

# SPEECH UPON RECEIVING THE WORLD MARXIAN ECONOMIC AWARD (I)

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I am very grateful to WAPE for awarding me the World Marxian Economics Award 2013. I am unable to attend the Brazil conference due to my age. So I will have to rely on this unorthodox way to share with you some of the experiences and reflections concerning my life as a Marxist economist.

I was born in October 1925 in a poor village of Wutai county, Shanxi province. I did farm work with my parents when I was young, and was very familiar with peasants' poverty and suffering. The Japanese army occupied my hometown in 1938 when I was in the primary school, which stopped my schooling for four years. I witnessed the Japanese army's violence of rape, plunder and murder. During that time, I did cleaning work at a drug store and worked as a coolie in Taiyuan to make a living, and felt the humiliation and sorrow of an underclass labor. This goaded me to two future ambitions: first, to gain know-how, to change my own fate, and to help the poor be heard; and second, to fight against invasion and create a strong nation of China. For these reasons, I changed my given name Xiangui (rich and famous), given by my primary school teacher, to Xinghua (prosperity of China).

Then I went to Jinshan middle school in the second military area of west Shanxi province. The headmaster, Zhao Zongfu was a secret member of the CCP (his father was the governor of Shanxi province). I started a mimeographed newspaper to propagate progressive and anti-Japanese-invasion ideas. This impressed Zhao, who gave me a lot of support and help, as well as influencing me in terms of

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political views. The school went back to Taiyuan after the victory against Japan. I became involved in secret revolutionary work and decided to devote myself to ending the old system and establishing a new one. I was put in jail for that, but kept the Party's secrets. Before the liberation of Taiyuan, more than ten of my comrades were arrested and killed. I escaped the tragedy due to my early return to the liberated area via Beijing.

I am relating this experience to indicate the link between my economic, social and political history as well as my ambitions and belief on the one hand, and on the other, my persistence in upholding the Marxist standpoint and method as well as socialist theory and practices during my teaching and research for more than 60 years, during which I have publicly defended and developed Marxist economics and socialism. Marx called his economics "labor economics" as opposed to "capital economics." The former is the economics for the liberation and benefits of laborers while the latter is the one supporting capitalism. I naturally chose and believed in the former.

In 1948, I entered Huabei University, which became Renmin University after the establishment of the People's Republic of China. As the first graduate majoring in political economics in New China, I systematically studied *Das Kapital* and other works of Marx and Engels. I tried my best to use the Marxist standpoint and method to analyse economic society and judge theories and practices. Before the opening and reform, I failed to follow the ultra-left tide and was treated as a right-wing figure, so that I suffered a lot in all political movements. For my Marxist belief and research responsibility, I wrote some economic articles under pressure. To avoid the ultra-leftist attacks, I selected *Das Kapital* and other classic works as my research targets, since no one at the time would question, criticize and deny Marx's, Engels', and Lenin's theories but there existed misunderstandings and distortions of their views. So I focused my research on the labor theory of value, law of value, distribution according to labor, land rent theory, commodity economy, and so on. I loved independent thinking and exploration, so I often presented unique views very different from prevailing opinions. For example, in the 1950s, I questioned the view in textbooks that abstract labor belonged to commodity economy and currency had class nature, and believed that this view accorded neither with Marxist economics, nor economic practices. Also, I questioned the point in Soviet textbooks that the circulation of fixed capital influenced profit rate. In addition, we needed to analyse the theoretical issues of *Das Kapital* and other classic works, such as how to understand in *Das Kapital* that the enlargement between capital employed and capital consumed becomes an element to accelerate the accumulation of capital; how to understand the relationship between commodity value determinants and socially necessary labor-time with two implications; how to understand fake social value; how to

understand the idea in *Critique of the Gotha Programme* that the exchange of equal amount of labor in “distribution according to labor” is still a bourgeois right; if the equal exchange of labor is regarded as socialist in essence, etc. On these issues, we have disagreed. Then I clarified some of them.

In the 1950s, there are two articles among the works I published that deserve special attention: one is “Some questions of the capitalist rent theory,” published in the first issue of *Economic Research* in 1956. In this paper, I corrected, by naming the names of some well-known scholars, mistakes in interpreting Marx’s rent theory, especially the mistakes of aggregation of absolute land rent and differential land rent. This paper has gained recognition among scholars and no one ever put forward any objection.

Another article is “The methodology of studying commodity production under socialist system,” published in the 11th issue of *The Academic Monthly* in 1959. It dealt with how to grasp and develop Marx’s theory of the extinction of socialist commodity production. By then there were several opinions among academics on this issue: socialist economy is the one without commodity; commodity is just the form for means of production; commodity would gradually fade in a socialist economy; the exchange of consumer goods within the publicly owned sectors is not the relationship of a commercial kind (consumption goods were exchanged with labor coupons); commodity exchange would transfer to product exchange, and so on. I put forward the theory of socialist commodity economy in the paper, in which I showed that both means of production and consumptions are commodities.

There are not enough reasons to deny the commodity nature of means of production. Such denial ignores the rights and interest among different state-owned enterprises, ignores their respective right of possession and use of means of production. In other words, this view only stresses their unity while ignores the contradiction and the existence of value relations and the requirements for equivalent exchange.

I was among the few scholars who proposed the theory of socialist commodity economy at an early stage. Later on I published articles in *Chinese Social Sciences* to discuss and demonstrate that the theoretical and factual basis of Marx and Engels’ non-commodity theory of socialist economy is different from the real conditions in China’s socialist practice.

As you can see, my research in economics before the reform and opening up mainly belongs to theoretical study. I did not write papers to advocate the “great leap forward,” “people’s communes,” “long live the three red banners (the general term for Socialist Construction, the Great Leap Forward and the People’s Communes)” and I did not participate in “great criticism” activities. Anyway, I

was able to avoid following the extreme leftism at that time due to my study of Marx's theory.

More than 30 years have passed since the reform and opening up, great changes have taken place in China's political, economic, and academic environment, the leftist thoughts are unpopular now. However, while promoting the economic and social development, reform and opening to the outside world also contribute to the diversification of ideologies as economic and political interests and demands diversify, which undermines the guiding position of Marxism. A large number of mainstream economics courses have been introduced to university classes to replace Marxism economics. In theoretical research and propaganda, misunderstanding and erroneous interpretations of Marx's economics are widely spread. There are two main situations with this regard: First, government officials misunderstand and erroneously interpret Marxist theories due to their limited capabilities of theoretical understanding. In particular, after years of vigorous promotion of the idea that capitalism or socialism do not matter for reform and opening up, the line between capitalism and socialism has been blurred. For instance, people cannot even clearly identify whether private enterprises with hundreds, thousands or tens of thousands of employees belong to a capitalist economy or a socialist economy. As a result, the official statement that "non-public economy is an important part of socialist market economy" is confused with "non-public economy is part of the socialist economy." It is clearly stipulated in China's Constitution that "The basis of the socialist economic system of the People's Republic of China is socialist public ownership of means of production, i.e., public ownership and collective ownership." Such stipulation suggests that a private ownership economy does not belong to the socialist economic system. The Constitution puts forward "the socialist economy system" and "the primary stage of socialist basic economic system" as two associated yet differentiated concepts. The idea is the "co-development of public and private ownership with the former as the dominant one." That is to say, the non-public economy belongs to the category of the "primary stage of socialist basic economic system," and does not belong to the category of "socialist economic system." The private economy, foreign investment economy and individual economy form the system of private ownership economy. In the primary stage of socialism, to say that public ownership is the dominant form is equivalent to saying that the socialist economy and socialist economic system should be dominant. To allow the private economic system (i.e., the non-socialist economy) to co-exist with the public one is where we find the characteristics of the socialism with Chinese characteristics. We cannot define all the content of socialism with Chinese characteristics as socialist. Socialism with Chinese characteristics includes the socialist system on the mainland and capitalism in Hong

Kong and Macao. Deng Xiaoping has clearly specified that capitalism in Hong Kong and Macao cannot be included in the category of socialism.

These confusions are not rare. We should ask: if privately owned and foreign enterprises of capitalist economy are classified as socialist economy and as being part of the socialist economic system, if private ownership economy is socialist, why should we talk about the position of public ownership as the basis or mainstay of a socialist economy? All of the theories advanced by Marx and Engels, theories proposed by Mao and Deng, and the Constitution of China, have defined socialist economy based on the public ownership under the state power of the working people, which is also a basic principle of the scientific socialism of Marxism and the basic principle of the socialism with Chinese characteristics. Deng has repeatedly emphasized that the position of public ownership is the basic principle of socialism and it is exactly because that public ownership is part of the socialist economy and the basis of the socialist economic system that only by carrying out and insisting on the principal status of public ownership can the socialist nature of China be guaranteed. If the basis or principal status of public ownership were shaken, damaged and denied, the socialist system of China would also be shaken, damaged and denied. People should be aware that it is exactly by confusing these important concepts and theories that some people affect a belief in private ownership.

The second situation is that some scholars intentionally misinterpret and deny Marxist economics and intentionally misinterpret and deny the theory of scientific socialism. If they, just like some scholars, make their opinions clear to the public, such as openly advocating privatization, proposing the abolition of the state-owned economy in China, disagreeing with and denying publicly Marxist economics and scientific socialism, advocating westernization, replacing Marxist economics with western economics and replacing socialism with something western, it is okay since everyone has his own ideal and we should not force people to believe in something and disbelieve in others. They would deliberately misinterpret Marxism and scientific socialism in the name of developing Marxism and socialist theory and in the name of reform for the purpose of selling their own ideas. For example, someone fabricates that Marx once said, “socialist movements are limited only to western Europe,” in order to deny the socialist cause of China; others misinterpret the criticism made by Engels in *Anti-Duhring* of fake socialism, and use his critique on certain forms of nationalization as an excuse to deny that the public economy of China, especially the state-owned economy, is the economic basis of socialism, and thus deny that the state-owned economy of China is a socialist economy. Someone, for the purpose of replacing the Marxist labor theory of value with factor value theory, marginal utility value and so on, invents the three assumptions “implicit” in the labor theory of value, i.e., exchange is effected in

the form of barter with no money as the intermediary, factors other than labor are all free, and labor employed in commodity production is simple labor. This is an entire inversion and misinterpretation of the original intention of Marx and imposes some preposterous ideas they fabricate on Marx, by which they attempt to deny the Marxist economics.

As a researcher of the theory of Marxist economics, I have tried to demonstrate the theoretical value of Marxist economics and its meaning to the contemporary world, and employ the theory and method of Marxist economics to study the issues related to the economic development and reform and open-up policy in China and study the modernization, sinicization and popularization of Marxist economics as well as the new development, new characteristics and new problems in contemporary capitalism. In the meantime, I have employed the theory and method of Marxist economics to summarize the pros and cons as well as experiences and lessons during the construction of socialist economy in China and the process of reform and open-up. Another important task for me is the education of the young generation. Many of my students, especially those who have obtained their doctorate degree, have become excellent Marxist economists working for the Party and the government.

I have spent much time in the analysis and rejection of misinterpretation and distortion of Marxism. Apart from the debate on some misunderstandings within the so-called Marxist researchers, I have been arguing primarily against non-Marxist and anti-Marxist misinterpretation and distortion of the labor theory of value and socialism with Chinese characteristics. I have explicitly critiqued the so-called “late Marxism” vs. the “early Marxism” dichotomy and various thoughts of privatization, including those that use the works of Marx and Engels, as well as the economic and social realities, to reject public ownership as the basis of the Communist Party to hold power.

I disagree with the prevalent idea of “old comrades contributing their remaining energy.” “Remaining energy” is an inaccurate expression which suggests some lingering heat of burnt charcoal. I should say that I am able and will continue to burn! I will continue to burn for Marxism and for the socialist cause!