Interpreting Marx’s Capital in China

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Abstract:
This article provides some of the initial groundwork for reassessing what the Chinese call a “socialist market economy” (which is different from “market socialism”). This argument entails three steps. The first is to locate in Marx’s work the distinction between capitalism and markets, with the point that a market is not necessarily capitalist. Indeed, the history of markets indicates that most markets have not been capitalist. The second step approaches the question of contradiction, which takes on somewhat different meanings in European and Chinese situations. Whereas the former tends to see them as either-or, the latter tradition develops a stronger sense of both-and. In this light, the possibility arises that markets may have more than one feature, which in our time means both capitalist and non-capitalist – especially socialist – markets. The third step develops this point further, through the work of Ernst Bloch. Here I argue that modes of production do not supersede one and thereby negate one another, but that each subsequent mode of production absorbs the contradictions of the former and transforms them in light of a new situation. I close by exploring briefly what this means for capitalism and then for socialism in the Soviet Union and China.
Keywords: markets; capitalism; socialism; contradiction; modes of production; socialist market economy.

Things that oppose each other also complement each other [xiangfan xiangcheng].

How does one interpret Capital in China? Many are the possibilities, the least persuasive of which is the common misperception that China has abandoned socialism for the “harmful and destructive characteristics of the capitalist system.” A more sophisticated analysis is required, which entails two steps. The first is to consider the distinction between non-capitalist and capitalist markets, which one finds in Capital and is elaborated by Giovanni Arrighi. The question that arises is whether non-capitalist markets can exist today within the framework of global capitalism, or whether markets cannot avoid at least certain elements of capitalism. This question leads me not to an analysis of a socialist market economy (the official position in China), but the preliminary question of contradictions and indeed the dialectic under socialism. Here we find that a Chinese Marxist approach to contradictions differs in certain ways from a European-derived approach to contradictions. This argument may be regarded as a preliminary theoretical exploration, tacking closer to the methodological underlay of Capital, in preparation for a careful examination of the socialist market economy.

Markets Versus Capitalism

What they all missed, as many of our contemporaries still do, is the fundamental difference between capitalist and non-capitalist market-based development.

This distinction between non-capitalist and capitalist markets – the latter being a curious combination of capitalism, militarism, and territorialism – is crucial to Giovanni Arrighi’s Adam Smith in Beijing. Although he spends more time reinterpreting Smith and castigating Marx in order to understand the development of China’s non-capitalist market system, the distinction itself may be found in Marx’s Capital. The clearest statement appears in chapter 4, concerning the general formula for capital, where he writes: “The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market.”
This development of the 16th century was of course with the Dutch, but the crucial point is that this global market existed as a precondition for the appearance of capital. Before this development, one finds all manner of local and home markets, which are clearly pre-capitalist and thereby non-capitalist. Even more, we find that commodities and labor existed in pre-capitalist markets, if not surplus labor, albeit in limited forms. However, these forms are later “drawn into the whirlpool of an international market dominated by the capitalistic mode of production.” So we may ask, what is a market? For Marx, a market may be defined as a “sphere of circulation.” And this sphere is very much subject to human engagement rather than having a life or agency of its own. In this light, Marx often uses the language of workers being thrown “onto the market,” as well as commodities entering “into the market” or being “in” or “on the market.” A question remains: what makes a market capitalist? Although a market may circulate commodities and labor, only with the “final product” of money through exchange value can capital be said to exist. Or rather, when surplus value – manifested in money – appears is the market capitalist.

To return for a moment to Arrighi. He argues two main points: first, the history of markets in China (going back to the Ming Dynasty), if not Asia as a whole, is clearly non-capitalist; second, this means that the form of the market in China today may also evolve in a non-capitalist direction. These two points frame my analysis. To begin with, I take up the insightful point (also found in Marx) that markets are not necessarily capitalist, indeed that most markets throughout history have been anything but capitalist. Further, I dig deeper into the assumptions found in Arrighi’s work concerning contradiction, if not the dialectic itself. We will find that Arrighi’s European-derived approach to contradictions is too stark, which tends to see contradictions as antagonistic. A Chinese articulation of contradiction moves in a somewhat different direction, thereby enabling a profound step in Marxist analysis.

Concerning the nature of markets, Arrighi leaves the definition somewhat vague, sitting under the catch-all of “con-capitalist.” To be sure, he examines briefly the nature of Ming and then Qing dynasty “national markets,” as well as regional interaction. These markets did not require colonial dispossession for their expansion, but rather a delicate regional engagement that largely avoided conflict – until the Europeans arrived. Beyond this example, the term “non-capitalist” remains unspecified.

In order to gain a sense of the nature, if not origins, of non-capitalist markets, let me delve into another part of Asia, further to the west, where large markets first arose during the first millennium CE. Here we find that markets were secondary.
phenomena, byproducts of the logistical concerns of states. Of course, earlier and intermittent patterns of exchange existed: rulers sought to acquire exotic preciosities as signs of their wavering power and local and decentralized markets operated between villages within eyesight (2-4 kilometers apart), for items such as flint and pottery, and across phyto-geographic regions. But the first millennium CE in ancient Southwest Asia saw a qualitative shift that some have mistakenly regarded as the development of a global or international “market economy” that was capitalist in essence. Apart from Marx’s definition of a capitalist market above, I would add that such a market requires a whole system of social networks, judicial frameworks, political structures, economic relations, and ideological patterns in which the market is itself metaphorized. The first millennium markets did not have such structures, and they did not operate with profit as their prime function, or indeed with the production of surplus value manifested in money and capital itself. It is clear that profit and the production of capital is a secondary and later development of markets.

Markets first spread for an entirely different reason: rulers had to find ways to provision armies. An ancient ruler had the option of engaging as many people and animals – for the sake of locating, acquiring and transporting the needed provisions – as his army. As armies grew in size, this reality became a logistical nightmare. An alternative eventually presented itself: a despot – or his “advisors” – could pay the soldiers in coins stamped with his own head or at least an inscription on them. He could then demand that taxes be paid in coin. Obviously, the farmers in question would then attempt to get hold of these coins by exchanging them for provisions with the soldiers. Fostered by the new conditions, markets began to spring up, meats and vegetables and legumes and whatnot were exchanged for the sake of coins. Even in this context, and due to the immediate need to acquire the necessary coinage for taxes, the pattern of supply-demand-price can hardly be said to function. Customary price was the norm, although farmers would also accept any amount for their goods, since their survival was not dependent upon the markets. With coins in hand, the farmers and village communities could pay their taxes. Once this became a pattern, we see again and again that the spread of coinage followed the path of an army receiving pay in coins. An excellent example is the later Roman army (second century BCE onwards), as it engaged in endless campaigns to produce what would become the empire. With the Roman authorities demanding taxes in coinage, albeit not without significant resistance from local people, eventually most farmers and hunters were exchanging goods with the soldiers for coins in order to pay the taxes. Provisions were supplied, prostitutes found, not a little petty theft undertaken, and so
When this method was seen to work, it was not only routinely applied to provisioning increasingly large armies (for instance, in the first century or two CE the Roman armies numbered around 300,000 in total), but also to requisitioning just about everything. From China, through India, to ancient Southwest Asia, this is the way the first large-scale markets arose. And this process has been replicated time and again in colonial contexts, in which the local people had to be forced into paying taxes (often poll taxes) by means of money. In other words, the most efficient and practical way for markets to spread is through the activity of the government. Markets are thereby a byproduct of government needs, rather than the latter stifling the enterprise of the former.¹⁷

This development assumes the prior invention of coins, which happened at about the same time, from 600-500 BC, in the three parts of the world just mentioned.¹⁸ Intriguingly, the technologies were distinct and do not seem to have been borrowed – casting in the Great Plain of China, punching in the Ganges river valley of northern India, and stamping in the region of Asia Minor, beginning in Lydia. For some reason that is now lost to us, local rulers decided that the long-standing credit systems were no longer adequate and began issuing coins out of precious metals.¹⁹ The reason for the initial move to coinage was political and social unrest, with armies on the move, marauding bands, and gangs. With the breakdown of large states (Warring States China, Iron Age Greece, and pre-Mauryan India), soldiers and brigands were constantly on the move. Itinerant armed men became a credit risk. So if one needed to engage in a transaction, it was far better to have something that can be weighed and handed over than rely on credit (which can operate only when you know your neighbors). Soldiers might loot such stuff, but they can also be paid and can pay without having to worry about credit.

For much of human history, then, an ingot of gold or silver, stamped or not, has served the same role as the contemporary drug dealer’s suitcase full of unmarked bills: an object without a history, valuable because one knows it will be accepted in exchange for other goods just about everywhere, no questions asked.²⁰

To sum up, on the question of non-capitalist markets, Arrighi has obviously touched on solid ground that can be explored in many directions. I have provided an example of what may be called imperial or military markets, which arose and served a primarily logistical function of supplying armed forces and mechanisms of ancient
imperial states. Another example is the slave-determined markets of the Greco-Roman era, in which the procurement of slaves determined the very nature of the markets even to the point of leading the Roman jurors of the second century BCE to produce the first definition of absolute private property (as the relation between *dominus* and *res* where the thing in question was another human being). As far as China is concerned, Arrighi in his own way is seeking to identify the roots of what is officially called in China a socialist market economy (in distinction from market socialism). A fuller study of this phenomenon would entail treatments of socialist accumulation and competition, which were first elaborated in the Soviet Union during the “socialist offensive” – the massive industrialization and collectivization campaigns of the 1930s that were both massively disruptive and enabled the Soviet Union to gain the strength to defeat the Wehrmacht in the Second World War. It would also require analysis of state owned enterprises, state-holding enterprises, urban collectives, rural collective enterprises, and the fact that land is collectively owned and thereby not available for speculation. However, the question of socialist market economy requires a preliminary and methodological analysis concerning the nature of contradictions. To this analysis I turn in the next section.

**Reframing Contradiction**

The contradiction of these two diametrically opposed economic systems, manifests itself here practically in a struggle between them. The reason for doing so is that it draws us to a core methodological feature of *Capital*, namely, contradiction and the dialectic on a materialist register. Marx famously sought to stand Hegel’s “on his feet,” although this metaphor has a long history in Marx’s thought. Nonetheless, too many Marxists are heirs to a European tradition concerning contradiction that tends to see it in a more agonistic shape. Marx was occasionally guilty of such a tendency, seeing communism as the comprehensive negation of capitalism. Or – so Arrighi – non-capitalist and capitalist markets, if not socialism and capitalism, are seen to relate to one another in an either-or pattern; one has either non-capitalist or capitalist markets, but not both. The grave risk is that such a dialectic becomes truncated, so one runs the risk of arguing that if China is capitalist, it cannot be socialist, or if China has capitalist markets, it cannot have non-capitalist markets. At a theoretical level at least, this is a rather odd argument. Instead, if we follow Marx’s materialist dialectic through, then we are also committed to the negation of the negation and the subsequent transformation
(Aufhebung) into a qualitatively different situation where a whole new level of questions and contradictions arise. Two implications arise for a Chinese situation: first, if socialism is the Aufhebung of capitalism, then capitalism is both abolished and transformed to continue its existence in another fashion; second, what if contradictions after a socialist revolution are not merely between socialism and capitalism (albeit transformed), but operate at multiple levels in light of all the other modes of production that have gone before? What follows is an effort to explicate these two possibilities.

Underlying these deliberations is a crucial issue: the realities of socialism in power. With all his provocative insight and ability to analyze a capitalist world that was yet to come, Marx’s arguments are located in the situation before October, before a successful socialist revolution. After such a revolution, after October, the whole situation changes. As Lenin and Mao pointed out frequently, winning a revolution is the relatively easy part; trying to construct socialism is exponentially more difficult. In reflecting on such a situation, let me begin with Lenin’s passing observation: “Antagonism and contradiction are not at all the same thing. In socialism, the first will disappear, but the latter will remain.” Not only did this observation bear fruit in the Soviet Union, but it was also crucial in Yan’an in the 1930s, which was nothing less than the cradle of modern China. Here Mao Zedong delivered his lectures on dialectical materialism, which later appeared as “On Contradiction” and “On Practice.” The lectures have been the subject of much study both within China and without, so I do not seek to rehearse those debates. Instead, my interest is in the implications for the time of socialism in power, after the revolution. Actively engaging with and seeking to apply to a Chinese context the works of Marx, Engels, Lenin, Stalin, Soviet philosophers such as Shirokov and Mitin, as well as the works of Li Da and Ai Siqi, Mao’s strongest point concerns the universality of contradictions – in the objective realities of physics, biology, nature, war, society, economics, but also in the processes of thought. The sheer emphasis on the pervasiveness of contradiction means that it must continue under socialism, as becomes clear with his further observations on the particularity of contradiction. In the midst of identifying the specific forms of contradiction, Mao mentions two that are of interest:

the contradiction between the working class and the peasant class in socialist society is resolved by the method of collectivization and mechanization in
agriculture; contradiction within the Communist Party is resolved by the method of criticism and self-criticism.\textsuperscript{34}

The first contradiction has the model of the Soviet Union in mind during the "socialist offensive" of the 1930s (mentioned above). As Mao observes, this point clearly relates to the process of constructing socialism. But what about the second, concerning ideological struggles within the party? Mao had the immediate concerns of the time in Yan’an in mind, but he is also keen to emphasize that the universality and particularity of contradiction are dialectically connected. Reinterpreted in light of my concerns, this means that the presence of contradictions under socialism will take particular and different forms. Thus, the well-known adage – to focus on the principal and determining contradiction in any given situation and then analyze its constantly changing and intensifying nature\textsuperscript{35} – applies as much to the period after the revolution. Not only does the revolution itself enact a profound shift in what counts as the main contradiction, but the new situation generates yet further contradictions, with one again becoming the principal one.\textsuperscript{36}

Three further features of Mao’s argument have significant implications for contradictions under socialism. To begin with, he offers an intriguing analysis of the changing relations between the Marxist staples of forces and relations of production, between practice and theory, and between base and superstructure. While he asserts that Marxism focuses on the forces of production, practice and the base, to insist on such a focus in all situations is to fall into the trap of mechanical analysis. Instead, in certain situations, the relations of production, theory and the superstructure can play a determining role – when the forces of production cannot change without a change in the relations of production, when theory is needed to guide a revolutionary movement, and when the superstructure hinders the base, it requires profound change.\textsuperscript{37} While Mao leaves this intriguing argument at a theoretical level, it is not difficult to see it might apply to socialism in power: the changing relations between workers, peasants and intellectuals; the theoretical elaboration of new plans in light of changing circumstances; the need for a profound shift in culture and belief after a revolution.\textsuperscript{38}

Further, Mao distinguishes between antagonistic and non-antagonistic contradictions. Class struggle under capitalism is clearly antagonistic and needs the “leap” of socialist revolution to be overcome.\textsuperscript{39} However, the contradiction between town and country may be transformed after the revolution from antagonism to mutual cooperation. So too may party struggles be seen as non-antagonistic, and if
dealt with in an appropriate manner, they remain productive. If not, then they may become antagonistic. The emphasis on non-antagonistic contradictions opens up a whole arena for understanding the role of contradictions under socialism, concerning which Mao is by now clearly aware. The identification of non-antagonistic contradictions may have been immediately due to Lenin’s observation that contradiction but not antagonism will continue under socialism (see above), as well as to Stalin’s emphasis in the later 1930s that some contradictions in the Soviet Union were no longer antagonistic, such as those between workers and peasants, the forces and relations of production, or industry and agriculture. But I suggest it also has much to do with the long tradition of Chinese philosophy and culture. This observation brings me to the final point, which will turn out to anticipate my later proposal concerning the absorption and transformation of the contradictions of earlier modes of production within a subsequent one. I think here of Mao’s emphasis on the unity of contradictions (duili de tongyi or maodun tongyi). Initially, he distinguishes between three crucial categories or “laws” of Marxist analysis: the unity of contradictions; the transformation of quality into quantity and vice versa; the negation of the negation. However, as Knight has shown, Mao sought not so much to dismiss the second and third items but to draw them within the orbit of the unity of contradictions. This tendency becomes apparent in both the lectures and the final section of the polished “On Contradiction” article, where Mao speaks of the necessary interconnection, interpermeation and mutual cooperation of contradictions, so much so that one side of a contradiction assumes the other and may, under specific conditions, change into its other. To give a couple of examples from Mao’s longer list: the mutual interaction of contradictions enables a socialist revolution to take place; or, under socialism private ownership of land turns into public ownership. While Mao draws on Lenin’s reflections on Hegel to make his point, the emphasis Mao places in the unity of contradictions also reveals a distinctly Chinese transformation of dialectics – as his quotation of a popular Chinese saying indicates: “xiangfan xiangcheng”, “Things that oppose each other also complement each other”. The idea of the mutual cooperation of contradictions runs deep in Chinese philosophical thought and cultural assumptions, from the mundane everyday matters of food and drink, through Lao Zi’s point that what is in opposition is transformed into its opposite, to the universal principle of the interpermeation of yin and yang, from the Yi Jing and then Dao De Jing. Indeed, the fabled Confucian category of datong, thoroughly reinterpreted by Kang Yuwei, assumes not an overcoming of contradictions but a situation in which they are able to exist side by
side, in mutual cooperation, without being disruptive. As Knight points out, these traditional elements needed to be transformed in light of the dominant framework of dialectical materialism. In my subsequent discussion, I will seek to develop this unity of contradictions further in terms of mode of production theory, save to point out here that such a unity entails not the abolition of former modes or production but the absorption of their contradictions into a new mode of production.

The paradox is of course that the thoughts expressed in the lectures appeared more than a decade before the communist revolution was successful. I suggest that the insight of this material relies on a significant simultaneity of non-simultaneity. Mao may have been thinking, speaking, and writing before the communists won the revolution in China, but he does so by drawing on material from the Soviet Union, which by this time had two decades of tough experience in constructing socialism. Contradictions were certainly present there, and Mao implicitly draws this feature out for his own analysis. All of this would become much clearer when Mao returned to the question of contradiction in 1957. Here the earlier threads become concrete reflections on the continuation of contradictions under socialism – and indicate that philosophical considerations continued to undergird Mao’s practice. These include: antagonistic and non-antagonistic contradictions; forces and relations of production; and base and superstructure. Of particular pertinence for my argument is the first contradiction. Here, Mao distinguishes between conflict with one’s enemy (di wo zi jian de maodun) and contradictions internal to the people (renmin neibo de maodun). While the former requires resolute action, the latter requires action to turn what may be antagonistic into non-antagonistic contradiction. The enemies are obvious, whether international forces opposed to socialist China or internal forces such as remnants of the Guomindang and those working to undermine the socialist project, but the contradictions internal to the people are many and complex: within and between workers, peasants, intellectuals and even the bourgeoisie (which had a continued presence), but also between majority and minority nationalities and between the government and the people in a number of ways. Although he draws near to class struggle itself in such a formulation, he is keen to stress that it takes place in the context of a “fundamental unity of the interests of the people”. Therefore, the process should begin with an assumption and desire for unity, a process of criticism and struggle, which should result in a deeper unity. Mao is firmly in favor of peaceful resolutions of such contradictions, although there is a danger that mishandling contradictions will lead to antagonism. All of this should be predicated on the distinctly Chinese inflection of the basic unity of opposites.
Contradiction under Socialism

This is generally the way in which real contradictions are reconciled.54

The implication of all this is that the initial opposition between non-capitalist and capitalist markets, as well as socialism and capitalism, must be seen in the context of a more thorough approach to contradiction, especially in the context of socialism in power. Nonetheless, this is only the first step, which entailed examining the reality and nature of contradictions under socialism: with one’s enemies (within and without), between industry and agriculture, forces and relations of production, government and people, even within and between classes. The next step entails asking why. The reason usually given is that these are characteristic of the transitional stage of socialism and that they will be overcome with the move to communism.55 The relics of the old, capitalist order still remain and it requires considerable work to overcome them. But what if contradictions continue throughout socialism and into communism? How might this be understood?

In proposing an answer, I draw on the theoretical insights of Ernst Bloch, especially his formulation of the “non-contemporaneity” (Ungleichzeitigkeit) of the present, or in shorthand, the “contemporaneity of non-contemporaneity.”56 For Bloch, a mode of production such as capitalism always contains traces of pre-capitalist modes of production. These earlier traces exist at different levels and modalities simultaneously in the present. He describes them as a type of economic, political and cultural “groundwater,” which lies closer to or farther from the surface, depending on the time and place. At the same time, they challenge and resist the present; they “contradict the Now; very strangely, crookedly, from behind.”57 Bloch’s immediate interest is to account for the rise of fascism in Europe, which he analyses in terms of its ability to construct reactionary resistance in terms of its false myths and hopes drawn from the past. But the most significant implication of his analysis concerns socialism: this non-contemporaneity also creates the possibility for socialist revolution, in which the unattained hopes of earlier forms link with present anticipations. More dialectically, the revolutionary impulse of the present, which emerges from class struggle and generates expectations of a “prevented future” and the unleashing of the forces of production, gains “additional revolutionary force precisely from the incomplete wealth of the past.”58 Here Bloch provides a significant philosophical argument, with its call for a multi-temporal and multi-spatial dialectic, that not merely makes sense of the successful socialist revolutions in supposedly “backward” countries rather than “advanced” capitalist ones, but rather reveals the
necessity of socialist revolutions in precisely in such places. In other words, socialist revolutions could take place only in parts of the world where contradictions were already enhanced in terms of the greater presence of earlier, pre-capitalist, modes of production and their attendant but frustrated expectations of a better future, alongside thoroughly modern anticipations of revolutionary transformation.

However, Bloch’s interest was primarily in the period before October, before the success of a socialist revolution. The exacerbation of contradictions in the present moment enables such a revolution to succeed, by which I mean not merely the seizure of power, but the ability to deal with the counter-revolutionary surge and find space and time to begin constructing socialism. At this moment, the implication of Bloch’s argument is even more significant: when a communist party has gained power in a “backward” economic zone, it faces even greater contradictions.

According to orthodox Marxist theory, socialism can arise only when capitalism has worked through all of its myriad possibilities, when the contradictions internal to capitalism lead to its undoing. But what if a communist party gains power when capitalism is in its relative infancy? What is to be done in this situation of even greater contradiction?

Now my argument folds back to the question posed by Arrighi: is the answer to this situation a development of non-capitalist markets, seeking to leap over fully-fledged capitalism into socialism in the form of a socialist market economy? In the context of global capitalism, this leap is not as easy as it seems; indeed, it is hardly possible. Instead, I follow a more conventional line and assume that the period of the reform and opening up (gaige kaifang) since the late 1970s – embodied above all in some of Deng Xiaoping’s formulations – has entailed the significant deployment of capitalist market mechanisms. But I make this conventional point with a distinct twist: such deployment has not negated socialist economic practices. Indeed, I want to take this initial point a step further: picking up Mao’s advice to identify the primary and secondary contradictions in any given situation, as well as the primary and secondary features of such contradictions in relation to both internal and external dynamics, I suggest that the principal contradiction in China of the period of reform and opening up is precisely the exacerbation of contradictions between socialism and capitalism, a contradiction that provides ample proof of Bloch’s initial insight.

While the contemporaneity non-contemporaneity may have produced the necessary conditions for socialist revolutions in economically “backward” locations, the tension is exacerbated after a socialist revolution. Nonetheless, Bloch’s formulations can get us only a little way into the realities of socialism in power. His formulation still does
not answer the continued presence, if not the necessity, of contradictions in socialism and communism. Or perhaps Bloch did anticipate a fuller reason for such a necessity. Let me return to his comment concerning the “cultural groundwater,” or the persistence of earlier modes of production within the current mode of production, albeit in different ways and forms. With this hint, we may be able to make some progress in understanding the primary contradiction in China, between socialism and capitalism – a contradiction that confuses many foreign Marxists who believe that one must have either socialism or capitalism, but not both.

Traditionally, Marxism has spoken of the “narrative” of modes of production: tribal society and hunter-gatherer existence are replaced by slavery, or perhaps by the “Asiatic mode of production,” which are in turn replaced by feudalism, which is replaced by capitalism, which is then overcome by socialism and communism. Each mode of production is both enabled by internal contradictions (which are thereby constitutive contradictions), but those same contradictions lead to its undoing. Thus, a subsequent mode of production overcomes those contradictions only to produce new ones that are simultaneously constitutive and disabling. Building on Ernst Bloch’s insight, let me propose an alternative approach.61 Instead of a narrative succession, determined by patterns of contradictions that are both constitutive and destructive, I suggest that each new mode of production absorbs all those that have come before – a pattern that should be expected at a theoretical level if one follows a dialectical materialist approach. Thus, we find that the earlier contradictions are now included within the new mode of production, creating multiple contradictions that remain unresolved and requiring – as Bloch suggested – a multi-temporal and multi-spatial dialectical analysis. At the same time, the functions of those earlier modes of production are altered, so that they can work within the new mode of production.

The obvious example is that of capitalism. It has its dynamics of financialized markets, with stock exchanges devising ever new ways to generate money from money – Marx’s ultimate formula for fetishism as the heart of capitalism, M-M’.62 Large financial hubs provide the foci of such activities, such as New York, London, Singapore and Hong Kong (although the latter is declining somewhat). It also has its zones of bulk and high-tech commodities production, such as China and Germany, where labor is cheap and for which shipping provides the means of moving about large amounts of commodities; zones for food production, especially in former colonies like Brazil; zones for outsourcing every-day management, for which India as the world’s “office” has become a prime location; and places such as Australia and Russia for the extraction of raw materials and minerals, which are sent elsewhere for
processing. At the same time, capitalism also includes forms of feudalism, with landlords (or oligarchs as they are called in Russia, or warlords in Africa and the Middle East) and indentured laborers. Further afield we find types of slavery, especially child slavery, in the production of goods for capitalist markets. We do not need to consider the slave states of the southern USA as the only example of such slavery within capitalism. Yet further afield, in areas of South America, the Pacific, Africa or parts of Asia, there exist hunter-gatherer and tribal societies, which produce cultural trinkets for tourists who may happen to visit such areas. And it is also quite feasible for socialism – in one or more countries – to be part of a global capitalist system. Indeed, it is perhaps necessary for socialist countries in a dominantly capitalist world to engage with other capitalist countries in order to survive, if not thrive. The Soviet Union was the first but by no means the last to do so. China’s current international situation may also be seen in this light. With the internationalization of the division of labor, China has become one of the great industrial centers of the world, with the attendant rise in energy consumption, environmental pollution, migrant workers and labor problems. This is the result of the international dynamics of capitalism, in which industrialization has been shifted to China. At the same time, this situation is being used by China to leverage itself into one of the world’s economic superpowers.

This process of absorbing the contradictions of earlier and indeed current modes of production within capitalism is one matter, but does it also apply to socialism and indeed communism? As I mentioned earlier, a common European mode of understanding of socialism is a system diametrically opposed to capitalism, or indeed to any other mode of production. Exploitation should be overcome with the shift of the ownership of the means of production from capitalists to workers and farmers. But is it possible that socialism may absorb all of the previous and, in some cases, current modes of production at yet a higher level of complexity? This suggestion has significant potential, but also some dangers. Indeed, within Marxist theory we find the argument that communism unleashes the forces of production hindered by capitalism. That is, capitalism fetters and binds the real potential of such forces. Yet, if they are unleashed – as happened in the Soviet Union during the 1930s or in China since the late 1970s – they must make use of capitalist mechanisms, refining them even further: mechanization, technological innovation, modes of management and organization for production, industrialized techniques, large-scale and industrialized forms of agriculture and so on.
What about other modes of production? At a theoretical level, is it possible for feudal, slave-based, tribal and hunter-gatherer modes of production also to find altered roles in within a socialist framework? The Soviet Union, as a large and diverse country, provides an excellent example. In the rapidly industrialized and collectivized sectors of the country, we do find socialist organization, deploying techniques from capitalism in order to unleash the forces of production. But we also find that in the border areas of Soviet Union, traditional landlord-style social and economic systems still functioned, although the government did its best to replace and modernize them. More significantly, with the massive process of industrialization and collectivization in the 1930s, the majority enthusiastically embraced the massive changes taking place – think of Stakhanovism and the desire to emulate the high achievers. However, many were not so enthusiastic, either dragging their feet or actively opposing the process. In this context, the labor camps played a significant role, especially in Siberia. To be sure, they were designed for rehabilitating the people sent to the labor camps, but they also functioned as a reshaped form of indentured labor. And in the areas of northern Russia, above the Arctic Circle, the native peoples still lived in forms of hunter-gatherer and tribal existence. All of this took place during the construction of socialism.

In this light, it should be no surprise that contradictions should appear. The Soviet Union had significant tensions between the forces and relations of production. As the forces moved ahead, the relations of production dragged behind and therefore needed constant readjustment. And as the old contradictions were resolved, new ones arose that required yet further reform and adjustment. At times, changes in relations of production came first, especially in areas where traces of former modes of production were still strong and where industrialization and collectivization were still to happen. The changes in these relations of production provided the conditions for the forces of production to advance. Contradictions also continued between industry and agriculture, or between city and countryside and thereby between workers and farmers, with various strategies such used to facilitate their non-antagonistic interaction – albeit not always with success. Tensions continually flared within the communist party as well, with struggles over theory and practice concerning the processes of change and indeed the understandings of contradiction itself (witness the struggles between Lenin and Trotsky, and between Stalin, Trotsky and Bukharin, among others). Cultural struggles were constant, with some arguing for the abolition of the old and the introduction of a new working class culture (Proletkult), while others wished to preserve and transform the best of
Contradictions also appeared in terms of nationalities, which were fostered in a way never seen before, but at the same time required education and cultural transformation in a socialist framework. Questions of gender too generated significant contradictions, with the socialist emphasis on gender equality making the first real gains for women anywhere in the world, while at the same time dealing with ingrained and traditional Russian attitudes to women. Finally, and with distinct pertinence to China, there was a sharp contradiction between revolution and reform. At the time of the 1917 revolutions and the “socialist offensive” of the 1930s, revolution was needed to overcome unresolvable antagonistic contradictions, especially between classes in relation to the ownership of the means of production. However, after the revolutionary process, reform was also necessary, in order to enact many of the changes needed after the revolutionary periods. Yet, as Lenin already pointed out, reform should always be understood in light of revolution, which is the long-term project of creating a socialist society.

Many of these contradictions also appear in China, albeit in different articulations in light of China’s particular history and situation. However, I would like to approach the situation in China from two angles: uneven development in terms of the size of the country; and the contradictions of socialism. The first I draw from Wang Hui, although his insightful analysis falls short at crucial points. His focus is on the contradictions generated by China’s uneven development. Some regions, especially in the east, have seen massive growth. By contrast, the north-east – once the industrial powerhouse of China – has languished, and the western parts of China are only beginning to experience such a process. With the push to develop the inland and western regions, industries have been moving so that areas such as Inner Mongolia are beginning to experience greater rates of growth than the east coast. These changes are a mixed blessing: while this development brings an attendant rise in living standard for many, it also introduces many of the east coast’s problems – massive movement from the countryside the city, increased cost of living, pollution and social dislocation. Further, some areas have benefitted, such as Chongqing and Chengdu, but other inland areas have yet to see comparable growth, such as Xi’an. At the same time, China’s size (like the Soviet Union) enables it to alleviate crises internally, unlike smaller countries and smaller economies. The size of its population, especially the many living in rural conditions, the immense internal resources, and its sheer diversity provide an internal dynamic for crisis alleviation. Or rather, it enables China to focus on ensuring that the contradictions are non-antagonistic rather than
antagonistic. Such alleviation is not a given and requires careful planning and articulation.

Now we come up against a problem in Wang Hui's analysis, for he assumes a capitalist framework for his interpretation. Missing – surprisingly – is an awareness of the role of socialism in this situation. But if we bring socialism into the equation, then we can see how the process of development, as it spreads inland and westward, may be seen in terms of modes of production. The immediate reality is the primary contradiction between socialism and capitalism in China (see above). Internationally, the socialist project must be undertaken in a global situation where capitalism is dominant; internally, this means that a communist government must deal with the extraordinarily complex problem of the relatively undeveloped nature of China's economy. As this process unfolds, we may identify traces of earlier modes of production present in the non-contemporaneity of China's contemporary situation. (As a caveat, I should point out that the peculiar history of Europe should not be universalized and applied to China's situation. Thus, the various modes of production that may have applied to a European, or indeed Atlantic, situation do not apply: tribal, slave-based, feudal and then capitalist. China's social and economic history is quite different and thereby requires a distinct analysis.) Most obviously, this situation applies to the contrasts between rural areas and the cities (which is now a secondary contradiction). Persisting through the recent histories of collectivization, and then semi-de-collectivization of the reform and opening up period, are ancient assumptions concerning agriculture. I think neither of what some, especially in China, call "feudal" patterns, nor indeed the controversial Marxist category of the "Asiatic mode of production." Instead, we find ancient patterns of what may be called subsistence survival agriculture. As the contradictions of this system come face to face with the duality of socialism and capitalism, a whole series of mediations come into play, in which rural people must make an extraordinary leap into the present. Further, what may be called a tribal mode of production continues, in a modulated fashion, to be present in China. The remoter mountainous areas, whether in the southwest or west, still exhibit older patterns of tribal and herding existence, that are simultaneously present as "cultural traditions" worth preserving and economic practices that need to be transformed in light of the process of modernization. Another level in which the traces of a previous mode of production are present in China is at a cultural level, especially in terms of Confucian cultural norms. Although the actual mode of production in which such norms first gained traction has itself passed, the superstructural dimensions continue to inform Chinese
culture in unique and contradictory ways. This is an issue that goes to the very pores of Chinese society, in which very traditional – pre-capitalist and pre-socialist – assumptions about social and cultural life continue to inform the present. Thus, the current social situation in China exhibits an extraordinary conjunction of the very modern and the very traditional, operating at one and the same time in a way that is clearly a contemporaneity of non-contemporaneity.

Conclusion

One may recall that China and the tables began to dance when the rest of the world appeared to be standing still – pour encourager les autres.74

By now we have reached a situation that is far more complex than the initial opposition between non-capitalist and capitalist markets, or indeed the primary contradiction between socialism and capitalism. In doing so, I have sought to take the materialist dialectics of Marx’s Capital a step or two further in light of socialism in power. Since contradictions not only continue but are exacerbated under socialism, we would expect that both non-capitalist and capitalist markets exist side-by-side and in close relation with one another. For instance, the state-owned and state-holding companies in China are challenged by private companies to lift their game, while the SEOs continue to generate the main economic drive.75 But this situation is only a part of the total picture. Indeed, the primary contradiction between socialism and capitalism is itself only one contradiction. The reason is that socialism does not negate all previous modes of production, but absorbs and transforms the contradictions of those modes of production into a situation that become exponentially more complex. So we find that many types of contradiction appear, in which the various older modes of production are now transformed in light of a socialist framework. The crucial question, of course, is whether socialism does indeed hold the whip-hand. Xi Jinping, the first leader of a major country with a PhD in Marxism, is doing his best to ensure it does.76

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3 Marx, *Capital*, p.244.


5 Marx, *Capital*, pp.158-59, see also pp.736-37.


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2 Alongside the various older positions on the origins and nature of money, a number of newer studies have appeared. Among the older ones, I would cite Adam Smith’s theory that money results from the logjam of stockpiling; the intriguing proposal by Aglietta and his colleagues that money is based on the ancient idea of sacrifice as debt to gods (drawn from the Rig Veda); money as the unpayable debt of human life; and the chartalist position that money is an unpaid IOU to the state. More recently, Graeber has sought to extend the chartalist position, while von Braun and Goodchild have emphasized the religious and theological dimensions of money, in a way that may be seen as attempts to develop the insights of Michael Aglietta and A. Orlean, La violence de la monnaie (Paris: Presses Universitaires de France, 1992); Michael Aglietta and A. Orlean, Souveraineté, légitimité de la monnaie (Paris: Association d’Économie Financière, 1995); Michael Aglietta and A. Orlean, La monnaie souveraine (Paris: Odile Jacob, 1998); Philippe Rospabé, La dette de vie: aux origines de la monnaie sauvage (Paris: Editions la Découverte/MAUSS, 1995); Georg Friedrich Knapp, Staatliche Theorie des Geldes (Leipzig: Dunker und Humbolt, 1905); Geoffrey Ingham, The Nature of Money (Cambridge: Polity, 2004); Graeber, Debt; Philip Goodchild, Theology of Money (Durham: Duke University Press, 2009); Christina Von Braun, Das Preis des Geldes: Eine Kulturgeschichte (Berlin 2012).


8 Marx, Capital, p.752.

9 Marx first made such an observation on Hegel in 1843: Karl Marx, “Contribution to the Critique of Hegel’s Philosophy of Law,” in Marx and Engels Collected Works, vol. 3, pp.3-129 (Moscow: Progress Publishers, 1843 [1975]), p.87. He was to repeat it on many occasions afterwards.
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Mao, "On Contradiction," p.322. I have used the revised version of the “On Contradiction” article here, rather than the earlier version from the lectures: Mao, "On Dialectical Materialism," p.633. Much of his focus in this study is of course on the revolutionary process under way at the time.

A pressing issue in the complex situation in China, where the primary revolutionary contradiction was by no means clear. So Schram, *The Thought of Mao Tse-tung*, p.66.

Mao, "On Contradiction," pp.333-34.

Mao, "On Contradiction," pp.335-36; Mao, "On Dialectical Materialism," pp.649-50. These points indicate that Mao was not the crude empiricist assumed by some, such as Knight, *Mao Zedong on Dialectical Materialism*, pp.24-30.

This argument may also apply to the tensions between idealism and materialism. Earlier in the lectures, Mao draws deeply from Engels to argue for a sharp difference between idealist and dialectical materialist philosophy. But then he suggests that idealism has been over-emphasized, leading to an imbalance; once corrected through careful attention to dialectical materialism, idealism finds its proper place. Mao, "On Dialectical Materialism," pp.576-77.

In the earlier lectures, Mao includes a significant number of non-antagonistic contradictions, between different ideologies in the Communist Party, the culturally advanced and backward, town and country, forces and relations of production, production and consumption, exchange value and use value, in technical divisions of labor, workers and peasants, life and death, heredity and mutation, cold and hot, day and night: Mao, “On Dialectical Materialism,” p.664; see also Mao, “Notes on A Course in Dialectical Materialism by M. Shirokov and Others,” p.724; Mao, “Annotations on Dialectical Materialism and Historical Materialism by M.B. Mitin and Others (Volume 1),” p.794. However, in the revised version of “On Contradiction,” he limits his examples to inner-party struggles, which may become antagonistic if not dealt with properly, and to tensions between town and country: Mao, “On Contradiction,” pp.344-45.


Mao, “On Contradiction,” p.343. By the time Mao quotes this saying, which appears only in the revised version, it was already 1900 years old. It was first coined by Ban Gu’s Hanshu (Book of Han), from the first century CE.

Knight, Ta T’ung Shu: The One-World Philosophy of K’ang Yu-wei, trans. Lawrence G. Thompson (London: Routledge, 2007 [1958]). I suggest that this concern with the unity of contradictions, in the intersection between Chinese philosophy and Marxism, is one of the most profound features of Marxism with Chinese characteristics. But this is the topic of another study.

Knight, Mao Zedong on Dialectical Materialism, pp.50-51; Knight, Marxist Philosophy in China, pp.167-69. Holubnychy usefully tabulates Mao’s references to Marxist sources and to traditional Chinese sources in the first four volumes of the Selected Works, with the result that they come out at almost 50-50: Holubnychy, “Mao Tse-tung’s Materialist Dialectics,” pp.14-17. One may also gain some points from the studies by Freiberg, “The Dialectic in China: Marxist and Daoist.”; Liu, “Mao’s ‘On Contradiction’,” pp.79-81.

This paradox is enhanced by the fact that Mao quotes often from Lenin’s notes on Hegel, made in 1914 after the crisis in the international socialist movement caused by the outbreak of the First World War. Lenin’s rediscovery of Hegel’s ruptural dialectics became a key theoretical factor not only in the success of the October Revolution, but also in the early years of constructing socialism in the USSR: Lenin, “Philosophical Notebooks.”

Mao, “On Correctly Handling Contradictions Among the People.”; Mao, “Conversations with Scientists and Writers on Contradictions Among the People.”

Knight, Marxist Philosophy in China, pp.197-215.


Mao, "On Correctly Handling Contradictions Among the People," p.312; see also Mao, "Conversations with Scientists and Writers on Contradictions Among the People," p.302.


Marx, Capital, p.113.


Bloch, Heritage of Our Times, p.97.

Bloch, Heritage of Our Times, pp.115-16.


This interview has subsequently been republished as an appendix to Wang Hui, China’s Twentieth Century: Revolution, Retreat and the Road to Equality, ed. Saul Thomas (London: Verso, 2016).

The suggestion was first made to me in private conversation by Kenneth Surin.

I draw these points from Wang Hui, although he curiously does not see such a development in terms of a socialist country seeking to find a place in a dominantly capitalist international situation: Wang, “Contradiction, Systemic Crisis and Direction for Change.”


Wang, “Contradiction, Systemic Crisis and Direction for Change.”

Some may be surprised at this point, but Wang Hui’s framework assumes that socialism is largely of China’s past (signaled by Mao Zedong) and that its present is neo-liberal capitalism. While this framework may suit some on the international Left, it does not address in a sufficiently dialectical fashion the current realities of China. It also produces a curious disconnection, in which insights from Mao Zedong are applied to the present, without taking into account the development of Marxism in China since Mao Zedong.

Wu, “Restudy the Current Two Social Principal Contradictions and Their Interrelations,” p.76.


Marx, *Capital*, p.82 fn.


So much so that the SEOs actually enabled China to ride out the Atlantic financial crisis that began in 2007-2008.


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