

# INTRODUCTION: MAOIST ECONOMICS AND THE FUTURE OF SOCIALISM\*

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*Maoist Economics and the Revolutionary Road to Communism: The Shanghai Textbook on Socialist Political Economy* should be of interest to anyone who sees the present social order as cruel and unjust and has dreamed of the possibility of something fundamentally and radically different. For this book tells of a liberating socialism. It tells of a liberating economics. It tells of Maoism.

Can society be organized on a foundation other than that of exploitation, competition, and private gain? Are alienation, social fragmentation, and bureaucratic domination the unavoidable consequences of economic and technological development? What was probed and achieved in revolutionary China between 1949 and 1976 challenge deeply-held assumptions about what humanity is capable of. This book was written in 1975 and reflects the most advanced experience of socialist economics that the world has seen.

China's socialist revolution began in 1949 with the countrywide seizure of power by the workers and peasants led by the Chinese Communist Party. The revolution passed through several important stages marked by changes in the ownership system, the creation of new socialist economic and institutional forms, and mass political campaigns and upheavals. China's socialist revolution met defeat and came to an end in 1976 when a military coup overthrew working class power. In historical time, 27 years are scarcely a blip on the radar screen. But in terms of what was accomplished between 1949 and 1976, we're dealing with something quite epochal. One-quarter of humanity had struggled heroically to forge a path to the future and had embarked on a journey of unparalleled political, economic, and social transformation. This book is part of that endeavor's enduring legacy. This book is suppressed in China today!

A liberating economics? You will search in vain in bourgeois economics for concern with, much less solutions to, great social problems such as poverty, inequality, or environmental degradation. Its compass is rather more narrow and self-justifying. There are the discourses on how the price mechanism leads to efficient allocation of resources—efficiency to what end and for whom never questioned; the idealized models of decisionmaking and “perfect competition” in a market economy that assume away the real (unequal) structure of economic and political power and paper over the real world of conflict (capitalist against worker, capitalist against capitalist, imperialist rival against imperialist rival); the mythology of “general equilibrium,” when in fact capitalism is a crisis-prone system that cannot secure full employment of resources and labor; and the arcane mathematical treatments of issues such as international trade that somehow can't fit world hunger into the equations.

Confronted with the stark gap between the world depicted in their abstract theory and life-crushing reality, the bourgeois economists explain that such things as racial discrimination or industrial pollution are “imperfections” or “negative externalities” of a

market economy—that is, unfortunate but peripheral aberrations of the workings of a self-correcting system. And worry not, because the market will eventually perform its magic. It is the core idea of capitalism, going back to Adam Smith’s famous metaphor of the “invisible hand,” that individuals pursuing their own selfish ends, and acting as autonomous agents, will contribute their share to what is rationally best for everybody.

That economics might have anything to do with overcoming the division of society into haves and have-nots and with creating the conditions for the all-round development of freely-associating human beings would be dismissed by its bourgeois practitioners as an absurdity. And they are right... from the standpoint of capitalist economic laws. Bourgeois economics, like bourgeois society, is sensitive only to what can be bought and sold, to profit and loss. Indeed, capitalism is a system in which human needs are addressed and met only as byproducts of the pursuit of profit. It is a logic of profit maximization based on exploitation and oppression. And it shapes and subordinates everything in its domain—from the physical landscape, to the labor process, to relations between men and women.

The vision, the economic theory, and the experience of building a new society summed up in *Maoist Economics and the Revolutionary Road to Communism* (hereafter referred to as *The Shanghai Textbook*) point in a radically different direction. A socialist revolution creates a new kind of economy. The means of production are no longer the private property of a minority of society but are placed under society’s collective control. Economic resources are no longer employed to maximize profit but are utilized to meet the fundamental needs and interests of the masses of people. Social production is no longer carried out without prior plan or social purpose but is now shaped according to consciously adopted aims and coordinated as a whole. The mechanisms and motivations of capitalism give way to something new: social planning, social cooperation, and conscious mass participation in all aspects of economic and social development. The potential for varied and all-sided human activity that the powers of social production have put within reach can begin to be realized.

All of which is to say that the misery, the dehumanization, and the inequality that are daily life under capitalism need not be. The great gap between rich and poor, the scourge of unemployment, the oppression and degradation of women, the subjugation of and discrimination against whole nations and nationalities, the problems of health care, housing, and urban decay... these and other sores of class society can be taken on and overcome. The desperate, competitive struggle of all against all to survive and claw their way ahead need not be. The creativity, energy, and fierceness of purpose of the “nobodies” on the bottom of society can be unleashed on a vast and transformative scale. Problems can be taken up for collective solution; the needs and direction of society can be wrangled over by people in their millions. And through this process of struggle and debate, people can change in ways unimaginable under the present order. Socialism makes this possible.

We live in a world in which the life activities of the laboring majority are subject to the controlling power of a minority whose interests are opposed to theirs. We live in a world in which people’s lives are ruled by blind economic forces: the spontaneous movement of a stock or commodity price can, literally overnight, alter the lives of millions throughout the world. But with the creation of a system of socially organized and socially directed production, humanity crosses an historic threshold. The structure and functioning of society will no longer be wrapped in mystery but can become known to the community of individuals who make it up. The economic system and society as a whole will no longer

confront the masses of people as something external, alien, and dominating but rather will be something they are more and more consciously taking hold of, transforming, and mastering in their own interests. At bottom, that is what this book is all about.

Maoism emphasizes that economic development by itself is not enough, nor is it the essence of socialism. Growth must serve and be guided by larger political and social goals—fundamentally, the quest of the proletariat and laboring people to master all of society and ultimately to eliminate classes on a world scale. Economic change and the creation of social wealth must be accompanied by change in every sphere of society, including very importantly change in people’s outlook and thinking. Maoism emphasizes that people not “things” are decisive. The conscious activism of the laboring people, not the capital stock or level of technology as such, are the crucial variables of economic and social development. The laboring people must master technology, not the other way around. And Maoism emphasizes that the socialist project hinges on its constant reinvigoration: the revolution must continue and the class struggle must be continually waged in order to transform society and the world. Yes, this is a radically different approach to economics and to the development of society overall.

When *The Shanghai Textbook* was published in 1975, China was still undergoing the extraordinary struggle and ferment of the Great Proletarian Cultural Revolution. Factories in Shanghai and in many other cities were experimenting with new forms of worker participation in management. Peasants were discussing the ways that Confucian patriarchal and authoritarian values still influenced their lives. Scientists were conducting research among and sharing understanding with workers rich in practical experience. Administrators were routinely called on the carpet for losing touch with the people. Engineers became workers, teachers became students, political officials became garbage collectors, and vice versa! This was a society, and friend and foe alike would scarcely disagree, that was consciously ranging itself against capitalism.

No aspect of economic development and organization was taken for granted—whether it be the supposedly inescapable trajectory of “modernization” and urbanization (revolutionary China took bold steps to break with the traditional Western and the more recent Third World patterns of chaotic and lopsided city and industrial growth, and to integrate industry with agriculture and town with countryside); or technology (the Maoists emphasized that the design, applications, and relationship of people to technology are shaped not only by the development of the productive forces but also by the social relations of an economic system); or the very notion of what constitutes economic efficiency and optimality (which were seen in broader economic and social terms rather than in a narrow cost-effectiveness frame). This was a socialism that dared challenge not only the brutal profit-above-all calculus and stultifying methods of organization of capitalism but its whole “me first” mind-set as well. “Serve the people” was not just a slogan emblazoned on the walls of factories, schools, hospitals, and retail stores; it was an ideological benchmark against which tens of millions judged themselves and others. This was a revolution that promoted initiative, creativity, and daring... but for the sake of the collectivity not for oneself.

China, it need hardly be said, is a very different society today. After Mao Tsetung died in 1976, rightist forces led by Deng Xiaoping staged a military coup. [1] The systematic dismantling of socialism, the restoration of capitalism, and the resubordination of China to imperialism were to begin.

This sea-change is perhaps best captured in the slogan promoted in the early 1980s by the new leadership: “to get rich is glorious.” And so it has been... for a few. Shanghai has opened a stock market; speculation in urban real estate is now legitimate economic activity; special economic zones have been carved out to serve multinational corporations. China’s leaders have turned the country into a low-wage assembly complex and production base for domestic and foreign capital—in early 1992, an average of 45 new foreign-financed ventures were being contracted each day. Workers are told to keep their noses to the grindstone and out of politics. In the countryside, under the banner of reform, the communes were broken up and rural collective assets grabbed up by the well-positioned. The resulting social polarization has forced millions of disadvantaged peasants to migrate to urban areas. Economic and social inequalities are widening rapidly between the favored coastal rim (where most of China’s growth is taking place) and the vast inland regions of the country (where stagnation and poverty are the norm).

The economy now shows all the earmarks of boom-bust cyclical development. It is also on an ecological disaster course. Short-term interests of growth and profit have resulted in the neglect and abuse of irrigation and flood works, the chopping down of much of the country’s mature forests, and massive industrial dumping that is polluting clean water sources. China’s external debt and dependency are mounting. Old social ills have reemerged: in the countryside, the killing of girl babies (since male labor power is now viewed as a vital asset in the every-family-for-itself economy that is being foisted on the rural majority) and clan violence; in the cities, unemployment, beggary, and prostitution. Culturally, revolutionary images of women “holding up half the sky” have given way to icons of women as dutiful housewives, “dressed-for-success” consumers, and sex objects. Corruption is so widespread in Chinese society that it no longer arouses shock.

These are the economic and social realities behind China’s vaunted growth rates. And the 1989 Tiananmen Square massacre of workers and students served to bring political reality into sharp focus. Such is the new (old) China. China today is socialist only in name. But the story run in the West is that the “pragmatic” leaders grouped around Deng Xiaoping have brought sanity to a society that had been held in the grip of totalitarian Maoist madness. Yes, the apologetics continue, there are distasteful political practices, but when the octogenarians in charge die off, democratization (Western-style institutionalized control and deception) will then flower completely. The truth is that the rule of workers and peasants has been crushed; property and hierarchy reenshrined; and profit put in command of economic development. A new exploiting class has restored not sanity but capitalism—exactly what Mao had warned would happen if the rightists within the Communist Party seized power. What these “capitalist roaders” have overthrown and undone is precisely what this book details and upholds.

*The Shanghai Textbook* is one of the most complete presentations by the Maoist revolutionaries of their views on the nature and functioning of the socialist alternative to capitalism. It makes a major contribution to socialist economic theory. That would be valuable under any circumstances. But in the current world climate, the book takes on heightened importance—because the claim is made that there is in fact no alternative to capitalism. Socialism, we are to believe, has failed... and can only fail.

As anyone who has lived through the last few years knows, the ruling classes of the West have staged an ideological victory parade. It started with the collapse in 1989 of the

Soviet-dominated regimes in Eastern Europe. And it became an epic celebration with the disintegration of the Soviet Union itself. But what collapsed in the former Soviet Union was not socialism. It was a particular form of capitalism, a highly centralized state-monopoly capitalism in which state ownership and state planning were invested with capitalist content. There was nothing revolutionary about this class-divided, exploitative, and oppressive society. In fact, socialism in the Soviet Union was overthrown in the 1950s and the lessons of the Soviet experience are major themes of this book. [2]

What the ruling classes are celebrating is Western-style capitalism. No other set of economic arrangements, they tell us, can perform as efficiently or rationally; no other political system can provide scope for individual development. Never mind that the gap between rich and poor nations in the wondrous world market economy has doubled over the last 30 years, or that each day 40,000 children die of malnutrition and preventable disease in a Third World dominated by international capitalist economic and political institutions. Never mind that the West is experiencing the most painful and protracted global economic slowdown of the postwar period. Never mind the obscenity of the claim that a Western-style market that ravages the U.S.'s inner cities is somehow going to solve Russia's housing crisis. Never mind three centuries of industrial development that has been as blind as it has been rapacious toward the ecobalance of the planet. Never mind a system that requires people to perfect themselves as salable products in the marketplaces of work and human relationships. Ignore all that... the market ensures the best of all possible worlds.

If Western capitalism has declared triumph over exploitation and corruption that masqueraded as socialism in the Soviet bloc, it is also using the occasion to declare null and void the possibility that humanity can move beyond exploitation, inequality, fragmentation and a social environment of greed and selfishness to create a very different kind of society. The ruling classes are proclaiming not just the "verdict of history," but "the end of history;" society and history can advance no further—the West, as if by divine providence, has realized the ideal of all civilized peoples. Anything that challenges capitalism is at best a pipedream, and at worst an unworkable utopia imposed from above that can only lead to nightmare. The victory parade is, as the historian Arno Mayer described it, a "thunderous celebration of dystopia." Which is to say, since you can't have a perfect world, long live greed and oppression and meanness. And all this has not been without political effect. Among many who at one time or another embraced alternatives to capitalism, the collapse of the Soviet economic and political system, erroneously identified as socialist, and the ideological assault against socialism have led to deep questioning and doubt about the nature and future of socialism.

What is at issue here is the feasibility of revolutionary communism: whether or not it is possible to end all oppression and class distinctions on the basis of the voluntary and collective efforts of millions; whether or not political leadership and economic institutions can serve such ends; whether in fact a socialist economy can work. In raising such questions, Mao and the experience of revolutionary China until his death in 1976 are a fundamental point of departure. The state-bourgeois ideologues of the former Soviet Union peddled a vulgar pseudo-Marxism that equated socialism with formal and legal state ownership, benevolent welfarism, technocratic efficiency, and political passivity. In contrast to this, Mao Tsetung reclaimed Marx and Engels's vision of communist society and Lenin's brief but historic experience in leading practical efforts toward creating a new

socialist society as a transition to full communist society, in which men and women would consciously and voluntarily, and through great struggles, change the world and themselves. At the same time, while learning from the positive experiences of the first efforts to build a socialist economy in the Soviet Union, Mao profoundly rethought and recast the prevailing model of a planned socialist economy that became institutionalized under Stalin.

Mao was conceptualizing and implementing a set of solutions to the real problems of developing a planned socialist economy that does not rest on bureaucratized regulation or reproduce oppressive capitalist relations. His approach meant subjecting growth and development to social and political criteria, linking the question of economic coordination to the question of mass initiative and participation, putting emphasis on issues of motivation and collective benefit, and on the ideological and political environment in which decisions are taken at all levels, and combining a system of coordinated planning with decentralized management.

The Maoist model also represents a complete rejection of the orthodox Western approach to “underdevelopment,” which sees underdevelopment as nothing more than delayed development that can only be sped up and put on track through absorption of foreign capital and participation in the international division of labor. Revolutionary China, by contrast, delinked itself from the world imperialist system. It formulated and implemented a developmental strategy based on giving priority to agriculture, utilizing simple and intermediate technologies that could be spread and adopted throughout the economy while seeking to develop and apply advanced technology in a way that would not distort and disarticulate the economy, promoting self-reliance, and, above all, unleashing people. On such a basis, a poor country, whose development had been twisted and scarred by semicolonial domination, was able to achieve sustainable and balanced growth and to meet the basic needs of its population.

To be sure, there were problems and mistakes. The economy had certain weak points; the new social institutions certainly had some flaws; and in the sweep and swirl of mass struggle, errors were unavoidable—sometimes due to people getting carried away in their zeal to change things, other times due to rigidity. But all this was in the context of a revolution uprooting exploitation and class oppression and drawing the broad masses into political life. The CIA couldn’t deny the favorable growth rates. Observer after observer couldn’t help but be struck by the forging of new values and attitudes. Yet as impressive as all that was, these mechanisms and principles were part of a larger solution to a deeper set of problems: how to revolutionize society and people in order to make the stormy passage to classless society, to communism. In short, Mao’s political economy is what might be called *the political economy of a visionary and viable socialism*.

The guardians of the present order vilify the Maoist experience for rather obvious reasons—it stands so totally opposed to their whole system and outlook of exploitation. But it has also become a fashion in some more “enlightened” intellectual circles to dismiss Maoism as an artifact of an era bypassed by history. Whether intended as such or not, it is an argument for the status quo. Still, the question remains: Is this experience and understanding relevant to achieving genuine liberation? For those seeking to really understand and change the world, and radically so, it is nothing less than essential.

## **Marxism and the Nature and Building of Socialism**

A political economy of socialism refers to two things: the theorization and continuing investigation of the economic substructure (the relations of production) of socialist society; and a model of and operational approach to economic development and planning. The doctrine of socialist reorganization of the economy and society has long been part of the arsenal of the workers' movement. But a comprehensive and revolutionary political economy of socialism is actually a relatively recent development.

Until the Bolshevik Revolution, Marxian economics had focused its analytic attention almost exclusively on the capitalist mode of production. There was historical reason and necessity for this. By the mid-19<sup>th</sup> century, industrial capitalism had matured. It had revolutionized productive technique, spawning modern industry and a vast, new class of industrial wage-laborers. It had widened the scope and accelerated the pace of technological change as had no economic system before it. Industrial capitalism was literally—and quite brutally—remaking the world. It had created a capitalist world market and forged an international division of labor suited to its requirements. Developmentally, this system was given to a characteristic pattern of rapid growth punctuated by severe economic disturbance; it was unstable and crisis-prone. And, of great historical moment, its class relations and contradictions had led to the emergence of a new political force—the proletariat, or working class—that was waging a struggle for emancipation. This capitalist mode of production had to be understood; a revolutionary strategy and tactics to serve the rising struggle of the working class had to be formulated.

Karl Marx theorized the capitalist mode of production. He placed it in historical perspective—showing it to be but a specific and transitory stage of social development founded on a particular organization of social labor and a particular mechanism by which the propertied ruling class extracts surplus labor from the subordinated producing class. [3] He identified the key relationship in capitalist society as between wage-labor and capital. He disclosed the fundamental contradiction of this system as between socialized production and private appropriation—large-scale and highly developed productive forces usable only if they are used in common by thousands and millions of workers, yet productive forces utilized for the competitive enhancement of particular (private) interests. And he unearthed capitalism's inner economic contradictions and laws of motion (development trends).

These discoveries enabled Marx to show that capitalism creates both the material basis (the enormous growth and socialization of the productive forces) and the agency (the proletariat) for a higher, cooperative mode of production (socialism), leading finally to communism, with the abolition of class distinctions and all social divisions containing the seeds of class division. But Marx never sought to lay down a detailed blueprint for this future society. Socialism, in Marx's view, would be fought for and forged in the concrete; the exact forms taken by socialism and ultimately communism would be conditioned by prior historical development and the specific circumstances of revolution.

Reviewing the course of Marxian economics after Marx's great discoveries, it really should come as no surprise that Marxism's theorization of socialism and communism would lag behind its analysis of capitalism. The socialist movement of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries had to solve certain pressing (and more immediate) political questions thrown up by the particularities of capitalist development and the demands of the class struggle. This was especially so in Germany and Russia, where the workers' movement

was growing apace, and both the German and Russian Marxists had made important analyses of the structural changes that had brought capitalism to a new stage of development. (Lenin's work *Imperialism* was the culminating and most outstanding of these analyses.) Not that the socialist movement prior to 1917 showed no interest in the political-economic organization of the future society. It did, and thorny issues of the time, like the agrarian question, were considered with an eye towards socialist reorganization. Still, this was of secondary theoretical concern, and in the case of the most influential wing of that movement, German Social-Democracy, socialism was more often than not conceived of in erroneous and nonrevolutionary terms: as the evolutionary extension and rationalization of capitalism's tendencies towards socialization, centralization, and organization.

Yet something more fundamental explains the lag in conceptualizing socialism: in a very real sense, socialism had to reveal itself before it could be grasped in theoretical depth. Socialist revolution had to be made and the practical challenges of socialist transformation taken on as a condition for comprehensive knowledge. But that was neither the beginning nor end of the problem, because socialism's inner nature was by no means obvious or transparent—it had to be penetrated. [4]

“To know the objective laws,” Mao wrote in his *Critique of Soviet Economics*, “you must go through a process.” The process of knowing the laws of socialist society—and by this is meant the structure and dynamics of socialist society—has been one of theoretical deepening and reconceptualizing based on and carried out in connection with the social practice of building socialism. It is a process that has involved the investigation of concrete social(ist) reality, the addition to and correction of previous knowledge, and the class and ideological struggle in socialist society over the road forward. There are markers in this process—pivotal historical episodes that have not only required but also enabled Marxism to elaborate and extend a political economy of socialism. Here we are referring to the first attempt to construct a socialist society and economy that took place in the Soviet Union between 1917 and 1953, the subsequent restoration of capitalism there after the death of Stalin, and China's Cultural Revolution of 1966-76 led by Mao. There is also a milestone in this process: Mao Tsetung's theoretical synthesis of the underlying contradictions of socialist society and the historical tasks facing the proletariat in power.

Marx and Engels laid the foundations of socialist political economy. As indicated, they identified the tendencies in capitalist production that were not only hurling capitalist society into greater crisis but also opening up the material possibilities for a higher form of economic and social organization. Only a system based on social ownership and social planning could overcome the anarchy (the spontaneous and destructive “regulation” of the economy by the market) of capitalist production and resolve the contradictions that capitalism continually generates. And only a violent political revolution could clear the way to create such a system. The task before the proletariat was to seize power and set up its dictatorship: the rule of the majority of producers over the minority of former exploiters. The proletariat would transform the private basis of control over technically advanced social productive forces, put an end to exploitation, and begin to collectively master society. No longer would the products of human activity govern their creators; no longer would mental and manual work be opposed and class-specific realms of human activity. The proletarian revolution would initiate a world-historic process through which



the working class would emancipate itself and all of humanity from exploitative economic relations and oppressive social relations as a whole.

For Marx, the new society was not the realization of an ethical idea or a utopia created outside of capitalist society. Socialism would be born out of the conditions and contradictions of the old society. Thus Marx saw the communist revolution as passing from a lower to a higher stage: from socialism, which replaces capitalism yet still bears its material and ideological birthmarks, to communism, which is marked by the absence of classes, the abolition of the state, and the creation of common material abundance. For Marx, the socialist revolution entailed two “radical ruptures”: with traditional property relations and with traditional ideas.

This was scientific socialism (and Lenin would restate and deepen these theses in his *State and Revolution*). But Marx and Engels did not live to see the working class conquer power and launch the historically unprecedented task of transforming class society. [5] They could only theorize the nature of socialist society and the character and duration of the transition to communism in broad, yet powerful and telegraphic strokes. Moreover, they made certain assumptions about the economic underpinnings of socialism that turned out not to be in correspondence with the actual material conditions in which socialist society has developed. They expected that all means of production would, more or less immediately, become common social property; that the production of society’s needed goods would no longer have a commodity character (involving production for exchange against money) once unplanned production-for-profit was replaced by planned production-for-use; that money-wages would cease to exist in the socialist stage.

No socialist society has achieved this. It has not been possible, especially given the persistence and economic weight of peasant-based agriculture in the countries where socialist revolutions have so far taken place, to effect a rapid socialization of all means of production to the level of public-state ownership; it has been necessary to introduce collective ownership as an intermediate stage between private and public-state ownership. It has not been possible to do away with commodity-exchange relations among production units. And although the socialist principle of “from each according to their ability, to each according to their work” was implemented in socialist societies, the distribution of consumer goods still took place through the medium of money and involved payment of money-wages.

Marx and Engels also expected socialism to make its initial breakthrough in the advanced capitalist countries, where the productive forces were highly developed. Obviously, this is not how things worked out. Capitalism evolved to a higher stage, imperialism, marked by the dominant economic role of huge monopolies and finance capital, the internationalization of capitalist production, the acute rivalry between imperialist nation-states, and the dominance of a few rich capitalist countries over the oppressed nations of the Third World, where the majority of humanity lives. The development and contradictions of the imperialist system have profoundly affected the course of socialist revolution. The proletarian movement spread to the colonized and oppressed countries while its progress has been impeded in the advanced capitalist countries (where the ruling classes have utilized the vast wealth accumulated through international exploitation and plunder to secure relative stability for extended periods).

Some bourgeois critics of Marxism suggest that its explanatory value is called into question since socialism unfolded somewhat differently than Marx had anticipated. It is a

rather superficial argument. Marx's suppositions were entirely plausible (and they were not cast as hard and fast predictions—Marxism makes no claim to forecasting all the particular features of future social development). More to the point, and what the experience of the 20<sup>th</sup> century has powerfully validated, is Marx's view of revolution and of socialism as historical phenomena flowing from the contradictions of capitalist production and development, which must now be understood even more fully as a global process.

But the fact that not all of Marx's specific expectations did materialize does have important practical and theoretical significance. Bob Avakian, Chairman of the Revolutionary Communist Party, USA, has summed up the problem this way. Socialism as it actually emerged in the 20<sup>th</sup> century has proven to be a more complex and unstable social formation, and socialist transformation a more difficult and protracted process, than either Marx or Lenin had foreseen. This "complicated-ness" is very much bound up with the historic problem that confronted the international workers' movement during its "first wave" of socialist revolutions: the problem of making, sustaining, and advancing revolution in a world still dominated by capitalism-imperialism. This is not only a question of the political-military strength of imperialism, important as that is, but also of the continuing dominance on a global scale of capitalism as a mode of production—which has exerted pervasive material and ideological effects on newly-emergent socialist societies and limited and distorted what they have been able to accomplish. That socialist states have existed in a sea of capitalism-imperialism underscores that a socialist state is not an end in itself. The highest task of the revolution in power is not to develop and defend socialism within its existing confines, although this is a crucial task. A socialist state must function first and foremost as a "base area" to support and spread the world proletarian revolution. [6] There is an important point of orientation here that is stressed in *The Shanghai Textbook*: final victory in the proletarian revolution can only be won on an international level, and the working class cannot be free until all of humanity is free.

Secondly, the complexity of socialist revolution is bound up with the nature of socialism itself. Historical experience has revealed socialism to be a unique, transitional form of society. This applies on all levels: economic, political, social, and ideological. Take the question of commodity production under socialism, which is a major topic of the *Textbook*.

In commodity-producing systems, of which capitalism is the most developed type, goods are produced for exchange (sale to others). This process of exchange is based on multiple divisions of labor (people specializing in this or that activity), and these divisions of labor are deepened and extended by the exchange process. The producers of commodities are objectively interconnected with one another—they depend on each other as suppliers and customers. But they are also socially isolated from one another—because the individual units of production are privately controlled, making separate production decisions. That is, products are created as the property of particular agents of production. The social process of determining what gets produced and in what quantity, and how labor should be allocated, is not the result of conscious society-wide coordination but occurs through the exchange of commodities. Individual commodity-producing units respond to market and price signals, which ultimately reflect underlying conditions of social production.

The commodity form of production obscures and distorts the real social relations that bind individuals to one another. It makes it seem as though things (commodities and money) have a

life of their own rather than expressing social relationships. A Nike sneaker, for example, is produced by superexploited workers in South Korea, a neocolony of the United States. But this rather crucial social information is not conveyed by price. People define themselves in relation to things, and the acquisition of things becomes the be-all and end-all, while people themselves are treated and used as things. Commodity production creates the illusion that we are all private actors taking unlinked actions to pursue our own purposes; and the competitive struggle of the independent commodity producers/sellers—including the proletarians, whose essential salable commodity is their ability to work (labor power)—underlies the “me-first” mentality of a market-based society. Under capitalist commodity production, everything becomes subject to “coldhearted calculation” (Lenin’s phrase); what does not register as price is not worthy of attention.

Socialist society must restrict and eventually overcome commodity production; if this is not happening, the new society cannot be built. Why? Because commodity production and the law of value [7] that regulates it cannot be allowed to determine what gets produced and how; if profit-efficiency considerations dominate, then social need—the fundamental needs and interests of the masses of people—will not be met. Because in commodity production, and exchange through money, lies the germ of capitalist oppression: the separation of workers from the means of production and the exploitation of wage-labor. Because in commodity production, and the divisions and separations it engenders, lies a barrier to people grasping their social connectedness and mastering their own social organization and activity as a “community of free individuals carrying on their work with the means of production in common” (Marx’s phrase).

*The Shanghai Textbook* explains how socialist society concretely subordinates the commodity form of production (and money relations) as the primary vehicle for organizing social production. It explains how the proletariat sets out to initiate a form of “direct social production” involving a different way of organizing an economy (socially planned production for social need); to transform the labor process (the producers dominating the conditions of production rather than vice versa); and to develop a different social psychology (people working for the common good). But this new type of production has not and cannot break free totally of commodity elements, and various types of commodity-money relations persist under socialism and continue to influence people’s thinking. The principle of exchange based on equivalent amounts of labor still plays a role. Socialist enterprises must pay attention to efficiency and must still utilize monetary calculation to compare between the planned cost and the actual cost of producing something. The *Textbook* explores the reasons for this and the complications and dangers posed. By the same token, while the working class rules in socialist society and aims to abolish classes and class distinctions, socialist society continues to reproduce classes and social differences and inequalities that find expression as class antagonisms. Socialism is a society in which the danger of reversion to capitalism is omnipresent.

One could of course dispense with the complexity of socialism definitionally: since workers’ rule in the Soviet Union during the 1917-53 period and in China under Mao did not correspond in important ways to what Marx prefigured, then what existed there was not really socialism. It is a tack taken by some. Others, recognizing real difficulty, have concluded that socialism has simply failed and must be reinvented. [8] These approaches would substitute abstract and ideal categories for the complexity of real life. Worse, they negate the rich and liberatory experience that socialist revolution, for all its difficulties and setbacks, has in fact yielded up.

## *The Soviet Union: Breakthrough and Limitations*

This brings us to the Bolshevik Revolution and the Soviet Union. The October Revolution is the first case of a working-class state carrying out the expropriation of the former propertied classes and establishing a socialist form of economy. Privately-controlled means of production were converted into public property and economic development was subjected to conscious planning. Through the instrumentalities of their party and state, workers and peasants set out to collectively control and rationally utilize society's economic resources. This planned form of economy required not only coordination and social mobilization but also a guiding theory of economic development and transformation. And so it was in the first workers' state that research into the political economy of socialism was inaugurated and that a systematic socialist political economy was first propounded. It was a theoretical enterprise infused with the spirit of discovery, debate, and ferment that characterized the early years of the revolution. But it was not, nor could it be, a self-contained intellectual exercise. The course of understanding and policy formulation was shaped by the sharp struggle within the Communist Party over the direction and viability of the revolution and by the life-and-death struggle to defeat counterrevolution from within and from without.

What emerged from this first attempt was a certain conception of the nature of socialist society and of the tasks and methods of socialist construction. There were elements of theoretical advance here, reflecting the sweeping changes taking place in Soviet society. On the other hand, the understanding of socialist economy and society was partial, owing mainly to the limitations of historical experience. It was also flawed in key respects, owing to problems in approach and methodology. Here only a few summary points can be offered.

The Soviet revolution triumphed in a backward capitalist country with a huge peasantry (the working class represented only five percent of the population). That reality alone posed an awesome challenge. Could the revolution consolidate its support and survive? Could socialism be built if the material prerequisites, like a highly-developed industrial base and large-scale agriculture, were not yet present? The Bolsheviks were acutely aware of the difficulties. In the immediate flush of victory, they anticipated and counted on support in the form of revolution and the spread of socialism to the more developed countries of Europe. But the revolutionary movement in Europe, in particular Germany, ran aground. It soon became clear to the Bolsheviks that the newly-formed Soviet republic would have to go it alone, and perhaps for some time. Lenin was determined that the revolution make its way: after all, the Bolsheviks had taken the risk of leading the masses to make revolution, and now they would take the risk of leading them to carry it forward. The revolution would and did fight for its life. It had to crush the counterrevolutionary efforts of the old possessing classes aided by foreign imperialist intervention. Economic policy swung from the radical market-restricting measures of "war communism" to the temporary market-widening provisions of the New Economic Policy.

But it was a *revolution* fighting for its life, and it continued to unfold economic and deep-going social transformation. New political and social organs of popular rule were established, and battle-steeled workers staffed important governmental and managerial positions. The former Tsarist "prisonhouse of nations" ceased to be: the revolution

recognized the right of self-determination, and a multinational state based on equality of nations and nationalities was established. Great strides were made towards emancipating women—by 1921, divorce was easily obtainable, the formal stigma attached to illegitimacy was removed, abortion legalized, and equal rights and equal pay became policy and law. Mass campaigns were launched to eradicate illiteracy (written languages were created for national languages that had previously had none).

In the years following Lenin's death in 1924, the question of whether socialism was possible under conditions of internal economic and cultural backwardness and imperialist encirclement was posed anew and even more sharply. Stalin fought for the view that socialism could and must be built in one country absent the near-term spread of revolution—for the survival and continued development of the revolution in the Soviet Union and for the cause of world revolution. Relative to the alternative positions advanced at the time, Stalin's was the most correct. But as Bob Avakian points out in "Conquer the World," the "socialism in one country" debate and struggle to a certain degree begged the most important question... just what *is* socialism?

For the Soviet leadership, socialism came to be identified with two things: the elimination of antagonistic classes, and the establishment of modern, large-scale industry under state ownership. These were problematical notions that Mao would critique and that Maoism has continued to probe. With respect to the question of classes, the dominant view among the Bolsheviks was that the economic and social basis of exploiter/exploited relations and of a bourgeois class ceased to exist once private ownership of the means of production was abolished. In other words, after the resistance of the overthrown classes was broken, classes and class struggle would no longer play a significant or determining role in economic and political life.

The Bolsheviks were aware that the issue of classes and social polarization was not so simple a matter as decreeing an end to exploitation. Lenin in *State and Revolution* had dwelled on the persistence of inequality under socialism and saw in the continuing division between mental and manual labor a chief source of this inequality. In the 1920s he had also begun to grapple with the phenomenon of bureaucratic degeneration among some government officials and with the problem of the regeneration of commodity relations under socialism—and the dangers this posed for the revolution. But these were exploratory investigations, and informed by a conception that tended to connect commodity production under socialism only with private small-scale production, and classes only with private property forms. The complexity and contradictory nature of "public-state" property, a point that will be returned to, was not understood at the time.

In the mid-1930s, Stalin tended to formulate the issue of class in the following way: with the overthrow of the old propertied classes and with the nationalization of industry and the collectivization of agriculture, the economic basis of exploitation was eliminated. Society consisted of two nonantagonistic classes, the working class and the collectivized peasants, along with a stratum made up of the intelligentsia and white-collar groupings. The old ruling classes were liquidated as classes. What remained were remnants of these overthrown classes, that is, individuals associated in some way with the prerevolutionary class formation. But these remnants of the old order could only be propped up externally; thus the threat to society came from agents of the deposed classes cultivated and supported by foreign capital. Again, antagonistic classes and class struggle were not seen as playing a crucial role in socialist society, since a bourgeois class was seen to exist only

in relation to readily detectable forms of private ownership. It was a line that did not correspond with reality and social practice, since society was in fact teeming with class differences and contradictions.

This notion of class was linked to a conception of the developmental foundations of socialism. There was a tendency to view socialism in material-technical terms. That is, socialism was equated with the attainment of a certain level of development of the productive forces under public ownership. From this flowed a particular programmatic and historical approach to the achievement of communism. State ownership of the means of production combined with industrialization would lead to higher levels of socialism and, ultimately, to the relatively harmonious passage to communism. Socialist industrialization would lay the basis for and be the stimulus to the transformation of social relations, division of labor, and ideologies inherited from class society. These changes were expected to follow almost as automatic adjustments to socialist industrialization. Thus, once social ownership of the means of production was achieved, the key task was to develop the material productive forces. In its specific conditions of backwardness, the Soviet Union needed more factories, machinery, modern technology, transport, and infrastructure; it needed more trained technical personnel, engineers, etc., and an educational system geared toward turning out such people; it needed a shift of population from countryside to the towns.

Socialist construction came to be identified with the mobilization of resources for the rapid development of capital-intensive heavy industry. [9] And the destruction of the legal basis of private property in the major means of production and the establishment of state ownership were seen as the guarantee that the process of industrialization would serve working class rule. The complexity and contradictoriness of state property forms and the fact that juridical (formal/legal) worker-state ownership can mask bourgeois relations was not understood. (*The Shanghai Textbook* sheds important light on this point, emphasizing the need to go beyond form to the actual *content* of state ownership: Who is really running state enterprises? Is a political-ideological orientation of restricting or expanding inequalities and differences in command?)

These were not particularly or peculiarly Bolshevik or “Stalinist” notions; they were the prevailing understanding within the international communist movement. But Mao broke with this conceptual framework. He developed a theory of classes and class struggle under socialism, grounding it in the material, social, and ideological contradictions of socialist society. And he approached the problem of the foundations of socialism rather differently. Technological advance and economic growth are not the fundamental guarantor of socialism and communism. The mere increase in productive forces (economic development) will not in and of itself eliminate exploitative relations and other oppressive social and ideological relations (like patriarchy). There is, Mao emphasized, a dialectical relationship between economic development and ongoing and deep-going social and ideological transformation: “if a socialist society does not promote socially collectivistic aims, then what of socialism remains.” [10]

The key issue confronting socialist society, and what determines its overall character, is the *road* on which it is traveling. Is society overcoming the relations of class society to the greatest degree possible? Is the labor of the working class serving this end? And does the working class through its state and political leadership have the overall initiative in carrying forward and persisting on this road? In short, what is key is whether the revolution is

continuing and deepening on all fronts. If this is not happening, then the ground is being laid for the working class to lose state power, and capitalism will be restored. If the revolution is continuing, then working class state power will be strengthened, and the struggle for communism will be propelled forward. There will be times when great leaps can, and must, be made in pushing the revolution forward; at other times, consolidation becomes the necessary emphasis; and there will be twists and turns. Through this wave-like process, revolution advances.

But this occurs within and is conditioned by the international framework—by the development and contradictions of the world imperialist system, including its rivalries, military interventions, and the direct and indirect effects of the structure and turns of the imperialist world economy on the socialist economy; and by the relative strength, forward thrusts, and requirements made of the socialist state by the world revolution. The proletarian revolution and its conditions of development must in fact be grasped fundamentally as an international process. At those historic turning points when the world revolution can make major breakthroughs, and these are invariably moments of great danger and crisis as well, any already existing socialist state must be prepared to put its material and ideological strength on the line to advance the world revolution. This is a critical summation of the experience of socialist revolution.

With this understanding in mind, let us return to Soviet theory and practice. The view of socialism described earlier was deeply embedded in Soviet political economy. It was clearly in evidence in the debate over industrialization strategy that occurred in the 1920s and in the economic theory that guided the implementation of the First Five-Year Plan and collectivization of agriculture in the years 1929-32. Valuable work was undertaken; this was the real and creative beginning of practical socialist political economy, and a vast new literature was produced. Theoretical discussion ranged over such issues as the nature of socialist construction; the relationship between the structure of the economy which the proletariat inherits and must transform and the economic structure which the revolution aims to bring into being; methods and forms of industrialization; investment priorities and the means to generate investment resources; the desirable tempo of socialist growth; intersectoral relationships (such as between agriculture and industry) and the establishment of material balances within and between sectors (the Soviet economists pioneered what has since come to be called input-output analysis); the role of money and prices in economic calculation, in the mobilization of society's surplus, and in balancing the distribution of income between the urban and rural populations. Advances were also made in the development of mathematical techniques to serve planning. [11]

And this was *political* economy. Social and political issues figured in the discourse—for instance, the effects of various policies on the worker-peasant alliance and other social relations. Economic problems and policies were seen, to varying degrees, in the context of the old social order being transformed into a new one. But by and large the political economy practiced had a decidedly productivist and technicist edge to it. On the one hand, what largely drove and delimited inquiry and debate was the imperative of finding the way to the most rapid expansion of state industry resting on modern technique, which was seen as the underlying foundation of socialism. On the other hand, planning tended to be approached as technical activity in pursuit of this goal, mainly as a means of rationally organizing the productive forces and coordinating growth.

The experience of developing and planning a socialist economy in the Soviet Union in the years 1917-56, when the Soviet Union was a socialist society, could not but be highly contradictory. Not only was something new being tried; it was happening under very difficult and hostile circumstances. Imperialist military threats and encirclement forced the new Soviet power to divert resources to build up military-industrial capacity to defend itself and conditioned the whole strategy of rapid industrialization that was embarked upon and the forms of industrial organization that were adopted. Indeed, for the better part of its existence, the first workers' state had to wage war, prepare for war, and dress the wounds of war.

But if the challenges of constructing a socialist society and economy were formidable, the achievements were truly remarkable. A new mode of production which neither rested on exploitation nor experienced the destructive economic crises of capitalist market forces was established. A modern socialist industrial base and a system of collectivized agriculture were created. A central planning mechanism was able to give overall direction to economic development. It was a system of planning that made it possible to rapidly expand aggregate industrial capacity, to promote the development of the more backward republics and regions, and to marshal resources and capabilities on a monumental scale as part of the heroic effort to defeat German imperialism (1500 major factories were relocated eastward in the span of a few weeks). The slogan of the First Five Year Plan was "we are building a new world," and millions of workers and peasants, especially during the late 1920s and early 1930s, were fired with a spirit of "storming the heavens" and doing this for the cause of world revolution.

The collectivization drive ignited a genuine upheaval against centuries-old authority, tradition, and oppression in the countryside. The old educational system was overhauled and opened up to the masses, and young workers were mobilized as a social force to confront the old and hidebound. Artists, writers, and other cultural workers chronicled the great changes taking place in society, and an art to serve the revolution was struggled for and debated over. And the new workers' state gave support to and helped to formulate the line for revolutionary struggles throughout the world. In all, these were real and historic accomplishments. But, and here the focus is on the economic planning front, there were serious problems as well.

The Soviet planning system was able to steer a major portion of society's investment resources to key industrial sectors, and this promoted rapid growth. But the system overemphasized heavy industry. This created serious imbalances as heavy industry absorbed a tremendous share of economic resources at the social and economic expense of peasant agriculture (and, secondarily, at the expense of adequate development of transport and distribution). At the same time, the goal of high-speed industrial development and the preference for large-scale investment projects, with many being located in already industrialized areas, contributed to a huge increase in the urban population and an unnecessary concentration of industrial activities. This had the effect of reinforcing some of the inequalities between town and country and of intensifying to an excessive degree aspects of occupational specialization.

Stalin recognized the need to overcome such differences as between town and country and mental and manual labor. But he approached the problem mainly from the standpoint of developing production. The task of restricting these differences and relations to the greatest degree possible within the existing material conditions; of waging, and drawing



the masses into, political struggle against bourgeois forces and lines and policies that would widen the gap between city and countryside and break the worker-peasant alliance; and challenging elitism, the worship of expertise, disdain for manual labor, and old habits and ideas—this was not sufficiently grasped. The political and ideological struggle was not recognized as the essential aspect.

There were also problems with the institutions and methods of planning. Socialist construction and management in the Soviet Union rested on an overcentralized planning apparatus. The Soviet planning system, as it had evolved by the early 1950s but especially as it was formalized into a model to be adopted by other socialist countries, put a premium on tight control by the top industrial ministries and planning agencies, extending down to details at the enterprise level. Built into this model was a reliance on specialists and hierarchy that cut against the conscious activism of the producers. Its strict lines of authority and forms of one-man management tended to reproduce certain aspects of the traditional social division of labor. Motivationally, the system relied too much on material incentives, on stimulating hard work and sacrifice by offering people higher pay and bonuses—and with this came a certain ideological endorsement of wage and income differentiation.

The Soviet planning system proved administratively bulky and bureaucratic, overloading itself with tasks beyond its capabilities. When it came to figuring out material balances (for example, how much steel would be needed by local enterprises) and allocating materials, the system operated in such a way that everything had to be calculated and balanced at the highest levels. The rigidity of planning and its lack of flexibility at lower levels held back local dynamism and made it harder to adjust to unforeseen circumstances. This led to waste and actually made it more difficult to insure that plans would be suitably modified in order to be carried through.

### *Mao's Conceptual Leap*

Mao rethought and recast this model of a planned socialist economy. While learning from the positive aspects of this first attempt to build socialism, he criticized the top-down methods and the strong tendency toward technological determinism that characterized Soviet planning. Yes, socialist construction requires a state economic plan to represent the fundamental interests of the working class. But Mao approached the question of centralized planning in a more dialectical way than had Stalin. That is, he understood the unity and struggle of opposites—between agriculture and industry, heavy and light industry, between the center and the localities, and between balance and imbalance. He understood that a plan could not be approached either in its formulation or implementation as an exact blueprint, and that production targets could not be treated as though they were simply laws subject to administrative enforcement. The socialist transition period is one of great struggle, transformation, and experimentation. The dynamism and change that is socialism is one of its great strengths, the more so as the masses are unleashed. And economic development will of necessity reflect this; it cannot be smooth and even. This understanding must inform planning methodology.

At a deeper level, Mao was critical of the view of a plan as a technical instrument of control over the economy. On the contrary, a plan is an expression of ideology, of the goals and outlook of a class. A plan is a class-based reflection of social reality that in turn acts on reality, and which, from the standpoint of the working class and its emancipation,

seeks to bring about the conscious, social control of production. [12] The formulation of a plan is never merely a question of gathering technical information and anticipating economic developments. It involves class struggle in the ideological realm over the goals and direction of society. In reaching these conclusions, Mao was summing up both the Soviet and China's own revolutionary experience.

Let us draw together Mao's key insights into the nature of socialist society. Socialism, Mao emphasized, is not some sort of economic machine and set of political institutions that just tick along. It is a momentous struggle to replace production for profit by production for social use, a struggle to revolutionize all institutions and social relations in society, to forge new values and attitudes, to establish all-round control of society by the working people so they can master and transform all aspects of society, and to narrow and ultimately abolish all class distinctions. In short, it is a struggle to uproot the old and build a new world. Capitalist ideologues delight in sarcastically describing socialism as a "supposed workers' paradise." But socialism is not some kind of utopian endpoint. It is a period of revolutionary transformation between capitalism and communism. It is a form of class rule—proletarian dictatorship—that itself constitutes a transition and a means to carry out the struggle to transform the material and ideological foundations of class society and to continue the revolution to achieve classless society.

For Mao, socialism is a highly contradictory phenomenon. On the one hand, it is a great leap. Production is carried out to meet the needs of society according to a plan and is organized on the basis of conscious social initiative and coordination. Labor power is no longer bought and sold as a commodity; it is no longer controlled by a force alien to it; it is no longer reproducing economic relations that perpetuate domination and servitude. Yet, as much as a leap as socialism is, it remains a transitional society, containing both the scars of capitalism and the seeds of communism.

Socialist society will either move forward to communism or backward to capitalism. Two roads open up: the socialist road and the capitalist road. And what direction society goes in will be determined in the furnace of intense class struggle and upheaval. This is a struggle between the formerly oppressed who aspire to run and transform society and reactionary forces, *especially new bourgeois* forces, who seek to reimpose the old order and restructure society according to capitalist principles.

These new bourgeois forces are generated out of the contradictions of socialist society—out of differences in income, the specialized positions different individuals occupy in production, the particular roles that people play in administration and leadership, the gaps between town and country, and other major social contradictions that still exist under socialism—as well as the general environment of commodity-money relations. [13] In particular units and spheres of socialist economy it becomes possible for capitalist relations of control and exploitation to gain ground and even ascendancy. And various elements of the superstructure, such as education and culture, can also become bourgeois strongholds when a bourgeois-elitist line is dominant.

As a class, the new bourgeoisie represents the bourgeois aspects—the inequalities, social differences, etc.—*within* socialist relations of production and actual relations of exploitation that can develop within a collective property form. This class develops inside the framework of socialist ownership. As a political force, its strength is concentrated in, and organized through, power centers at the highest echelons of the governing party-state apparatus in socialist society, including the armed forces. [14] In other words, with the

overthrow of the old exploiting classes, the defeat of their subsequent attempts at comeback, and the consolidation of a new mode of production, class relations change and the ground and terms of the class struggle shift. As Mao pointed out in 1976, “You are making the socialist revolution and yet don’t know where the bourgeoisie is. It is right in the Communist Party—those in power taking the capitalist road.” [15]

Mao’s focus on the party is crucial to a correct understanding of the class struggle under socialism. The masses still need a leading core in order to wage the complicated and protracted battle to rule and remake society and achieve communism worldwide. The proletarian party becomes the leading political force in the exercise of mass political power. It becomes the main directing force of an economy based on state-public ownership. This vanguard position and role are essential to proletarian rule. But this vanguard position has a dual character—because it is precisely within this leading institution, especially at its highest reaches, where a new bourgeoisie will be centered. The party thus emerges as a decisive arena of the class struggle under socialism and must itself be revolutionized.

Socialist society is characterized by the extremely close, and direct, links between the exercise of political and economic power. Not only is the power to allocate and manage means of production expressed in a concentrated way as political leadership (over ministries, finance, trade, and individual production units, etc.), but also the overall direction society moves in hinges on what line (aims and outlook) and policies are leading at the top levels. Those in the highest positions of power and influence who depart from the socialist road and divorce themselves from the masses, and who champion and seek to implement a neocapitalist line, will ultimately organize into a bourgeois headquarters. These “capitalist readers” are the main force of the bourgeoisie (understood as an actual class) and the main target of the continuing revolution. The political program of the capitalist roaders is to seize on and expand the capitalist factors within socialist society in order to transform socialist ownership into a mere shell. And when the conditions are ripe the capitalist roaders will, as they must, make a bid for power.

The Cultural Revolution led by Mao was a means and method to defeat the forces that wanted to restore capitalism. Through the mobilization of and the heroic determination of the masses, the bourgeois centers of power within the party and state institutions were politically bombarded, leading bourgeois elements were struck down, and many of the portions of power they had usurped were seized back from below through revolution. Most importantly, society was sprung into the air, and on the basis of mass upheaval, economic, political, and social relations, as well as people’s thinking, were revolutionized. In this way, by continuing the revolution, the proletariat attacks the material and ideological foundations of privilege, a bourgeoisie, and a social base in support of it; the proletariat digs up the soil out of which classes arise.

The class struggle in socialist society is a struggle over whether a plan will serve socialist development—or serve capitalist development; whether the results of the proletariat’s labor will be used to build up the basis to eliminate classes—or be used against the producers; whether the capitalist aspects in society and their manifestations in the realms of ideas and culture will be restricted and overcome—or expanded; whether the scope of participation and initiative of the masses in running society will be widened—or hemmed in; whether the socialist state will act as a base area for world

revolution—or turn its back on the international proletariat. In short, will the revolution continue, or will it be reversed?

Of course, the economy must be developed and the productivity of social labor must be raised. But, the productive forces must be developed not as an end in itself, nor even with the guiding principle of maximizing material welfare, but rather to provide the necessary material basis for carrying forward the social, political, and ideological transformations that are at the heart of the transition and revolutionary struggle to a higher form of society no longer divided by classes. Politics must command production. And Mao emphasized that the productive forces have to be developed *on the basis of* continually revolutionizing production relations and people's outlook. As Mao said, class struggle is the key link; grasp revolution, promote production.

Once political leadership departs from this standpoint, once production is taken as the key link in moving society forward and the “most efficient” methods of production become the all-important yardstick, then what sets in is production for its own sake, the domination of dead labor (means of production produced by previous labor) over living labor... and that puts you on the capitalist road. Once planning is construed as a technical activity of administering and controlling, then the plan begins to dominate the proletariat rather than the other way around... and that puts you on the capitalist road. [16]

The struggle to create a world without classes and class distinctions, to make and deepen socialist revolution, has required the application of Marxism to a new set of problems and the formulation of new concepts adequate to the complexity of socialist society. Mao Tsetung decisively extended the range of Marxism. He did so on the theoretical level of conceptualizing what is being acted on—socialism as a transitional form of class society. And he did so on the political level of developing an orientation for how that society must be acted upon—persisting in class struggle and continuing the revolution. Mao systematized the fullest understanding yet achieved by Marxism of the economics and politics of the transition from socialism to communism. As to the subject at hand, the point can be put this way: With Mao a scientific and comprehensive political economy of socialism can now, for the first time in the history of the workers' movement, be said to have been established. *The Shanghai Textbook* is persuasive testimony.

### ***The Shanghai Textbook: Its History and Legacy***

*The Shanghai Textbook* was conceived of as a rigorous exposition of socialist political economy, yet one accessible to broad numbers. The text and the larger work from which it is derived are the product of a process of struggle and learning.

Socialist political economy became a matter of intense theoretical concern to the Chinese revolutionaries after the countrywide seizure of power in 1949. How would China make the transition from the national-democratic to the socialist revolution? What path would socialist development take given China's concrete conditions? How would a socialist China link up with the Soviet-led socialist camp, confront the forces of imperialism, and aid revolutionary struggles internationally? These were among the critical issues facing the revolution in power. And these issues framed more particular problems of socialist development and planning—the relationship between industrialization and agricultural collectivization, investment priorities, the law of value

and planning, the role of different incentive systems in spurring the growth of the productive forces, the place of advanced technology, etc.

The Chinese communists were hardly coming from nowhere in leading the masses in transforming and running society. They had accumulated valuable experience and understanding from waging more than 20 years of people's war. In the revolution's base areas from the late 1920s, up through the anti-Japanese war over more or less a decade ending in 1945, and then until nationwide victory in 1949, the party had mobilized the populace to carry out economic construction and transformation as well as to wage military combat. And Maoist war-fighting involved principles, such as combining centralized military line and command with decentralized operations, that had wider applicability. There was also the Maoist party tradition of conducting deep social investigation among the masses to understand their needs and experiences and politically winning over the masses to take up lines and policies that concentrate their higher interests. But in terms of unfolding socialist construction, what was most relevant was the Soviet Union. It had pioneered the way to developing and managing a full-fledged socialist economy, and China's initial approach to planning and development was heavily influenced by Soviet experience and thinking.

The Chinese had translated and closely studied Stalin's essay *Economic Problems of Socialism* (1952) as well as a comprehensive Soviet textbook, *Political Economy: A Textbook*. This Soviet textbook, the drafting of which was guided by Stalin's essay, though it did not appear until the mid-1950s, after his death, looms large in the narrative of Maoist political economy. It was the most advanced and systematic presentation of socialist political economy available to revolutionaries. In 1959, Mao instructed party members to study the third edition of the Soviet political economy text with certain problems in mind. But the book soon became an object of critique by Mao—with regard to its methodology as well as specific theoretical formulations.

China had adopted much of the Soviet planning and developmental-industrialization model when it embarked on socialist construction—"let's be modern and Soviet" was a slogan of the First Five-Year Plan. But as the Plan drew to a close in 1956-57, with very mixed results, Mao began to rethink the Soviet paradigm. Huge heavy investment projects threatened to absorb too high a level of resources; agriculture required more attention and stimulation so as to raise growth rates; planning mechanisms and management methods were not fostering mass participation. In this period the revolution was also moving to socialize ownership to higher levels (completing the nationalization of industry in the cities, and pushing forward collectivization in the countryside) and was experiencing new social struggles. [17] In his 1956 speech "On the Ten Major Relationships," Mao set forth a different approach to developmental priorities—including placing more emphasis on agriculture and light industry relative to heavy industry (without sacrificing heavy industry's core role) and putting more responsibility in local hands—and development itself was seen as a series of economic-social relationships and contradictions rather than simply a matter of technical-production variables. In 1958, at the time of China's Great Leap Forward, Mao criticized Stalin's *Economic Problems of Socialism* for, among other things, its one-sided emphasis on the productive forces and its downplaying of questions of politics, ideology, and culture: "From the beginning to the end of this book, Stalin says nothing about the superstructure; he does not take man into consideration; he sees things

but not people.” [18] He also took issue with the elevation of technology over politics, and of cadre over the masses.

In 1961-62, Mao wrote his *Reading Notes on the Soviet Text Political Economy*. Wide-ranging in its observations and thematic considerations, and written with characteristic pungency, the essay stands as an essential work of Marxian political economy. In it, Mao attaches great importance to the need to revolutionize the relations of production after socialist ownership has been achieved. He views the movement from lower to higher social property forms as a process of political-revolutionary struggle and conceptualizes the passage from socialism to communism as nothing less than a social revolution.

So during the 1956-64 period, Mao was articulating an alternative approach to socialist development. It was an approach rooted in revolutionary struggle and mass participation. During this period, there had been direct experience from which to learn: the negative impacts of the Soviet-influenced growth strategy and industrial organization model that had been adopted in the early 1950s, and the positive experience of the Great Leap Forward in China. The Great Leap was the crucible through which the new approach was initially forged. It had led to the formation of peasant communes in the countryside, experiments in new forms of worker management, broad efforts to restrict the differences between town and country and mental and manual labor, and the introduction of new planning priorities and mechanisms to serve these goals.

During this same period, Mao was further developing and synthesizing the understanding of the question of classes and class conflict under socialism. In a 1962 party congress speech, Mao put forward an important thesis on class contradictions and class struggle under socialism (which he now begins to see as being of relatively long duration). And the Chinese party’s polemics with the Soviet Union of 1963-64, written under Mao’s overall guidance, pointed to the existence of a privileged ruling stratum that had reversed the revolution in the Soviet Union. This was very much related to the issues of economic development and transformation: the struggle raging on the economic front and over economic policy in China was definitely revealing that such a stratum (later to be understood as a bourgeois class) existed in China too.

Indeed, Mao was leading the class struggle against the conservative-revisionist [19] forces in the Chinese party who had attacked and tried to sabotage the Great Leap Forward. These forces were pushing a capitalist program under a banner of modernization and efficiency. Not surprisingly, they too were systematizing a political economy of socialism (in name!). From the 1950s until the overthrow of the revolutionary forces in 1976, the conservative-revisionist forces, sometimes split among themselves and sometimes shifting their positions, basically advanced two economic models: a decentralized economy in which individual production units enjoyed considerable autonomy in production and marketing decisions; and a more centralized economy in which ministries, planning agencies, and the upper reaches of the party concentrated decision-making and economic power (over the allocation of investment and financial resources, etc.). Despite the surface differences, what they shared in common was a vision of industrialization and modernization as ends in themselves, and reliance on efficiency norms and rate of return indicators, as well as capitalist mechanisms of control, management, and motivation, to get there. [20]

The Cultural Revolution of 1966-76 was the quantum leap in Maoist theory and practice. In the wake of the Cultural Revolution’s first and tumultuous phase of power

seizures and radical institutional transformations, the Maoist forces decided to consolidate a political economy of socialism. To sum up and draw on, they had the experience of this “second revolution,” as *The Shanghai Textbook* describes the Cultural Revolution, and what had been learned about the nature of socialist society and its class relations. And to build on, they had Mao’s summations of the paths and strategies of socialist construction in the Soviet Union and China, his analysis of the revisionist takeover in the Soviet Union, and his theory of continuing revolution.

A comprehensive analysis of the economic structure and social contradictions of socialism, and of the causes of capitalist restoration, was now possible. It was also vitally needed—as a theoretical compass for understanding and navigating what was now understood to be a protracted socialist transition period, and, more immediately, as theoretical support for policies being implemented and promoted by the revolutionary forces in the face of fierce opposition from the conservative-revisionist forces. Some background is necessary to more fully appreciate this.

In the early and mid-1970s, the political situation in China had grown more complicated and dangerous. This was very much bound up with shifts and developments in the overall world situation. Starting in the late 1960s, the Soviet Union was threatening and making serious moves towards attacking China; by 1969, they had massed an enormous military force on their border with China, and were openly talking about a nuclear option. How China would face this mounting Soviet danger became a focus of policy debate and the class struggle in the ensuing years. Lin Piao, the head of China’s armed forces, had argued for a policy of accommodation with the Soviet Union. Rebuked by Mao, Lin attempted an unsuccessful coup against Mao in 1971.

The largely pro-Western conservative elements within the party leadership saw an opening and sought to take advantage. They exploited the fact that Lin was identified with the Cultural Revolution to discredit its achievements. They used the threat of Soviet attack as an argument that China must strengthen itself through full-scale military alliance and economic integration with the West and the adoption of capitalist modernization and management. And they argued that China could no longer tolerate the upheaval and experimentation of the Cultural Revolution. The gains of the Cultural Revolution and the policies and programs of the Maoists were coming under increasing attack. A major struggle was shaping up. This was to be Mao Tsetung’s last great battle to prevent capitalist restoration, and that battle, as it unfolded and deepened between 1973 and 1976, very much influenced theoretical work.

In June 1971, research and writing of a political economy of socialism text commenced. [21] It was to be an authoritative study of the foundations and dynamics of a socialist economy—identifying the key properties of a socialist economy and the key tasks and struggles posing themselves in the transition to classless society. Its method was to take Marxist categories of political economy and of class struggle and to apply them to the complex historical reality of socialism.

*Political Economy of Socialism* was seen as an ongoing work. The process of writing and circulating and improving drafts was a fertile one. Between 1972 and 1976, four drafts of the book were published, each a significant marker of a deeper theoretical grasp and each implicitly setting an agenda for further research. In tracking the changes in the successive drafts of the text, it becomes apparent that the Maoists were creatively tackling many of the most vexing issues of socialist political economy—from the character of the

socialist labor process, to the status of economic laws under socialism, to the relationship between economics and politics, to the nature of the contradictions between the forces of production and the relations of production under socialism. The fifth manuscript of the *Political Economy of Socialism* never saw the light of day. It was seized off the printing presses immediately after the October 1976 rightist coup.

*The Shanghai Textbook* is a popularization of *Political Economy of Socialism*. The overall organization and argumentation of the two books are basically the same; textual comparison shows very little difference in matters of theoretical substance, and the revisions that *The Shanghai Textbook* underwent roughly correspond to successive editions of the larger work. The version of the textbook translated here is based on the fourth manuscript of *Political Economy of Socialism* dating from late 1975. The economists who had worked on the project were connected with the Institute of Political Economy at Fudan University in Shanghai, and Shanghai in general was a center of radical Maoist activity—hence the title change for this English edition of the *Fundamentals of Political Economy* textbook.

The key figure giving direction to the political economy of socialism project was Chang Chun-chiao [Zhang Chunqiao]. Chang was part of the national leadership core on whom Mao had relied to guide and sum up the complicated struggles of the Cultural Revolution. He first came to prominence during the Great Leap Forward, having written several important articles on wages policies and issues of socialist ownership. But it was in 1967, as the Cultural Revolution gathered hurricane force, that Chang emerged as a major figure. He had played a pivotal role in the 1967 worker uprising in Shanghai that came to be known as the January Shanghai Storm. He eventually became a vice-premier and member of the Standing Committee of the Politburo of the Communist Party Central Committee, the party's highest leadership body, and he helped steer the political campaigns launched by the Maoist forces to prevent capitalist takeover. He was also a major revolutionary theoretician. In October 1976, Chang and Chiang Ching, Mao's wife, were arrested along with Yao Wen-yuan and Wang Hung-wen. They were the "gang of four." Tried before a kangaroo court in 1980, Chang and Chiang Ching stuck by revolutionary principle, defending Mao and the Cultural Revolution (while Yao and Wang caved in). They received life sentences. Chiang Ching died in jail in 1990. At this writing, it is still not clear whether Chang is alive or dead.

It was Chang who had approved the initial plans for the *Political Economy of Socialism*. He had issued directives about its contents, had led several important discussion meetings concerned with the text, and had, according to accounts by the current Chinese leadership, reviewed final drafts. After the first manuscript appeared in September 1972, Chang evidently identified three key themes to be elaborated on in the text: why there are capitalist factors inside socialist relations of production; why the question of ownership is a question of power; and why relations between people in the production process are class relations. His essay "On Exercising All-Round Dictatorship Over the Bourgeoisie," published in 1975, advanced important theoretical issues expanded upon in the last two editions of *Political Economy of Socialism*.

*The Shanghai Textbook* is a work of considerable synthesis and originality, and given the scope and complexity of the subject, its clear-eyed and sharp-edged presentation of ideas is no small accomplishment. The *Textbook*, following Mao, conceptualizes socialism as three interrelated things. First, it is a *form of class rule* through which the



proletariat (in alliance with other popular strata, most especially the poor peasantry in the oppressed Third World nations) rules over old and newly-engendered bourgeois and exploiting forces. Second, it is a *mode of production* in which social ownership replaces private ownership of the means of production and social need replaces private profit as the purpose and measure of social production. Third, it is a *period of transition* marked by intense class struggle and deep-going transformation, the aim of which is to eliminate classes and class distinctions on a world scale and as part of a worldwide process of revolution.

The opening chapter explains that the object of inquiry of Marxist political economy is the relations of production of society, and the book goes on to examine these relations in China. The role of politics, ideology, and culture in economic development is examined. The path and tempo of the socialization of the means of production in China's industrial and agricultural sectors, and the relations between these sectors, are surveyed. There are chapters dealing with the transformation of the social division of labor within the workplace (and social production is treated richly, as involving social relations, not just technical functions); planning methodology; forms of wage payment, distribution of society's output of goods, and the goal of simultaneously raising the living standards of people and creating greater equality between people; the role and dangers of money and monetary calculation. The task of narrowing and eventually overcoming what Maoists call the "three great differences"—between industry and agriculture, town and country, and mental and manual labor—runs as a theoretical thread through the work. The text is anything but formulaic and dogmatic in approach. It poses provocative questions: how can the proletariat delegate certain powers to representatives yet guard against the abuse and monopolization of these powers and loss of control over the means of production? how does one determine the real nature of state ownership?

Of particular importance in this 1975 edition is the issue of "bourgeois right." Bourgeois right is a "birthmark" of capitalism within socialist society. Bourgeois right refers to economic and social relations, as concentrated in law and policy, that uphold formal equality but which actually contain elements of inequality. The socialist principle of distribution—"from each according to one's ability, to each according to one's work"—is one example: on the one hand, an equal standard is applied to all—payment according to the amount of work performed; on the other hand, not everyone has the same needs and not everyone can work as productively as the other—and so this equal standard actually serves to reinforce inequality. The text draws attention to the forms of existence of bourgeois right and the ideological influence of bourgeois right (using the term more broadly—to signify all the relations of socialist society that contain the seeds of capitalist commodity and social relations). China at the time was conducting a nationwide campaign to educate people about why bourgeois right is a breeding ground for capitalism (capitalist roaders try to widen social and economic differences by expanding bourgeois right) and why it must be restricted and ultimately transcended—which, in the case of distribution, requires the application of the communist principle of "from each according to one's ability, to each according to one's need." [22]

This 1975 edition of *The Shanghai Textbook* builds on the advanced understanding that Maoism had developed of the material and ideological conditions in socialist society giving rise to new privileged forces and emergent capitalist relations. But it does not incorporate Mao's later analysis of the nature and location of the new bourgeoisie under socialism. Up until

then, rightists and revisionists had generally been viewed as *agents* or *representatives* of bourgeois and feudal classes. Several months after this text was originally published, Mao issued a series of statements explaining that the core of the bourgeoisie in society was to be found at the highest levels of the party and party organs. Guided by these insights, Mao's followers carried their research further, and there is strong evidence that this theoretical development was substantively addressed in the 1976 edition of *Political Economy of Socialism*.

This work was not intended as an analysis of the performance of the Chinese economy or of policy disputes at the time. [23] It does, however, speak to broad growth and developmental trends as well as basic lines of demarcation between revolutionary and revisionist approaches to China's socialist developmental needs. One of the strengths of the work is precisely that it breathes the rich lessons of China's socialist revolution. These are its experiential reference points. But all this serves the larger purpose of the work: to provide a comprehensive theoretical accounting of socialist political economy.

Beyond that theoretical contribution, *The Shanghai Textbook* can also be read on several other levels. Written in direct and nonacademic language, it was designed to reach an audience that was not necessarily professionally trained. The text was one of several titles published between 1972 and 1976 comprising a Youth Self-Education Series. Books like this played a vital role in Maoist China. A key aim of the Cultural Revolution was to create an educational system that attacked rather than reinforced elitism. As part of this effort, a "down to the countryside, up to the mountains" movement was launched. Some 12 million young people, most of them of college age from the urban areas, took up assignments in China's rural areas, where the majority of the population lived. This book was written for these young people. They studied it, alongside companion volumes dealing with philosophy, literature, the social and natural sciences, and agricultural technology, to help prepare them for work and learning and political struggle in the countryside. Thus we learn something about how a new generation was being trained to look at socialist society. And we also get a sense of how Marxist theory was being made available to a broad audience—because this information was to be shared with peasants at the same time that students learned from the peasants. Broad public study and discussion of theory, including political economy, were a vital feature of political life in Maoist China.

The text is polemically charged in sections. The grounds for this should, in retrospect, be obvious: a momentous struggle was shaping up in China... and those who wanted to restore capitalism eventually won out. Thus the book can be read on yet another level. It reveals how the Chinese revolutionaries were preparing for battle, how they were training people to identify the structures and mechanisms within socialist society that had to be transformed and to understand what was ultimately at stake—to continue the revolution or see it defeated and reversed. *The Shanghai Textbook* is a valuable source book for students and scholars of comparative economics, China studies, and Third World development. It should be of special interest to all who thirst for fundamental change. One thing that cannot be forgotten: the Chinese revolutionaries intended their theoretical work as a contribution to and for the international struggle of the working class and oppressed people. For those engaged in revolutionary struggle in various corners of the world, the book should help to clarify the scope and tasks of socialist political economy and indeed the socialist transformation of society overall. And the dialectics of struggle and knowledge will continue to assert itself. Out of one or several of these triumphant revolutions will no doubt come the next manuscript of the *Political Economy of Socialism*.

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## NOTES

[1] Deng's role in the coup was played out from behind the scenes. Hua Guofeng was the nominal leader, but all along, Deng represented the leading force behind the coup and the consequent restoration of capitalism. Hua, having served Deng's reactionary purpose, was nudged aside and retired into obscurity.

[2] For an analysis of the basic features of the state-monopoly capitalism that had existed in the former Soviet Union, see Raymond Lotta, *The Soviet Union: Socialist or Social-Imperialist?* (Chicago: RCP Publications, 1983).

[3] Surplus labor is the labor time over and above that required to provide for the needs of the laboring classes themselves.

[4] In the early part of the 20<sup>th</sup> century, many Marxist theorists, such as Rosa Luxemburg and some prominent Bolshevik economists, erroneously assumed that the workings of a socialist economy would be so readily knowable and its management so eminently practicable that political economy as a distinct science would wither away.

[5] The Paris Commune of 1871 did occur during their lifetimes, and Marx was quick to sum up profound lessons from this brief but rich experience. But the Commune lasted only two months and, on an economic level, was unable to establish a new mode of production.

[6] Avakian has written extensively on the experience and lessons of proletarian revolution. A good point of entry is "Conquer the World—The International Proletariat Must and Will," *Revolution*, No. 50 (1981). For those for whom these questions are largely new, Avakian's book *Phony Communism is Dead... Long Live Real Communism!* (Chicago: RCP Publications, 1992) provides a good introduction as well as exposition on these questions.

[7] The law of value is an objective law of commodity-producing society. It regulates the exchange of commodities according to the quantities of socially necessary labor expended in their production. In regulating capitalist commodity exchange, this law also regulates the distribution of labor and means of production between different branches of production. Labor power ceases to be a commodity under socialism.

[8] This notion that socialism has failed and must be recast is addressed in the Afterword to this work.

[9] "Capital-intensive" here does not mean "capitalist," but industry with a large technical component, as opposed to "labor-intensive" industry, which has a relatively low technological level and relies considerably on human labor.

[10] *Mao Zedong sixiang wan sui* (Taipei: n.p., 1969), p. 197.

[11] On the development of socialist economic theory in the Soviet Union and associated debates over economic strategy during the 1920s, see N. Spulber (ed.), *Foundations of Soviet Strategy for Economic Growth: Selected Soviet Essays, 1924-30* (Bloomington: Indiana University Press, 1964); and Maurice Dobb, *Soviet Economic Development Since 1917* (London: Routledge & Kegan Paul, 1948).

[12] In contrast with Mao, Stalin, in his 1952 essay *Economic Problems of Socialism*, had defined planning as a practical, policy-oriented enterprise as opposed to political economy, a theoretical pursuit.

[13] With respect to socialist state enterprises, *The Shanghai Textbook* points out that even though ownership is socialized and relations between these enterprises are built on a foundation of social cooperation, there persists an important degree of enterprise separateness (a relative independence of operation and management) that can lead to competition and fragmentation.

[14] For Mao, bureaucracy in economic planning and in other aspects of party and state functioning was not simply a problem of administrative overgrowth and elitism that had to be curbed. Bureaucracy is also a form of organization through which a new bourgeoisie reproduces itself and a method of control by which it seeks to consolidate power in particular spheres.

[15] Mao Tsetung, quoted in “Reversing Correct Verdicts Goes Against the Will of the People,” *Peking Review* (11), 12 March 1976, in Lotta, *And Mao Makes Five*, p. 261.

[16] Stalin veered very much in the direction of these erroneous approaches, and many of the economic policies he promoted gave oxygen to the forces of capitalist restoration. But this must be put in context. To begin with, there was no prior socialist experience, positive or negative, to serve as a measuring rod. Secondly, for all his mistakes, Stalin was attempting to build socialism *not* capitalism and, in fact, ranged himself against those who wanted to put profit mechanisms in command of planning and economic construction.

[17] In the countryside, poor peasants began redistributing and pooling land and productive assets. (Mao hailed this high tide.) In the cities, there were some outbursts of dissatisfaction and anti-socialist unrest among sections of intellectuals and students.

[18] A slightly different translation can be found in Mao Tsetung, “Critique of Stalin’s *Economic Problems of Socialism*,” in *A Critique of Soviet Economics* (New York: Monthly Review Press, 1977), p. 135.

[19] “Revisionism” is false communism. It is a bourgeois current within the workers’ movement that “revises” and distorts fundamental principles of Marxism—as regards the nature of capitalism, political revolution, and socialism-communism. Revisionism guts Marxism of its emancipatory heart. It appeals to workers on a basis of reformism and narrow material interest. And its aim and effect is to perpetuate or to restore capitalism in the name of Marxism and in pursuit or defense of bourgeois class position and interest. Revisionism is capitalism disguised as socialism. See Chapter 2 of the *Textbook*.

[20] On the debates over issues of economic theory in the 1950s and 1960s, see E.L. Wheelwright and Bruce McFarlane, *The Chinese Road to Socialism* (New York: Monthly Review Press, 1970); “Socialist Construction and Class Struggle in the Field of Economics,” *Peking Review* (16), 17 April 1970; Stephen Andors, *China’s Industrial Revolution* (New York: Pantheon, 1977); and Christopher Howe and Kenneth R. Walker, eds., *The Foundations of the Chinese Planned Economy* (London: Macmillan, 1989).

[21] The account that follows draws on Peer Moller Christensen and Jorgen Delman, “A Theory of Transitional Society and Mao Zedong and the Shanghai School,” *Bulletin of Concerned Asian Scholars*, April-June, 1981, pp. 2-15. This essay has been of great assistance in reconstructing the history of the text.

[22] Restricting bourgeois right in the realm of distribution under socialism involves such measures as developing more social forms of consumption; providing vital services, like health

care, regardless of individual income; taking social initiatives to overcome inequalities between men and women; and narrowing wage differentials.

[23] The Afterword examines the performance of China's economy during the Maoist years.