

# ACCEPTANCE SPEECH FOR THE WORLD MARXIAN ECONOMICS AWARD (I)

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I am Zuyao Yu, honorary member of the Economics Division of the Chinese Academy of Social Sciences. I would like to express my sincere gratitude to the World Association for Political Economy for granting me the World Marxian Economics Award of this year. This year marks the 40th anniversary of China's reform and opening up. In the past 40 years, in order to create a socialist market economy system in China, the group of Chinese Marxist economists have come out of a socialist road with Chinese characteristics and basically established a socialist market economy system under the leadership of the Communist Party of China and with the support of the Chinese people, which has been a brilliant chapter in the history of the world economy. In a large country with a population of 1.4 billion, the organic combination of the superiority of the socialist fundamental economic system and the vitality of the market economy mechanism has been realized, which is an unprecedented great initiative. This award is not a personal reward, but an honor for the group of Chinese Marxist economists, a recognition of the results of decades of painstaking collective exploration by them.

China's socialist economic reform is another great change after the founding of the People's Republic China in 1949. As a Marxist economist, I have actively participated in this cause with many partners and made my own contribution. According to the literature, in my paper titled "On the Socialist Market Economy" published in March 1979, I pioneered the notion of "socialist market economy" and argued why China must implement the market economy system. In the next 20

years, I continued to follow this line of thinking, combined with the practice of reform, made in-depth exploration, and formed a more systematic and complete socialist economic theory. I call it “my native concept on China’s socialist market economy.” The so-called “native” is to say that this concept was not copied from the modern Western market economics, but also different from the traditional Soviet version of political economy. It was rooted in Chinese “soil,” rooted in China’s national conditions. China’s socialist system was born out of a semi-feudal and semi-colonial agrarian society, dominated by the natural economic development of self-sufficiency and semi self-sufficiency in the vast rural areas. “Poverty and blankness” was the basic situation of China. After the people seized power, it was impossible to implement a socialist economic system by relying solely on modern industries, which accounted for less than 10% of the total national economy. China could and must move beyond the capitalist system. However, industrialization and modernization must be realized and completed in order to China to gradually enter socialism. The progress of industrialization and modernization will inevitably lead to the refinement and deepening of the overall social division of labor, thus promoting the formation and development of the exchange and market, and stimulating the vitality of various factors of production. Marx pointed out that people cannot freely choose the mode of production and exchange according to their own will, and the nature and level of productivity require corresponding mode of production and exchange. This is an objective law that has been proved by the history of thousands of years of human society.

Since China’s socialist system cannot go beyond the historical process of the great development of commodity economy, and since China must implement the commodity system, the law of value, as the basic law of commodity production (Engels) will not quit the historical stage, and the “invisible hand” will also act as the coordinator of production, exchange, distribution, and consumption. The law of value plays a role through market, supply and demand, price and so on. Therefore, the regulatory role of the market mechanism cannot be artificially cancelled and abolished.

However, the systematic coordination and regulation of socio-economic development is also objective and universal. In today’s world, no developed country does not implement some form of direct and indirect planned regulation. The US government advocates a “liberal” market economy and sells the neoliberal “Washington Consensus” everywhere. But the US government has never completely abandoned intervention in the economy. Modern economy is not the primitive agrarian economy. The social division of labor combines all walks of life, departments and regions into an organic whole. The socialization of production has broken through the boundaries of regions and countries and been globalized. Under such conditions, planned regulation is more objective and urgent. The

unique ownership structure of the socialist economic system is that the state-owned system takes the lead, the public ownership is the main body, and the multiple ownership system coexists and develops together. This special ownership structure not only provides broad scope for market regulation, but also creates objective possibilities for the implementation of planned regulation. This is precisely the basis of the Chinese government's ability to "concentrate its efforts on doing great things" and to implement a "national system." China's rapid economic development in the past 40 years, GDP taking the second place, and high-tech development having a place in the world rely on the "national system."

At present, China's economy has made great achievements that have attracted the world's attention, but it is also facing many difficulties. Among them, a prominent problem is the overcapacity of processing industry and raw materials industry, far more than the effective domestic demand. On the other hand, the people's effective demand with purchasing power is relatively inadequate, and tens of millions of people are still in absolute poverty. Medication, schooling and housing are regarded as the "three new mountains" in urban areas. Polarization between the rich and the poor is an indisputable fact. Regarding how to evaluate this situation, there are still different views in academia. Does this mean that the current system has not only promoted the development of productivity, improved the people's living standards, and thus is adaptable to the development and nature of productivity, but also has a contradiction with productivity? Is this contradiction the main one that currently hinders the sustainable, rapid and efficient development of the economy? Why is this contradiction fundamentally similar to the one that triggered the cyclical economic crisis of capitalism? This should be a new subject that the economists should deepen in their theoretical research of socialist market economy.

China's socialist market economic system has shown a unique superiority, but it is still in the immature, imperfect start-up stage. Engels in *Anti-Duhring* has pointed out that an immature economic system is unlikely to produce mature economic theory. China's economic reform has a long way to go. The reform has phases but no terminus.

Thanks again to all the experts, scholars, professors!

*Translated by Professor Shan Tong at East China University of Political Science and Law*