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China IV. China's 'Going Out': Theory and Practice

“Primitive socialist accumulation in China and some  
implications”

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# Social revolutions in regions of belated development

- Is the overthrow of landlord-capitalist rule in regions of belated development “premature”?
- How can accumulation gear towards social needs, instead of profits, be sustained in a world dominated by capitalist imperialism?
- Is the establishment of workers’ rule in underdeveloped regions against Marx’s analysis?
  - In Preface of *A Contribution to the Critique of Political Economy*: “new superior relations of production never replace older ones before material conditions for their existence have matured within the framework of the old society.” (Marx, 1859)

# History did not unfold as Marx and Engels expected...

- “The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilisation...It compels them to introduce what it calls civilisation into the midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image.” (Marx and Engels, *Communist Manifesto*, 1848)
- Kautsky vs the Russian working class taking power: “The dictatorship of the proletariat means the inhibition of capitalist production. The capitalist mode of production becomes an impossibility under a proletarian regime. Is Russia already equipped to put in place a Socialist mode of production? Besides, the Russian working class is neither sufficiently strong nor sufficiently developed.” (Kautsky, *The Bolshevik Rising*, 1918)
- Lenin defends the Russian revolution: “while the development of world history as a whole follows general laws it is by no means precluded, but, on the contrary, presumed, that certain periods of development may display peculiarities in either the form or the sequence of this development.... If a definite level of culture is required for the building of socialism (although nobody can say just what that definite ‘level of culture’ is, for it differs in every Western European country), why cannot we begin by first achieving the prerequisites for that definite level of culture in a revolutionary way, and then, with the aid of the workers’ and peasants’ government and Soviet system, proceed to overtake the other nations?” (Lenin, *Our Revolution*, 1923)

# Historical materialism is a programme of action

- “The history of all hitherto existing society is the history of class struggles... a fight that each time ended either in a revolutionary reconstruction of society at large, or in the common ruin of the contending classes.” (Marx and Engels, 1848)
- The development of the productive forces is not unilinear, nor does it determine social outcomes. Advanced technology in itself won't lead to workers' rule, or a socialist society.
- “...it is our interest and our task to make the revolution permanent until all the more or less propertied classes have been driven from their ruling positions, until the proletariat has conquered state power and until the association of the proletarians has progressed sufficiently far – not only in one country but in all the leading countries of the world – that competition between the proletarians of these countries ceases and at least the decisive forces of production are concentrated in the hands of the workers. Our concern cannot simply be to modify private property, but to abolish it, not to hush up class antagonisms but to abolish classes, not to improve the existing society but to found a new one.” (Marx and Engels, 1850)
- Contrary to the notion that Marxism instructs workers to wait until “capitalism is developed” in their lands, it is a programme of action that aims at the seizure of state power and productive forces wherever possible, leading to the end of world capitalism. Capitalism in 1850 was way less technologically advanced than today.

# Combined and uneven development

- Imperialism, the systemic transfer of value from the colonial regions to the imperialist centres, creates uneven and combined development on a world scale.
- Colonial regions are “frozen” in various stages of pre-capitalist development where the rulers, typically big landlords, took on the role of the bourgeois, as agents of world imperialism.
- The landlord-capitalist class are dependent on the imperialists for capital, technology, access to market etc. Their interests and entire existence is bound with the world imperialist system.

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# CPC timeline (1921 – 1949)

- July 1921: The Communist Party of China (CPC) founded.
- January 1924: Instructed by the Comintern, CPC joined the landlord-bourgeois Kuomintang (KMT) to fight imperialist-backed warlords.
- April-July 1927: Right and “left” KMT purged communists and massacred thousands of activists.
- August 1927: CPC launched armed revolt vs KMT, forming the first rural base areas. Chinese Soviet Republic (1931-1937), agrarian revolution.
- 1937-45: CPC and KMT in on-off alliance vs Japanese invaders.
- 1946-49: KMT started full-scale war vs CPC with US backing.
- October 1, 1949: The People’s Republic of China proclaimed. KMT regime collapses in the mainland and fled to Taiwan.

## Chen Duxiu, CPC founder, on the Comintern's myth of a revolutionary bourgeoisie in China

Chen Duxiu: "In any number of the bourgeois countries of the entire world, there are feudal relics and methods of semi-feudal exploitation...and there exist remnants of feudal forces. China is even more like this. In the revolution, of course, we cannot neglect this; but the Comintern and the Central Committee unanimously recognize that in China the feudal remnants still occupy the dominant position in economy and politics and hold the ruling position. Therefore, they consider these relics as the object of the revolution and let the enemy, the oppressor of the revolution—the forces of the bourgeoisie—be passed over and regard all reactionary actions of the bourgeoisie as those of the feudal forces.

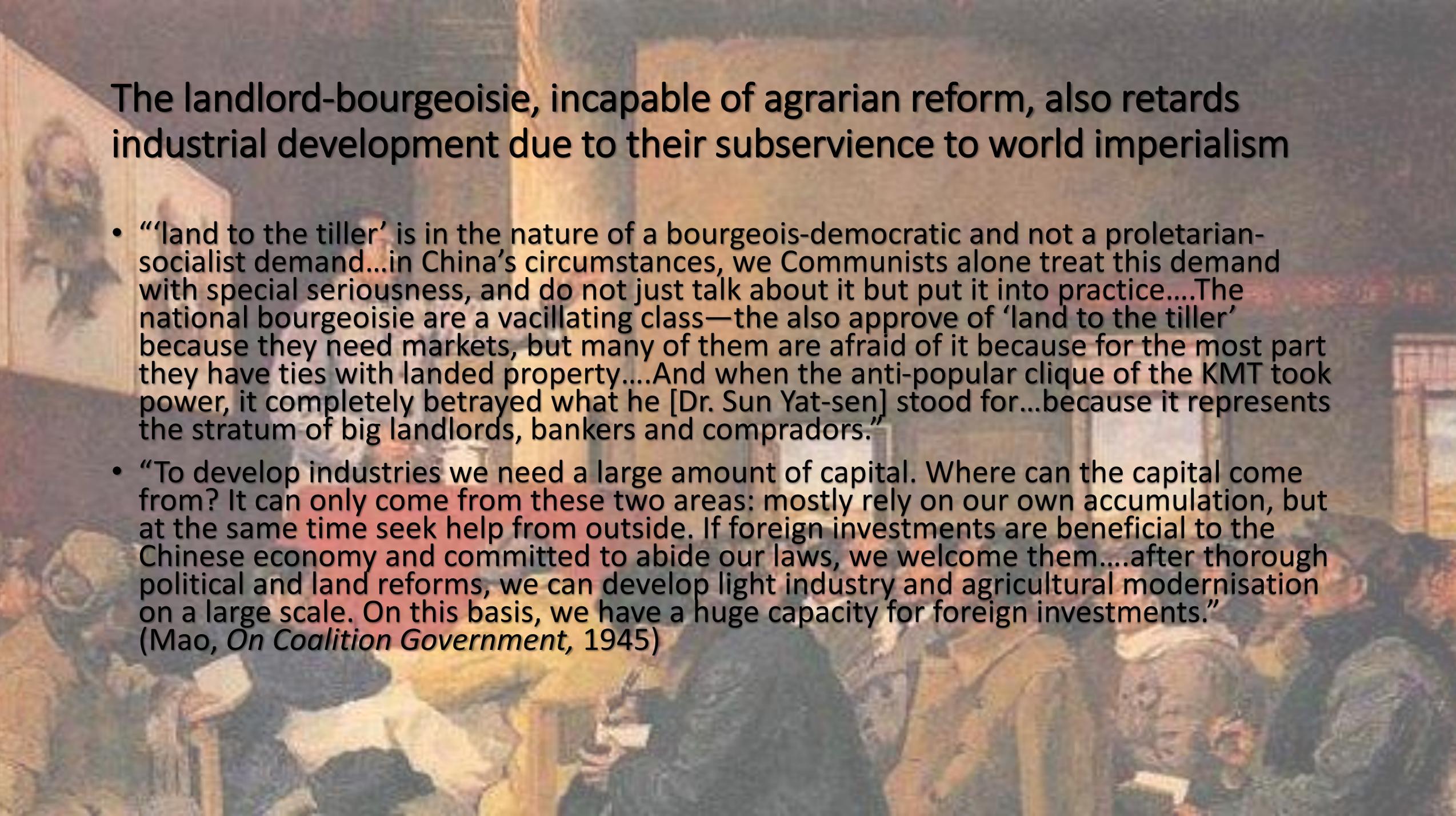
They say that the Chinese bourgeoisie is still revolutionary, that they can never forever be reactionary, and that all those who are reactionary cannot be the bourgeoisie. Thus, they do not recognize that the KMT represents the interests of the bourgeoisie... " (Chen, *Appeal to All the Comrades of the Chinese Communist Party*, December 1929)

# Mariategui on the consolidation of the latifundia after the end of Spanish rule

“During the period of the military caudillo, it was the latifundia and not the urban demos that grew stronger. With business and finance in the hands of foreigners, the emergence of a vigorous urban bourgeoisie was not economically possible....this group was compelled by its economic role to assume the function of the bourgeoisie in Peru, although it did not lose its colonial and aristocratic vices and prejudices...

The power of this class—civilistas or neogodos—was to a large measure derived from ownership of land. In the early years of independence, it was not exactly a class of capitalists, but a class of landowners. As a landowning rather than an educated class, it was able to merge its interests with those of foreign businessmen and creditors and by this token to negotiate with the state and to traffic in the country’s natural resources. Thanks to the properties it had received under the viceroyalty, it possessed business capital under the republic...

Therefore, this class naturally and instinctively held the most conservative views on land ownership. The continued extra-social condition of the Indians, on the other hand, meant that there were no peasant masses ready to fight for their rights. These have been the principal factors in the preservation and development of the latifundium. The liberalism of republican legislation was passive in its attitude toward feudal property and only took action against communal property.”  
(*Seven Interpretative Essays on Peruvian Reality*, 1928)



## The landlord-bourgeoisie, incapable of agrarian reform, also retards industrial development due to their subservience to world imperialism

- “‘land to the tiller’ is in the nature of a bourgeois-democratic and not a proletarian-socialist demand...in China’s circumstances, we Communists alone treat this demand with special seriousness, and do not just talk about it but put it into practice....The national bourgeoisie are a vacillating class—the also approve of ‘land to the tiller’ because they need markets, but many of them are afraid of it because for the most part they have ties with landed property....And when the anti-popular clique of the KMT took power, it completely betrayed what he [Dr. Sun Yat-sen] stood for...because it represents the stratum of big landlords, bankers and compradors.”
- “To develop industries we need a large amount of capital. Where can the capital come from? It can only come from these two areas: mostly rely on our own accumulation, but at the same time seek help from outside. If foreign investments are beneficial to the Chinese economy and committed to abide our laws, we welcome them....after thorough political and land reforms, we can develop light industry and agricultural modernisation on a large scale. On this basis, we have a huge capacity for foreign investments.”  
(Mao, *On Coalition Government*, 1945)

# Primitive socialist accumulation: the proletarian regime displaces the bourgeoisie and goes further...

- The consolidation and growth of state-owned industries and the public sector as a whole requires resources from the world economy. Expropriation of the bourgeoisie from the domestic commanding heights and internal accumulation heightens the need for external connections.
- Atomised capitalists (i.e. stripped of independent political agency) operate within a market established by and dominated by state actors, and a financial system dominated by state banks. Capitalist profits constrained and redirected by state planning towards social objectives.
- The law of value operates in conflict with the law of primitive socialist accumulation, which ultimately reflects the class struggle between bourgeois forces and the historic achievements of the revolution.

# PSA: not for profits, but also not socialist egalitarianism

- “The driving force of capitalist production is the striving for profit, its regulator the law of value. Capitalism satisfies the consumer needs of society by way of this mechanism. In particular, the worker receives his share from the fund of means of consumption through selling his labour-power.

“In what way is state economy different from capitalism on this point? On the one hand, it has already ceased to be production for profit, for surplus value. On the other, it is not yet production for the sake of consumption by the workers of the state economy, and still less by all the people in private economy...it [the state economy] can be overthrown in its mobile equilibrium if the necessary proportion of expanded reproduction dictated by the whole economic situation is not guaranteed by an adequately and steadily growing rate of accumulation of surplus product in material form, and this always means restriction of individual demand.

“The contradiction between these two tendencies within state economy does not take the form of antagonism between classes, but it exists nevertheless. This contradiction also fully characterizes the law of primitive socialist accumulation itself, where distribution is concerned. On the one hand, expanded reproduction in the socialist sector means automatic, quantitatively-increasing reproduction of socialist production-relations, together with the corresponding proportions every year in the distribution of productive forces. But, on the other hand, this quantitative expansion of socialist relations, since it requires alienation of a certain amount of surplus product from the state economy, and subordinates the growth of wages to the function of accumulation, limits the growth in the quality of socialist relations and maintains a gap between the wage level and the value of labour-power.”  
(Preobrazhensky, *The New Economics*, 1965: 72–73).

# Conclusions

- Socialist revolutions in regions of belated development are neither freak events nor departures from the Marxist programme. They result from the combined and uneven development enforced by world imperialism and are indispensable for social progress and industrial development.
- China is a transitional economy where the law of primitive socialist accumulation and the law of value are in competition. This is the driver of its socioeconomic formation, a “unity of opposites” with capitalist and non-capitalist elements.
- Capitalism in China remains dominated by the CPC regime and its social-economic base.
- The flourishing of private enterprises leads to inequality and capitalist accumulation, but restrained by state policies and the law of PSA.
- The danger of capitalist restoration remains. However bourgeois forces have been in decline since the world capitalist crisis in 2008 and suffer further blows with the Covid shock, as the CPC and state sector mobilises to satisfy social needs, take control of sectors vacated by capitalists and impose more control on capital.
- The zig-zag of PRC policies since 1949, further heightened by the market reforms since 1979, signifies the oscillation between the two laws. Rising productivity of the state industry and its connection with the world market have brought deeper trading relationships and integration, as well as producing further contradictions between the two systems of accumulation. World imperialism in decline now determined to break PSA.
- A socioeconomic formation in transition between capitalism and socialism cannot exist indefinitely in a capitalist world. Moreover, the struggle between the state economy and private capital cannot end until capitalism is replaced by socialism worldwide.

# Some implications of China's PSA to the developing countries

- If China's industrial development continues and adheres to its plan to achieve self-sufficiency of core components and materials, in effect breaking the monopoly of the advanced capitalist economies, it has the objective needs to secure access to primary resources with competitive deals including aids or loans for infrastructural construction which go beyond the facilitation of extraction.
- Take Latin America and the Caribbean region as an example, Chinese banks have become the largest lenders in the region and most of the loans from these banks are for energy and infrastructure. According to The China-Latin America Finance Database, Chinese finance to LAC in 2018 was \$7.7 billion. The accumulative loans offered by China Development Bank and China EXIM Bank from 2009 to 2018 was \$135.9 billion, of which \$106.6 billion was in energy and infrastructure.
- According to ECLAC report, 'loan-for-oil' deals, a barter system in which loans are paid off in goods, accounted for around 50% of the total Chinese funding. In just four years, \$74 billion loans have been issued in this way including; \$44 billion for Venezuela, \$10 billion for Brazil and \$5 billion for Ecuador. Although there has been sign of rolling back, Chinese finance is seen as a critical source of finance for some LAC countries such as Venezuela, Ecuador, Brazil and Argentina, as their access to international finance has been limited in recent years.
- **How to use Chinese investments to form strong sovereign and social development agendas that could strengthen the forces against neoliberalism and imperialism** – this would be the task for the progressive popular forces in the LAC region.
- The Chinese revolution provides a positive example and most national liberation movements elsewhere provided negatives. The bourgeoisie is closely linked to pre-capitalist forces and imperialism and is unable to lead the "national-democratic" revolution. The responsibility falls upon the proletariat which can only succeed if it leads the peasantry and the entire working people.