW, Washington, DC 20425.)

Among the major findings is that the state's law on remuneration for defense attorneys who enter cases for reasons of public service sets woefully low pay. The result is seriously inadequate

preparation for the defense, no matter how conscientious the attorney. In the words of a court-appointed investigator, "The criminal justice system in Virginia is designed to fail poor people." And, the report adds, the "poor people" without adequate counsel are "African American in the vast majority."

Investigators for this Advisory Committee report significant evidence of racial discrimination among the judges involved. Consequently, "African Americans were incarcerated at a rate more than ten times that of whites." Furthermore, Virginia "does not restore voting and other civil rights to ex-felons." Therefore about 295,000 Virginians cannot vote; sixty percent (145,000) of these are African American men.

A recent study showed that in the District of Columbia, 42 percent of Black males were in jail, on parole, or "being sought on arrest warrants;" in Baltimore the figure reached 56 percent! The figures are even more appalling for juveniles. Thus, from 1986 through 1994, of murder convictions over 76 percent were Blacks and less than 18 percent were whites. Among other convictions, over 68 percent were Blacks and less than 30 percent were whites.

The committee concludes: "Overwhelmingly disproportionate numbers of African Americans are under criminal supervision, overloading the criminal justice system in Virginia to a crisis level." It urges "immediate action to pass corrective and ameliorative legislation." As for children, having them "face charges and stand trial in adult courts exposes them to life-crippling jail terms if convicted." With marked restraint the final words of this report are: "Punishing youthful offenders by the same harsh measures [as adults] is a questionable response that does little to rehabilitate or restore a youthful offender's future usefulness in society."

Truthful, but naive. Do the authorities wish to rehabilitate? Into what society? Under present conditions the creation of offenders is inevitable. Those who create those conditions are satisfied with their "solution"—make criminals of those who rebel, incarcerate or execute them, and prepare to handle those who inevitably follow.

It will take much more than reports by investigating committees—no matter how well intentioned—to change the inequities investigated.

### **A demagogue from Oregon**

A first book by a history teacher from Washington state shows promise. This is *Iron Pants: Oregon's Anti-New Deal Governor, Charles Henry Martin* by Gary Murrell (Pullman: Washington State University Press, 2000, 228 pp., \$22.95)

Martin was basically a professional soldier. He saw action as an officer in the Philippines during the Spanish American War, helped suppress the Chinese revolt known as the Boxer Uprising, and then, as an intensely racist officer, commanded for a time the all-Black 92nd Division in the First World War. Murrell unsparingly shows the despicably racist and sadistic nature of his command.

Returning from the army, he entered politics early in the New Deal years as a fiercely racist and thoroughly demagogic governor of Oregon. There he did what he could—fortunately not much—to sabotage FDR's efforts at pulling the nation out of the awful depression while retaining, of course, the basic capitalist structure.

Martin was an isolationist—Charles A. Lindbergh was his hero; then, with actual war, he altered his public stance. Still working to thwart Roosevelt's efforts, he passed away the year after the death of FDR.

The book is a careful examination of this quite uninspiring figure. It demonstrates how a thoroughly reactionary and deeply racist demagogue was able to pursue a “successful” career. One finds here a scrupulous study of a shoddy life, an example of a demagogue who achieved “success” serving a ruling class as cruel as he, but, alas, not as stupid.

### **Disparity between rich and poor**

Several reports from leading sources have emphasized the persistence of grinding poverty in the United States. Noteworthy were studies jointly released early in 2000 by the Center on

Budget and Policy Priorities and the Economic Policy Institute. Here the view was offered that “some level of income inequality is inevitable and even desirable in a growing society,” but the alarm was sounded at the size and increasing magnitude of this disparity (see “Books and Ideas,” *Nature, Society, and Thought* 12, no. 3, 381–83).

New York state exemplifies the developments. The average earnings from 1978–80 to 1996–98 for the poorest fifth of the population in the United States dropped 6 percent (\$900), and for the second fifth of the population the drop was 1 percent (\$164). The income of the richest 5 percent for the same period, on the other hand, rose 55 percent (\$84,760).

A major study appeared last September: *The State of Working America*, a 454-page book from the Economic Policy Institute in Washington (Cornell University Press). This reports that “total wealth of the typical American household improved only marginally in the 1990’s—from \$58,800 in 1989 to \$61,000 in 1998.” However, the study notes, household debt rose as well, “by \$11,800.” Further, the study emphasizes that while press attention to the existence of poverty is almost nonexistent, the fact is that the national poverty rate in 1998 (the last date for which figures exist) was 12.7 percent, which is just one-tenth of one percent less than 1989, and a full percentage point higher than in 1979. Today, concludes the report, one in five American children lives in poverty.

How long will this scandal be permitted to exit?





## Book Reviews

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*A Weapon in the Struggle: The Cultural History of the Communist Party in Britain.* Edited by Andy Croft. London: Pluto Press, 1998. 218 pages, cloth \$54.95; paper \$18.95.

These eleven essays make an important contribution to the reevaluation of the cultural legacy of the British Communist Party, which cultural critics, apart from a handful of sympathizers, have either completely ignored or reduced to crude party propaganda. The contributors' project of asking what is worth preserving of the Party's struggle for an alternative socialist culture is particularly relevant in the present situation of the reformation of the Left after the failure of socialism in the Soviet Union and Eastern Europe.

The volume applies a very broad concept of culture in terms of Raymond Williams's definition, offering the reader an informative and fascinating introduction to seventy years of proletarian and Marxist-feminist literature and the beginnings of Marxist literary criticism, working-class theater, political caricature, film, and music. The well-documented and carefully researched essays illustrate that the arts were one of the ways in which Communist ideas entered the mainstream of British life and through which the Party was able to identify itself both as a defender of native, popular traditions and as a bearer of a socialist future.

This was obviously the case in the 1930s, when the Party attracted such diverse artists as, for example, the avantgardist Henry Moore; the expressionist cartoonists James Boswell, James Fitton, and James Holland; the classical composer Alan

*Nature, Society, and Thought*, vol. 12, no. 4 (1999)

Bush; and the jazz musician Ben Franklin. During World War II the Communists in the Council for the Encouragement of Music and the Arts as well as in the Army Bureau of Current Affairs found themselves at the head of a wartime “cultural upsurge” that was powerfully articulated in the Party’s best-selling magazines *Our Time* and *Seven*.

According to Andy Croft’s analysis of the *Key Poets* publications, Communist writers still enjoyed some influence and reputation in London literary life even at the height of the Cold War. The Party invested an enormous amount of energy in its cultural projects, and they had an attraction, especially in the 1930s, well beyond class boundaries and political perspectives. The reader will find that the Party exercised an influence on British cultural life quite out of proportion to its size and political importance.

Although the book does not claim to be comprehensive, the contribution of women to British Communist cultural history is unfortunately reduced to the lesbian feminist Sylvia Townsend Warner. Maroula Joannou’s documentation of Warner’s political activity and writing highlights the need for a revisionary reading of the 1930s by challenging the orthodox notion that modernism was the alpha and omega of literary creativity. Moreover, the essay also brings into question the role of women in the Spanish Civil War, which even in respected histories of the Left is still the story of the concerned male artists and writers. Further analysis is necessary to explore the immense influence of Communist ideas on many woman writers, such as Winifred Holtby and Naomi Mitchison, who tried to combine feminist issues with the political struggle of their time and stressed that a socialist revolution is incomplete without a resolution of gender problems. The critical reconstruction of Communist influences on feminists in the 1930s is very important in the context of contemporary feminist criticism that still focuses on mainstream woman writers and artists.

All contributors attempt a critical reevaluation of the Party’s contradictory cultural heritage, which, as Croft stresses, was, in spite of its encouraging achievements, also “distorted by a

slavish and idiotic devotion to imported Soviet examples, and a would-be military model of cultural organization” (1). On the one hand, a critical approach to the Communist cultural tradition that avoids a nostalgic glorification is crucial in order to understand the failures and illusions of the past. On the other hand, the critique of the Party’s undemocratic cultural policy and its vulgarization of Marxism, which the majority of the authors regard as an key reason for its failure after World War II, is too one-sided. While this criticism is to a certain extent justified and must be borne in mind now and in the future, a categorical interpretation of the “imported Soviet examples” as completely counterproductive in the context of a “native British communist ‘tradition’” (4), is simply not true. One remembers, for example, Jack Lindsay, who produced very important historical novels by adopting (although not dogmatically) the line of the 1934 Soviet Writers’ Congress that a socialist writer must produce realistic novels. Moreover, this criticism does not pay sufficient attention to the variety of cultural initiatives and artistic innovations introduced by Party members very closely following Soviet cultural policy.

Hanna Behrend’s analysis of Marxist literary criticism in the 1930s is a productive methodological exception. While she points out that many critics, such as Alick West, Ralph Fox, and Christopher Caudwell, committed themselves to a narrowly political and prescriptive conception of literature and were wedded to Lukács’s reflectionist theory of culture, she draws the reader’s attention particularly to those aspects in their work that apply Lukács’s literary theory creatively. Behrend convincingly shows their attempts to work out the dialectic between literature and history as well as between ideational and formal structures in literature, which she considers a preeminent influence on later generations of Marxist critics. By exploring such problems as the relativity of literary value, the social function of language, or the aesthetic function of literature, these critics raised questions long before established literary studies took them up.

Moreover, this book only insufficiently appreciates the wide variety of influences that enriched the Party’s cultural tradition.

Many socialist writers between the wars adopted, for example, elements of the British radical romantic heritage and wrote in the tradition of working-class literature in order to appeal to and revitalize their readers' sense of a cultural history of their own. Others, such as James Barke, Jack Lindsay, or Sylvia Townsend Warner, integrated new themes (the struggle for socialism or the marginalization of gender issues among Communists) and experimented with modernist narrative techniques in their fiction. This literature inspired a broad democratic and antifascist culture in the thirties that helped to politicize a considerable number of people among all classes. Even though history does not seem promising for the Left at present, the reconstruction and critical analysis of our contradictory cultural heritage should draw our attention to those elements that can in the long run promote our struggle for socialism.

Stephan Lieske  
*English Department*  
*Humboldt University*  
*Berlin*

*The Origin of Capitalism*. By Ellen Meiksins Wood. New York: Monthly Review Press, 1999. 138 pages, cloth \$30.00, paper \$13.00.

Ellen Meiksins Wood has written a little book with big ideas. *The Origin of Capitalism* stimulates and engages at a time when specialization and intellectual inertia have generated a flood of inflated texts with undernourished ideas. Where so much radical and left writing turns on nitpicking, marginal issues, and tedious and infertile scholarship, Wood tackles meaty questions with passion and commitment.

The economy of Wood's writing belies its clarity and rigor. Conflating obtuseness with profundity, many contemporary

authors write as though insights must be dredged from a muddy, murky pit—a kind of twisted labor theory of intellectual value. But Wood, like Marx, states her views with a notable transparency, the product of a disciplined and diligent mind.

At first glance, *The Origin of Capitalism* is about the Transition Debate, the sometimes contentious dispute over how capitalism came to be, how it emerged from feudalism. Wood stakes out the various positions, paying particular homage to the great Marxist political economist Maurice Dobb, and the insightful non-Marxist Karl Polanyi. She takes a position close to that of the historian Robert Brenner—the view that capitalism emerges first in the English countryside with the development of the landlord/tenant/wage worker relationships and the attendant markets.

But her study probes beyond the specific, historic moment of capitalism's birth to explore what it means for a new political-social-economic system to emerge. Wood stresses that capitalism is a system and not merely a historical milepost; she argues that capitalism was truly unique and not merely the modification of an earlier socioeconomic formation; and she insists that capitalism is really revolutionary, something decidedly different, a complete departure from previous economic systems.

Wood's argument assails the triumphal position shared by most writers since the end of the Cold War. Viewing Communism as an aberration, a historical blind alley, they accept capitalism as the Jerusalem of economic history. Reading history backwards, they see all of human struggle directed towards this final, complete, and perfected economic formation. Of course it was Francis Fukuyama who best represented this view in his acclaimed book *The End of History*. But mainstream historians have also contended that history unfolds to reveal capitalism—the transition to capitalism was the butterfly escaping from the cocoon.

But finding the roots of capitalism in antiquity, Wood argues, begs the question. If we see capitalism as latent in its prehistory, we are merely assuming the development that we hope to explain. Nothing is added to our understanding by positing

capitalism as an omnipresent force struggling to overcome obstacles to its full emergence. For Wood, such an account travels in a tight circle.

While Wood argues convincingly, she flirts with endorsing historical description at the expense of historical explanation. Explanations that comb the past for the historical antecedents of events undoubtedly run the risk of finding exactly what they are seeking. Certainly, when contemporary writers impose their social-contract models or rational-choice theories on the social life of precapitalism, they commit both a logical blunder and a cultural offense.

But short of finding the causal antecedents—the “seeds,” if you will—of capitalism, what can count as an explanation for its rise? What, in other words, would go beyond a mere description of the rise of capitalism and explain its origins *without* begging the question? Wood does not answer this question clearly.

Wood does not spare the early Marx of *The German Ideology* and *The Communist Manifesto*. Here, too, she charges circular reasoning. The vivid language of “burst fetters” and the “interstices of feudalism” seems to be her target. But these metaphors should be judged by their imaginativeness and not by their truth-value. She charges the young Marx (and Engels) with subscribing to the twin sins of “technological determinism” and “transhistorical” processes. In her otherwise clear exposition, this is a lapse into the language of academic fashion. These two expressions are so overused and abused as to be mere epithets. Like the charges of “essentialism” and “reductionism,” they now substitute for arguments and should be retired.

Creationists and popularizers caricature Darwin and evolutionary theory when they speak of “man evolving from apes.” Similarly, vulgar Marxists and anti-Marxists misrepresent the complexity of Marx’s argument when they resort to the “unfolding” imagery, the illustrative metaphors that enrich Marx’s texts. Where some find “transhistorical” processes at work in *The German Ideology*, Marx and Engels state their method explicitly:

Empirical observation must in each separate instance bring out empirically and without any mystification and speculation, the connection of the social and political structure with production. (1976, 46)

Thus it is the publicly disputable, empirically observable events of history that provide the data for the theory of Marx and Engels.

Do Marx and Engels assume a connection between the social and political structure and production? Of course they do, and that remains the first principle of the Marxian theory of history. Insofar as the theory accounts for historical events, this assumption is justified.

Ironically, in *The German Ideology* Marx and Engels mount a criticism that anticipates Wood's charge of circularity. Against those who would find later events latent in the past, they warn:

This can be speculatively distorted so that later history is made the goal of earlier history. . . . Thereby history receives its own special aims and becomes "a person ranking with other persons" . . . while what is designated with the words "destiny," "goal," "germ," or "idea" of earlier history is nothing more than an abstraction formed from later history, from the active influence which earlier history exercises on later history. (1976, 50)

Wood is at her formidable best when she tackles the illusions that have sprung up around markets. Since the demise of Eastern European socialism, much of the Left has embraced markets as acceptable economic mechanisms. She argues persuasively against the notion that markets can be uncoupled from the purchase and sale of labor power. In addition, her critique of postmodern thought is well aimed, although perhaps a little too gentle.

Despite some differences of opinion I have with it, I can only recommend this little book with enthusiasm.

Greg Godels  
*Pittsburgh*

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Marx, Karl, and Frederick Engels. 1976. *The German ideology*. In vol. 5 of *Karl Marx, Frederick Engels: Collected works*, 19–549. New York: International Publishers.

*Being Red in Philadelphia: A Memoir of the McCarthy Era*. By Sherman Labovitz. Philadelphia: Camino Books, 1998. 163 pages, cloth \$22.

*Red Diapers: Growing Up in the Communist Left*. Edited by Judy Kaplan and Linn Shapiro. Champaign: University of Illinois Press, 1998. 320 pages, cloth \$49.95; paper \$19.95.

At 1:30 a.m. on 30 July 1953, FBI agents banged on the door of Sherman Labovitz as he slept at home with his wife and children. As he hurriedly covered himself with a towel, they announced, “Sherman Marvin Labovitz, alias Sherman Marion Labovitz—you are under arrest for conspiring to violate the Smith Act.” Labovitz, a CPUSA functionary, was soon to be put on trial with eight other Philadelphia-area CPUSA activists in one of the “second string” Smith Act trials, which followed in the early 1950s the big 1949 Foley Square show trial of national CPUSA leaders.

In 1953, the Korean War was over, McCarthyism was at its height, and the activists of the Communist Party particularly were targeted by a sort of selective fascism—allowed legal “due process” to defend themselves against laws that were bills of attainder against them before judges who listened attentively to professional informers and assorted crackpots misquote Marx, Engels, Lenin, and Stalin to portray the Communist movement as a criminal conspiracy seeking to overthrow all non-Communist governments by force and violence at all times in history and in all places of the world.

Labovitz analyzes what made him a Communist, dealing with his working-class Jewish immigrant background, which became a positive force in his political education, as his relationships with Jewish Communists led him to see Jewish religious celebrations like Passover and Purim in a new light as part of a larger struggle for liberation, with the Communist movement, in its struggle for socialism and against fascism, racism, and anti-Semitism, creating a sort of modern Passover to lead the wage slaves of the world to freedom.

Harassed, as were thousands of Communists in the service by military intelligence, during World War II he actively organized a forum on contemporary issues at Chanute Field, Illinois, which was soon condemned as “Marxist propaganda” in a Chicago *Tribune* editorial. After serving as information and education officer for a Signal Corps group, where he used antiracist, antifascist, and pro-Soviet materials, Labovitz was forced to undergo an interrogation more suited to an Axis army. He eventually found himself transferred to Texas, where he was relegated for the duration to delivering Western Union telegrams for the Army Air Corps.

Labovitz takes pride in the work he did, particularly against racism within and outside the Party, in the postwar years as a Philadelphia Party leader—work that led to his arrest. This included the unsuccessful struggles to prevent the executions of the Martinsville Seven in Virginia and Willie McGhee in Mississippi and the successful campaign to save the lives of the Trenton Six in New Jersey. The more the Party opposed the developing Cold War, however, the more it faced repression by the Truman administration and all levels of government. Labovitz contends:

Those of us in Communist Party leadership sincerely believed that the representatives of American capitalism were absolutely paranoid in their fear of a world rapidly turning toward and embracing socialism. . . . [T]he fight for peace and the struggle against nuclear proliferation were absolutely crucial to the life of the Party in those

years . . . no one who I knew as a member or leader of the American Communist Party ever believed that these activities were anything but patriotic and in the interests of the overwhelming majority of the American people. (56–57)

Labovitz, who subsequently became a professor of sociology at Richard Stockton College in New Jersey, makes the important point that there were two general categories of Party members (as in a sense there still are). Those “who freely spoke of and identified with socialism” were known pretty much as Communists, and were usually older or younger comrades with very little to lose in regard to careers and money and with few connections to nonleft institutions and organizations outside of the unions. The second group, generally although not exclusively white-collar professionals, functioned in a wide variety of community-based and professional organizations and were often in occupations compelling them to keep a low profile. In spite of the relentless and escalating repression that imprisoned Party leadership and decimated membership, Labovitz concludes,

As I reflect back upon what a very small number of communists in the United States actually accomplished during those troubling times, I am presently surprised by the positive significance of so many of those activities. (57)

Most of the memoir deals with the imprisonment and the trial, which becomes a cross between *Catch-22*, the old *Hogan's Heroes* television series, and what anti-Communist intellectuals like Hannah Arendt liked to call the workings of a “totalitarian state.” In the indictment, the nine are accused of seeking to conceal their identities through “false names—Joseph Kuzma, also known as Joe Kuzma, Irwin Katz, also known as Irving Katz, Sherman Marion Labovitz also known as Sherman Labovitz” (34).

Subsequently, longtime professional informer Paul Crouch, who made his living testifying at these political show trials, informed judge and jury that he had mastered Marx, Engels, and

Feuerbach by the age of ten, lectured to Soviet cavalry officers in Esperanto at the Frunze military academy (when asked by the defense what language the Soviet cavalry used, Crouch replied Esperanto), and personally knew one of the defendants whom he had in a previous trial denied knowing. Louis Budenz, another star professional informer, answered questions concerning Marxist-Leninist theory by repeatedly saying “yes and no.” Finally, a third minor “expert witness” responded to defense questions thus:

McBride (defense lawyer): Did you study Marx?

Thomas (witness): I read him.

McBride: What did you read of Marx?

Thomas: Very little.

McBride: What did you read?

Thomas: I don't know. I tried to forget.

Meanwhile, Herbert Aptheker, a Communist Party leader and a long-recognized Marxist historian, had his testimony stricken from the record by heckling prosecution objections, which the judge routinely supported. In the trial's ultimate Catch-22 moment, Professor John Somerville, distinguished non-Communist student of Marxist philosophy, had his testimony attacked by the prosecution because he had never attended Communist schools or meetings and was not a Communist. The prosecution claimed Communists were “self-serving, but non-Communists could not provide knowledgeable testimony.”

Eventually, the Philadelphia trial was one of a series of cases that contributed to McCarthyism's decline. In 1957, the Supreme Court decision in the Yates case (dealing with the trial and conviction of California Communists) partially reversed the Court's 1951 defense of the Smith Act in the Dennis case and led a reluctant government eventually to drop the charges against the Philadelphia defendants. The lead defense attorney, who always looked to his role in the case with great pride, went on to a distinguished career on the bench, and even ended up years later defending the chief prosecutor in the case, who was accused of withholding evidence in another trial and needed a good lawyer.

Labovitz left the Communist Party after 1956 and rejected new chair Gus Hall's request to return (Hall himself had recently been freed from prison) on the grounds that the CPUSA had not sufficiently learned from the mistakes of the Stalin leadership. That was perhaps the government's major victory: the two purposes of the trials had been to suppress opposition to the Cold War and to drive people out of and away from the Communist Party. As I read him, however, Labovitz remains a "Communist of the heart," whose worldview is far closer to the activists in the Party, both young and old, than to liberals, social democrats, new leftists or Trotskyists. Finding better ways to say goodbye, and to meet again over past differences and work together for socialism, remain important but daunting tasks for both Communists and the broad Left.

*Red Diapers*, even with its many moving anecdotes and personal statements, is a much more disappointing work. A series of short, loosely connected excerpts from the children of Communists, the work jumps from one story to another, much like a television news report, rarely developing or even explaining events, but creating subjective impressions and evoking feelings about what it was like to be a Red Diaper baby.

John Howard Lawson's son Jeff self-righteously blasts his father and his comrades for their "blind adulation of a mass murderer" (one assumes he means Stalin), referring to his grandfather as an "angry capitalist," his father as "an angry Communist," and himself as "an angry non-political" (60). Roz Baxandall and her sister, Harriet Fraad, remember that "we didn't realize until the '60's that our parents had been in the CP . . . our family was ruled by the Fifth Amendment" (96).

Nevertheless, most of the respondents, in both anecdotes and moving analytical statements, challenge the stereotypes that (with parallels to racism) made U.S. Communists both invisible and diabolical, sometimes Sambos to be laughed at, sometimes beasts to be destroyed in the electric chair. Finnish-American Sirka Tuomi Holm captures the spirit of the majority of respondents when she writes "growing up a red diaper daughter was not a grim or joyless experience. Being with others of similar

philosophy gave me a sense of security. Belonging to a group gave me strength. I was and still am never alone. My parents taught me about the world, about the class system, about history” (40). How many people can say such positive things about their youth?

The second part of the book, “Political Trauma as Personal History,” tells stories of the postwar repression and its effects on Communists and their families. Perhaps the most powerful and clear-headed statement comes from Robert Meeropol, the son of Julius and Ethel Rosenberg:

The Rosenberg family was functional and loving. The Meeropols, the progressive schools we attended, the progressive camps where we spent our summers provided us with a healthy positive environment after my birth parents’ death. Those institutions and that environment worked for Michael [his brother] and me and hundreds of other children scarred by the McCarthy witch-hunts. My wife, Ellie, our daughters, Jenn and Rachel, and so many others are living testimony to the fact that political activism is not incompatible with building loving and nurturing families. (213)

It is remarkable how many of the Red Diaper babies ended up as progressive teachers, writers, feminist activists, peace activists, health care reformers—in effect “Communists of the heart,” continuing their parents’ quest for social justice in the political diaspora that anti-Communist repression created in the United States. In that sense, both books are testaments to the positive and enduring influence of Communists and Marxism-Leninism both inside and outside the CPUSA.

Norman Markowitz  
*History Department*  
*Rutgers University*  
*New Brunswick, New Jersey*

*Market Socialism: The Debate among Socialists.* Edited by Bertell Ollman. New York: Routledge, 1998. 208 pages, cloth \$70; paper \$20.99.

Four views on market socialism are debated in this book. Two of the contributors, David Schweickart and James Lawler, present their versions of a market socialist economy. The two other contributors, Hillel Ticktin and Bertell Ollman, critique this view and argue that only a planned socialist economy can avoid the devastating crises associated with capitalist production. After these initial presentations, each of the contributors responds to the comments of his opponents.

In Schweickart's view, attempts at a planned economy, even in an advanced industrialized country, founder on the problem of incentives: "enterprises have little incentive to expend resources or effort to determine and to provide what consumers really want"; "if inputs and outputs are set by the planning board, enterprises will be inclined to understate their capabilities and overstate their needs" and lobby for lower production quotas and excess supplies of raw materials; "if employment is guaranteed, but incomes are not tied to enterprise performance, workers have little incentive to work"; "if the planning board is responsible for the entire economy it has little incentive to close inefficient units, since that will either contribute to unemployment or necessitate finding new jobs for the displaced workers" (13).

In Schweickart's model of market socialism, which he calls Economic Democracy, the assets of the country are the collective property of the people, but are controlled by the workforces that utilize them. Each enterprise is run democratically, with workers electing the management. The ultimate authority rests with the workers of the enterprise.

Each enterprise must pay a tax on the capital assets under its control. Via a network of public banks, investment funds derived from the taxes are returned to the communities on a *per capita* basis as a loan to the enterprises or to collectives wishing to set up new enterprises. Schweickart sums up his model as an

economic system with three basic structures: “worker self-management of enterprises, social control of investment, and a market for goods and services” (18).

Schweickart does not see this model as a transitional stage to what Marxists have traditionally considered as a fully developed Communist society, in which distribution is according to need, rather than according to the labor performed. He sees this model as providing the possibility of an increased standard of living, shorter working day, and facility of occupational changes in a highly developed industrial economy.

Lawler’s contribution, entitled “Marx as Market Socialist,” is not so much a model for market socialism as an attempt to show that Marx viewed a market economy based on cooperatives, rather than a planned nonmarket economy, as the principal form for transition to Communism.

Ticktin begins his contribution with a historical review of the emergence of the debate that gave rise to the market and nonmarket models of socialism. For Ticktin, however, the essence of the debate is not between market and nonmarket socialism, but between Marxism and market socialism, because the market is incompatible with socialism. “For a Marxist,” writes Ticktin, “socialism must involve the abolition of abstract labour and of the reduction of the individual worker to an appendage of the machine or of the production process” (60) Ticktin’s weakness here is his equating of *abstract labor*, and later in his discussion, the concept of *value*, with reduction of the individual to an appendage of the machine. For him, a planned economy brings an end to abstract labor and value.

Ticktin tends to slough off Marx’s argument that as long as the productive forces have not been developed to the point where distribution of the product of production can be based on the Communist principle of distribution according to need, distribution has to be based on the quantity of labor performed. This quantification is necessarily based on the quantity and quality of the labor-time expended by the worker. Since all concrete labor is worker-specific, the concept of abstract labor is needed for social quantification of the individual worker’s contribution to

production. In a socialist planned economy, labor is not purely a commodity, because the workers are working for themselves, but it is a commodity in form. Although not a commodity in real content, it must be treated as a commodity for cost accounting. Similarly, the product of labor is not produced for exchange, but for need. Nevertheless, it acquires the form of a commodity, the value of which is determined by the necessary social labor time embodied in its production. In a socialist planned economy, Marx's laws of value are still applicable. The failure to take this adequately into account has long been recognized as a major cause for the economic problems of socialism in the USSR.

Without attempting to put forth a political economy of socialism within the framework of a planned economy, Ticktin falls into the usual utopian trap—assertions of possibility.

His criticism of proposals for a socialist market economy, which is the main thrust of his contribution, is based on the obvious parallel between capitalist and socialist market economies and the lack of possibility of a market economy to adequately coordinate production and consumption.

In regard to this parallel, Ollman's contribution to the discussion is far more substantial, in both practical and theoretical analysis. Ollman convincingly disputes Lawler's attempt to portray Marx as a market socialist who saw cooperatives as the path to Communism. Ollman rejects Lawler's compromise offer to limit the cooperative stage to fifty years because he does not see this as really solving the chaotic conditions that are associated with an unplanned economy. For a more detailed response to Lawler's views on a cooperative market economy as a path to socialism, see "Critique of Market Superiority and Market Neutrality," by Duan Zhongqiao, in *Nature, Society, and Thought*, vol. 11, no. 2 (1998): 221–39.

A weakness in all four contributions is the abstract character of the discussions. This abstractness, in the case of Schweickart and Lawler, is a consequence of the fact that both present models of market socialism that are applicable to the present highly industrialized capitalist economies; their criticism of planned economies, on the other hand, is based on the experiences of the

former socialist countries, whose economies were not industrialized to the same degree. Missing from all four discussions is any attempt to look at the experiences of China, Vietnam, and Cuba to develop mixed economies containing both socialist and capitalist sectors while maintaining the dominance of the socialist sector.

Also missing from the discussion is the interconnection between the economic and political structures that are needed to ensure that the process of economic development is not to be guided spontaneously, as if by some invisible hand. An important discussion of this question in regard to a socialist planned economy can be found in *Heroic Struggle!—Bitter Defeat: Factors Contributing to the Dismantling of the Socialist State in the Soviet Union*, by Bahman Azad (New York: International Publishers, 2000).

*Market Socialism: The Debate among Socialists* is, nonetheless, an important resource for discussion among socialists in the United States about possible economic forms that the socialist development of our country can take and the problems that can arise in the process.

Erwin Marquit  
*Physics; Interdepartmental Studies*  
*University of Minnesota*



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## ABSTRACTS

**Teresa L. Ebert, “Globalization, Internationalism, and the Class Politics of Cynical Reason”**—The author argues that globalization is not in essence a matter of state, trade, and markets, but represents the continuation, on an increasingly international scale, of the appropriation of the product of workers’ labor by the capitalists. The struggle against globalization and for international class solidarity requires the development of class consciousness. But in the academy, a “cynical reason” champions neoliberalism, free trade, and the interests of big business—all in the name of progress. The author discusses propagation of cynical consciousness in the attempts of left bourgeois critics such as Peter Sloterdijk, Judith Butler, and Slavoj Žižek to depoliticize theory by removing class as a meaningful concept.

**Herbert Shapiro, “Racism in Prerevolutionary Cuba and Antiracism in the Cuban Celebration of May Day”**—The author presents an overview of the history of racism in Cuba as it developed under Spanish rule and U.S. imperialist domination, and the ongoing efforts of the present revolutionary government to eradicate racism in Cuba. Commemoration of the contributions made by Afro-Cubans to the revolutionary movement and the nation’s cultural heritage has become a feature of May Day celebrations. Solidarity is also voiced at these events with anti-imperialist movements in Africa, Asia, and Latin America, and with the struggle against racial injustice in the United States.

**Fu Qingyuan, “Marx’s Theory of Historical Transcendence and the Creative Practice of Socialism in China”**—The author, a director of the Institute of Marxism of the Chinese Academy of Social Sciences, discusses the problems of a transition to socialism in economically underdeveloped countries. He also

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considers several theoretical approaches in China today for dealing with the problem.

**Yu Wenlie, “China’s Socialist Market Economy”**—The author, deputy director of the Institute of Marxism of the Chinese Academy of Social Sciences, outlines the principal features and economic results of China’s socialist market economy.

**Makoto Itoh, “Forms and Functions of Enterprises in Socialist Economies”**—A socialist market economy may have a variety of economic forms, including cooperatives, stock companies, and enterprises wholly owned by the national state or local bodies. In addition, mixed forms of ownership include joint ventures and stock companies with domestic or foreign private capital, enterprises with co-ownership by workers and local and/or state bodies, and others. The apportionment of profits and dividends is also discussed.

**Bertell Ollman, “The Question Is Not ‘When Will Capitalism Die?’ but ‘When Did It Die, and What Should Our Reaction Be?’”**—Capitalism actually died the moment the conditions necessary for accumulating capital on the scale required by the enormous amount of wealth available for investment could no longer be assured. Crisis conditions have characterized its existence and have led to widespread misery throughout the world, including wars. China’s market economy makes China an integral part of the world capitalist economy, and China is already facing the same ills. The planning of production and distribution, now more efficient because of the progress of computer technology, can guide China through a socialist course of development.

#### ABREGES

**Teresa L. Ebert, «La globalisation, l’internationalisme, et la politique de classe de la «pensée cynique’»** – L’auteur défend l’hypothèse que la globalisation n’est pas essentiellement l’affaire d’un état, du commerce, ou des marchés, mais qu’elle représente plutôt la continuation – dans une dimension de plus

en plus internationale – de l’appropriation du fruit du travail des ouvriers par le capital. La lutte contre la globalisation, et pour une solidarité de classe internationale, exige le développement d’une conscience de classe. Pourtant, dans les écoles, une «pensée cynique» prend fait et cause pour le néolibéralisme, le libre-échange, et les intérêts des multinationales – tout cela au nom du progrès. L’auteur analyse la propagation d’une conscience cynique dans les tentatives des critiques bourgeois de gauche, tels que Peter Sloterdijk, Judith Butler et Slavoj Žižek, de dépolitiser la théorie en y enlevant toute signification au concept de classe.

**Herbert Shapiro, «Le racisme dans le Cuba pré-révolutionnaire, et l’antiracisme pendant la célébration du premier mai à Cuba»** – L’auteur passe en revue l’histoire du racisme à Cuba, tel qu’il s’est développé sous l’autorité espagnole et sous la domination impérialiste des Etats-Unis, ainsi que les efforts permanents du gouvernement révolutionnaire actuel pour éradiquer le racisme à Cuba. La commémoration des contributions au mouvement révolutionnaire et à l’héritage culturel de la nation par des Afro-Cubains fait désormais partie des célébrations du premier mai. Pendant ces événements s’exprime également la solidarité avec des mouvements anti-impérialistes en Afrique, en Asie, et en Amérique Latine, ainsi qu’avec la lutte contre l’injustice raciale aux Etats-Unis.

**Fu Qingyuan, «La théorie de la transcendance historique de Marx, et la pratique créatrice du socialisme en Chine»** – L’auteur, un directeur de l’Institut du marxisme de l’Académie chinoise des sciences sociales, parle des problèmes de la transition au socialisme dans les pays économiquement sous-développés. Il étudie aussi plusieurs approches théoriques dans la Chine contemporaine pour traiter ce problème.

**Yu Wenlie, «L’économie socialiste du marché en Chine»** – L’auteur, directeur adjoint de l’Institut du marxisme de l’Académie chinoise des sciences sociales, résume les aspects principaux de l’économie socialiste du marché en Chine, et ses résultats économiques.

**Makoto Itoh, «Les formes et les fonctions des entreprises dans les économies socialistes»** – Une économie socialiste du marché peut manifester une variété des formes économiques, y compris des coopératives, des sociétés cotées en bourse, et des entreprises appartenant entièrement à l’Etat ou aux collectivités locales. D’autres formes existent, comme des entreprises en participation avec des capitaux privés nationaux ou étrangers, ou encore des entreprises en copropriété avec les ouvriers, avec l’Etat et/ou avec des collectivités locales, ou autres. L’auteur parle également du partage du profit et des dividendes.

**Bertell Ollman, «Il ne s’agit pas de demander «Quand va mourir le capitalisme?», mais plutôt «Quand est-il mort?» et «Comment devrions-nous réagir?»** – Le capitalisme est en effet mort au moment où il était devenu impossible d’assurer les conditions nécessaires pour accumuler le capital à l’échelle requise par la quantité énorme des biens disponibles pour l’investissement. Son existence a été marquée par des conditions de crise, qui ont produit la misère partout dans le monde, et même des guerres. L’économie du marché en Chine a fait de ce pays une partie intégrante de l’économie mondiale capitaliste, et la Chine est déjà confrontée aux mêmes maux. La planification de la production et la distribution, devenu plus efficace à cause des progrès des technologies de l’information, peut guider la Chine dans une ligne de conduite socialiste du développement.