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**Remarks in Beijing**

by

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JCP Central Committee Chair

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*Japanese Communist Party Central Committee Chair FUWA Tetsuzo visited China from Aug. 26-30 at the invitation of the Communist Party of China. In Beijing, he held a summit meeting with CPC General Secretary Jiang Zemin (president of China) to discuss a wide-range of international issues and gave a lecture on "Lenin and the Market Economy" at the Chinese Academy of Social Sciences.*

# REMARKS AT JCP-CPC SUMMIT

*By JCP Central Committee Chair FUWA Tetsuzo*

*Japanese Communist Party Central Committee Chair FUWA Tetsuzo and Communist Party of China General Secretary Jiang Zemin (Chinese president) held summit talks on August 28 at Zhongnanhai in Beijing. Following is the translation of the gist of remarks Fuwa made at the summit (as reported in the September 5 issue of Akahata) :*

*After exchanging greetings, CPC General Secretary Jiang Zemin said, "Welcome to China. This is my third meeting with JCP CC Chair Fuwa. The international situation has greatly changed since we last met. May I ask you first to state you views?"*

*JCP CC Chair Fuwa made the following points:*

## ***Northeast Asia calls for peaceful relations to be established between Japan, China, and the Korean Peninsula***

**Fuwa:** I used our 1998 meeting, which was held shortly after the normalization of JCP-CPC relations, to propose the "Five Principles for Japan-China Relations ." (\*). The JCP will maintain these principles as we make efforts to establish peaceful Japan-China relations as well as peaceful and stable relations between other Asian countries. Today, I would like to discuss the issue of peace and stability in Northeast Asia.

- (\*) ***'Five Principles for Japan-China Relations' are:***
- (1) Japan will strictly reflect on its past war of aggression;*
  - (2) Japan will stick by the "one-China" policy in international relations;*
  - (3) Japan and China will stand firm on mutual non-aggression and relations based on peaceful coexistence;*
  - (4) Japan and China will solve all problems by peaceful negotiations; and*
  - (5) Japan and China will cooperate with each other for peace in Asia and the rest of the world.*

Northeast Asia is made up of Japan, China, and the Korean Peninsula. Throughout the 20th century, relations between the nations of these three areas were far from being stable. As we have entered the 21st century, establishing peaceful relations between Japan, China, and the Korean Peninsula will be a great contribution to the peace in Asia and the rest of the world.

Two days ago (August 26), I discussed this issue in detail with CPC International Department Head Dai Bingguo. I stated Japan's problems, our concerns about the Korean Peninsula, and the role which we want China in the 21st century to play. So I will not repeat the points I made then, but I would like to stress that my hope is to develop mutual cooperation in order to make the tripartite relations more peaceful.

***Destruction of U.N. Charter's provisions for peace will mean loss of basis for world peace***

**Fuwa:** I agree with General Secretary Jian Zemin's view that the world has undergone significant changes in the last several years. While calls are increasing for a peaceful and safer world, the peace is increasingly threatened. I discussed this issue extensively with Dai Bingguo, CPC International Department head. So I will be as brief as I can in focusing on the immediate issues.

The CPC's recent call for a "new security concept" about the new world, which emerged after an era of U.S.-Soviet confrontation, has caught my attention. Its key elements are the establishment of a framework of peace without military alliances and the observance of internationally accepted rules. It set the greatest store on the need to abide by the United Nations Charter above all international rules and regulations. Indeed, if a country has no hesitation in violating the rules set by the U.N. Charter, and if the contemporary international community tacitly approves the breach, world peace will be lost.

We cannot but pay close attention to the emerging danger of violating international rules in the international developments subsequent to the 2001 terrorist attacks on New York.

To counter the terrorist attack, the United States has opted to wage a war of retaliation against Afghanistan. We agreed on the need to fight against and eliminate terrorism, but did not agree with the resort to a retaliatory war as a means of accomplishing it. Some argued that the U.S. retaliatory war could be justified as action in "self-defense" on the grounds that the terrorist attacks on New York can be regarded as an armed attack and that it is almost certain that the forces involved in the attack are spotted in Afghanistan.

***U.S. President Bush's 'axis of evil' threat has changed the state of affairs***

**Fuwa:** However, in the course of developments following the war, the U.S. government began talking about plans to attack Iraq, Iran, and North

Korea as part of an “axis of evil,” which marked an abrupt change in focus. U.S. President Bush in his State of the Union address in January openly denounced these countries by name without showing evidence that they have sponsored the terrorists or are developing weapons of mass destruction. Indeed, he didn’t show any evidence that would support that these countries are sponsoring the terrorists or carrying out acts of terrorism. The only thing the U.S. government has is animosity and suspicions toward these countries. Launching military attacks only on the grounds that they are suspected of doing such things amounts to a preemptive strike, which the U.N. Charter prohibits in clear terms. In his speech at the commencement at West Point on June 1, 2002, President Bush officially stated that preemption is necessary.

### ***Two Pentagon reports cite China as one of targets of preemptive nuclear strikes***

**FUWA:** It is important to note two recent U.S. reports: the Nuclear Posture Review released in January, and the Defense Report published in August, the Bush administration’s first.

The Nuclear Posture Review listed seven countries as targets of U.S. preemptive nuclear strikes. When I read it, I thought that it represented the most up-to-date military strategy that the United States had worked out after many years of study since the late 1980s as a military strategy for the post-Soviet Union era. As targets of U.S. nuclear strikes, the NPR added Libya, Syria, China and Russia to the three "axis of evil" countries.

The NPR supposes three contingencies for which the United States must be prepared. They are immediate, potential, and unexpected contingencies. China was categorized as a country that could be involved in an immediate or potential contingency. It also says that a contingency involving Russia, “while plausible, is not expected.”

The NPR stopped short of providing convincing reason why China is categorized as a country that could be involved in an “immediate” or “potential” contingency. But I did find the answer in the U.S. Defense Report in August.

The U.S. Defense Report states that "a broad arc of instability that stretches from the Middle East to Northeast Asia" is very important. It also says, "In particular, the possibility exists that a military competitor with a substantial resource base will emerge in the region." It warns against the emergence of a power that may be on an equal footing with the United States and thereby threaten the United States. No country but China in this region can be conceived of as such a country.

I think it is important to note that this Defense Report was released at a time when a U.S. strike against Iraq was seen as imminent. Thus, the logic used to justify a U.S. right to make a preemptive strike against Iraq is now applied to China. In other words, if China comes to be seen by the United States as a “military competitor,” the United States may exercise the right to a preemptive strike against China.

***Such lawlessness will shatter all our hopes for 21st century world***

**Fuwa:** We are united in yearning for international rules to be established for stable peace in the 21st century. At the center of such rules should be the U.N. Charter, which allows nations to use military force only in self-defense. If a country carries out a preemptive attack in violation of the U.N. Charter, and if the international community condones such acts, all our hopes for the 21st century will be completely shattered. Then, all nations would be called upon to act and decide on their strategies on the premise that the world is like that.

I read the February 3 Xinhua News Agency critique of U.S. President Bush’s “axis of evil” statement. It was entitled, “The so-called ‘axis of evil’ statement is fictitious.” I appreciated the critique in that it precisely pointed out the dangerous nature of the issue. In the course of subsequent developments, I have come to recognize the present situation as a crucial one in which the major question is whether we can defend the international rules for peace.

***No past U.S. administration is as brazen as the George W. Bush's in publicly stating its plans to use nuclear weapons***

**Fuwa:** We must also look at the fact that the U.S. preemptive strike strategy, which is based on the “axis of evil” threat, is connected with the danger of nuclear weapons being used. The U.S. “Nuclear Posture Review” report was intended to declare that the United States is ready to use nuclear weapons in its preemptive strikes. Since the end of World War II, no nuclear weapons state has ever been so eager to openly discuss plans to use nuclear weapons.

The United States once planned to use nuclear weapons in the Korean War. It also secretly considered using nuclear weapons in 1958 in a conflict over Chinmen (Quemoy) and Matsu. These are stated in declassified U.S. foreign relations documents. But I am sure that no past U.S. administration has been as brazen as the present one in publicly stating the intention of using nuclear weapons.

However, these U.S. moves are facing opposition from increasing

international opinion calling for nuclear weapons to be abolished. In 2000, international opinion pushed the Nuclear Non-Proliferation Treaty Review Conference into adopting a unanimous document stating that all parties to the treaty, including nuclear weapons states, agreed to make efforts to eliminate all nuclear arsenals.

In our previous talks four years ago, I proposed as an urgent need to get nuclear weapons abolished, and General Secretary Jiang Zemin stated that China is a country that has consistently called for the abolition of nuclear weapons.

Thus, there are two currents over nuclear weapons and two aspects of the present-day situation. One is a current represented by the U.S. Bush administration which is quick to think about using nuclear weapons, and the other is the growing current that calls for the elimination of nuclear weapons. This current in favor of nuclear weapons elimination is very important.

I would like to take this occasion to express my gratitude to China for sending its delegation to the World Conference against A & H Bombs held every August in Japan to take up a role in the international movement for the abolition of nuclear weapons. This also represents a new change taking place in the World Conference. The World Conference against A & H Bombs used to be attended mainly by representatives of peace organizations. But the past several World Conferences have been characterized by the visible presence of government representatives. This year's World Conference was attended by Egypt's vice foreign minister, Malaysia's disarmament ambassador, and diplomats from Bangladesh and South Africa. It received messages from heads of state of Malaysia, Vietnam, Laos, Bangladesh, South Africa, New Zealand, Sweden, and Thailand.

***Our common action needs a banner for defending rules for world peace, not an 'anti-U.S. imperialism' banner***

**Fuwa:** I note that broader common action is taking shape in the effort to defend the rules established in the U.N. Charter and oppose the use of nuclear weapons, and that developing such action is our major international task in the 21st century.

This common effort is antagonistic toward the U.S. plans. However, unlike in the past, it is not necessary for us to stand firmly for "opposition to U.S. imperialism." The task now is to work in defense of international rules and build a world order based on them. We must be resolved to block any attempt to break the rules. We must develop a movement that will not tolerate any nation that clings to nuclear weapons or seeks to use

nuclear weapons.

Specifically on the question of nuclear weapons, I would like to point out that the world is now earnestly waiting for nuclear weapon states to come up with initiatives for achieving the elimination of nuclear weapons. I would like also to emphasize that this is what we now need.

Since the JCP-CPC summit talks four years ago, we have been doing our utmost to develop our relations with Asian and Islamic countries. This effort has produced results. As I said, national government representatives' participation in the World Conference against A & H Bombs is proof of this.

There are many things I would like to talk about, including JCP activities in this field, but I feel I must not take too much of the limited time.

I would be glad to have General Secretary Jiang Zemin speak at this time.

***Jiang Zemin: China's position is clear: opposition to U.S. military attacks on Iraq, adherence to the U.N. Charter, and a total ban on nuclear weapons***

*After Fuwa's remarks Jiang said, "I've attentively listened to you," and stated the CPC views on the issues raised by JCP CC Chair Fuwa.*

*Jiang Zemin first discussed the issue of the Korean Peninsula in connection with Northeast Asian peace. He said: "China's attitude toward North-South Korea relations is that we support every step that would help promote a peaceful solution but oppose anything that would militate against it."*

*Referring to other international affairs, he noted: "Chair Fuwa raised the issues of respect for the United Nations and a ban on nuclear weapons," and gave his views on the U.N. Charter and the attempt to attack Iraq in violation of the Charter as follows:*

*"China as a permanent member of the U.N. Security Council respects U.N. decisions on every activity. We have called for the Gulf crisis, Kosovo conflict, and other questions to be resolved in the United Nations. However, some countries do not respect any U.N. role and are acting in disregard of the United Nations. As a consequence, we now face a tough question, the question of a military attack on Iraq. China is clear about it. China is opposed to military attacks on Iraq. We are striving to find a solution through peaceful discussions. At present, the majority of governments throughout the world are against such military attacks."*

*Jiang Zemin expressed deep concern about U.S. government officials stating, "The United Nations is no longer needed."*

*On the question of nuclear weapons, he emphasized that China's consistent position is one of "no first use of nuclear weapons and their total abolition."*

**Fuwa:** *Globally, the movement has a bright prospect.*

**Jiang:** *I believe socialism will make progress throughout the world.*

*Jiang also stated his views on China-U.S. relations, China-Japan relations, and the world communist movement. Referring to the CPC 16th Congress scheduled for November, he said:*

*"Our party has made the date for the next CPC known to the world. It's going to be a very significant conference as the first CPC Congress in the new century."*

*Recalling the discussion they had at their summit four years on the issue of the world and socialism, Fuwa stated that the difference in attitude toward the issue of the former Soviet Union has decided the outcome of the movement in each country. He went on to say, "Globally, the movement has bright prospects."*

*At the end of their 80-minute discussion, they made the following statements:*

**Fuwa :** Under the new circumstances in the new century, I hope that our two parties will continue to work on their respective tasks. The 21st century has just started and I hope we will have more chances to meet and talk.

**Jiang:** I think that the prospect on the whole is bright. I am convinced that socialism will make further progress in the present-day world. I wish the JCP great success."

(End)

# LENIN AND THE MARKET ECONOMY

Lecture by FUWA Tetsuzo  
Japanese Communist Party Central Committee Chair

August 27, 2002  
At the Chinese Academy of Social Sciences, Beijing

*Fuwa Tetsuzo, Japanese Communist Party chair, gave a lecture on "Lenin and the Market Economy" at the Chinese Academy of Social Sciences in Beijing on August 27. The translation of the lecture is as follows:*

Good morning, everyone. I am Fuwa Tetsuzo. This is my first lecture outside Japan.

It is a great honor for me to visit the Chinese Academy of Social Sciences and speak to researchers from various fields.

I am going to speak about "Lenin and the Market Economy." I have chosen this subject because it has something to do with both China and Japan in a broader sense.

The Communist Party of China adopted a policy of developing a "socialist market economy" at its Congress 10 years ago. But even before that, China had addressed the subject in practical terms.

And you are now pursuing the road towards "socialism through a market economy."

Japan is in the middle of the capitalist economy. The JCP envisages achieving socialism in Japan through stages. The course we will follow will be "socialism through a market economy" or a "combination of the planned economy and the market economy. "

We will see new historical developments and also face new problems for the theory and practice of scientific socialism.

***Lenin was the first communist to address the question of the market economy and socialism.***

From 1998 to 2001, I was engaged in research on "Lenin and *Capital*" and

wrote about 40 articles which were published in a magazine in serial form over a period of three years. This was in an attempt to examine Lenin's theoretical activity from his younger years.

One of the major theoretical questions he tackled in his last three years until he fell ill in 1923 was the question of the market economy and socialism.

Marx and Engels are founders of scientific socialism and our great predecessors, but they never had a chance to work on the question of building socialism as a practical issue. I don't think they ever carried out theoretical research on the question of the relations of the market economy and socialism, not even from the theoretical viewpoint.

So Lenin was the first communist to take up the challenge. He had to face many difficult problems arising in the course of his study and even underwent a 180-degree shift in his views. A review of such painstaking efforts by a predecessor, I think, will teach us an important lesson that will help us study present-day problems.

### ***Lenin rejected the market economy in the early stage of the revolution***

Looking back on Lenin's activities, you will find that nothing entered Lenin's mind concerning the use of the market economy following the victorious October Revolution, Russia's socialist revolution.

While he was engaged in economic construction following the victorious revolution, he firmly believed in the principle that socialism and the market economy were incompatible with each other. This attitude grew even stronger during the war against foreign intervention and counter-revolution.

Lenin's concept of the communist economy was about industrial production at the state-run factories and grain harvest by peasants, with all grain surpluses being collected by the Soviet central authority state for distribution to the people. This way was believed to help achieve the country's industrial development and enable the Soviet authority to provide peasants with tractors, fertilizer and other necessary supplies, although the country was experiencing hardships due to the war. This being the policy at the time, the "market economy" or "free trade" was regarded as a symbol of the enemies of socialist construction, a counter-revolutionary slogan. The biggest task of the Communist party was to have the people, in particular the peasants who had been used to the market economy, abandon their inclination to favor the market economy.

This policy, later called "war communism," lasted until early 1921.

## ***Adoption of 'New Economic Policy' to pave the way for better relations with farmers***

However, this policy caused antagonisms that were difficult to solve on the ground. Farmers were ready to endure hardships to some degree during the war against the counterrevolution and outside intervention, but once Soviet Russia defeated these enemies and achieved peace, the farmers' discontent erupted causing riots in some localities. In Kuronshtadt, a naval port near Leningrad (the capital at the time and known as a stronghold of the revolution) even the revolutionary sailors rose in revolt. In those revolts they called for "free trade" or "freedom to trade."

Lenin took this dangerous situation more seriously than any other political leaders of Soviet Russia at the time.

The major question was how to improve the socialist government's relations with the farmers. How is it possible to establish a worker-farmer alliance, essential for making progress towards a new society? Lenin's statements and articles during this period show clearly that he took pains to find the answer.

Remember that even Lenin believed that the "market economy" was a counterrevolutionary slogan, and you will understand that he needed to exert courage to make the difficult decision to accept a market economy.

The New Economic Policy, NEP, began in March 1921. It is often referred to as being synonymous with the acceptance of a market economy. This is not correct. Although he put forward a drastic change, Lenin initially could not go so far as to recognize the market economy; he looked for a reform without adopting a market economy and adopted an "exchange of products" policy under which peasants bartered corn for industrial goods and other products of the cities. It did not achieve good results.

After six months of soul-searching, in October 1921, he arrived at the conclusion that the adoption of a market economy is necessary.

The announcement of this conclusion, which Lenin worked out after taking great pains, had great repercussions in the party.

Documents from a Russian Communist Party conference at the time (Lenin's report and closing speech), which are available in Lenin's *Collected Works* show clearly how extensive the turmoil was. A member in the discussion said, "They didn't teach us to trade in prison." Another complained that communists cannot be involved in the very unpleasant job of trade. In the concluding speech, Lenin criticized these views, saying

that it is inexcusable for revolutionaries to give way to dejection and despondency.

### ***Toward 'socialism through a market economy'***

That was how Soviet Russia began to study the market economy. In short, the discussion on the market economy was prompted by the policy of improving the government's relations with peasants after the victorious revolution.

Once Lenin made a decision to take this course, however, he immediately began to work on this issue in more detail and developed it into a major policy that would have an important bearing on the destiny of the Russian Revolution and socialism, namely, a path toward "socialism through a market economy."

Documents at the time show that it marked a very impressive development. I think that the new policy consisted of a number of pillars.

First, it concerned the establishment and development of a socialistic structure that would not lose in competition with capitalism in a market economy. Lenin used the Russian word "*uklad*" for what I describe as structure. I'm afraid there is no Japanese or Chinese equivalent for "*uklad*."

Secondly, the market economy under certain conditions would allow private capitalism to emerge and develop as well as foreign capital to make inroads. This also marked a very important development.

Up till then, the market economy was regarded as the "enemy," the reason being that it would give rise to capitalism even from among small commodity producers. That's something the Russian Revolution could not tolerate.

Thirdly, the new policy called for the key elements of the economy to be preserved as part of the socialist structure. Lenin called these core elements the "commanding heights," a military term used at the time to mean that in an era when cannons were the main arms in war, occupying heights overlooking the battlefield was vital to winning the war.

Two years ago, we had the IT minister of Sri Lanka among the foreign guests attending the JCP Congress. I was a little bit surprised when he said that they are trying to take control of the "economic commanding heights." I said, "I haven't heard that phrase for many years." Then he told me that he had studied in Moscow when he was young.

Fourth, the new policy called for Russia to learn everything advanced

capitalism could offer so that the socialist structure could gain economic power.

Fifth, the new policy also referred to peasants. It said that the future organization of peasants in cooperative unions must not be carried out by order from above or by coercion; cooperative unions should be organized based on the voluntary will of the peasants.

### ***The Soviet Union broke it off five years after Lenin's death***

In March 1923, 17 months after completing this plan, Lenin fell ill and died in January 1924. Stalin rose to power after Lenin's death. As the leader of the Soviet government and the Communist Party, Stalin from 1929 to 1930 carried out the so-called "agricultural collectivization" as a means of forcibly collecting grain from peasants.

To begin with, the NEP was intended to improve the government's relations with the peasants. So the top-down "agricultural collectivization" policy meant an end of the NEP. Since then, the policy of achieving "socialism through a market economy" never made a comeback in the Soviet Union.

Several decades later, when the Soviet Union was under the leadership of Mikhail Gorbachev, the "introduction of a market economy" was much discussed. But during the preceding 60 years the Soviet Union completely changed itself. Substantial changes took place in the socio-economic system of the Soviet Union during and after Stalin's era. In effect, Soviet society had already become a system in which socialism or even a direction toward socialism was non-existent.

### ***No country has run through this course***

So I think that "socialism through a market economy," which China and Vietnam are attempting, is a strategy that no country has ever experienced.

In my speech at the meeting to mark the 80th anniversary of the JCP this past July, I talked about motive power that gets the world to move forward in the 21st century. In that speech I cited what China is attempting to do. I said as follows:

"Although the Soviet Union is gone, projects of socialism associated with Lenin are not. There are countries tackling new projects of socialism, including China, Vietnam, and Cuba. 'Socialism through a market economy' pursued by these countries is precisely what Lenin proposed but which was thrown away by Stalin. This is a path no one has ever traveled through, so there will be many unpredictable difficulties down the road. I have no doubt, however, that results of this trial will have a great impact

on the course the world will go through in the 21st century."

***What is to be done to set this path toward socialism?***

This being such an important issue, there will be a variety of theoretical questions that need to be studied.

Let me just comment on two points.

One is the question of what is to be done to make the path of a market economy successful as a way to achieve socialism.

In analyzing what the path of "socialism through a market economy" would be like, Lenin stated in detail that the economy would involve cooperation and competition between various sectors: socialism, state capitalism, private capitalism, and small commodity production. He also made many original suggestions concerning necessary steps for taking this course to achieve socialism without having to return to capitalism. I think that in the present-day world we can learn many things from what Lenin suggested.

Lenin first and foremost stressed the importance of strengthening the socialist sector through competition in the market so that it can be strong enough to be competitive with capitalism in the market. From this point of view, he also attached importance to learning from capitalist at home and abroad as much as possible.

One of the slogans Lenin put forward was, "to be a good trader one must trade in the European manner."

This apparently was a tough slogan for those who complained, "They didn't teach us to trade in prison." Lenin meant to say, "To be able to trade is not enough; you must be more skillful businessmen than European businessmen.'

Another slogan Lenin put up was, "test through competition between state and capitalist enterprises."

We should note here that the call for the socialist sector to "beat capitalism" is not confined to economic advantages such as the question of productivity and economic efficiency.

Lenin wrote an article that called for workplace safety to be as good as the best of capitalism. In other words, Lenin's slogan, "Beat capitalism," involves such issues as the environment and pollution. The idea is that socialism should exert superiority in all areas.

Secondly, regarding the "commanding heights" that holds the key to the country's economy. The state must have firm control of the socialist structure so that it will be set as the direction of economic development. When Lenin discussed the importance of the "commanding heights," he was referring to the socialist state taking control of the greater part of the means of production in the industries and transportation. I think that this was an opinion Lenin had under the particular circumstances of Russia at the particular time. What the role of the "commanding heights" is a question that should be explored in accordance with the historical conditions of the country in question.

Thirdly, regarding the defense of society and the economy against negative phenomena the market economy will produce.

The market economy, anarchical and competitive, is like the law of the jungle, which is the source of greater job insecurity, unemployment, and social income gaps. The market does not have power to control such contradictions. Such contradictions can only be controlled through social welfare services and other social security measures.

Although Lenin made no significant remarks on this issue after the adoption of the NEP, I just want to touch on an interesting historical episode. The world's first principles of social security were stated in a declaration issued following the October Revolution by the revolutionary Soviet government. These principles later had a great influence on the capitalist world in that they laid the foundations of social control of negative effects of the market economy under capitalism.

I must point out that the negative side of the market economy is that it gives rise to greed and corruption. Public bodies are required to firmly maintain the principles of socialism, but if they are contaminated by various kinds of corruption, bureaucratism and autocracy will prevail. Aware of this problem, Lenin repeatedly emphasized the importance of popular supervision and inspection along with the self-discipline of public bodies. Thus, Lenin in his later years particularly stressed the need to raise the people's cultural levels and enable each individual to fulfill their responsibilities.

I would like to say one more word. In the present-day world, capitalism's major issue is a choice between accepting the market economy as panacea or placing the market economy under social or democratic control. By and large, the tendency to view the market economy as almighty is clearly represented by the U.S. Bush administration, and the call for democratic control over the market economy is manifest in many European countries. This issue involves a number of global economic issues such as environmental destruction, social disparity and the economic independence of each country.

I am convinced that the important subject of future research from the historical context will be to prove that countries and their economic systems striving for socialism through a market economy will demonstrate their superiority to promote social progress.

### *What will the future market economy be like?*

The other point I want to raise as a subject of study is something more theoretical and concerns the future. It's about the destiny of the market economy. When the combination of the planned economy and the market economy successfully achieves the goal of socialism, will the market economy perish or survive?

I touched upon the negative aspects of the market economy, but a study of the market economy from the perspective I have just mentioned will make it clear that it has some important economic effects that cannot be replaced by other methods or mechanisms.

Take the function of the market economy in adjusting demand and supply.

You may be able to estimate the demand of shoes in a country without having to use market mechanisms. But, when it comes to demand for particular types and colors of shoes, you will have to count on market mechanisms for a long time to come in areas like this, even if you use a computer with high performance.

Likewise, the market's judgment is useful in assessing or comparing labor productivity or corporate performance.

In dealing with the question, "how much more value does skilled labor create than unskilled labor?", Marx said that it is measured by the market mechanism. In Marx's words, such value is determined by a "social process" behind the producers. What he meant was that there is this aspect of market mechanisms.

It is very suggestive that the Soviet-style planned economy turned into a complete fiasco in this regard, as shown clearly by reports delivered by Khrushchev during the 1950s and 1960s at the CPSU Central Committee meetings.

At one point, he stated that in the Soviet Union achievements of productive activities are measured by the weight of products; producing heavier chandeliers is evaluated as better job performance; heavier chandelier may increase the enterprise's earnings, but for whom?"

On another occasion he said: "Why is furniture made in the Soviet

Union so unpopular? It is because factories are producing heavy products. Foreign-made furniture is lighter and easier to use. In our country, achievement of production of most machineries is measured by the weight of products. Twice as much iron as that needed for machinery platforms is used; that way may enable the factories to achieve their goals, but they are only making products that can't be of any use. We need to establish new standards to measure achievements of factories."

Such was the Soviet Union's level of study on standards for evaluating economic results 30 years after it abandoned the market economy.

We have an interesting experience in relations to this issue.

After the U.S. war of aggression against Vietnam ended and peace was restored there, we sent a delegation to Vietnam to study the Vietnamese economy and give them advice on economic reconstruction.

The delegation visited farming districts. As you know, they grow rice in paddies. To assist in the mechanization of Vietnam's agriculture, the Soviet Union had sent in rice transplanting machines to Vietnam. Being a product of the Soviet-style planned economy, they were very heavy machines, so heavy that they sank into the mud of the paddies. The Vietnamese felt obliged to use the gift, and decided to use them by attaching two boats on both sides of the machine to prevent the planting machines from sinking. They could plant rice seedlings all right, but the attached two boats pressed down the rice seedling just planted. They finally decided to stop using those machines.

This example shows how difficult it is to find a substitute for the market economy as a system to improve labor productivity and efficiency of economic activities.

This question was not on Marx's mind. In *Capital* Marx stated that the concept of value remains in communist society. However, we cannot use this remark to speculate that he thought that the market economy would continue to be valid too. If the concept of value will remain valid, it is necessary to think if it is possible for the concept of value to survive without a market economy.

For the concept of value to be valid in the communist society, there must be some kind of mechanism to measure the "value" of labor in place of the "social process" that operated behind the producers, namely the "market economy."

I believe that this involves major unsolved theoretical questions in this area. These are questions that can only be solved as time passes and practical experiences are accumulated worldwide.

Marx based his theory of socialism and communism on scientific criticism of capitalist society and showed that capitalist society will be replaced with a higher form of society as a historical necessity. In so doing, he rejected any attempt to draw up a detailed blueprint for a future new society and instead confined his project to establishing a generality concerning how society makes progress. This is what his theory on socialism and communism is about. Marx maintained a general view that this question should be elaborated by future generations as they carry out practical activities in which they will accumulate and learn from various experiences.

Lenin liked this way of thinking by Marx and said, "Marx did not commit himself, or the future leaders of the socialist revolution, to matters of form, or ways and means of bringing about the revolution."

I think we must bear in mind that we are the protagonists in the effort to create a new society.

***This course has a universal nature.***

Before concluding my lecture, I would like to stress that nothing about "socialism through a market economy" came to Marx's mind; it was born out of needs on the ground. I said earlier that this is a "new historical challenge." It is also a new theoretical challenge.

Broadly speaking, it shows that has universality. No one would doubt that highly developed capitalist countries like Japan will face similar issues in future. When governments striving toward achieving socialism are established in these countries and start making progress toward that goal, they will create a socialist sector within the market economy. The rationality and superiority of the socialist sector will be tested in the market economy and will increase its importance and effectiveness. The process and form of progress in that process will differ from one country to another. Nevertheless, the basic course "through a market economy to socialism" will be common among many countries.

I will carefully follow your present efforts and experiences. There can be zigzags, success, and failures. I will continue to study what you are pursuing in conjunction with a future Japanese society we are envisaging. Thank you for your attention. (End)