

When did China become capitalist?

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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.

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 being than 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) The gradual ending of wage labour and money, both as a means of exchange and as a store of value;
- 7) The progressive 'withering away' of state power (armies, police, officialdom) over time.

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

Economic growth under central planning

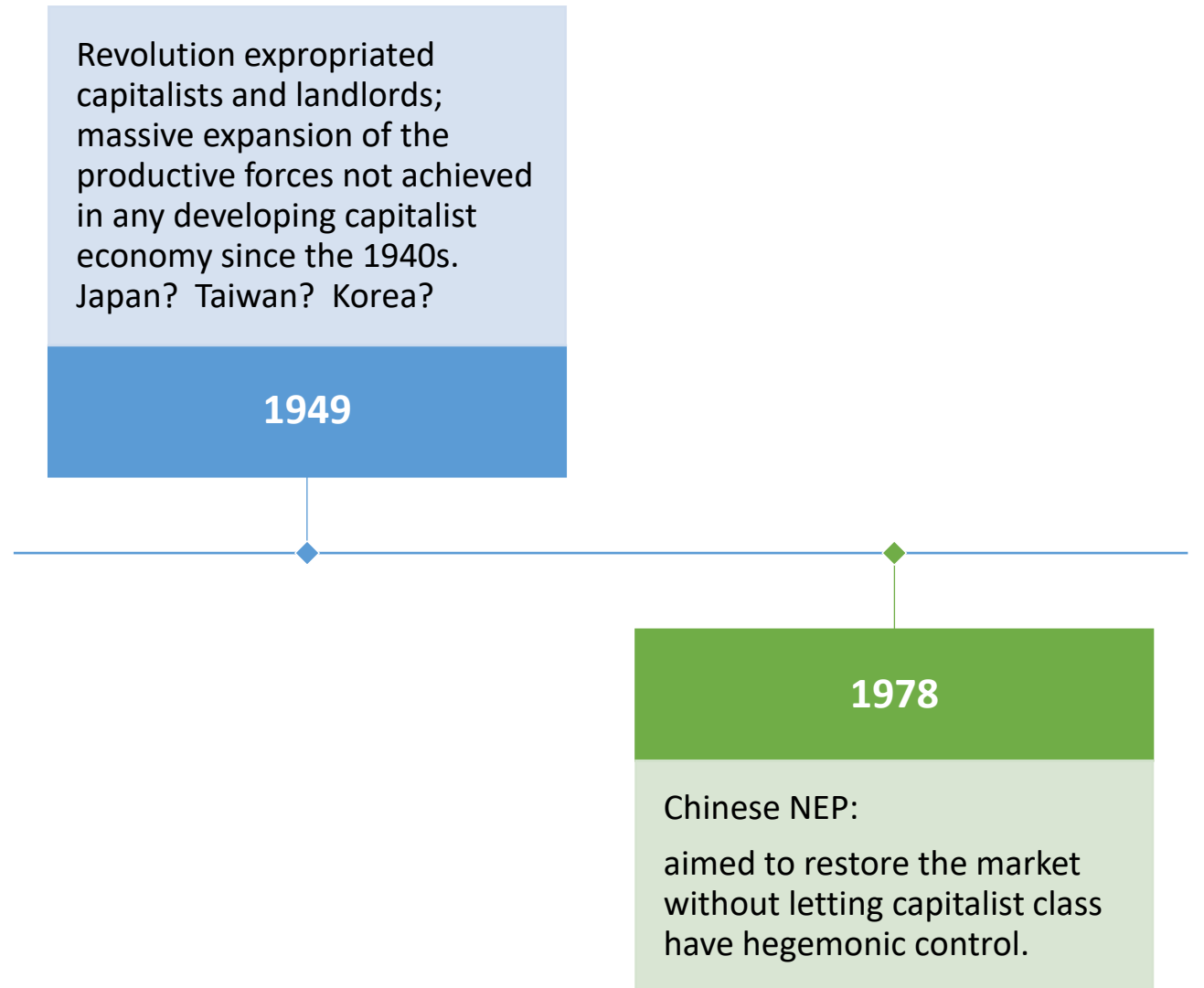




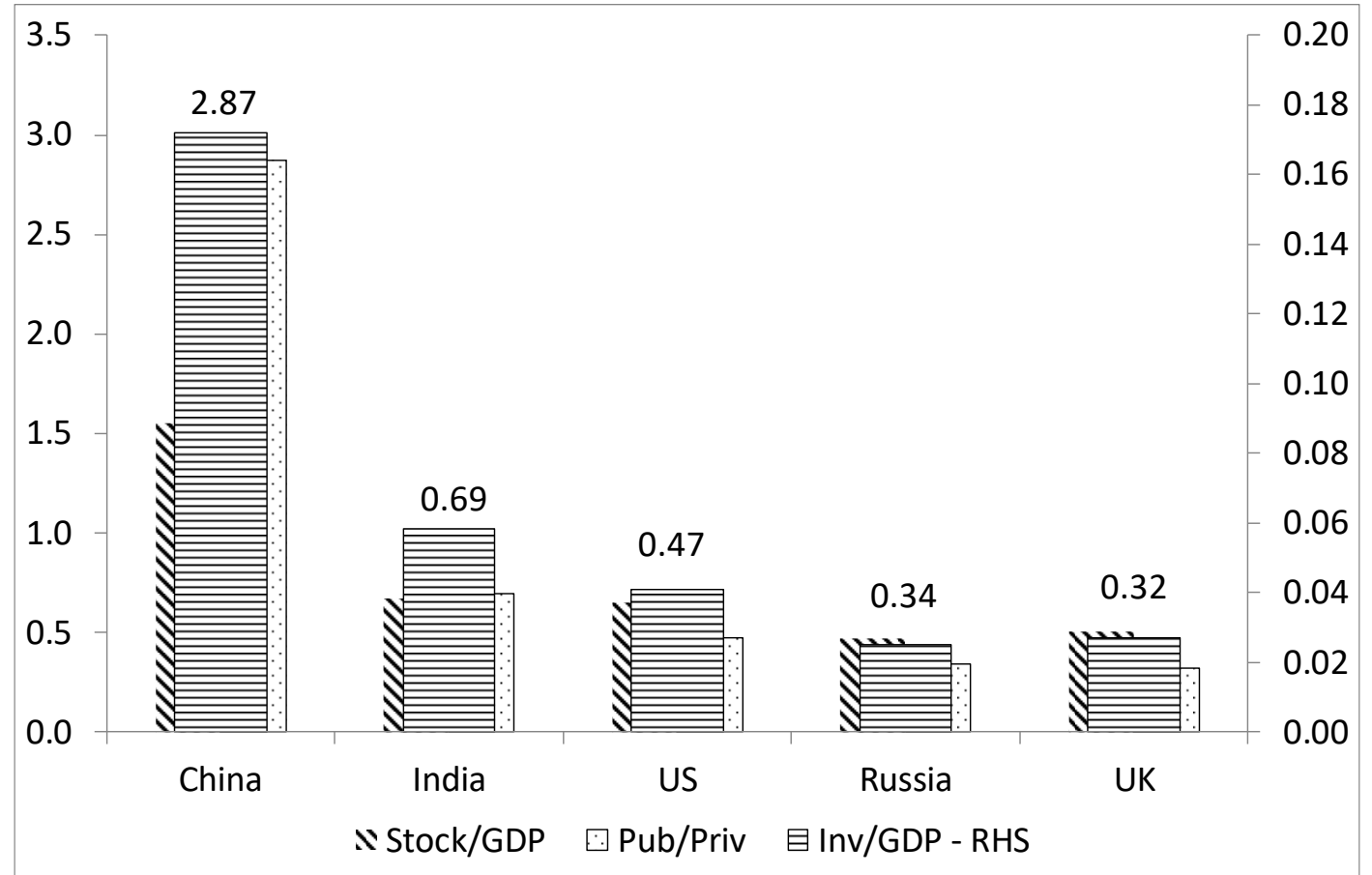
Was China
capitalist after
Deng?

- Markets
- Foreign investment
- Industrial zones
- End to central planning

Not an
abstraction,
also depends
on history



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.

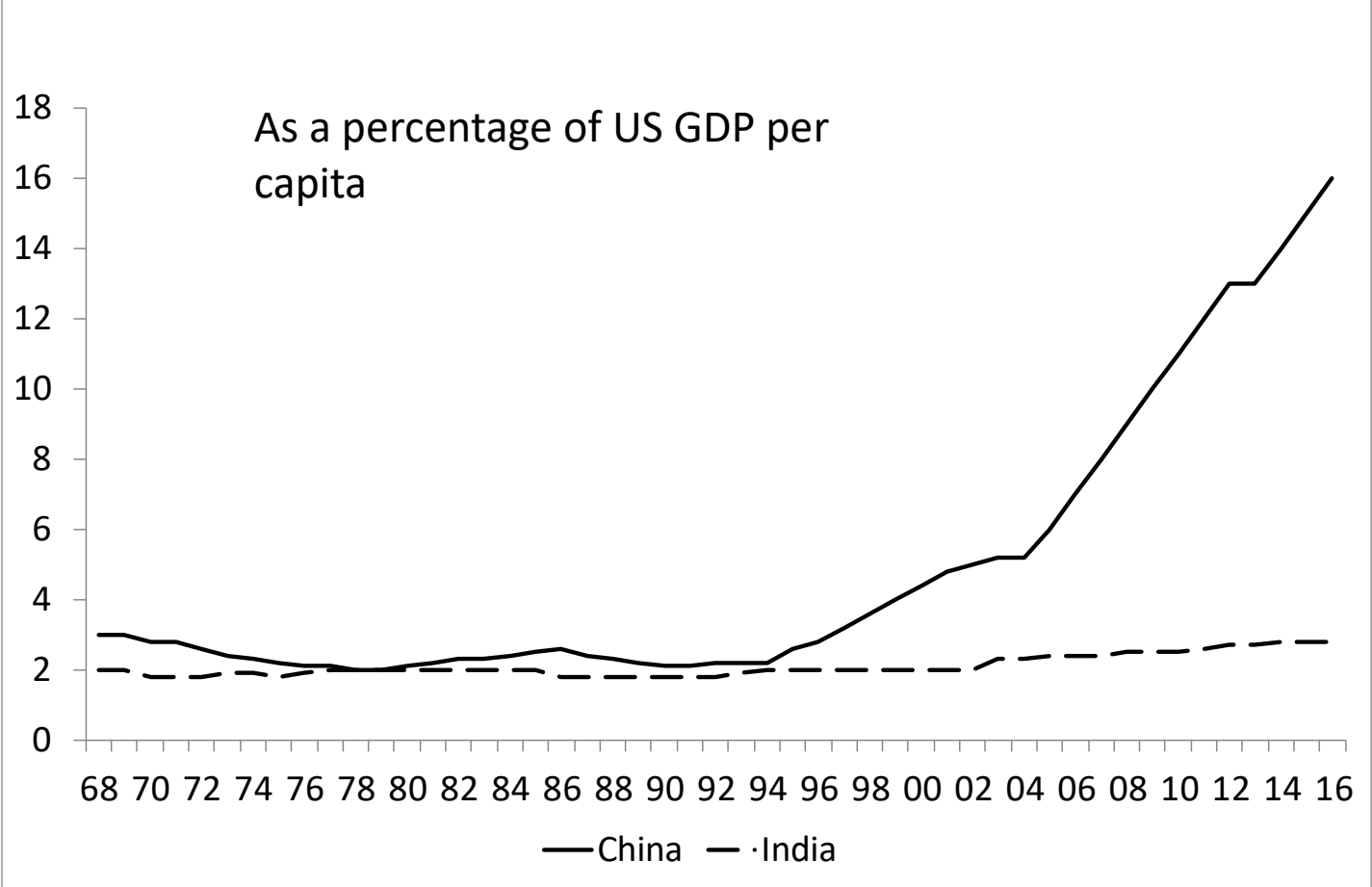
Was China capitalist after joining the WTO?

Table 1. GDP per capita in current dollars, 1995-2019. World = 100.

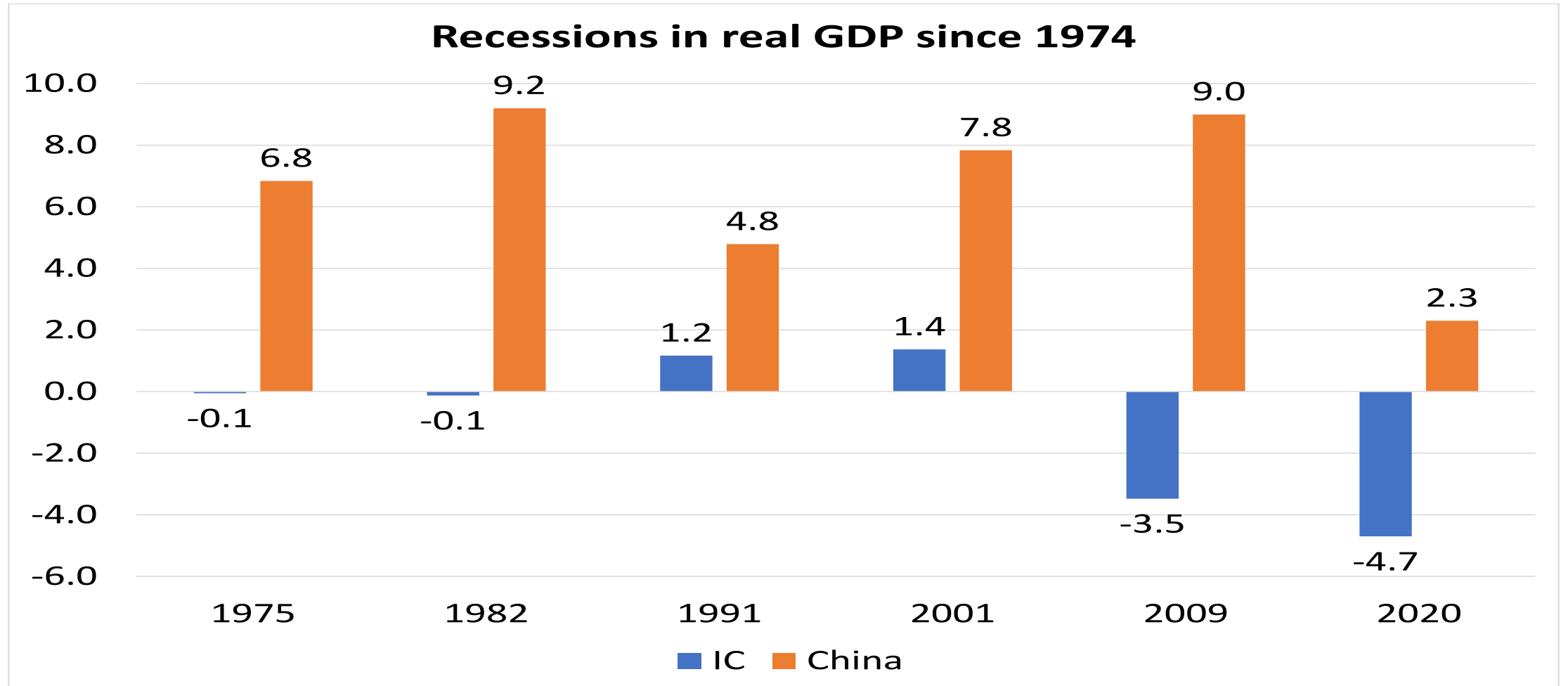
Source: own elaborations on World Bank data.

Group	Region	Year			Cumulative % change		
		1995	2007	2019	95-19	95-07	08-19
Center	<i>North America</i>	511.4	545.4	546.2	6.8	6.6	0.2
	<i>EMU</i>	432.1	441.2	335.3	-22.4	2.1	-24.0
	<i>West Europe</i>	498.1	617.0	423.7	-14.9	23.9	-31.3
	<i>East Asia</i>	638.6	365.4	335.6	-47.5	-42.8	-8.2
	<i>Oceania</i>	293.2	377.2	343.8	17.2	28.6	-8.9
Emerging Periphery	China	17.2	35.5	91.4	432.2	106.9	157.2
	<i>Russia</i>	33.1	90.0	80.0	141.3	171.7	-11.2
	<i>East Europe</i>	52.7	118.3	120.3	128.4	124.6	1.7
	<i>South America</i>	81.7	74.8	70.1	-14.1	-8.4	-6.3
	<i>Central America</i>	57.5	83.8	72.3	25.8	45.7	-13.7
	<i>Middle East</i>	63.7	95.5	96.9	52.0	49.8	1.5
Poor Periphery	<i>South Asia</i>	7.5	11.3	17.6	133.9	50.2	55.7
	<i>Southeast Asia</i>	27.0	27.8	36.2	34.1	3.1	30.0
	<i>Central Asia</i>	31.7	54.6	42.7	34.4	72.0	-21.8
	<i>North Africa</i>	27.1	32.6	28.9	6.6	20.1	-11.2
	<i>S. Sahara Africa</i>	14.5	14.9	13.5	-7.1	2.2	-9.1
	<i>World</i>	100.0	100.0	100.0	0.0	0.0	0.0

India is
nowhere

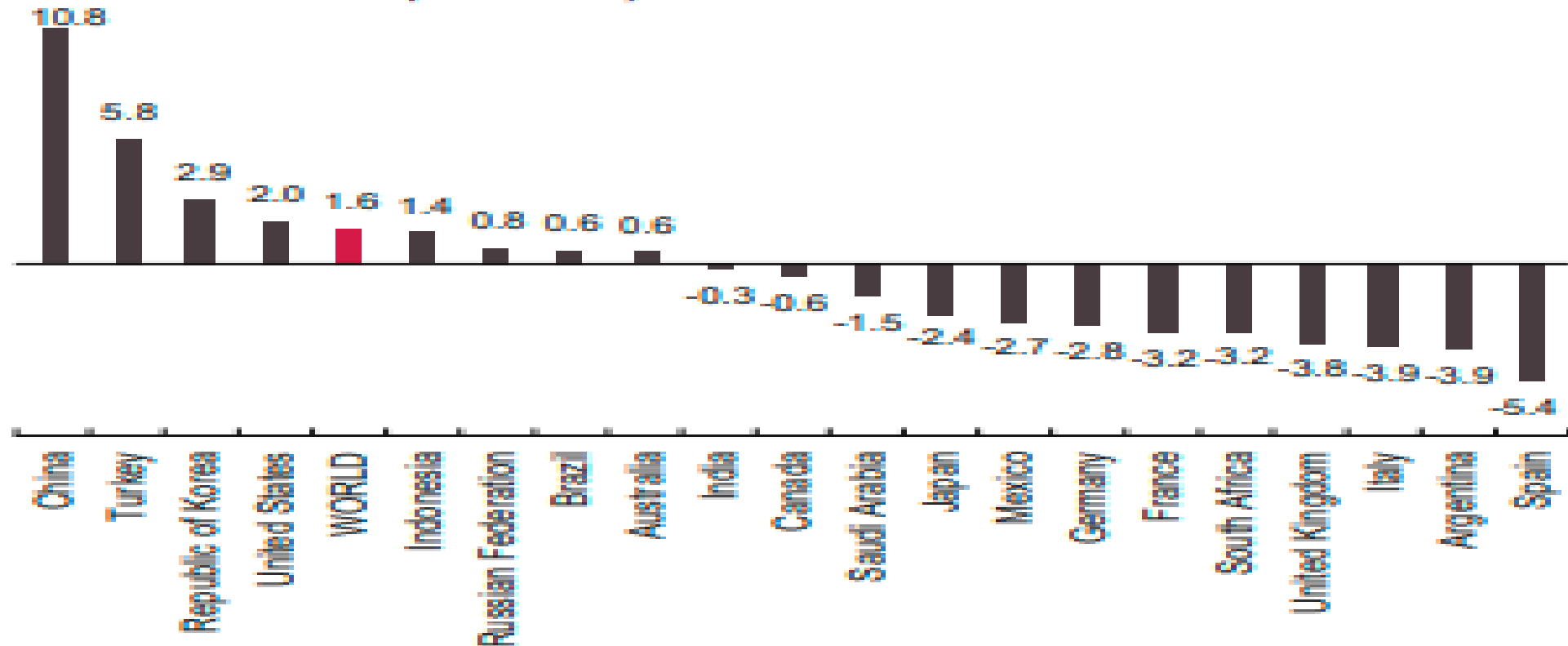


Regular and recurring slumps?



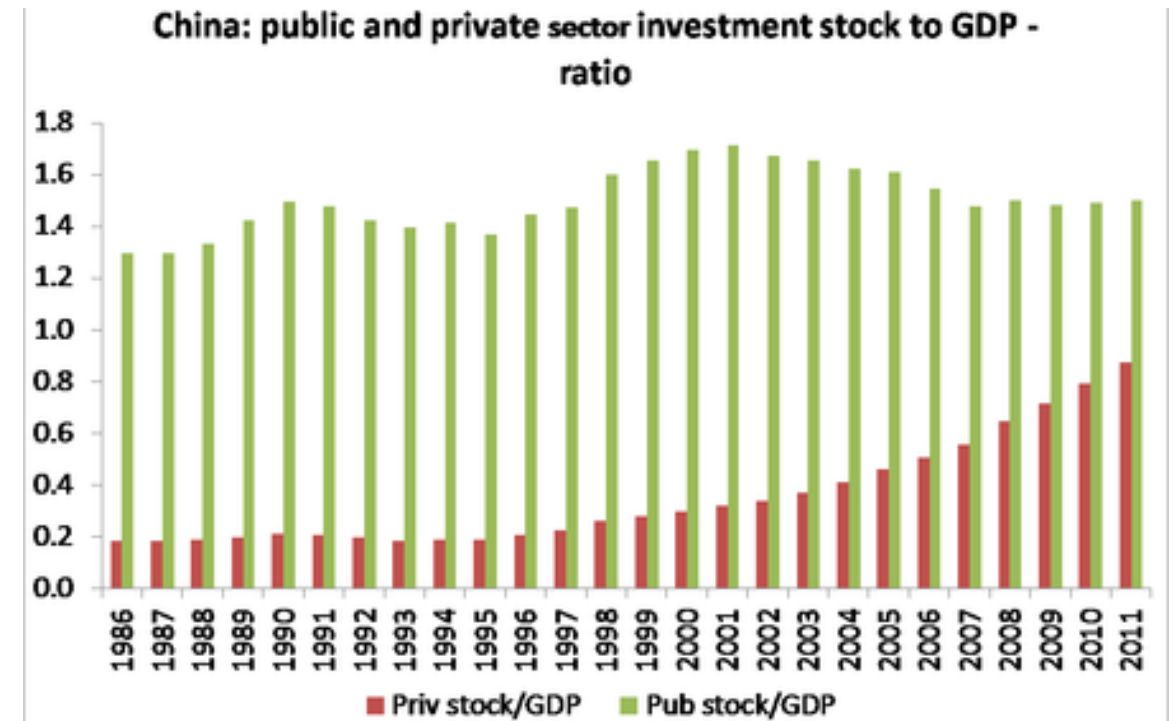
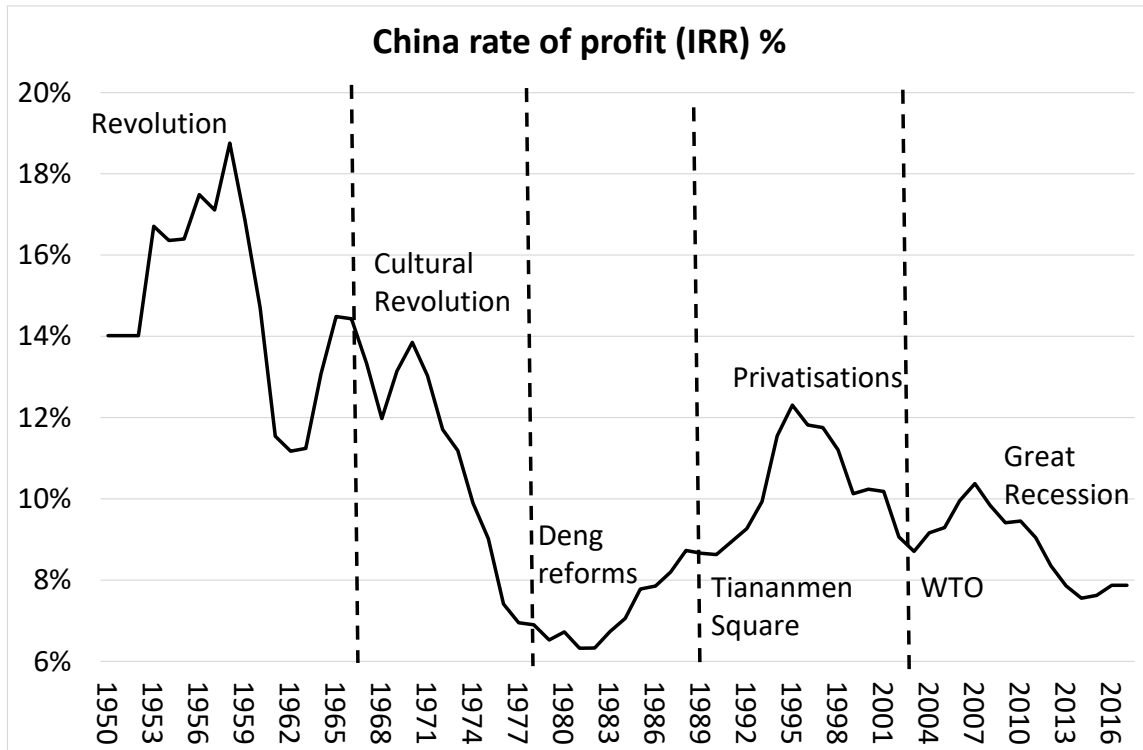
Impact of COVID - UNCTAD

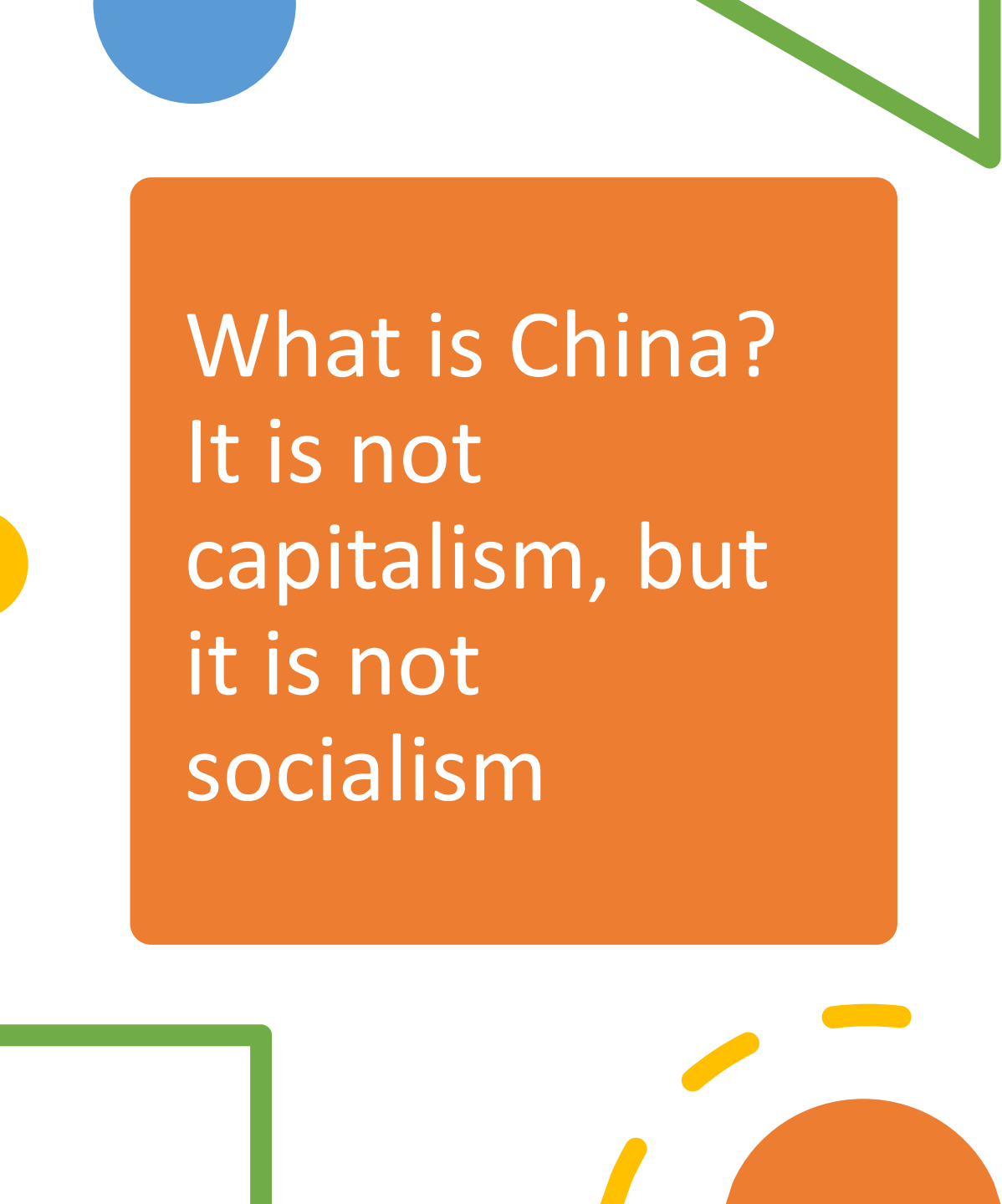
FIGURE 1.3 Real income growth, selected countries, 2021 over 2019
(Per cent)




Source: See Table 1.1.

Trapped transition





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.
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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, the plan and ending imperialism



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