

6 Deng Xiaoping's theory of the primary stage of socialism

According to Deng Xiaoping's theory, a country with a backward economy and culture, after the proletariat seizes power and establishes the dictatorship of the proletariat, cannot directly move to a complete or developed socialist society as envisioned by Marx and Engels. It must go through a very long primary stage of socialism in order to grow into a complete or a developed socialist society. This is Deng Xiaoping's major contribution to the theory of scientific socialism. The theory of the primary stage of socialism is rich in contents. A comprehensive and in-depth understanding of Deng Xiaoping's theory has great theoretical and practical significance for China's success in its reform, opening-up policy, and socialist modernization, to build a well-off society in an all-round way, to achieve the two "centennial goals," and to realize the Chinese dream of the great national rejuvenation.

6.1 The relationship between the theory of the primary stage of socialism and the theory of the scientific socialism

Deng Xiaoping's theory of the primary stage of socialism and the theory of scientific socialism by Marx and Engels represent a sequential development whereby the former inherits and develops the latter with major breakthroughs and innovations. Such breakthroughs and innovations, however, do not depart from but concur with scientific socialism. Any separation and opposition between the two is wrong. Concurrent with each other in fundamental views and methods, the two also differ in following aspects.

First, the theoretical premise of the two is different. The scientific socialism of Marx and Engels is based on the "common victory theory" that the proletarian revolution of several dominant capitalist countries wins first, propelling backward countries and then the entire world into the new society of socialism and ultimately communism. The theory of the primary stage of socialism is based on "the first victory of a country"; that is, under certain historical conditions, one or more countries with relatively backward economies and cultures will first stage and win the proletarian revolution, inspiring the same to occur in developed capitalist countries, and propelling the whole world into socialism and communism. The former is the idea of Marx and Engels, the latter of Lenin. In fact, however,

neither idea has partially nor fully come true. Lenin's "the first victory of a country" theory was partially realized after Russia's victorious October Revolution. After the Second World War, a group of countries with backward economies and cultures embarked on socialism, forming a socialist camp against the capitalist camp. The beautiful future of socialism and communism seemed to be in sight. However, in the late 1980s and early 1990s, with the disintegration of the Soviet Union and the upheavals in Eastern Europe, the world socialist movement suffered tremendous setbacks and failures. Only a few socialist countries such as China remain in the world, and it is expected that there is a long way to go before the victory of socialism and communism across the world.

Second, the two ideas are based on different objects. This difference is closely related to their different theoretical premises. The theory of scientific socialism of Marx and Engels is based on the conditions of developed capitalist countries in Western Europe and North America, focusing on their conditions then. The theory of the primary stage of socialism is based on the conditions of countries with backward economy and culture. Scientific socialism believes that real progress emerges only after the productive forces have highly developed, the proletarian revolution has been won, and class differences have disappeared. The effort to obliterate class differences before adequate productivity engenders not only no real progress but also perhaps stagnation and retrogression. In economically and culturally backward countries, even after the proletarian victory, underdeveloped productivity will disable the effort to eliminate class and class differences. Unwarranted efforts for such elimination will hamper authentic progress, as attested by the socialist practice of the Soviet Union, Eastern Europe, and China. Primary-stage socialism in China contains conditions neither for a classless society nor for the future society as envisioned by Marx and Engels.

Third, the two theories address different socialist stages. Scientific socialism envisions the entire future society, including its initial stage of socialism and its advanced stage of communism. This initial stage is usually referred to as "developed socialist society." The theory of primary-stage socialism depicts socialism in its primary stage. The concept of "developed socialist society," per my research, appeared at least twice in Lenin's work—first between March 23 and 28, 1918, in Lenin's first draft for "The Immediate Tasks of the Soviet Government," when he discussed high salaries for the best specialists. Lenin said: Things have so shaped themselves that we are able to get this help by organising the assistance of the bourgeois intellectuals in solving the new organizational problems of the Soviet power. This assistance can be secured by paying high salaries to the best specialists in every field of knowledge, both to the citizens of this country and to those invited from abroad. Naturally, in a developed socialist society it would appear quite unfair and incorrect for members of the bourgeois intelligentsia to receive considerably higher pay than that received by the best sections of the working class. Under the conditions of practical reality, however ... we must solve this pressing problem by means of this (unfair) remuneration for bourgeois specialists at much higher rates.¹ The second time was February 2, 1920, seen in the "Report on the Work of the All-Russia Central Executive Committee and the Council of People's Commissars Delivered at the First Session of the All-Russia Central

Executive Committee, Seventh Convocation.” Lenin said: The most difficult task in the sharp turns and changes of social life is that of taking due account of the peculiar features of each transition. How socialists should fight within a capitalist society is not a difficult problem and has long since been settled. Nor is it difficult to visualize developed socialist society. This problem has also been settled. But the most difficult task of all is how, in practice, to effect the transition from the old, customary, familiar capitalism to the new socialism, as yet unborn and without any firm foundations. At best this transition will take many years, in the course of which our policy will be divided into a number of even smaller stages. And the whole difficulty of the task which falls to our lot, the whole difficulty of politics and the art of politics, lies in the ability to take into account the specific tasks of each of these transitions.² Lenin’s “developed socialist society” is the first stage of the communist society envisioned by Marx and Engels, as mentioned before. The logical correspondent of the “developed socialist society” would be an “underdeveloped socialist society.” Primary-stage socialism in China is an underdeveloped socialist society. As mentioned earlier, in the *Critique of the Gotha Programme*, Marx divided the post-capitalist society into three major stages: the transitional period from capitalism to socialism, socialist society, and the higher phase of communist society. After the victory of the proletarian revolution, social development in countries such as China will experience four stages: capitalist-to-socialist transition, the primary stage of socialist society (i.e., the underdeveloped socialist society), developed socialist society, and the higher phase of communist society. “Report of the 13th National Congress of the Communist Party of China” pointed out that the primary stage of socialism is not a general reference to the initial stage all countries will go through when practicing socialism, but a term for the special stage that China has to undergo due to its backward productive forces and an underdeveloped commodity economy. Developed capitalist countries, after the victory of the proletarian revolution, can directly transit into a developed socialist society without experiencing primary-stage socialism; countries with backward economy and culture, however, cannot achieve the same. Several and even dozens of generations’ efforts are necessary for these backward countries to grow beyond primary-stage socialism. Therefore, China’s primary-stage socialism will differ significantly from the developed socialist society as envisioned by Marx and Engels. We will detail this below.

Fourth, the two theories both describe the gap between the ideal and the real. The ten basic characteristics of the future society depicted by Marx and Engels, as outlined previously, are predictions and assumptions for the future society based on the basic principles of scientific socialism and the inherent contradictions of capitalist society as well as their development trends. They are futuristic ideals rather than materialized reality. The basic characteristics of China’s primary-stage socialism in Deng Xiaoping’s theory are based on China’s current reality rather than on an idealistic vision. Ideals and reality are interconnected, in that present-day ideals can become tomorrow’s reality, and present-day reality is pregnant with ideals for tomorrow. For an economically and culturally backward country in primary-stage socialism, the basic principles of scientific socialism should be taken as its guide. However, its socialist transformation, reforms, and construction should

be incremental and accord with the actual conditions of the country. In our eagerness for socialism, it is imperative not to mechanically copy the ideas of Marx and Engels regarding the basic characteristics of the future socialist society. We have learned bitter lessons in this regard. For instance, we had been ignoring the reality of China's underdeveloped productive forces; eager to establish a single socialist public ownership economy and eager to adopt collective ownership for the whole county, we implemented a monolithic system of distribution according to one's work (which truly was equal distribution), implemented a highly centralized planned economic system, and took no account of the law of value and the role of commodity markets. These ill-conceived practices overstepped China's primary-stage socialism and seriously hindered the development of China's economy and society and the improvement of people's living standards. Compared with China, some countries have gone even further. They ignored the role of the market and have even abolished currency, leading almost to a national collapse. We must learn from these painful lessons. The socialist construction in countries with economic and cultural backwardness must not leap over the appropriate stage of social development in its rush for results. Marx and Engels' vision for the future socialist society, when applied even to developed capitalist countries after their entrance into socialism, may not become immediate reality. Whether and how much it materializes are subject to the test of current and future social conditions. When summing up the experiences and lessons of the Russian socialist revolution and socialist construction, Lenin said: "The whole thing now is practical work; that the historical moment has arrived when theory is being transformed into practice, vitalised by practice, corrected by practice, tested by practice."³ He went on, The times have passed, and in Russia, I am sure, have passed beyond recall, when we used to argue about the socialist programme on the basis of book knowledge. Today socialism can be discussed only on the basis of experience.⁴ Lenin's teaching is of great practical guidance to China's reform and opening-up and socialist modernization.

6.2 Characteristics of the socialist transition in economically and culturally backward countries

Leading the Russian proletariat and the working people to socialism, Lenin constantly analyzed experiences and lessons, and made a profound exposition of the characteristics of the transition to socialism for a country with economic and cultural backwardness. Deng Xiaoping's theory of primary-stage socialism borrowed from many aspects of Lenin's relevant expositions, which can be summarized into the following four aspects.

6.2.1 Economically and culturally backward countries will find it more difficult to transit to socialism than countries with developed economies and cultures

Socialism presupposes high productivity. With better developed productivity, technology, science, and culture, developed capitalist countries will transit to

socialism more easily after the proletarian victory. The same process will prove much more difficult for economically and culturally backward countries. Lenin said: "The more backward the country which, owing to the zigzags of history, has proved to be the one to start the socialist revolution, the more difficult is it for that country to pass from the old capitalist relations to socialist relations. New incredibly difficult tasks, organisational tasks, are added to the tasks of destruction."⁵ Lenin's "organisational tasks" refers to the establishment of a socialist economic system, a new labor organization, and the organization of socialist production.

The transitional state of socialism is the dictatorship of the proletariat. Its tasks are twofold: (1) use violence to suppress resistance of the exploiters, and (2) lead the people to a socialist economy and labor organization. The second task is more difficult but more important. Why? Lenin said: This is because it cannot possibly be fulfilled by single acts of heroic fervour; it requires the most prolonged, most persistent and most difficult mass heroism in plain, *everyday* work. But this task is more essential than the first, because, in the last analysis, the deepest source of strength for victories over the bourgeoisie and the sole guarantee of the durability and permanence of these victories can only be a new and higher mode of social production, the substitution of large-scale socialist production for capitalist and petty-bourgeois production.⁶ This second task—the substitution of large-scale socialist production for small production—is more difficult and time-consuming in an undeveloped country than in a developed country.

After the proletarian victory over the bourgeois exploiters, there are still a large number of small producers which routinely, spontaneously, and massively produce capitalist bourgeoisie. The elimination of capitalism cannot resort to the use of violence such as suppression, deportation, or expropriation. The only effectual method will be democratic persuasion, instructive demonstration, and welfare promotion. The grotesque old inertia of the petty bourgeoisie will tangibly or intangibly besiege, infiltrate, and erode the organization, discipline, and resiliency of the proletariat. Without an ironclad organization and discipline, the proletarian career will not succeed. Such organization and discipline are necessary for the proletariat to prevail over the inertia of old society. Lenin said: It is far more difficult, a million times more difficult, to overcome our disruptive, petty-bourgeois laxity than to suppress the tyrannical landowners or the tyrannical capitalists, but the effort bears a million times more fruit in creating the new organization which knows no exploitation.⁷

On this issue, the onetime "left" view of the Chinese Communist Party violated Lenin's thought. That view deemed the socialist transition in undeveloped countries easier rather than more difficult.

That "left" view was wrong for following reasons:

First, in the developed capitalist countries of the West, the bourgeois ideology has a deep influence on the laborers. But in the backward countries of the East, laborers are influenced by both the bourgeois and the feudal ideologies. As indicated by the reality after the founding of New China, the influence of feudal ideology proves more difficult to overcome than that of the bourgeois ideology. The dual influence of bourgeois ideology and feudal ideology challenges backward

countries' journey to socialism. This has been attested by reality in China over the past 60 years.

Second, in Western developed capitalist countries, the residents are better developed in terms of science and culture, more familiar with large-scale socialized production, and better adapted to manage modern production. Therefore, after the proletarian victory, it is relatively easy in these countries to establish a large-scale socialist production organization and operate it more effectively. The situation in the undeveloped countries of the East is very different. There exists an urgent need for talents to effectively manage large-scale socialist production. For a long time after the proletarian victory in undeveloped countries, productivity will remain low due to a lack of expertise on socialist construction.

Third, the socialist economy and labor organization presupposes high productivity, as dictated by historical materialism and scientific socialism. The socialist ideology, though important, cannot replace the material foundation of productivity. Undue emphasis of ideology over productivity breeds idealistic violation of historical laws. The low productivity in undeveloped countries will remain the biggest challenge in their journey to socialism, a journey that will inevitably take longer than that of developed capitalist countries.

6.2.2 The socialist transition in backward countries requires the intermediate step of state capitalism

In developed capitalist countries, due to relatively high socialization in industrial and agricultural production, the proportion of pre-capitalist economic components is small, while the proportion of internally gestated socialist elements is high. Consequently, the socialist transition in these countries after the proletarian victory will be faster and more direct. However, in underdeveloped countries after the proletarian victory, the pre-capitalist economy of small production is dominant, preventing these countries' direct transition to socialism. An intermediate step of state capitalism is necessary, resulting in a more zigzagging journey to socialism.

In his answer to the 16th question, "Will the peaceful abolition of private property be possible?" in *The Principles of Communism*, written in 1847, Engels said, "It would be desirable if this could happen, and the communists would certainly be the last to oppose it." In answering the 17th question, "Will it be possible for private property to be abolished at one stroke?" he said: No, no more than existing forces of production can at one stroke be multiplied to the extent necessary for the creation of a communal society. In all probability, the proletarian revolution will transform existing society gradually and will be able to abolish private property only when the means of production are available in sufficient quantity. As for the question "What will be the course of this revolution?" Engels replied that in countries where democracy was "not immediately used as a means for putting through measures directed against private property and ensuring the livelihood of the proletariat," such as France and Germany at the time, landowners and capitalists can be compensated. He explained that there would be a "gradual expropriation

of landowners, industrialists, railroad magnates and ship owners, partly through competition by state industry, partly directly through compensation in the form of bonds.”⁸ These arguments by Engels embody his original idea that countries with relatively backward economy and culture can transit to socialism by way of state capitalism.

Engels brought up a clearer idea in “The Peasant Question in France and Germany” in 1894, about compensation for large landowners wherever possible. He said: As soon as our Party is in possession of political power, it has simply to expropriate the big landed proprietors, just like the manufacturers in industry. Whether this expropriation is to be compensated for or not will, to a great extent, depend not upon us but the circumstances under which we obtain power, and particularly upon the attitude adopted by these gentry, the big landowners, themselves. We by no means consider compensation as impermissible in any event; Marx told me (and how many times!) that, in his opinion, we would get off cheapest if we could buy out the whole lot of them.⁹ Such an opinion comes close to the idea that it is possible to make the transition to socialism by way of state capitalism in certain countries and under certain circumstances.

Leading the Russian people to socialism, Lenin repeatedly mentioned facilitating the transition via state capitalism. On the eve of the October Revolution (1917), he made a proposal about state capitalism in “The Impending Catastrophe and How to Combat It.” He said: “You will find that, given a really revolutionary-democratic state, state-monopoly capitalism inevitably and unavoidably implies a step, and more than one step, towards socialism!” He went on, For socialism is merely the next step forward from state-capitalist monopoly. Or, in other words, socialism is merely state-capitalist monopoly which is made to *serve the interests of the whole people* and has to that extent *ceased to be* capitalist monopoly.¹⁰ The “really revolutionary-democratic state” here does not refer to a state of dictatorship of the proletariat, but a bourgeois democratic republic. Lenin intended to explain here that countries with economic and cultural backwardness should not fear state capitalism after the proletariat seizes power, and can transit to socialism by way of state capitalism.

In May 1918, when the task of depriving exploiters was basically completed, Lenin proposed the issue of state capitalism in the article “‘Left-Wing’ Childishness and the Petty-Bourgeois Mentality” and advocated the transition to socialism by way of state capitalism. He pointed out: State capitalism would be a gigantic step forward *even if* we paid *more* than we are paying at present, because it is worth while paying for “tuition”, because it is useful for the workers, because victory over disorder, economic ruin and laxity is the most important thing; because the continuation of the anarchy of small ownership is the greatest, the most serious danger, and it will *certainly* be our ruin, whereas not only will the payment of a heavier tribute to state capitalism not ruin us, it will lead us to socialism by the surest road. When the working class has learned how to defend the state system against the anarchy of small ownership, when it has learned to organize large-scale production on a national scale, along state capitalist lines, it will hold, if I may use the expression, all the trump cards, and the consolidation

of socialism will be assured. Based on this, Lenin came to two conclusions: in the first place, “economically, state capitalism is immeasurably superior to our present economic system”; in the second place, “there is nothing terrible in it for Soviet power, for the Soviet state is a state in which the power of the workers and the poor is assured.”¹¹

As already mentioned, due to the domestic rebellion by the White Army and the armed intervention by foreign imperialism, Lenin’s conception of the transition to socialism by way of state capitalism had not been implemented. Instead he was forced to implement the wartime communism. Later practice proved that the path of wartime communism did not work. In the spring of 1921, the armed intervention of foreign imperialism was repelled and the domestic rebellion by the White Army was quelled. Lenin ceased to pursue wartime communism and turned to the new economic policy. Essentially, the new economic policy was to make the transition to socialism by way of state capitalism. Lenin said in the article “Fourth Anniversary of the October Revolution,” We expected—or perhaps it would be truer to say that we presumed without having given it adequate consideration—to be able to organize the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state. Experience has proved that we were wrong. It appears that a number of transitional stages were necessary—state capitalism and socialism—in order to *prepare*—to prepare by many years of effort—for the transition to communism. Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this small peasant country to build solid gangways to socialism by way of state capitalism. Otherwise we shall never get to communism, we shall never bring scores of millions of people to communism.¹²

In the article “The Tax in Kind,” written in April 1921, Lenin talked about four forms of state capitalism: concessions, the leasing system, co-operatives, and purchase and sales on a commission basis. The concessions and co-operatives are the most common and important systems. Concessions refer to a contract signed between Soviet power and domestic or foreign capitalists on the basis of large-scale machine industry, aiming to lease states’ production materials to domestic or foreign capitalists. By implementing the state capitalism form of concessions, Soviet power intended to strengthen large-scale production against small-scale production, strengthen advanced production and shake off backward production, and strengthen state-regulated economic relations against the spontaneous anarchy of the petty-bourgeoisie. Co-operatives aimed to unite many scattered small proprietors on the basis of small production, so that they could easily be supervised by Soviet power and sign contracts with Soviet countries. Co-operative communities enabled the development of small-scale economy and encouraged the gradual transition from small-scale production to large-scale socialist production. As for purchase and sales on a commission basis, the state enlisted the capitalist as a merchant and paid him a definite commission on the sale of state goods and on the purchase of the produce from small producers. In the leasing

system, the state leased to the capitalist entrepreneur industrial establishments, oilfields, forest tracts, land, and so on, which belonged to the state. The lease was very similar to a concession agreement.¹³

During his lifetime, Lenin always insisted on the idea of making the transition to socialism by way of state capitalism. Until January 1923, this idea was still advocated in the article "On Cooperation," dictated by Lenin. After Lenin's death, Stalin soon ceased to pursue the new economic policy. The reactionary bourgeoisie in Russia also refused to adopt Lenin's state capitalist policy. Thus, in actuality, state capitalism was not implemented in Russia.

The Communist Party of China and its leader Mao Zedong inherited and implemented Lenin's theory of transitioning to socialism via state capitalism. In terms of the national capitalist industry and commerce, we created a series of state capitalism forms on various levels, such as consigned processing, planned ordering, unified purchase and sale, entrusted distribution and sales on a commission basis, joint state-private ownership, and public-private partnerships across the industry. We have completed the socialist transformation, providing valuable experience in the transition to socialism for countries with backward economy and culture. However, late during the "Three Major Reforms," we erred by being "over-rash and over-simplistic."¹⁴ The state capitalist policy was implemented for a short period of time, and its positive role had not yet been fully realized. Since then, under the intensified and ill-conceived ultra-left line, capitalism was regarded as a great scourge. The so-called capitalist tail was cut off, for the attempt was made to wipe out capitalism overnight in China, which ended up pushing China's economy to the brink of collapse.

State capitalism is of two types: one under bourgeois dictatorship, and the other under proletariat dictatorship. The former operates under direct control by bourgeois states. Bourgeois states hold certain enterprises in their own hands and require these enterprises to serve capitalists with huge profits. In the period of imperialism, state capitalism developed into state monopoly capitalism. The state capitalist economy under the bourgeois dictatorship still belongs to the capitalist economy, while the state capitalist economy under proletarian dictatorship is a type of capitalist economy administered by proletarian states, partnered with public-owned economy and supervised by the working class. It is a capitalist economy in which the proletariat can define the scope and limits of economic activities. During the transition from capitalist society to socialist society, the state capitalist economy is a transition from capitalist private ownership to socialist public ownership.

The question is that in a country with backward economy and culture, after the transition period is over and the primary stage of socialism approaches, is it necessary to carry out socialist modernization by way of state capitalism? Lenin and Mao Zedong did not bring up or solve this question. After the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China, under the new historical conditions of reform and opening up, China adopted a basic economic system with the public sector remaining dominant and diverse sectors of the economy developing side by side. And some of the economic components

outside public ownership still belong to the state capitalist economy, which presents a complicated situation in China's primary-stage socialism. "Three types of foreign-funded enterprises" generally belong to the state capitalist economy and they can be divided into two categories. The first is wholly foreign-owned enterprises. If the investors are foreign capitalists, the property of the enterprise itself is capitalist, but it is led, supervised, controlled, and regulated by China (a country with a people's democratic dictatorship). This kind of enterprise lies within a national capitalist economy. The second type includes Sino-foreign joint ventures and co-operative ventures. Enterprises of this type are not entirely capitalist as they include socialist economic elements. The proportion of these two economic components varies among different enterprises, making such enterprises semi-capitalist and semi-socialist. In addition, China's private economy at present is characterized by wage labor and belongs to the capitalist economy. However, it is closely related to the socialist public ownership economy, under the supervision of the "universal light" of the socialist public ownership economy, and under the leadership and regulation of the people's democratic state. Therefore, it differs from capitalist private economy and belongs instead to state capitalist economy.

It must be clarified that in the primary stage of socialism, state capitalism is allowed to exist and develop partially within a certain range. The aim is to attract foreign capital and advanced technology; to absorb and draw upon operation and management methods reflecting the laws of modern social production across the world, including capitalist developed countries; and to be reflective of modern society and create a more solid material and technological foundation for the development and consolidation of the socialist economy. Such elements of state capitalism do not represent true capitalism but are incorporated to reinforce a socialist economy. In primary-stage socialism, correct utilization of state capitalism not only does not violate but also enhances socialism. As Deng Xiaoping said, Therefore, subject to the constraints of China's overall political and economic conditions, foreign-funded enterprises are useful supplements to the socialist economy, and in the final analysis they are good for socialism.¹⁵

State capitalism should not only be seen as an economic form of transition to socialism; in countries with backward economy and culture, state capitalism should still be allowed to exist and develop within a certain range and to a certain extent after the transition period has ended and primary-stage socialism has arrived. This can be regarded as a major breakthrough in how to utilize capitalism to serve socialism, a breakthrough made by Deng Xiaoping's theory of building socialism with Chinese characteristics.

6.2.3 In countries with backward economy and culture, after the proletariat seizes power, the development of productive forces should be the top priority

The socialist society must be based on large-scale socialized production—no large-scale socialized production, no socialism. This does not mean that in a country with backward economy and culture, socialist revolution should not be

carried out and the proletariat should not seize power. Lenin held that even in countries with backward economy and culture and underdeveloped capitalism, where the superstructure and production relations considerably hamper the economic base and productivity, the proletariat should be determined to seize power through revolution at the opportune time. After seizing power, a socialist state-owned economy will be established through expropriation of the expropriators. After the proletariat's seizure of power, the socialist economy cannot be implemented full-scale, but should be executed first in economic departments already possessing capitalist-scale production, via expropriation of expropriators and compensatory purchases. Under the leadership of the proletarian dictatorship and socialist state economy, development of productivity should be given top priority, so that economic departments that do not yet possess socialized mass production scales may acquire the necessary conditions to transition into a socialist economy. Concerning the comments of N. Sukhanov and others that "the objective economic premises for socialism do not exist in our country" and "the development of the productive forces of Russia has not yet attained the level that makes socialism possible," Lenin in "Our Revolution" said: They are complete strangers to the idea that while the development of world history as a whole follows general laws it is by no means precluded, but, on the contrary, presumed, that certain periods of development may display peculiarities in either the form or the sequence of this development. He went on, If a definite level of culture is required for the building of socialism (although nobody can say just what that definite "level of culture" is, for it differs in every Western European country), why cannot we begin by first achieving the prerequisites for that definite level of culture in a revolutionary way, and *then*, with the aid of the workers' and peasants' government and Soviet system, proceed to overtake the other nations?¹⁶ Lenin's words reveal that, according to general laws of world history, the material and technological foundation or the level of productive forces required to establish a socialist system is created under the capitalist society and bourgeois dictatorship. However, in countries with economic and cultural backwardness, under certain historical conditions, the proletariat can also first carry out the socialist revolution, establish the dictatorship of the proletariat, and then strive to develop productive forces under proletarian dictatorship to create the necessary material and technological foundation for socialism at the opportune time of revolution. The difference in sequence by no means precludes, but, on the contrary, presumes the general laws that the development of world history follows.

6.2.4 Countries with backward economy and culture cannot directly transition to a complete or developed socialist society, which will only happen after a long primary stage of socialism

In "The Tax in Kind," Lenin pointed out that in countries with economic and cultural backwardness, in order to transition to socialism, "we must understand what *intermediary* paths, methods, means and instruments are required for the transition from *pre-capitalist* relations to socialism."¹⁷ He also said in "Report of the

Substitution of a Tax in Kind for the Surplus Grain Appropriation System” that developed capitalist countries can support a direct transition to socialism after the proletariat holds state power, while countries with backward economy and culture cannot, and thus “special country-wide transitional measures” are required.¹⁸ As I mentioned earlier, Lenin once proposed the concept of a “developed socialist society,” corresponding to which the concept of an “underdeveloped socialist society” also makes sense. This “underdeveloped socialist society” is the primary stage of socialism or socialism in the primary stage. Countries with economic and cultural backwardness will go through a fairly long primary stage of socialism before the complete or developed socialist society.

6.3 The formation and development of the theory of primary-stage socialism

As I have said regarding Lenin’s “developed socialist society,” the existence of an underdeveloped socialist society is logical. Logic aside, Lenin did not actually propose a concept of the “underdeveloped socialist society” or “the primary stage of socialism.” In “Report On Subbotniks Delivered to a Moscow City Conference of the R.C.P. (B.),” written on December 20, 1919, Lenin proposed the concept of “the first form”¹⁹ of socialism, which, unlike the primary stage of socialism in our language, refers to the initial stage that all countries must experience when they enter a socialist society, rather than a specific stage that countries with backward economy and culture and poor commodity economy must go through in their socialist career.

During China’s socialist transformation and construction, Mao Zedong also discussed the developmental stages of the socialist society. At the Zhengzhou meeting in November 1958, he used the phrase “primary stage of socialism” for the first time. In his talk on reading “Political Economics Textbooks of the Soviet Union,” given in November 1959, he said: “Socialism may be divided into two stages, wherein the first stage is the undeveloped socialism, and the second the more developed socialism. The latter may take longer time than the former.”²⁰ This idea is fairly correct and valuable. However, Mao Zedong in his later years leaped over the correct stage of socialist development and failed to adhere to the theory of the primary stage of socialism.

The theory of the primary stage of socialism, an important part of Deng Xiaoping’s theory of building socialism with Chinese characteristics, was gradually formed and developed after the Third Plenary Session of the 11th Central Committee of the Communist Party of China under the new historical conditions of the reform and opening-up.

“Resolution on Certain Questions in the History of Our Party Since the Founding of the People’s Republic of China,” adopted at the Sixth Plenary Session of the 11th Central Committee of the Communist Party of China on June 27, 1981, stated: “Although our socialist system is still in its primary stage, there is no doubt that we have already established the socialist system and entered the socialist society. Any denial of this basic fact is wrong.” This statement did not

focus on the necessity, longevity, and inevitability of the primary stage of socialism. Rather, it was a response to some people's denial that it was necessary to adhere to socialism, or that China has entered socialism. It re-affirmed the socialist nature of China, but cannot be said to have established the theory of the primary stage of socialism.

According to the report "A New Situation for the Overall Socialist Modernization" made at the Twelfth National Party Congress in September 1982: China's socialist society is still in the primary stage of development and its material civilization is still underdeveloped. However, under modern economy with a certain degree of development and the most advanced class of the modern era—the working class and its vanguard, the Communist Party, the socialist revolution is likely to succeed. Therefore, after the establishment of the socialist system, we can also build material civilization as well as high degree socialist spiritual civilization. The focus here is still not on the necessity, longevity, and inevitability of the primary stage of socialism, but on the possibility of building high-degree socialist spiritual civilization in China at this stage, because some people believed that the building of high-degree socialist spiritual civilization premises advanced material civilization. Therefore, the theory of the primary stage of socialism still has not yet been formed.

According to "Resolution of the Central Committee of the Communist Party of China on the Guiding Principles for the Construction of Socialist Spiritual Civilization," adopted at the Sixth Plenary Session of the 12th Central Committee of the Communist Party of China on September 28, 1986: Morals is not an abstract concept divorced from historical development, but a reflection of economic construction. China is still in the primary stage of socialism. Therefore, it is necessary not only to implement the principle of distribution according to labor and to develop the socialist commodity economy and competition, but also to pursue the goal of common prosperity while allowing some to become wealthy before others. For the first time, the concept of "the primary stage of socialism" was clearly put forward, and the main economic features of this stage were analyzed in greater detail than on the previous two occasions. The theory of the primary stage of socialism was taking shape.

The Thirteenth National Congress of the Party in 1987 marked the formation of the theory of the primary stage of socialism. On the eve of the Congress, Deng Xiaoping clearly denoted: The Thirteenth National Party Congress will explain what stage China is in: the primary stage of socialism. Socialism itself is the first stage of communism, and here in China we are still in the primary stage of socialism—that is, the underdeveloped stage. In everything we do we must proceed from this reality, and all planning must be consistent with it.²¹ The following encapsulates the theory of primary-stage socialism as reported in "Advancing Along the Socialist Road with Chinese Characteristics":

First, the theory asserts that "China is in the primary stage of socialism," which means that (1) China is already a socialist society and we must persist in and not deviate from socialism; and (2) China's socialism is still in its primary stage, and we must proceed from this reality and must not go beyond it.

Second, the theory discusses the objective basis for China's primary-stage socialism, namely that China has a large population and a weak economy, its per-capita GDP still ranks low in the world, its productive forces are backward and unbalanced, the level of socialized production is still very low, the commodity economy and the domestic market are underdeveloped, the natural economy and the semi-natural economy account for a considerable proportion, and the socialist economic and political systems are still immature and imperfect.

Third, the theory explains what historical stage is represented by China's primary-stage socialism. That is, "it does not refer to the initial stage that all countries must experience after entering a socialist society, but a specific stage China must go through in its socialist career when its productivity is still low and its commodity economy undeveloped."

Fourth, the theory defines the start and end of the primary stage of socialism. China will spend at least 100 years in the primary stage of socialism, starting from the completion of the socialist transformation of the private ownership of means of production in the mid-1950s and ending with the realization of socialist modernization. This stage is different both from the transition period in which the socialist economic foundation has not yet been established, and the stage in which socialist modernization has been achieved. To me, the duration of China's primary-stage socialism depends both on domestic and international conditions and on whether the advanced capitalist countries have appropriately entered socialism.

Fifth, the theory discusses the main contradiction and fundamental task in the primary stage of socialism. The main contradiction is between the ever-growing material and cultural needs of the people and the low level of social production. Class struggle, though no longer the major contradiction, will more or less continue to exist for a long time. The fundamental task in the primary stage of socialism is to develop productive forces; vigorously promote the commodity economy; increase labor productivity; gradually realize the modernization of industry, agriculture, national defense, and science and technology; and reform the production relations and superstructure that do not suit the development of productive forces.

Sixth, the theory explains the importance of correctly understanding the historical stage China is at, and points out that this is "the primary issue of building socialism with Chinese characteristics and the foundation for us to formulate and implement correct policies."

Seventh, the theory comprehensively sums up the basic line of the Party in the primary stage of socialism, that is, with economic construction as top priority, leading and uniting the people of all nationalities in the country, adhering to the Four Cardinal Principles and the policy of reform and opening to the outside world, practicing diligent self-reliance, and striving toward a prosperous, democratic, and civilized modern socialist country.

The report of the 14th National Party Congress "Accelerating the Reform, the Opening to the Outside World and the Drive for Modernization, So As to Achieve Greater Successes in Building Socialism with Chinese Characteristics" in October 1992 reaffirmed that China is still in the primary stage of socialism. Further explaining the theory of the primary stage of socialism reported in the

13th National Party Congress, it summarized Deng Xiaoping's theory of building socialism with Chinese characteristics into nine points, clearly stating for the first time that China's goal is a socialist market economy, and discussing in detail a series of theories and policies related to the establishment of a socialist market economy.

The report of the 15th National Party Congress, "Hold High the Great Banner of Deng Xiaoping's Theory for an All-round Advancement of the Cause of Building Socialism With Chinese Characteristics Into the 21st Century" (hereinafter referred to as the Report) in September 1997 reiterated the theory of the primary stage of socialism and expanded and enhanced it with new content.

First, the theory of primary-stage socialism is closely integrated with the Party's principle of deriving truth from facts and everything based on reality. The Report pointed out that the biggest reality is that China is and will be in the primary stage of socialism for a long time. We must not only understand the general theory of "what is socialism and how to build socialism" but also specifically what is and how to build socialism in the primary stage, and constantly explore concrete, reasonable, and optimal formats in which to best apply principles of socialism to China's primary-stage socialism.

Second, we must scientifically integrate the theory of primary-stage socialism into Marxism. To truly uphold Marxism and socialism, we can only proceed from the reality of the primary stage of socialism. We cannot proceed from subjective wishes, nor mechanically from foreign models, nor from dogmatic understandings of Marxism or wrong ideas imposed upon Marx. We must adhere to Marxism-Leninism and Mao Zedong thought. At the same time, we must focus on practical problems of the reform and opening-up as well as modernization in China, and on the tasks at hand, on the correct application of Marxism to our practical issues and new practices. It is meaningless to discuss Marxism without considering the reality and times of the country. Studying Marxism statically and in isolation, and separating Marxism from its vivid application in real life, are dead-end streets.

Third, the theory eloquently discussed the basic program of the primary stage of socialism. Based on our experience since the Third Plenary Session of 11th CPC Central Committee, the Report clearly outlined the basic economic, political, and cultural goals and policies of Sinicized socialism. These constitute the Party's basic platform for its primary stage of socialism. This platform is the core of Deng Xiaoping's theory and the principal guide for our economy, politics, and culture.

Fourth, the Report fully elucidated primary-stage socialism. It said that the primary stage of socialism is a historical stage in which the society transitions from underdevelopment to basic socialist modernization; in which our agricultural country, with a predominant rural population reliant on manual labor, is industrialized into an economy of modern agriculture and service industry, with a non-agricultural population as the majority; in which a predominantly natural and semi-natural economy advances into a greater market economy; in which illiteracy and semi-illiteracy, and inadequacy in science, technology, education, and culture are eliminated; in which a predominantly poor population is brought into prosperity; in which regional inequality is narrowed; in which the socialist market

economy and political democracy grow and mature through sustained reforms; in which people strive toward self-improvement, diligent work, national prosperity, material abundance, and spiritual growth; and in which China prospers and closes the gap with the advanced countries.

Fifth, the Report elaborated the key tasks of primary-stage socialism. The top priority will be productivity. We must leverage vigorous reforms to promote overall national growth, balanced between speed and stability.

Sixth, the Report creatively proposed the diversification of public ownerships in the primary stage of socialism. The Report pointed out that all business methods and organizational forms that reflect the laws of social production can be used boldly. We need to explore public ownerships that best promote productivity. Focus is given to the shareholding system. It is believed that the shareholding system is a form of capital organization of modern enterprises, which facilitates the separation of ownership and management and optimizes operational efficiency and capital utilization. The shareholding system can be employed both in capitalism and socialism. The shareholding system cannot be claimed categorically as private or public. The key is who the stockholders are. If the system is controlled by the state and collective, which is public, it is conducive to expanding the scope of public capital and strengthening the main role of public ownership. We must perfect the stockholding economy through research, support, and regulation. We must also guard against the superstitious “gold rush” toward a simplistic shareholding system.

Seventh, the Report further clarified the longevity and insuperability of the primary stage of socialism. The Report pointed out that the primary stage of socialism is an insurmountable historical stage during the industrialization, socialization, marketization, and modernization of a backward nation. Since China's entry into primary-stage socialism in the mid-1950s, especially after three decades of reforms and strengthened interaction with the world, China has witnessed tremendous development economically and overall. Yet this justifies no undue optimism or rash policies that overstep China's primary-stage socialism.

It has now been more than 20 years since the 15th National Congress of CPC, and China's economic, political, social, cultural, and environmental protection have all developed greatly. Although China is currently the second largest economy in the world, its per-capita income still languishes due to its large population. China's “Two Centennial Goals” are yet to come true. China is still in primary-stage socialism.

6.4 Basic characteristics of the primary stage of socialism in China

What are the basic characteristics of the primary stage of socialism? The accurate answer entails a specific frame of reference, without which the characteristics of anything cannot be ascertained. So, what is the reference frame for primary-stage socialism? It should be the whole process and all stages of the social development after the capitalist society and after the proletariat captures power. As

mentioned above, after the proletariat in a country with backward economy and culture captures power, social development will experience four stages: the transitional period, the primary stage of socialism, the developed socialist society, and the advanced stage of communist society. The reference frame for the primary stage of socialism should include capitalist society and the three post-capitalist stages—the transitional period, the developed socialist society, and the advanced stage of communist society, from all four of which primary-stage socialism is distinguished. The most vital reference here is the *developed* socialist society, simply due to the semantic parallelism between “primary” and “developed.” No socialist country, present or past, has attained the developed stage. The basic provisions and characteristics of the developed socialist society are actually only postulated predictions and theoretical assumptions; that is, the developed socialist society, as a reference for the primary stage of socialism, is not one of reality but one of vision, based on the inherent contradictions and development trends of developed capitalist countries. The basic provisions of this reference received discussion in Chapter 4 of this book, “Marx and Engels’ visions on the basic characteristics of the future society.” In the following, based on the basic provisions of the developed socialist society and on the reality of the primary stage of China’s socialism, we will summarize the basic characteristics of China’s primary stage of socialism.

First, because of the disparity between its development level of productive forces before the revolution and that of developed capitalist countries, it is impossible to eliminate the gap in the short term for countries with backward economy and culture. Therefore, in the primary stage of socialism, in general, the level of productivity is still lower than that of the developed capitalist countries. After transitioning to a developed socialist society, the nation will take a long time to approach, catch up with, and surpass developed capitalist countries.

Second, in the primary stage of socialism, we should practice public ownership as the mainstay economy with other types of ownership on the side. The public sector of the economy includes not only the state-owned economy and the collective economy, but also the state-owned and collective sectors of the mixed-ownership economy. In addition to the socialist public sector, there are still private economies using wage labor, individual economies in which the means of production are owned by laborers, and Sino–foreign joint ventures, co-operative enterprises, and wholly foreign-owned enterprises. Although these economic sectors are not or not completely socialist, they enhance the marketization, socialization, and modernization of production in the primary stage of socialism. They are an important part of China’s socialist market economy and are encouraged, guided, and developed well. Public ownership is mainly manifested in its dominance in terms of the society’s total assets; the state-owned economy controls and leads the economic lifeline of the country. This is said of the whole country, and some places and industries may vary.

Third, in the primary stage of socialism, we must adhere to a distribution system in which distribution according to work is the mainstay with which multiple modes of distribution co-exist. We should combine distribution according to work with distribution according to productivity, and create a balance between efficiency and

equity. This helps optimize resource allocation, promotes economic development, and facilitates social stability. Due to diverse economic factors, the distribution method cannot be uniform. At present, apart from the main distribution method based on work and individual income, enterprises issue interest-bearing bonds to raise funds; the share-based economy gives rise to profit-sharing; and business operators also derive income from venture capital. Private companies employ a certain amount of labor and bring some non-labor income to business owners. Remuneration for laborers is based on competition in which more work gives more pay, leading to a proportionate disparity in income. Certain areas and people are encouraged to get rich first through honest work and lawful business. The rich are encouraged to assist the poor to gradually achieve common prosperity.

Fourth, in the primary stage of socialism, exploiters are eliminated as a class, but class struggle will remain for a long time within a certain scope, and it may even intensify under certain conditions. However, the main contradiction of society is not class struggle, but the contradiction between the growing material and cultural needs of the people and backward social production. This last contradiction will remain throughout the primary stage of socialism in our country and in all aspects of social life. Therefore, we must take economic construction as the core work. The resolution of all other problems, including class struggle, should revolve around the core work.

Fifth, in the primary stage of socialism, there will still be hostile forces that attempt to undermine China's socialist career. Therefore, we must adhere to the dictatorship of the proletariat or the people's democratic dictatorship to repress resistance of domestic hostile forces and prevent possible subversion from abroad. In the primary stage of socialism, it is wrong to negate the necessity of a solid proletarian dictatorship or a people's democratic dictatorship.

Sixth, in the primary stage of socialism, we should develop a socialist market economy through proper leverage of laws of value, price, and competition. The socialist market economy is integral to the socialist system and pivotal for the state's macro-optimization of resource allocation. The full development of the market economy is a non-leapable stage of social and economic development. A mature market and commodity economy is indispensable for socialized modernization. It is impossible to leap over the stage of a full market economy and advance directly to the product economy in a country where the commodity economy is underdeveloped and natural economy dominant.

Before the Third Plenary Session of 11th CPC Central Committee, Chinese scholars applied Marx and Engels' theory—that a product economy should replace commodity-currency economy after the proletarian victory in developed capitalist countries—to China's primary-stage socialism. They believed that the market economy is indigenous to capitalism and has no place in socialism. Meanwhile, they held that the planned economy was the essential feature of the socialist economy. Therefore, before the reform and opening-up, China implemented a planned economy that was highly centralized and unified. Despite its positive role during certain times, that system generally has not been conducive to China's economic and social development.

Effective socialist construction, especially with deepened reform and opening up, needs to be unshackled from traditional economic theory to engender perspectives aligned with the reality of the primary stage of the socialism. So, our party has gradually formed the theory and relevant policies and regulations for a socialist market economy in the primary stage of socialism. Deng Xiaoping's theory of Sinicized socialism and socialist market economy in primary-stage socialism, and Marx's and Engels's views on the elimination of commodity–money relations and the implementation of product economy in a developed socialist society are not in opposition but in harmony. They apply to different conditions and economic stages of different countries. In their explanation of different socialist stages, they complement rather than contradict each other.

On November 9 and 10, 1958, at a working meeting with central and local leaders in Zhengzhou, Mao Zedong distinguished between socialist and capitalist commodity production, and criticized the wrong attempt to eliminate commodity production. He said: Now, some of us have a great desire to eliminate the commodity production. They yearn for communism and worry about commodity production. They feel commodity production belongs to capitalism and do not distinguish between socialist and capitalist commodity production. They don't understand the importance of commodity production under socialist conditions. This view fails to recognize objective laws and the 500 million peasants. In the socialist period, commodity production should be used to unite hundreds of millions of peasants. He went on, "Commodity production cannot be confused with capitalism. Why are people afraid of commodity production? The reason is nothing but fear of capitalism." "Commodity production depends on the economic system associated with it. Therefore, it is capitalist commodity production when associated with capitalism and socialist commodity production when associated with socialism."²² Mao Zedong's thought is very valuable. However, due to historical limitations, his thought was not further developed into the idea that we should establish a socialist market economy in the socialist stage, and it did not change the centralized and unified planned economic system.

Since the reform and opening-up, based on China's basic premise of the primary stage of socialism, Deng Xiaoping emphasized repeatedly that a socialist market economy should be established. In November 1979, Deng Xiaoping said in a meeting with Gibney, vice chairman of the editorial board of Encyclopedia Britannica, Inc. and Lin Guangda, director of the East Asian Institute of McGill University in Canada: "It is wrong to maintain that a market economy exists only in 'Capitalist' market economy." "Market economy was in its embryonic stages as early as feudal society. We can surely develop it under socialism."²³ In 1980, Deng Xiaoping mentioned in his speech "The Present Situation and the Tasks before Us" that "combining planned regulation with market regulation"²⁴ should be implemented. In October 1982, in a conversation with comrades from the State Development Planning Commission, Deng Xiaoping again raised the issue of how to deal with the relationship between planning and the market. He said: One way in which socialism is superior to capitalism is that under socialism the people of the whole country can work as one and concentrate their strength

on key projects. A shortcoming of socialism is that the market is not put to best use and the economy is too rigid. How should we handle the relation between planning and the market? If we handle it properly, it will help greatly to promote economic development; if we don't, things will go badly.²⁵ In October 1985, when Deng Xiaoping met with a delegation of American senior entrepreneurs organized by Times Inc. in America, he pointed out: There is no fundamental contradiction between socialism and a market economy. The problem is how to develop the productive forces more effectively. We used to have a planned economy, but our experience over the years has proved that having a totally planned economy hampers the development of the productive forces to a certain extent. If we combine a planned economy with a market economy, we shall be in a better position to liberate the productive forces and speed up economic growth.²⁶ On the eve of the Thirteenth CPC National Congress in February 1987, in a conversation with comrades of the central government, Deng Xiaoping clearly stated that both planning and market are means to develop productivity. He said: Why do some people always insist that the market is capitalist and only planning is socialist? Actually they are both means of developing the productive forces. So long as they serve that purpose, we should make use of them. If they serve socialism they are socialist; if they serve capitalism they are capitalist.²⁷ In December 1990, in a conversation with several comrades in the central government, Deng Xiaoping further clarified that planning and market are not the yardstick for distinguishing socialism from capitalism. He said: We must understand theoretically that the difference between capitalism and socialism is not a market economy as opposed to a planned economy. Socialism has regulation over market forces, and capitalism has control through planning. Do you think capitalism has absolute freedom without any control? The most-favoured-nation status is also a form of control. You must not think that if we have some market economy we shall be taking the capitalist road. That's simply not true. Both a planned economy and a market economy are necessary. If we did not have a market economy, we would have no access to information from other countries and would have to reconcile ourselves to lagging behind.²⁸ In January and February 1991, when inspecting Shanghai, Deng Xiaoping said: Don't think that any planned economy is socialist and any market economy is capitalist. That's not the way things are. In fact, planning and regulation by the market are both means of controlling economic activity, and the market can also serve socialism.²⁹ In 1992, Deng Xiaoping said in the South Tour Speech: The proportion of planning to market forces is not the essential difference between socialism and capitalism. A planned economy is not equivalent to socialism, because there are markets under socialism too. Planning and market forces are both means of controlling economic activity.³⁰ Essentially, these arguments regard planning and market as economic forms and means and methods of developing productivity. It breaks through the traditional economic theory that regards planned economy and market economy as the basic criteria for different social economic systems and provides a theoretical basis for the establishment of a socialist market economic system in the primary stage of socialism and the correct handling of the relationship between the planning and the market.

Market economy, as a means of operation and a method of developing productivity, has no direct and inevitable connection with socialism. Different types of market economy under different social systems have following commonalities: (1) The enterprises or individuals are the main parts of the market, and they are self-employed and self-disciplined with self-financing and self-development. (2) A large number of economic activities rely on market regulation, and the market plays a decisive role in resource allocation. (3) Commodity producers exchange their products in accordance with the principle of equivalent value. (4) The economic activities comply with the requirements of the law of value and adapt to changes between supply and demand. (5) Selective survival is determined by competition. (6) Economic laws are enforced to assure the legality of economic activities, and so forth.

At the same time, it should be noted that market economy is neither isolated from nor independent of the social system. The different types of market economy under different social systems are always integrated with and acquire features reflective of their social systems. The capitalist market economy, integrated in the basic system of capitalism and restricted by it, embodies the essence of capitalism; the socialist market economy, embedded in the basic system of socialism and restricted by it, embodies the essence of socialism. The socialist market economy and the capitalist market economy are two different types of market economy and should be distinguished as such.

The key to the success or failure of China's economic system reform and whether the socialist market economy can be established and operated normally is whether it can integrate the market economy with the basic socialist system. The combination of market economy and basic socialist system is mainly reflected in the following aspects:

First, the basic economic system of primary-stage socialism—with dominant public ownership supplemented by diverse other ownerships—is an important pillar of Sinicized socialism and the foundation of the socialist market economy. The dominance of public ownership must be secured by all means for a solid socialist market economy, where the non-public sectors, however, play an integral role. The government needs to continue to encourage and regulate the non-public sectors such as the self-employed and other private businesses to promote their healthy development. Intellectual property law is necessary to protect the legitimate rights and fair competition of all enterprises.

Second, the dominant distribution per work co-exists with other modes of distribution in China's primary-stage socialism. The dominance of distribution per work must be ensured. The government should oppose both uniform distribution and income polarization. Both phenomena exist in China, but income polarization is exacerbating and commands greater attention. At the same time, distribution per work should incorporate productive factors. The government should protect lawful income and allow and encourage some people and areas to get rich first through honest work. Technology and capital should be given a role in income distribution.

Third, the relationship between government and market should be handled properly to tap both the role of government and the role of market in resource

optimization. Market optimization of resource allocation is a general law of the market economy. Both excessive government intervention and inadequate government supervision should be avoided. We should expand and intensify market-oriented reforms to prevent the government's direct interference in resource allocation, which should be optimized by market dynamics of price and completion. The government's responsibilities are macroeconomic stability, public service, fair competition, market supervision and stability, sustainable development, common prosperity, and prevention of mega market failures.

Fourth, in a socialist society, the laborers are the masters, the working class (including the broad intellectuals) the leading group, and the Chinese Communist Party the nucleus of leadership. None of these three is to be weakened or compromised.

Fifth, in Marxist ideology, socialism plays a dominant role. Marxism should be developed and enriched with the unfolding of new history. The socialist market economy needs the guidance of Marxism. High socialist material civilization goes in tandem with high socialist spiritual civilization. Both the guiding role of Marxism and the importance of socialist spiritual civilization should be emphasized.

Sixth, core socialist values should be cultivated, including prosperity, democracy, civility, harmony, freedom, equality, law, patriotism, professionalism, integrity, and civility. These values are the soul of rejuvenating and navigating the Sinicized socialist career. They must be espoused and practiced to cement a proper ideological community and to prevent our market economy from departing from our socialist core.

If the market economy is allowed to weaken and violate the basic principles of socialism, our harvest will be a capitalist rather than a socialist market economy. We must diligently and cautiously research how best to integrate the market economy into our socialist career, in which regard much theoretical and empirical work awaits us ahead.

6.5 The significance of the theory of the primary stage of socialism

The report of the 15th National Congress of the Communist Party of China affirmed, "It is the first time in the history of Marxism that the scientific concept of the primary stage of socialism is specified in a party's program." The proposition and practice of this theory is highly significant for China's economic reforms, global openness, and socialist modernization.

First, the Chinese Communist Party has correctly positioned China at the primary stage of socialism. This is foundational to the formulation of correct solutions to our principal challenges. In *The Chinese Revolution and the Chinese Communist Party*, Mao Zedong analyzed the mi-colonial and semi-feudal social natures of the old China and said: Only when we grasp the nature of Chinese society will we be able to understand the targets, tasks, motive forces and character of the Chinese revolution and its perspectives and future transition. A clear

understanding of the nature of Chinese society, that is, of Chinese conditions, is therefore the key to a clear understanding of all the problems of the revolution.³¹ The same applies to China's global openness and socialist modernization. Based on China's national conditions, the report of the 14th National Congress of the Chinese Communist Party discusses a series of major issues such as the fundamental tasks and dynamics of socialism in China; the external conditions, political support, strategies, leadership, and mass foundation for socialist construction; the reunification of China through "one country, two systems"; and so on. In order to understand "what socialism is and how to build it," we need to understand both these questions for primary-stage socialism. The report of the 15th National Congress of the Party made a good point: We now confront the challenge of resolving current issues and contradictions and dispelling varied doubts before we can enter a new era. To understand why we pursue our current policy lines, the key is to consensually grasp the fact that our current conditions still place us at the preliminary stage of socialism.

Second, determining that China is currently at the primary stage of socialism and understanding China's current social nature can help us correctly assess historical experience and avoid repeating past mistakes that violated the law of social development. Before the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party, mistakes in the classification of the social stages were mainly manifested in two aspects. One, the socialist society was confused with the transitional period. Therefore, the following thoughts prevailed at that time: class and class struggle, a struggle between socialism and capitalism, and the constant danger of capitalist restoration in our socialist society. People regarded class struggle as society's central contradiction, put forward the slogan "class struggle as the top priority," and ceaselessly expanded class struggles till they ran amuck. Two, neglecting China's economic and cultural backwardness and unbalanced and low productivity, people were eager to hurry into a developed socialist society, a pure and monolithic socialist public ownership economy. They abstractly believed that public ownership is better than private ownership, and that a larger and deeper public ownership would more efficiently obliterate capitalism. Constantly, they tried to curtail "capitalist tails" and advocated "sprinting into communism," all of which totally violated the necessary sequence of social development. As said in the report of the 15th National Congress of the Chinese Communist Party: One of the fundamental reasons for our failings in building socialism prior to the convocation of the Third Plenary Session of the Eleventh Central Committee is that some of our tasks and policies overstepped the primary stage of socialism. One of the basic reasons for the achievements in the reform, opening up and the modernization drive over the recent period of nearly 20 years is that we corrected the erroneous concepts and policies transcending the primary stage of socialism and rejected the erroneous proposition that we should give up the basic system of socialism.

Lastly, the recognition that China is currently at the primary stage of socialism corrects our understanding of socialism and clears existing confusions. The primary stage of socialism should not be confused with the socialist society in its

entirety but is only one stage of it. It is wrong to equate the two and muddle their distinct characteristics. Some characteristics of primary-stage socialism coincide with essential socialism, such as public ownership and the principle of distribution according to one's work. Other characteristics of primary-stage socialism are incompatible with essential socialism, including non-public economy and non-work-based distribution. Such characteristics will cease to exist in the developed socialist society. If we fail to distinguish certain characteristics and prescriptions of primary-stage socialism from essential socialism, and believe these characteristics persist in all stages of socialism, we will have obfuscated the boundary between socialism and non-socialism and will have mistaken non-socialism for socialism. On the other hand, the perpetration of primary-stage socialism as if it represents socialism in all its stages is an error of metaphysics.

Notes

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- 2 *Collected Works of Lenin* (Vol. 38). (1986). Beijing, China: People's Publishing House, 113.
- 3 *Collected Works of Lenin* (Vol. 33). (1985). Beijing, China: People's Publishing House, 208.
- 4 *Collected Works of Lenin* (Vol. 33). (1985). Beijing, China: People's Publishing House, 466.
- 5 *Selected Works of Lenin* (Vol. 3). (1995). Beijing, China: People's Publishing House, 436.
- 6 *Selected Works of Lenin* (Vol. 4). (1995). Beijing, China: People's Publishing House, 13.
- 7 *Selected Works of Lenin* (Vol. 3). (1995). Beijing, China: People's Publishing House, 832–833.
- 8 *An Anthology of Marx and Engels* (Vol. 1). (2009). Beijing, China: People's Publishing House, 684, 685, 686.
- 9 *An Anthology of Marx and Engels* (Vol. 4). (2009). Beijing, China: People's Publishing House, 529.
- 10 *Selected Works of Lenin* (Vol. 3). (1995). Beijing, China: People's Publishing House, 265.
- 11 *Selected Works of Lenin*. (Vol. 3). (1995). Beijing, China: People's Publishing House, 524–525.
- 12 *Selected Works of Lenin*. (Vol. 4). (1995). Beijing, China: People's Publishing House, 570.
- 13 *Selected Works of Lenin*. (Vol. 4). (1995). Beijing, China: People's Publishing House, 507–509.
- 14 Party Literature Research Office of the Central Committee of the Communist Party of China (Ed.) *Selected Important Documents at the Central Plenary Sessions of the Party's National Congresses since the Third Plenary Session of the Eleventh Central Committee* (1997). Beijing, China: Central Party Literature Press, 170.
- 15 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 373.
- 16 *Selected Works of Lenin* (Vol. 4). (1995). Beijing, China: People's Publishing House, 776, 777.
- 17 *Selected Works of Lenin* (Vol. 4). (1995). Beijing, China: People's Publishing House, 509.

- 18 *Selected Works of Lenin* (Vol. 4). (1995). Beijing, China: People's Publishing House, 444–445.
- 19 *Selected Works of Lenin* (Vol. 4). (1995). Beijing, China: People's Publishing House, 91.
- 20 *Selected Works of Mao Zedong* (Vol. 8). (1991). Beijing, China: People's Publishing House, 116.
- 21 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 252.
- 22 *Selected Works of Mao Zedong* (Vol. 7). (1999). Beijing, China: People's Publishing House, 437, 439.
- 23 *Selected Works of Deng Xiaoping* (Vol. 2). (1994). Beijing, China: People's Publishing House, 236.
- 24 *Selected Works of Deng Xiaoping* (Vol. 2). (1994). Beijing, China: People's Publishing House, 247.
- 25 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 16–17.
- 26 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 148–149.
- 27 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 203.
- 28 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 364.
- 29 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 367.
- 30 *Selected Works of Deng Xiaoping* (Vol. 3). (1993). Beijing, China: People's Publishing House, 373.
- 31 *Selected Works of Mao Zedong* (Vol. 2). (1991). Beijing, China: People's Publishing House, 633.