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## **CAPITALISM AND SOCIALISM IN THE 21ST CENTURY**

**More on 'Scientific View'**

*A lecture by*

**FUWA Tetsuzo**

**Central Committee Chair  
Japanese Communist Party**

*At the 38th Akahata Festival, Tokyo, November 3, 2002*

(Translated by Japan Press Service)

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# CAPITALISM AND SOCIALISM IN THE 21ST CENTURY

## More on 'Scientific View'

*FUWA Tetsuzo (Central Committee Chair, Japanese Communist Party) gave a lecture on the theme "Capitalism and socialism in the 21st century - More on 'scientific view'" at the 38th Akahata Festival, Tokyo, November 3, 2002. Following is a translation from the text published in the November 13-14, 2002 issues of Akahata.*

Good afternoon, everyone. I'm FUWA Tetsuzo of the Japanese Communist Party. My lecture at this Akahata Festival is entitled the "Yoyogi Seminar on *Capital* Akahata Festival Session." The "Yoyogi Seminar on *Capital*" is a series of lectures I give at the JCP head office, and today I am going to give an extra version of the "Yoyogi Seminar."

### I

#### A QUEST FOR 'SCIENTIFIC VIEW'

##### *Terms produced in the Akahata Festival*

The present Akahata Festival is the 38th. History shows that the Akahata Festival has been colored with various characteristics and aspects. I can cite a number of terms that began to be used in the Akahata Festival. We often use the term "Capitalism without rules" in describing present Japan and stating the need to "remake Japan." When we show how upside-down the use of tax money is, we say, "There is no such country other than Japan that spends 50-trillion yen on public works projects and 20-trillion yen on social services." I used this description for the first time at the 1997 Akahata Festival. And now, it is commonly used to describe how distorted Japanese capitalism is.

The term "scientific view" has trodden the similar path. I used it for the title of my talk on "The 21st century and 'scientific view'" at last year's Akahata Festival. Although I had occasionally used the term before, it didn't get popularized until it made its debut at the Akahata Festival. So after I had a talk here last year, "scientific view" spread quickly, as it came to be used by many in speeches and writings. Also, many letters to the *Akahata* editorial office from around the country report about local study meetings on "scientific view" or a regional bulletin called "scientific view news." I'm glad to see the term fully accepted thanks to the Akahata Festival.

##### *Karl Marx, 'Capital,' and 'scientific view'*

We cannot discuss "scientific view" without mentioning the name of the forerunner, Karl Marx. Marx set it out in detail in his *Capital*.

Although some economists say that *Capital* is the world's most difficult book to

read, we must know that Marx literally dedicated his life to writing it. He wrote *Capital* with the aim of unraveling the capitalist laws of economic movement. Using economics, he sought to discover how a capitalist society comes into existence, evolves, and is replaced by the next social formation.

But, in writing *Capital*, Marx did not confine himself to economics in the narrow sense of the word. It contains Marx's views on or ways of thinking of nature and society, namely materialism, dialectics, and historical materialism. In *Capital*, he gives his thinking in detail about a new society that will take the place of capitalism, a socialist society or communist society. In this sense, *Capital* is very rich in its contents.

I would also like to remind you that *Capital* has its own history. It's a history of the decades of Marx's laborious work on *Capital*. In that era, at a time when many economists were studying the capitalist economy, mainly in Britain and France, Marx carried out an in-depth study not only of economic writings of the day but almost all works in economics that had been published. He tried to extract all valuable elements from them in order to make economics scientific. This was an effort he made in preparation for setting out to write *Capital*.

Notwithstanding the gains he made through investigation and research, Marx never was satisfied with or resigned himself to what he had achieved. He never reached a new stage of study without discovering new problems to solve or new movements in the economic development of society. He uninterruptedly tried to tackle new problems. This is why he only managed to complete volume one of *Capital*. For volumes two and three, he almost finished his writing, yet he kept on studying, and consequently, he died before completing these two volumes. Editing Marx's manuscripts was left in the hands of his friend, Frederick Engels.

That's *Capital*, which we read today. Marx continued explorations until he died; there was no room for complacency in his efforts. So when we read *Capital*, an important task will be to comprehend a "history" which would have been shaped if Marx had continued that effort. In short, *Capital* is a book that covers both past history and future prospects.

It is 120 years since the death of Marx. If we are to give life to what Marx accomplished as we live in the 21st century, we cannot be complacent about learning only the conclusion Marx wrote in *Capital*. I think it is important that we make efforts to acquire Marx's spirit of exploring the truth, his attitude to develop theories in accordance with developments on the ground, and the view on society and nature Marx had tempered in the course of those efforts.

Marx and his close friend Engels are our great predecessors who developed theories of scientific socialism. In discussing Marx's theories, I purposefully stress the importance of the "scientific view" because that's what his theories are about.

### ***My work on "scientific view"***

At last year's Akahata Festival, I lectured on the "scientific view." Even Marx refused to be complacent about what he had achieved and made constant efforts for progress; I must not be satisfied with the present stage of my understanding. That's

why I have continued to study the "scientific view" during the past year.

My study of *Capital* has consisted of two elements.

One is my study of Marx's critique of capitalism, and in particular his theory on economic depression. I wrote a series of articles for monthly *Keizai* (Economics) magazine on "Marx and *Capital*." The first theme I took up was "Reproduction and Depression." I wrote it in ten installments beginning in the January 2002 issue. This work was designed to take a fresh look at Marx's critique of capitalism focusing on his theory of economic depression.

The other is my lecture at the "Yoyogi Seminar on *Capital*." About 300 attend the seminar. They are full-time workers of the JCP Central Committee, the JCP prefectural committees of Tokyo, Chiba, Kanagawa, and Saitama, and district committees. Starting in January, the seminar has been held fortnightly with the ambitious aim of finishing reading the three volumes of *Capital* in one year.

Participants include the Executive Committee chair, vice-chairs, Standing Executive Committee members, JCP members of parliament, members who are working in particular sections of the JCP head office and the *Akahata* editorial office, and JCP members of local assemblies in Tokyo, Chiba, Kanagawa and Saitama prefectures. So this can be described as a new event in JCP history.

Personally, I find that my work to re-read Marx's critique of capitalism and my lecture at the "Yoyogi Seminar on *Capital*" are like the warp and the woof.

### ***Tracing the evolution of Marx's theory on depression***

Let me begin with Marx's theory on depression. What led me to work on this issue is a question that came to my mind. The theory on depression is a kernel of the critique of capitalism, but when I re-read *Capital*, I assumed that there was something Marx wanted to write but didn't. I thought that something needed for constructing the theory on depression is missing. I have called this a missing link.

Puzzle-solving methods are not good for this kind of quest. It was necessary for me to search for clues to discover how Marx's thinking developed. I sought the clues in a series of manuscripts he wrote as part of preparations for *Capital*.

Volume one of *Capital* was published in 1867. The manuscripts were more voluminous than *Capital* and can be classified by age: 1857-1858, 1861-1863, and 1863-1865. If you read these manuscripts historically, you will understand his way of constructing a theory on depression in sequence. And if you look at *Capital* in that context, you will know what explorations produced the theory on depression in various aspects. Marx was aware of the importance of in-depth explanations in this regard. He actually emphasized his interest in this question and even wrote plans for it in the manuscripts. But he did not include these aspects in *Capital*.

Thus, as I studied the manuscripts and *Capital*, I was able to locate what I had called a "missing link," although it is still hazy.

As my study covered fairly specialized aspects, I won't go into the details of the conclusion. If you need to know more about it, I would refer you to my writing on

the subject. Anyway, the main subject of this study was to try to trace Marx's awareness of the subject mainly concerning the theory on depression; awareness shown in his manuscripts. I also tried to use his awareness as a clue to reproduce the whole picture of Marx's effort to construct a theory on depression in addition to what is stated in *Capital*. After finishing this study, I thought it absolutely necessary to read *Capital* in its historical context in order to clearly understand the real value of *Capital* and Marx's "scientific view."

### ***Yoyogi Seminar on 'Capital'***

In the Yoyogi Seminar on *Capital*, I paid attention to the effort to read the three volumes of *Capital* in historical context.

As my study of Marx focused on the question of his theory on depression, I tried to look into matters related to this subject. On the other hand, in my lecture in the Yoyogi Seminar I paid attention to a general understanding of *Capital*. I tried to make my lecture on *Capital* ordered. So I decided that I should read the whole of *Capital* with awareness, which is different from the way I had in studying Marx's theory on depression. The most important thing was for me to look at and understand the whole of *Capital*.

That was the stance I maintained in re-reading *Capital* and studying inter-related issues. As I prepared my lectures for the Yoyogi Seminar, I experienced a series of new discoveries about *Capital*. These discoveries included some new angles that proved to be important for understanding the theory on depression. I discussed it in my articles published in *Keizai* magazine. I might say that the theory on depression was interwoven with my lecture on *Capital*, and this would bring something home to me, such as the need to do more to unravel particular aspects or the discovery of new angles. Thus, on many occasions I had to re-draft finished manuscripts. I was the lecturer at the Yoyogi Seminar on *Capital*, but I may be the one who has been intellectually inspired most by the study meetings.

In the 18th session in late October, we studied the credit system. We will look at Marx's theory of ground-rent next. We have come to this point almost as scheduled. We will have three more sessions. We are expected to finish a study of the three volumes of *Capital* in the 21st session in late December. Participants in this seminar have a variety of duties as activists in the JCP Central Committee and local bodies; some have had to miss the class to fulfill their duties including parliamentary meetings or travels abroad. Most of them have tried to catch up with the class by listening to taped lectures. Thus about 300 participants are expected to complete the present course. This is going to be a major accomplishment worthy of the JCP's 80th founding anniversary.

### ***Use 'scientific view' to think about the 21st century world***

This lecture meeting has been organized as the Yoyogi Seminar on *Capital's* Akahata Festival class. But I am not going to give a lecture on *Capital*. In this special session, I want to make some points about the significance of *Capital*. In other words, I want to talk about what the 21st century world looks like using a "scientific view."

I would like to take up not only the present problems of the capitalist world, but

issues that will affect our future, questions about countries seeking to build socialism, and the future of socialism itself.

## II

### ENTHUSIASTIC BELIEVERS IN CAPITALISM ARE TURNING ATTENTION TO MARX

#### (1) Marx's Critique of Capitalism is Relevant Today

*A chorus exalting capitalism was the vogue following the collapse of the Soviet Union, but...*

When the Soviet Union ceased to exist in 1991, the JCP published a statement wholeheartedly welcoming the demise of the state which we described as a "colossal evil" that has pursued hegemony and acted as major obstacle to social progress. We did so from the viewpoint of seeking to achieve social progress.

At the time, advocates of capitalism were overjoyed by the fall of the Soviet Union, but for reasons different from ours. They were triumphantly saying that the source of threats to social progress was eliminated, that no one would have to fear socialism or communism any longer, and that capitalism would be everlasting.

Champions of capitalism maintained this view based on the illusion that the Soviet Union was the standard-bearer of the worldwide movement for social progress. As for the JCP, it was never misled by such an illusion; on the contrary, for 30 years it fought against the great-power hegemony of the Soviet Union that acted against social progress under the cover of "socialism." We did so for the cause of world peace and social progress as well as for socialism and communism. But advocates of capitalism were under such an illusion and greeted the fall of the Soviet Union with euphoric shouts of victory, believing that they now had nothing to worry about concerning the future of capitalism.

However, the jubilant mood of victory began to lose strength and advocates of capitalism now seem to be missing Marx. This forms an interesting trend that was characteristic at the turn of the century. I have some examples for you.

*'Who was the greatest thinker of the last millennium?' (from a BBC survey)*

First, an opinion poll the BBC conducted with its viewers and listeners in Britain and abroad in September 1999 asked, "Who do you think is the greatest thinker of the last millennium?"

The beginning of the year 2001 marked not only the turn of the century but the turn of the millennium, offering a unique opportunity to review history. So the BBC preferred to set a time frame of 1,000 years instead of 100 years in the survey on who was the greatest thinker in history.

The published findings show that an overwhelming number of respondents said that Karl Marx is the greatest thinker of the last millennium, followed by three

natural scientists, Albert Einstein, Isaac Newton, and Charles Darwin. No economist or social scientist who advocated capitalism ranked higher. That was what an opinion survey conducted by the state-run broadcasting corporation of a country that used to be referred as the general headquarters of capitalism eight years after the collapse of the Soviet Union.

It is interesting to know that one of the respondents who chose Karl Marx quite pertinently commented: "Marx was the best analyst of the mechanisms of capitalism."

***'Somewhere in the World Today Walks the Next Marx' (From a US newspaper article)***

The second thing that caught my attention was a column carried by the *Washington Post*, one of the influential dailies in the United States. It was written by David J. Rothkopf, who served the Clinton administration as a deputy undersecretary of commerce for international trade and is now a corporate chairman and CEO. The writer stands exactly opposite to Marx.

His article was entitled "*After This*", meaning after capitalism. The subtitle was: "Whatever capitalism's fate, somebody's already working on an alternative." The writer's point was that someone is already preparing a new society replacing capitalism.

He begins with a very interesting phrase: "Somewhere in the world today walks the next Marx." to warn that it's wrong to believe that Marx was thrown away when the Soviet Union disappeared. "The next Marx" is there and capitalism can no longer be in a secure position. "The next Marx" may be in the streets of Buenos Aires with its wrecked economy or in Palestine or Indonesia. Citing China, Nigeria or Russia as possible countries where the "next Marx" might show up, the writer asserts that "someone, somewhere (in the world) will offer an alternative vision."

How can he say this? Like the "*Tale of Heike*" (a medieval lyric which relates the rise and fall of the Heike clan) states: "Pride goes before a fall," David Rothkopf looks back on history to remind the readers that the Roman Empire and the British Empire, both declined and eventually fell into ruin after commanding a position of a world power. He says that the United States is now behaving like the world center, and that this is precisely the most dangerous pitfall for the United States. He insists that if the United States continues to be that arrogant, it will certainly fall, as other empires have, and this will inevitably threaten the very foundations of the whole capitalist world with the U.S. at its headquarters.

David Rothkopf writes: "if we (Americans) do not recognize the costs of the hubristic interpretation of world affairs we have accepted during the past decade (that we are right and all others must play by our rules or founder), then we will be making it easier for a new generation of challengers to arise." It was this scathing criticism of the present U.S.-centrism that led the American columnist to give the warning about the "next Marx."

***'Marx's insights into Capitalism can still illuminate' (From a British newspaper)***

In August this year, the *Financial Times*, a major British newspaper, carried an equally interesting article by Niall Ferguson, professor at Oxford University and visiting professor at New York University in the United States.

On the present state of capitalism he first states: "...there are times when it pays even the most passionate believers in capitalism to heed the bearded Cassandra." Cassandra, a prophet of disaster in classical mythology, is Karl Marx in this context.

According to Ferguson, even though Marx, who predicted the advent of communism, "was ... a washout" as a prophet, ... Marx's insights into capitalism can still illuminate." He goes on to say that Marx's *Capital* is "[L]ong, verbose and abstruse, this ranks as one of the most unreadable books of all times". The foreign academic who I quoted earlier as saying that *Capital* was the most difficult book to read in the world is Ferguson. But Ferguson also emphasizes the importance of Marx's statement in the conclusion of the volume one of *Capital*, that as capitalism evolves, wealth will be concentrated into the hands of a very few capitalists and all the other people, including a large number of capitalists, will lose out. He states that Marx's critique of capitalism is relevant today," Ferguson added.

"Forget Marx's utopian prophesy that capitalism would be succeeded by socialism, with all property redistributed according to the workers' needs. The real point is that many of the defects he identified in the 19th century capitalism are again evident today".

Even a professor of economics at Oxford University and at a U.S. university, an academic, who proclaims himself to be pro-capitalist, finds it necessary to remind his peers that Marx's criticism is still valid.

**(2) Criticism of U.S. Capitalism Underlies the Sense of Crisis**

***"Washington's institutions" are rules of the rich***

The two articles published in the U.S. daily *Washington Post* and the British daily *Financial Times* present the view that the United States, now the only superpower after the demise of the Soviet Union, is acting like commander in chief of world capitalism, but that this fact is also the biggest cause of crises and contradictions that threaten the present-day capitalist world.

I said earlier that the *Washington Post* article was very critical of the U.S. arrogance demanding that the rest of the world come under American rules. The writer, Rothkopf, argues that some premonitory signs of the looming threat generated by the U.S. arrogance are now obvious not only in the "dissatisfaction of the world's poor" but also in the "frustrations of America's allies". Citing what diplomats and politicians from Latin American and European countries are saying, he points out the existing deep contradictions between the U.S. and its allies.

Then, the writer turns to the economy and points out that the harder the United States tries to impose its rules on other nations, the wider becomes the gap between

rich and poor, saying, "to say 'Washington's institutions' in most of the world is to speak of rich man's rules." He underlined that in those countries where wealthy family groups control industry and finance, corrupt politicians, elites and their close associates in the international financial community are becoming richer while the vast majority of the population who are being driven deeper into misery.

The author of the article cites figures given by a U.N. agency: "The total assets owned by the richest 358 people in the world have a net worth equal to the combined annual income of the poorest 2.3 billion." He meant to criticize the present-day capitalist world in which the gap between rich and poor have widened to an intolerable point.

Again, the writer who was a deputy assistant secretary of commerce under the Clinton administration and is now a corporate CEO, goes so far as to criticize the imposition of the rules of U.S. centrism in diplomatic and economic relations.

### ***Concentration of wealth in the tiny minority is what U.S. capitalism is all about***

Let's take a look at how British Professor Ferguson analyses the current situation in the article published by the *Financial Times*.

He also pointed out the growing economic gaps in society today as a major characteristic of U.S. capitalism. He cites the following numbers that show the state of concentration of wealth in the United States.

"In the last 20 years, there has been a significant increase in inequality in the pre-eminent capitalist economy, the United States. In 1981, the top 1 percent of households owned a quarter American wealth; by the late 1990s, that single percentage owned more than 38 per cent."

The "top one per cent households" means the wealthiest households that account for one per cent of the U.S. population. The 1981 figure showing that the richest one percent of households owning a quarter of America's wealth is proof of the considerable economic gap already dividing U.S. society at that time.

However, about 20 years later, in the late 1990s, the percentage of wealth concentrated in the richest one percent of the population rose to more than 38 percent from 25 percent in 1981, the highest ever since the 1920s.

Ferguson drew attention to the fact that the wealth concentration rate has increased as a result of the bubble economy and its burst. He says:

"...there is no question that the bubble economy of the last decade has brought about a quite astonishing transfer of wealth from one class to another: not from the working class to the bourgeoisie, but from one part of the middle class to another. To be more precise, from the sucker class (duped by stock investments) to the CEOcracy".

The word CEO (chief executive officer), which is now widely used in Japan, was brought from the United States, but Ferguson uses the term CEOcracy in a specific sense. By CEOcracy, he means a regime which is comprised of a group of

some privileged people as well as CEOs, who have free access to corporate top-secret internal information and opportunities to make a big fortune by manipulating the stock market. According to the testimony given by a responsible person at a U.S. Senate hearing, CEOcracy includes "lawyers, internal and external auditors, corporate boards, Wall Street security analysts, rating agencies and large institutional holders of stock" that have strong ties with top corporate executives.

When it comes to facing the need to do something to deal with a company which is on the brink of bankruptcy, CEOcracy will report a window-dressing and rig the stock market to sell shares they hold before their tricks are exposed. CEOcracy's sole desire is to profit from stock price manipulations. They don't care about what will happen to the company. Ferguson stated that a CEOcracy group manipulated the stock price of an energy company (Harken Energy Corporation), making colossal profits. U.S. President Bush, who was a member of the group, shrewdly sold 212,140 of his shares in the company before the rigging of the stock market was exposed and he made a killing of 849,000 dollars.

Referring to the U.S. criticism of Asian capitalism as "crony capitalism," Ferguson states:

"Back in the 1990s, 'crony capitalism' was the label smug Americans stuck to the former tiger economies in Asia. But if ever there was a crony capitalist, it is the current U.S. President."

### *Again on Marx's 'Capital'*

In Ferguson's view, U.S. capitalism has been debased by a tiny group of people who took advantage of the bubble economy and its burst to amass wealth. However, Ferguson's conclusion was not "Workers of all countries, unite!" for a new society. His message would be "Rise, believers in duped capitalism, and reform the system!" It is noteworthy that even an economist like Ferguson recognizes U.S. capitalism, which is the boss of world capitalism, is in decay and that Marx's critique of capitalism proves to be so insightful that it can be used as a critique of the present ugly state of capitalism.

Ferguson, criticizing the present state of U.S. capitalism, employed Marx's analysis in volume one of *Capital* of the accumulation theory describing the concentration of wealth into the hands of a small minority and the expropriation of the mass of people in the society including many capitalists. However, I'm sure that, if Ferguson had not given up reading after volume one of *Capital* and read through Volume three he would certainly have been in agreement with Marx's analysis of the credit theory and would have been tempted to quote it as well.

Although joint-stock companies were still in their early stage of development when Marx wrote *Capital*, he already foresaw that the joint-stock companies would become a "whole system of swindling and cheating" involving states. He wrote:

"It establishes a monopoly in certain spheres and thereby requires state interference. It reproduces a new financial aristocracy, a new variety of parasites in the shape of promoters, speculators and simply nominal directors; a whole system of swindling and cheating by means of corporation promotion, stock issuance, and stock speculation" (*Capital*, Volume III, Part V, Chapter 27).

I think that all the characteristics of capitalism in decay, which Marx predicted at the time, are present in the United States in the sharpest form ever. It is not a coincidence that the two articles published in the United States reached the point of criticizing the heart of the decay of the capitalist system.

### **(3) The 21st Century will be a Century in which Continued Existence of Capitalism will be Called into Question**

#### *U.S. centrism is now a source of crisis of world capitalism*

In my speech at the Akahata Festival last year, I took up the issue of the global environment in order to prompt the audience to think about the fate of capitalism in the 21st century. I made the following points in my speech entitled "21st Century and Scientific View":

- The Earth, which came into being 4.6 billion years ago, has undergone environmental transformation in the last three billion years to become what it is today, with activities of living things, which were born 3.5 billion years ago, having largely contributed to this long process.
- This was a long process which produced the atmosphere in its present composition, ensuring the activities of living things on earth with the ozone layer protecting life from the destructive effects of ultraviolet rays. All this has played the role of life-support devices for all living things, including humans.
- These natural life-support devices are now being destroyed by activities based on profit-first capitalism and the savage concept "after me, the deluge," which has prevailed in the last dozens of years.
- These phenomena represent the fatal defect of capitalism's inability to manage this planet, and it will be inevitable that the 21st century will experience historic upheavals, through which capitalism will be overcome.

There are many other problems that also make us believe that capitalism is no longer durable; problems indicating that capitalism will be on the brink of being called into question in the 21st century.

The serious depression or economic recession facing Japan and the rest of the present-day world is one such problem. Despite the struggle over 100 or even 200 years to pull itself out of this contradiction, capitalism has not been able to reach the stage of stable development free of economic recession or depression.

On this planet, where about six billion people live, the widening gap between rich and poor is also a global problem. Several billion of them, mainly in Asia, the Middle East, Africa, and Latin America, live in dire poverty and many are starving. If capitalism, which is historically responsible for the immiseration of these people, is incapable of finding a solution to this problem. This incapacity of capitalism constitutes one of the factors that will endanger the survival of capitalism in the 21st century.

These are the points I have discussed concerning a vision of the 21st century during the past year. But as I read the two articles I quoted from the U.S. and

British newspapers, it came to my mind that we need to look at the tyranny of U.S. centrism as a factor in the crisis of the world in the 21st century.

### ***High-handedness of U.S. unilateralism is a world problem***

Look at world politics. At issue is the Iraqi problem. This is so because the United States is threatening to launch a pre-emptive attack on Iraq in defiance of international opinion and in complete disregard of the rules established by the United Nations. Powerful actions in protest against U.S. unilateralism are taking place in countries in Europe, the Middle East, and Asia.

The international community which we live in is a community made up of about 200 countries, and they are on the same planet. If we are to manage peacefully this community made up of so many countries, we need international rules for every country to adhere to. At the center of the international rules is the U.N. Charter, which is universally accepted.

During the more than a half century after World War II, we all have lived under the U.N. Charter despite zigzags we often experienced. In wars of aggression, the aggressor would always break provisions of the U.N. Charter. And each time such violations occurred, the international community demanded that the rules be duly applied and that those who broke them were exposed to the international criticism they deserved.

At issue with regard to U.S. unilateralism is that the Bush administration is arrogantly defying the U.N. Charter. It has declared that it will not abide by the rules established by the U.N. Charter if the supposedly vital U.S. interests are at stake. It specifically refers to the plan to carry out a pre-emptive attack on Iraq.

The U.N. Charter allows a nation to use force against another only in self-defense.

President Bush claims that the United States has the right to attack Iraq even if it has not been attacked by Iraq, the reason being that Iraq poses threats to U.S. vital interests. However, a pre-emptive strike can't be justifiable as an act of self-defense. If any country has the right to unilaterally launch a war against a country and destroy it because it does not like it, the world would become a lawless place in which nations have no rules to rely upon. If this is the new rule the United States wants to impose, it is nothing less than the crudest form of tyranny of U.S. unilateralism and hegemonism.

The articles, which I mentioned earlier, severely criticized the United States for continuing to interfere in various parts of the world in its attempt to dictate the world to follow U.S. capitalism, not only in international politics but in running the economy. In Japan, the "early disposal of banks' bad loans" is the priority task but its speed-up is a major source of the deepening the economic recession. Again, this policy can be traced back to the demand that U.S. President Bush made on Prime Minister Koizumi.

All this shows that the high-handedness of the United States has become uncontrolled and uncontrollable both politically and economically. "Justice" which U.S. unilateralism seeks in the economy denotes the profit-first policy of large

U.S. corporations. The current U.S. moves go against the historical trend of the 21st century and therefore has no future.

I note that at this moment, a person who in the United States stands for the view opposite to Marx and a British economist who proclaims to be an enthusiastic believer in capitalism have argued about the danger of the United States behaving as the headquarters of world capitalism, and singled out the corrupt characteristics of U.S. capitalism as one of the sources of worldwide crisis. I would say that their critiques raise a very important question that has a bearing on the course of the 21st century. Also, I find it interesting that they both seek theoretical guidance from Marx and praise Marx's analysis of capitalism.

Isn't this a solid evidence that Marx's "scientific view" offers the best insight for envisaging the world in the 21st century?

### III

## THINKING ABOUT SOCIALISM IN OUR FUTURE

### (1) Chinese Way of Nation-building

#### *From my visit to China*

Let's move on to the issue of socialism. When we study worldwide problems of socialism, we cannot confine ourselves to thinking about it theoretically. One of my self-imposed tasks is to go back to statements Marx, the great forerunner of a "scientific view," made to ascertain what he said and what he didn't concerning socialism and communism. In this kind of project, we study the theoretical legacies. But it is also important to know the realities of countries that are seeking to establish socialism; their present positions and goals.

This past August, I visited China. It was four years after my last visit in July 1998 following the normalization of relations between the Japanese Communist Party and the Communist Party of China.

My five-day stay in Beijing, from August 26-30, turned out to be very significant. Hoping to share what I experienced over there with everyone, I wrote for the daily *Akahata* a series of articles entitled "Five Days in Beijing" in 44 installments. I started writing this series because I thought that a reporting -style of writing would not be able to convey effectively what I discussed with Chinese friends, and what I saw and felt in China. This is why I made an attempt to write in what can be called a non-fiction or documentary style. A good part of the results of my recent visit is available in this series. So today, I want to begin my talk about socialism by discussing the economic aspects of Chinese society; its present state, its path toward socialism, and its vision.

#### *China maintains a strategy of a socialist market economy*

China is a large nation with a population of 1.3 billion. It's in the middle of a period of rapid economic growth that is drawing attention from various parts of the world.

As I was preparing for my China visit, a *Sekai Shuho* (World Affairs Weekly) magazine article written by a researcher of the China Center for Economy of a pro-business think-tank caught my attention. In analyzing the present state of the Chinese economy, he made the following forecast:

"It is more than possible for China to maintain an annual growth rate at 6-7 percent on average over the next 20 years. Generally speaking, it is highly likely that China will overtake Japan in terms of the economy at some point between 2020 and 2025, and become the second largest economy."

If this forecast becomes true, the state of Asia and the rest of the world in relation to China will greatly change. With China's population being about 10 times Japan's, the Chinese economy as expressed in gross national product per head would be one tenth Japan's even if China catches up with Japan. It would not be correct to say that China has attained a higher stage of development. But if China catches up with or overtakes Japan in economic terms, China's status in Asia and the world will instead change substantially.

I think that China maintains a strategy for the economic aspect of its nation-building using a very steady perspective.

During the Mao Zedong era from the 1950s through the 1970s, there was a tendency to, so to speak, run too fast on the way of social development, as was shown by the "Great Leap" and the "People's Commune" movement. At the time, China's objective was to reach the stage of communism, a higher stage of future society.

That is not the case with China today. According to China's strategy, the task now is for China to reach an "elementary stage" of socialism. This is the strategy established in the 1978 Congress of the Communist Party of China. They explained to us that it would take 100 years for China to complete this "elementary course." How long-sighted their plan is! China sets an interim goal of becoming a middle-income (medium-developed) country in 50 years.

What path do they intend to take to achieve their economic development? This question was dealt with 10 years ago. The CPC Congress in 1992 adopted a strategy to achieve "socialism through a market economy."

Also Vietnam, China's neighbor, adopted a policy called *Doi Moi* (innovation) at the Communist Party of Vietnam Congress in 1986. *Doi Moi* can be taken as the Vietnamese version of the course toward "socialism through a market economy."

On China and Vietnam adopting a market economy for their economic development, many commentators in Japan and abroad argued that both countries were replacing socialism with capitalism. I think that they were jumping to a wrong conclusion. They had a firm misconception that the market economy is only pertinent to capitalism. China's and Vietnam's efforts present us with a research subject that needs careful study to find out what significance their projects have as a quest for socialism, free from such fixed misconceptions.

## **(2) Lenin's Concept of Market Economy and Later Development**

### ***Lenin first rejected market economy***

The relationship between socialism and the market economy is a very contemporary issue, but the Soviet Union's experiences under the leadership of Lenin will be very helpful for its analysis.

Before writing "Marx and *Capital*," I wrote a series of articles entitled "Lenin and *Capital*" for *Keizai* magazine, in which I made an in-depth study to discover how Lenin struggled over the issue of socialism and the market economy.

During my recent visit to China, I was asked by the Chinese Academy of Sciences to give a lecture. As I had been told that some wanted me to take up the issue of the market economy, I chose the theme "Lenin and the Market Economy." The text of my lecture was made available to *Akahata* readers (September 4 issue). In thinking about the development of the current of socialism in the world today, what was experienced in the Lenin era is really worth reading.

Although Lenin was a revolutionary socialist of great genius, he did not know everything from the outset. Especially concerning the issue of building socialism, his path to build the economy zigzagged.

When the Soviet government was established in October 1917, Lenin's objective was to establish an economic system that would give the state the power to control the production and distribute products to the people. It was a system modeled on the wartime economy established in Germany during World War I.

During World War I, Germany built a state-led war economy, earlier than any other nation, to meet the war needs. Lenin learned of this while he was living in exile in Switzerland. He argued that if capitalists can run the economy according to plans on a national scale to their benefit, there is every reason to believe that a socialist government can do the same thing for the benefit of workers and the people in general, and that this is proof of socialism being imminent and realistic as well.

This experience must have made a strong impression on him. When he set out to create a new economic system following the October Revolution, Lenin followed a model of Germany's war economy and put into practice the policy of putting production under state control and organizing a network to ration products. As the Soviet government soon had to wage war against outside interference and the forces of counter-revolution from within, the Soviet economy worsened and this economic policy went too far, even forcing farm products into the state system of requisitioning and rationing. This is the system which later came to be called "war communism."

Under this system, the market economy which gives producers freedom to trade their products is an obstacle to the effort to build a socialist system. At the time, Lenin devoted his energy to writing articles denouncing the market economy under socialism. Arguing that a *lassaiz-faire* policy toward small producers and the market

economy will provoke capitalism into reviving, he called for being on the alert for such a danger.

### ***A major policy switch to the use of a market economy***

What was called "war communism" was very high-handed and impossible. The people endured it while Russia was waging war against outside intervention, but after the interventionists were defeated and peace was restored, voices arose in opposition to "war communism," mainly from among the peasants, who said they cannot endure it any longer.

This new situation was a problem Lenin tried to solve. After carefully considering how to deal with it, he arrived at the conclusion that the forward-looking solution would be to change his attitude to accept the market economy. In October 1921, he finally decided to adopt it and began to implement the decision.

However, the Russian Communist Party meeting held to discuss the policy change apparently was very difficult, because until then, the basic policy of the RCP had been one of denouncing the market economy as a very bad system. When the new approach was proposed by Lenin, there were many RCP members who were reluctant to support it. One member said, "They didn't teach us to trade in prison." Another questioned: "How can the communists be forced into trading?" Lenin had to straighten out the debate by explaining how the new policy is reasonable and eventually persuaded the opponents into accepting it. The records of these discussions are included in Lenin's Collected Works.

Now that the new direction was set, Lenin developed his policy from one of passive acceptance of the market economy to one of using the market economy to make progress toward socialism. Lenin summarized all this in what was later called the "New Economic Policy" (NEP), which can be described as a plan to build socialism as competitive as capitalism with the market economy.

The analyses and plans hammered out by Lenin at the time offer us some important ideas that are useful in considering the issue of advancing "to socialism through the market economy."

### ***Stalin demolished the road developed by Lenin***

If Lenin's plan had been maintained, the Soviet Union later would have made a difference in developing its society.

History did not allow Lenin to implement it. In March 1923, only one year and a few months after the shift of policy to a market economy was hammered out, Lenin was forced to stop all political activities when he was seriously taken ill. Lenin died in 1924 and Stalin took over the party leadership.

Five years later, Stalin called off the NEP launched by Lenin as a major nation-building strategy and imposed a reckless policy of forcing the peasants into collective farms in 1929 and 1930. Dissident peasants were sent one by one to Siberia. Stalin admitted that millions of peasants fell victim to this policy. The collectivization of agriculture, coupled with the territorial expansion that followed in foreign policy (annexation of Poland and the three Baltic states under a secret

agreement in 1939 with Hitler), marked a turning point at which the Soviet Union, swerving from the course of socialism, began to change itself to a repressive society.

Thus the new road to "socialism through the market economy" developed by Lenin was ended in a few years and the Soviet Union never returned to it.

### ***Losing the measure called market economy***

In the Soviet Union, the economy that emerged in the course of a debasement grew repressive and the economic system that threw away the market economy turned out to be very incompetent.

As Marx analyzed in *Capital*, the market economy is efficient in many ways. For example, there are different forms of human labor, such as simple labor and complex labor. Their values are properly determined by market forces. The market economy also offers the measure for evaluating not only labor, but also economic activities of enterprises. Just think of the Japan we live in. Products cannot attract the consumer market if they are of poor quality, inconvenient, or costly. The best measure of economic activities of enterprises is the market.

Since the Stalin era, the Soviet economy, which rejected the market economy, was without this measure for economic activities. It instead widely used the weight of products or their raw materials as the measure. This means that the heavier the products, the better the job performance. How irrational this measurement is!

This is not just my personal criticism; Khrushchev, who became the Soviet leader after Stalin, many times expressed anger at the irrationality of the "weight-first principle" in his speeches and reports to the Central Committee meeting of the Communist Party of the Soviet Union. He made the following points:

- Why do we produce heavy chandeliers in the Soviet Union? No one may want to use heavy chandeliers. We still keep making heavy products. Why? Because the heavier they are, the better rated they are.
- Why do we attach heavy iron seats to machines? Because it increases the amount of iron consumed, which means an extra bonus.
- Who is responsible for such a nonsense? We must replace it with something more reasonable."

This is how Khrushchev expressed his anger. But, it was not easy to find a reasonable alternative that would replace the market economy.

We once witnessed in Vietnam a damaging effect caused by the Soviet-type economy with its "weight first principle." In the late 1970s, after the Vietnamese people defeated the U.S. in its war of aggression and restored peace, we sent in an economic research team to Vietnam. At a farm, they had a chance to see the farmers working with a rice planting machine. It was a gift from the Soviet Union. The farmers were using it with care, but the machine made under the Soviet Union's "weight-first principle" was so heavy that it sank in the muddy rice paddy. The farmers did not want to waste the precious gift. So they attached a pair of floats on

both sides of the machine. The machine then worked without sinking. This time, however, the floats on both sides pressed down the rice that had just been planted. In the end, they had to give it up.

That was what happened in the late 1970s. Even 40 or 50 years after Stalin threw away the NEP and 20 years after enraging Khrushchev, the "weight-first economy" was active enough to damage the Vietnamese economy.

When I referred to this episode in my lecture in Beijing, the Chinese audience laughed as you do here. Laughter really is universal.

This is where the Soviet economy reached as a result of its rejection of Lenin's NEP.

### **(3) What I Saw and Discussed in China**

#### ***Some of China's efforts overlap what the Soviet Union experienced during Lenin's era***

In comparing the history of Lenin's challenge with the market economy and the course which China has followed since the 1949 revolution. I find them overlapping in some interesting points. It would be safe to say that China, after experiencing many zigzags during the 40-odd years after the victorious revolution, is entering a phase similar to the time when Lenin proposed the NEP.

The Mao Zedong era, in particular before and after the outbreak of the "Great Cultural Revolution" in the 1960s, in a sense had a tint of "war communism."

Under "war communism" Lenin insistently argued that small producers were the hotbed of capitalism; the introduction of the market economy would mean allowing capitalism to thrive again. In order to shift to the NEP, he had to break with these arguments.

In China, Mao Zedong led similar arguments in the 1960s, warning that small producers, with their natural procapitalist inclinations, are trying to seize every opportunity to embark on the road of capitalism and that this will give birth to "capitalist roaders in power." This argument led him to adopt a policy that the main task of the revolution was a class struggle against the "capitalist roaders." He first believed that the class enemy, vis. "capitalist roaders," existed in rural districts. Later, he began to warn that they existed within the Communist Party of China. This argument was translated into a struggle to overthrow the party's leading members. The "Red Guards" were mobilized in the struggle known as the "Great Cultural Revolution."

The present Chinese concept that includes the "elementary stage of socialism" or the "socialist market economy" was worked out as the new direction of nation-building efforts by burying the historical mistakes. In this respect, the Chinese course of development is based on the awareness similar to one Lenin maintained when he decided to shift from "war communism" to the NEP.

### ***Challenges of our time offer new favorable conditions but face new difficulties***

There are differences in approaches to the market economy between Lenin's era and present-day China due to differences in history.

One major difference may be relations with foreign capitalism.

When he worked out the NEP, Lenin welcomed foreign capital's participation. He thought of offering various concessions to foreign capital in order to receive assistance in technology and development in return. Another major purpose of the "concession" policy was to learn from foreign capital how to do business.

In Lenin's era, however, few foreign capitalists showed willingness to respond to Russia's invitation to do business in the country. At one point, Lenin negotiated with Washington Vanderlip, who came to Russia claiming to be representing the U.S. business circles. This man in truth was a mining engineer and had no authority.

By contrast, China and Vietnam are attracting big capital from Europe, the United States, and Japan. These two countries are facing an enormous and challenging task to deal with such powerful capitalists, learn from them while competing with them without being engulfed by them, and construct socialism as competent as capitalism in the market economy.

China and Vietnam are now aiming to get through the road toward "socialism through the market economy," a road no one has ever got through. As those who are devoted to the cause of social progress in Asia, we will attach importance to further studying every step these countries take in their attempt.

### ***New form of corporate grouping I saw in China***

In this respect, what caught my attention is how China and Vietnam maintain the direction toward socialism without being taken in by capitalism. Particularly, I am interested to see how they are trying to make the socialist sector capable of displaying strength in the market economy to compete with capitalism.

As I said, my recent visit to China came four years after my previous visit in 1998. Many people pointed out that an interval of four years was too long. I always replied, "There were 32 years between my first (1966) and second (1998) visits, and only four years between my second and third visits, the interval being eight times shorter.

One of the things that showed a big difference was the state of the socialist sector.

Four years ago, the industrial site I had a chance to visit was a petrochemical complex. It was an outdated, state-owned enterprise which had been in operation for many years. At the time, the management had a hard time adjusting themselves to the newly introduced market economy, in which they had to decide what to do with workers facing redundancy.

During my recent visit, I had a chance to see some completely new forms of

corporations in the public sector operating vigorously in the market economy.

In the Zhongguancun district of Beijing, there is a science park in which more than 10,000 high-tech companies and research institutes are operating. Often referred to as the Chinese Silicon Valley, the science park is giving birth to many new enterprises. Venture firms have been set up by researchers or engineers who studied abroad. They are, of course, private companies.

There are unique forms of public enterprises in the district. For instance, there is a corporation established by the Chinese Academy of Sciences, which is a government agency. It's a public corporation called "Lianxiang," which was set up mainly by scientists and engineers working for the Academy of Sciences. Similar public corporations in the high-tech industry packed in this district include Beijing University's "Beida Gangzheng" and Qinghua University's "Qinghua Tongfang."

They have achieved a rapid growth. The Lianxiang group has expanded its business abroad and has become one of the world's top high-tech corporation.

Although I didn't have enough time to look into their operational structures, I was quite impressed by the energetic development they are achieving, using the market economy.

### ***Summing up my lecture in Beijing***

In China, which is in the middle of such development, I gave a lecture on the market economy.

To be sure, work to construct a socialist market economy is a task being dealt with by the Chinese people. I am not taking part in this effort, nor am I not well-informed about China's activities in this area. As I said, I felt the new vigor of Zhongguancun. To tell the truth, however, I gave the lecture on August 27, my second day in Beijing; it was the day before I visited Zhongguancun. So when I spoke at the Chinese Academy of Sciences, I had no first-hand experience with activities in the science park.

I asked myself: On what grounds was I warranted to discuss socialism and the market economy before a Chinese audience? For one thing, I had done a comprehensive study on our great predecessor, Lenin's theory of the market economy, which is a major issue in China today. For another, I have good knowledge of the "capitalist market economy," although I have no experience with a "socialist market economy." I have lived with the capitalist market economy, so I know both the bright side and dark side of our economy, perhaps more about dark sides than bright sides. From this point of view, I thought I would be able to discuss something helpful for our Chinese friends.

In the lecture, I discussed the topic from various angles. One of the questions I dealt with was: "What is needed for a market economy to be a successful way to socialism?" The market economy can be used in two ways of development. Historically, it has served as the path of development of capitalism. In other circumstances, it could provide a path of development toward socialism. This is the new task we face today. To make that happen, it is necessary to secure the conditions for success. In the lecture, I summarized Lenin's key arguments on this

issue in the following three points:

First, the socialist sector needs to be as strong as capitalism in the market competition. Keeping this in mind, it is necessary to learn from capitalism. On this question, I quoted two interesting slogans projected by Lenin. To do so, we must learn everything possible from capitalism. In this regard, I referred to two interesting slogans hammered out by Lenin.

One is: "To be able to trade is not enough; you must be more skillful businessmen than European businessmen." By this, Lenin meant that participating in the market economy merely for trading is not enough. He was stressing the need to become first-rate businessmen comparable to the experienced European businessmen.

The other slogan is, "Test through competition between state and capitalist enterprises." He was not talking about inspections carried out by the Communist Party's control commission - which is similar to the JCP's Disciplinary Commission - or by the government department for the oversight of workers and peasants. What Lenin called for was the market to test performance and for a socialism to be built that can pass the test of the market.

These are the slogans Lenin used to promote the NEP. I think these slogans are relevant today.

The second point I made concerned Lenin's suggestion that the "commanding heights" is important. "Commanding heights" is a military term of the time and unfamiliar to many in present-day Japan. In the past, attacking each other with cannon was what war was about, and occupying the heights that command the entire battlefield was decisive in winning the war. By controlling the "commanding heights," he meant putting the battlefield under control and maintaining superiority in war.

This being the original meaning, the term "commanding heights" came to be used in everyday life. Lenin used it to argue that the NEP needs to be geared toward socialism.

In order not to lose sight of the direction toward socialism in the market economy, it is essential to put the "commanding heights" under the control of socialism. This was what Lenin meant by the "commanding heights."

What are the "commanding heights" in the economy then? Lenin explained that securing the "commanding heights" mean the socialist state's control over the greater part of the means of production in the industry and transportation. But its specific expression will vary depending on the time and conditions.

The third point I made concerned the need to protect society and the economy from the negative aspects of what the market economy might bring about. We in Japan know too much about the negative side of the market economy.

The market economy is by nature anarchic and market competition is ruled by the law of the jungle. This is the cause of the problems of corporate restructuring, unemployment, and the social gap between rich and poor.

Mammonism and various forms of corruption always go with the market economy. In order to achieve a sound economic development in the market economy, it is essential to use some mechanisms to socially regulate these negative effects, including improvement and development of social services.

Even in the capitalist market economy, various preventive measures have been taken against such negative effects. The "Factory Act" that limited the working-day (in *Capital* Marx welcomed it) was the first measure achieved by workers' struggles against negative phenomena in society. This marked the beginning of a long history in which the social regulations have been established in many areas, including social welfare.

In China and Vietnam, the market economy has just been reintroduced. They have embarked on a market economy without adequate social regulations. This makes the effort to establish such regulations particularly important.

Pointing out that at issue in the present-day world capitalist system is a choice: accept the market economy as panacea or establish a market economy with social regulations, I expressed my desire that the countries on the road to socialism through the market economy would demonstrate the superiority of socialism in this area as well.

### ***Relationship between market economy and socialism has an important bearing on the future of Japan***

In Beijing, I exchanged views on the market economy, including a lecture at the Chinese Academy of Social Sciences. In fact, we cannot dismiss this question as a foreign matter; it has an important bearing on Japan's future.

One of the questions frequently asked concerns the relationship between the market economy and the future Japanese road to socialism. Our answer to this question is clearly stated in the *Manifesto on Freedom and Democracy* (adopted in the JCP 13th Extraordinary Congress in 1976). *The Program of the Japanese Communist Party* also sets out a policy of "combining a planned economy and a market economy." It means that Japan will seek to achieve "socialism through a market economy."

In Japan, we should carry out a democratic reform of the economy before proceeding to socialism. Reform in the market economy will be devoted to creating something new through establishing rules and democratic regulations aimed at protecting people's living conditions and basic rights.

In the future, if the people decide to choose a socialism, it will initially be through a market economy.

Roughly speaking, in the first step in the development, a new type of sector with a socialist character will come into being in the market economy. If it proves to be more rational and superior than capitalism in specific points in the actual market economy, the socialist sector will increase its weight and capabilities.

This process may take a form and course unique and peculiar to each country, but I think that the general path "toward socialism through a market economy" will be

shared by most of the countries in the world.

In that sense, I would say that the new challenge of China and Vietnam has global significance. As their neighbor and as a person who envisages a new society for the 21st century, I will keep my eyes on how China and Vietnam continue to develop.

#### **(4) Some Theoretical Questions**

A variety of experiences I had in China raised some theoretical questions concerning socialism. They include questions I had kept in mind, but my recent visit to China has inspired me to study them more.

##### ***On socialization of the means of production***

One is the question, "What is a socialist economy?" The JCP Program defines that a socialist economy is characterized by the "socialization of the means of production."

Let me explain more about this definition. In the capitalist economy, factories and machines, which are the means of production, are operated collectively by workers, who serve the entire society and the people. In that sense, although the means of production already has taken on a social character, it is not under social ownership, but owned by individual capitalists who are motivated to run factories and the economy by the quest of larger profits, not by the desire to serve the public interests. We call it a profit-first principle, which lies at the root of various contradictions inherent in capitalist society.

The socialization of the means of production is there to solve these contradictions. The factories and machines, that is, the means of production, which are in effect operated collectively by workers throughout society, must come under social ownership. This concept is aimed at promoting the rational development of the economic system of the society and constitutes the essence of socialism.

If so, then, what does social ownership of the means of production really mean? This in fact is a major question.

In the Soviet Union, "nationalization" establishing state ownership of factories and machines was considered as the "socialization of the means of production" in a socialist economy.

Is "nationalization" of the means of production sufficient to realize socialism? In my view, this represents the misconception that caused the failure of the Soviet Union because it built a society that had nothing in common with socialism in spite of its claim to being a socialist country.

Marx was not such a simple-minded person that would argue that a transfer of control over the means of production to the state through nationalization will achieve socialism.

In *Capital*, Marx argued a lot about socialism and communism. He repeatedly emphasized that the social ownership of the means of production is essential in socialism and communism. But nowhere in *Capital* did he explain that "Socialism

means state ownership of the means of production."

Then who did Marx say holds the means of production? He said, "associated workers" do. I said that even under capitalism, workers form groups to operate the means of production instead of doing work individually in large-scale industries using machinery. In other words, "associated workers" actually run factories. These associated workers are the key players in productive activities, but they are not treated as the main players in the economy. The need is to change it to make these "associated workers" have a grip on the means of production as the key players of productive activities in the real sense of the word. This was precisely what Marx characterized socialism as "socialization of the means of production."

In *Capital*, Marx also describes the socialist or communist economy as the associated mode of production, because the associated producers hold in their hands the means of production.

Nationalization could be an important step as a concrete form of "socialization of the means of production," but there can be a variety of other forms. In future historical developments, the "socialization of the means of production" can be realized in a form other than nationalization.

Whatever the forms may be, the principal standard for identifying a form as socialist must be whether "associated workers" are playing the main role or not. If bureaucrats keep everything under their control and repress workers, the key players of production, in the name of "socialization of the means of production" and "socialism", such a system cannot be called socialism.

If you think more about it, you will be able to grasp the features of socialism.

***Soviet Union was a repressive society that had nothing in common with socialism***

It is true that the Soviet Union under Stalin "nationalized" the industry and "collectivized" agriculture. Stalin and his associates as well as his successors claimed that the Soviet Union was socialist because the means of production was "socialized".

But if the producers were truly the main players, their society could not be repressive. As I expounded in my report on the JCP Program in the JCP 20th Congress in 1994, in the Soviet Union the means of production was controlled by a group of leaders of the Communist Party led by Stalin and his closest bureaucrats. What about the producers? The industrial workers were deprived of the rights which are common in most capitalist countries, and the farmers were forced to work on collective farms without freedom of movements or travel even within the country. Moreover, the entire society was full of fear that people may be sent to concentration camps arbitrarily, depending on the temper of the rulers. This was what the Soviet Union was about. Such a repressive society can't be a socialist society where "associated workers" are treated as the main players. In my report on amending the JCP Program in the JCP 20th Congress (July 23, 1994), I analyzed the Soviet Union and I concluded as follows:

"It is true there was (in the Soviet Union after the beginning of Stalin's era)

'nationalization' and 'collectivization' in form, it did not mean the transfer of the ownership of the means of production into the hands of people, nor anything by which the people could approach this ideal. On the contrary, this contributed to building the basis or the economic foundation of an autocratic and bureaucratic system in which Stalin and other leaders had all the economic power, with the people excluded from economic management."

"Socialism stands for the liberation of humankind as its prime ideal, and aims for a society in which the people become the masters. It is crystal clear that a society in which the people are oppressed and excluded from economic management both in industry and agriculture, and which is supported by millions of prisoners doing forced labor is neither a socialist society, nor a society in transition to socialism."

A genuine "socialization of the means of production" must not come under the control of bureaucrats. The "associated producers" who use the means of production should be the main players of the economy at individual factories and at the national level. This is the general direction set out by Marx for socialism.

What will the economy with the "associated producers" as the main players be like? What form will enterprises take? On this question, we cannot and should not present specific blueprints.

Marx gave us the general idea of need to seek for the "socialization of the means of production." He also set forward the concept that the "associated producers" will play the main part in this quest. But he strongly admonished those who would try to draw blueprints of specific forms of individual enterprises or of the national economy. He was well aware that it is a task to be dealt with by future generations in accordance with changes in circumstances and by relying on their experiences and wisdom, and that any attempt to prepare blueprints or instructions beforehand will only obstruct social progress. I want to draw your attention to this "scientific view" Marx used to recognize things in depth.

That being what I kept in mind in visiting China, my experiences at the Zhongguancun science park, which I mentioned earlier, were very interesting. Side by side with the traditional state-run factories, a new types of public enterprises have been established by such institutes as the Chinese Academy of Sciences, Beijing University, or Qinghua University. At these enterprises, in which researchers and engineers are apparently playing the main roles, performance is at the forefront of the high-tech industry. Engineers and researchers here are an important part of what Marx describes as "associated producers." These enterprise groups are full of youthful enthusiasm and vigor.

In the *Five Days in Beijing* article I wrote my impressions of these new enterprise groups as follows:

"As the Chinese Academy of Sciences, Beijing University and Qinghua University all form part of government, they are without doubt under quasi-public ownership, although I'm not sure whether they are wholly owned by the government. Unlike state-run enterprises in the former Soviet Union, they are not groups of bureaucrats sent in from outside; their entrepreneurship and management are led by researchers and engineers. The main force of

management is young people.

How will these enterprises develop? Most parameters are still unknown. There will be rapid advances as well as setbacks. But here is a new interesting issue which catches my attention. Thinking about this, I headed for the next place of the visit, the state guest house 'Diaoyutai'."

I think these new developments offer interesting subjects of study. Various forms of enterprise aiming for socialism are established in the melting pot of the market economy. Some of them may take solid roots to thrive and continue to grow through tests of the market economy. Others may fail and disappear. Various forms of "socialization of the means of production" will be tested and efficient forms will be discovered. This process may be an important characteristic of the course of development through the market economy toward socialism.

### ***'Progressive work of time' (Marx) toward socialism***

There is an interesting writing by Marx concerning the process of development from capitalism to socialism. He predicted that it will be a fairly long process after a victorious revolution.

It is included in a draft of *The Civil War in France* (1871), in which Marx stated that it would take a fairly long time for "the laws of the social economy of free and associated labor," the laws of the social economy under socialism and communism, to replace the "natural laws of capital" and start working with the "spontaneous action".

In the draft, Marx compared the transition from capitalism to socialism/communism with social transitions in the past. Transition from slavery to feudalism needed a long process, as did the transition from feudalism to capitalism. Equally, he argued that the laws of the capitalist economy can only be superseded by those of socialism and communism, "a long process of development of new conditions" (*First Draft of The Civil War in France, Collected Works Vol. 22, p. 491*).

This writing shows clearly that Marx was free of thinking such that a socialist government established as a result of a revolution would change overnight the capitalist economic system into one of socialism. In the same passage, he also said that the change in the economic system would be nothing but a "progressive work of time" (op.cit. Page 491).

This time-consuming process naturally includes the task of overcoming the resistance of the old ruling class that clings to the old regime, but there's no doubt that he also had in mind a long process in which a new economic form takes root in society through due tests, thus developing its "spontaneous action." This writing reminds me of the "scientific view" Marx maintained.

The "long process" in which human society makes advances toward socialism by no means presents a uniformed, gray picture. The form of the economy and enterprises will differ from country to country according to different conditions. It will be a world in which competitions will develop for richer creativeness.

Progress toward socialism is a process that should be pursued with peoples' wisdom and effort; it is not an artificial process to adjust the economy according to a borrowed blueprint. Marx was the one who knew this better than anyone else.

### ***Guidelines for 21st century people***

Some say that Marx offered an insightful critique of capitalism, but as a communist prophet, that he was a "washout." Others say that the collapse of the Soviet Union proved that Marx's blueprints of communism were a failure. These views have been fashionable at different times. The British and American critics, who I referred to at the beginning of this lecture, fell in line with these fallacious views that depict Marx as a failed prophet, while expressing sympathy with his critique of capitalism.

But, as I have just said, no argument is more unreasonable than the one that cooks up "blueprints of communism" as a work of Marx, and then argues that Stalin's Soviet Union was an application of Marx's blueprints.

Marx was well aware of the laws of social development better than anyone else. Marx was more critical than anyone else of any attempt to try to draw blueprints for the future of human society, saying that it would obstruct social progress.

With this point in mind, if you now read *Capital*, you will realize that the book provides sufficient guidelines for an accurate analysis of the critical contradictions of capitalism, exposing fatal defects that would put its viability in question in the 21st century, and at the same time offering hope for a future socialist society in the 21st century.

I would like you to read *Capital* again. Although it was written in the 19th century, you should read it from the viewpoint of 21st century to gain new insights. With this, I conclude my talk.

Thank you for your attention.

( E N D )