

# ACCEPTANCE SPEECH FOR WORLD MARXIAN ECONOMICS AWARD

*Qiyuan Xiang*

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Qiyuan Xiang is a research fellow of economics, former deputy director of the Institute of Economics, Chinese Academy of Social Sciences (CASS), and an honorable member of the CASS. His research areas include Marxist economic theory, socialism economic law, and Chinese economic reform. He published *Exploration on Economic Theory of Reform and Development* (Beijing: Economic Science Press, 1996), *On Historical Position of China Socialist Preliminary Stage* (Beijing: Economic Science Press, 2001), and *On Productive Relations at China Socialist Preliminary Stage* (Beijing: China Social Sciences Press, 2013), etc. Email: wrpe@cass.org.cn

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It is an honor of mine to receive the 2015 World Marxian Economics Award from the World Association of Political Economy (WAPE). My sincere gratitude goes to WAPE and the award committee. My age and health conditions do not allow my presence at this conference, but let me use this alternative way to share with you my experience in the research of Marxist economic theories.

In 1956–1959, I studied in the graduate program at the Department of Economics, Remin University of China. In addition to the classes of Marxist economists such as Song Tao, Su Xing, etc., I took time to carefully read volumes 1–3 of *Capital* as well as major works of other founders of Marxism. In retrospect, these three years not only provided the basic knowledge in Marxist economic theories but also led me to become a real Marxist in terms of the view of the world.

In 1959, I completed my graduate study and started to work in the Institute of Economics at the Chinese Academy of Sciences (Institute of Economics at the Chinese Academy of Social Sciences after 1978), which was the beginning of my research career in Marxist economic theory. In 1985, I retired at the age of 60, but my research has never stopped. In over half a century, I have published five monographs and about 150 journal articles.

Now I would like to share with you my reflections on a few important theoretical issues that have long occupied my mind.

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## **First, the Historical Positioning of the Preliminary Stage of Socialism**

In 1987, Deng Xiaoping pointed out that China was still at the preliminary stage of socialism, a fact that should be the starting point of everything to be done. The concept of preliminary stage of socialism differs from Marx's idea of the first phase of communism, Lenin's transitional period, or Mao Zedong's new democracy. The question is, is there any support for such a concept from the theoretical system of Marxism? Marx's idea of five successive stages of social development, i.e., primitive society, slave society, feudalism, capitalist society, socialism and capitalism, can be seen in quite a few of his works. Marx also suggests in the *Economic Manuscripts 1857–1858* a “three-stage model”, i.e., from “relations of personal dependence” to “personal independence founded on objective dependence” and then to “universal development of individuals” with individual labor as social labor from the very beginning. From the perspective of political economy, the “five-stage model” is based on production, especially the evolution of the ownership of the means of production, while the “three-stage model” is based on that of exchange relations. The two models reveal the general law of the development of production and exchange, respectively. It is their unity that provides a means to measure any specific stage of social development. China has taken a rather special route from the new democratic revolution to socialism. In the sense of the “five-stage model,” after the confiscation of bureaucrat-capital and the socialist transformation of national bourgeoisie, public ownership became the main body of the national economy, which indicated that China had crossed the “Caudine Forks” and entered the first stage of socialism. From the perspective of the “three-stage model,” however, commodity economy and market economy is yet to be developed, and people will still be involved in labor exchange through market and commodity forms. That is to say, China will remain in the second stage for a long time. Hence, the perspective that integrates the “five-stage model” and the “three-stage model” will allow us to grasp theoretically more accurate the scientific content of the preliminary stage of socialism.

## **Second, the Distribution According to Labor at the Preliminary Stage of Socialism**

Marx suggests that the first stage of communism is characteristic of the distribution of consuming goods according to labor, and commodity economy and market

economy will no longer exist. Given the long-term existence and development of China's commodity and market economy in this preliminary stage of socialism, how to accomplish the distribution according to labor would be an important question that must be addressed. I consider the sphere of consuming goods distribution to be one in which many different laws of economy are functioning at the same time, thus forming a unique system of economic law. The two most important ones are the law of distribution according to labor and theory of value, which together determine the process of consuming goods distribution. In a commodity economy where commodities are produced in factories, what is exchanged at equal value and recognized in the society is not individual labor time but rather socially necessary labor time. Under the circumstances that individual labor time in one factory is lower than the socially necessary labor time, the labor time of this factory that is recognized in society is greater than the total of individual labor time actually spent by its workers. It is expressed as higher production efficiency, profit, and income of its workers. When individual labor time in one factory is higher than the socially necessary labor time, however, the opposite is true. This means that at the preliminary stage of socialism, consolidated process of distribution according to labor must be accomplished through two levels of labor measurement. At the first level, we have the net output value as achieved by enterprises, which can be called "combined socially recognized labor time," which expresses the collective contribution of laborers to the society. At the second level, labor is measured within enterprises themselves, with each laborer receiving, according to the amount of labor that he/she has spent in any given enterprise, compensation equal to his labor from that enterprise's total "combined socially recognized labor."

### **Third, the Reform and Development of the State-Owned Economy**

China's state-owned economy has long been the focus of my research. For one thing, the fate of state-owned economy determines the very existence of China's socialist system and the fundamental interest of all Chinese people; for another, the few people who aim to restore capitalism in China always target state-owned economy, trying to demonize it through ways of detraction and distortion. It is imperative that such demonization is powerfully rebutted. Here is an example.

Around the time when the Standing Committee of the People's Congress of China was reviewing the "Anti-monopoly Law" between 2006 and 2008, some people used the opportunity to launch an "anti-trust" wave, targeting the large state-owned enterprises in important industries and key areas. They accused these enterprises as being "monopolistic," striving to provoke the people against state-owned enterprises. Under such circumstance, I published a series of articles

against this wave. Pointing out the constitutional stipulation that state-owned economy is the dominant force in national economy, I suggested that it was legitimate, legal, and necessary to allow state-owned enterprises to exert effective control within sectors and industries that concern the lifeline of the national economy. It is inherently different from the monopoly as a necessary result of the operation of market economy in a capitalist society. To call state-owned enterprises in key sectors monopolistic would mean to argue against historical fact, rational conception, and legal evidence. It is a pseudo proposition and may only do harm to the people. I also suggested that we should properly name the state-owned enterprises and, according to the wording in Article 7 of Chapter 1 in the “Anti-monopoly Law” and Article 7 of Chapter 1 in the “Law on the State Owned Assets of Enterprises,” give the title of “state-owned enterprises in important industries and key sectors” to all large state-owned enterprises that concern national security and the lifeline of national economy.

Looking at the repeated debates over state-owned economy and the rise, fall, and the very existence of the state-owned enterprises in the past three decades, my conclusions include three basic ideas that need to be kept in mind for quite long. (1) There is a clear distinction between China’s state-owned economy and that in capitalist countries, since the two are inherently different in their social nature and function. In over 60 years of the new China, the overall growth of China’s state-owned economy has been highly effective. (2) There should be a clear recognition that state-owned economy is the core of the public economy and pillar of China’s economic base. An optimized and strong state-owned economy, as well as the full play of its guiding role, constitutes the key to the perseverance of the basic economic system at the preliminary state of socialism. (3) What debates over state-owned economy reveal is the struggle between the approach of reform that sticks to Marxism-Leninism and its sinization, on the one hand, and the approach of reform grounded on bourgeois liberalization or neoliberalism, on the other.