

CAPITALISM WITH CHINESE CHARACTERISTICS:

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HOW TO VIEW THE HISTORY IN THE PAST 35 YEARS

- **In reality: Retreats from socialism and advances toward capitalism**
- **In official discourse: changed from orthodox socialism to socialism with Chinese characteristics and rejects capitalism**
- **There is a huge gap between the official discourse and the reality**

CHINA IN THE 1980S: HOW TO SAVE SOCIALISM?

- **Market economy is something that can save socialism**
- **How market economy can ex-exist with socialism?**

FROM ORTHODOX SOCIALISM TO THE PRIMARY STAGE OF SOCIALISM

The orthodox socialism is defined as:

- **Distribution based on work**
- **Planned economy**
- **Public ownership**

FROM ORTHODOX SOCIALISM TO THE PRIMARY STAGE OF SOCIALISM

The primary stage of socialism:

- **Due to the underdevelopment of economy, science and technology, regional disparities, and incomplete political system**
- **Timespan: From 1956 to the mid-21st century**

FROM SOCIALISM TO THE PRIMARY STAGE OF SOCIALISM

- **Deng Xiaoping redefined socialism: socialism is common prosperity**
- **Market economy can be adopted as a tool for this goal**

FROM SOCIALISM TO THE PRIMARY STAGE OF SOCIALISM

- **The new definition of socialism removes one of two main distinctions between socialism and capitalism: planned economy vs. market economy**
- **Public ownership: another element of socialism remains obscured**

FROM SOCIALISM TO THE PRIMARY STAGE OF SOCIALISM

Socialism and market economy:

- **The debate on socialism and commodity economy in the 1980s**
- **The adoption of socialist market economy in 1992:**

Let market play a fundamental role in resource allocation under the guidance of state macro-regulation

- **Moved further on the road of market economy in 2012:**

Let market play a decisive role in resource allocation

FROM SOCIALISM TO SOCIALISM WITH CHINESE CHARACTERISTICS

- **Socialism with Chinese characteristics became the new label of socialism**

FROM SOCIALISM TO SOCIALISM WITH CHINESE CHARACTERISTICS

- **Socialism with Chinese characteristics: socialism without planned economy and public ownership?**
 - ◇ **what is not included:**
 - ◆ **planned economy**
 - ◆ **public ownership**
 - ◇ **What is included:**
 - ◆ **Pursuing the goal of common prosperity and socialist modernization**
 - ◆ **The leadership of the party**

SOCIALISM IN REALITY

What happened after 35 years of practice of new version of socialism: common prosperity:

- High Gini coefficient**
- Deteriorating social disparities**
- A vibrant but chaotic market**

SOCIALISM IN REALITY

The rapidly lowered share of the public sector in the economy

	Private sector	SOEs
Employments (2013)	219 million	36million
GDP	more than 60%	25-30%
Tax (2010)	83%	17%

CHANGING REALITY, CHANGING LEGITIMACY

- **The source of legitimacy determines the definition of socialism**

CCP: FROM AN ISM PARTY TO A PARTY WITHOUT ISM

- **From communism to orthodox socialism to socialism with Chinese characteristics**
- **The evolution of the notion of socialism manifests de-ideologization of the party**

CHINA: FROM CAPITALISM TO CAPITALISM

- **After 65 years of searching, China is on the road back to capitalism**

CAPITALISM WITH CHINESE CHARACTERISTICS?

- **Capitalism is totally rejected in language but partly accepted in reality by the party:**
- **What is totally accepted: market economy**
- **What is partly accepted: private ownership**
- **What is rejected: unclear**
- **The concept of capitalism is as vague as that of socialism**

WHY CAPITALISM WITH CHINESE CHARACTERISTICS?

- **An incomplete market economy—the unchecked power and an unregulated market in which three forces play their role: normal market force, power, and barbaric market force**
- **The inequality**
- **Re-classification of the society**
- **Market economy under the leadership of the party**