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The Perennial Debate over Socialist Goals Played Out in Venezuela*

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ABSTRACT: Two Marxist traditions play themselves out in the internal debate in the movement headed by Hugo Chávez. The “realists” favor practical policies to increase production, while the “cultural optimists” are concerned with combating capitalist values. The discussions of wage differentials in worker-run plants and cooperatives recall the Marxist distinction between “to each according to their work” (favored by realists) and “to each according to necessity” (defended by cultural optimists). While Chávez urges cooperatives and community councils to discard the “profit motive” (cultural optimist approach), the realists emphasize effective state controls to avoid misuse of funds. The cultural optimist banner of social justice is best suited to ensure the active support of non-privileged sectors. The realists are most likely to face the hard fact that socialism does not have the whipping boy of poverty to stimulate worker productivity and thus requires alternative mechanisms. Although Trotskyists and others view the realists as defending the class interests of the privileged, a synthesis between the two positions is necessary and possible.

THE CONFLICTING SOCIOECONOMIC STRATEGIES that have emerged under the Venezuelan government of Hugo Chávez in its effort to establish socialism reflects a major division in leftist movements and thinking worldwide, dating back to Marx. The ongoing debate centers on the basic motivations of those who live and work under socialism and the system’s fundamental

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achievements and goals. Although informal discussion over these issues flourishes in Venezuela, the *Chavista* movement and government have failed to promote formal debate or to establish mechanisms to channel opinions of the rank-and-file upward in the direction of policy makers (Ellner, 2005, 186). Due to the eclectic mentality of *Chavista* leaders and the novelty of recent developments, the Venezuelan experience can contribute considerably to the general discussion on socialism, which has taken on a special importance since the dissolution of the Soviet Union in 1991.

One of two opposing positions in this century-and-a-half-long debate can be called *cultural optimism*, and is associated with Che Guevara's concept of the "New Socialist Man." The defenders of this viewpoint argue that subjective conditions are ripe for far-reaching change and that people in general are ready to participate in socialist relations and overcome materialistic aspirations. A more extreme expression of this position is the idealistic assertion that absolute equality under socialism is feasible in the short-term future.¹

The other pole of this contrast can be called *realism*. Realists emphasize the battle to increase production (rather than cultural change) and favor workable policies such as material incentives and the maintenance, at least for the time being, of certain practices associated with capitalism in order to achieve that goal.

After nearly a century of socialist revolutions throughout the world, the failures of both approaches in their pure forms would suggest the need to avoid dogmatic positions and to focus discussion on the practical problems that have arisen, as well as political imperatives, which have also proved critical. These terms of debate would serve as a corrective to what David Laibman has called "utopian recipe-writing" and what several others associated with *Science & Society* labeled "blueprints for castles in the air" (Laibman, 2002a, 68; 200b, 118; *Science & Society*, 1992, 8). Indeed, much of the discussion along these lines has rested on assumptions regarding human nature and lacks empirical data with regard to the feasibility of the long-term strategies and changes that are proposed (see Laibman, 2002b, 117).

1 The term "cultural optimism" or "cultural optimist position" employed in this article has a dual thrust: it refers to the emphasis on the transformation of values, as opposed to material transformation, as well as the optimistic assessment of revolutionary conditions. A particularly radical expression of the cultural optimist position in Venezuela views socialist-inspired changes as an immediate possibility.

Both tendencies found expression in the writings of Marx. The early Marx dedicated considerable attention to personal alienation and viewed political struggle as a means to overcome it in accordance with the cultural optimist tradition. The elder Marx, while not abandoning his earlier concerns, studied the immutable laws of the capitalist economy and concluded that the system's internal contradictions would inevitably lead to its destruction and the rise of socialism.² Marx's realism was also put in evidence in his polemics against anarchists and utopian socialists in which he criticized them for proposing grandiose schemes while failing to confront reality by taking into account major forces at play. Imbued with a commitment to scientific inquiry, Marx wrote little about the specifics of how communism would function since, as a system in the distant future, its precise nature was impossible to foresee (Science & Society, 1992, 6–7; Laibman, 1992, 62).

The case for the “realist” approach to socialist construction rests on the Marxist axiom that workers' remuneration under socialism is based on the principle “to each according to his/her work.” The formula reinforces the assumption of the realists that under socialism workers continue to be in large part materialistically driven. Nevertheless, both Marx and Lenin viewed the arrangement as falling far short of a complete break with bourgeois values and envisioned that the socialist system would implement measures to pave the way for the communist ideal of “to each according to his/her needs” (Marx, 1966, 10; Lenin, 1973, 115). Significantly, in line with his idealistic rhetoric, President Chávez has occasionally proclaimed that the guiding principle of Venezuela's socialist system is “to each according to his/her needs,” a phrase originally coined for the distribution of wealth not under socialism but under communism. Chávez's reference to the motto is indicative of the cultural optimist content of much of his discourse.³ Some pro-Chávez writers who emphasize the

2 Louis Althusser (1979, 49–86) argues that the “early” Marx's writing, associated with what this paper calls the “cultural optimist” position, sets itself off from Marxism, which is rooted in scientific analysis.

3 An example of the argument in favor of “to each according to his/her need” is the position that goods and services satisfying basic needs such as health, education and housing should not be subject to market conditions and instead should be exceptionally cheap, if not free. The issue plays out in Chávez's Venezuela where state allocations for health, education and transportation, among other sectors, have substantially lowered prices or eliminated them altogether. The criticism on the part of many middle-class *Chavistas* of certain free or virtually free services and commodities provided by the state demonstrates that the Marxist principle of “to each according to need” is hardly an abstract issue.

cultural goals of Venezuelan socialism also adhere to the view that socialist construction from the very outset needs to promote communist values, such as distribution according to need and not contribution (as well as elimination of the division between intellectual and manual labor).⁴

The tension between the realists, who favor policies under socialism that will ensure the system's viability, and the cultural optimists, who focus on values and humanitarian concerns, has manifested itself repeatedly in different revolutionary settings. Thus in the early years of the Cuban revolution, the dispute over moral incentives (defended by Che) and material incentives (supported by Carlos Rafael Rodríguez of the former pro-Moscow communist party) was part of a larger discussion within the government which took in economic policy in general and even foreign policy.⁵ The assumption that under a popular style of socialism the general populace will over time completely assimilate new values has proved overly optimistic in the case of Cuba. After nearly fifty years of socialism, sociological studies indicate ambivalences, uncertainties and, in general, a mixed picture with regard to the material priorities of the Cuban people (particularly the post-1958 generations), an assessment reinforced by the current relatively open debate in the nation over the scope of material incentives (Fernandes, 2003, 360, 370–373; Dore, 2007).

PRACTICAL AND IDEOLOGICAL CHALLENGES TO RADICAL TRANSFORMATION IN VENEZUELA

Cooperatives, Community Councils and Worker-Run Companies

The movement headed by Hugo Chávez in Venezuela is the latest example of a clash between the two approaches, which includes

4 Michael Lebowitz, for instance, stresses the importance of solidarity in the Venezuelan economy, which he claims is underpinned by the *Chavista*-drafted constitution of 1999. Lebowitz argues that Marx considered the notion of "to each according to his/her work" a deviation (or "defect") and thus opposed pursuing it under socialism (Lebowitz, 2007, 484, 489; 2006, 106). For another study that emphasizes values (in accordance with the cultural optimistic line of thinking) as applied to the Venezuelan cooperative movement, see Piñero, 2009.

5 Leaders of the pro-Soviet Communist Parties throughout Latin America sided with Rodríguez's policies, as did Marxist economists Charles Bettelheim and Edward Boorstein (1968, 253–4, 260). The debate has been revisited by the German Marxist Heinz Dieterich (2007a), who calls Che's policies overly idealist, and Helen Yaffe (2009), who provides a favorable account.

shibboleths and assumptions regarding the feasibility and pace of cultural change, but which has failed to formally analyze the concrete experiences and practical problems it has faced (Wilpert, 2007, 233). Thus, beginning in 2004 the government injected large sums of money derived from windfall oil revenues to encourage the formation of over 100,000 worker cooperatives, many of which consisted of poor people with little experience in the formal economy.⁶ President Chávez urged cooperative members to discard the “profit motive” and show solidarity with fellow workers and the surrounding communities (cultural optimist approach), as part of the nation’s turn to a new model which he calls “twenty-first century socialism.”

The results, however, fell far short of expectations. The vast majority of cooperatives consisted of about five members (the minimum required by law), who were largely bound by family ties. Furthermore, some presidents of cooperatives pocketed the start-up capital granted by the state or the advances on contracts received from the public sector. Other cooperatives were mere fronts for existing companies that sought to take advantage of special benefits granted by the government, such as tax exemptions and preferential treatment in the awarding of contracts. Indeed, the failures were so widespread that many pro-government leaders, even those in the leftist current of the *Chavista* movement who are the foremost advocates of socio-economic transformation, dismissed the entire experience as a failure (Ellner, 2008, 139–174). The fact is, however, that thousands of cooperatives have survived the test of time and carry out community work free of charge (as is their legal obligation), even while some of their practices do not conform to the vision of a revolution in values upheld by the cultural optimists (Lucena, 2007). The initiative taken by such large numbers of Venezuelans to establish cooperatives and their efforts to maintain them reflect the non-privileged sectors’ enthusiasm for authentic change stimulated by the *Chavista* fiery discourse and programs.

The 20,000 community councils that sprang up following legislation passed in 2006, and that largely eclipsed the cooperatives, have also generated expectations and rhetoric in favor of cooperation and solidarity, which are central to the cultural optimist approach. They

6 Prior to 2000 there were only 2,500 cooperatives registered in Venezuela. By 2006, of the 100,000 non-agricultural cooperatives, 52% were in the service sector, followed by production (32%) and transportation (10%) (Lucena, 2007, 73, 290).

face similar problems regarding inefficiency and misuse of funds, although undoubtedly to a lesser degree. The community councils choose and design projects in their neighborhoods that receive financing from state agencies at national, state and municipal levels. Neighborhood assemblies make all important decisions and elect community council leaders who are all of equal rank. Like the cooperatives, the community councils have provided large numbers of underprivileged Venezuelans with skills and a sense of empowerment. They also facilitate political mobilization, which has been essential to the political survival of the Chávez government in the face of an aggressive enemy with immense resources (Ellner, 2009).

The Chávez movement has also failed to analyze critically and systematically the experiences of worker-run companies. The government gave an impulse to the system by nationalizing several medium-sized companies that had been taken over by the workers in opposition to the nation-wide insurreccional company lockout staged in 2002–2003. At the same time Chávez named the veteran leftist leader Carlos Lanz president of the aluminum company ALCASA with the express purpose of promoting worker participation in decision-making. The following year, however, the thesis of the realists that experimental forms of worker management should not be applied to strategic sectors of the economy gained general acceptance within the state bureaucracy in the absence of public debate. As a result, structures of worker participation that had emerged in the El Palito oil refinery during the 2002–2003 lockout were dismantled, at the same time that Lanz was replaced as president of ALCASA. Furthermore, state bureaucrats began to deny worker-controlled companies and cooperatives preferential treatment in the authorization of contracts in accordance with the realist approach.

Internal discussion has passed over the contrast between types of worker participation in the two main companies that the government nationalized in 2005: the paper company INVEPAL and the valve company INVEVAL. In the former, the workers belong to a cooperative that owns 49% of the company stock but that maintains wage differentials (realist approach) and even permits the hiring of wage labor. In the latter, the workers renounced their stock ownership and instead established a “factory council” in which all workers participate in decision-making; equal pay is designed to avoid

differentiations and tensions that could interfere with worker democracy (Montilla, 2008).

Given these mixed results, a thorough discussion would seem urgent, not only to salvage the experiments of the cooperatives and worker-run companies but also to overcome mistakes in programs such as the community councils, which face similar challenges. The frequency of elections and referenda during Chávez's presidency, as well as the imminence of disorders promoted by the opposition, has diverted attention from this type of analysis within the *Chavista* movement. The recently formed *Chavista* party, the Partido Socialista Unido de Venezuela (PSUV), is committed to internal debate more so than its predecessor the Movimiento Quinta República (MVR). Nevertheless, the PSUV has also failed to reflect critically on the experiences of the cooperatives, the community councils and the worker-management schemes, despite the large sums of money allocated to them and their importance in *Chavista* discourse. One reason for the reluctance of the *Chavista* leaders to promote internal debate has been to avoid detracting from their ongoing effort to maintain their movement's organic unity, which places it in an advantageous position in relation to the anti-*Chavista* parties grouped in an uneasy alliance.

Formal political discussion in Venezuela has passed over concrete, knotty problems that are essential to the survival and success of the cooperatives and community councils, and that have implications for the debate between the cultural optimists and the realists. One issue is wage differentials. Members of the larger cooperatives (such as the "Núcleo Endógeno Fabricio Ojeda" in Caracas) generally received equal salaries without regard for professional and technical skills in accordance with the cultural optimist approach. In some cases, only at the end of the year did the distribution of dividends among cooperative members take into account the number of days each one of them had worked. It is unclear whether this arrangement contributed to worker absenteeism and lack of motivation (Piñeiro Harnecker, 2007, 34).

The topic of wage differentials for cooperatives is part of the larger issue of social equality — a popular *Chavista* banner. The failure to distinguish between relative equality (in which income differences are substantially reduced) and absolute equality (which corresponds to the Marxist principle of "to each according to need") underlies

the reservations of many middle-class *Chavistas*. Specifically they object to Chávez's rhetoric on the need to discard materialist values as well as certain state practices in which poor people are relieved of the obligation of paying for goods and services such as electricity.

Another issue involves mechanisms to ensure that cooperatives pay back public loans. Some state agencies created special funds known as "Fondos de Garantías Recíprocas" that virtually lifted the requirement of collateral for cooperatives applying for credit (cultural optimist approach). Since then, the oversight agency SUNACOOOP has proceeded legally against several hundred cooperatives accused of misuse of public funds (realist approach), but to date exemplary measures have not been taken (Ellner, 2007, 24). Imprisonment, confiscation of property or even heavy fines are unlikely, particularly in the case of low-income members of cooperatives. The issue of corrupt dealings has divided the cultural optimists and the realists. The former, with their faith in the good will and capabilities of the nonprivileged sectors, promote the "contralorías sociales" (social controllerships), which are rudimentary committees set up through popular initiative to oversee public institutions, including the community councils (Giordani, 2008, 139). In contrast, the realists, who are more supportive of established institutions, favor state procedures against those accused of wrongdoing.

In spite of these types of thorny issues and problem areas such as the failure of tens of thousands of cooperatives, the cultural optimists and Chávez himself have continued to emphasize the paramount importance of social equality and solidarity. At the same time they argue that these goals, and not personal material benefits, should be the major motivating force of members of the cooperatives, community councils and worker-controlled companies. For its part, the recently formed PSUV has refrained from engaging in formal debate over these rich experiences. The lack of self-criticism was evident in 2006, when the community councils replaced the cooperatives at the center of the *Chavista* discourse and budgetary priorities, but no explanation for the change was forthcoming.

Political Expressions of the Two Approaches

Rank-and-file *Chavistas* have reacted to specific political developments by articulating arguments in favor of the cultural optimist and realist approaches. Thus, for instance, the cultural optimists empha-

size the role of mass mobilization in the defeat of the short-lived coup in April 2002 and the general strike (or more accurately “lockout”) in December–January 2002–2003, both of which attempted to reestablish the old order. The two insurgencies reinforced the cultural optimist line of thinking by demonstrating a high level of consciousness and commitment on the part of Chávez’ supporters. The chain of events in April 2002 was particularly significant because the poorest sectors were the main protagonists (along with the military) and they disregarded the media’s misinformation at a time when Chávez’ popularity among more privileged classes had declined significantly (Ali, 2008, 21). The cultural optimists drew the conclusion that subjective conditions had reached a new level as poor people, who constituted the vast majority of the population, proved to be the principal agents of change. Subsequently, the event’s symbolic importance was reflected in the *Chavista* slogan “every April 11 has its April 13,” referring to the day Chávez was overthrown and the day when massive resistance led to his return to power.

The “Movimiento 13 de Abril” (“April 13 Movement”), which was among a host of grassroots *Chavista* social and political organizations created during those years, pointed to the 2002 incident as evidence of the political maturity of the non-privileged sectors. This argument reinforced the organization’s demand that state bureaucrats respect the autonomy of the community councils, which are concentrated in low-income neighborhoods. The April 13 Movement’s rejection of “ideological vanguards” and “sole vanguards” reflected the attitude of many rank-and-file *Chavistas*, who are suspicious of the role of political parties and who insist that their own demands reach President Chávez directly without any mediation on the part of party leaders. The anti-bureaucratic thrust of the cultural optimist position was expressed by April 13 Movement leader and writer Roland Denis, who in his brief stint as Vice Minister of Planning clashed with what he called the “old state.” Denis denied the assertion of “right-wing” *Chavistas* that the interaction between the rank-and-file (“constituent power”) and the decision makers (“constituted power”) under the Chávez government was inherently “symbiotic” rather than conflictive (Denis, 2006a; 2006b). Another pro-*Chavista* barrio-based political group, the “Tupamaros,” which dates back to before Chávez’s advent to power, is also “explicitly anti-institutional” in accordance with the cultural optimist approach (Ciccariello-Maher, 2007, 52–53). The Tupamaros

made the decision to prioritize work with the community councils in order to strengthen them and oppose interference by state bureaucrats (see Valencia, 2007, 133–137).

The radical thinking of the cultural optimists defending the feasibility of an overhaul of the existing system in the current period has been most consistently articulated by Venezuelan Trotskyists, who maintain an important presence in the *Chavista* labor confederation, the National Workers Union (UNT; see Ellner, 2008, 156–158).⁷ While rank-and-file *Chavistas* protest that the government has restricted the authorization of loans and contracts to cooperatives and community councils, the Trotskyists go one step further by attributing the cutback in support to a preconceived plan to undermine socialist relations. According to this argument, “bureaucrats” in the state sector in partnership with unethical *Chavista* politicians favor business groups, even those formerly associated with pro-establishment political parties and accused of corrupt dealings.⁸ Along the same lines, the Trotskyists claim that state bureaucrats have held back from cooperating with the worker-controlled INVEVAL (nationalized in 2005) in its efforts to acquire basic components and that the state-run oil company PDVSA has been resistant to making purchases from it to the detriment of the experiment (Woods, 2008, 415). The Secretary General of the Trotskyist-led INVEVAL union, Ramón Montilla, states that “after getting the run-around from state bureaucrats, we finally met with President Chávez, and now plans are underway to create a state-owned foundry which will supply us with the parts we need” (Montilla, 2008). The Trotskyists conclude that class struggle needs to be waged within the Venezuelan state and the ruling party against an enemy that disguises itself as revolutionary.

The Trotskyists and other cultural optimists assume that the nation’s subjective conditions are ripe for socialist transformation and

7 Three Trotskyist groups enjoy a degree of influence in the Venezuelan labor movement: the Corriente Marxista Revolucionaria (CMR), which is affiliated with the British-based International Marxist Tendency (led by Alan Woods); the “Marea Socialista” (Socialist Wave); and the Corriente Clasista, Unitaria, Revolucionaria y Autónoma (C-CURA), which is headed by veteran trade unionist Orlando Chirino and is highly critical of the Chávez government. The CMR and the Marea Socialista, unlike the C-CURA, follow a strategy of working within the *Chavista* party, the PSUV.

8 In addition to the problem of corruption which is widely perceived to be prevalent in Venezuela, some local *Chavista* officials have expressed fear in private that experimental forms of decision making such as the community council movement may undermine their position of authority (Ellner, 2009).

are optimistic about the boundless potential of socialist experiments such as worker-run companies and cooperatives, if only they can count on a level playing field made possible by state economic support. The debate over the state's relationship with cooperatives, worker-run companies and community councils is part of a larger discussion about political strategy and the pace of change. Not surprisingly given their faith in the high level of consciousness of the popular classes, the cultural optimists favor, and defend, the feasibility of a radical pace. They view transformation and struggle as an ongoing process and call on the "revolutionary" government to take the lead in throwing complete support behind the cooperatives, worker-run companies and community councils, rather than creating unnecessary bureaucratic obstacles.

While the cultural optimists stress the activism of the popular classes in opposition to the April 2002 coup, the Trotskyists (as well as Roland Denis) reach the conclusion that even in the absence of a vanguard party in Venezuela providing direction, subjective conditions were conducive to radical transformation (Woods, 2006, 59). Robert Sewell, a British Trotskyist who is a coordinator of the international solidarity organization "Hands Off Venezuela," stated at the World Social Forum held in Caracas in January 2006: "The hundreds of thousands of low-income Venezuelans who poured onto the streets demonstrated an extraordinary level of consciousness. The hour had come for the people to take the reins of the economy and society. . . . the workers were ready to run the companies" (Sewell, 2006). Alan Woods, another leading Trotskyist and member of "Hands Off Venezuela," who has met with President Chávez on occasion, argues that consciousness was so high that "pacific socialist transformation" following the coup was feasible, since the "oligarchy was impotent and did not have the force to impede it." Woods adds that the failure to decree massive nationalization and the government's retreats on various fronts paved the way for the opposition's recovery and its organization of the general strike eight months later (Woods, 2008, 405).

From stating that the popular sectors demonstrated a high degree of political awareness in April 2002 to alleging that the workers in general were ready to run the factories is indeed an enormous leap. The optimism of Woods and Sewell overstates the Venezuelan working class' active role, which has been held back by the prolonged fragmentation of the *Chavista* UNT. In addition, the thesis presented by

Woods and Sewell belies the complexity of the issue of worker-run companies, which goes beyond their assertions regarding the technical and administrative capacities of the workers since it also takes in such challenging matters as upstream and downstream commercial links. The failure to objectively analyze the concrete experiences of worker participation in economic decision-making in Venezuela under the Chávez government is a major shortcoming, which is particularly serious given the nation's trial-and-error road to socialism. Organized discussion on worker management schemes would confront such essential issues as whether to prioritize socialist values and social objectives as opposed to economic output, and whether to insert the company in the market economy or to depend on the state for both raw materials and sales.

The claim that the poor performance of socialist experiments has been due to the state's lukewarm support ignores the fact that the original problem facing the cooperatives was not too little aid but lack of controls. The rash of failures of cooperatives taught state managers and administrators to be cautious and skeptical. As a result, SUNACOOOP, PDVSA and other state institutions began to demand time-consuming paper work, a requirement that cooperative members frequently criticized as a major obstacle to the smooth functioning of their enterprises. Furthermore, state bureaucrats justified the authorization of public works contracts to the business sector rather than to recently formed cooperatives on the grounds that the former, unlike the latter, had sufficient capital, expertise and experience as well as a reputation to protect. Given the revolutionary fervor that characterizes the *Chavista* movement, it is not surprising that pragmatic arguments along these lines formulated by the realists have been largely confined to discussion within the state bureaucracy, even though many *Chavistas*, particularly in the middle class, share the same concerns.

Nevertheless, realist arguments have not been entirely lacking in public discussion. The German-born, Mexican-based writer Heinz Dieterich has systematically applied realist positions to the Venezuelan case and is frequently cited by the *Chavistas*. Like other realists writing in other socialist countries in the past, Dieterich advocates the application of the law of value to prices in Venezuela, thus opposing the principle "to each according to his/her need" defended by cultural optimists (such as Che in Cuba). In addition, Dieterich argues that unfavorable national and international conditions, such

as Venezuela's dependence on oil production, and the nearly undiminished strength of the defenders of the old system, such as the Church and the business sector, rule out socialist revolution in the current stage. He goes on to state that, although the Venezuelan state is not in a position to abandon the market economy, it can favor small business interests and experimental forms of production in order to facilitate the transition away from capitalism. Nevertheless, in Venezuela's democratic society, socialism cannot be imposed on the people. Dieterich insists that the Chávez government be open to criticism and that such institutions as the National Assembly assert their independence *vis-à-vis* the executive branch of government (Dieterich, 2006; *New York Times*, December 6, 2007, A3).

In consonance with his advice for Venezuela, Dieterich defends the more pragmatic measures taken by Raúl Castro to increase productivity in Cuba, while questioning the position of Fidel and ex-foreign minister Felipe Pérez Roque that prioritizes "revolutionary ethics" and "revolutionary discipline." According to Dieterich, Fidel and Pérez Roque overlook Lenin's dictum that "a dominant class cannot distance itself from its capacity to resolve the task of production." Dieterich goes on to argue that "the effort to vaccinate young people ideologically against the living standard they consider to be just and necessary" is not feasible and will only lead to the overthrow of Cuban socialism (Dieterich, 2007b, 161–163). The importance of efficiency and productivity raised by Dieterich in his analysis of Cuba is at the center of the differences between the cultural optimist and realist approaches in Venezuela. Alan Woods' persistent effort to demonstrate Dieterich's "revisionism," without offering empirical data on Venezuela's experiments in socialism, only clouds the all-important issues related to the viability of the Venezuelan model (Woods, 2008).

The realist thesis on the need for effective state controls and the cultural optimist position (forcefully argued by the Trotskyists) regarding class interests and conflict manifesting themselves within the state sphere are not mutually exclusive. Both are reactions to real problems that have arisen in revolutionary Venezuela. On the one hand, many local and state governments run by *Chavistas* have consistently favored a small group of influential businessmen with contracts, a practice that may be conducive to the corruption that is a widely perceived problem at those levels, even among the *Chavistas*.

On the other hand, the government's failure to fulfill its pledge in 2006 to publish definitive statistics on the number of operating cooperatives in the nation (Piñeiro, 2009) is a reflection of the state's limited oversight of novel forms of popular decision-making.

There is no reason why aspects of the cultural optimist and realist strategies cannot be pursued simultaneously to deal with these problems. The cultural optimist strategy would seek to sever close relations between *Chavista* elected officials and established economic groups and would instead favor experimental forms of production as a step toward the "democratization of capital" and socialist construction. At the same time accountability would be enforced for all state-financed popular programs and would be institutionalized (realist approach), even though such a policy runs the risk of burdening the recipients with paperwork and discouraging some low-income members from applying. In one example of a possible combination of the two approaches, the state controllership at the national and state level would work with and provide guidance to the makeshift "social controllerships" (*controlarías sociales*), which are popular initiatives designed to monitor public spending (in accordance with the cultural optimist approach). Such links would promote the institutionalization of experimental programs such as the cooperatives, community councils and worker-run companies, in accordance with the realist approach.

POLITICAL IMPERATIVES

There are persuasive historical reasons for not dismissing the cultural optimist thesis as unviable or quixotic, particularly at moments when revolutions are under greatest attack. Socialist revolutions, along with others throughout history, have invariably faced ruthless adversaries who stop at nothing short of achieving the objective of restoring the old order. In the face of formidable challenges, the unwavering and active support of the popular classes is a *sine qua non* for the revolution's survival. Only the banners of the cultural optimists of solidarity, social justice and equality, and concrete actions that favor the achievement of these goals, can elicit the necessary commitment from non-privileged sectors; material incentives advocated by the realists point in the opposite direction. Thus, for example, in the face of an impending German invasion with the possible complicity of

other advanced capitalist nations in the 1930s, the Soviet Union appealed to the people to make extreme sacrifices in order to construct an industrially based economy, and prioritized moral over material incentives in the form of the Stakhanovite movement. The Cuban revolution in the 1960s which confronted a U. S.–supported invasion and terrorist actions on the island also relied largely on moral incentives, culminating with the appeal for voluntary labor to meet the production goal of ten million tons of sugar in 1970. The Cuban government also raised the banner of international solidarity and consistently put it into practice to an extent unmatched by the Soviet Union in the 1930s.⁹

In the case of Venezuela, the survival of the Chávez government has been contingent on its ability to mobilize its followers to a degree without precedent in the nation's history. This political achievement has been to a large degree made possible by President Chávez's preference for cultural optimist rhetoric underpinned by concrete actions, such as policies that redistribute the wealth. In Venezuela as elsewhere, the realists with their emphasis on material incentives and efforts to win over the middle class by recognizing the importance of professional skills — a strategy that implicitly accepts social inequality — are less capable of guaranteeing the active and ongoing support of the popular sectors than are the cultural optimists.

Indeed, the explanation as to why the Cuban revolution survived while the Soviet Union collapsed may be partly rooted in subjective factors influenced by cultural optimist strategies. Throughout the decades, the Cuban government was more successful in employing cultural optimist discourse contributing to a relatively high degree of enthusiasm and revolutionary fervor among the Cuban people, which was strikingly absent in the case of the Soviet Union and the rest of the Eastern European bloc. Thus, for example, the solidarity of Cuban “internationalists” who traveled to other countries to participate in diverse missions that ranged from guerrilla activity (in the 1960s) to medical service had no equivalent in the Soviet Union over the same period of time. Leftist critics of the Cuban government in

9 While the Soviets and Cubans emphasized moral incentives in the face of ruthless enemies during these early critical years, they stopped short of putting into practice the more ambitious banner of workers' control, and for this reason some cultural optimists refer to the predominant system in the USSR as “state capitalism” (see Resnick and Wolf, 2002, 237–280).

the 1960s, who accused the *fidelistas* of ultra-leftism and voluntarism (both associated with the cultural optimist approach), failed to take into account this dynamic, which was essential to the revolution's political survival. Chávez' discourse rooted in the cultural optimist approach and his fiery rhetoric (including personal attacks against fellow heads of state), which have been instrumental in maintaining a high mobilization capacity, must also be understood in this context.

A REFORMULATION OF THE DEBATE ON SOCIALIST CONSTRUCTION

Both the cultural optimists and the realists make assumptions regarding the degree to which people in a revolutionary society are willing to discard individual material aspirations for the sake of socialist construction and society in general. A distinction needs to be made, however, between sacrifices to face an immediate threat posed by a well-defined enemy (such as in the case of the USSR in the 1930s) and continuous appeals to the working population by socialist heads of state who are fairly secure in power over a longer period of time. The emphasis of the cultural optimists on solidarity and other socialist values along with their rejection of material incentives have proven more effective in the former, critical type of situation than in the latter.

An underlying difference between the realist and cultural optimist positions concerns the productive capacity of the socialist and capitalist systems. The assertion by the realists of socialism's unquestionable superiority on this front recalls the famous statement by Nikita Khrushchev that the Soviet Union would eventually "bury" the United States in the battle of production. Subsequently, however, capitalist nations completely surpassed socialist ones in technological development with one of their most impressive achievements being in the area of computer science, which left the socialist nations far behind. The realists would attribute socialism's disappointing performance to the insufficient application of material incentives. In contrast, some cultural optimists question the overwhelming importance of production and favor a shift in the terms of debate to focus on cultural transformation, ecological concerns and the humanization of working conditions. In an especially telling example of the priorities of the cultural optimists, Chávez included in a proposed

reform of the Constitution an amendment to reduce the work week from 44 to 36 hours, in spite of Venezuela's status as a developing nation. The measure, which met defeat in a referendum held in December 2007, was in his words designed to "promote the educational, human, physical, spiritual, moral, cultural and technical development of the workers" (Chávez, 2008, 85).

The realists are more likely than the cultural optimists to face the hard facts regarding the special challenges and obstacles that socialist governments face in the effort to increase production. Most important, socialism, unlike capitalism, does not have the whipping boy of poverty to stimulate worker productivity and discipline. The "absolute job security" that socialist countries grant workers aggravates the problem. While in theory the arrangement means that workers enjoy job security except in cases of breach of labor discipline, in practice they are dismissed only in very extreme circumstances. Absolute job security in some cases has been conducive to absenteeism and low levels of productivity.¹⁰

If socialist nations were to reproduce the insecurity that prevails under capitalism, they would be negating socialism's most cherished banners. Alternative mechanisms need to be established to define and enforce required levels of productivity, an imperative that the realists address and that material incentives are best able to satisfy. Ideally, material incentives would create disparities in income sufficient to significantly impact worker motivation, but not to the extent of encouraging social differentiation.

The realists also defend private property under socialism. A distinction needs to be made, however, between small, medium and large businesses. In Venezuela (as in other countries in transition to socialism), the opposition falsely accuses the Chávez government of attempting to do away with the property of small businessmen, personified in TV propaganda by a butcher who fears confiscation of his modest business. In many socialist countries, the realists have affirmed that small-sized businesses can be tolerated and even encouraged under socialism, while they support a broadening of the rights of

10 This problem manifests itself when workers who receive absolute job security are not given incentives to excel on the job. For many years in Venezuela, for instance, university professors who received tenure tended to maintain lower levels of job discipline and output. The "Program of the Promotion of the Researcher" (PPI) initiated in 1990, which pegged scholarship money to productivity in the area of university research, was designed to correct this problem.

personal property such as family houses (a topic of current debate in Cuba). A socialist state would need to use tax mechanisms and to monitor carefully and exercise control over middle-sized businesses, so they are unable to parlay economic power into political influence (Dieterich, 2007b, 166–167). By contrast, socialism by definition abolishes large private holdings, except in well-defined areas for limited periods of time (contrary to developments in China and to what is referred to as Scandinavian-style socialism). Unlike what the defenders of the Scandinavian model maintain, material incentives under socialism do not necessarily lead to large-scale capitalist enterprises, which are basically incompatible with the socialist system (see Moses, Geyer and Ingebristen, 2000, 1–6).

The stimulation of production to satisfy consumer demand (a priority of the realist approach) and the promotion of debate within the revolutionary movement to analyze errors — two central concerns of this article — will become increasingly feasible as the enemy weakens politically and economically and the revolutionaries in power are able to choose among a wider range of options. Indeed, in the case of Venezuela, the loss of strength of pro-system forces in the 1980s and 1990s made possible the peaceful democratic road to radical change under Chávez' rule. Beginning in the 1980s, the Venezuelan bourgeoisie became critically fragmented and subordinate to foreign economic interests, which took over entire sectors of the economy in both the public and private spheres. These developments were aggravated by the nation's financial crisis of 1993–1994 (Ortiz, 2004, 76–85). Furthermore, all pro-establishment political parties, even those of the center-left, which without exception accepted neoliberalism in the 1990s, became highly discredited (Ellner, 2008, 105–106). This weakness, combined with the decline of U. S. influence under the George W. Bush administration, has made possible Chávez's political success. Nevertheless, the threat of the opposition's return to power with the support of the United States, which is still a very real possibility, has pressured the *Chavista* leaders to raise the banner of unity and put off formal ideological debate between the cultural optimists and realists.

Powerful arguments underpin both the realist and cultural optimist theses. On the one hand, encouragement of the transformation of values under socialism, as Marx made clear, cannot be relegated to the far-distant future stage of “communism,” nor can it be con-

finned to educational campaigns, but rather must be built into economic relations (cultural optimist approach). On the other hand, Marxists have long recognized that social differences and tensions persist under socialism, a basic premise of the realists (as well as many cultural optimists). Furthermore, experience shows that utopianism or the overestimation of the level of consciousness of the working class and the general population can produce deformations, such as intolerance toward those who resist change and systematic repression (Laibman, 1992, 66).

This article has pointed to diverse factors that weigh on the pace of socialist construction, such as political imperatives, the relative strength of the enemy, levels of working-class consciousness and discipline and the process of institutionalization. Most important, the initial stage of the revolution requires the harnessing of the energy of the popular sectors in the form of constant political mobilization and other forms of political activism. The revolutionary government can best make its appeal by formulating egalitarian slogans and policies that emphasize solidarity in accordance with the cultural optimist approach. The subsequent process of consolidation places greater emphasis on production, which at least for a certain period of time is best served by an increase in the weight of material incentives (realist approach). But at no time do the two approaches represent an “either–or” proposition (Laibman, 1992, 66).

This complexity argues against dogmatic or extreme positions associated with cultural optimist and realist strategies and in favor of a combination of the two. An example in Venezuela is the proposal referred to above in which the established state controllership, which is concerned with ensuring against misuse or inefficient use of public money, works in conjunction with the makeshift “social controllerships” consisting of people in the communities in charge of monitoring the spending of their respective community councils. The argument for a synthesis of the two positions also rests on the need to take into account social diversity in the process of socialist transition. For instance, a large number of those belonging to the middle sectors have an ambivalent attitude toward the changes underway and in order to win them over their aspirations need to be reconciled with the calls for equality and social justice (cultural optimist approach) that resonate among the poorer sectors of the population. Furthermore, wage differentials and material incentives (realist approach) not only

appeal to the middle sectors but may also harness the productive capacity of the working class. Thus, the debate over limited but effective wage differentials should not be spurned or considered taboo, even while the inordinate disparity in income that currently prevails in China contradicts the essence of socialism.

Much of the discussion on socialist construction in Venezuela is influenced by cultural optimist assumptions about the readiness of the people to accept the ideals of the society in construction and enthusiastically participate in decision-making at the local and workplace levels.¹¹ The assessments of the cultural optimists in Venezuela have not been put to the test in the form of systematic empirical examination. An example of a concrete knotty problem requiring practical solutions is how the state can effectively deal with publicly supported but inefficiently run cooperatives and community councils in order to encourage greater discipline without discouraging the continued participation of their members.

Scholars, activists and the *Chavista* rank-and-file need to look carefully at the limitations, obstacles and breakthroughs of the Venezuelan experiences in direct democracy and experimental relations of worker decision-making. Most important is their impact, not so much on the skeptics and opponents of socialism, but on those who support the process. A truly democratic socialism would establish mechanisms to ensure that the evaluations of these experiences get translated into policies designed to correct errors. This article has suggested that the challenges facing Venezuela in the construction of socialism are far from unique. In spite of the rich variety of developments since 1917, insufficient analysis has focused on the details and practical aspects of socialist relations such as efficiency and discipline at the workplace and worker motivation, while assumptions have been given greater weight than concrete evidence in evaluating subjective conditions.

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11 For a discussion of the thesis that assumes a high level of working-class consciousness in the post-1917 Soviet Union while attributing the nation's deviation from true socialism to the opportunistic leadership that emerged, see Smith, 2007, 168.

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