

The State of Official Marxism in China Today

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During November 13-14, 2006, I participated in an “International Conference on Ownership & Property Rights: Theory & Practice,” in Beijing. This was not just an academic conference, it was related to a sharp debate taking place in China at that time over a proposed new law on property rights. [1] Although none of the presentations at the conference made any direct reference to the proposed new law, everyone knew that it was the subtext of the conference debate.

The positions put forth by the participants in this conference provide an interesting window into the ideological struggle over the direction of social change in China. They illustrate the ways in which Marxist language and Marxist propositions, intermixed with ideas drawn from mainstream Western neoclassical economic theory, are used today in China to support the completion of China’s shift to private property and a market economy. Below I will reproduce some of the statements and positions voiced (and written) at this conference. But first some background information will help to place the statements in their historical context.

The supporters of the proposed property rights law were arguing that further economic progress in China required that private ownership of business enterprises and other assets must be made more secure. To achieve this end, a new law was needed specifying, and more importantly guaranteeing, the rights of owners of private property.

Critics resisted the proposed new law, charging that it represented a step toward abandoning the socialist system. They argued that guaranteeing private property rights, and elevating them to the same level as public property rights, would undermine the key role of state owned enterprises (SOEs) in a socialist system. To make matters worse, critics charged, the new law could potentially even safeguard the ownership claims of those who ended up in control of former SOEs that had been privatized through a corrupt insider deal. [2] This would encourage further fraudulent privatizations of SOEs. Further, they argued, it would legitimize the exploitation of labor which occurs in private enterprises.

Such political debates are normally difficult to observe in China. This debate had been taking place in various locations in Chinese society, including academic institutions and various Communist Party and state institutions. The above conference provided a way for an outsider directly to observe, and even participate in, this debate.

The main sponsor of the conference was a little-known bureau of the Central Committee of the Chinese Communist Party (CCP) called the Central Compilation and Translation Bureau. The conference was cosponsored by the Rosa Luxemburg Foundation of Germany, which is attached to the Party of Democratic Socialism. The latter is descended from the Communist Party of the former German Democratic Republic.

While there were a few foreign participants, most were from China. The Chinese participants included professors from various Chinese universities, researchers from the Academy of Social Sciences, and some party and state officials. Among the latter there was one from the Development Research Center of the State Council, which provides policy advice to the prime minister, and one

from the Central Party School. The foreign participants were quite diverse intellectually and politically, with most of them selected by the Rosa Luxemburg Foundation. I am known in China as a critic of neoliberalism in general, and privatization in particular, and I was invited to present a Marxist analysis of ownership and property rights in the United States that might be relevant to the property rights and privatization debate in China.

It has long been commonplace to read in the mainstream media that political debates in China are typically conducted, not just behind the scenes, but in a kind of Aesopian language. In this conference Marxism was the official language of discussion, at least for the Chinese participants. Despite the enormous transformation of China's economic and social system since the beginning of what is called the "market reform and opening" in 1978, a kind of "official Marxism" remains the formal state ideology and the language for discussion of economic issues. Thus, most of the Chinese speakers at this conference, whichever side of the debate they were on, couched their views in Marxist language and often used traditional Marxist propositions to buttress their claims. However, Western neoclassical economic thought has become dominant in the leading economics departments at universities in China, and in many cases it was neoclassical ideas that underlay the comments of the speakers, whatever the language used to express them.

A final relevant piece of background information concerns the class structure of China today and its relation to the CCP. Originally membership in the CCP was open to workers, peasants, and intellectuals. The rapid development of private business starting in the early 1990s created a class of indigenous capitalists who, while wealthy and increasingly influential, were at least officially barred from membership in the ruling CCP. Then a few years ago, after a sharp political struggle, the CCP membership rules were changed to open membership to "entrepreneurs." Reverberations of that political battle, as well as the one over property rights, could be heard in some of the conference presentations.

Readers can now appreciate the remarkable statements and positions put forward by various participants in this conference. In a few cases I provide a direct quotation, but most of the statements below paraphrase the main theses or points made by various Chinese speakers at the conference. Each statement below was made by at least one Chinese speaker, and some were repeated, with variations, by several speakers. In some cases I have added interpretive or clarifying comments in brackets. I begin with statements by participants who favor the current direction of social change in China—which represented the vast majority of speakers—and end with pronouncements by the few who either oppose China's march to capitalism or are at least resisting the distortion of Marxism to justify that march.

Statements and Themes from the Conference

- When an SOE is turned into a joint stock corporation with many shareholders, it represents socialization of ownership as Marx and Engels described it, since ownership goes from a single owner to a large number of owners [among others, this was stated by someone from the Central Party School].
- If SOEs are turned into joint stock corporations and the employees are given some shares of the stock, then this would achieve "Marx's objective of private ownership of property."
- In dealing with the SOEs, we must follow "international norms" and establish a "modern property rights system." [As in the Soviet Union and Eastern Europe at the end of the 1980s, the terms in quotes were euphemisms for capitalist norms and capitalist property rights.] Enterprises can be efficient in our socialist market economy only if they are privately owned. [This statement, voiced by several people, comes directly from Western "neoclassical" economic theory.]

- SOEs exploit their workers and are state capitalist institutions, and SOEs often have a very high rate of exploitation. [The point was that privatizing SOEs will not introduce exploitation or capitalist relations since both are already present in SOEs.]
- The nature of ownership of the enterprises has no bearing on whether a country is capitalist or socialist. Enterprises should always be privately owned and operated for profit. What makes a country socialist is that the government taxes the surplus value and uses the proceeds to benefit the people through pensions and other social programs. [Along with justifying privatization, this implies that, as China's economy becomes much like those of the United States and Western Europe, China is not abandoning socialism since, by this definition, all of the industrialized capitalist countries are actually socialist.]
- The United States has companies with millions of shareholders, which is a far more socialized form of ownership than anything that exists in China.
"[After the Second World War] Capitalism not only gave up its fierce antagonism to labor, but even began combining with labor....Modern capitalism...is gradually creating a new type of capitalism that is more like socialism."
- The CCP followed the correct approach, in line with classical Marxism, during the period of New Democracy [i.e., the period directly following the 1949 liberation, when the party said it was completing the bourgeois democratic revolution but not yet trying to build socialism]. The change in policy after that period [when the party shifted its aim to building socialism] was an error, and instead the New Democracy policy should have been continued. [This was spookily similar to the widespread argument in Moscow in 1989-91 that the Soviet Communist Party should have stayed with the New Economic Policy of 1921-27, which called for a mixed economy with a significant role for private business and with market forces playing the main coordinating role.]
- Besides current labor and past labor [the latter the Marxist term for the labor required to produce the means of production], there is a third type of labor, namely "risk labor." Marxist theory should take account of this third type of labor, which is expended by those who take risks through entrepreneurship. [The obvious point was that "entrepreneurs," i.e., capitalists, are a type of worker, and hence it is correct that they are allowed to join the Communist Party.]

As I listened to these themes—and as I raised questions about them in the question/discussion periods—I had a strong feeling of déjà vu. Many of them were the same themes I had heard (and had argued against) in Moscow in 1991, the last year of the Soviet Union, coming from Soviet academics and party and state officials.

Now for some comments by Chinese conference participants that swam against the private property and privatization tide:

- A thorough study of the original German versions of Marx and Engels's writings on communism shows that they clearly viewed communism as involving the abolition of private property. Those who have argued that this idea arose from a mistranslation of Marx and Engels's works are mistaken. We should not distort Marxism to justify current policies. [Some "Marxists" in China have been arguing that Marx and Engels never actually wrote that communism would involve abolition of private property.]
- Privatization is not the right solution to the problems of the SOEs. The right to use capital should belong to the workers and serve their interests.
- "Informal privatization" [in which an SOE's director illegally turns it into his private company]

creates capitalist enterprises and should not be permitted.

- While some SOEs may have low profit rates, profitability is not a good measure of an enterprise's contribution to social and economic welfare.

- The many Chinese economists who support the theories of Ronald Coase [a rightwing British property-rights theorist who is known for opposing any significant state regulation of private business] are mistaken. The Chinese followers of Coase claim that Marx had no theory of property rights and that Coase supplies the property rights theory that China needs. On the contrary, property rights are the legal manifestation of production relations, a relationship which Marx analyzes at some length. Contrary to Coase's view, private property is not necessary for efficiency. Public ownership should be primary. [This older leftist academic economist cited at some length statements by the well-known U.S. left-of-center economist Joseph Stiglitz condemning the work of Coase. The reliance by a leftist Chinese economist on the pro-capitalist—yet somewhat heretical—U.S. economist Stiglitz to make a criticism of Coase reminded me of 1991 in Moscow, when the few leftist Soviet economists struggled to criticize free market theory by citing people such as John Kenneth Galbraith.]

P.S.

- * From MONTHLY REVIEW, OCTOBER 2007. Minqi Li provided assistance in interpreting provisions of the new property law in China.

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Footnotes

[1] The new "Property Rights Law of the People's Republic of China" was passed by the National People's Congress on March 16, 2007.

[2] After such corrupt insider privatizations, the newly privatized enterprise is often then sold to a third party, who at least officially was not involved in the original privatization process. Opponents charged that one of the provisions of the proposed new law (article 106) would hold the final owner blameless and secure that person's right of ownership, as long as the final owner could claim that she or he obtained the property with "benign intent."