

On the Shanghai Political Economy Textbook

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Introduction

Marxism, as opposed to any other earlier ideology which one way or the other was inspired by the hardships of the exploited masses, is a science. From this point of view, Marxism is not a system of more or less idealist thoughts of how things ought to be and how people should behave, a doctrine of dogmas, but a system of thoughts, organised with a very well-defined scientific method using the principles of dialectical materialism. The Marxist system is a scientific system with which to unveil the objective laws of historical development. Marxism is a scientific tool in the hands of the exploited classes with which the latter take historical development into their hands and transform society on the basis of higher forms of social organisation towards the construction of communism.

Marxism as a science is not a system of frozen ideas, but a system of thoughts that evolves historically. However, while evolving, Marxism remains a unique and self-contained system, as a result of which it has a single correct interpretation, in virtue of its scientific essence. The same way the phenomena of nature and their laws of development are studied by such branches of natural science as chemistry, biology, physics, etc., social phenomena are studied and interpreted by Marxist sciences. For the same reason that there exists only one possible scientific interpretation of the phenomena of nature, that there exists only one science of chemistry, biology, physics and not two or more sciences of chemistry, biology and physics, there exists only one single scientific system that is able to study and interpret social phenomena.

The principles of Marxism-Leninism are not postulates about the laws that govern society and history. They are the result of a titanic effort to generalise the knowledge about social phenomena and they best reflect their essence. Therefore these principles are not eternal truths, the quintessence of human thought, conceived by minds of geniuses. Quite to the contrary, the principles of Marxism-Leninism do not pre-date history; they are a product of history itself and they are derived from the latter, they are a reflection of the objective laws that govern reality. The principles of Marxism-Leninism are not a mystic knowledge of the elders but the minimal expression of a full-fledged science, whose ultimate goal is to understand social processes for the purpose of changing society.

The revision of the principles of Marxism, regardless of its orientation and historical epoch, subverts the scientific basis of Marxism and turns the latter into a dogmatic set of thoughts and citations of holy texts; in other words, it turns the once scientific system of thought into a form of religious doctrine, which overtakes the superstructure of the revisionist system. From being the ideology of the exploited masses, this hollow Marxism turns into a tool of exploitation. Having reached this point, revisionist Marxism, anti-Marxist in essence, can split into different heresies, into different interpretations of what turned into some kind of Holy Scriptures, as those interpretations cease to be scientific and are moulded to fit the needs and idiosyncrasy of the new ruling classes or those who serve the old ruling classes, according to the concrete historical situation.

Revisionism retains the outward form of Marxism but rips off its scientific basis. Revisionism fosters dogmas. For instance, many (if not all) forms of revisionist doctrines uphold the commodity character of all products under socialism. Different revisionist trends (heresies) argue in favour of such a dogma in a different way, and though they agree to disagree in the form, they agree on the need for products under socialism to be commodities. While disagreeing on many issues, Bukharinists and Trotskyites arrived at the same conclusions with regard to the Soviet policies of collectivisation and the progressive curtailing of the sphere of operation of commodity-money relations. While disagreeing on many issues, Khrushchevites and Titoites agreed to condemn the basic principles of Marxist-Leninism of the transition to socialism and communism, which many revisionist and openly bourgeois ideologists have labelled as Stalinist and, hence, evil.

The political economy of socialism has been a highly debated topic for as long as the theory of Marxism has existed. Discussions over this fascinating topic have become a battle ground between Marxism-Leninism and revisionism. It is no coincidence that the process of restoration of capitalism in the Soviet Union and other former People's Republics in Eastern Europe has been preceded and followed by thorough economic discussions, at the end of which the specifics of revisionism took shape and become a more or less consistent system of thought, a new doctrine, so to say. The system of economic thought developed in the post-Stalin Soviet Union became a more or less consistent revisionist system, which was propagated and became more or less accepted by the revisionist leadership of the former People's Republics of Eastern Europe.

The revisionist essence of those trends that merged into what came to be known as post-Stalin or modern revisionism, as well as those that were derived from the latter, has been repeatedly exposed by Marxist-Leninists. Not wishing to add anything of substance to this critique, in the present article we would like to concentrate on a fascinating topic in the discussions on the political economy of socialism. In the present work we present a brief critique of what in our opinion is the revisionist essence of the principles of the political economy of socialism promulgated by the famous Shanghai political economy text-book, published in 1975 in China. The Shanghai text-book summarises and publicises the basics of what has been portrayed for many years as a development of the principles of Marxism-Leninism. In the present work we try to substantiate the view that a number of allegedly innovative ideas put forward in the Shanghai text-book are, far from a development of Marxist science, quite to the contrary, a mixture of pre-Marxist thought and openly Bukharinite-Khrushchevite thinking. While adopting a somewhat different form of revision of the principles of Marxist-Leninist political economy, the authors of the Shanghai text-book basically come to similar conclusions as the Khrushchevite-Brezhnevite clique with regard to the basic guidelines for the construction of socialism, the roles of the plan, commodity-money relations, interrelations between industry and agriculture, collectivization, etc. Moreover, the new principles of political economy of socialism advocated by the authors of the Shanghai text-book are postulates which are not the result of a thorough analysis of the concrete economic conditions of revolutionary China. These postulates are rather a reflection of the 'change of mood' among economists after the death of Stalin, and do not add anything of substance to revisionist postulates formulated by the revisionists in the Soviet Union. It is important to note that a number of the principles and formulations presented by the Shanghai text-book do display certain formal differences from those adopted in other countries. While

pointing the reader to the major similarities we will try to emphasise the specifics of the reasoning used by the authors of the text-book.

It is most fortunate for the economic history of revolutionary China and for our analysis that Chinese economists were indeed aware of and very much familiar with the basic Marxist-Leninist principles for the transition to socialism. After a brief period of brisk economic recovery (1949-1952), the Chinese government launched a very successful First Five-Year Plan (1953-57) whose excellent economic results were praised even by bourgeois economists. This five-year plan followed closely what bourgeois ideologists usually refer to as the Soviet or Stalinist model for the transition to socialism, which had produced very successful and at times even almost spectacular results in the People's Republics of Easter Europe during the post-war period.

Indeed, by virtue of the Treaty of Friendship, Alliance and Mutual Assistance signed in January 1950 by Mao and Stalin and valid until 1980, the Soviet Union rendered significant financial and technical assistance to modernise Chinese industry. The Soviet Union provided thousands of engineers to boost China's industry and therefore her economy as a whole. Large numbers of Soviet engineers, technicians, and scientists assisted in developing and installing new heavy industrial facilities, including many entire plants and pieces of equipment purchased from the Soviet Union. Soviet planners helped their Chinese counterparts formulate the plan, as a result of which the period of 1949-1957 could be regarded as the most successful economic period that China ever had, not only from the point of view of sustained, steady and well-balanced economic growth as a whole, but also from the perspective of the resolution of class contradictions, the liquidation of the capitalist mode of production and feudal domination.

In the present work we concentrate on the most prominent tenets advocated by the authors of the Shanghai text-book, which liquidate the basic principles of Marxism-Leninism with regard to socialist construction that were materialised in the main by the first Five-Year plan: the postulate about agriculture as the foundation of the economy, the violation of the Marxist principle of the leading role of the development of heavy industry, the right-wing stand on the role of commodity-money relations and collectivisation, and the idealist character of the definition of the role of politics in the economy.

Pre-Marxist Character of the Postulate of Agriculture as the Foundation of the Economy

In this and the next sections we will cover two of the most relevant aspects of the economic system advocated by the authors of the Shanghai text-book. Before touching upon what in our opinion is a systematic violation by the authors of the Marxist-Leninist principle of the determining role of the development of heavy industry in both the transitional and socialist economies, it is convenient to evaluate one specific aspect of their economic thinking. In particular we elaborate on the postulate of agriculture as the foundation of the Chinese economy. This postulate as we know it today may be found in the Chinese economic literature by the end of the first Five-Year Plan. Although we do not observe this to be an evident element inherent in the economic thinking of the Chinese communists in general, further investigation may throw additional light on this question. We believe that this postulate is deeply rooted in pre-Marxist economic thinking and, as a result, it may have been inspired one way or another by pre-Marxist Chinese thinkers.

In the next section we will be specific with regard to economic figures characteristic of the first Five-Year Plan and it will illustrate how the relative growth of heavy industry with respect to the others branches suffers a qualitative decline, especially after the economic reforms of the early 1960s. The Marxist-Leninist principle of the prioritisation of heavy industry was followed during the 1950s. Around 1957 the Chinese leadership started to express serious concerns that the path to industrialisation of the country should be carried out differently from the spirit of the first Five-Year Plan. The need for industrialisation of the country was never denied, neither before nor after the completion of the first Five-Year Plan; however, a new thinking started to arise, that other sectors of the economy had allegedly been neglected. It is at this time that the Chinese leadership raises the issue of the need to establish new relationships and balances among various sectors of the economy. By the time of the writing of the Shanghai text-book the new economic thinking had long been consolidated:

‘To realise socialist industrialisation, it is of course necessary to give priority to developing heavy industry. But, giving priority to developing heavy industry does not mean that agriculture and light industry must be ignored’ (ed. George C. Wang, ‘Fundamentals of Political Economy’, M.E. Sharpe, White Plains, New York 10603, 1977, p. 383. This is a translation of ‘Cheng-chih ching-chi hsueh chinch’u chih-shih, 2 vols., compiled by the ‘Fundamentals of Political Economy’ Writing Group, Shanghai (Shanghai People’s Press, 1974)).

The leading role of industry is not denied here; however the concept of prioritisation suffers a substantial change, as we will see below. The authors of the text-book never deny the progressive character of heavy industry, or the crucial role of science, technology and its application to more advanced and productive means of production. The benefits of the application of technological advances and a robust heavy industry are also acknowledged as a very important element for the mechanisation of the countryside, which the authors are clearly concerned about. With statements of this type the authors try to formally accept, in the form of a statement, the need to develop heavy industry, but at the same time to allow for a very different interpretation of the relationship between various branches of the economy. As will be elaborated in more detail in other sections, this type of statement opens the way to the revision of principles and is used by the authors on different occasions to tackle certain fundamental issues.

For a Marxist who understands the relationship between heavy industry and other sectors of the economy, it makes little sense to say that one should give priority to industry without neglecting agriculture. The Marxist-Leninist scheme for extended social reproduction is very well established both in the theory and practice of socialist construction. Bourgeois and right-wing revisionist economists usually come up with statements of the following sort: The industrialisation in the Soviet Union corresponds to an economic model in which heavy industry is developed at the expense of other sectors of the economy, in particular, in relatively backward countries (like pre-revolutionary Russia and China), at the expense of the vast masses of the peasantry. This stereotype has been repeated over and over again for as long as the revolutionaries have tried to establish a roadmap for industrialisation. A Marxist knows very well that the only possible way for massive collectivisation is via the mechanisation of labour in the countryside. The latter is impossible without the development of a robust domestic heavy industry. Apparently, the authors of the text-book disagree with this view, as a result of which

they feel impelled to establish the ‘theoretical’ framework that will enable them to draw a number of earth-shaking conclusions.

In our opinion, the statement above has little to do with Marxist-Leninist political economy and is simply a reflection of the bourgeois and right-wing revisionist thinking that we mentioned above. Let us examine the role of two points raised in the preceding quotation in the political economy put forward by the Shanghai text-book: the meaning of their concept of priority in developing heavy industry and the assertion that agriculture must not be ignored. The authors openly state that agriculture is the foundation of the national economy:

‘In organising the development of the national economy, the socialist country must consciously apply **the objective law of agriculture as the foundation of the national economy**’ (ibid., p. 368, our emphasis).

This statement goes far beyond the understanding that agriculture, in a country with an overwhelming majority of peasants, has to play a very important role for the very obvious reason that there is a clear economic disproportion at the start of the economic development. We are dealing here with a new understanding of the direction of development in the transitional economy in a relatively backward country like China. When the authors appeal to the principle of agriculture as the foundation of the national economy, they imply that agriculture is to be given priority in the national economy:

‘Since agriculture is the foundation of the national economy, it is necessary to treat the development of agriculture as a priority of the national economy. Only when agriculture is developed as the foundation of the national economy can light industry, heavy industry, and other economic, cultural and educational enterprises be developed’ (p. 370).

At this point, a seeming logical but profoundly anti-Marxist argument is used. We will elaborate on this in more detail below. According to the authors, if agriculture is not developed then industry cannot develop either. It is assumed that the national economy can function only if agriculture is developed as the basis for economic development of the national economy as a whole. According to the authors, the development of industry is determined by the development of agriculture and not the other way around. At this point this scheme is presented as an abstract relationship. It is not clear at first glance exactly what proportions are implied by that relation of subordination. As will become clearer in the quantitative analysis made in the next section, this scheme implies that the level of capital investment in heavy industry is determined by the level of investment in agriculture and light industry and not the other way around.

This is further substantiated by the postulate that agriculture should become heavy industry’s primary market and therefore the level of investment in heavy industry is determined by the needs of agriculture. A more or less advanced agriculture will reflect a more or less advanced heavy industry, as agriculture is the beginning and end of the production process.

‘At present, people have not yet clearly realised that the point that heavy industry must take agriculture as its primary market. With the steady advancement of agricultural technology and its ever-increasing modernisation, fertilisers, water conservancy and power and transportation

facilities will be available for agriculture and more fuels and construction materials will be available to private consumption, then people will comprehend that agriculture is the primary market for heavy industry' (op. cit., p. 369, a quote from 'On the Correct Handling of Contradictions Among the People', Selected Readings from the Works of Mao Tse-Tung, (Type A) Jen-min ch'u-pan-she, 1965, p. 362).

The true meaning of the statement that agriculture should not be neglected is explicitly stated in the form of the postulate of the proportions of labour exchanged between the three main sectors of the economy. The authors draw clear guidelines with regard to the priorities for development in the transitional economy: first agriculture, then light industry, followed by heavy industry.

'Under the guidance of the General Line for building socialism and the general policy for developing the national economy, China's national economic plan is arranged in the order of agriculture, light industry, and heavy industry with Chairman Mao suggested. That is to say, in arranging the national economic plan, we must start from agriculture and place agriculture in the primary position. Whether it is allocation of capital funds or the supply of material goods, the needs of agriculture cannot be neglected.'

The authors of the text-book turn upside down the order of priorities established by the founders of Marxism-Leninism. They contradict the very basics of Marxist economics. They ignore Marx and Engels' theory of reproduction and extended reproduction and their predictions for socialism. They undermine Lenin's teachings on political economy and his struggle for the industrialisation of Soviet Russia. They put a cross on the titanic effort and practical experience for the industrialisation of a vast agricultural country, the building of the main basis of socialism in the Soviet Union. They liquidate Marxist political economy and replace it with a petty-bourgeois pseudo-science wrapped up in the external appearance of Marxism deprived of its scientific substrate. Using revolutionary phraseology the authors of the Shanghai text-book put forward this and other anti-Marxist theses, which they even dare to portray as a development of Marxist-Leninism! Is this really a development of the Marxist-Leninist science or a plagiarism of pre-Marxist economic thought under the concrete-historical conditions when Marxist-Leninism was under attack by all types of right-wing theories and practice following the XXth CPSU Congress?

So far we have examined the formulation of the postulate regarding agriculture as the foundation of the economy. Such a statement was regarded by the Chinese economists as a novel statement in the science of political economy. More careful analysis of this postulate indicates that the essence of this statement, which is so pivotal to the economic thought advocated by the authors of the Shanghai text-book, is fundamentally pre-Marxist and its essence had been exposed long ago by Lenin, especially in his early works on political economy.

Lenin, following Marx, exposed the mistakes of Sismondi and the Narodniks and also showed the fundamentals of their mistakes with regard to the value of social production within the context of the analysis of the development of capitalism in Russia. Lenin showed that Marx could create his theory of capitalist reproduction by overcoming two main mistakes of classical bourgeois political economy. The first one is related to excluding constant capital from the analysis of the value of social production and thus reducing it to two parts (which correspond to

the worker and the capitalist). The second is related to confusing individual consumption and consumption of production, which leads to ignoring the latter in the analysis of reproduction and extended reproduction in general.

Lenin conscientiously and systematically fought against the reactionary economic theory of the Narodniks. In doing so he further developed a crucial methodological statement in the Marxist theory of reproduction, namely, the question of the relationship between individual and productive consumption. The classics of bourgeois political economy, Adam Smith and David Ricardo, in confusing individual and productive consumption reduced all consumption to individual consumption, which prevented them from understanding the process of realisation of the social product. This also prevented them from understanding the process of reproduction of capital. It is only possible to solve these fundamental problems of political economy, regardless of the mode of production, by making a clear distinction between the production of means of production (Department I) and the production of the means of consumption (Department II). These questions are dealt with great detail in Marx's *Capital*. Particularly valuable in this respect is the fourth volume of the *Capital*.

To reduce the social product to two components is a mistake common to pre-Marxist economic thought and has an objective substrate. This 'omission' is due to a superficial analysis of the capitalist product at a time when capitalist production was at its early stage of its development, namely the epoch of manufacture, before the advent of large-scale machine industry. The root of this mistake is objective in the sense that it is based on concrete historical-economic conditions, which pre-determine the pre-Marxist economic thinking. Needless to say, the objective conditions in China with regard to the development of large-scale machine industry, which influenced the Chinese economists, were not very different from those that influenced the ideas of the Narodniks in Russia:

'Old China was a semi-colonial and semi-feudal country. Under the oppression of imperialism, feudalism and bureaucratic capitalism, the level of production was extremely backward. The few modern industries that existed consisted primarily of light industry and textile industry. When the country was liberated in 1949, the annual output of steel was only 158,000 tons. There was nothing to speak of in many important industrial sectors' (*ibid.*, p. 383).

In this context it is much easier to understand the rationale behind the following statement regarding a more quantitative estimate of resource allocation under socialism, which otherwise would sound rather preposterous, to say the least:

'At the same time, we must also take care that the development of heavy industry and other sectors of the national economy cannot exceed the amount of food grain, raw materials, capital funds, and labour force that can be provided by agriculture' (*ibid.*, p. 388).

By committing the same methodological mistake as classic bourgeois political economy and its followers in Russia, the authors of the Shanghai text-book not only arrive at the well-known conclusion about agriculture being the basis of the national economy, but they also establish an upper limit on the proportion of the social product that can be involved in heavy industry. Therefore, by construction, the socialist plan establishes an upper limit on investment and

resources allocated to heavy industry determined by the development of agriculture, a sector of the economy which displays a lower level of labour productivity. Whether the total social product is large enough in an economically backward country like China at that time, with respect to the total amount of social product involved in heavy industry, is of no substance. We are referring here to a general statement for the construction of the socialist economic base.

The authors of the Shanghai text-book agree with the Narodniks that without the development of agriculture the development of the national economy is not possible, and therefore they conclude that the development of the national economy is determined by the development of agriculture. The growth of capitalism during its early stages of development took place despite a shrinkage of the peasant market because of the expansion of the market of the means of production. Under socialism, the large masses of individual producers do not disappear under the pressure of the development of capitalism in the countryside, nor does the peasant's market shrink in favour of the development of industry, as happens under capitalism. Much to the contrary, in the transitional economy the expansion of the forces of production in agriculture is mainly driven by heavy industry. To believe that the development of agriculture in a relatively backward country like China can take place on the basis of simple cooperation without the assistance of the state in the form of a solid heavy industry is a hopeless illusion and a reflection of a profound lack of understanding of the basics of Marxist political economy. The economic history of the construction of socialism has shown that failure to understand and implement this in economic practice ultimately leads to the development of capitalism in the countryside. The authors of the Shanghai text-book arrive at quite the opposite conclusions. They arrive at the same conclusions as the Narodniks when they even questioned the feasibility of the development of capitalism in Russia.

'Indeed, let us imagine that in answer to the question: 'Can capitalism develop in Russia, when the masses of the people are poor and are becoming still poorer?' somebody would say the following: 'Yes, it can, because capitalism will develop not on account of articles of consumption, but on account of means of production.' Obviously, such an answer is based on the absolutely correct idea that the total productivity of a capitalist nation increases chiefly on account of means of production (i.e., more on account of means of production than of articles of consumption);' (V.I. Lenin, *On the So-Called Market Question*, Collected Works, 4th English Edition, Progress Publishers, Moscow, 1972, p 110)

Lenin's classical Marxist analysis of the pre-Marxist character of the Narodniks views of the development of capitalism in Russia is perfectly valid in our analysis of the sources of the anti-Marxist deviation advocated by the authors of the Shanghai text-book in the form of the postulate of agriculture as the basis of the national economy.

'He regards as the greatest 'obstacle' to the development of capitalism in Russia the 'contraction' of the home market and the 'diminution' of the purchasing power of the peasants.'

'...Wherein lies the absurdity of this 'ever new' (for the Russian Narodniks) theory?

'Is it that its author fails to understand the significance of the 'production of means of production as means of production'? Of course not. Mr. Nik. – on knows that law very well and even

mentions that it operates in our country, too (pp. 186, 203-204). True, in view of his faculty for castigating himself with contradictions, he sometimes (cf. p. 123) forgets about that law, but it is obvious that the correction of such contradictions would not in the least correct the author's main (above-quoted) argument' (V.I. Lenin, *On the So-Called Market Question*, Collected Works, 4th English Edition, Progress Publishers, Moscow, 1972, p 122-123)

This and other economic theses advocated by the authors of the Shanghai text-book are inconsistent with the proletarian essence of politics guided by Marxism-Leninism. As will be elaborated in other sections, the authors resort to revolutionary (at times ultra-revolutionary) phraseology to cover the pre-Marxist and right-wing revisionist essence of a number of their pivotal theses. From the point of view of a consistent Marxist it makes no sense to call on the masses to follow proletarian policies while the essence of the economic reforms proposed by the authors is fundamentally petty-bourgeois. Their class essence together with the anti-Marxist character of the economic thought of the Narodniks has been exposed long ago. We appeal to those who still consider the economic thesis about agriculture being the foundation of the economy as a proletarian policy to carefully address these issues and pay more attention to the essence of economic phenomena:

'...the Narodniks did not regard the working class as the foremost class in the revolution. They dreamed of attaining Socialism without the proletariat. They considered that the principal revolutionary force was the peasantry – led by the intelligentsia – and the peasant commune, which they regarded as the embryo and foundation of Socialism.'" (History of the Communist Party of the Soviet Union (Bolsheviks), 1939, International Publishers, p. 12.)

Violation of the Marxist Principle of the Leading Role of the Development of Heavy Industry

In the previous section we touched upon one of the most important postulates on which the Shanghai political economy text-book relies. As we have seen, the authors unambiguously admit to thinking that agriculture is the basis of the economy and determines the development of other sectors of the economy, in particular heavy industry. Even though the authors of the text-book formally agree with the formulation of the leading role of heavy industry, it is clear that they have a very different conception of the labour exchange between the various sectors of the economy than that advocated by the founders of Marxism-Leninism. To be specific, the authors give priority to agriculture, followed by light industry and then by heavy industry. In this section we will be more quantitative and we will try to show that this conception leads to the violation of the Marxist-Leninist principle in the political economy of the transitional and socialist societies of the determining role of heavy industry in economic development. We emphasise the qualitative change taking place in the development of heavy industry when comparing the main economic control figures of the first Five-Year Plan and the economic reforms that took shape in the early 1960s which, in our opinion, liquidated a number of basic progressive features embodied by the first Five-Year Plan.

The Marxist-Leninist principle of the leading role of the development of heavy industry had been applied in the Soviet Union and in the People's Democracies of Eastern Europe and it had become a widespread notion when the Chinese Communists came to power. In this sense the first

Five-Year Plan had become a concretisation in the conditions of China of what was considered a well-accepted and uncontroversial *modus operandi*. It is not within the scope of the present work to elaborate on the classical considerations leading the founders of Marxism-Leninism to the conclusion of the need for the leading role of heavy industry in the transitional economy. To conclude otherwise, as the authors of the Shanghai text-book imply, is to deny the very basics of Marxist political economy. Marx reiterated that the level of development of the productive forces is strongly linked to the level of achieved productivity, which depends on the degree of mechanisation of labour. The increasing mechanisation of labour is necessarily driven by a change in the composition in the social product in favour of industry with respect to agriculture and in favour of heavy industry with respect to light industry. This is a necessary result of the Marxist analysis of the realisation of the social product, a necessary result of the Marxist theory of reproduction and extended reproduction. This is applicable to the Capitalist, Socialist and Communist modes of production as well as to the transitional economy. To deny in deeds the leading role of the development of heavy industry over other sectors of the national economy is not only flagrantly anti-Marxist but it also contradicts the purely phenomenological observation about the strong correlation of the growth of industry and the overall growth of the economy in modern modes of production.

At this point it is important to make two remarks. Firstly, we do not touch upon the basic features of the Chinese economic development during the years of the Great Leap Forward. These economic reforms were relatively short-lived compared to other stages of the economic history of China. Not wishing to discuss the essence of the economic phenomena that were produced by the Great Leap Forward, we prefer to establish a comparison between the spirit of the first Five-Year Plan and the economic reforms of early 1960s. First, this is meant to simplify the analysis and to establish a clear demarcation between two well-defined periods of the economic history of China. Secondly, it is not necessarily correct to view the first Five-Year Plan as a uniform stage. As a matter of fact, a more detailed analysis of the control figures of the first Five-Year Plan show changes towards 1956-1957 that reflect certain changes in the economic discussions of that time. The pillars of the new economic doctrine, as summarised in the Shanghai text-book, were laid down during the period of 1956-1957 in the aftermath of the CPSU XXth Congress, were consolidated in the years after and were in our opinion consistently applied during the early 1960s. When we establish a comparison between the first Five-Year Plan and the economic reforms of the 1960s we are using a convenient simplification.

Regardless of the academic considerations concerning the determination of various stages in the economic history of China, it is evident to us that the spirit of the first Five-Year Plan and the economic reforms of the early 1960s are fundamentally different. The scope of the first Five-Year Plan was very well-defined and it included building the material foundation for socialism via the industrialisation of the country:

‘The magnificent First-Five Year Plan for the Development of the National Economy was launched in 1953. One of its fundamental tasks was to lay a preliminary foundation for the socialist industrialisation of the country’ (‘Ten Great Years’, State Statistical Bureau, Foreign Language Press, Peking 1960, p. 80).

In principle, right-wing revisionist political economy does not preclude declarations in favour of industrialisation as a leading criterion of success of the socialist transformation. The above statement does not necessarily make the first Five-Year Plan any better than the successive plans if it was not for the fact that the guidelines of the former were specific and clear:

‘The central task in China’s transitional period is to carry out socialist industrialisation and the basic policy for socialist construction is **to give priority to the development of heavy industry**’ (ibid., p. 46, our emphasis).

The Marxist-Leninist principle of the determining role of the development of heavy industry was hard-coded into the spirit of the first Five-Year Plan. As quantitative analysis shows, Chinese economists and planners did implement this basic principle in economic practice. Moreover, the leading role of heavy industry was at the very heart of the first Five-Year Plan. In retrospect, many imperialist and petty-bourgeois critiques of the first Five-Year Plan associate it with the policies of Stalinism that were allegedly imposed on China and other progressive countries from the outside. The ideologists of imperialism and their followers always confused the respect by the progressive world that the Soviet Union and its leadership enjoyed with political imposition, especially in the post-war period. We do not deny the tremendous respect that the progressive world had for the economic model that turned a backward and agricultural country into a mighty and industrialised superpower, which was victorious in the toughest of all wars. However, it is evident to us that the basic principles of such an economic model were not considered at that time to be intrinsic to Russian concrete historic-economic conditions, but rather were a concretisation of the economic principles of Marxism-Leninism. It was acknowledged throughout the progressive world that the Soviet Union’s celebrated success was due to the correct concretisation of the economic principles of Marxism-Leninism, the leading role of heavy industry being particularly important. As matter of fact, the highest rates of sustained economic growth were achieved when the principle of the leading role of heavy industry was applied consistently. The ideologists of right-wing revisionism, imperialism and petty-bourgeois economists argue otherwise while denying flagrant historical facts:

‘One section of leaders of the Communist Party advocated a programme of rapid industrialisation. Their approach was to concentrate resources on big and modern factories and advanced technology. They wanted to build up the urban areas. Development, in their eyes, would then trickle down to the countryside. These leaders said that you needed a big centralised planning apparatus in order to run the economy and that you needed to train vast armies of experts and specialists to staff the new economy and administrative organs. They argued that the way to motivate people and the staff of enterprises was to rely on wide wage differentials and financial incentives.

‘This programme reflected the influence of the Soviet Union, which was very strong in China in the 1950s. But Mao saw problems with this model – both as it was practiced in the Soviet Union and as it was being applied in China in the 1950s. This path of development elevated technique and expertise over the conscious initiative and activism of the masses. He rejected the model of subordinating agriculture to serve urban-based industrialisation. And if China was going to be able to withstand imperialist attack and invasion, it had to decentralise industry and not concentrate development in the vulnerable cities and coastal areas’ (Raymond Lotta, ‘Mao’s

Advance – Breaking with the Soviet Model’, Revolution #032, January 29, 2006, <http://rwor.org/a/032/socialism-communism-much-better-capitalism-pt8.htm>).

We do not want to discuss here the political line of this or that political leader who at a given time did or did not stand behind the policies of rapid industrialisation. That is beside the point and is basically irrelevant to the present discussion. It is evident to us that the standard critique of what the petty-bourgeois ideologists refer to as the Soviet model reflects, on the one hand, their lack of understanding of the basic principles of Marxist-Leninist political economy and their disregard for studying economic and historic facts on the other. In addition, the apologists for the ideas summarised in the Shanghai text-book basically plagiarise many of the arguments put forward by imperialist ideologists, U.S. scholars being the most prolific of them. Lotta, as a typical supporter of the ideas of the Shanghai book, reproduces distinct features of the bourgeois critique of the so-called Soviet model that allegedly the development of industry occurs in detriment to the countryside. Lotta’s objection does not add much to Bukharin-Trotsky’s ‘rebuttal’ of the party line for the industrialisation and collectivisation of the countryside in Soviet Russia. Nor does Lotta differ much from the typical bourgeois critic of centralised planning as one of the basic pillars of the economic model he seems to object to. It is a well-known fact that the economic reforms that followed the completion of the first Five-Year Plan involved massive decentralisation of economic management and decision-making, with central planning reduced to a body coordinating a large mass of independent producers, that exchanged labour according to the principle of the exchange of equivalent values (law of value) and the so-called principle of self-reliance. Despite what the supporters of the ideas of the Shanghai text-book may believe, these principles are also common to the Yugoslavian Titoite ‘contribution’ to modern theories of ‘market socialism’. This is the economic model that Lotta and the authors of the text-book define as Marxist-Leninist. The so-called Soviet model did not rely on wide wage differentials and material incentives as much as Lotta and many like him claim. Moral incentives did play a crucial role in Soviet production. Nevertheless, wage differentials and material incentives, even though they should not become the main incentive for the masses to participate in production, are consistent with the socialist principle of distribution and should exist in socialism. It is utopian to argue otherwise. Not surprisingly, Lotta appeals to the phenomenon of consciousness when characterising the so-called Soviet model when he states that this ‘path of development elevated technique and expertise over the conscious initiative and activism of the masses. As will be discussed in the last section, this is an expression of metaphysics and idealism in the treatment of politics and the phenomena of consciousness in questions of political economy. With this digression we want to illustrate the idiosyncrasy of those who have argued and still argue against the determining role of the development of heavy industry with respect to other sectors of the economy.

In terms of economic development the first decade, 1949-1959, can be broken up into three distinct stages: first, the period of recuperation from 1949-1952, then the first Five-Year Plan from 1952-1957 and the Great Leap Forward from 1957-1959. The period of 1950-52, after the seizure of power by the revolutionary government, was marked by considerable economic growth due to efforts to restore dormant sections of the productive forces, especially in industry and other crucial sectors of the national economy. According to various sources, the economic GNP (Gross National Product) grew during that period by an average of 25%. This was due to the mobilisation of political cadre and working population at a time when whole industries had

been unproductive following a period of political instability, which came to an abrupt end after 1949.

‘During the period 1949-1952 the gross output value of industry increased by 145% and the gross output value of agriculture increased by 48.5 per cent. By 1952 most of the major products of industry and agriculture had either been restored to their previous levels or had actually surpassed pre-liberation records’ (‘Ten Great Years’, State Statistical Bureau, Foreign Language Press, Peking 1960, p. 3).

After a brief but rather spectacular process of recuperation the Chinese planners, with the assistance of their Soviet counterparts, formulated what has been commonly known as the first Five-Year Plan. This period is without a shred of doubt the most successful economic period of the economic history of revolutionary China. To argue otherwise is to ignore and misinterpret overwhelming historical facts:

‘During the period of 1952-1957 the gross output value of industry increased by 128 per cent, an average annual increase of 18 per cent, and the gross output value of agriculture increased by 25 per cent, an annual increase of 4.5 per cent’ (ibid., p. 3).

The sound success of the first Five-Year Plan resonated around the world. It was praised in the Soviet press as well as in the press of the People’s Democracies. Even bourgeois economists admitted to the exhilarating success of the first Five-Year Plan which, as mentioned above, had its primary focus on laying the foundations of the industrialisation of backward China:

‘China’s First Five-Year Plan (1952-1957) was a relatively rationally thought-out technical plan for economic development, and quite impressive economic progress emerged during that period (B.M. Richman, ‘Industrial Society in Communist China’, Random House, New York, 1969. p. 47).

The historical success of the policies of the first Five-Year Plan, which confirm the correctness of Marxist economic science, touches upon a more fundamental question, namely, the superiority of the socialist mode of production with respect to capitalism. The superiority of the socialist mode of production was demonstrated on the basis of prioritising the development of heavy industry:

‘All this proves that the two different systems, socialism and capitalism, create two entirely different rates of development of the national economy and socialism is incomparably the better system’ (‘Ten Great Years’, State Statistical Bureau, Foreign Language Press, Peking 1960, p. 6).

This prominent feature is usually ignored by the ideologists of right-wing revisionism and of imperialism. The latter do so for obvious reasons. The former were faced with the harsh reality that their anti-Marxist theories with regard to the question of heavy industry and other crucial points of the political economy of socialism in practice liquidated the excellent economic growth shown by the Soviet Union and the People’s Democracies during the 1930-50s, which overshadowed that of the most developed capitalist countries. The superiority of the socialist

form of organisation of production was liquidated with the liquidation of the Marxist-Leninist principle of the leading role of the development of heavy industry in the transitional economy and socialism. This is another historic-economic fact that the supporters of the Shanghai text-book seem to ignore. Instead they choose to concentrate on arguing about the role of consciousness in economics while failing to grasp the objective laws of economic development, the true task of political economy. While the right-wing revisionist economic thought in China, summarised by the Shanghai text-book, emphasised phenomena of consciousness by putting forward the concept of ‘revolution in command’, revisionist economists in the Soviet Union and other countries concentrated on a more ‘conscientious’ critique of the so-called Stalinist model of industrialisation, while avoiding obvious idealist mistakes. Nevertheless, all of them, regardless of their line of thought and argument, converged in demonising the ‘old model’ as being excessively supportive of heavy industry and creating economic imbalances.

The analysis of the control figures of the Five-Year Plan and the actual economic performance is a fascinating topic that in our opinion has been neglected by those who claim to uphold the revolutionary traditions of the Chinese revolutionaries. The concrete figures of economic growth in different sectors of the national economy were indeed impressive. While overall the economic growth was outstanding, the most impressive growth was in heavy industry:

‘Comparing production figures of 1958 and 1949, the following increases were recorded: steel (not including steel produced by indigenous methods) increased by 4960 per cent; pig iron (not including iron produced by indigenous methods) increased by 3680 per cent; electric power, 540 per cent; coal, 730 per cent; crude oil, 1770 per cent; metal-cutting machine tools, 3060 per cent; cement, 1310 per cent; cotton cloth, 200 per cent; paper, 610 per cent; edible vegetable oil, 180 per cent; sugar, 350 per cent; grain, 130 per cent; and cotton, 370 per cent.’ (‘Ten Great Years’, State Statistical Bureau, Foreign Language Press, Peking 1960, p. 6.)

Table I
Combined Gross Output Value of Industry and Agriculture
(percentage distributions)

Year	Gross output value of Industry	Gross output value of Agriculture
1949	30.1	69.9
1950	33.3	66.7
1951	38.6	61.4
1952	41.5	58.5
1953	47.2	52.8
1954	50.2	49.8
1955	49.7	50.3
1956	54.7	45.3
1957	56.5	43.5

Table I displays the year-by-year change in the relative weight of the gross output of industry and agriculture between 1949-1957, which cover the period of recuperation and the first Five-Year Plan (‘Ten Great Years’, State Statistical Bureau, Foreign Language Press, Peking 1960, p.

17). The relative weight of industry (both consumer goods and means of production) was about 33% in 1950 and the relative weight of agriculture was about 67%. By the end of the first Five-Year Plan the preponderance of agriculture was reversed to the extent that the gross output value of industry significantly surpassed that of agriculture. It is important to note that a significant fraction of what was classified as industrial production also included artisan production and small-scale workshops. The relative weight of their contribution to the gross output value in industry decreased significantly by the end of the first Five- Plan Year. For reasons of brevity the year-by-year absolute values of the gross output value of each of the two main sectors of the national economy is not shown. The decline in the relative contribution of agriculture does not by any means imply a decrease in the actual agricultural output; it just means that the rate of growth of industry was significantly larger than in agriculture. It is important to note that the rate of growth of agriculture during that period of time significantly surpassed those of pre-revolutionary China and also surpassed the rate of population growth at the time.

Table I shows the qualitative and quantitative change in the evolution of the two main components of the national economy, but it does not shed light on the change in the internal composition of industry. The relative weight of the production of means of production in 1949 corresponded to 26.6 per cent, where the relative weight of the output value of consumer goods reached 73.4 per cent. Before the launching of the first Five-Year Plan, in 1952 the relative weight of heavy industry had increased to 35.6 per cent. By the end of the first Five-Year plan, in 1957, the relative weight of the output value of means of production reached 57.3 per cent of industry. These figures show the qualitative change in the composition of industry towards heavy industry. This indicates an important change in the composition of the Chinese economy, which is consistent with those attained by the People's Democracies in Eastern Europe during the post-war period.

Table II
Rapid Growth of Industrial Output and Priority Development of the Means of Production
(index numbers; preceding year = 100)

Year	Gross output value of industry	Output value of means of production	Output value of consumer goods
1950	136.4	151.6	130.8
1951	137.9	150.3	132.6
1952	130.3	143.8	123.8
1953	130.2	136.5	126.7
1954	116.3	119.8	114.2
1955	105.6	114.5	99.97
1956	128.2	140.0	119.8
1957	111.4	118.4	105.6

Table II displays the yearly change in the rate of growth of the gross output value of industry ('en Great Years' State Statistical Bureau, Foreign Language Press, Peking 1960, p. 89). Table II also shows the change in the gross output value of the production of means of production and the production of consumer goods. The year-to-year growth rate of industry overall was really impressive, as indicated in the second column of Table II. This growth is made possible by a

more impressive growth of the gross output value of the means of production. The third and fourth columns show that the rate of growth of the means of production is always greater than the corresponding index for consumer goods. This does not by any means imply that the material needs of the population were neglected, as bourgeois propaganda claimed for years and years. In fact, significant rates of growth of heavy industry are accompanied by large rates of growth of light industry with rates significantly greater than the rate of growth of the population. The dynamics of the change in the composition of the national income is strongly related to the growth of the economy in general and the growth of productivity throughout all sectors of the economy in particular. The average growth of the GNP over the period of 1957-1965 dropped by more than a factor of 2.5 compared to the corresponding figures achieved in the period of 1953-1957, during which the growth of the relative weight of industry had become prominent. The necessity for the prioritisation of the development of the means of production is very well shown by the Marxist analysis of extended reproduction of social production. This is part of the ABC of Marxism. Any socialist economy has to follow these guidelines in order to overcome economic backwardness and achieve genuine independence.

The industrialisation of China was taken extremely seriously during the first Five-Year Plan, which was the main reason for its sound success. This involved expanding heavy industry, not only by means of developing existing industrial branches but also by means of diversifying industry, creating new industrial branches on the basis of modern technology:

‘China, a backward agricultural country, had to be gradually turned into a great socialist country with a highly developed modern industry, modern agriculture and modern science and culture. In the execution of this great task it was necessary, apart from making full use of the existing productive equipment and development of its potential, to carry out new large-scale capital construction, set up new industrial branches, specially those of heavy industry, provide the various departments of the national economy with new equipment and technique and build strong socialist material and technological foundations’ (‘Ten Great Years’, State Statistical Bureau, Foreign Language Press, Peking 1960, p. 45).

The implementation of the Marxist-Leninist principle of prioritisation of the development of heavy industry was reflected in the structure of capital investment in the different branches of the national economy. The distribution of capital investment in favour of heavy industry was made possible due to the role of centralised socialist planning. This is a direct expression of the prerogative of the socialist state to organise forces of production according to the objective laws of socialism and to satisfy the main law of socialist production. This is quite opposite to the conception advocated by the authors of the Shanghai text-book who, like their counterparts in the post-Stalin Soviet Union, regarded the principle of equivalent exchange of value (i.e. the law of value; see the section on the ‘Role of Commodity-Money Relations’) as the leading criterion which regulates the exchange of labour in the national economy. Their ‘marketist’ conception in conjunction with their pre-Marxist view that the resources intended for heavy industry and other sectors ‘cannot exceed the amount of food grain, raw materials, capital funds, and labour force that can be provided by agriculture’ leaves no room for a healthy development of industry. In contrast, the policies of prioritisation of heavy industry in terms of capital investment were taken very seriously by centralised planning during the first Five-Year Plan:

‘Of the more than 86,000 million yuan the state invested in capital construction from 1952 to 1958, 51.1 per cent was for industrial construction, of which 43.8 per cent was for heavy industry. The balance was divided as follows: 8.6 per cent for agriculture, forestry and water conservancy, 15.3 per cent for communications, transport, port and tele-communications, 9 per cent for cultural, educational and public health work and public utilities, and 16 per cent for other construction’ (ibid., p. 46).

The qualitative trends mentioned above were acknowledged even by bourgeois economists. According to bourgeois sources the relative weight of industry (manufacturing, mining, transportation and construction) accounted for about 27% of the net domestic product (based on 1952 yuan prices) in 1957, up from 16.6% in 1952. During that same period of time the relative weight of agriculture fell from 48% to 39%, while displaying sustained and stable growths of the GNP and agricultural production (T.C Liu and K.C. Yeh, ‘The Economy of the Chinese Mainland’, Princeton, Princeton University Press, 1965, p. 88). This was corroborated by countless bourgeois sources. It is well-accepted by bourgeois experts and scholars in general. Needless to say, Marxists do not need corroboration from bourgeois and imperialist ideologists in order to gain confidence in the correctness of the main laws of Marxist-Leninist political economy in general and the leading role of heavy industry in particular. As matter of fact bourgeois economists reduce themselves to quantitative analysis accompanied by random political statements as to what in their opinion could have motivated this or that economic policy. Their approach is purely phenomenological, as they do not understand the essence of Marxist political economy. However, even such a superficial approach to the analysis of economic phenomena cannot escape the most glaring economic benefits that the Marxist-Leninist policies of industrialisation can bring in such a brief period of time as a five-year plan.

The liquidation of the economic principles upon which the first Five-Year Plan was conceived and executed is a complex matter and it was not a straightforward process. It is not within the scope of the present article to evaluate the different stages that the economic reforms that followed the first Five-Year Plan should be divided into. As mentioned above, the first Five-Year Plan was not homogeneously executed and was ‘corrected’ towards the end in the light of the economic discussions within the Chinese leadership. It is equally complex to evaluate the rationale of the economic reforms of the Great Leap Forward. Therefore, to simplify the analysis of the Shanghai text-book we have concentrated on its central features and their similarities with the right-wing revisionist economic discipline created by their counterparts in the post-Stalin Soviet Union, rather than focusing on the intricacies of the evolution of the thinking of Chinese economists.

The economic policies of the Great Leap Forward were not necessarily aimed at liquidating the leading role of heavy industry, or at least in its most external expression. What is clear to us and hopefully is uncontroversial at this point is that the policies of the Great Leap Forward were accompanied by an adamant effort to decentralise the management of the economy in favour of local and regional authorities and in detriment to central planning, so crucial for a conscious and sustained policy of support for heavy industry. The economic policies of the Great Leap Forward were short-lived and were followed by a number of countermeasures, which lead, among many other things, to the liquidation of the determining role of heavy industry and the consolidation and development of the principles of ‘marketism’.

The dynamics of the flow of labour among sectors of the national economy suffered a qualitative change after 1960 in order to accommodate the economic postulates which were summarised later in the Shanghai text-book. Indeed, the rapid qualitative change in the composition of the national economy was brought to a halt after 1959-1960. According to official Chinese statistics, the ratio of the relative weight of industry to that of agriculture increased from a factor of 0.89 in 1953 to 1.3 in 1957, displaying a qualitative change in the structure of the economy (see Table I). The first Five-Year Plan was followed by the policies of the Great Leap Forward, during which large masses of peasants were mobilised to participate in industry. Between 1957 and 1960 the ratio of the relative weight of industry to that of agriculture increased to a factor of 3.6, as a result of an abrupt increase of industrial output and a decrease of 20% of the output value of agricultural production. The policies of the Great Leap Forward came to an equally abrupt end in 1961. By 1962 the relative weight of industry to that of agriculture had dropped to a factor of 1.6. As a result of the new policies, which finally liquidated the application of the Marxist-Leninist principle of the preponderance of the development of heavy industry over other sectors of the economy, between 1962 and 1965 the ratio of the output value of industry to agriculture increased very slowly, from 1.6 to 1.68 (from 'Brief History of the Socialist Economy of China', Beijing 1984).

The essence of the economic reforms that followed the Great Leap Forward is clear to us as far as the development of industry is concerned. With the excuse of 're-adjusting' the economic disproportions created by the abrupt redirection of resources to industry, the economic reforms of the early 1960s concentrated on reversing these tendencies. The development of industry was slowed and the ratio of the weight of heavy industry to that of light industry was improved' in order to reflect a more 'harmonious' system of relationships between economic sectors:

'...The proportional relation between industry and agriculture and between light industry and heavy industry improved. In 1962 the gross output value of agricultural production reached 43.000 million yuan, an increase of 6.2% with respect to the previous year, and that of industrial production 85.000 yuan, a decrease of 16.6% with respect to the preceding year; the ratio of the value of industrial to agricultural production was 4:1 in 1960 and 2.1 in 1962. In the industrial production, the value of production of light industry was 39.500 million yuan, a decrease of 8.4% with respect to 1961, and that of heavy industry 45.5000 million yuan, a drop of 22.6%; and its relative weight went from 42.5:57.5 in 1961 to 47.2:52.8 in 1962' ('Brief History of the Socialist Economy of China', Beijing 1984, p. 300).

Following the 're-adjustment' of the policies of the Great Leap Forward, the economic reforms of the early 1960s liquidated altogether the socialist principle of preponderance of heavy industry. Instead, a new system of proportions and absolute and relative growths emerged, more characteristic of what one observes in the capitalist mode of production. Table III shows the change of the ratio (or relative weight) of the gross output value of light and heavy industries to the total gross output value of industry for the period of 1949-1975 ('Brief History of the Socialist Economy of China', Beijing 1984, from Table 1, p. 481). The fourth column shows the change of the ratio of the relative weight of heavy to light industry (or the ratio of the gross output value of heavy to light industry). This statistics are indeed revealing: the growth of the ratio of the relative weights of heavy industry to that of light industry between 1952 and 1957 (from 0.55 to 0.82, or an increase of a factor of 1.5) is similar to the period between 1957 and

1975 (from 0.82 to 1.27 or an increase of a factor of 1.55). In other words, in the 5 year period between 1952 and 1957, a similar relative growth of heavy industry was achieved as in the following 18 years! It is interesting to observe that the ratio of the relative weights of heavy industry to that of light industry remained flat during the years following the Mao's death. It is relevant to note that this feature is specific to this period in question. The liquidation of the socialist principle of preponderance of heavy industry does not necessarily lead in the economic practice to freezing or even decreasing of the ratio discussed above. As a matter of fact, in developed capitalist countries this ratio increases as a function of time, although at rates lower than those typical to socialism (such as those observed in the Soviet Union, the People's Democracies and the Chinese First Five-Year Plan)

Table III
Relative Weight of Light and Heavy Industries

Year	Light Industry (%)	Heavy Industry (%)	Ratio
1949	73.6	26.4	0.36
1952	64.5	35.5	0.55
1953	62.7	37.3	0.59
1957	55.0	45.0	0.82
1962	47.2	52.8	1.12
1965	51.6	48.4	0.94
1970	46.2	53.8	1.17
1975	44.0	56.0	1.27
1980	47.2	52.8	1.12
1984	47.4	52.6	1.11

Role of Commodity-Money Relations

In the present section we evaluate the role of commodity-money relations in the system advocated by the authors of the Shanghai text-book. It is convenient to note that the postulates put forward by the authors with regards to commodity-money relations differ little in essence from those advocated by revisionist economists in the post-Stalin period. We observe a number of formal differences with respect to the party line defined by their counterparts in the Soviet Union, but these, regardless of what many would claim, do not alter the true 'marketist' essence of their postulates. This is the case for other aspects of the political economy of the transitional society presented in the text-book as well.

It is relevant to note that the treatment of commodity-money relations by the authors is more a by-product of other more fundamental postulates and it is clearly tied to strong pre-Marxist elements so characteristic of the Shanghai text-book. Their 'marketism' is a result of more basic considerations and adds little to the history of the question if looked from the historical perspective of the formation of Marxist thought and the struggle against right-wing deviations. Let us start the discussion with one of the most important conclusions drawn in the text-book.

'The unfolding of socialist cooperation requires an extension of the communist work style, a firm adherence to socialist principles, a voluntary observance of fiscal policies, and the resolute

implementation of various proletarian economic policies. Therefore, in the cooperative relations between the state enterprises and the collective enterprises, among state enterprises, among collective enterprises, among sectors and among regions, *the principle of equivalent exchange must be observed, and fair pricing enforced*' (ibid, p. 297, our emphasis).

The sentence emphasised represents nothing more than the well-known law of value, or law of equivalent exchanges. The statement is explicit: the law of value regulates the exchange of labour among production objects in the transitional society, whether among state-owned and collective-owned enterprises, or among state-owned enterprises. This is not an isolated expression in the text-book of the most pure and elementary 'marketism' advocated by Dühring and all right-wing revisionists deviations after him. This statement is fundamentally pre-Marxist and constitutes one of the most important cornerstones of the petty-bourgeois interpretation of the political economy of the transitional society.

The citation which we bring to the readers' attention is not an isolated blunder but a well-defined characteristic of the Shanghai text-book and it is consistent with the economic system advocated by them. The authors equate the 'cooperative style of communism' to the application of the principle of equivalent exchange. This applies to all sectors of the economy.

'The exchange of manpower, material resources, and funds among enterprises must therefore be inspired by the cooperative style of communism and follow the principle of equivalent exchange' (ibid, p. 404).

The economic history of the construction of socialism and the generalisation of vast economic data indicate that the law of equivalent exchanges is not the leading criterion and regulator of the portions of labour among production units. As a matter of fact, the law of value may be systematically violated in entire sectors of the economy if the tasks of the construction of the new economy demand it. The law of equivalent exchanges may be observed depending on the concrete-historical conditions, the policies of the proletarian state at a given time, and the tasks of the socialist construction, but it does not constitute a general law, a general principle of either the transitional or socialist or communist economies. For instance, the cooperation between the state and collective sector is bound to violate the law of equivalent exchanges at some stage; otherwise the mechanisation of the countryside would not be possible. While the state retains the property of the main means of production (tractors for instance), the collective farms enjoy their use. In exchange, a certain fraction of agricultural production is allocated by the collective farm to the state in a way that does not necessarily comply with the law of equivalent exchanges and conforms to an exchange of a different type. The same applies to the development of heavy industry or other sectors of the economy, which may not necessarily be profitable or even productive at all, and yet are indispensable to ensure extended socialist reproduction. The fact that the law of value is not the regulator of proportions of labour in the transitional and socialist economies is a very well-established fact and it is not within the scope of the present discussion to cover the different aspects of this fascinating question, as it has been covered elsewhere in the Marxist-Leninist literature. We have every reason to believe (although we do not have direct evidence) that Chinese economists were acquainted with the Soviet economic literature of the first half of the 1950s since this type of statement openly contradicts the spirit of the first five-year plan.

To proclaim that the principle of equivalent exchange is a general principle for the transitional economy is an expression of pre-Marxist thought so brilliantly exposed by Engels in *Anti-Dühring*:

‘The ‘exchange of labour for labour on the principle of equal valuation’, in so far as it has any meaning, that is to say, the mutual exchangeability of products of equal social labour, hence the law of value, is the fundamental law precisely of commodity production, and hence also of its highest form, capitalist production. It asserts itself in present-day society in the only way in which economic laws can assert themselves in a society of private producers, as a blindly operating law of nature which is inherent in things and relations, which is independent of the will or actions of the producers.’ (F. Engels, *Anti-Dühring*, Foreign Language Press, Peking 1976, p. 406.)

The statement proposed by the authors is meant to be universal under socialism and applies, in particular, to state enterprises. It represents one of the most explicit statements throughout the political economy text-book that their authors advocate nothing more and nothing less than a programme for the construction of ‘market socialism’, in probably one of its most naïve expressions. In this respect the authors of the political economy text-book conceive economic relations under socialism in a way similar to Dühring, and Engels’ critique applies equally well to them as it did to Dühring. Needless to say, the ‘marketist’ stand of Bogdanov-Bukharin-Rykov and their heirs in the post-war period, Voznesenski being the most prominent of them, conceived the nature of the exchange of labour in the transitional society and socialism in a very similar way. They differ little from Dühring in this respect. Revisionist economists of the post-Stalin era take up this tradition, although they make significant efforts to ‘substantiate’ it in more elaborate and academic terms.

It goes without saying and it is most unfortunate that such anti-Marxist formulations are accompanied by seemingly revolutionary statements, which are aimed at nothing other than confusing the reader. To state that socialist cooperation requires an extension of the communist work style while at the same time appealing to the law of value is either an empty phrase or a glaring contradiction. It seems contradictory to us that the principle of equivalent exchange, understood as a general law in socialism, is consistent with socialist cooperation, socialist principles and communist work-style. It makes little or no sense to proclaim either strict or relaxed ‘adherence to socialist principles’ or ‘resolute implementation of various proletarian economic policies’ if the basics of the economic relations are generally determined by the law of value. It represents the well-known doctrine of ‘revolution in command’, which has nothing to do with Marxist-Leninist political economy, and whose anti-Marxist character will be elaborated in somewhat more detail in the last section.

In the meantime let us elaborate a bit more on the line of thought followed by the authors in order to arrive at this openly revisionist conclusion. This is interesting for understanding the internal structure of the revisionist deviation that is specific to what is commonly known as Maoism. The Shanghai text-book initiates the discussion by formally agreeing to the Marxist-Leninist formulation of the source of commodity-money relations under socialism. The text-book accepts the fact that commodity production under socialism is due to the existence of two forms of property:

‘In the state economy, products are transferred from one state enterprise to another state enterprise ... The product is still owned by the socialist state, and there has not been no transfer of ownership rights. Furthermore, product transfers among enterprises are usually allocated and delivered according to state plans rather than taking place through the market. Therefore, this type of product transfer is basically not commodity exchange. It already possesses many characteristics of the communist distribution of products’. (ibid, p. 314.)

This is a very well-known statement formulated in Stalin’s *Economic Problems*, which was a document that, unlike in the post-Stalin Soviet Union, was allowed to circulate and was not censored. Moreover, Stalin’s works were referred to in official documents and discussions for a number of years, at least until the end of the Cultural Revolution. It is important to remind the reader that this statement had become widely accepted by economists in the 1950s throughout the whole socialist and progressive-minded world, and in this sense it is not surprising to appreciate ‘remnants’ of the ‘old thought’. This point will be elaborated further below. Nevertheless, as we hope to clarify in this section, this type of assertion holds a purely formal character and uncovers a serious deviation from the spirit of *Economic Problems*.

Despite formally accepting this Marxist-Leninist statement, the text-book authors run into a terrible contradiction. Such a seemingly correct assertion is made under the assumption that the products in the transitional economy, including that of the collective farms, embody direct social production. While considering all production under socialism as being directly social, the authors of the text-book advocate the need to preserve commodity production because of the existence of two forms of property:

‘Socialist direct social production is conducted on the basis of these two forms of socialist ownership [state and collective – our note]. Products are owned respectively by the socialist state and various enterprises under the collective ownership system. This *determines that direct social production under socialism cannot eliminate commodity production and exchange*’ (ibid, p. 313, our emphasis).

The anti-Marxist idea that the production of collective farms, i.e. of vast non-socialised sectors of the economy, is a manifestation of directly social production is further substantiated by the authors, who argue that the restrictions under which the collective farms are placed subvert the private nature of their production to the extent that their labour becomes directly social.

‘Seen as a whole, the production of the state economy and the collective economy based on socialist public ownership is organised according to plans throughout the whole country. It is conducted to directly meet the needs of society, namely, to directly meet the needs of the proletariat and the whole labouring people. This kind of production has lost the nature of private production. Looked at from its basic aspect, it has become direct social production. Labour products are also socially useful from the start, and therefore are no longer private products but they are direct social products’ (ibid, p. 312).

To argue that a product is useful hence is directly social is a type of argumentation that was followed by Bukharin and was bluntly exposed by Lenin as anti-Marxist. As a matter of fact products in capitalist economy also meet social needs, but that does not make them directly

social. To openly state that collective production is a form of directly social labour is a peculiar contribution to the history of the economic thought of modern revisionism. The Soviet economists of the post-Stalin period were careful enough not to make such an openly anti-Marxist statement. Indeed, the ideologists of modern revisionism, in order to advocate the commodity character of products under socialism, assumed one way or the other that labour under socialism had not yet achieved the of directly social labour. Neither do Marxist-Leninists treat the labour of the collective farms as a form of directly social labour.

It is very important to note that the argumentation we use here is valid as long as the main means of production belong to the collective farms. This was the case of the Chinese people's communes and the Soviet Kolkhoz in the post-Stalin period. This point will be touched upon in the Section on collectivisation. We would partially agree with the authors of the Shanghai text-book in their assessment of the character of the labour of the collective farms if the socialist State had preserved the property of the machine tractor stations, as a result of which a significant fraction of the labour exchanged between the collective farms and the state began to have elements of directly social labour. However, in this case the infamous law of equivalent exchange would not be observed, as the authors of the Shanghai text-book advocate. In addition, Chinese economic reality was such that the main means of production belonged to the communes and these acted as independent producers with respect to the State, despite what the authors of the text-book want the reader to believe.

The fact that the authors of the Shanghai text-book advocate the anti-Marxist and anti-scientific illusion that the labour of collective farms is directly social is probably not the most serious problem in their conception of commodity-money relations. What we find most absurd is that the authors advocate the need for commodity-money relations among two sectors of the economy which according to them display socially direct labour. This is a preposterous absurdity:

‘Since direct social production and direct distribution preclude any exchange of commodities, they also preclude the transformation of the products into commodities (at any rate within the community) and consequently into *values* as well’ (F. Engels, *Anti-Dühring*, Foreign Language Press, Peking 1976, p. 401).

It is impossible within Marxist economic thinking to conceive of commodity-money relations as a form of economic bond among producers who display directly social production. It is equally hard to imagine the need for the existence of two forms of property in an economy that has reached the level of the socialisation of labour that the authors of the Shanghai text-book claim it has. However, in order to sound revolutionary and to formally dissociate themselves from the mainstream revisionism of that time, the authors of the Shanghai text-book argue that existence of commodity-money relations is dictated by the existence of two forms of property. One contradiction is followed by another contradiction. The train of thought followed by the authors of the Shanghai text-book lacks self-consistency.

The absurdity of the contradiction into which the authors fall is reiterated in the text-book. The authors, despite starting with seemingly Marxist-Leninist assertions with regard to the role of commodity-money relations, basically come to the same conclusions as their counterparts in the

Soviet Union, that the law of value regulates the flux of labour in the transitional and socialist economies.

Efforts are made by the authors of the Shanghai text-book to convince the reader that the operation of the law of value is restricted in China. They treat the concept of allocation and the role of the law of value in this type of transactions in a formally correct manner.

‘... the exchange of important means of production must be allocated by the state strictly according to the plan rather than through market transactions... Here, the law of value no longer has any regulatory significance; it merely has a little influence. The law of value, however, does have a regulatory function in socialist commodity exchange’ (ibid, p. 417).

They formally agree with the concept of allocation of assets to state enterprises. However, such declarations are deceiving and are meant to confuse the reader. As a matter of fact, the authors contradict themselves in this respect and admit that, in the economic practice of China, state enterprises function as independent producers, which exchange commodities according to a plan. The extent of such an economic relation of allocation was restricted to a particular class of transactions, namely the bond between the state and state enterprises with regards to strategic means of production. The relative weight of such transactions fell as a result of the economic reforms that followed the Great Leap Forward, to the extent that they become more like exceptions to the rule, rather than typical of the transitional economy in China.

With regard to relations between state enterprises, the authors of the text-book explicitly admit that the bond between state enterprises does follow the law of equivalent exchange of values:

‘Meanwhile, with the present level of productivity, material conditions demand that the state enterprises maintain their relative independence of operation and management and that they trade with each other according to the principle of exchanges of equivalent value. Therefore, although the commodities exchanged among state enterprises are basically no longer commodities, they still possess certain commodity characteristics, and must be expressed in terms of price and purchased with money’ (ibid, p. 314).

This paragraph is indeed very interesting, as it well reflects the idiosyncrasy of what is commonly referred to as Maoism with regards to economic questions. While formally advocating formulations that had been adamantly rejected by the ideologists of Soviet modern revisionism, when it comes to addressing the role of the law of value in the transitional economy, the authors of the text-book reproduce well-known revisionist arguments in favour of the commodity character of the exchange between state enterprises. To argue that the underdevelopment of the forces of production in the concrete historical conditions of a backward agricultural country is an objective reason for the existence of commodity-money relations in the state sector in the transitional economy is a well-known right-wing revisionist statement. Revisionist literature both in the post-Stalin Soviet Union and elsewhere is plagued with such assertions, which in essence are meant to suppress the Marxist-Leninist formulation regarding the real cause for the existence of commodity-money relations in the transitional society (the existence of two main forms of property), which the authors of the text-book also explicitly advocate. It is evident to us that the authors of the text-book were aware of the ‘potentially’

revisionist character of such assertions. While adhering to them the authors are impelled to come up with some sort of statement which, on the surface, looks Marxist-Leninist but is fundamentally anti-Marxist.

In an attempt to resolve the contradictions discussed above the authors of the text-book resort to a rather interesting line of thought. It is evident to us that the authors have a particular view of the definition of a commodity. This definition fits very conveniently into an economic system which operates according to the principle of exchange of equivalents and which needs to be portrayed in a very different fashion. When covering the different types of labour exchange, the authors make it clear that they reduce their understanding of the concept of commodity to the exchange of ownership, which corresponds to a superficial understanding of Stalin's assertions in 'Economic Problems':

'Here, after an exchange, the ownership rights to the products have been transferred. Therefore, they still possess the basic features of general commodity exchange. This form of exchange should be called commodity exchange' (ibid, p. 416).

Therefore, whenever the exchange takes place among objects of the socialised sector, then the authors mechanically declare that this type of exchange

'... should be called product exchange to distinguish it from commodity exchange between owners' (ibid, p. 416).

The differences between a commodity and a product are far more subtle than those indicated by the authors. However, it is convenient for the authors to reduce those differences to the transfer of ownership. Such a definition fits well into their scheme to keep a façade of revolutionary thought, but unfortunately it is plagued with obvious metaphysical elements that are used for the authors' benefits. The authors turn one aspect of the definition of a commodity into the leading criterion to identify the concept of a commodity, while they de facto ignore the economic relation embodied by it. The contradictions discussed above are not resolved; they are simply hidden under the rug and their resolution is simply assumed or postulated within the context of a well-known 'marketist' scheme discussed above.

In the paragraphs cited above, the authors of the text-book on the one hand acknowledge the market form of the economic bond among state enterprises, but on the other hand, they want to convince the reader of the contrary. Their treatment of form and content of the economic relations is plagued with glaring contradictions, has nothing to do with dialectical materialism and has purely declaratory character. The dialectical understanding of the evolution of the content of commodity-money relations under socialism is generally well established in the Marxist-Leninist literature and contradicts what the authors of the Shanghai text-book advocate as Marxist-Leninist. When Lenin talked about commodities ceasing to be commodities a very different relationship between form and content of this economic relation was implied. Lenin's famous statement was enriched by the generalisation of the experience of socialist construction in the Soviet Union and the People's Democracies. The economic fact that commodities under socialism cease to be commodities implies that the essence of such an economic relation changes with respect to pre-socialist economic systems, in which the essence of commodity exchange

involves an economic activity among independent producers by which value is exchanged according to the principle of equivalent exchange. The fact of the matter is that even though certain formal characteristics of the commodity (such as pricing in value terms) are retained under socialism, the economic relationship that these embody may systematically violate the principle of equivalent exchange (i.e. of the law of value). We do not mean to elaborate on this question here, but it is important to note that one of the great advantages of socialism with respect to the market economy is the fact that economic proportions of a different type are established in such a manner that the main law of socialist production is satisfied:

The essential features and requirements of the basic law of socialism might be formulated roughly in this way: the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society through the continuous expansion and perfection of socialist production on the basis of higher techniques.' (J.V. Stalin, *Economic Problems of Socialism in the USSR*, Peking, Foreign Language Press, 1972, pp. 40-41.)

This economic fact goes far beyond the power of the socialist state to predict or consciously coordinate the economic activity of economic units which exchange labour according to the principle of equivalent values. The fact that this relationship is more or less predicted in the form of a plan by itself does not overcome the backwardness intrinsic to the market relationship. It is a false and anti-scientific illusion, common to all the right-wing revisionist deviations, to reconcile the concept of a socialist plan and the market relationship embedded in the principle of equivalent exchange of values. Using pseudo-Marxist phraseology, the ideologists of revisionism want to substantiate the idea of the subjugation of the market relationship to the socialist plan as the *modus operandi* for the transition to communism. As opposed to the Marxist-Leninist principle of the progressive liquidation of the market relationship embodied in the principle of equivalent exchange of values, modern revisionism as well as the authors of the Shanghai text-book maintain that such a form persists and even becomes further developed under socialism. History has flagrantly proven that such a scheme ultimately leads to the restoration of open forms of capitalist exploitation via more or less lengthy processes in which capitalist exploitation is concealed under certain forms inherited from a revolutionary past.

This illusory attempt to reconcile market and plan is in essence a pre-Marxist consideration that has been propagated by the ideologists of right-wing revisionism over and over again in the 20th century. The authors explicitly uphold this postulate and turn it into one of the most important pillars of the Shanghai text-book, which is portrayed by many as an innovation but which unfortunately has nothing original in it:

'Ultimately, the subordination of the value-creation process to the labour process is for the purpose of creating an ever-increasing quantity of social wealth to satisfy the needs of the whole labouring people' (ibid, p. 323).

The attempt by the authors to show that the value-creation process can be subordinated to the main law of socialist production in an economic system that operates according to the principle of exchange of equal values is performed within the context of the doctrine of 'revolution in command'. The idealist and metaphysical approach to the place of politics in the economy plays

a fundamental role for the authors to give reassurance about this illusory subordination. This will be elaborated further in the last section of the present article.

The authors of the Shanghai text-book are somewhat shy when it comes to openly acknowledging the commodity character of all products in the transitional economy, as their counterparts in the Soviet Union concluded towards the end of the 1950s. The universality of the commodity character of products in the Chinese economy is implied throughout the text and it is made almost explicit in quotes such as this:

‘The duality of socialist products is reflected in the duality of the production process for socialist products. As production for direct social products, it is a labour process which creates in a planned manner various use values to satisfy the needs of the proletariat and the whole labouring people. As commodity production, the labour of the producer not only creates various concrete use values but also exchange values. ***The socialist production process is a unity of this labour process and the value-creation process***’ (ibid, p. 317, our emphasis).

From this follows nothing less and nothing more that the socialist product is a commodity, and therefore the socialist product harbours a dual character, following the duality of the nature of the commodity unveiled by Marx. In essence, the duality of the product under socialism is a result of the necessary duality of the commodity. The authors, without stating it openly, for fear of not sounding revolutionary, definitely come to the conclusion that the product under socialism is a commodity. In doing so, they still strive to pretend that their ‘marketism’ is not of the same kind as that shown by the Soviet revisionists. They exonerate themselves in a way that is very hard to reconcile with the very basics of Marxist political economy. Capitalist production is also a unity of labour process and value-creation process. According to the ideologists of right-wing revisionism, the main difference between the capitalist and socialist unity of use value and exchange value lies in the fact that in the latter the market is subjugated to the plan. In this regard the authors of the Shanghai text-book reinforce this revisionist thesis with the doctrine of the ‘revolution in command’. This doctrine is a tool in the hands of the authors to resolve the glaring contradiction involved in the assertion that ‘the socialist production process is a unity of labour process and the value-creation process’.

Revisionist political economy assumes that prices and value have to coincide, otherwise the interrelations among the branches of the economy and the equilibrium in the flux of labour is violated. The law of equivalent exchange is materialised through the fact that value and price should coincide. It is evident that the authors of the political economy text-book do indeed advocate that view. As a matter of fact, even when the authors admit to the possibility of a deviation of the price from value, they do it in a way that is perfectly consistent with the conception of ‘market socialism’:

‘Under the socialist system, because of different production conditions and supply-demand, the state plan prices may not always be identical with the value of products’ (ibid, p. 408).

The reasons why price and value do not necessarily coincide are significantly broader and bear far-reaching implications, which can only be understood within the context of the Marxist-Leninist definition of the main law of socialist production. The reason why price and value may

not coincide under socialism is not determined by supply and demand, or even by the different production conditions. Such conclusions can only be drawn by those who think like capitalist and/or petty bourgeois producers and has nothing to do with the Marxist-Leninist political economy of socialism.

Gradualist Conception of Collectivisation

The topic of collectivisation in China is a rather intricate one. It is not within the scope of this section to cover the evolution of the views of the Chinese economists and the policies of collectivisation. This should be the subject of a separate work. In this section we concentrate on the gradualist conception of collectivisation, which in our opinion played a central role in the role of the people's communes in the socialist transformation of the economy and differ fundamentally from the Marxist-Leninist conception of collectivisation. We consider these features within the framework of the overall view of the economic transformation summarised by the authors of the Shanghai text-book. It is our view that the basic features of the authors' conception of collectivisation are consistent with other crucial elements of their economic views, which we regard as anti-Marxist. Overall, the path of collectivisation summarised by the authors is in essence not socialist and is based on a number of assumptions common to well-known right-wing theories that we will refer to in the present article under the generic term of gradualism.

It is most relevant to bear in mind that in this section we do not touch upon the actual process of formation of the people's communes and its internal class structure. In order to avoid confusion, we ask the reader associate the term collectivisation as referred to in this section to the process of elevation of the people's communes to the level of social property unless it is explicitly specified that the two are different processes. On the other hand, it is our view that the Chinese people's communes represent an incipient aggregation of peasant on the basis of simple cooperation. From this point of view, the people's communes, as they emerged after the Great Leap Forward, represent a lower form of collectivisation with respect to that achieved in the Soviet Union during the 30's (i.e. on the basis of mechanisation of labour while the main means of production remain in the hands of the socialist state). Therefore, when we refer to the process of elevation of the people's communes to the level socialised production we do not want to imply that the tasks of collectivisation were completed by the Great Leap Forward. In a sense, we are putting ourselves in the authors' shoes, who assume that the tasks of collectivisation were in fact completed and think about the question of the elevation of the collective property from that perspective.

Before jumping into the authors' views on collectivisation it is most relevant to clarify what we mean by the concept of gradualism from the point of view of the Marxist-Leninist critique of right-wing political economy. Gradualism represents one of the most prominent tenets of the theory of right-wing revisionism with regard to the transformation of the collective ownership into full-fledged socialist ownership. Gradualism can be best defined as following: A belief that the process of elevation of collective ownership to the level of social ownership will occur by means of the development of the forces of production in the countryside on the basis of commodity-exchange and collective ownership of the main means of production. According to the conception of gradualism, the collective farms exchange values with other collective farms, the state and consumers according to the law of value, as they own all the agricultural

production. The conception of gradualism rests upon the concept of economic independence (commonly known in China as self-reliance) and the assumption that the basic difference between state-owned and collective enterprises reduces itself to the degree of concentration of forces of production. The conception of economic independence of the productive unit was implemented differently by the revisionists depending of the country and the stage of development and it applied to both state and collective enterprises. In general, the concept of economic independence applied almost equally to state-owned and collective enterprises, as a result of which they were considered on a similar footing by the planning organs. Following this line of thought it is natural to argue that the main means of production should belong to the collective farms. Therefore, the dogma that the collective farms should retain the ownership of the main means of production is intrinsic to the right-wing theories of 'market socialism' and should be considered within this context as a manifestation of self-consistency within that system.

Gradual transformation of the countryside is not necessarily connected to the speed of the transformation. As a matter of fact, the process of creation of the communes during the years of the Great Leap Forward was a rather swift process which, strictly speaking, is to be considered within the gradualist conception of collectivisation. Many bourgeois and petty-bourgeois authors who discuss the economic history of China analyse the economic reforms of the Great Leap Forward in the countryside by concentrating on the speed and the role of ideological elements characteristic of that process. They hardly see any differences between the conception of collectivisation before and after the Great Leap Forward other than these two issues, whereas a Marxist analysis uncovers major qualitative differences.

It is particularly instructive and useful to the discussion to remind the reader of Bukharin's views on collectivisation. Bukharin's objection to the party's general line on collectivisation is probably the most representative example of right-wing revisionist thinking on these questions. Modern theories of right-wing revisionism ultimately relate to Bukharin's critique.

'One point of view sees economic forms and market relations, but sees no classes; another, sees classes, but does not see the market relations, economic proportions. Both points of view are erroneous. The correct statement, which corresponds to reality, can be formulated as follows: through the struggle of economic forms, through the market, through the commodities, through the regulation of these commodities, through the property of these commodities, through the relations of production and through the relations of the market classes struggle...

... If as a result of whatever mistakes, our planning organs violated the necessary economic proportions, what does this mean from the point of view of the class struggle? This means that a situation is created that can be easily used by our enemies, the kulaks, the private owners, the bourgeoisie in general; our handicap becomes a plus, a benefit for our class enemy.

If we manage to reinforce proper balance of the different elements of the economy, if we do keep the latter in equilibrium, our class enemy will be restricted to a greater extent.' (N. Bukharin, published in *Put k Sotializmu, Nauka, Sibirskoe Otdelenie* 1990, p. 263. Translated from the Russian.)

It is relevant to note that at the time when Bukharin expressed these views, not only was the question of the collectivisation of the middle and lower strata of the peasantry at stake but also the issue of the liquidation of the rich peasants (exploiters of other peasants) as a class. Needless to say, Bukharin in practice was against the suppression of the economic power of the kulaks. However, the essence of the gradualist conception remains intact even under the conditions of complete liquidation of capitalist elements in the countryside and can be isolated from it. Bukharin's theories constitute the core of modern revisionism's conception of the socialisation of the collective farms in the historical conditions of absence of capitalist elements and the completion of collectivisation of the peasant masses. Bukharin, and together with him Trotsky, firmly believed that the path to collectivisation and the elevation of peasant production to higher forms of organisation goes via market relations and that the socialist state should influence agriculture via commodity-exchange:

'The innumerable living participants in the economy, state and private, collective and individual, must serve notice of their needs and of their relative strength not only through the statistical determinations of the plan commissions but by the direct pressure of supply and demand. **The plan is checked and, to a considerable degree, realised through the market**' (L.D. Trotsky, 'The Soviet Economy in Danger', in 'Writings of Leon Trotsky 1932', Pathfinder Press, New York, 1973, p. 275. Our emphasis.)

The views presented by the authors of the Shanghai text-book represent a concretisation of the principles expressed above in the conditions of China's countryside following the policies of the Great Leap Forward. The concrete historical conditions we refer to can be succinctly summarised as follows: completion of collectivisation of the Chinese peasantry on the basis of simple cooperation, or people's communes and liquidation of capitalist households. The terms under which rich peasants entered the Chinese people's communes are a very important topic, which unfortunately cannot be covered in the present article and should definitely be subject to major scrutiny.

The elevation of the collective property to the level of socialised property is a much more complex process than the one depicted by the ideologists of right-wing revisionism. The point of this transformation, which is such a prominent question for the socialist construction in a backward and agricultural country, is not reduced to a question of organisation of forces of production and enhancement of concentration of production, but rather, to ensure the elevation of the collective property to the level of property of the whole people via a progressive process of qualitative changes. It goes without saying that the collective farms must not be abruptly transformed into the property of the whole society, for such a disposition would have a merely formal character and would not resolve the tasks imposed by a genuine socialist transformation of agriculture. The quid pro quo of such a transformation lies in the principle that the main means of production are retained by the state. In the Soviet Union, this Marxist principle was concretised in the form of the Machine Tractor Stations (MTS), which were workshops with mechanised tools owned by the state:

'The matter has nothing to do with either Sch[ulze]-Delitzsch or with Lassalle. Both propagated small cooperatives, the one with, the other without state help; however, in both cases the cooperatives were not meant to come under the ownership of already existing means of

production, but create alongside the existing capitalist production a new cooperative one. My suggestion requires the entry of the cooperatives into the existing production. One should give them land which otherwise would be exploited by capitalist means: as demanded by the Paris Commune, the workers should operate the factories shut down by the factory-owners on a cooperative basis. That is the great difference. **And Marx and I never doubted that in the transition to the full communist economy we will have to use the cooperative system as an intermediate stage on a large scale. It must only be so organised that society, initially the state, retains the ownership of the means of production so that the private interests of the cooperative vis-à-vis society as a whole cannot establish themselves.**' (Letter of F. Engels to August Bebel in Berlin, January 20th 1886. Published by V. Singh in *Revolutionary Democracy*, Vol. I, No. 2, September 1995. Our emphasis.)

The elevation of the collective property to socialised property is a process which is evolutionary in form, but in essence involves a chain of qualitative changes and differs fundamentally from the gradualist formula proposed by the ideologists of right-wing revisionism. The essence of the cooperation between the socialist state and the collective farm changes radically as a result of the fact that the socialist state retains ownership of the main means of production. Labour exchange between the collective farms and the state changes qualitatively from the period when the latter is forced to trade with independent producers who own all the means of production and therefore also own all the products of their production. In the latter case, the law of value necessarily becomes the regulator of labour exchange between the socialist state and the collective farms. The socialist plan is an external force which interacts with the collective farm via the market. The fact that the socialist state has the prerogative to apply a given price policy does not change the essence of this economic relation. Whether planners want it or not, in the long run the law of value will become the leading criterion for pricing.

When the state owns the main means of production, the law of value step by step ceases to be a regulator and the relationship between the socialist state and the collective farm starts to look more like the relationship between the socialist state and the state enterprises. As we have seen in the section on the authors' conception of commodity-money relations, they consider the collective farms as individual producers, who should exchange labour with other production units according to the principle of equivalent exchange of values, or the law of value. The fact that the means of production are owned by the collective farms in China is no coincidence, as it is no invention of the Chinese economists. Much to the contrary, the MTS were sold to the collective farms by Khrushchev and this became a new 'standard' for the policies of collectivisation in the revisionist countries. The Great Leap Forward followed a similar policy and liquidated whatever embryo of MTS that existed in China during the years of the first Five-Year Plan. The question of efforts at developing something like the MTS is another very important issue that cannot be covered in the present article, but which also requires special attention.

The so called 'Stalinist' model for collectivisation has been demonised by the bourgeoisie and the right-wing revisionists. Unfortunately, many Chinese economists, following the XXth Congress echo these views to a considerable degree. These economists concentrate on insubstantial issues and fail to grasp of the essence of the economic transformation. The economic analysis reduces to ideological considerations or discussions concerning the unfair

treatment of kulaks as individuals, considered in isolation from the concrete-historical conditions at the time. None of those critiques address the relevant underlying issues and, in rejecting the so called ‘Stalinist’ model, they consciously or unconsciously reproduce Bukharin-Trotsky’s scheme for collectivisation. In our view, the following paragraph embodies the Marxist-Leninist understanding of the essence of socialist collectivisation. This paragraph enriches the essence of Engels’ letter by generalising the vast experience of collectivisation in the Soviet Union and the People’s Democracies:

‘The highest stage of cooperation of the peasantry is the organisation of collective economies – the kolkhoz, which entails the transition to large socialised production. The kolkhoz is a large economic unit in the countryside, a result of the voluntary collective enterprise of peasants, **which is based on the social character of the property of the means of production** and collective labour and excludes the exploitation of man by man.’ (‘Political Economy, a Text-book’, Gosudarstvennoe Izdatelstvo Politicheskoi Literatury, 1953, p. 344, our emphasis. Translated from the Russian. Our emphasis. This Draft is preserved in the former Central Party Archives, Moscow).

The policies of collectivisation during the Great Leap Forward were indeed successful from the point of view achieving the organisation of a vast number of individual producers into the people’s communes. However, a closer look at the economic essence of the people’s communes sheds some light on the true character of these reforms. First of all, the use of the very term ‘commune’ has more a declaratory meaning than anything else. The economic essence of these communes is the aggregation of individual peasants in terms of simple cooperation on the basis of manual labour and commodity-money relations as a primary economic bond. The fact that the process of formation of the people’s communes was characterised by a high level of political consciousness does not change the essence of this basic feature. It does not alter the fact that these economic formations, strictly speaking, do not compare to either the economy of primitive communism or the economy of communism. In fact gradualism was hard-coded into the essence of the policies of the Great Leap Forward and it is from this point of view that the economic essence of the people’s communes needs to be evaluated:

‘After the establishment of people’s communes, there is no need immediately to transform collective ownership into ownership by the people as a whole. It is better at present to maintain collective ownership to avoid unnecessary complications arising in the course of transformation of ownership. In fact, collective ownership in people’s communes already contains some elements of ownership by the people as a whole. These elements will grow constantly in the course of the continuous development of the people’s communes and will gradually replace collective ownership’ (Resolution of the Central Committee of the Chinese Communist Party on the Establishment of People’s Communes in Rural Areas (August 29, 1958), in ‘People’s Communes in China’, Foreign Language Press, Peking 1958, p. 7).

As discussed above, we agree with the view that the process of elevation of collective ownership is a relative lengthy process. However, we believe that the argument in favour of maintaining the collective property is insubstantial and even ambiguous. It is clear that the basic agricultural tools should remain collective property. It is hard to believe that such economic measure that decrees the expropriation of the basic agricultural tools will succeed or even be necessary at all

given the concrete-historical conditions of China at the time. Such a statement is ambiguous since no distinction is made between basic tools and the main complex tools, like tractors or other highly mechanised and costly devices. Not to distinguish between the two is a rather dangerous omission. On the other hand, it is clear that the socialist character of the communes is taken too literally to the extent that this concept is not necessarily filled with a clear economic content, which puts under question the scientific character of these considerations.

Taken in isolation, the statement that the people's communes contain 'some elements of ownership by the people as a whole, is not necessarily wrong. However, this is true as long as this is conceived as a potentiality and the qualitative differences between the two types of properties are seriously understood. In our view this is clearly not the case, as the issue of property of the main means of production is taken too lightly. To ignore the essence of the economic relation between the state and the collective farms implied by the fact that the main means of production remain in the hands of the latter liquidates that potentiality. There is little left of the progressive potentiality assumed hitherto. The assertion that these elements 'will grow constantly in the course of the continuous development of the people's communes and will gradually replace collective ownership' is void of economic content and therefore it lacks scientific substantiation; it only represents a desire to achieve socialisation without having the means for it. This reasoning represents an abstract scheme that has nothing to do with dialectics. Moreover it manifests the right-wing revisionist illusion that development on the basis of economic independence or self-reliance can lead to the completion of the tasks of socialist construction.

The basic theoretical and practical questions of collectivisation had been dealt with in the Soviet Union and the People's Democracies of Eastern Europe. The economic essence of such economic associations based on simple cooperation of peasants was fairly well known and the guidelines to overcome their backwardness were clear overall and were implemented taking into account the specifics of each country. Before the policies of the Great Leap Forward were implemented, the Chinese economists were aware of the considerations in this regard that were so brilliantly presented in the draft of the Soviet Political Economy text-book of 1953:

'A lower level of cooperation of peasant production is the cooperation in the realisation of the agricultural production, means of production and the means of consumption (industrial goods), and also cooperation in credit. These forms of cooperation play a big role in the transition from the individual peasant production to the large, social production. They inculcate the habits of collective management of agriculture to broad masses of peasants. **At this stage the bond between socialist industry and peasant production is mainly commerce, which does not yet change of the private character of the peasant production.**' ('Political Economy, a Text-book', Gosudarstvennoe Izdatelstvo Politicheskoi Literatury, 1953, pp. 343-344, our emphasis. Translated from the Russian.)

We do not question the presence of socialist elements in the people's communes. However, we fear that this assertion is basically driven by ideological attributes rather than by a serious economic analysis. There is no doubt that the agglutination of individual peasant households into associations of peasants based on simple cooperation is a step forward towards socialism, provided that those associations exclude exploitation of man by man. But despite the

progressiveness of such associations, their private character is an objective economic fact that simple cooperation by itself will not be able to overcome. Thousands of revolutionary slogans and the best socialist education can do little to overcome such a fundamental handicap, which establishes a rift between state and collective ownership. To believe that such a rift can be overcome by giving the main means of production to the collective farms and by developing the forces of production on the basis of commodity-money exchange is hopelessly anti-Marxist and reminds us once again of Dühring's conception of socialism. In order to reconcile this glaring anti-Marxist contradiction the authors of the Shanghai text-book do nothing else than to appeal to the elevation of the consciousness of the peasants. If there is anything truly original in this thinking it is the view that the level of ideological development is the solution to all the hopeless contradictions of the theory of 'market socialism' that the Shanghai text-book is a particular expression of.

'... China's rural people's commune will gradually pass from the present ownership system based on the production team to a future ownership system based on the brigade and the commune, and then from there gradually to a socialist state ownership system. This will be a long process of gradual development...

'... The development of the collective ownership system from the small to the big, from the low to the high, and from the collective ownership to the state ownership is all based on a gradual improvement of the productive forces and the socialist consciousness of the people' (ibid, p. 270).

At that time the Chinese leadership believed that the socialisation of the people's communes would take a number of years, although this would be a relatively short period. The Chinese economists seem to have changed that estimate, as is made manifest in the Shanghai text-book. However, we do not observe any fundamental change in the conception of collectivisation in the text-book with respect to those predominant in China towards the end of the 1950s. A more detailed study of the evolution of views among the Chinese economists is required to come to solid conclusions. However, it seems fair to state that the authors of the Shanghai text-book make their pro-market orientation more explicit. The authors openly acknowledge that the Chinese people's communes operated as independent productive units, which is responsible for and appropriates its profit while owns its means of production and, therefore for capital investments. This is probably an expression of the fact that their pro-market spirit was more advanced than that displayed by the Chinese economists towards the end of the 1950s.

'The means of production and labour power under the socialist collective ownership belong to individual collective organisations of the labouring people. Each collective economic organisation is an accounting unit. It organises production, according to prices set by the state. It operates independently and is responsible for its profits and losses.... China's rural people's commune uses the three level ownership system of the commune, the production brigade, and the production team. The commune, the brigade and the production team are all accounting units which operate independently and are responsible for their profits and losses' (ibid, p. 410).

As pointed out at the beginning of the present section, we are not dealing with a number of crucial issues regarding collectivisation in China. We have reduced ourselves to touch upon the

authors' understanding of the basic trends of the elevation of the people's communes to the level of socialised property. We view their conception within the context of a broader question, namely the theories of 'Market Socialism'. The gradualist character of the authors' understanding of collectivisation is perfectly consistent with other right-wing conceptions exposed in other sections. The present analysis by far does not saturate the list of central topics in collectivisation. For instance, in what form did the machine tractor station exist in the Chinese country side and when were they liquidated? Also, further investigation is required to establish the class character of the Chinese people's communes and what was the role of the rich peasants in their formation. Under what conditions were the rich peasants allowed to enter the people's communes? We need to investigate the similarities between the people's communes and the Titoite conception of collectivisation in this respect. We also need to evaluate the differences and similarities between the people's communes and the policies of collectivisation in Eastern Europe after the XXth CPSU congress. These and other questions need to be studied in order to complete the global economic picture summarised by the Shanghai text-book

Idealism and Metaphysics in the Definition of the Role of Politics in the Economy

In this section we briefly address the issue of metaphysics and idealism in the treatment of the relationship between politics and economics assumed and consistently implemented by the authors of the Shanghai text-book. This is indeed more a basic tenet of the theory advocated by the authors of the Shanghai text-book than the other topics covered above. However, for the sake of the presentation of our critique it seems more convenient to cover this question last. This order may help the reader to more clearly appreciate the central role that these features play in the establishment of a new economic doctrine after the completion of the first Five-Year Plan.

Indeed, the metaphysical treatment of politics and economy is not an invention of the authors of the Shanghai text-book, since it is common to quite a number of ideological trends and authors before Maoism. For instance, metaphysics in the treatment of politics and economics is common to ideologists of Trotskyism and a number of idealist tendencies during the 1920s in the Soviet Union, which are not particularly well-known because they have not been translated. The latter includes Bogdanov, who greatly influenced Bukharin and Rykov, and other right-wing deviationist tendencies that arose in the post-war period. Metaphysics on the question of politics and economics was not even invented by the above-mentioned deviations, as this feature is basically pre-Marxist. In order to fully understand the rationale of this problem one would have to start from the influence of bourgeois philosophical and economic thinking that Marx and Engels systematically exposed.

In the exposition of their ideas, the authors of the Shanghai text-book try to stick to well-established formulations as much as possible. At least formally speaking, they even agree with Stalin's formulation of the object of political economy. The following are, in their opinion, the most relevant aspects of the production relations:

'Production relations consist of three aspects: (1) the ownership pattern of the means of production; (2) people's roles in production and their mutual relations; (3) the pattern of product distribution' (ibid, p. 4).

This compares well with Stalin's formulation in *Economic Problems*:

'The province of political economy is the production, the economic, relations of men. It includes: a) the forms of ownership of the means of production; b) the status of the various social groups in production and their interrelations that follow from these forms, or what Marx calls: 'they exchange their activities'... c) the forms of distribution of products, which are entirely determined by them. All these together constitute the province of political economy.' (J.V. Stalin, *Economic Problems of Socialism in the USSR*, Peking Foreign Language Press, 1972, p. 75.)

We address the similarities of the two definitions from the formal point of view. Indeed, the authors of the Shanghai text-book de facto imply something different when they refer to 'people's roles in production and their mutual relations'. This becomes clear within the context of the authors' exacerbation of the role of politics in economics, which will be discussed in more detail below. Before moving on, it is relevant to note, that this is one more example of the authors' attachment to certain formulations in political economy that were widely accepted up to the second half of the 1950s and that were subsequently suppressed by revisionist economists. Unfortunately, this is one more example of the particular way the authors of the Shanghai text-book revise the principles of Marxist-Leninist political economy rather than a way they uphold the latter against their systematic revision by the Soviet economists of the post-Stalin period.

The role of the 'people's roles in production and their mutual relations' adopts a different character in the Shanghai text-book. Indeed, despite formally accepting the correct definition of the object of political economy, the authors of the Shanghai text-book are impelled to arrive at the following conclusion which, to the best of our knowledge, cannot be found in any of the texts written by the classics of Marxism-Leninism:

'Therefore, if one wants to understand how old production relations are transformed and new production relations are established and perfected, it is not enough to explain in terms of the contradictions between the production relations and the productive forces. The relations between the superstructure and the economic substructure must also be investigated' (ibid, p. 8).

At first glance, the last sentence would sound to a Marxist like a kind of tautology, a very suspicious one indeed. Within the framework of dialectical materialism it makes no sense not to consider the relations between the superstructure and its economic basis. Marxists consider society as a unity of the economic structure and the superstructure. This is implied in the Marxist method itself. Whoever does not implement such a relationship cannot be called a Marxist. Do the authors of the Shanghai text-book want to emphasise dialectical materialism in the study social phenomena? In our view, they pursue a far more ambitious goal: they want to include the study of the phenomena of superstructure in the object of political economy. This is a basic postulate for the authors of the Shanghai text-book to preserve a certain consistency in the system of ideas they advocate. One does not have to emphasise the need to study the 'relations between the superstructure and the economic substructure' if the basic laws of historical materialism are properly laid down. It only makes sense to emphasise this if the ultimate goal of the discussion is to exacerbate the role of politics in the study of the production relations. It only makes sense if one were to consider the 'old' political economy to be a one-sided discipline,

which prior to their ‘creative development’ had underestimated the role of the influence of the superstructure on economic phenomena.

Again, the authors of the Shanghai text-book formally accept a basic formulation in political economy, according to which the economic base determines the superstructure and not the other way around:

‘In the contradiction between the superstructure and the economic substructure, the latter, in general, is the determining force’ (ibid, p. 8).

The devil, however, can be found sometimes in the details. While formally accepting a rather widespread Marxist notion, the authors of the text-book express a concern that this formulation is valid ‘in general’, i.e. it may not be valid in every instance. As will be seen below, the authors of the Shanghai text-book believe that in the transitional society the superstructure plays a dominant role and that political economy deals to a great extent with how the superstructure influences the economic base.

‘The superstructure is determined by the economic substructure. Once it is established it has immense negative effect on the economic substructure’ (ibid, p. 9).

This statement is followed by a quote from Stalin’s *Marxism and Linguistics* in which the latter stresses that the superstructure serves the economic base in order to consolidate it and in doing so destroys the economic base and superstructure. Needless to say, Stalin does not imply that the superstructure is either passive or that its influence is immense, and he does not do this because, as a Marxist, Stalin considers politics and economics in their dialectical unity. The true goal of the authors of the Shanghai text-book here is to allow themselves some flexibility in determining the relative weight of the superstructure in social formation. It is clear that they reserve to the superstructure a leading role in the transitional society. In order to come to such conclusions in the practice of the study of economic phenomena in revolutionary China, it is convenient to lay the necessary groundwork:

‘The transition from one societal form to another in human society is impelled by the basic social contradiction, namely, the contradiction between the production relations and the productive forces and between the superstructure and the economic substructure’ (ibid, p. 225).

The authors of the Shanghai text-book basically place the contradictions between the production relations and the productive forces on the same or even lower level than the contradictions between the superstructure and the economic base. It is basically up to the analysis of the contradictions in a particular society to determine the relative weight of these two types of relationships. Needless to say, such statements are an educational example of metaphysical thinking and a rather crude expression of how alien dialectical materialism is to the system of economic ideas advocated by the authors of the Shanghai text-book.

The authors’ conception of the role of the superstructure in the transition to socialism flagrantly violates the basics of political economy and historical materialism. It should be unnecessary to remind the reader that the founders of Marxist-Leninist political economy had a different view of

the role of the phenomena of consciousness and that one can find innumerable accounts in which Marx and Engels made it crystal clear what the foundations of historical materialism consist of and why pre-Marxist historical science and political economy failed to scientifically grasp the laws of historical evolution. Moreover, these basic laws are applicable to all social formations, of which socialism or the transition to it and communism is not an exception. It fits, however, the flow of the discussion to remind the reader of these two classic paragraphs:

‘The general conclusion at which I arrived and which, once reached, became the guiding principle of my studies can be summarised as follows. In the social production of their existence, men enter into definite, necessary relations, which are independent of their will, namely, relations of production corresponding to a determinate stage of development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation on which there arises a legal and political superstructure and to which there correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life-process in general. It is not the consciousness of men that determines their being, but on the contrary it is their social being that determines their consciousness.’ (K. Marx, ‘Introduction to a Contribution to the Critique of Political Economy’, Foreign Languages Press, Peking 1976, p. 343.)

And this famous passage of Engels in *Anti-Dühring*:

‘The materialist conception of history starts from the principle that production and, next to production, the exchange of things produced, is the basis of every social order; that in every society that has appeared in history, the distribution of wealth and with it the division of society into classes or estates are dependent upon what is produced, how it is produced, and how the products are exchanged. Accordingly, the ultimate causes of all social changes and political revolutions are to be sought, not in men's brains, not in their growing insight into eternal truth and justice, but in changes in the modes of production and exchange. They are to be sought, not in the *philosophy*, but in the *economics* of each particular epoch.’ (F. Engels, Foreign Languages Press, Peking 1976, p. 343.)

For some reason the authors imply that forms of the superstructure, consciousness, ideology, play a leading role in the process of socialist construction, which allegedly corresponds to a social formation in which the basic principles of political economy and historical materialism, as formulated by Marx and Engels, are either transformed or operate in a different way. To the question as to why the economic structure plays a dominant role with respect to the superstructure in class societies such as capitalism, while this relationship suffers a qualitative change in the transitional society, the authors of the Shanghai text-book do not really give a scientific answer. Apparently the practice of socialist construction in China has led them to believe that the contradictions between the superstructure and its economic structure come to the forefront as a fundamental contradiction of the social formation, at the same level as the contradiction between the forces of production and relations of production. It seems to us, however, that the exacerbation of the reverse influence of the superstructure plays the role of the Trojan horse for right-wing revisionist conceptions in the political economy of the transitional system, as will be discussed below.

The idealist character of the understanding of the role of the superstructure advocated by the ideologists of the Shanghai text-book has been brilliantly exposed by Sunil Sen ('Raymond Lotta and the Political Economy of Socialism' published in *Revolutionary Democracy* Vol. V, No. 1, April 1999). In his excellent article Sen delivers a devastating critique of the appraisal by Lotta (who is a leader of the Revolutionary Communist Party(USA) and the Revolutionary Internationalist Movement) of the Shanghai text-book. The bourgeois essence of Lotta's allegedly Marxist appraisal is denounced by the author, who exposes Lotta's critique of the 'productivist' Stalin in contrast to the 'revolution-in-command' political economy advocated by the authors of the Shanghai text-book. It is most helpful to cite a very important passage of Marx-Engels *German Ideology* referred to by Sen, which clearly shows the anti-Marxist and idealist character of the attacks on the so-called 'productivism' of the 'Stalinist' conception of the political economy of Socialism:

'Communists do not oppose egoism to selflessness or selflessness to egoism, nor do they express this contradiction theoretically either in its sentimental or in its high-flown ideological form; they rather demonstrate its material source, with which it disappears of itself. The Communists do not preach morality at all.

They do not put to people the moral demand: love one another, do not be egoists, etc.; on the contrary, they are very well aware that egoism, just as much selflessness, is in definite circumstances a necessary form of the self-assertion of individuals. Hence, the Communists by no means want to do away with the 'private individual' for the sake of the 'general', selfless man. That is a statement of the imagination.

Communist theoreticians, the only Communists who have time to devote to the study of history, are distinguished precisely by the fact that they alone have discovered that throughout history the 'general interest' is created by individuals who are defined as 'private persons'. They know that this contradiction is only a seeming one because one side of it, what is called the 'general interest', is constantly being produced by the other side, private interest, and in relation to the latter is by no means an independent force with an independent history – so that this contradiction is in practice constantly destroyed and reproduced. *Hence it is not a question of the Hegelian 'negative unity' of two sides of the contradiction, but of the materially determined destruction of the preceding materially determined mode of life of individuals, with the disappearance of which this contradiction together with its unity also disappear*' (our emphasis). (K. Marx and F. Engels, in *German Ideology*, Collected Works, Progress Publishers, Moscow 1975, Vol. 5, p. 247.)

As we have seen in the previous section, the authors' attitude towards commodity-money relations differs little from that of the revisionist economists in the post-Stalin period. While appealing to the need to 'control commodity-money relations in the transitional economy, to subjugate them to the needs of the progressive transformation of society, they nevertheless assume the commodity character of almost all products in the transitional economy, both in form and content, and they assume the law of value as the regulator of the portions of labour exchanged among production objects. Among those who uphold the allegedly revolutionary character of the Shanghai text-book, there are those who still claim that its theses are in contradiction with the essence of 'market-socialism', however they see the need to suppress the

role of commodity-money relations not from the point of view of the economic laws of the transitional economy, but from the perspective of consciousness:

‘I believe that commodity production and the market have to be transcended – because they are obstacles to people consciously taking hold of and transforming society.’ (R. Lotta in ‘Socialist Planning or ‘Market-Socialism’?’, *Revolutionary Worker* #1166, September 15, 2002.)

Lotta considers that the existence of commodity-money relations hinders the development of the ability of people to transform society, because it perpetuates bourgeois thinking, and thus he objects to those who openly agitate in favour of ‘market-socialism’. But is the objection to the theses of ‘market socialism’ in the realm of consciousness? Will bourgeois and petty bourgeois thinking be liquidated with the eradication of commodity-money relations? Is the understanding of the laws that govern the transitional economy determined by phenomena of consciousness? When a Marxist appeals to the need to restrict the sphere of operation of commodity-money relations, issues related to the character of labour exchange between various production units, the relationship between production and consumption, extended reproduction, the essence of plan are implied and interconnected, etc.

Many of those who have argued and still argue that the so-called ‘Soviet style’ (i.e. Stalinist) political economy ignored the role of politics usually quote Lenin’s famous statement that ‘politics is a concentrated expression of economics’, written in his polemics with Trotsky and Bukharin with regard to the role of the trade unions under the dictatorship of the proletariat. Those who support the view that Stalin deviated from Lenin or that Lenin basically took an innovative stand with regard to the interrelation between politics and economy, which Stalin allegedly did not grasp, take the quote out of context. On the contrary, those who advocate reducing the problems of political economy to a question of the dominance of proletarian ideology apparently have not paid close enough attention to the discussions and causes that led Lenin to make his statement. Paradoxically, they commit the same theoretical mistake as Trotsky and Bukharin, which Lenin was fighting at the time when he made his famous statement, namely the mechanical and metaphysical separation of politics and economics within the contexts of a particular discussion. Let us review some of the details of the circumstances surrounding Lenin’s famous statement:

‘It is strange that we should have to return to such elementary questions, but we are unfortunately forced to do so by Trotsky and Bukharin. They have both reproached me for ‘switching’ the issue, or for taking a ‘political’ approach, while theirs is an ‘economic’ one. Bukharin even put that in his theses and tried to ‘rise above’ either side, as if to say that he was combining the two.

This is a glaring theoretical error. I said again in my speech that politics is a concentrated expression of economics, because I had earlier heard my ‘political’ approach rebuked in a manner which is inconsistent and inadmissible for a Marxist. Politics must take precedence over economics. To argue otherwise is to forget the ABC of Marxism.’ (V.I. Lenin, *Collected Works*, Progress Publishers, Moscow, 1965, Vol. 32, p. 83.)

The statement that politics is a concentrated expression of economics came originally from the resolutions of the Ninth Congress of the R.C.P. on the trade unions. The resolutions emphasised the requirement that the trade unions, as the economic organisation of the working class, should not enter into contradiction with the Soviet power. The fact of the matter is that the existence of economic organisations of the working class within the context of the state of the dictatorship of the proletariat does not necessarily lead to the confrontation between the economic interest of the proletariat and of the state. Since politics is the concentrated expression of economics, the defence of the economic interest of the proletariat cannot contradict the politics of the Soviet State. In addition, let us not forget that trade unions, unlike those under capitalism, perform other tasks as well, although that is probably beside the point. When Lenin emphasised that politics ‘must take precedence over economics’ he was by no means subverting the Marxist relationship between politics and economics, as the authors of the Shanghai text-book seem to claim. Lenin’s statement should be understood within a different context: that the local economic interest of the workers collective cannot enter into contradiction with the politics of Soviet power and that politics and economy in a workers state should display unity.

‘Politics is the most concentrated expression of economics, its generalisation, and its culmination. Therefore, any opposition between the trade unions, as the economic organisation of the working class, and the soviets, as its political organisation, is completely absurd and is a deviation from Marxism in the direction of bourgeois – specifically, bourgeois trade-unionist prejudices. Such an opposition is especially absurd and harmful in the epoch of the proletarian dictatorship when its whole struggle, its whole activity – both economic and political – must be unified more than ever before, must be concentrated and directed by a single will, bound together in an iron unity.’ (On the Question of the Trade Unions and their Organisation, KPSS v rezoliutsiakh 2, 150-179.)

From this it does not follow that Lenin ceased to be a Marxist by admitting to the postulate formulated by the authors of the Shanghai text-book, that along with the contradictions between the productive forces and productive relations, the superstructure and the economic substructure become a fundamental contradiction of the transitional society. Much to the contrary, Lenin remains a Marxist throughout the discussion on trade unions and does not deviate an inch from the basics of Marxist political economy. Lenin makes that very clear, in case those who do not understand dialectics claimed that the leader of the Bolshevik revolution all of a sudden decided to take a turn in favour of ‘politics over economics’:

‘...as political superstructure in general (which must exist until classes have been abolished and a classless society established), serves production and is ultimately determined by the relations of production in a given society.’ (V.I. Lenin, *Collected Works*, Progress Publishers, Moscow, 1965, Vol. 32, p. 81.)

Lenin’s Marxist standpoint is made clear with a careful reading of ‘Once Again on the Trade Unions...’. Lenin’s statement about politics being the most concentrated expression does not mean that a new contradiction arises that becomes part of the object of study of political economy. The following paragraph is very revealing and fits very well the purpose of addressing allegations that Lenin meant something different, other than overcoming the ideological confusion that Trotsky and Bukharin dully fostered around the question of the role of trade

unions in the transitional society, and which the authors of the Shanghai text-book seem to reproduce in different historical conditions.

‘I could not help smiling, therefore, when I read Comrade Trotsky's objection in his speech of December 30: ‘In his summing-up at the Eighth Congress of Soviets of the debate on the situation, Comrade Lenin said we ought to have less politics and more economics, but when he got to the trade union question he laid emphasis on the political aspect of the matter’ (p. 65). Comrade Trotsky thought these words were ‘very much to the point’. Actually, however, they reveal a terrible confusion of ideas, a truly hopeless ‘ideological confusion’. ***Of course, I have always said, and will continue to say, that we need more economics and less politics, but if we are to have this we must clearly be rid of political dangers and political mistakes.***’ (Ibid, p. 85, our emphasis.)

It is absurd to argue that during the course of discussions about trade unions and Soviet power Lenin could have taken a different attitude to the role of politics and economics. Lenin as a Marxist considered politics and economics, the superstructure and the economic structure, in its dialectical unity. According to the specifics of such a dialectical relationship, economics plays a determining role with regards to politics. To argue that Lenin meant otherwise, that politics should play a more prominent role, as opposed to what was advocated by Marx and Engels, does not make much sense. This is equivalent to claiming that Marx and Engels did not grasp such a basic relationship and that all their works on historical materialism need to be reviewed. Such an argument can be understood only if those who make such claims are not aware of the dialectical relationship between politics and economics. By claiming that politics should play a more prominent role, one basically falls into the trap of metaphysical thinking, according to which politics and economics are treated as two mechanically connected sides of the unity. This type of metaphysical mistake was exactly what Lenin was fighting and he was indeed very specific about it.

‘The gist of his [Trotsky’s, our remark] theoretical mistake in this case is substitution of eclecticism for the dialectical interplay of politics and economics (which we find in Marxism). His theoretical attitude is: ‘on the one hand, and on the other’, ‘the one and the other’. That is eclecticism. Dialectics requires an all-round consideration of relationships in their concrete development but not a patchwork of bits and pieces. I have shown this to be so in the example of politics and economics. (ibid, p. 91.)

Generally speaking, to claim a given side of the considered unity should be more or less emphasised is a reflection of metaphysical thinking, which in the particular context considered here leads to idealism. To claim that politics was not sufficiently emphasised in the so-called ‘Soviet-style’ (Stalinist) system is as absurd as arguing that there exist good dialectical unities and bad dialectical unities. To insinuate that this or that side of the unity was neglected is a contradiction per se. The only possible objection that one can make is whether economics and politics were ever considered as a dialectical unity. It would be fair to evaluate whether in Stalin’s period the economists considered politics and economics as two sides of a dialectical unity and scrutinise the economic history from that point of view. It would make sense to argue with those who would consider (erroneously, though) that Soviet economists during Stalin’s period did not consider politics and economics in their dialectical unity. In that case we could

develop a discussion on the basis of concrete historical material and prove them wrong by means of a scientific analysis of the politics and economics of that period. However, it is nonsense to argue either that politics was neglected, or that the role of economics was overestimated. It is absurd because by appealing to different degrees of mechanical compensation of the poles of a contradiction one is denying dialectics altogether and replacing it by mechanical metaphysics.

The statement of the authors of the Shanghai text-book that the contradiction between the superstructure and the economic substructure is as basic a contradiction as the one between the production relations and the productive forces is one of the most direct expression of their metaphysical thinking and their lack of understanding with regard to basic questions of dialectics. This statement is a reflection of the mechanical separation between politics and economics that Lenin fought so hard against and it subverts the very basics of historical materialism.

Such mistakes are neither new in the history of revisionist thought nor, fortunately, are they necessarily inherent in the revolutionary traditions of the Chinese communists. One would therefore wonder why Chinese economists after the XXth CPSU Congress, in which the Soviet revisionists openly condemned Stalin, would resort to such type of arguments. One would wonder if this was an isolated blunder with no connection to a more general change of economic line or, on the contrary, if such an argument was to play a more prominent role and become the Trojan horse for right-wing revisionism in the practice of economic construction in China.

We have seen above that, although it is concealed by militant phraseology, one can unveil the basic tenets of right-wing revisionism concerning the political economy of the transitional society in the Shanghai text-book. We have also seen that the authors of the Shanghai text-book display a particular idiosyncrasy, which enables them to portray the new and revisionist economic line in a fashion differently from that of their counterparts in the post-Stalin Soviet Union. In addition, some of the ideas that were portrayed as innovative, or were even elevated to the level of a development of Marxism-Leninism, are fundamentally pre-Marxist. The authors of the Shanghai text-book at times rebel against the Soviet revisionists by keeping some formulations that had been banned in the Soviet Union towards the end of the 1950s. As we have seen, such attempts to formally dissociate themselves from the mainstream revisionist line that overwhelmed the economic thinking in the post-Stalin period are aimed at nothing but concealing the revisionist essence of the new economic doctrine that took shape in China in the late 1950s (after the XXth CPSU Congress) and early 1960s, which is well summarised in the Shanghai text-book. We find these attempts to portray a well-known revisionist doctrine with ultra-revolutionary phraseology to be severely deceiving. It is especially deceiving because the authors of the Shanghai text-book resort to the idealisation of the role of politics, a terrible misuse of political declarations in order to conceal the fact that the roots of the new economic system do not differ in any fundamental way from those imposed by the revisionist cliques in the post-Stalin Soviet Union and the former People's Democracies in Eastern Europe.

The role of the metaphysical and idealist mistakes within the context of the relationship between economics and politics has a well-defined role for the authors of the Shanghai text-book: the key to the solution of the economic problems of the transitional society, of the problems of political economy are determined by the political leadership and the level of political consciousness of the

masses. Such fundamental questions as the relationships between agriculture and industry, between heavy and light industry, commodity-money relations, the role of the plan, and the character of collectivisation are in essence determined by the ideological stamina of society and not the other way around. The metaphysical separation between economics and politics allows the authors of the Shanghai text-book to reverse the classical relationship between politics and economics. Following this line of thought, it becomes more relevant to the process of socialist construction to deal with ideological issues, educational issues, issues of collective and socialist morale, etc., rather than to deal with and solve concrete questions intrinsic to political economy.

Maybe within this context we can understand why the authors of the Shanghai text-book include the study of interpersonal relations as part of the object of political economy. It was never clear to us, what exactly is the extent of interpersonal relations. Is this an expression of the fact that people are forced to establish a pattern of relationships as a result of their participation in production? But this would be too much of an abstract and general consideration. According to Marx, these so called personal relations would be concretised by the relations of property, distribution and consumption. Do the authors of the Shanghai text-book want to add a new aspect to the definition of personal relations? Perhaps, the levels of ideological development, collective and socialist morality also qualify as a personal relation of production. This question remains unclear to us.

Regardless of whatever formal definition of the object of political economy the authors of the Shanghai text-book may want to put forward, there is no doubt that the doctrine of 'revolution in command' summarised by them brings within itself the tenets of revisionism in political economy, which were alien to the economic thinking that gave birth to the First-Five year plan. In essence, one seems impelled to conclude that as long as the proletarian ideology is in command and the ideas of the revolution are deeply enough rooted in the minds of the people, the fact that the development of heavy industry is driven by agriculture, that light industry is given priority compared to heavy industry, that enterprises de facto act as independent productive units, that the plan, with the exemption of strategic units, acts more like a principle of coordination among independent productive units, that the law of value is the regulator of the proportions of labour exchanged not only between the collective but also among state enterprises, that collectivisation is developed on the basis of simple cooperation and not on high-level cooperation between the state and the collective farms on the basis of high-technological mechanisation led by the state, that the collective farms own the main means of production instead (if available), that old landowners are allowed to enter the cooperatives, that the old national industrial bourgeoisie is allowed to receive a fixed percentage of the profits, etc. All these and more are allowed into the transitional economy. The authors of the Shanghai text-book do not have a problem with propagating in practice the basic features of the right-wing revisionist scheme that is commonly referred to as 'market socialism' as long as revolutionary politics and slogans are in command!

This idealist and metaphysical approach to the role of politics in the economy reaches levels of absurdity unheard of in the history of right-wing revisionism. These mistakes impel the authors of the Shanghai text-book to arrive at and support glaring and unrealistic voluntarism:

. 'Advances in science and technology and innovations in production tools play a big role in developing production and raising labour productivity. But 'the determining factor is the people, not things' [quote from Mao's 'On protracted war', our remark] ... The broad masses of China put it well: *'Fear not the lack of machines; fear only the lack of ambition. With the red heart in two hands, everything can be produced with self-reliance'* [our emphasis]...' (ibid, p. 326-7).

Voluntarism in economy, which is a subjective idealist interpretation of the economic laws in general, and under socialism in particular, definitely leads to the denial of the objective character of economic laws. In this case it reaches levels of monumental absurdity. The new economic doctrine that arose in the late 1950s and early 1960s, which dismantled the spirit of the first Five-Year Plan, comes to the conclusion that the collectivisation of the vast masses of peasants and the elevation of collective property to the level of property of the whole people can occur without massive mechanisation of labour and on the basis of simple cooperation of peasants. According to the authors of the Shanghai text-book, the construction of socialism in the countryside develops through self-reliance of individual collective farms. As we saw in the sections about collectivisation and the role of commodity-money relations, according to the authors the socialisation of agriculture goes via the development of productive forces of a system of isolated producers linked among themselves and with the state through the principle of equivalent exchange of value (i.e. the law of value). This is an absurdity in flagrant contradiction to what had been advocated by the founders of Marxism-Leninism, which is portrayed by the authors of the text-book as a perfectly plausible scheme for the Chinese economy as long as revolutionary politics are in command. The sad part is that the authors of the Shanghai text-book take this petty-bourgeois thinking to the extreme and portray the result as a development of Marxism-Leninism!

'Therefore, in socialist society, the ultimate way to develop and increase labour productivity is to insist on continuing revolution under proletarian dictatorship. After the proletariat seizes political power, only by exercising the influence of the socialist superstructure to unfold penetratingly socialist revolution on the political, economic, and ideological battle fronts under the guidance of the Party's correct line and with the aid of government power under proletarian dictatorship can the sabotage and obstruction of the bourgeoisie and capitalist influence be swept away and destroyed' (ibid, p. 327).

The above paragraph summarises, in the opinion of the authors of the text-book, what the political economy of the transitional society is reduced to. Needless to say, Marxist-Leninist do not have a problem with revolutionary politics and slogans, with political education of the masses, with the idea of bringing politics to the workplace to explain to the masses the new essence of labour in the transitional society, with the propagation of the ideas of collectivism, socialist morality in order to curb the ideology inherited from capitalism and feudalism, to liquidate the remnants or even possible further development of petty-bourgeois ideology and attitude towards labour. All those things are necessary for the success of the construction of the basis of socialism. But why propagate the tenets of right-wing, anti-socialist revisionism in the practice of economic construction? Why reproduce the basic features of the revisionist economic system defined by post-Soviet revisionism? Why liquidate the economic principles that made the first Five-Year Plan so successful? Can politics bring about such a dramatic turn in the definition of the basics of the political economy of the transitional period?

The tasks of the construction of the basis of socialism and the further development of communist construction will not be achieved by politics alone, not in a hundred years, especially if the revisionist political economy is brought into the economic practice. Moreover, if we were to be rigorous about the concrete-historical sources of the restoration of classical forms of capitalism in modern China, one should not try to find them in the level of success or failure of the politics of the Cultural Revolution, or in the betrayal of concrete political leaders, but in the well-established concrete-historical fact that the basic principles of Marxist-Leninist political economy of the transitional economy were liquidated after the first Five-Year Plan! Unfortunately, the Cultural Revolution did not touch upon this crucial question. Much to the contrary, it insisted on propagating further the ideas of right-wing revisionism in political economy, as summarised by the Shanghai text-book. The Cultural Revolution addressed questions of ideology, fought bourgeois and petty bourgeois ideology, exposed the enemies of the party and the people, but failed to address the objective economic base of that very same bourgeois and petty-bourgeois ideology.

To conclude, contrary to what many have come to advocate, the ideology of Maoism as we know it today is not necessarily a frozen system of ideas, since it evolved together with historical conditions. We have shown this in the context of the discussions about the political economy of socialism. It would be incorrect to put a cross on the entire revolutionary process in China. Indeed, what it is commonly known as Maoism, at least with regard to questions of political economy, came to being after the XXth Congress of the CPSU and needs to be understood from this perspective. Idealism in the treatment of the relationship between politics and economics plays a central role in this evolution and defines the idiosyncrasy of Maoism in political economy. Whatever is formally different in the Shanghai text-book from the dogmas developed by the post-Stalin Soviet revisionists is to a large extent determined by metaphysics and idealist features discussed in this section. Needless to say, these features are no more than a reflection of pre-Marxist thinking.