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Consideration on “Historical Socialism” and China

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Socialism: The Co-evolution of Practice and Theory

“History before knowledge”, that is the moral of historical political economy.

The ideas and ideals of socialism can be said to be a historical symbiosis and co-evolution with capitalism. Whenever capitalism falls into crisis, socialism as an alternative always has a strong appeal. The world today may have come to such a conjuncture.

The appeal of socialism lies not only in its ideals or morals, but also in its materiality.

“For values to be realized, there must first be the material conditions for their realization.”

Simply demanding the reality to fit values is just theology.

Socialism is not the denial of capitalism. It is transcendence. In the Marxist tradition, socialism is self-identified and self-aspired to be both revolutionary and scientific. This, however, gives rise to a huge tension between theory and practice.

Marxist political economy is a historical theory. This is in contrast to neoclassical economics, which claims to be a universal theory across historical time and space.

The construction of political economy is based on the abstraction of history.

The writing of *Capital* and related treatises focuses on the capitalist system in its maturity. It took Britain's experience of that era as representative, whilst abstracting from it its basic elements and proceeding to construct theories about its logic and laws of operation.

History is clear. Socialism-oriented revolutions, as the starting point, have so far succeeded in backward regions but failed in developed countries. Development has become the primary challenge of socialist construction.

Socialism-oriented late development has become the theme of the whole practice.

The more than 70 years of Soviet history, nearly 40 years of Eastern European history, and nearly 80 years of practice in China have all revolved around responding to this challenge.

During their existence, the USSR and the group of Eastern European countries responded to development problems mainly by the system of central planning and pervasive state-ownership. These constituted their unique model of economic operation and development.

China's practice is far more than that. It has been full of diversity and complexity.

In the first 30 years of the People's Republic, China first tried to emulate the Soviet model. It then gradually formed its own model from the 1960s. Centralized and decentralized planning, plus state and collective ownership, proceeded hand-in-hand.

Entering the reform era, China has embarked on a new path. The economy has strategically integrated itself into the world market, while forming a mixed model of planning and market, plus state ownership and various forms of non-state ownership.

Today, China is still in its exploration process more than 30 years after the end of the Soviet bloc. This has provided rich experiences for theoretical construction.

Socialism-oriented Late Development

From the perspective of late development, the experience of the Soviet Union and Eastern Europe has both successes and failures – the final conclusion is yet to be drawn.

Success, Soviet industrialization pre-WW2 was a great achievement, re catching up with developed capitalism. Economic growth in Eastern Europe post-war was sustained for a considerable period – comparable to the Golden Age of Capitalism (c. 1950-1975).

Failure: the dismal development performance for 10+ years prior to the collapse of the bloc. It moved from stagnation to crisis, and finally the disaster of disintegration.

China's performance is far clearer than that of the Soviet Union and Eastern Europe.

In the first 30 years, its per-capita economic growth was almost identical to the average of the late developing world, which was in turn comparable to that of developed countries.

Economic growth in the reform era has far exceeded that of any other country, especially other comparable big countries.

Throughout the nearly 80 years of the People's Republic, industrialization has been the central characteristic.

This has laid the foundation for China's participation in the techno-industrial revolution today, thus promising to continue to catch up with developed capitalism.

Development is not equal to socialism. It is only a necessary condition for socialism – success in catching up could lead to transcending, as well as converging to, developed capitalism.

China abandoned the Soviet model early on for both economic and political considerations. The model was deemed fundamentally flawed for long-term economic development. It was also believed that the model would lead to social division, thus violating the intent of transcending capitalism.

The development achievements in the reform era have indeed been accompanied by social division. The cold reality has remained: “For values to be realized, there must first be the material conditions for their realization.” There is inevitably an extremely difficult trade-off.

During its existence, the Soviet bloc adopted various reforms to improve its system. These included complex data collection and computation, partly using the market and corporate profit incentives to supplement the planning system, or simply replacing the plan by a combination of the market and autonomous enterprises run by worker's democracy.

In the end, all these reforms did not prove to be successful in promoting development and catching up – although it is difficult to determine whether the outcome was due to inherent flaws of the reforms or environmental factors.

China's reforms are far more fundamental and successful.

Yet, to be fair, the achievements so far have basically stayed at the level of development and catching up. There is still a long distance from socialist ideals.

“Chinese-Characteristics Socialism”: Original Intent and Exploration

What was formed in the first 30 years of the People’s Republic can be dubbed “China Model 1.0” and that in the reform era “China Model 2.0”.

The “Chinese-Characteristics Socialist Market Economy” today, as a summary of experience and an orientation to the future, can be called “China Model 3.0”. It is the foundation and key of the entire Chinese-style modernization.

China’s *New Development Philosophy* (NDP) is a holistic guidance of modernization, with innovation, coordination, green, openness and inclusiveness as the core elements

The NDP transcends not only the actual practices of capitalism in history, but also the ideals that capitalism has been able to claim so far.

It must be admitted that the NDP has not yet been realized; it is partly a summary of the hitherto performance, and partly an exploration towards the future.

The practice of the NDP rests on the combination of the “active government and effective market”. This combination rests on the two basic principles of the economic system, of “public ownership as the mainstay” and “distribution according to labour as the mainstay”.

It must be admitted that there is a big gap between the reality and the ideal regarding the “activeness” and “effectiveness” of the economic operating system.

The same is true for the basic economic system in terms of ownership and distribution.

The original intent of socialism can be summarized as the progressive liberation of labour from alienation.

This requires a continuous increase in workers' control over the labour process and broader economic and social affairs. It depends on the material conditions necessary to allow for the continuous improvement in the capabilities of the working people, and the elimination of the division of labour between management and the managed.

In the socialist tradition around the world, and in the whole process of China's revolution to construction, the key in realizing the intent is to progressively shorten the alienated working time alongside economic development. This is an undoubted principle. The actual situation to date, though, has shown twists and turns. Much needs to be done.

Viewed this way, the starting point of the Chinese-Characteristics Socialist Market Economy cannot probably be limited to the above-mentioned basic system.

It rather needs to be traced to the more fundamental social relations, i.e., the relationship between the state, labour and capital.

After all, both as a proclamation and a promise, the Chinese constitution clearly states: “China is a socialist country under the people’s democratic dictatorship led by the working class and based on the alliance of workers and peasants”.

In practice, in line with this intent, economic development and the progressive liberation of labour from alienation are of equal importance - they ought to proceed hand-in-hand.