A HARMONY OF CAPITALISM AND SOCIALISM?

Is China capitalist or socialist? Frankly, I do not think this is such an intellectually challenging question. However, since we are talking about China, we probably have to address reality "with Chinese characteristics." Socialism can be capitalist, while capitalism can very well be socialist. Today’s postmodernism finds its intellectual predecessors in pre-modern Chinese Taoism, both harmonized into contemporary Chinese official "Marxism."

In contemporary China, among those who insist that China has not yet become capitalist (or not yet fully capitalist; the adverb "fully" gives one almost an infinite range of flexibility), there are three different intellectual and political positions. First, there are those from the right, or the "liberals" (read "neoliberals," not to be confused with "liberals" in the U. S. political sense), for whom capitalism is too good a word to describe today’s China. China today is pre-modern, pre-capitalist, "feudal," or at best, "primitive capitalist" (a misinterpretation of Marx’s concept of primitive accumulation), and therefore, "uncivilized." For the liberals, the word "capitalism" is reserved for "democratic" and "civilized" countries such as those of North America and Western Europe.

Second, there are those who consider themselves to be among the left or even "Marxists," who insist that China remains socialist, or continues to have many socialist characteristics, or is in some kind of permanent transition (either to socialism or capitalism, but with the end point never in sight). It is not that they are totally unaware of China’s social conditions (though some of them might be indeed lack of adequate awareness due to their detachment from the life of the working class). Nor are they short of theo-
retical training. Instead, they are taking their current intellectual position exactly because of their Marxist theoretical reasoning.

If one were a Marxist, and were to draw the conclusion that the society in which one lives is capitalist, and therefore exploitative and oppressive, what would be the logical implication that would have to follow from this analysis? Well, that is a bit too dangerous to think about.

Third, there are those who know everything and understand everything, but decide not to say anything for well-known reasons, given the "Chinese characteristics."

With this confusing lack of "neatness" (as Shaobo Xie put it, "what is happening in China does not neatly fit any known category of social development," though Xie is relatively straightforward in most of his discussions), one is encouraged to find that there is one thing on which everyone from the left to the right in China seems to agree: China must be "modernized," and must succeed in its search for "modernity."

In the spirit of a "harmonious society," it would be wise for me to take this consensus as a starting point.

The Modern World-System and China's Search for Modernity

In China, what is considered to be "modern" is almost invariably associated with the "west." Over China's thousands of years of history, for a long time the west was of no significance to China. The current, modern world-system did not emerge until about the 16th century. It first emerged in Western Europe and later expanded to encompass the entire globe.

What is so modern about the modern world-system? In its basic laws of motion, it is distinguished from all the previous social systems in two fundamental ways. First, there are multiple states or multiple political structures. By contrast, virtually all of the pre-modern great civilizations were empires with centralized political power (those that were not either disintegrated or were eventually overwhelmed by the empires).

Second, the constant, intense inter-state competition creates favorable political conditions for economic activities that are oriented towards production for profit (the states need the financial support of those who own capital and no state is in a position to confiscate capital without suffering the consequences). As a result, production for profit and accumulation of capital become self-sustaining activities. The system then evolves to be based on the ceaseless expansion of capital accumulation on increasingly larger scales.

By the 19th century, China was forced to make itself "open" to trade and modern civilization. In the following decades, as China was incorporated
into the modern world-system, China was reduced from one of the greatest civilizations in human history to one of the poorest countries in the world, as well as a semi-colonial peripheral member of the inter-state system.

From then on, all social classes and political tendencies within China have been confronted with the challenge of "modernity." China's search for modernity, first and foremost, requires the reversal of its secular decline imposed by modernity. The search for modernity, in this context, means a viable strategy of national development that would first stabilize and then strengthen China's position in the inter-state system, so that one day China would "catch up with" the west and become "rich and powerful."

Between the mid-19th century and the mid-20th, from the traditional elites to the new, westernized elites (such as the Nationalists and the May Fourth intellectuals) made successive attempts to search for such a strategy, with no success. It turned out that the rise of modern China required nothing short of a full mobilization of the broad masses of the exploited and oppressed — the great Chinese Revolution.

These were the historical conditions under which modern China was born; they have been the historical constraints within which modern China has had to live.

**China as "Alternative Modernity"**

Jiejing Yi discussed five different approaches among China's "Marxists." Yi pointedly did not mention the "new left," a broad category that includes all intellectual tendencies that take a critical attitude towards neoliberal capitalism and China's "reform and openness." Hui Wang, one of the leading scholars of China's new left, used the concept of "alternative modernity" in his analysis of modern China. From this perspective, modern China is seen as both in search of modernity and of an alternative to modernity (and the west).

The fact that modern China emerged out of a great popular revolution meant that the post-revolutionary political and social conditions had to be relatively favorable for the workers and peasants (see some of the discussions by Shaobo Xie and Fengzhen Wang). In the Maoist period, the urban workers were provided with an extensive range of welfare and social protections (including job security, medical care, education, pensions, and housing, collectively known as the "iron rice bowl"). The peasants were also covered by a collective system that provided basic medical care and education. Moreover, from time to time, there was active and pervasive participation by the workers and peasants in politics and economic management.

Yet post-revolutionary China remained a part of the capitalist modern world-system and therefore was constrained by the same laws of motion that
had been imposed on all modern states. China had to engage in a constant and intense military and industrial competition against other big powers. This meant that China had to pursue industrialization, and a social surplus product had to be extracted from the workers’ and peasants’ labor in order to accumulate capital. Moreover, industrialization required technical and managerial expertise. The small group within the population that had a monopoly of this expertise would then be in a position to demand material privileges.

Thus, as soon as post-revolutionary China embarked on the path of industrialization and capital accumulation, a new privileged bureaucratic and technocratic class emerged. This class increasingly saw the relatively favorable political and social conditions for Chinese workers and peasants, as well as the limitations imposed by the revolution on their own material privileges, as an obstacle to China’s modernization and, of course, to their personal enrichment as well.

This takes us to the struggle between “two lines.” Either China must find ways to transcend modernity or it has to submit itself to modernity. We all know very well the outcome of the struggle that took place in the 1960s and 1970s and this brings us to contemporary China.

China: A Harmonious Society?

So, is China now on its way to building a “harmonious society”? Let us evaluate this question by considering the “three major social strata” Fengzhen Wang discussed: the working class, the middle class, and the capitalist class.

The traditional working class in the state sector by now was defeated and lost virtually all of its economic, political, and social rights that were once the envy of workers in many parts of the world. But, through defeat, the Chinese working class has learned important political lessons and come to understand what capitalism and socialism mean in the real life of working people. In recent years, many among the traditional state sector workers have become politicized. Once the political environment becomes appropriate, they will not hesitate to wage a major battle to settle accounts with those who have made enormous fortunes through privatization and corruption and will certainly demand a restoration of their historical rights.

The new Chinese working class (including the migrant workers) employed in the new capitalist sectors is among the world’s most exploited. The immediate political and economic relations of forces will remain unfavorable for China’s new proletariat in the coming years. However, in perhaps one or two decades, as China’s rural surplus labor force is being depleted and many migrant workers become increasingly urbanized and see themselves
increasingly as proletarianized workers rather than "peasant workers," one would expect that the Chinese workers will follow the footsteps of the workers in the rest of the world, to develop economic and political organizations and start to demand more economic, political, and social rights. No doubt, initially, these demands are likely to be limited to what is acceptable within the constraints of the bourgeois "human rights" discourse. They are likely to include better wages, better working conditions, shorter working hours, and the right to form unions. Let us summarize these as the demand for an "eight-hour working day."

Until now, the Chinese capitalist class has largely been able to count on the urban middle class (formerly the "intellectuals") to provide crucial political support for the project of "reform and openness." Having raised their expectations and been confident that they will soon fulfill their American consumerist dreams, many Chinese "middle class" families are now struggling with paying mortgages and seeing their savings vanish in the stock market. As for new college graduates, they can afford neither a new apartment nor a new car, and many of them find themselves unemployed as soon as they graduate.

How can the Chinese capitalist class meet the combined demand from the traditional working class for a return to the "iron rice bowl" and from the new working class for nothing less than the "eight-hour working day," while the crucial political support from the urban middle class is waning? Yi mentioned political reform, a hope that is probably shared by most of the Chinese intellectuals from the right to the left. Let us have liberal democracy, let us have a welfare state, let us have class compromise, not class struggle or dictatorship of the proletariat, and let us all join together forming a great harmonious society. If class conflicts are so easy to eliminate and the harmonious society is so wonderful a place, why have the ruling classes not discovered it before?

Since the Chinese official "Marxists" must have read Lenin, they must be aware that the relative "harmony" in imperialist countries was based on the existence of a "labor aristocracy" who were bought off by the superprofits which resulted from the superexploitation of the peoples in colonies and semi-colonies. Now, the superexploitation of the Chinese workers has probably played not a small role in swelling the profits of transnational corporations in the neoliberal era. Thus there has been "harmony" between transnational capitalism and Chinese workers' sweatshop conditions. Now that it is the turn of the Chinese capitalists to have their day of "peaceful rise," there is a problem: where in the world are the colonies and semi-colonies for China to superexploit?

There is one more small inconvenience. After centuries of ceaseless pursuit of capital accumulation under the modern world-system, the world
is rapidly running out of all kinds of nonrenewable resources as well as all the important pollution "sinks." James Hansen, the world’s leading climate change scientist, argues that the world will have to completely phase out carbon dioxide emissions from coal in no more than two decades to have a chance to avoid unprecedented catastrophes that could destroy human civilization. China’s rapid accumulation has been fueled by coal which meets 70% of China’s energy needs. How much ecological space is left as China continues building the material foundation for a "harmonious society"? Or is there any left?

One thing is certain. In the not very distant future, the Chinese working class will certainly be ready to demand the "eight-hour working day." It is not a demand for a socialist right, but a bourgeois right. But can the Chinese capitalist class afford a bourgeois right? Or is this the end of the game of modernity?

MINQI LI

limi@mi.com

Minqi Li teaches economics at the University of Utah. His new book, The Rise of China and the Demise of the Capitalist World-Economy, is soon to be published by Pluto Press.

CLASS BASES OF CHINESE "MARXISMS" TODAY*

Toward the end of the Communist Manifesto, Marx and Engels describe a series of "socialisms," each representing the attempt of different classes to attach themselves to the newly developing theory, but using it to defend their own specific interests, such as "feudal," "conservative, or bourgeois," "petty-bourgeois," "critical-utopian," and so on. Something of the same kind has now happened in China, with a plethora of theoretical stands, each claiming to be "Marxist," arising to represent various class positions. The capitalist

* I would like to thank Pao-Yu Ching, Alex Day, Dong Xulin, and Matt Hale for reviewing earlier drafts of this paper and providing me with many helpful comments and suggestions. As always in such instances, any remaining flaws or errors are mine alone.