# **Socialism Building Problems and Solutions: How Was Chinese Socialism Affected by the Evolution of the Dominant Power of the Capitalist World System & Why Did State Become Strong and Centralized in Real Socialism?**

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**Abstract:** The capitalist world system is the structural premise and external condition of China’s socialist practice. Century-long evolution of the dominant capitalist world system has had a powerful shaping function on the formation of the real socialism practice. On the one hand, the evolution of the capitalist world system is manifested in its geographical expansion, incorporating more and more heterogeneous regions into it, so that socialist countries face the question of maintaining national autonomy in the process of limited integration into the world economy. On the other hand, in the capitalist world system, the developed strong capitalist countries have been upgrading their industries and forming stronger and stronger capital control over the peripheral countries. Therefore, it has become an inevitable requirement for the relatively backward socialist countries to give full play to their institutional advantages to realize economic catch-up and escape from the control of the capitalist world system. Only by placing China’s socialist practice in the dual dimension of the exploration of the socialist system in the backward countries and the maintenance of national autonomy of the peripheral countries in the capitalist world system and the realisation of latecomer catch-up can we more accurately grasp China’s institutional characteristics.

**Keywords:** capitalist world system; geographical expansion; national autonomy; capital control; latecomer catch-up

It has been more than 100 years since socialism made the leap from theory to reality with the victory of the October Revolution. In this history, socialism has gone from one country to many, from the formation of a socialist camp covering one third of the world’s population to the dissolution of the camp, and from high tide to ebb and then back up to the dawn of revival of the communist movement.

**But all the socialist practice so far has been in the capitalist big era of world history. (second major form –capitalism- as explained by Marx in Grundrisse)**

The global expansion of capitalism has formed a world system that has formed a relatively stable structure of institutionalised inequality between countries, nations and regions. In this structure, socialism has not only co-existed with capitalism for a long time, but has been at a competitive disadvantage for much of that time.

This is the external condition of the practice of real socialism and the structural constraint of the revolution and construction of socialism with Chinese characteristics. In order to comprehend real socialism and the many “variations” between socialism with Chinese characteristics and Marx’s classical socialism, it is impossible and will be a great mistake not to take into account the influence of the dominant capitalist world system. This article will explain two important issues in China's socialist practice from the perspective of the external constraints by the capitalist world system upon China, i.e., how to safeguard China’s national autonomy in the process of limited integration into the capitalist world system, and how to give full play to the advanced nature of the socialist system in order to catch up with the rising productive forces of the capitalist countries.

## I. Socialist revolution in the structural dimension of the capitalist world system

Scientific socialism is the future form of human society that Marx deduced from the logic of the evolution of the contradiction between socialised large-scale production and the private appropriation of the means of production embedded in the capitalist mode of production by “finding the new world through criticism of the old one”.

From the perspective of the historical development of mankind, socialism, as a result of the self-evolution of the internal contradictions of the capitalist mode of production, is a supersession or sublation of the capitalist mode of production, and a higher form of society reached after the universal inheritance of all the fruits of civilisation created by capitalism.

Socialism thus also sublates the institutional roots of class exploitation and class oppression in capitalist society, and is a society in which private ownership is abolished and public ownership is established, the commodity economy is abolished and planned production is introduced, classes are abolished, and thus the state, the tool of class oppression, withers away.[[1]](#footnote-1)

Therefore, both in terms of the historical basis of socialism and the basic system of socialist society, classical socialism in Marxist texts was established in the logic of world history as a comprehensive supersession of the capitalist mode of production.

**The real basis of the socialist revolution**

Since the birth of the theory of scientific socialism, as the centre of the communist movement shifted from England and France to Germany, and then to Soviet Russia and up to the East, a change took place in the real basis of the socialist revolution: there is not only the institutional replacement of capitalist society in the historical dimension, but also the structural contradictions of the capitalist world system in the real dimension.

On the eve of the socialist revolution in Russia, Lenin outlined the characteristics of the capitalist epoch in his theory of imperialism. From the point of view of the capitalist world system, its main manifestations were: the developed capitalist countries competing to divide up the world through the overseas export of finance capital, creating “a small number of financially ‘powerful’ states stand out among all the rest”.[[2]](#footnote-2)

Imperialist states oppress and exploit the majority of the world’s nations and countries through capital control and colonial plunder; and the imbalance in the share of capital exports and colonial occupation leads to imperialist wars. According to Hobsbawm's summary, the economic and military superiority developed by capitalist countries since the modern era began to be systematically transformed into “formal conquest, annexation and administration”[[3]](#footnote-3) of the world, and the first-developing capitalist countries transformed the newly conquered territories into a colonial and semi-colonial complex, constituting the peripheral regions of the capitalist world system.

In the epoch of liberal capitalism, capitalist foreign expansion only broke down the isolation of nations from each other and unified different modes of production into a world market; in the epoch of imperialism, the capitalist mode of production gained comparative advantage, and the world system began to shape systemic oppression, geographically creating structural differences between different nations and regions, and exploiting and controlling other nations by institutionalised means.

The epochal character of imperialist national oppression inevitably inspired the rise of a new wave of nationalist movements. In Eastern Europe and Asia, nationalism instantly became the most powerful banner of anti-imperialism, and both class and national revolutions simultaneously incorporated the elements of modern nationalism – independence, self-determination of nations, and the formation of territorial states – into their revolutionary tasks.

Within the socialist movement, Lenin considered the “self-determination of nations” to be of special significance for the socialist revolutions of the East in the epoch of imperialism. In Russia, where national oppression was severe, the “self-determination of nations” served to unite the proletariat of all nations against the autocratic tsar; in the international proletarian revolution, the “self-determination of nations” established an international alliance between socialist Russia and the colonial liberation movement of the East against imperialism; meanwhile, the “self-determination of nations” opened up a new path for the backward countries of the East to make the transition from democratic to socialist revolution. This was a concrete form of linking the anti-systemic national liberation movements in the epoch of imperialism with the socialist revolution.

The Chinese socialist revolution led by the Communist Party of China [[4]](#footnote-4) was situated in the same capitalist world structure and epochal context.

Resistance to imperialist oppression and the pursuit of national independence have always been the fundamental proposition of China’s modern revolution. It was in its resistance to imperialist aggression, that is, to its colonial identity as an exploited and oppressed colony on the peripheral region of the capitalist world system, that China recognised the differences between its own interests and those of other nations, and accomplished the construction of its self-identity and of its sense of community in a modern nation, while the socialist revolution was a class revolution based on complete national independence.

The victory of China's New Democratic Revolution and the establishment of the leadership of the Communist Party of China in China’s modern revolution were laid down by China’s modern nationalist revolution. “The Chinese revolution under Mao Zedong had the attributes of both a popular democratic revolution like that of the Soviet Union and a nationalist revolution in the style of independent nation-building like that of India, a mixture of the two, both popular and national”[[5]](#footnote-5).

In the epoch of imperialism, in the colonised nations and regions, socialist revolution had to be combined with the task of anti-system national independence, where the class revolution achieves a wider mobilisation through the national revolution, and the national revolution is thoroughly completed through the class revolution – only then can national independence be achieved in the capitalist world system, and the victory of socialist revolution be achieved in backward countries where capitalist relations are not yet developed and strength of the proletariat does not yet account for the majority of the population.

Real socialism, born in the periphery of the capitalist world system, was both a revolt against the colonial control of the countries at the core of the system through independent nation-building, which has the nature of an anti-systemic movement, and a revolt against class oppression through the awakening of the working people in the region, which has the nature of a class revolution.

These two natures and two contradictions have existed in China’s socialist practice ever since. During the revolutionary period, the two were expressed as the relationship between national and class revolution; after the founding of New China, they were expressed as the relationship between national autonomy in the capitalist world economic system and the construction of the socialist system in backward countries, which together form the basis of the practice of socialism with Chinese characteristics.

## **Chapter II. Geographic expansion of the capitalist world system and the autonomy of socialist countries**

Real socialism was born in the periphery of the capitalist world system, and all subsequent socialist practice has not broken through the constraints of the capitalist world system as an external structure. The capitalist world system is not only the structural premise of Chinese socialist practice, but also the external condition of socialist practice, and the development of the capitalist world system has shaped the characteristics of China’s socialist system to a certain extent.

Capitalism is essentially a historical process with the world as its stage. Since the geographical discoveries around 1500, capitalism has expanded from the corner of Western Europe to the world, gradually incorporating pre-capitalist and non-capitalist regions into the capitalist world system through long-distance trade, colonial expansion, and economic globalisation.

In the epoch of imperialism, represented by the debate between Lenin and Luxemburg, theorists were discussing the significance of foreign expansion for the development of capitalism: first, the already industrialised countries incorporated as many countries and regions as possible into the capitalist world system to make it a dumping market and to alleviate the crisis of capitalist surplus; second, there was a gap between the relatively backward non-capitalist regions and the developed capitalist countries in terms of the level of development of productive forces, so that the organic composition of capital and the level of the average rate of profit were higher than that of the developed countries; and third, because of the late start of the modernisation process, the workers of the backward countries were less organised, so that the level of the price of labour was generally lower; and the huge reserve of labour could further depress the level of the local wages. In addition to benefiting from expanding the profit margins of capital accumulation, the developed capitalist countries have also engaged in extra-economic plunder of semi-capitalist or pre-capitalist regions.

Therefore, in the long-wave theory of capitalist development, both the Kondratiev cycle and Arrighi’s cycle of capital accumulation reveal that when the conditions of capital accumulation deteriorate within the advanced capitalist countries, capitalism creates a stronger demand for outward expansion, such as the capital export and colonial expansion from the 1880s to the eve of the outbreak of the World War I, and the neoliberal expansion from the 1980s onwards until being reversed by the financial crisis of 2008. At this time, peripheral regions of the capitalist world system faced expansionary pressures from the core countries.

**Once the capitalist world system was formed, the peripheral regions were faced with a cruel logic of survival.**

On the one hand, capitalism initiated the process of economic globalisation, and the modernisation of any country inevitably requires integration into the world economy and access to capital, technology, markets and other resources. The real socialist countries that were born on the periphery of the capitalist world system and have been in the epoch of capitalism for a long time were likewise impossible to isolate themselves from the capitalist world system. Lenin pointed out during the period of New Economic Policy that “the socialist republic cannot exist without having ties with the rest of the world, and must, in the present circumstances, adjust its existence to capitalist relations.”[[6]](#footnote-6)

During the period of China’s Reform and Opening-up, Deng Xiaoping also emphasised many times that “the biggest lesson we have learned is that we should not isolate ourselves from the rest of the world.”[[7]](#footnote-7) “No country can develop in isolation, with its doors closed; it must increase international contacts, introduce advanced methods, science and technology from developed countries and use their capital.”[[8]](#footnote-8)

On the other hand, integrating into the capitalist world system, facing the developed countries’ capital advantage, technological advantage, military advantage, and the advantage of dominance over the rules of the world economy-trade and political rules, the backward countries are very prone to losing their national autonomy and becoming a link in the accumulation of capital for the core countries, thus provide long-term benefits for the core countries.

**Strengthening the power of the state**

Summarising the experience of the modernisation of the backward countries, they generally adopt the mode of strengthening the power of the state to get rid of this predicament, because “neither the consciousness of the social forces nor the spontaneity of the development of the productive forces can effectively cope with the external capitalist pressure, and the only power that can be relied upon is the state”[[9]](#footnote-9).

Resisting against the expansion of capital from core countries through the power of the state not only manifests itself in military confrontation against colonialism and aggression in the epoch of imperialism, but also in the epoch of capital globalization, through the power of state capital and state’s other institutions to make up for competitive disadvantages against international capital.

Germany, Japan, South Korea, Iran, Turkey

The more successful countries of late-capitalist modernisation, whether Germany, Japan, South Korea, Turkey or various developmental states, authoritarianisms, active governments, or certain stages of rapid industrialisation in some countries (e.g., the Pahlavi period in Iran), are all characterised by a relative concentration of state capital and governmental power dominating the process of industrialisation in their own countries.

The socialist countries also faced the expansionary pressures of the capitalist world system, and the political and economic pressures were even greater because of ideological differences. The socialist countries also adopted a statist approach, i.e., the strengthening of state power and state capital to counter the external pressure of capitalism.

**Why State Was Strengthened in Socialism**

Therefore, in the phase of socialist construction, the “semi-state”[[10]](#footnote-10) form of the dictatorship of the proletariat, which was formed during the period of revolutionary transformation, could not enter a process of withering-away, but could only be strengthened.

This centralisation of state power is not a remnant of feudalism inherited from the backwardness of the socialist countries, but rather a universal choice of the peripheral countries of the capitalist world system to maintain their national independence.

Of course, the “statism” of the socialist countries has its own particularities, combining the principles of people’s democracy, which originated in the socialist revolutions, and state power, which was used to resist external pressures, with the creation of the principle of democratic centralism.

After the 20th Congress of the Communist Party of the Soviet Union, the socialist camp reflected on Stalin's high degree of centralisation, and Yugoslavia proposed policy reforms of total decentralisation and economic democracy, whereas Mao Zedong did not agree with Tito’s view and Mao said: “to defeat powerful enemies, the dictatorship of the proletariat requires a high degree of centralization of power”, but that this highly centralised power must be combined with a high level of democracy.[[11]](#footnote-11)

Democratic centralism is both the basic organising principle and the most fundamental system of the Chinese Party and state institutions. Centralization is both a guarantee of the socialist orientation of China’s development and an organisational force against external pressures; while democracy mobilises social vitality and creates a mutual constraint between it and centralised power.

On the economic front, during the Mao Zedong era, China adhered to the principle of “self-reliance as the mainstay and foreign aid as the supplement”, and practised a top-down planned economy and a public ownership system, with State ownership as the chief form.

Although this system had various drawbacks from the perspective of exploring the socialist system, it was this system and the results of its construction that laid a solid foundation for China to maintain the autonomy of its national development, even when it was in a weak position sandwiched between two camps.

In the 30 years after the World War II, the backward countries were, on the whole, gradually transformed by the West into raw material producers and dumping markets, while China was able to establish a relatively complete modern industrial system independently of external political and economic pressures.

In the 1970s and 1980s, when Asian, African and Latin American countries that gained sovereignty and independence after World War II found that their economies had fallen into “dependent development”, and many of them experienced reverse industrialisation due to the interruption of foreign aid (e.g., North Korea and Latin America at that time), China maintained its political and economic independence. In the epoch of Reform and Opening-up, China began to integrate into the capitalist world system and launched market-oriented economic reforms.

One of the reasons why the Western world, dominated by the United States, was able to accept China into the world economy was the belief that, as long as China was integrated into the capitalist world system, according to the theory of comparative advantage and world conventions, China would be locked into the lower end of the global industrial chain, become a processing plant and sales market for the developed countries, and would gradually be assimilated into capitalism.

However, China put forth the Four Cardinal Principles at the same time as it decided to reform and open up, politically guaranteeing national autonomy and socialist orientation.

The principles included:

1. The principle of upholding the [socialist path](https://en.wikipedia.org/wiki/Socialism_(Marxism)" \o "Socialism (Marxism))
2. The principle of upholding the [people's democratic dictatorship](https://en.wikipedia.org/wiki/People%27s_democratic_dictatorship" \o "People's democratic dictatorship)
3. The principle of upholding the leadership of the [Chinese Communist Party](https://en.wikipedia.org/wiki/Chinese_Communist_Party" \o "Chinese Communist Party)
4. The principle of upholding [Mao Zedong Thought](https://en.wikipedia.org/wiki/Mao_Zedong_Thought) and [Marxism–Leninism](https://en.wikipedia.org/wiki/Marxism%E2%80%93Leninism" \o "Marxism–Leninism)

In concrete practice, China has always insisted on government control of the market economy, on national planning and programming, on the dominant position of public ownership, and on maintaining an extremely high proportion of state ownership of the basic conditions for market functioning, such as the financial system, the nationwide infrastructure network, and the universities and research institutes and the whole written and visual& social media and book publishing industry that produce knowledge, ideology and information.

So after 40 years, the United States is screaming that its past policy towards China was wrong, and that China has not been assimilated into the capitalist world system or locked into the periphery, but has instead achieved a national rise in the last round of capital expansion.

## **III. Industrial upgrading of the capitalist world system and the superiority of the socialist system**

Capitalism’s method of alleviating the fundamental contradictions of its mode of production in the course of world history has included, in addition to geographical expansion, cyclical industrial revolutions, i.e., alleviating the crisis of capitalist surplus by tapping into the depth of the market and renewing the content of social demand rather than increasing the quantity of consumption, **this is because cyclical industrial revolutions lengthen the industrial chain and create new industries, increase cyclical investment in fixed capital, and create a wider variety of consumer goods.**

At the same time, the technological generation gap created by industrial revolutions contributed to the increase in the capital control capacity of developed countries. **Mandel suggested in *Late Capitalism* that technological rents are surplus-profits derived from a monopolization of technical progress- i.e., from discoveries and inventions which lower the cost-price of commodities but cannot (at least in the medium-run) become generalized throughout a given branch of production and applied by all competitors, because of the structure of monopoly capital itself: difficulties of entry, size of minimum investment, control of patents, cartel arrangements, and so on**.[[12]](#footnote-12)

So technological progress not only generates surplus-profits, but also surplus-profits further reinforce monopoly profits. Technological upgrading constantly raises the entry threshold of emerging industries and strengthens the monopoly advantage of international capital; and the increasing complexity of emerging industries also strengthens the organisational advantages of the core strong capitalist countries, such as industry definition, technical standards, industry rules, brand marketing, and coordination of supply and demand relations of the whole industry.

The competitive advantage of capital brought about by the technological and industrial revolutions is manifested in the capitalist world system in the increased capacity of the core countries to control the peripheral countries. It was after the completion of the Industrial Revolution that England gained an absolute advantage over the agricultural empires of the East when the fruits of the Industrial Revolution, such as machine guns, high-performance explosives and steam transport, penetrated into warfare.

After the Second Industrial Revolution, scientific research was systematically fused with industrial development, and from then on, the late developing countries not only relied on the core countries for capital, but also developed a stronger technological dependence. The fact that the United States, after the IT revolution, was able to reliably transfer the manufacturing part of its industry abroad while retaining only the research and development part and the headquarters economy was based on its significant technological advantage. **The ways in which the hegemonic powers control the peripheral countries of the capitalist world system have become richer.**

In the epoch of imperialism, the sovereign’s control over colonies was based on the export of surplus capital and colonial plunder, but in the era of US hegemony, direct military invasion has basically been relegated to the role of military deterrence, and the core support for economic hegemony is the control of the global industrial chain based on technological monopoly, the control of capital and control of finance based on the distribution of global production, and the export of culture based on a variety of rules and ideas.

**The maintenance of national autonomy by the socialist countries**

The maintenance of national autonomy by the socialist countries is a form of resistance to the capitalist world system; while the relatively backward socialist countries, in the face of the suppression of their strength brought about by the technological generation gap, give full play to the superiority of the socialist system to realize latecomer catch-up, which is a form of competition with capitalism.

And it is only by winning this competition that the socialist countries may be able to break away from the control of the capitalist world system once and for all.

**Soviet Union**

Starting with the Soviet Union, socialist countries have always made the development of science and technology and the achievement of technological catch-up an important development goal. Lenin put forth that **“we shall be able to build up communism only when, with the means provided by bourgeois science and technology, we make it more accessible to the people”, and Stalin put forth the motto “technology decides everything”. In China, Mao Zedong put forward the goal of industrialisation and the realisation of the four modernisations of a socialist country; Deng Xiaoping said that “science and technology are the first productive forces”**. However, China has gone through a long process of practical exploration of how socialism can be institutionally structured to promote scientific and technological progress and catching up.

During the first three decades of China’s socialist construction, a strategy of catching up by giving priority to the development of heavy industry was implemented under the planned economic system, and a technical research system was set up under which the Ministry of Machinery Industry coordinated and led the scientific research and production tasks of China’s civil machinery industry and military industry.

**By the mid-1960s, on the basis of Soviet-aided construction projects, China had built up from scratch “important categories of manufacturing industries such as aircraft, automobiles, heavy and precision machinery, power generation equipment, metallurgy, mining equipment, high-grade alloy steel, non-ferrous metals, electronics, and so on”, and “a modern industrial system with the equipment industry as its core was initially formed**.”[[13]](#footnote-13)

Although technical research under the planned economy system suffered from fragmentation and the separation of scientific research and production, “a large part of the material and technological foundation on which we rely for modernisation was built during this period”[[14]](#footnote-14), and has laid the foundation for China’s technological progress and catching up.

After China’s Reform and Opening-up, in the socialist market-oriented reform, it has gradually explored a complex dual-track structure, combining the institutional strength of the State and the positive factors of the market, and adjusting and balancing them in different scenarios, gradually forming a system for the development of high-tech industries, with the State-led and market-led systems at the two ends of the spectrum, and in between, various forms of State-market co-operation.

In the field of national strategic and basic technologies, such as aerospace, military industry, large-scale manufacturing equipment, etc., the state takes the lead, with direct investment from the state treasury, the relevant state departments formulate strategic plans and set up research projects, and the central enterprises, state-owned enterprises and relevant scientific research institutes co-operate in technological attacks.

In recent years, the world’s major scientific research achievements, such as space stations, SKY EYE, MOZI (quantum science experiment satellite), WUKONG (dark matter particle explorer), JIAOLONG (deep-sea manned submersible), J20 (twinjet all-weather stealth fifth-generation fighter aircraft), C919 (narrow-body passenger airliner) and so on, are mostly produced in this way.

In fields with a long industrial chain, state-owned enterprises and private enterprises have formed upstream and downstream cooperative relationships based on technological division of labour, combining long-term sustained capital investment and technological accumulation at the front end with the advantage of rapid feedback to market demand at the back end.

For example, in the ethylene industry, large-scale ethylene production equipment is almost entirely borne by state-owned enterprises, while ethylene as a raw material, directly facing the consumer end of the plastic pipe, is almost entirely produced by private enterprises.

In industrial fields with high requirements for basic platforms, R&D conditions and policies, such as software, e-commerce, biomedicine and digital economy, an industrial park model has been formed in which the government invests in infrastructure and peripheral conditions to support private enterprises in forming competitive advantages. Local governments formulate industrial planning, finance (mostly in the form of urban investment companies) unified land resumption for “Four Passes and One Level” infrastructure construction, build public platforms for industrial development (such as quality testing centres, large scientific devices, public technology research and development platforms, etc.), set up business start-up funds and industrial development funds, and give incentives for relevant industrial policies. The establishment of entrepreneurship funds and industrial development funds, and the granting of relevant industrial policy incentives, support the innovation and entrepreneurship and cluster development of private enterprises.[[15]](#footnote-15)

In its industrial and technological competition with capitalism, China has followed the capitalist logic of capital accumulation and the logic of the market, borrowed and absorbed the positive factors of the capitalist system in promoting economic, industrial and technological development, but creatively combined the basic systems that is favourable to socialism, such as centralised planning, state-owned economy, macro-controls and so on, it means combined the basic all these systems with the market economy.

Although there are still many areas of poor integration and contradictions, on the whole, they have overcome each other’s shortcomings and combined their respective advantages. This is the institutional basis for China’s rapid catching up in the field of technological progress and innovation over the past 40 years. It was China’s ultra-high capital accumulation through people’s democracy, the improvement of labour technology through comprehensive education, and the use of new technologies in social production through institutional innovation that enabled it to rapidly establish its comparative advantage and grow into a competitive economy after its Reform and Opening-up and integration into the capitalist world system.

## **IV. Re-conceptualisation of the socialist system with Chinese characteristics in the dimension of the world system**

The victory of the October Socialist Revolution in Russia was a major turning point in the history of the development of socialism, which meant not only that socialism moved from theory to reality, but also that the practice of socialism shifted from the centre of the capitalist world system to the periphery – socialist revolutions did not take place in the developed capitalist countries but in the backward countries, where capitalism was not yet sufficiently developed; meaning a change in the relationship between socialism and capitalism – as a result socialism is not the nirvana of capitalism, but coexists with capitalism within the dominant structure of the capitalist world system.

This change in the practical foundations of socialism promoted the theoretical transformation of Marx’s scientific socialism into socialism of backward countries or Eastern socialism. This shift in research discourse clearly acknowledges the difference between real socialism and the communist social formation described by Marx’s classical socialism.

**But the logic according to which this difference should be explained and how to make a theoretical link between real and Marx-Engels’ classical socialism has been a widely debated question in socialist theory.**

A more explanatory argument holds that real socialism was born in backward countries that were not fully developed by capitalism and therefore had insufficient innate conditions for socialism, and therefore it was unable to completely eliminate the economic system that produced class distinctions and achieve a complete sublation of capitalism, and that real socialism is therefore incomplete socialism, an intermediate state in the transition from capitalism to socialism, and was subordinate to what Marx referred to as the transitional period[[16]](#footnote-16).

This argument is a good explanation of why there is still commodity economy, class distinctions and the state in real socialism, and is not – the socialism Marx spoke of – a society with “Four Nos” (i.e., no private ownership, no class distinctions, no commodities and money, and no political state).

But the “transitional period” argument is still insufficient because it can explain why Marx said that the socialist state has withered away, while the state still exists in real socialism, but it does not explain why the function of the state in real socialism has been greatly strengthened.

The “transitional period” argument can explain why Marx said that there was no commodity production in socialism while in real socialism it has not been possible to abolish the commodity economy, but it cannot explain why socialism requires not only commodity production but also the development of a market economy and participation in the world economy according to the logic of capital.

The “transitional period” argument can explain why Marx spoke of material abundance in socialism, while there is relative material scarcity in real socialism, but it does not explain why real socialism required the suppression of overall social consumption in order to achieve a higher degree of capital accumulation than the capitalist countries.

**To understand the difference between the system of real socialism and that of Marx-Engel’ classical socialism, two dimensions are needed.**

One is the historical dimension of the development of social formations, that is, from the point of view of the evolution of social formations, real socialism was born in the backward countries in which capitalism had not been fully developed, and the level of development of the productive forces as well as the material conditions are not there, the degree of social organisation, and the degree of development of mankind itself, which are based on the productive forces, lagged behind that of the developed capitalist countries.

Therefore, real socialism is not yet able to completely transcend capitalism, but must make up for it under the socialist system and make up the lesson on developing the level of productive forces. This issue has been widely discussed in the traditional Marxist discourse in the context of the problem of “without passing through the shameful Caudine Yoke”[[17]](#footnote-17), also discussed under the thesis of real socialism, the theory of the transitional period, and under theory of the primary stage of socialism, among other theories.

**The second dimension of understanding real socialism is to look at it from the structural dimension of the capitalist world system.**

Born in the peripheral countries of the capitalist world system, real socialism was subject to the structural constraints of the capitalist world system in terms of its institutional construction and development, and real socialism had no choice but adjust itself to the rules of the system shaped by developed capitalism.

It has to face the cyclical expansion of the capitalist world system and maintain the independence of the socialist countries, and it also has to face the pressure of competition brought about by the industrial upgrading of core strong capitalist countries, so as to realize latecomer catch-up, and to prove the real legitimacy of the socialist system by breaking away from the control of the capitalist world system once and for all.

In this dual dimension, some institutional practices of socialism with Chinese characteristics have also taken on a dual significance. Socialist democratic centralism, the concrete form of proletarian dictatorship in the theory of social formations, has become a statist form for the countries on the periphery of the capitalist world system to resist the expansion and control of capital in the world-systems theory. The socialist market economy is both an unbridgeable shameful Caudine Yoke for the construction of socialism in backward countries, and also an effective mechanism for the socialist countries to intercourse with the capitalist world system; and the construction of industrialisation and scientific and technological progress of real socialism are both the inevitable requirements for the further socialisation of production in socialist countries and the only way for countries on the periphery of the capitalist world system to achieve catch up.

Only by placing the practice of Chinese socialism in the dual historical process of the exploration of the socialist system in the backward countries and the realisation of latecomer catch-up by the peripheral countries in the capitalist world system can we more accurately grasp the institutional characteristics of socialism with Chinese characteristics.

1. [1877: Anti-Duhring - Socialism, Theoretical (marxists.org)](https://www.marxists.org/archive/marx/works/1877/anti-duhring/ch24.htm) [↑](#footnote-ref-1)
2. [Lenin: 1916/imp-hsc: III. FINANCE CAPITAL AND THE FINANCIAL OLIGARCHY (marxists.org)](https://www.marxists.org/archive/lenin/works/1916/imp-hsc/ch03.htm) [↑](#footnote-ref-2)
3. Hobsbawm. *The Age of Empire*. New York: Vintage Books, 1987, p. 57. [↑](#footnote-ref-3)
4. In “New Democracy,” Mao Zedong described the New Democratic Revolution as the first step in a two-step strategy for socialist revolution in China. Therefore, this article collectively refers to the New Democratic Revolution and socialist transformation in China as socialist revolution in China. [↑](#footnote-ref-4)
5. Yang Guangbin. *Chinese Political Epistemology*. Beijing: China Social Sciences Press, 2018, p. 170. [↑](#footnote-ref-5)
6. [Report On Concessions At A Meeting Of The Communist Group Of The All-Russia Central Council Of Trade Unions (marxists.org)](https://www.marxists.org/archive/lenin/works/1921/apr/11.htm) [↑](#footnote-ref-6)
7. [Maintain the Tradition of Hard Struggle « The Selected Works of Deng Xiaoping (wordpress.com)](https://dengxiaopingworks.wordpress.com/2013/03/18/maintain-the-tradition-of-hard-struggle/) [↑](#footnote-ref-7)
8. [We Shall Expand Political Democracy and Carry Out Economic Reform « The Selected Works of Deng Xiaoping (wordpress.com)](https://dengxiaopingworks.wordpress.com/2013/03/18/we-shall-expand-political-democracy-and-carry-out-economic-reform/) [↑](#footnote-ref-8)
9. Yang Guangbin. *Chinese Political Epistemology*. Beijing: China Social Science Press, 2018, p. 94. [↑](#footnote-ref-9)
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17. In 321BC when a Roman army was defeated by the Samnites in the Caudine Forks it was compelled to pass under the yoke, which was considered one of the greatest humiliations that could be imposed. [↑](#footnote-ref-17)