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Money versus Socialism

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In the early years of his career as a scholar and communist revolutionary, Karl Marx wrote The Poverty of Philosophy, an attack on Proudhon's work, The Philosophy of Poverty, which was first published in French in 1846. He criticised Proudhon for proposing simplistic reforms to achieve social justice, proposals that Marx suggested were based on a shallow critique of capitalism. In a derogatory way, Marx called Proudhon a 'utopian socialist', though Marx too is considered 'utopian' (see Box 2.1). More significantly, his arguments against Proudhon were strong and damaging.

Today, various proponents of 'alternative economics' raise issues similar to those preoccupying utopian socialists and Marx in the nineteenth century. They suggest 'fair trade' and other schemes to manipulate prices to achieve social justice, just as some ecological economists devise market mechanisms, such as carbon-trading schemes, to embody ecologically rational policies. This chapter offers cautionary Marxist tales for such schemers. It details the contemporary relevance of Marx's philosophy of the human being in nature, and Marx's views on the potential and limitations of monetary evaluation and the market, as well as debates and experiments by practical socialists (Bolsheviks and Cubans) who focused on social transformation through monetary reforms, prices and non-monetary exchange.

ECOLOGICAL ECONOMICS

Ecological economists address issues of sustainable production and consumption, social fairness and economic efficiency. They are distinguished from environmental economists in breaking with a mainstream capitalist framework that perceives nature in simplistic monetary terms, such as marketable natural resources and externalities. However, while ecological economists have a wider purview, for instance, appreciating the complex ecological
services that contribute to production for the market, many still treat prices and imputed quasi-prices as mechanisms for addressing social goals without adequately explaining the need and legitimacy of assigning artificial prices to non-marketed goods and services. Nevertheless the fundamental question would seem to remain: to what extent are market mentalities and behaviour responsible for our environmental problems?

The common vision of ecological economists is indisputable: a sustainable dynamic between human and non-human nature wherein human practices optimise the potential of non-human nature. However, they regard 'potential' variously, just as divisions arise over exactly what constitutes ecologically sustainable behaviour and the best policy prescriptions. Nevertheless, many ecological economists suggest simple reforms to both state and market, presuming that price formation and market exchanges are affected more by collective will than they seem to be in practice. The vital context for interventions in the pricing process involves mundane prices and the value of the monetary unit, which are co-created and recreated in the market. So, environmental legislation and regulation via price policies or mechanisms – such as carbon-trading schemes – would seem to be based on cavalier assumptions about the way capitalist markets function.

In parallel Marx argued that utopian socialists, such as Proudhon, exaggerated the potential of monetary and price reform to alter the social system. He was adamant that the social defects of the economic system could not be removed by tinkering with money and prices, which were surface phenomena; talk of controlling the value of money, the supply of money or redefining prices was useless and idealistic. Marxist economist Duncan Foley has neatly summarised this position:

Money is a social relation. Like the meaning of a word, or the proper form of a ritual, it exists as part of a system of behaviour shared by a group of people. Though it is the joint creation of a whole society, money is external to any particular individual, a reality as unyielding to an individual's will as any natural phenomenon.²

Given that the market was not subject to social control, Marx argued that state policy involving market reforms was fraught with difficulties. He pointed out that, if prices were to be determined by other than market practices, we would not have a free market.

So, he asked his opposition: what would 'price' mean then? Marx believed faulty analysis would lead to the formation of revolutionary strategies that would be doomed to fail. He regarded it crucial to get the analysis right.

HUMANITY AND NATURE

Many environmentalists believe that Marx's work exemplifies the damaging mentality of dualism characteristic of modern western thinking. They say that Marx's emphasis on technological development highlights an exploitative mentality towards nature. Marx and Engels shared a positive view of modern technologies but Marx's analyses of capitalism included many descriptions of the destructive effects of industry and modern agriculture on nature as well as on workers. Unfortunately, policies adopted by Eastern European communist regimes, involving large environmentally destructive technologies, helped to falsify Marx's dialectical perspective to a one-sided position.

Marx's critique of capitalism did not embody the kinds of production and consumer foci that are characteristic of many contemporary trade unions. He described a communism of freely associated producers, which stressed the political importance of collective decision-making and production. In Capital III, Marx's respect for nature seems quite clear:

From the standpoint of a higher socio-economic formation, the private property of particular individuals in the earth will appear just as absurd as the private property of one man in other men. Even an entire society, a nation, or all simultaneously existing societies taken together, are not the owners of the earth. They are simply its possessors, its beneficiaries, and have to bequeath it in an improved state to succeeding generations.³

While 'improved state' could be interpreted in a Promethean way, Benton has argued that Marx's method incorporates human reliance on nature to such an extent that it is the closest existing example of an 'ecology of the human species'; Marx's historical materialism is 'a proposal for an ecological approach to the understanding of human nature and history'.⁴

Marx explicitly acknowledged nature as the source of all materials and instruments of labour and reminded the German Workers'
Party that labour is a force of nature too. John Bellamy Foster has summarised Marx's position this way:

The human community, Marx believed, can no more free itself from the need to control its interaction with nature than it can free itself from the need to take into consideration the natural conditions of human existence. Yet rational control of the relation between nature and humanity is inherently opposed to the mechanistic domination of nature in the interest of the ever increasing expansion of production for its own sake. In a society of freely associated producers, Marx argued, the goal of social life would not be work and production, in the narrow forms in which they have been understood in possessive-individualistic society, but all-round development of human creative potential as an end in itself, for which 'the shortening of the working-day is a basic prerequisite.' This would set the stage for the realm of freedom in which human beings would be united with each other and with nature.

Unlike the capitalist ideology of continuous growth in which nature is a subject and victim, historical materialism considers concrete limitations, both social and natural. In the *Economic and Philosophic Manuscripts of 1844*, Marx explicitly defined humanity as part of nature:

Man lives on nature – means that nature is his body, with which he must remain in continuous interchange if he is not to die. That man's physical and spiritual life is linked to nature means simply that nature is linked to itself, for man is a part of nature.

Marx's theory of alienation expresses his philosophy that humanity is inseparable from nature. In communism, writes Marx, humanity will attain a proper relation with nature and coalesce with it. He argues that capitalist relations of private property imply an unnatural divorce of worker from non-human and human nature. In contrast, capitalists have little regard for human or non-human nature; they turn nature into commodities and employ workers to produce profits. Marx suggests that human empathy with the rest of nature and people's identity with the products they create within nature make them unique animals, ideally suited as stewards of the earth. Marx's philosophy is unapologetically anthropocentric, and differs from a radical 'deep ecology' position, but is similar to many other environmentalists' views.

**Use Value and Exchange Value**

In *Capital I*, Marx's analysis of the capitalist system begins with the commodity and its 'twofold aspect': as a use value for consumption, and as an exchange value to gain money for its producer. He is at pains to point out that, while wealth is based on use value and therefore ultimately nature, the social constitution of exchange value in the market is in no way associated with the natural, physical and qualitative aspects of the commodity. Therefore, it is impossible for the old economic 'paradox of value' – that diamonds are more valuable than water even while they are less useful – to arise as a serious question within Marx's analysis; distinguishing exchange value from use value dispenses with the so-called paradox.

Marx's analysis concentrates on the main object of political economy, the social relations of production and exchange value. His perspective is fairly consistent with the orthodox view that natural resources represent 'externalities'. With production for the market, monetary calculations determine what and how we produce goods and services. Financial, speculative factors tend to dominate decision-making about the use of environmental resources to the detriment of ecological concerns. Uniquely, exchange value drives capitalism.

For Marx, capitalism presents dialectical asymmetry; exchange value implies use value but not necessarily the reverse. Use values are fundamental units in discussion of economies in the general. Exchange values are secondary units, relating to markets, and fundamental only in capitalism. His framework indicates how ecological values are marginalised by the social dynamics of capitalism because monetary values dominate (see Box 2.2). Marx offers a strong contrast with the pricing-the-environment direction of many ecological economists who view the market in a naive way, like the utopian socialists he criticised. The dominance of exchange value in capitalism encourages both alienation from, and an instrumental view of, nature. Not only do capitalists disregard nature, but also production for the market means that monetary considerations have priority over ecological values in their decision-making. Therefore, to capitalists, environmental taxes and internalising externalities are seen to be costly reforms to devise, implement, monitor and revise. Finally, according to Marx, any comprehensive 'reforms' to
take environmental factors into account would imply or lead to new systems of exchange and production altogether.

CAPITALIST GROWTH AND COMMODITY FETISHISM

Marx’s concept of money is grounded in commodity circulation, in relations between producers expressed as relations between things, as exchange values, in prices. Money is the ‘value form’ of exchange value. In Capital I, Marx argues that the development of money inevitably leads to the concept and function of capital as a dominating power; money is, historically and logically, ‘the first form of appearance of capital’.7 Marx’s theory of how money becomes capital is the first step in an argument that leads to an ecologically relevant conclusion: that capitalism collapses under sustained contraction. Further, recurrent and sharp economic cycles that characterise capital accumulation involve challenging the limits of nature, for example the ‘peak oil’ crisis. Delays in stopping carbon-emitting activities of capitalists are directly related to this, too.

Marx charges utopian socialists and other monetary reformers with failing to address the key question, ‘Why is money necessary?’ He answers by arguing that workers make products that only become commodities once purchased with money (product → commodity → money, or P → C → M). The development of labour and capital is embodied in the commodity and money: ‘already the simple forms of exchange value and of money latently contain the opposition between labour and capital’.8 The existence of commodities and money allows wage labour to appear, labour becomes a commodity sold for money, and money thereby becomes capital. It is a dialectical elaboration of ‘value’ created by labour in production, manifested in commodity circulation as ‘exchange value’, necessarily becoming independent in the money form and finally preserved as capital. So, the final concept in the series is money, which procures labour, ‘capital’. Thus, for Marx, the whole capitalist dynamic is monetary in form.

Production is the vehicle for exploitation in capitalism. Money is invested in workers’ wages, and in the means, materials and instruments of production, to produce commodities that recoup the original money plus profits. Constant reinvestment of money and productive transformation is vital for capital accumulation; without it, recession, depression and crises occur. Capital accumulation proceeds like a spiral. Lowering social consumption is incompatible with capitalism as a social system with a peculiar dynamic and behaviour established between capitalists and between capitalists and workers. Growth and making profits are defining characteristics and intrinsic demands of the capitalist system. A capitalist economy, following the capitalist entrepreneur, must grow. The goal is unfettered growth in a reproducing cycle, which implies expansion: M → C → P → C’ → M’ (read as money is invested in commodities, which are used in production to create a greater value of commodities realised in money). Consequently, as capitalism has expanded, capitalist activities have increasingly become the central and dominant factor structuring humanity’s relations with the rest of nature. It is clear then that one of the most important requirements of ecologically sustainable development, cutting production and consumption in advanced capitalist economies, is impossible to achieve.

To the extent that policies designed to ensure biological diversity, ecological integrity and a variety of natural resources involve less consumption and production or vast changes to the ways that investment and production take place, they will disrupt the business system (M → C → P → C’ → M’) fatally. Therefore, to the extent that we are trying to apply green policies and practices that involve environmental pricing, we are actually living in this confusion of economic disruption and crises and are doomed to lose the struggle to achieve sustainability. Subsequently, environmentalists must question whose interests price-making serves, what prices represent, and why money and monetary evaluation are considered so useful and persuasive as a sign of ultimate worth.

Commodity Fetishism

Marx provides another perspective on attempts to evaluate ecosystem services monetarily (such as pricing the water-purifying capacities of a forest), that is, as a symptom of ‘commodity fetishism’. Writing ‘On the Jewish question’ in 1843, Marx foreshadowed his concept of commodity fetishism as a capitalist attitude and form of behaviour:

Money is the general, self-sufficient value of everything. Hence it has robbed the whole world, the human world as well as nature, of its proper worth. Money is the alienated essence of man’s labour and life, and this alien essence dominates him as he worships it.9

In these spare sentences he conveys the source and complex consequences of commodity fetishism, which is epitomised in
money and monetary evaluation. Marx quotes from Shakespeare to illustrate that money is an omnipotent 'visible divinity'. Within a monetary economy, demand is acknowledged only if backed by money; if not supported by money, Marx writes, real human needs are invisible, just like ecosystem externalities. In this way the market reverses 'an image into reality and reality into an image'.

In Capital I, Marx elaborates on commodity fetishism, likening monetary values expressed in prices to religious forces:

Value... transforms every product of labour into a social hieroglyphic. Later on, men try to decipher the hieroglyphic, to get behind the secret of their own social product: for the characteristic which objects of utility have of being values is as much men's social product as is their language.

Marx's theory of commodity fetishism develops from Aristotle's question about how a variety of distinctive, and therefore incomparable, goods and services are made comparable by market exchange through monetary evaluation: 'Since exchange-value is a definite social manner of expressing the labour bestowed on a thing, it can have no more natural content than has, for example, the rate of exchange.' While Marx's distinction between use value and exchange value and his theory of labour value answer Aristotle's question, in the narrow sense, of explaining how capitalism works, Aristotle's question remains pertinent.

Set prices are not market prices. However they arise, prices are abstractions created by humans and are intended to signal rational reproduction of an economic system. If you decide to evaluate natural services in monetary terms, first you must define exactly what money means and how value, in its various senses, relates to price. Given that market prices are relative and every change in one price affects other prices, is it possible to set prices involving environmental factors without influencing all prices? The pragmatic view that prices are just instruments to use to achieve desired outcomes fails to acknowledge that pricing and monetary systems are so complex that tinkering with individual prices in ignorance of systematic interactions invites unintended, undesirable and even uncontrollable consequences (such outcomes have been seen in command economies, discussed below). There is a question about whether or not prices are the most efficient way to represent ecological values and ensure we respect and maintain them. More fundamental is the question of whether or not prices and the monetary system can do the job at all.

From a Marxist perspective, artificially pricing environmental resources and services seems to be a symptom and expression of commodity fetishism. Marx studied value and price as cultural categories designed to ensure production and exchange, reproduction and expanding accumulation of a particular form of social power. In as much as monetary values and prices are assigned to human and non-human nature, they provide a one-dimensional and purely market-based point of comparison that obliterates other social and ecological qualities. That people subject to capitalist dynamics would try to artificially evaluate ecosystem services would not surprise Marx, who argued that:

The religious reflections of the real world can... vanish only when the practical relations of everyday life between man and man, and man and nature, generally present themselves to him in a transparent and rational form. The veil is not removed from the countenance of the social life-process, i.e. the process of material production, until it becomes production by freely associated men, and stands under their conscious and planned control.

Marx points here to a necessary transition to communism.

THE TRANSITION

In The German Ideology Marx points out that people are united to and struggle with nature via industry, attacking Bruno Bauer for drawing an 'antithesis' between nature and history 'as if... man did not always have before him an historical nature and a natural history'. Marx saw advanced communism as a synthesis of naturalism and humanism, 'the genuine resolution of the conflict between man and nature and between man and man'. While the state – like money – institutionalises and symbolises alienation, a sharing and caring society would involve social empowerment and organisation based on consensus decision-making. Communism would represent a degree of conscious social control of interactions between people, and between them as a society and nature, which is impossible under capitalism. Marx's vision of a stateless, moneyless and classless society was aimed to encourage the fullest development of human consciousness and creativity.
This reading of Marx interprets him as a non-market socialist. The ideal of non-market socialism, of a cooperative, sharing and caring society that has dispensed with money and the state, has various adherents, as testified by the contributors to this book. They all acknowledge the importance of new relationships of non-monetary exchange, while pointing out the limitations as well as possibilities of such scenarios. In the non-market socialist vision, production is not for the purpose of sale and work is not remunerated via the market. What is produced and how it is produced is decided collectively. Work is a creative right and the social product is shared freely but subject to social constraints.

Autonomist Marxist Antonio Negri characterises communism as ‘[e]conomy of time and free planned activity’ and ‘the affirmation of the most exasperated plurality – creativity.’ He contrasts communism with capitalism, where ‘money has only one face, that of the boss’: ‘Capitalist socialization exalts the sociality of money as exploitation, while communist socialization destroys money, affirming the immediate sociality of labor.’

Some non-market socialists, such as John Crump, share Marx’s belief that advanced capitalist technologies provide a step to create the material basis for socialism. Furthermore, while admitting the need for ‘temporary measures’, Crump believes that we need to make a ‘great leap’ to socialism. He roundly rejects efforts to construct a transitional society and believes that socialism must exist worldwide. The common goal of non-market socialists is a diverse, united, global, human community.

Once the capitalist impetus to produce and exchange to make money is removed and the focus is on use values and human needs, we can more easily take environmental factors into account. Most non-market socialists argue for wholesale revolution and stress the integrity of economics and politics through an ethic of sharing. Only a few short-lived experiments have developed non-monetary alternatives, such as in the 1970s towards the end of Allende’s socialism in some districts of Chile and in the 1930s in certain locales during the Spanish Civil War (see Chapter 6). Discussions of such alternatives in communist Cuba and Russia follow.

COMMUNIST SOCIETIES IN THE TWENTIETH CENTURY

In the early years of Soviet power the party elite seriously discussed instituting a moneyless economy. A debate about diminishing the role of money in Cuba occurred in the mid-1960s, too. Both discussions raised serious social issues regarding monetary evaluation and calculation. While neither discussion gave any importance to evaluating and calculating environmental resources and services in terms of ecological sustainability, both cases indicate that policies involving price-setting and non-monetary exchange must be feasible and gain popular consent to succeed.

Environmentalists have suggested a range of policy options, such as cutting and distributing work hours more evenly, reducing consumption or introducing rations and, especially, setting prices to reflect or express environmental rationalities. Minority thrusts in the Russian and Cuban socialist movements argued for non-monetary exchange but the practical focus was on alternative ways of using monetary systems to rationalise production and exchange. Rather than offering any clear way forward for those bent on pricing the environment, these case studies act as important cautionary tales.

In neither the Bolshevik nor the Cuban examples did the revolutionaries adequately theorise or plan for how socialist exchanges would differ from market evaluation and behaviour. The difficulties of finding socially just and practical forms of exchange seriously challenged the revolutionaries. They were ill-prepared for these difficulties in terms of theory and, once exchange became a practical issue, they were deeply divided over what ways socialist exchanges should be conducted, particularly over how far, or in what ways, to dispense with money. These difficulties were not simply technical or economic, but involved psychology, social behaviour and political control.

The Neglect of Money Under ‘War Communism’

The Russian example opens all the main conceptual and practical issues surrounding exchanges based on socialist values, which have parallels with ecological values. Social justice and ecological sustainability both involve incomparable qualities, complex processes and diverse consequences. How do we compare and measure differences in work efforts, different work, different people doing it, and products being produced in different ways? Assessing and economising on human labour can be compared with calculating and measuring efficiencies in varieties of non-human energy expenditures. Are monetary values useful to do this? If not, is socially necessary labour time best measured in units of time or caloric time or what? And, how are questions of ‘need’ addressed?

The main source for the discussion in this section is the renowned historian of Russia, E. H. Carr, along with Russian economist...
L. N. Yurovsky. Unless otherwise indicated, all quotes in this section are from Carr.22

After the October Revolution in 1917, the Bolsheviks initially adopted what Carr refers to as ‘strict financial orthodoxy’ and they continued to use the printing press to meet financial needs. At the first All-Russian Congress of Councils of National Economy held in May 1918, financial matters were openly debated by the highest commissioners and ministers. The Right’s protagonist, Isidor Gukovsky, demanded gold support for paper money ‘so long as we have money in circulation’. The Left was unconcerned about introducing what seemed to be a temporary measure because, ‘when the full triumph of socialism occurs, the ruble will be worth nothing and we shall have moneyless exchange’. Grigory Sokolnikov welds these views into a practical position: gold was significant for foreign transactions but unnecessary for national ones. Furthermore, he suggested that fixing or stabilising prices would counteract the ill effects of too much money in circulation. Yet monetary taxes supported the state.

Initially the Bolsheviks aimed to control distribution but shop ‘workers’ were not organised and consumers’ cooperatives were not well supervised. The state set prices but, because neither the disturbed market nor new state initiatives to monopolise trade and ration products were effective, speculation spread and a black market started to flourish. The civil war prompted a set of economic steps known as ‘war communism’. The note-printing presses were enlisted; money steadily became valueless. This depreciation, Carr writes, ‘came from 1919 onwards to dominate every aspect of Soviet financial and economic policy, and gave to the policies of war communism their final and characteristic shape’. The state increased requisitions and cooperatives became the state’s main collecting and distributing structure. By 1920 the gap between official fixed and free-market prices widened alarmingly: ‘the list of fixed prices grew till almost every object of consumption was covered’. Rationing was extended as barter became attractive and frequent; even factories paid suppliers and workers in products finished by them or by another factory with which it made exchanges in kind.

Carr suggests that the phasing out of money was not an original aim of the Bolsheviks but that, once money became ineffective, ‘a virtue was made of necessity and the view became popular that the destruction of the currency had been a deliberate act of policy’. However, many officials, such as Trotsky and Stalin, expected a monetary economy to evaporate with the advance of communism.23 Trotsky wrote:

In a communist society, the state and money will disappear. Their gradual dying away ought consequently to begin under socialism. We shall be able to speak of the actual triumph of socialism only at that historical moment when the state turns into a semi-state, and money begins to lose its magic power. This will mean that socialism, having freed itself from capitalist fetishes, is beginning to create a more lucid, free and worthy relation among men.24

However, in reality money remained a tool of state policy. For instance, Lenin pleaded with the peasants to accept the state’s tokens for their grain. Therefore, Nikolay Krestinsky pointed out that ‘our ruin or salvation depends on a race between the decreasing value of money – with the consequent need for printing notes in ever greater quantities – and our growing ability to do without money altogether’. Observe the wording here. Krestinsky’s logic is opposed to Carr’s: the diminishing value of the currency forces the government to issue more notes (rather than the reverse). Carr suggests that only the practical circumstance of runaway inflation forced them to introduce non-monetary exchange. The role of money was now a critical issue; material circumstances determined the political and theoretical agenda.

The second All-Russian Congress of Councils of National Economy, December 1918, passed a resolution condoning ‘the elimination in the last resort of all influence of money on the relations between economic factors’. However, the practical measures adopted involved settlements without cash but not without monetary accounting. Discussion about eliminating money became especially confused once the state supervised transactions in the industrial sector, so industry needed cash only to pay wages. This was understood as a step towards eliminating money. Not surprisingly banking officials thought only of monetary accounting. However, especially once unions organised wages in kind (a form of rationing), monetary accounting seemed unnecessary.

One contributor to the debate cited by Carr said, ‘we shall come in the end to doing without any calculations in rubles, reckoning the energy used by number of days and hours’. He, like Larin (a select member of the Council of National Economy, who pointed out that ‘the only question can be how many days must be spent to produce how many articles in a given branch of production’), anticipated
the focus of future debate. Still it was Milyutin, another member of the Council of National Economy, who encapsulated the ambiguity and confusion in the debate over money and state affairs when he said, 'a system without money is not a system without payments'. Initially it seemed obvious (especially to the conservatives) that 'monetary symbols' would remain even though 'monetary tokens' were becoming less necessary. In short, money would exist as a unit of account. Given that this is money's defining function, this meant a system of monetary exchange would remain.

As the depreciating ruble was less and less a stable unit of account, the role of money as a unit of account became the theoretical and political issue of the day. According to Carr, the debate over substituting a monetary unit of account with one based on labour, in terms of time or energy expended, 'occupied an enormous place in the economic literature of 1920 and the first few months of 1921' and was influenced by Otto Neurath's work (see Chapter 4). At the January 1920 Congress, it was decided that accounts could involve a unit of labour, commonly referred to as tred (abbreviated from trudovaya edinitsa). This idea was passed on to a special commission and 'occupied for many months the best economic brains of the country'. A unit of labour time was a familiar concept to readers of socialist literature and political economy. Carr's comment here that 'it also seemed to be based on sheer common sense' is worth discussing. The discussion in Russia raised the possibility that such a unit would become 'a universal unit of account of living energy - the calorie' (the ened). Meanwhile, this had no influence on Soviet accountants, who persisted in reckoning in rubles. They followed official directions that reiterated phasing out cash while depending on the national currency as a unit of account.

At this point any return to a 'natural economy' or advance to a moneyless communism was halted because all state industries were directed to follow khozraschet ('principles of precise economic accounting'): demanding monetary taxes; requiring cash for state-produced goods and services; reintroducing state budgets; and returning financial independence to local authorities. These policies renewed a reliance on money as cash, not just as a unit of account. While Lenin had acknowledged that free trade would 'inevitably lead to...a revival of capitalist wage-slavery', he spoke of the New Economic Policy as simply 'retreating in order to make better preparations for a new offensive against capitalism'. Unfortunately, Lenin's tactical retreat became permanent. Carr seems correct to suggest that the fresh direction and financial imperatives of the New Economic Policy amounted to a return to all of the fiscal, financial, banking and monetary orthodoxies of capitalism.

Carr's account suggests that no discussion of assessing the various values of environmental resources occurred in the Russian debates. This was a matter of relative neglect in Cuba as well. However, both cases indicate the social considerations environmentalists need to take into account when attempting to make prices or market-based policies reflect ecological values. Devising, implementing, monitoring and revising an artificial price system for various assets, goods and services within an otherwise free market system for environmental reasons being time-consuming, costly and vulnerable to avoidance tactics and corruption. In fact, this seems clear already in debates and experiences of using carbon-trading systems to abate carbon emissions.

Che Guevara and the Question of Money
During 1963–65 there was a great economic debate in Cuba, which included contributions from overseas. As mentioned in Chapter 1, the debate concentrated on whether work ought to be encouraged by moral or material incentives and whether the state ought to adhere to a centralised budgetary system or allow enterprises financial autonomy. Distinctive positions on these issues related to different interpretations of Marx's concept of value, law of value and different visions of socialist planning. Marx's concept of value is based in capitalist labour, his law of value relating to the labour that is 'socially necessary' to produce a commodity. The socialist debaters argued about whether state production still constituted production of 'commodities'. As with environmentalists wanting a sustainable planet, the issue for the socialists was not so much where we are going but how we will get there.

In this debate, Major Alberto Mora, Cuba's Minister for Foreign Trade, and Carlos Rafael Rodriguez, Director of the National Institute of Agrarian Reform, were supported by French economist Charles Bettelheim in opposition to Che Guevara, Director of the Ministry of Industries. The main English sources for this analysis are various works by Che Guevara and the commentaries by Michael Löwy and Carlos Tablada. According to Löwy, it was Che's 'revolutionary humanism' that fundamentally distinguished his perspective from that of his opponents. Che used Marx to defend his position, believing that freedom meant freedom from the forces of the capitalist market, freedom from alienation, and freedom to directly control and plan human life (see Box 2.3).
Indeed, a tribute to Che Guevara by André Gorz thanked him for identifying 'that socialism is the negation of money, of commercial relations and straight division of labour', which was essential to reverse the capitalist experience of work: 'not knowing for whom and or why... producing things that are only measured in terms of money or comfort; from being occupied eight to nine hours a day in exchange for a salary that, no matter how high it is, will never make up for the monotony of our work.\textsuperscript{30}

\textbf{Marx's Law of Value}

While acknowledging that investment must take account of non-economic factors, Alberto Mora suggested that Marx's law of value found its most perfect expression under socialism.\textsuperscript{31} This position was not supported by Marx's work, Mora's interpretation of value being a rather conventional 'relation between limited available resources and man's increasing wants'. Mora argued also that state enterprises should be financially autonomous, use business accounting methods of economic calculation and produce commodities for profits. Bettleheim made the point that 'if we try to apply forms of organisation and forms of circulation to the (lower) level of development attained by the productive forces, we shall achieve only a great deal of waste'.\textsuperscript{32} In his commentary, Michael Löwy argued that without a market it was unclear what people wanted.

In opposition to Alberto Mora and his supporters, Che Guevara followed Marx, stating that 'value' related directly to abstract labour, not to wants or environmental resources. He argued that, in as much as the state sector of the economy approximated a single unit and transfers of products between state factories were all supervised within one budgetary finance system, such products did not constitute commodities. Administered prices were not market prices and Marx's law of value did not apply. This applied to transactions between the private and state sectors too.

Che argued that the plan ought not mimic market forces. Planning enabled non-economic factors to be taken into account and, as a conscious act, undermined the law of value. Che wanted 'to eliminate as vigorously as possible the old categories, including the market, money, and therefore, the lever of material interest – or, to put it better, to eliminate the conditions for their existence'.\textsuperscript{33} He believed that 'the development of consciousness can advance ahead of the particular state of the productive forces in any given country'.\textsuperscript{34}

Belgian economist Ernest Mandel supported Che Guevara: planning ought to minimise both the working of the law of value and the commodity character of the state workers' product. Guevara distanced himself from the Stalinist bureaucratic planning model and opposed the competitive aspects of the Yugoslavian model. He and Mandel thought that centralised budgetary planning would minimise expensive bureaucratic management.

\textbf{Material or Moral Incentives}

The other focus in this debate was on the relative merits of material and moral incentives. Che was the protagonist for encouraging work through moral incentives. His opponents said monetary incentives were absolutely necessary. According to Michael Löwy, Che argued that use of capitalism's 'fetishes' or 'the worn-out weapons left by capitalism' (such as profit and material incentives) would result in a 'dead end', not in communism.\textsuperscript{35} Che said a new attitude, a sense of social duty, a collectivist consciousness and a 'new man' were necessary.

Che was pragmatic enough to recognise that such changes do not occur overnight. One policy involved phasing out material incentives and focusing social benefits on exemplary workers in social fields as well as minimising wage differentiation to accord with skill. Che stressed the importance of education in creating a new consciousness. His faith in the viability of voluntary cooperative labour was based on his political experience of popular mobilisations, which had produced results demonstrably surpassing those observed when effort was individually rewarded.

The general public was much more engaged in this debate over incentives and voluntary labour than it was over financing. Che criticised monetary rewards given to Soviet workers and likened them to North American employees.\textsuperscript{36} For Che, voluntary labour meant breaking down the artificial separation between mental and manual labour, and creating a spirited cooperative culture.\textsuperscript{37} Like Marx, he conceived of voluntary labour as the pinnacle of a non-alienated existence and the expression of a truly fulfilled human.

Guevara's detailed and complex budgetary finance system certainly allowed for more collective human control over production and distribution than occurs in free markets or in the economic accounting methods of his opponents in Cuba. Carlos Tablada has lauded Guevara's approach to the theory and strategic practice of realising socialism, specifically for understanding and fighting for
the development of a new consciousness in the establishment of
the material bases of socialism.\textsuperscript{38} Che Guevara himself wrote that:

[C]entralized planning is the mode of existence of socialist
society, its defining characteristic, and the point at which man's
consciousness finally succeeds in synthesizing and directing the
economy toward its goal: the full liberation of the human being
within the framework of communist society.\textsuperscript{39}

However, Che stressed that Cuba was only in the first phase
of a transition to communism and deplored the lack of Marxist
theory to guide them further. Most significantly, Che’s budgetary
system did not do without money as a unit of account (and means
of circulation or distribution).\textsuperscript{40} Enterprises simply had no \textit{cash}
for investment because finance was organised centrally and bankers
became administrators. According to Tablada, money prevailed \textit{as
an economic indicator}.\textsuperscript{41} Given trade, especially in the international
market, Che accepted the practical reality of money as a unit of
account (a standard of price or measure of value) and called for a
more rational ‘world socialist pricing system’\textsuperscript{42}. In 1987, after Che
had died, Castro accurately represented his position:

If there was one thing Che paid absolute attention to, it was
accountancy and the analysis, cent for cent, of expenses and
costs... Che used to dream of using information technology
to gauge economic efficiency under socialism and saw this
as essential.\textsuperscript{43}

Tablada argues that Guevara was impressed by the efficient
administration of the most advanced imperialist monopoly
enterprises. Indeed, Che felt that their economic methods could be
used 'without fear of being “infected” by bourgeois ideology' and
viewed the adoption of advanced (capitalist) technology in a similar
way.\textsuperscript{44} Che Guevara’s model was highly centralised and supervised
by a politicalised elite who still took world market prices into account
when setting prices for Cuban products.

Guevara did not show how his system would lead to the state's
devolving its powers over production and distribution to the people
directly or to a stage where a unit of account such as money would
not exist at all. Guevara did suggest that the latter eventuality
relied on the progress of socialism internationally. However, he
indicated how terms of exchange between socialist countries might
be followed in the meantime.

Castro seemed to wholly support Guevara’s idealism later in 1967
(the year Guevara died) claiming: ‘We want to de-mystify money,
not to rehabilitate it. We even intend to abolish it completely’.\textsuperscript{45} But,
by then, Che had suffered a resounding defeat in the great economic
debate, a defeat that had given him reason to leave Cuba altogether.

Probably the most important point to make here is that the
strategy of transferring power to the masses did not surface in either
the Cuban or the Soviet debates. Retaining a state structure and
using money went hand in hand. State planning of the economy and
regulation of the distribution of goods and services seemed to need
some form of money, at least as a unit of account. State-produced
goods retain some characteristics of commodities and workers are
likely to be remunerated in wages, or at least a package of goods
and services quantifiable by way of a single unit.

Berteilheim has argued that Soviet communism equated to
state capitalism precisely because it adopted monetary economic
calculation.\textsuperscript{46} Societies in transition to communism could not avoid
the influences of world prices and foreign trade unless they became
autarchic and self-sufficient. Alternatively, a non-market socialist
movement and revolution needs to be global.

Marx’s strength lies in the breadth and complexity of his social
analysis. In the nineteenth century he was challenging assumptions
about markets and the state that have been accepted at face value
by many environmentalists. Marx’s analysis reveals that when
production and consumption are based on market exchange,
monetary values and growth are critical and \textit{economic} sustainability,
rather than social and environmental values, is the priority. Serious
and significant delays in environmental reforms, such as abating
carbon emissions, occur mainly because capitalist structures
are based on monetary values and power-holders. In short, it is
impossible to devise a system that is sustainable both ecologically
and economically if capitalism, or monetary values, prevail.

However, in practice, communist movements have found it very
difficult to break from capitalist customs associated with monetary
evaluation and exchange and to follow a genuinely socialist direction
by substituting a state apparatus with grassroots decision-making.
These strategies are at the heart of non-market socialism. Only if
we move away from money, and interpret the economy as a set of
social practices involving nature and aimed at physical and social
reproduction of human cultures, does sustainability in ecosystem and human terms appear possible. This is the key challenge facing socialists, economists and environmentalists — indeed all of humanity — today.

Box 2.1: "Vernacular Capitalism"

As we saw earlier, the market mechanism is the key to the reproduction of social relations. The market is the space where the commodity is exchanged, where surplus is distributed, and where the means of production and new commodities are purchased. The market is where social relations are formed and reproduced. The market is where social relations are formed and reproduced.

Box 2.2: "Karl Polanyi's Land and Money"
The role of the market in the capitalist system is central. Commodities are bought and sold, money is exchanged, and the market is the primary space where social relations are formed and reproduced.

MONEY VERSUS SOCIALISM

For these markets form an absolutely vital part of the economic system. Life, labor, land and money are obviously not commodities, but the framework within which they operate defines the nature of our lives. Labor, for instance, is the means by which we are able to produce goods and services. Land, on the other hand, is the means by which we are able to produce food and raw materials. Money is the means by which we are able to trade and transact.


Socialism in the process of transition may have to compete very strongly with the market. This makes sense both in individual terms, where the market is weighed down by the residues of an education and a society systematically oriented toward the isolation of the individual, but also by the nature of this transition period, which is based on commodity relations. The commodity is the basic cell of capitalist society. As long as it exists, its effects are inevitable in the organization of production and consumption. 

Some conceive of the transition period as the result of a transformation of the capitalist system, a process of contradictions ...

But there remains a long stretch to be covered in the building of a society based on freedom, and the temptation to follow the beaten paths that appear to be the most efficient is very great.
There is the danger of increasing individualism in trees. Pursuing the same ends, but in the service of the planned weapons left over to us by others, or as the economic cell, probably with the help of material, or as levers, etc., it is possible that we may arrive these collective forms, there are many reasons for this when the second stage of the industrial economy. The material base has undermined the uncritical, unreflective, communist: a new material base, a new moral character. Without political incentives, especially the moral incentives. To maintain a consciousness in which values, thereby a whole must become a single whole.

Che Guevara, Marx and Socialism in Cuba and Writings of the Cuban Young Communist, 1956, pp. 187–90, esp. p. 190.

NOTES

All italics in quotes are preserved from the source.


11. Ibid., p. 248.


16. Ibid., p. 176.

17. Ibid., p. 173.


27. This section draws on various works by Che Guevara, 'Planning and consciousness in the transition to socialism' ('On the budgetary finance system'), in his Che Guevara and the Cuban Revolution, Sydney: Pathfinder/Pacific and Asia, 1987, pp. 203–30; Guevara, 'Voluntary work is a school for communist consciousness', in his Che Guevara and the Cuban Revolution.
3  
Work Refusal and Self-Organisation  

Harry Cleaver

The widespread use of money and financial mechanisms against the working class provides us with great opportunities to elaborate critiques of both the money form of social domination and the possibilities for social organisation beyond exchange value – to criticise both the price and money forms, and to open discussion on how to reorganise the genesis and distribution of wealth in society without money, prices or debt.¹

Stopping short of such discussion traps us in the Proudhonist strategy of monetary reformism. In the nineteenth century, when banks served only business and the rich, that strategy included dreams of mutual credit banks among workers; today it often means pressuring for local ‘community-based’ banks or creating micro-credit programs. Marx rejected nineteenth century socialist schemes for the democratization of credit because, he argued, money, credit and debt are capitalist tools of exploitation and control. Rather than trying to appropriate them, they should be destroyed. In today’s world of consumer credit and mortgages, we know that we can struggle to use credit and debt for our own purposes at the same time that capital tries to use them to both extract interest and profit and enslave us in an endless cycle of borrowing to buy and working to pay off the debt. Marx showed a clear awareness of the class nature of credit and debt, of the way capital sought to use both against workers. We need an equally clear awareness of how they are still being used to control us, of the degree to which our use of them undermines that control, and of alternatives that move us beyond money, credit and debt altogether.

SOCIALISM?

One of the longest-standing critiques of capitalist development has been that of the socialists. From pre-Marxist analyses through to Karl Marx and Frederick Engels, Rosa Luxemburg, Nikolai Bukharin