

A MULTIPLE SOCIALIST ADMINISTRATION MODEL AND ENTERPRISES OF SOCIAL PROPERTY (ESP) IN VENEZUELA - SUCCESS, DIFFICULTIES, PROSPECTS

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For a transition from capitalism to socialism the multiple socialist administration model is proposed in order to avoid what the author calls the Soviet mode of production, in which, despite the elimination of the private property of the means of production, there still persisted social alienation, a hierarchical social division of labor and thus the exploitation of man by man. Through Direct Social Property Enterprises (the property of popular communities) and Indirect Social Property Enterprises (state property) articulated in hegemonic integral socio-productive chains and networks and with the participation of forms of private property, including cooperatives, it is possible to advance toward integral sustainable human development.

1 – By Way of Introduction

Based on the analysis of the historic experience of what we call the Soviet mode of production – to differentiate it from the socialist mode of production theoretically formulated by Marx, Engels, and Lenin – we here analyze the experience of Venezuela, its process of recuperation of national sovereignty during the government of President Chávez since 1999 and the road traversed with the construction of the material and cultural bases of socialism since his reelection in December 2006 when the chief of state declared socialism is the way of development and the strategic objective to be obtained.

This historic experience is important for profiting from the right accomplishments and avoiding the mistakes made regarding the construction of socialism in the twenty-first century. Based on that and bearing in mind the characteristics of Venezuelan society, we have elaborated, inspired by workers and spokespersons of organized communities, a proposal for an economic and enterprise administration model called Multiple Socialist Administration Model whose principal characteristic are introduced in this article.

As we shall see, this proposal can be developed only on the basis of the *social property of the fundamental means of production juridically and socially incarnated in Social Property Enterprises, which property is both direct (belonging to the communities) and indirect (belonging to the state)*, articulated in socio-productive chains and networks with socialist orientation which can include diverse forms of property: small and middle sized private property and cooperatives with which it is possible to efficiently and sustainably satisfy the social, material, and cultural needs of the population having as the goal the greatest degree of security, stability and felicity possible.

And at the same time the proposal is intended to progressively overcome the main bases of the exploitation and social metabolic reproduction of capital: the hierarchic social division and structure of labor, social alienation, and the private property of the means of production.

2 – The Soviet Mode of Production in the Soviet Union and Eastern Europe

Socialism as theoretically designed by the founders of scientific socialism did not exist in the Soviet Union nor in the people's democracies in eastern Europe. There only a few non-essential characteristics were consolidated. The exploitation of man by man was maintained. The bureaucracy was transformed into a new ruling and exploiting social class which took over the control of all the means of production and which, through privileges consecrated by hierarchic levels, appropriated the surplus product generated by all the workers.

The intention to construct socialism in conditions of the economic and cultural backwardness of Tsarist Russia as a result established the *Soviet mode of production* as superior to the socio-economic system of Tsarist Russia and to the dependent and deformed capitalism of semi-feudal characteristics in Latin America, Asia, and Africa, but not superior to industrialized capitalism in terms of economic growth.

World capitalism eventually defeated the Soviet Union thanks in the first place to its internal contradictions, its lesser productivity, the stoppage of the development of the productive forces and also to the wear and tear to which the imperialist countries submitted it during the arms race. But socialism as a mode of production superior to capitalism is still a valid option for the workers of the world. It is the viable and necessary answer to the process of globalization and the monopolization of the markets and production which has dramatically impoverished the life of the peoples by increasing the exploitation of the workers and accelerating the process of the sack of natural resources, of the exploitation of the means of production and subsistence.

3 – An Alternative to the Soviet Model – First Considerations on the Venezuelan Case

With the new intentions of constructing socialism – in the first place in Venezuela where amid many difficulties and contradictions there are the best opportunities for it – certain successes of the struggles of the peoples of the planet should be profited from and the mistakes and deviation which brought forth the Soviet mode of production should be avoided.

To avoid the exploitation of man by man it is not enough to eliminate the right of private property over the means of production. Statization (nationalization) is not the same as socialization, the power of the administrators of the state without enough control by the workers and social organizations and without their direct participation in the fundamental decisions generates inevitably bureaucratism, corruption, and exploitation.

In a dependent country with signs of pre-capitalist backwardness, where small producers with a petit bourgeois mentality are prevalent, it isn't possible to jump straight to socialism. A transition period is required, one which will be rather long depending on the level of social consciousness and the organization of the workers and the population.

One of the instruments for materializing that transition is denominated by Lenin as "state capitalism", which according to him in different modalities - *under the control of the political power of the workers and organized communities as an indispensable condition* – will be an inducement to the development of the productive forces of

capitalism toward socialism through regulation of the market and the control of the key fields of the economy.

An important part of the product doesn't go to the market but rather to predetermined consumers: children at school, the sick in hospitals, etc.; but it is also necessary to have the market and a certain level of competition regulated by the state with humanistic criteria as well economic and social, material and spiritual criteria that are well balanced so that the objective of production is not the obtaining of the maximum profit but rather integral human development and the satisfaction of the needs of the population.

A healthy competition between enterprises of social property (ESP) of the state and the communities is possible. It would allow the law of value to work in a planned way and allow society through market demand partly and up to a point to determine which products it considers really necessary. It would bear in mind prices and qualities in accordance with culture and buying power. Thus a regulated market would contribute to stimulating the productivity of labor and to producing the necessary and adequate quantities and qualities of products.

The means of communication and advertising (converted into instruments of diffusion of information to aid human development and socialist consciousness) must serve these purposes and not the increase of profits and irrational consumerism. Their forms of property should be diversified and controlled by the state together with the social organizations of the workers.

The property of the means of communication and the control of production and its results should really be socialized by means of a fair participation of the state, the workers or their collective entities and the consumers. This can be established through mixed enterprises: state property with cooperatives and with private enterprises owned by small and even in some cases big businesspeople with new forms of property and production like enterprises of social property (ESP) whose owners are the communities organized by the community councils which have been emerging during the last few years with aid from the government of the Bolivarian Republic of Venezuela and which of course demand many improvements through a process of continuous perfecting. The essential condition is that social property be always hegemonic over private property so that decisions are made bearing in mind social interests and not profit and capital accumulation.

The contribution of material and intellectual labor in all their forms as a source of social wealth and through the fulfillment of the human being, toned with criteria of complex equality, equity, solidarity and social justice, should be a fundamental right guaranteed by the state and it should be the principal criterion for the participation of the population in the goods, services and knowledge, in the value created in production.

Therefore in order for property to be legitimate and socially recognized it should be the result of labor.

The types of property of the means of production, their different combinations and the participation of the workers and the communities in those combinations will necessarily depend on various factors: on the magnitude and origin of capitals, on the complexity of technologies, on the productivity of labor and the needs of the workers and their families as well as on the origin of the raw materials and on the frequency of the specific product in human groups and society.

What is to be said of an enterprise like PDVSA? It exploits petroleum and gas, products from underground and therefore belonging to the whole nation. Their extraction and refining require enormous capitals for the kind of technologies utilized which can be developed only by the state or by transnational companies. These

technologies while doing the procedures for extraction directly affect the environment and the population of determined counties. They generate strategically important products for the whole society and people as is the case with fuel. That affects all the companies and people and the prices of all products. Such an enterprise cannot be the property of only the oil workers who in Venezuela are fewer than 40 thousand people out of a population of 28 million inhabitants.

We repeat: the state must necessarily participate in the representation of the ensemble of the nation because petroleum belongs to the nation, because the whole nation is affected by production and because the state must contribute the enormous capital resources necessary. The county where the extraction of crude oil occurs must participate in the execution of the control over the impact on the environment and obtain the advantages which are permitted to benefit that specific population. The direct laborers of the enterprise must participate because with their labor petroleum is extracted and an aggregated value is contributed. And the consumers, represented by their organized communities (community councils and communes as concrete forms of the people's power or others held to be legitimate), consumers' organizations, industries, and transporters should also participate because the quality, the price and the distribution of fuel affects them directly.

Balance and mutual control among different social sectors and interests involved in the economic processes must exist so that none of them individually can exercise hegemonic power so as to have negative effects on the rest. On the contrary the idea is that the different sectors through their participation in property in an organized fashion make decisions which equitably benefit the whole society and control each other mutually so as to prevent bureaucratism or reduce it to a minimum and impede corruption as well as the concentration of power and wealth.

But a small enterprise which produces clothes, shoes, furniture, etc. – and there are thousands of them – can be wholly the property of workers organized in cooperatives because the capital required can be furnished by them from their own savings and/or loans granted by the state. In some circumstances when the state doesn't have money it can give loans emitting cash capital which is not inflationary when contributing to production because an increase of circulating money is compensated by a proportional increase of merchandise and because the prices and quality of the products can in such cases be regulated by the competition in a market with a robust participation and control by the state. Raw materials are bought from other enterprises and of course must pay taxes to the state and conform to legal, environmental and further norms.

Another form of property which we believe to be adequate for companies whose influence includes populations in locales specific for their ecosystems can be what we call communal enterprises of social property (ESP) or socialist community enterprises which legally belong to a population group organized according to place of residence: a community council or an ensemble of them which are associated to advance toward the creation of a communal economy and the construction of a socialist commune. [1] In this modality there could be included an agricultural production unit, an industrial slaughter house with a cold storage packing plant or a small or medium sized agro-industry as raw material is produced within its radius of action and its products are distributed among the population of the locale with participation and control by neighboring communities.

The Soviet model was based on state property of the means of production, which were initially controlled by the workers. But later they got to be controlled totally by the bureaucracy while as time went by the democratic participation of the people and the workers was reduced to its minimum expression; as for the material base the producers

of social wealth were marginalized from the real control of the economy. These were the fundamental causes of the phenomena of economic inefficiency, corruption, the existence of privileges for the elites, and the development of processes of alienation and exploitation which determined its incapacity to subsist as a socio-economic system and as a state.

For this reason both forms of social property incarnated in enterprises of social property (ESP) both by the state (indirect social property) and by the communities (direct social property) must be administrated with socialist values and criteria and be combined with each other and other forms of property: cooperative, personal, family, middle and small sized private property for the purpose of conforming efficient socio-productive chains and networks [2] to the hegemony of social property administrated by councils of multiple socialist administration in which the spokespersons of the diverse social groups participate to make the best decisions for the benefit of society as a whole and to manage to have greater security, stability, and happiness.

4 – The Struggle to Build Socialism in Venezuela and its Evaluation by the Workers

4.1 – The diverse types of property

Experiments of different forms and types of property and administration accomplished since the year 1999 have been evaluated in three national and many regional seminars which occurred in 2007 and 2008 with the participation of workers from industries, the state, communal councils, organized communities, socialist education schools and university students.

With the analysis of diverse international experiences known, among them that of the Soviet Union, important recommendations including a proposal of an administration model for socialism of the twenty-first century in Venezuela, the so called *multiple socialist administration model* were made.

In order to prevent the present process of the Bolivarian Revolution from deviating toward some kind of state capitalism (state enterprises with a capitalist-like administration at the service of the reproduction of the capitalist system and of the obtaining of profits and the accumulation of capital by private capitalists) without any control by the workers and the people or a repetition of the Soviet experience with some variations, there occurred the Third National Seminar on Socialist Education and Administration in which there participated 40 organizations in April 2008 in Valencia. The following declaration on the ambivalence of state property came forth:

Types of property per se don't always determine the objectives and purposes of those they may be useful to. In the case of state property it can help liberate the human being and build socialist relations or enslave and submit him or her to various forms of alienation and exploitation as occurred in the ancient empire of the Egyptians in Africa and the Aztecs in Mexico as well as in the former Soviet Union, just to cite three examples.

Because it is subordinated to class interests which represent the block of ruling power in society and in the state (which makes fundamental macroeconomic decisions) state property can be useful for different intents, indeed including contrary ones.

That's determined by the administration model which, if it is exercised by an exploiting ruling class, necessarily helps reproduce the alienation of labor, of the workers and the peoples and perpetuate those conditions which make possible the domination and exploitation of some people by others: the private property of the fundamental means of production and the social division of labor in which some think, plan and order while others obey and work operatively.

It is indispensable to bear in mind that with the distribution of surpluses a redistribution of value created through social labor is produced. Those who make decisions on this distribution (including state bureaucrats) always, in a conscious or unconscious way, try to have their interests as a group prevail, which necessarily affects all society.

4.2 – Co-management [3] and private property

During the same Seminar the following was concluded on co-management and private property:

Co-management has been applied in the Bolivarian Republic of Venezuela thus far probably moved by the intent to advance toward a society of inclusion and welfare and has responded more to a reformist conception inside capitalism than to a truly socialist conception.

In capitalism the right to take part in decisions (administration) is determined by the property over the means of production – capital – which is expressed by the property of “shares” in the enterprises. These are possessed individually or collectively, in limited or incorporated societies or in cooperatives. According to bourgeois (capitalist) law to participate with a determined quantity of votes in order to make decisions is not a question of whether the shareholder participates or not in the productive processes but rather the quantity of shares he or she possesses. This is what is granted by the “right” to exercise a determined quantity of votes in the assembly of shareholders and on the board of directors.

Such may be the case of many workers organized in cooperatives and of capitalists, in the enterprises recuperated with state resources.

Thus it is recognized – wrongly – that it is the property over the means of production – capital – which generates the right to participate in the making of decisions whereas in the socialist conception it is labor in any of its forms – material or intellectual, simple or complex – and recognized as the source of social wealth which grants the right to participate in the administration of the enterprises.

Despite the good intentions the granting of state credits to the workers so they can get shares in the enterprises so that they can participate in its management has generated in them ideological confusion and many frustrations.

With the pressure from an individualistic and selfish mentality which has been generated in our society for the last 500 years of colonialist and capitalist alienation, in general workers, when they become shareholders tend to feel more like private “entrepreneurs” than like workers or

proletarians because their new condition as private proprietors of part of the capital in enterprises separates them objectively from the rest of the people.

There is produced in the workers a declassification, a sociopatía [4], a loss of identity, a schizophrenia. If shares are the private property of some workers and/or capitalists, they cannot themselves be the property of other workers, nor of the communities, nor of the whole people. And consequently the surpluses generated during the production process cannot be either since they must be appropriated by the owners of the shares. That is, when they own shares, the workers wind up objectively being converted into new capitalists.

The historical experience on self-management [as it occurred in former Yugoslavia] doesn't present a positive picture. Its application in the extinct Federative Republic of Yugoslavia meant: alienation of the workers, capitalist anarchy, competition among workers of different enterprises. And finally it wound up reproducing capitalism once again. [5]

Therefore this proposal now...invites Venezuelan society to experiment a new paradigm: the multiple socialist administration whose characteristics will be explained later.

4.3 – The socialist management of the economy, enterprises and factories

The Third National Seminar on Socialist Education and Administration, held in Valencia concluded with regard to socialist administration:

It is indispensable that the socialist organization of the economy and the factories, especially in those which are state property, besides the spokespersons representing the state, the workers councils, the community councils and the producers of raw materials participate with the purpose of creating balance and mutual control among the different interest groups of society as these are the ones that are frequently contradictory and at the same time complementary. This need be done so that all of them may collectively make the best decisions which will allow them to satisfy their needs and integral sustainable development subordinated to the strategic interests of the nation and mankind.

That will also allow the creation of mechanisms for controlling, diminishing and reacting to bureaucratism and corruption.

Thus the socialist administration of the economy, enterprises, and factories in socialism of the twenty-first century should occur in a collective fashion and with equitable participation – we insist on this because it is indispensable for creating a new socialist synergy – by the spokespersons of the workers councils, by those of the community councils, of the national government and whenever possible by the producers of fundamental raw materials (among them peasants, fishermen, miners and other small producers).

This kind of administration, materialized through a multiple administration production commission which makes strategic decisions, must be incorporated into the National Constitution of the Bolivarian Republic of Venezuela so that it can be applied mandatorily by and in organisms of the

state, especially those which make decisions on the economy like the Central Planning Commission and the ministries of the people's power related to it.

This should also be applied to: cases of the enterprises created and financed by state resources, which can be direct or indirect social property or mixed property; cases of socialist production, distribution and exchange chains; cases of productive units of a different nature and types of property, including capitalist property, which may exist with limited conditions to perform a social function subordinated to the strategic interests of the revolutionary project.

The socialist administration will be materialized through the Councils of Multiple Socialist Directing of the enterprises or factories and of the production, distribution and exchange chains whose members will be elected or designated in accordance with laws to be created in the case of the government, and in the other cases through general assemblies.

4.3.1 – Cooperatives and private property

It must also be borne in mind what has thus far occurred in Venezuela regarding the intentions to build a people's economy based on the 148 thousand cooperatives which, like co-managed and self-managed enterprises, have been created and financed with state resources between 1999 and 2008 according to figures presented by the Ministry of the Communal Economy (MINEC) and the National Superintendancy for Cooperatives (SUNACOOB) at the "Comparative Analysis of the Development of Social Property in Venezuela", an event held at International Miranda Center (CIM) in August 2008. [6]

The overwhelming majority of these cooperatives, as they don't act as part of the integral system of a socialist type of people's economy but rather as isolated enterprises have gotten to be one way or another an integral part of the capitalist system. The immense majority of the cooperatives have been converted into forms of private collective property which don't socialize their surpluses and don't allow the participation of new workers nor do they take into account the interests of the community and society.

But furthermore all these enterprises are converted to links on the production and service chains which are exploited by monopolies through the control of key enterprises or influential enterprises on the production chains such as those dedicated to the production or sales of equipment, machinery, inputs, raw materials, and channels of distribution and commercialization as well as through the control of prices established in a monopoly fashion.

This way monopolies exploit cooperatives and other "people's economy" enterprises, which quickly transfer to them resources gotten from the state until they reach their total ruin or until they are subordinated to the capitalist economy as productive links of surplus value for the big time capitalists, some of which reached that status during the period of the Bolivarian Revolution.

4.3.2 –Enterprises of social property

It is possible that if there is not clarity or enough social consciousness and if a strategy for overcoming this situation is not elaborated, more of the same will happen to important resources which the community councils will get for the development of community projects. And the same will happen to the resources to be gotten by the community banks during the oncoming years to perform many of the projects approved

by the people's power now in the making if they are materialized through cooperatives, which are one of the forms of private property, albeit collective.

The community projects should be performed by enterprises of social property (ESP), direct social property from the whole community, fundamentally by workers from the same neighborhoods.

State policy should be orientated toward the planned and progressive building of integral systems which include: financing and self-financing, the production of machinery and equipments, raw materials, inputs, industrial processing, distribution and commercialization till reaching the final consumers, all of which is to promote socialist relations of equity and cooperation among different sectors participating in the economic processes. There must always be participation from the workers and the people through the socialist community councils and communes (the people's power) – in the property and the strategic decisions of the socio-productive chain and in the key and most influential enterprises of the same.

This will allow the people's power under its various forms of organization – workers' councils, community councils, councils for the producers of raw materials – to participate in the planning of the economy and to plan collectively with the state on a national, regional, and local scale, as the case may be, what to produce, in what quantities and qualities to produce it, what prices to sell it at, and so on and what should be an adequate distribution of the companies' income: how much of it will be used to increase and improve production, how much will be for the workers, how much will be for improving community life and in general how surpluses will be distributed.

We insist: it is a question of building from the local and the regional levels the bases so that there may be balance and mutual control among the different (healthful and not parasitical) social sectors and interests involved in the economic processes and thus none may exercise a hegemonic power which will negatively affect the rest, bearing in mind that objectively there are interests which are complementary and at the same time contradictory as may be the case between producers and consumers since the producers may be interested in acquiring greater incomes while the consumers have their interest fixed on the good quality, sufficient quantities and fair prices of products, etc.

With an economy of social property and multiple socialist administration which we propose on the contrary there is the intention that the different complementary sectors, through their really democratic participation in labor and property in a combined manner make decisions which benefit equitably all society and are mutually controlled, with the purpose of resisting the mechanisms which incessantly generate bureaucratism, corruption and the concentration of power and wealth.

In order to obtain this purpose it is necessary to develop a socialist consciousness, adequate technical productive training, the organization and action of workers and communities, and their efficient articulation with the different ministries, institutions and social organizations dedicated to the creation of spaces for reflection, study, research, and planning of the construction of the economy and socialist culture which will allow the collective design of integral systems and their practical execution.

This will allow society to advance with the creation of better economic, social, political and cultural conditions so as to convert to reality the great desire of The Liberator Simón Bolívar: the greatest amount of security, stability and happiness possible for the whole population.

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Translated from the Spanish by José Brendan Macdonald

NOTES

1. A communal economy is the ensemble of the social relations of production, distribution, and consumption of goods, services and knowledge developed by communities under forms of direct social property at the service of their needs in a sustainable way in accordance with what has been established in the Centralized System of Planning and in the Plan of Economic and Social Development of the Nation (Bolivarian Republic of Venezuela, *Ley Orgánica de los Consejos Comunales*, 26 November 2009 available on Internet).

In quite succinct terms we shall say that each community council is created in a vicinity which in urban areas includes 200 families, in rural areas 20 families, and in aborigine areas 10. A community council elects its spokespersons at a general assembly. Legislation establishes one financial unit for each council. Questions dealt with by a council may be various ones like, for example, land committees, health committees, technical teams studying questions on water, communal economy, cultural groups, sport clubs, locales for meetings and organizations of women, labor unions, youth and student organizations, civil associations, cooperatives – all in accordance with the desires and spirit of organization of their members. Politically a commune is a form of local self-government for the population which includes various community councils and other social organizations which are to make decisions in a territorially defined area, always in accordance with the laws and the Constitution of the Republic.

2. Socio-productive network: the articulation and integration of the production processes of the community socio-productive organizations for the exchange of knowledge, goods and services based on the principles of cooperation and solidarity; its activities are developed through new relations of sustainable production, distribution, exchange and consumption which contribute to the strengthening of the People's Power (*Ley Orgánica de los Consejos Comunales*, 26 November 2009).

3. In general co-management is understood as the minority management (and even property of some shares) by the workers in a capitalist enterprise. In Venezuela on the other hand the term is used referring to management by workers in enterprises where the greater part of the capital is state capital.

4. *Sociopatía* can be translated as ASPD, which according to the American Psychiatric Association is "...a pervasive pattern of disregard for, and violation of, the rights of others that begins in childhood or early adolescence and continues into adulthood." That can be found on Wikipedia under the entry ASPD. (Translator's note).

5. See Lebowitz, Michael, 73-84, 2006.

6. See Álvarez, Víctor, 2009.

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