

Is China capitalist or is socialist?

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Was China capitalist in 1920-49?

- A failed state, invaded and occupied, riven by warlords and imperialist intervention
- Capitalist state demolished; expropriation of landlords, capitalists and foreign investors.



Was China capitalist after 1949?

- Seizure of state power by CP people's army
- Expropriation of landlords, capitalist and foreign investment
- Planning and economic success

Economic Changes under Mao

- First Five-Year Plan (1953-1957)
 - Advances in agriculture and coal, electricity, iron, and steel production
- Second Five-Year Plan (1958-1962)
 - "Great Leap Forward"
 - China became a leading industrial country
 - Peasants organized into communes
 - Widespread catastrophe – famine – at least 14,000,000 deaths



Propaganda Poster for the Great Leap Forward



Was China
capitalist after
Deng?

- Markets opened
- Foreign investment comes in
- But the state is not controlled by capitalists
- Central planning still exists

Not an
abstraction, it
depends on
history

Revolution expropriated capitalists and landlords; massive expansion of the productive forces not achieved in any developing capitalist economy since the 1940s. Japan? Taiwan? Korea?

1949

1978

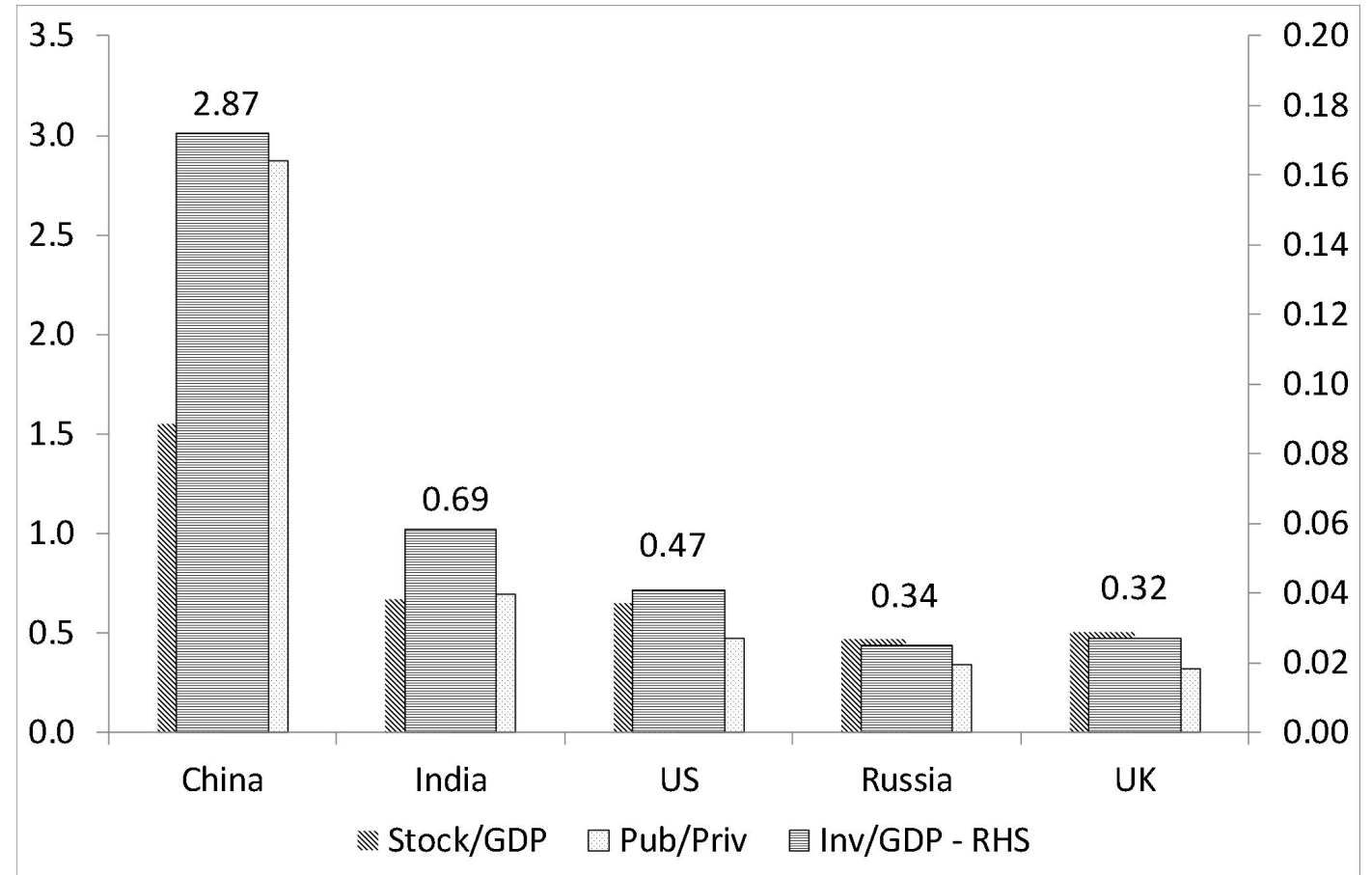
Chinese NEP:

aimed to restore the market without letting capitalist class have hegemonic control.

What is a transitional economy?

- 1) the loss of state power by capital and its 'armed bodies of men': the dictatorship of the proletariat
- 2) the common ownership of the bulk of the means of production and credit.
- 3) The planning of investment and production rather than being left to market forces.
- 4) high and rising level of technology and productivity of labour to reduce working hours and gradually end scarcity in social needs.
- 5) The gradual replacement of commodity production with direct production for use.
- 6) Workers' democracy: right of recall of leaders and officials; no official to earn more than average skilled wage
- 7) The gradual ending of wage labour and money, both as a means of exchange and as a store of value;
- 8) The progressive 'withering away' of state power (armies, police, officialdom) over time.

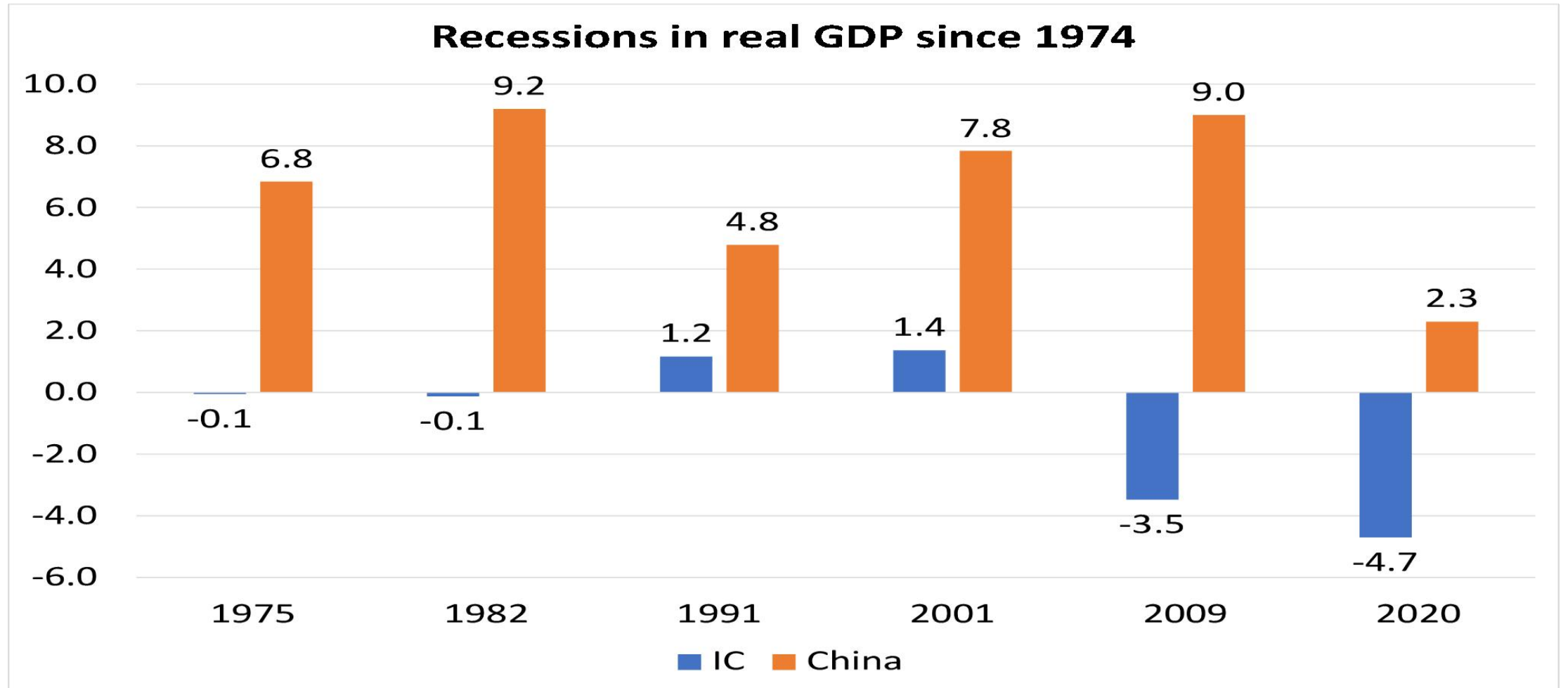
Public sector leads in China



State direction of all sectors

- SOEs and SHEs account for the majority of investments in most major sectors in the Chinese economy and for 40 percent of China's GDP and 45 percent of non-agricultural GDP. SOEs still make up a substantial part of the national economy – controlling roughly 30 percent of the total secondary and tertiary assets, or over 50 percent of total industrial assets. The average size of SOEs is much bigger than their non-SOE peers, with average assets of the former equalling accounting for over 13 times of the latter.
- 95 out of the top 100 private firms and eight out of the top 10 internet firms had a founder or de facto controller who was currently or formerly a member of central or local political CP. 68% of China's private companies had party bodies by 2016, and that 70% of foreign enterprises had
- The CCP Organization Department (CCP OD) manages all senior promotions in all major banks, regulators, government ministries and agencies, SOEs, and even many officially-designated non-SOE enterprises.
- Among the Fortune Global 500 list, China had 115 companies. All but four of the 115, and all the big ones, were state-owned. The government also owns 51 percent or more of the thousands of joint-venture export-oriented industries with multinationals. Of China's top 500 companies, SOEs overwhelmingly dominate: SOEs account for 63 percent of all companies, 83 percent of all revenues, 90 percent of total assets.

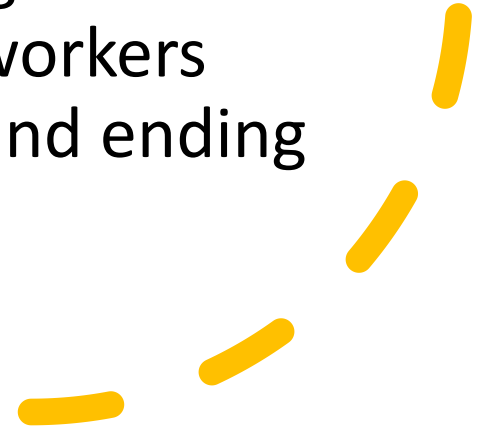
Regular and recurring slumps – not in China



Formal versus the dialectic



- China is not capitalist (or imperialist)
- China is not socialist
- Not socialism with Chinese characteristics (Deng and Xi) and not capitalism with Chinese characteristics (Milanovic)
- A transitional economy: but trapped
- Which way to go?
- Depends on two things: reducing law of value internally and externally: workers democracy, sustaining the plan and ending imperialism





What is China?
It is not
capitalism, but
it is not
socialism

- The market is not dominant, but China is not socialist. The law of value still operates.
 - Two modes of production co-exist, but also as antagonistic opposites: a dialectical process
 - The planning mechanism and the law of value and production for exchange.
- 

Lower and higher stages of communism

- Socialism = to each according to his product
- Communism = from each according to his product to each according to his need
- The surplus product = surplus labour for the *“general costs of administration”* for the *“communal satisfaction of needs, such as schools, health services etc for those unable to work”*.
- Only after that can any surplus go to means of personal consumption for individual producers in a cooperative communist society.
- No exchange and no money and no state
- Real freedom = disposable time not toil

Socialism VS Communism

These terms are often used interchangeably, even though there exist big differences between them.

SOCIALISM

- SOCIALISM suggests that contribution is made from everyone according to their ability but they get back according to the size of their contribution.

COMMUNISM

- COMMUNISM suggests that everyone in society contributes and works according to their ability, and gets back everything according to their needs.



Why does it
matter?

- Superiority of planned economy
- Avoidance of recessions
- Model for other economies?
- Confrontation with the US and the imperialist bloc: the geopolitical issue of the 21st century