

Introduction

The major contemporary changes adopted in China since the death of Mao Zedong are the object of the critical analysis presented in this book.¹ The goal is to explain the concrete, historical content of the reform of the state and the establishment of the domination of capital in China. After four decades of reform, enough time has passed to offer ample possibilities and evidence for investigating the nature, trends, and implications of this essential transformation process in China.

During the Third Plenary Session of the 11th Central Committee held in December 1978, the Communist Party of China (CPC) justified the launch of economic reforms by invoking the need for socialist modernization. The hegemony of the reform project depended on beliefs, expectations, and pragmatism. The modernization effort was to be carried out by capital (national, including capital in the hands of the Chinese diaspora, and foreign) and the state (through developmentalist economic policy, credit, subsidies, and infrastructure), which were to act as both partners and protagonists. Instead of restoring or renewing capitalism in China, the strategy was to use capitalism to take advantage of its capital, technology, and markets to build its antipode: socialism. It was the CPC leaders' understanding that without the rigidity of the old Soviet model and the voluntarism of Maoism's grand plans, and while respecting the specific condi-

1 In this book, Chinese names are spelled according to Pinyin, the official romanization system, which permits some exceptions to be used. This means that the old way of spelling names is used in this book: for example, Canton instead of Guangzhou or Chiang Kai-shek instead of Jiang Jieshi. We use Mao Zedong, as per the Pinyin system, but we also use the original spelling, Mao Tsé-tung or Mao Tsetung, in some bibliographical references and citations.

tions in China, they could build what would later be called socialism with Chinese characteristics. As the reforms advanced, this term was gradually changed to «market socialism».

Their (somewhat simplistic) idea was that real socialism's main mistake about the economy was opposing planning and the market – or, to put it differently, building socialism without a market. CPC leaders believed that the social distribution of labor and price formation should be regulated by the law of value, through competition, instead of centralized planning. In addition to these issues, China maintained the important and just call for national unity. It succeeded in returning Hong Kong and Macao to Chinese sovereignty and continues to demand that Taiwan be reunited with China. The restoration of national integrity has forced the CPC to use its political agility to implement the One Country, Two Systems model. The integrity, sovereignty, and development of the great Chinese nation are especially important for resistance to the imperialism of the United States. In this process, the CPC adopted a nationalist discourse focused on the recuperation of China's grandiose role in the past as the powerful Middle Empire.

There is one very interesting coincidence in the international context at that time: China initiated its reforms in 1979 – the same year that Margaret Thatcher became the prime minister of Britain. One year later, in 1980, Ronald Reagan was elected president of the United States (US). Both leaders – Thatcher and Reagan – were champions of the neoliberal political and ideological doctrine and leaders of the renewed crusade against communism.

The changes in China took place at a time when the defeat of «actually existing socialism» in the Soviet Union and countries in Eastern Europe was becoming evident. The hegemony of neoliberal capitalism was spreading throughout the world, and various facets of the globalization of capital began to appear. The world is now under the crushing domination of market finance, as financial and production conglomerates expand around the globe. All this prevents countries on the periphery from giving the state a role in economic and social development. Prejudices prevail,

and workers are being denied their democratic and social rights, while intolerance toward legitimate, concrete social struggles grows.

In the current political context, hegemonic discourse claims that history has clearly shown that socialism is definitely not a viable substitute for capitalism. The world has thus turned the page on socialism. Discussing models for radical social change is said to be idle chat and anachronic. In these circumstances, it is said it would be superfluous to focus the debate on whether socialism should be preserved or not in China. However, in these difficult times, we must be realistic when we assess the economic and social evolution of China. If we fail or refuse to do so, we risk falling into the trap of dogmatism, theoretical stagnation, and pro-capital *pensée unique*.

Therefore, when analyzing the case of China, it is impossible to forego the discussion on socialism. Underestimating the importance of debating Chinese socialism is unacceptable. The backdrop of China's reforms, which Deng Xiaoping called «socialist modernization», is the contradictions and failure of socialism in China as a project and experience and their link to rose-tinted views on capitalism.

It is well-known that there is no market, nor has there ever been one, without involving a capitalist state. Strictly speaking, the concept of state intervention in the economy does not make much sense. The state and social struggles are part of the functioning of the economy, and they always have been. Capital, as expanding value and a contradiction in process, shapes social life in general. Capital has its laws of movement and its dynamic of accumulation, profit, competition, and crisis; it determines the nature of society. There is no natural order. Everything is social and historical. It is clear that in the economy, the institutional form and the strength of state regulation are crucial. They evolve and help configure different historical moments. Thus, the modernization process in China revives the debate on planning and the market as principles of economic regulation and brings it up to date. Instead of allocating all resources administratively through centralized state decisions, market allocation now prevails in China's socio-economic formation.

China's contemporary reforms apparently aim to combine socialism and national developmentalism, whose levels of totality and

logics are distinct in nature of social interests. Contrary to socialism, national developmentalism is not a way of organizing society. National developmentalism is a model that emerged in the capitalist periphery, in the 1930s or between 1950 and 1980, and whose goal was to achieve economic and social development. It was meant to be an alternative to dependent peripheral capitalism, which was linked to US imperialism and the interests of native oligarchies in all countries. In the contemporary historical context, since the 1980s and thus far in the 21st century, big capital has been gaining freedom to move and accumulate globally, and it competes with national regulations, as in the case of China.

In the political climate of the 1980s, marked by the spread of global neoliberalism, extremist views defending the superiority of the market began to emerge. In the late 2010s, the extreme right is on the rise around the world, as illustrated by Donald Trump's administration (2017-2020) in the US, for instance. Using a national populist, anti-globalization discourse, the far right has succeeded in strengthening the domination of capital and exacerbating the oppression of workers even further, as can be seen in the hate toward migrants it promotes.

From the capitalist class' point of view, all one has to do in the world today is observe daily economic activities, ruled by the spontaneity of the market, and harvest their natural and irresistible fruit. This view propagates the simplistic and erroneous idea that the market has proven itself to be the most steadfast and efficient driver of the economy and that no other intermediaries are required. The imaginary and imagined market is presented as pure, perfect, and the only tool for allocating resources, efficiency, incentives, and technological progress, ensuring consumers' freedom and satisfying their preferences. This vision stifles any attempt to question the irrational nature of the pursuit of profit as the system's primary goal and the subordination of the satisfaction of social needs to this pursuit. The exaltation of the ideology of the market and capital leads to an even greater underestimation or denial of the waste of resources, environmental damage, consumerism, social inequalities, exploitation of the labor force, oligarchy in states' structures of power, and despotism within the work

process. It also revives racial, ethnic, religious, and other prejudices and conflicts.

In light of all this, must we resign ourselves to an apologetic world view on capitalism – one that portrays the world as simple, calm, static, and free from the conflict between classes, interests, and aspirations? Where does China fit in this context? What is, in essence, the significance of the transformation of China today? What is happening now in the country? How are the political and economic processes unfolding in China? What are their implications and prospects? In what ways does China contest or contribute to the current hegemonic movements of the capital in the world? What do capitalism and socialism mean for China today?

China's reforms and especially its prolonged and accelerated economic growth have attracted more and more attention around the world.² «China's emergence as an economic and political superpower is a key factor in the configuration of international systemic relations» (Chesnais, 2005, p. 21). This author goes so far as to say that China and the US imposed, each according to its interests, new international economic conditions that most countries should observe. Robert Skidelsky (2005) praised the stateliness of the Chinese economic phenomenon: «The «rise» of China has suddenly become the all-absorbing topic for those professionally concerned with the future of the planet. Will the twenty-first century be the Chinese century, and, if so, in what sense? Will China's rise be peaceful or violent? And how will this affect the United States, the current «hyperpower»?»

Nearly everything that is said about China's reforms is related to (i) the worldwide admiration of its extraordinary economic growth, (ii) the nature of its political economy in contrast with neoliberalism, or (iii) its role as an international political leader with the potential to contain the unilateral domination of the US in the world. All of this is extremely

2 There is, for example, the Brazilian case. Brazil's interest in China's economic process and its emergence as a center of regional and international power became evident in May 2004, when the government led by President Luiz Inácio Lula da Silva organized a mission of record-breaking proportions to China. The delegation was composed of more than 400 business people, seven state governors, five ministers, and other members of Congress and diplomatic representatives.

important. China's «economic policy» – so called the Beijing Consensus, in contrast to the Washington Consensus – receives a lot of attention in a world that is grappling with the tragedies of neoliberalism. The issue of China's complex role to the systemic construction of multilateralism in international relations today must also be recognized: (i) China has the power to decisively influence geopolitical conflicts, which will affect economic development and social progress because it limits the US's unilateralism and belligerence; and (ii) in the 21st century, China already is, in fact, one of the main leaders in all areas of the global system.

While these issues are important, this book focuses on one fundamental issue for China: the state and economic reforms and their relationship with the negation of socialism and the expansion of the domination of capital. This book's approach is, therefore, historical and concrete. There is no need to limit one's analysis, for example, to the spectacular variations in the gross domestic product (GDP); instead, one should discuss the systemic issue of capitalism and socialism in China today. Anyone who accepts such a limit risks falling into a manifestation of metaphysical thought or will end up assessing China's economic growth or its economic policy in isolation, each one separately, detached from the country's revolutionary past and the dispute between socialism and capitalism in Chinese society.

When we analyze recent changes in China, our point of departure must be the experience of real socialism, its contradictions, and its problems. Mao Zedong (Tsetung, 1977, p. 394), the main leader of the Chinese Revolution, always said that «only socialism can save China.» We must take into account the fact that state authorities in China today claim that the country has adopted market socialism as a model.³ But this same

3 The focus of this study is the experience in China. In this book, we do not explore Hungary's and Poland's experiences with market socialism in the 1970s and 1980s; their characteristics are very different from those of China's current path (for example, substantial restrictions on the exploitation of other wage labor) (Fernandes, 2000, p. 46). Despite the importance of the said experiences and the various attempts at reform in the USSR (such as the Kosygin reform in the 1960s or Mikhail Gorbachev's perestroika), the object of this study is limited to China's experiences. If one were to do a comparative study on the USSR's New Economic

state implements reforms that have revived the debate on the nature of the country's social system. There is a broader process to restructure the plurality of Chinese and foreign capital in China's economy currently underway. We must go beyond superficial analyses of the market and the phenomenon of economic growth to understand the essence and depth of all the extensive and multiple determinations typical of the domination of capital in China, such as the reemergence of the division of society into social classes.

To understand the complexity of the changes in China, one must investigate the concrete historical, political, economic, and social aspects of these changes from a comprehensive perspective. All these aspects must be integrated into explanations on the policies and the forms of the state and the economy in China.

Ralph Miliband (1995, p. 67) warned that «Marxists and socialists in general always tended to underestimate the problems that must arise in the organization and administration of a post-capitalist society.» Lenin bitterly realized the mistake of simplifying the tasks of a socialist economy's institutional apparatus. On the eve of the October Revolution, Lenin (1974a) described the simplification of this task in his book *The State and the Revolution* in the following terms:

[T]he great majority of the functions of the old «state power» have become so simplified and can be reduced to such exceedingly simple operations of registration, filing, and checking that they can be easily performed by every literate person, can quite easily be performed for ordinary «workmen's wages.» (p. 426)

We shall reduce the role of state officials to that of simply carrying out our instructions as responsible, revocable, modestly paid «foremen and accountants» (of course, with the aid of technicians of all sorts, types and degrees). (p. 431)

Policy (NEP) and China today, it would need to be noted that the contexts are very different, even incomparable, when discussing their fundamental and profound contributions to theory on the socialist transition and the problems of planning, the market, economic development, ownership, state, democracy, world economy, and international revolution.

The model of the Paris Commune explicitly promoted direct democracy, revocable positions, tiny wage differences, and uniting executive and legislative tasks in one state body. However, in practice, breaking with the bureaucracy in power to create a new state under workers' control is an extremely complex challenge and undertaking. The gradual extinction of the «government of the people» proved to be much more difficult in practice.

In the case of China, Yiching Wu argues that «*a coherent dual criticism* – a critique of both capital and state, of economic accumulation and bureaucratic power, and a fuller understanding of their structural and historical connections – is not only imperative but also possible» (2005, p. 62). Along the same lines, then, we can ask: what were the main links between state reform and the domination of capital in China from 1978 on? What changed? Why? How? What are the implications of these changes? In 2005, Wu emphasized that «Over a quarter-century after China ventured onto the market path, it is high time to take a hard look and ask some very tough questions» (p. 44). If in 2005 there was already this need for structural and historical clarification about China, by 2021 this had become indispensable.

The case of China can be focused on two themes: the state and capital. The *state* should be addressed in relation to its economic reform, the elimination of socialist planning (in the explicit attempt to supposedly build socialism), changes in state regulation of the economy, the relative decline of the state-owned productive sector, and the evolution of its international relations. The *domination of capital* must be examined according to the criteria of the new social relations of production generated by companies' new-found freedom and decision-making power, the spread of various forms of privatization and their weight in and importance to the structure of production and economic performance, changes in the labor market and the management and discipline of the labor force, the exploitation of workers and the increase in social and regional inequalities, and the hegemony of bourgeois ideology in society.

Ideology, theory, and method combine in the assessments of the profound changes underway in China. Carlos Medeiros recognizes that «as expected, the debate on China comes with high doses of ideology» (1999, p. 92). It is worth noting that despite the frequent claim that there