

# FOREWORD TO *CHINA'S ECONOMIC DIALECTIC: THE ORIGINAL ASPIRATION OF REFORM* BY CHENG ENFU

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***China's Economic Dialectic: The Original Aspiration of Reform***, by  
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China's record of accelerated economic growth and continuous industrial revolution over the last four decades has no historical precedent. Between 1978 and 2015, while the wealthy capitalist economies at the centre of the world system stagnated in economic terms (with average growth rates per decade falling below 3 percent), China saw a thirty-fold increase in its real Gross Domestic Product (GDP) (Wen 2015; Foster and McChesney 2012; Ross 2021, 13, 178). In 1978, the per capita income in China was only one-third that of sub-Saharan Africa, with more than 800 million of the Chinese population, in 1981, living on less than \$1.25 a day, in what was a predominantly agrarian country (Wen 2016; Ross 2021, 23). By 2018, China's per capita income had climbed to the world's median-income level, and today it has eliminated absolute poverty within its borders (Wen 2018). China is now the earth's leading industrial powerhouse and the foremost global exporter of manufactured goods. Since 2014, it has been a net exporter of capital (Wen 2015, 114). It dominates some of the world's most technologically advanced industries. As Yi Wen, Economist, and Vice President of the Federal Reserve Board of St. Louis, has noted, "China compressed the roughly 150 to 200 (or more) years of revolutionary economic changes experienced by England in

1700–1900 and the United States in 1760–1920 and Japan in 1850–1960 into one single generation” (Wen 2015, 9).

None of this, however, captures the full extent of the Chinese achievement, which constitutes the greatest U-turn in the history of the world economy. To understand this, it is necessary to go back to the dawn of the industrial era. In 1800, China accounted for 33.3 percent of total world industrial potential. By 1900, as a result of the Industrial Revolution in the West, which was fed by colonialism and slavery (including the imposition of unequal treaties on China via Western “gunboat diplomacy”), the Chinese share of world industrial potential had dropped to 6.3 percent. By 1953, it had dropped still further to as little as 2.3 percent (Christian 2004, 406–409; Bairoch 1981, 7–8).<sup>1</sup> “At no time between the 1840s and 1949,” W.W. Rostow wrote in *The World Economy* in 1978, “were the Chinese free to concentrate wholeheartedly on the tasks of economic and social modernisation,” while from 1949–1978, “the pace of industrial expansion” was “relatively rapid.”<sup>2</sup> The turning point, in 1949, was, of course, the Chinese Revolution, which, following a century of colonial-capitalist intrusions, allowed China to control its own destiny once again.

In two roughly 30-year periods, the first associated with the name of Mao Zedong (1949–1977), the second mainly with Deng Xiaoping (1978–2008), China went from the initial revolutionary construction of a centrally planned, collectivised socialist economy within a peasant society (during which its progress was impeded by the Cold War launched by the United States), to a period of opening up, market reform, and reinsertion into the world economy. Beginning in 1978, it privatised much of its economy while nevertheless maintaining a large state sector. In 2001, China became a member of the World Trade Organisation, and in the eyes of many was on the way to becoming a leading, second-tier capitalist economy. The Great Financial Crisis of 2008, beginning in the United States and spreading to the global economy was a watershed. China saw a massive decline in the external demand for its goods. Yet, it was able to pull itself out of the crisis with remarkable speed. Nevertheless, the veil was suddenly torn away from the so-called Washington Consensus, exposing the misguided views of those advocating neoliberal restructuring, and causing Beijing to place renewed emphasis on safeguarding the strategic role of its state-owned enterprises (Dittmer 2021, 3–40).

In Xi Jinping’s New Era, beginning in 2012, China, having emerged as an economic superpower, has shifted its core emphasis back to fulfilling its “original aspirations” of promoting a socialist “common prosperity.” The New Era has stressed combatting corruption, the creation of greater equality so as to ensure that the benefits of growth go to the entire population, and the development of an “ecological civilisation,” along with rural revitalisation. This dramatic shift has been accompanied by a turn toward the Global South with the launching of the Belt and Road

Initiative spanning the globe. China is now moving rapidly toward fulfilling its second-centennial goal—following the achievement in 2021 of its first-centennial goal of a “moderately well-off” society—in which it is to become, by 2049, a “prosperous, strong, democratic, culturally advanced, and harmonious” society: a modern *socialism with Chinese characteristics*.<sup>3</sup>

How is China’s Great U-turn to be explained? What were the means of carrying it out? Why is it unstoppable?<sup>4</sup> Orthodox, neoclassical economics, within their limited frame of analysis, which measures everything by the yardstick of a capitalist system conceived as a universal, insurmountable reality, have no real answers to these questions. All hegemonic-Western attempts to analyse China, in terms of the dominant categories of capitalist economics, have failed, including ludicrous endeavours to delimit the Chinese political economy, variously, as neoliberal, Keynesian, social democratic, welfare capitalist, or state capitalist. The nature of China’s political order (commonly dismissed in the West as simply an “authoritarian regime”), along with its economic system, have been little understood, since it does not fit into the well-worn ideological categories that define the dominant liberal worldview. Widely accepted convictions, emanating from the Washington Consensus, that China would fall into the middle-income trap or fall prey to corruption emanating from its domestic capitalist class have thus far proven false.<sup>5</sup> Likewise, the widespread expectation in the West in late 2019 and early 2020 that the People’s Republic of China would be overcome by the spread of COVID-19 turned out to be wrong. Rather, China, demonstrating the strength of its polity, was able to rely on the self-mobilisation of its population, utilising the model of people’s revolutionary war, with the result that, as of September 2021, China has suffered three deaths per million from COVID-19, as compared with 2,140 deaths per million in the United States.<sup>6</sup>

The truth is that China, under the leadership of the Communist Party of China (CPC), while rapidly absorbing ideas and technology from the West, has been guided strategically all along by Marxian political-economic theory and a dialectical and historical materialism with Chinese characteristics, giving it an advantage in terms of theory and practice over all previous paths of development. China has, in fact, invented a new mode of economic and social development, setting aside many of the so-called “free market” nostrums of conventional capitalist economics and avoiding the pitfalls of monopoly-finance capital. To understand this, it is necessary to learn from Marxism with Chinese characteristics.

All historical periods of great social ferment give rise to revolutionary new ideas and to the new thinkers in whom these ideas are embodied. Commenting on the Renaissance, Frederick Engels observed that the rediscovery of the Greek civilisation lying under the Roman ruins, resulted, in the early modern era, in a whole new flowering of science and culture. The result was the emergence of

“giants in power of thought, passion and character, in universality and learning,” who became the world-historical intellectual figures of their time (Engels 1972, 21). In its current flowering, during the New Era, China is seeing such a renaissance, rooted in its long revolution, leading to the emergence of new intellectual “giants,” embodying the spirit of the times.

Cheng Enfu<sup>7</sup>, the principal author of this book, certainly rates as one such world-historical thinker, associated with the current renewal in the New Era of Marxist political economy in China. He is a former president of the Academy of Marxism in the Chinese Academy of Social Sciences (CASS), and is currently director of the Research Center of Economic and Social Development at CASS. He is also Chairman of the World Association for Political Economy and President of the Chinese Forum on Innovation in Marxism. He edits two international journals, published in Britain: *International Critical Thought* and *World Review of Political Economy*, as well as two Chinese journals: *Research in Political Economy* and *Journal of Economics of the Shanghai School*. Among his many economic and political works is his masterpiece, *The Creation of Value by Living Labour*, coauthored with Wang Guijin and Zhu Kui (Cheng, Wang, and Zhu 2019, 14).

In *China's Economic Dialectic*, written by Cheng with the assistance of a number of colleagues, including Ding Xiaoqin, we encounter a study that captures the inner logic of China's political economy, while addressing issues of strategy and policy at every level.<sup>8</sup> This work, therefore, illuminates the full significance of “socialism with Chinese characteristics,” with respect to the mode of economic regulation. Central to the Chinese socialist-market system, still governed by five-year plans, is the large role of state and collective property, and the continuing strategic dominance of the state sector over the private sector—while leaving room for the latter to prosper and help guide economic development within the parameters set by the state and under the leadership of the CPC. The critical needs of the economy and society are understood as changing in various eras, representing different “principal contradictions” (Mao 1967, 346). In the early Revolutionary Era, the principal contradiction was creating a basis for collective property, and for Chinese independence in the world at large. In the Reform Era, the chief need was rapid economic growth and industrialisation. In the New Era, the emphasis is on building a strong, “auto-centric” Chinese economy, relying on increased internal innovation, a dual circulation strategy (encompassing outward and inward growth, urban, and rural codevelopment), greater equality, and the reinstatement of the *mass line* as a means of popular protagonism.<sup>9</sup> The balance between the state and private sectors is again changing, with increased stress on the strategic role of state ownership and a growing emphasis on a more equitable distribution according to labour. These and many other issues, related to the Chinese economy, are discussed in this work.

If China can be seen as entering a New Era in the Xi period, focused on fulfilling the “original aspirations” of the Chinese Revolution, Cheng’s research in this book can be viewed as that of an organic intellectual, in the Gramscian sense, who resisted earlier tendencies and played a formative role in a new turn toward innovative Marxism within the academy. Much of the analysis here was written when the field of economics within the Chinese academy (as opposed to the party and state) was almost completely dominated by neoliberal analysis. His work thus represents an early dialectical synthesis pointing to China’s current phase.

For Western Marxists, what is likely to be most astonishing is the many-sided approach to Marxism displayed throughout this work. This reflects a strong emphasis on cultivating an open Marxism, drawing on different views and debates, and various movement vernaculars, in the continuing world struggle for socialism.<sup>10</sup> Here we see the emergence of a unified critical perspective in line with Marx and Engels’s original conception of a historical-materialist *Wissenschaft*, a term usually translated into English as “science,” but, in fact, standing for something far wider: a system of knowledge, learning, and science, rooted in dialectical and materialist inquiries (Fracchia 1999, 194). Chinese Marxism, with the work of Cheng Enfu standing as one example, can thus be viewed today as offering a new, creative “historical-materialist *Wissenschaft*” with Chinese characteristics for the twenty-first century.

## Notes

1. See also Figure 1 of “China’s Rapid Rise” (Wen 2016). The Chinese percentage of world industrial potential rose from 2.3 in 1953 to 3.9 in 1973, as a result of the industrialisation in the Mao period (Christian 2004, 408).
2. Rostow’s (1978, 522, 536) statement that China’s industrial growth had been “relatively rapid since 1949”—an observation that he backed up with extensive statistics—has added significance given the 1978 date of his book, since he was referring to the successful industrial growth path of the Chinese economy during its first thirty years following the revolution, *prior to the reform period*.
3. The first centennial marked the hundredth-year anniversary of the formation of the Chinese Communist Party (Xi 2017, 15).
4. In 2004, the *New York Times* (Fishman 2004) declared that nothing other than “Mao’s resurrection or nuclear cataclysm” was likely to arrest China’s economic course. By “Mao’s resurrection” was meant a return to the original aspirations of the Chinese Revolution. Given that the New Era in China promises precisely this kind of revolutionary rejuvenation aimed at socialism with Chinese characteristics, making China in fact even more unstoppable, the world-hegemonic order led by the United States is now threatening China with “nuclear cataclysm” with the launching of a New Cold War on China. See Ted C. Fishman (2004) and John Bellamy Foster (2021, 1–20).
5. With respect to the view that China would almost inevitably be caught in the “middle-income transition” trap, see Michael Spence (2011, 195–198). On the corruption trap, former US Treasury Secretary Larry Summers wrote (with Lant Pritchett) as recently as 2014:

We suggest that salient characteristics of China—high levels of state control and corruption along with high measures of authoritarian rule—make a discontinuous decline in growth even more likely than general experience [the normal regression to the mean in economic growth] would suggest. (Summers and Pritchett 2014, 2)

What Spence and Summers failed to understand is that, in the case of China, historic trends (including the middle-income trap and the corruption trap) do not necessarily apply in the same way, given that it is a partially planned, state-regulated socialist-market economy. Thus, the current “dual circulation” strategy aimed at the development of internal markets, and the goal of a socialist “common prosperity,” are both directed at transforming economic and social institutions to avoid these two classic traps of capitalist development.

6. On the role of the model of people’s revolutionary war in combatting the SARS-Cov-2 virus, see Wang (2020).
7. “Cheng” is his family name, while “Enfu” is his given name. According to Chinese tradition, “Cheng” is put before “Enfu.”
8. A précis of Cheng’s views on China’s economic “miracle,” summarising much of the argument in this book, was provided in Cheng and Ding (2017, 46–57).
9. On “auto-centric” development, see Samir Amin (1976, 76–78, 191–197). On “dual circulation,” see Xi (2020) and *Reuters* (2020).
10. In relation to open Marxism, see Cheng and Wang (2018, 1–16) and John Bellamy Foster (2018, 1–16). Cheng’s approach to revolution in the Global South, and his understanding of the need for different strategies and revolutionary vernaculars, builds on Lenin’s theory of imperialism and its continuing relevance in the contemporary phase of global monopoly-finance capital. See Cheng and Lu (2021, 22–58). On the concept of vernacular revolutionary movements, see Teodor Shanin (1983, 243–279).

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