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THE AMBIGUITIES OF STATE CAPITALISM AND THE RISE OF HYBRID STATE-CONTROLLED CAPITALISM

Abstract: the paper outlines and criticises different interpretations of the concept of state capitalism in the context of societies moving from capitalism to socialism. Distinctions are made between the state as owner of the means of production, as a form of economic coordination, as a dominant institution of political power, and as an instrument to extract and allocate surplus value. The failure of the post-socialist European countries to move to a sustainable market capitalist system, and the rise of a hybrid state-led market economy in China, have led to such economies becoming lasting, rather than a transitional, economic formations. The paper distinguishes between state capitalism, state-capitalism, state-controlled capitalism and state-socialism. The author contends that the extraction and allocation of economic surplus by the state have to be measured by its end uses and evaluated in the context of the dominant political values. Hybrid economies with an interdependent market capitalist sector coexisting with a politically-led and dominant state sector are proposed as an alternative to neoliberal forms of coordination. It provides a framework for the development of a rational political economy.

Keywords: state capitalism, controlled capitalism, hybrid capitalism, liberal capitalism, neoliberal globalization, Marxist concept of state capitalism, conscious production control, central planning, noonomy, economic rationality.

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国家资本主义的模糊性与国家控制的混合型资本主义的兴起

摘要: 文章讲述了资本主义社会向社会主义社会过度背景下对国家资本主义概念的不同解释, 并对其进行了批判。指出了当国家作为生产资料所有者、经济调节形式、政治统治的主要手段与提取和分配剩余价值工具时的区别。后社会主义时期的欧洲国家无力过渡到稳固的市场资本主义制度以及中国的国家管控的混合型市场经济的兴起这二者使混合型经济体成为长期的经济实体。文章说明了国家资本主义、资本家型国家、国家控制的资本主义与社会主义者型国家之间的区别。作者认为, 国家在提取和分配经济盈余时应以最终用途为依据, 并以主导性政治价值为基础进行评估。混合型经济体具有相互联系的市场领域, 这些市场领域与政治上可管控的占统治地位的国家领域共存。混合经济体成为新自由主义调节方式的替代者。混合经济体为合理的政治经济的发展提供基础保障。

关键词:国家资本主义、可控资本主义、混合资本主义、自由资本主义、新自由主义全球化、马克思主义的国家资本主义概念、自觉调节生产、集中计划、智慧经济、经济合理性。

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Introduction

Capitalism, in its modern form, we might define as an economic system with production for profit driven by a social class promoting the continuous accumulation of capital. Since the beginning of capitalism, all states, to varying degrees, have regulated economies, and many writers have come to distinguish the rise of a “state capitalist” formation. It has come to present the most frequently posed alternative to liberal capitalism. The concept, however, is not only complex but ambiguous. In this article, I clarify and refine its different meanings. Furthermore, I suggest that state-controlled capitalism is an ascendant economic formation which may replace neoliberalism.

Historically, the state has organised policing necessary to maintain laws and public order. It has regulated the economy to sustain the value of money and to determine the terms of trade and relations with other states. In the twentieth century, with the development of capitalism, the state has taken comprehensive control of law-making and secured a monopoly of legitimate coercion. In its neoliberal form, free enterprise capitalism relies on the state not only to make and enforce a legal and political framework but also to extend its geographical reach. Other current practices of states include investment in sovereign wealth funds, raising money through taxes and support of private corporations through selective state ownership¹. However, the exercise of these kinds of supervisory roles over a capitalist economy is not usually considered to constitute “state capitalism”.

The term “state capitalism” is used in a generic sense to describe economies having a modern capitalist system of production in which the state plays a coordinating role over the economy with an active economic presence, usually (but not necessarily) based on significant ownership of productive assets. Joshua Kurlantzick includes economies where the government has an ownership stake of “more than one-third [in] the five hundred largest companies, by revenue, in that country [Kurlantzick, 2016, c. 9]”. Such a definition includes a very wide range of economies and types of contemporary market regimes, including not only Russia, but also Thailand, Brazil, Turkey, Egypt, Singapore, Venezuela and Norway. State capitalism (without a hyphen) is a generic term applied to a hybrid economic system, in which the state coordinates the economy, owns productive assets, employs a significant number of people and distributes surplus value; concurrently, corporate non-state capitals, competing through market mechanisms, are driven by the profit motive. “State capitalism” in this generic sense should be distinguished from other types of economy in which the state predominates over market forms of exchange, over the rights of private property, and exerts power superior to law. Such power may be exercised in a market competitive economy or under a system of state planning and state ownership.

I distinguish between three types of political economy in which the state has a predominant role: state-socialism, state-capitalism (with a hyphen), and state-controlled capitalism. These

¹ See [Alami, Dixon, 2019; Kurlantzick, 2016; Kolodko, 2020, p. 78, 112-113].

are statist forms of political economy which present theoretical, and sometimes practical, alternatives to liberal capitalism.

State-Socialism in Theory

Twentieth century Soviet Marxists defined the mode of production by the nature of ownership relations (which defined classes) and the level of productive forces, composed of the capital used in production, and the labour process. In the state socialist model, the state combines ownership, Party-led administrative coordination of the economy guided by a plan, and allocation of economic surplus to provide for societal renewal, economic growth and public welfare. The state owns economic assets and has direct control over the allocation of economic surplus. Theorists of state-socialism contend that under socialist state ownership there is no place for a class or elite to benefit from the “profits of enterprise” [Marx, 1863]. Socialism would be ensured by the replacement of the capitalist class by the working class – in practice, the ownership and control of productive forces by the Party-state, on the one side, and the advanced level of productive forces, on the other. The Party-controlled planning process prevented economic exploitation in a Marxist sense. This approach legitimated the construction of socialism consequent on the destruction of the capitalist class. Sociologists such as Wlodek Wesolowski [Wesolowski, 1979, p. 120] contended that these conditions entailed the elimination of “economic domination” by the capitalist class and its appropriation of surplus value.

I have called this formation “state-socialist” because the state, in the Soviet Union and later in other socialist countries, played a dominant role not only in terms of owning but also in creating post-feudal productive forces. It was a state, led by the Communist Party, which defined its goals and organised its processes. State-socialism is defined as an economic system in which the state is the principal owner of the means of production subordinate to a dominant socialist political party which regulates the economy and extracts surplus value for continuous investment and the renewal of society.

State-Capitalism

The Marxist “state-capitalist” critique rejects this reasoning. What distinguishes state-socialism from other forms of capitalism is ownership by the state of productive economic assets and control of the economic surplus by state officials who can direct it to different purposes, notably, public welfare and capital investment. State-capitalist theorists, however, add another purpose for which surplus value may be used: surplus product is utilised by officials for their own economic and/or political benefit. There is a process of exploitation, conducted by the state, that defines the class structure and the capitalist nature of the regime. Critical Marxist scholars contend that the Soviet Union and contemporary China are state-capitalist in this sense.

State-capitalist forms have arisen as political formations under specific historical circumstances. The uneven world development of capitalism contained economies with agrarian pre-capitalist productive forces and the absence of a bourgeois class. Such societies, in order to transit to capitalism, are subject to autocratic state development. Under such conditions, Marxists (principally the Mensheviks in Russia) claimed that socialism could not be built on the foundations of a crumbling feudal society. Quite simply, it lacked a mature working class and the infrastructure of developed capitalism. The capitalist mode of production, they claimed, has to be built first – socialism would follow. In regimes moving from feudalism, socialists, if they gained power, would

have to utilise the state to build the economic foundations of the capitalist mode of production in the sense of raising the level of productive forces to that of an industrial capital-intensive economy. State-capitalism, it is contended, not state-socialism, is what results. The economy remains “capitalist” because the exploitation of labour benefits those controlling the state apparatus who extract surplus as “profit of enterprise” and constitute a capitalist class. In this way of thinking, state-capitalism is defined not in terms of the level of productive forces and forms of ownership and economic coordination under socialist planning, but by the ways political control over the labour process leads to the illegitimate appropriation of surplus value [Marx, 1863].

Crucial to the theory is the role of a new ruling class. The state bureaucracy acts as an exploiting class in expropriating the profits of enterprise for its own benefit. Writers such as Stephen Resnick and Richard Wolff [Resnick, Wolff, 2002], for example, contend that state capitalism is formed by the “capitalist processes of producing, appropriating and distributing surplus which coexist and interact with processes that place state officials (rather than private individuals) in the class position of appropriators and distributors of the surplus” [Resnick, Wolff, 2002, p. 86]. Robert Brenner takes a similar position defining modes of production simply as “modes of labour control” [Brenner, 1977]. Western Marxist writers like Tom Rockmore, consider that the Soviet state is faulted because it adopted the dictatorship of the Party over the working class [Rockmore, 2018, p. 204] and thus was able to extract surplus value. The relations of production were those of “self-expanding alienated labour” which were “the productive relations of capital” [Aufheben Collective, 2020, p. 242-243].

These arguments are used by non-Marxist critics to label the state socialist societies as totalitarian [Gouldner, 1980]. The state is exposed as extracting surplus value in the same way as in market liberal capitalism – one public, the other private. For these writers the essence of capitalism is the subordination of the labour process to the control exercised by exploiting classes. Capitalism exists when labour remains a commodity and communist management, which drives investment, exploits labour [Postone, 1993] for its own class benefit. State capitalism is defined by critical Marxists by the ways political control over the labour process leads to the illegitimate appropriation of surplus value [Marx, 1863]. The underlying assumptions of these writers rest on Weberian approaches to bureaucracy and political control over the extraction of surplus value, rather than on historical materialism adopted by Soviet Marxists.

The critical Marxist conception of state-capitalism might be defined as a modern economic system in which the state is the principal owner of the means of production and in which the extraction of surplus value takes place for societal renewal, economic development and for the benefit and purposes of a state ruling class which has effective control over the means of production. The crucial difference between state-capitalism and state-socialism is whether extraction of surplus takes place for the benefit of a bureaucratic class.

My own view is that this approach gives too much credence to the role of a political stratum or ruling elites, it ignores other constitutive features of a mode of production: the constitution of ownership, the dominant values of the society, and the way the state allocates surplus. In the Soviet context, state ownership, and state coordination under an economic plan, took a different form from liberal capitalism, which in turn affected the use of economic surplus. In all social formations, part of what is produced has to be used for the reproduction of society and for the renewal and enlargement of the productive forces. Hence the labour process will entail the extraction of surplus product. The capitalist system is driven by a capitalist class to turn surplus product into

private profit, and investment is driven by market forces. State-socialism, however, turns surplus product into social welfare and productive investment. The state bureaucracy, under a socialist regime, cannot “own assets”, or transmit property through generations; it cannot form a bourgeois social “class” in a Marxist sense. It is a political class as understood by Gaetano Mosca, not an economic class as defined by Marx. The bureaucracy “is recruited, supplemented and renewed in the manner of an administrative hierarchy, independently of any special property relation of their own” [Trotsky, 1936].

Members of the bureaucracy may receive excessive incomes and other benefits of office (foreign travel, superior accommodation and health benefits) but these are privileges over consumption. There are also bureaucratic forms of power giving rights of command over people (including decisions over life and death). Hierarchical control in non-profit enterprises and the public sector in capitalist countries gives management repressive and arbitrary power over employees. Under state-socialism, these features did not specify class position in a Marxist sense. The privileged groups are dependent for their livelihood on an employment status supported by professional credentials or political position. Unlike shareholders, whose wealth is derived from ownership of assets, state officials have no legal rights over property or the produce of economic enterprises. Such administrative forms of power are real enough and cannot be denied, they have been used to oppress, even eliminate, real or supposed adversaries and subservient people. Such unjustifiable authoritarianism and repression should be strongly condemned. But they are forms of bureaucratic domination, not capitalist exploitation. They present, moreover, serious problems for all forms of administered economies (whether they be socialist or capitalist) and remain a challenge for humane democratic control.

Lenin and Controlled Capitalism

It is sometimes claimed that Lenin justified “state capitalism”, how can this be explained in a “socialist” state? The short answer is that what Lenin referred to was not state-capitalist as I have described it.

What Lenin had in mind was not state-capitalism, as defined above, but state control over capitalism. In the period immediately following the October Revolution, in April 1918, the Bolsheviks recognised that there was “a role for state capitalism in building socialism in a peasant country”¹. This transitional form of economy involved state control of privately owned enterprises which were allowed to enjoy profit-making market operations. In Soviet Russia’s New Economic Policy (1921 to 1928) private ownership (allowing production units employing up to 20 people) was adopted as a measure intended to restore the economy from the ravages of war to maintain the Bolsheviks in power. It was justified by the socialist leadership because it enabled the market and private enterprise to operate to fulfil public needs under conditions controlled by the state. As Lenin put it in 1921: “a free market and capitalism, both subject to state control, are now being permitted and are developing... The state enterprises are being put on what is called a profit basis, i.e., they are in effect being largely reorganised on commercial and capitalist lines” [Lenin, 1921b, p. 374–386]; “every state enterprise will pay its way and show a profit” [Lenin, 1921b]. Lenin justified this development as the Communist Party was taking “the first steps in the transition from capitalism to socialism” [Lenin, 1921b] in which the market and private enterprise are subject to state regulation. However, unlike the development of capitalism under the Tsars, the state under

¹ Lenin’s policy in 1918 is outlined in: [Lenin, 1921a].

the control of the communist party did not build capitalism, but regulated existing capitalist enterprises in line with socialist objectives. For Lenin, the capitalist element was the renewal of private ownership and trade for individual profit. Crucially, "the state", the apparatuses of power, were controlled by the Communist Party, which exercised power over islands of private capitalist initiative.

Lenin's use of "state capitalism" is misleading and confusing. What the New Economic Policy introduced was a form of political regulation of capitalist economic forms: state-controlled capitalism. This position marked a revision of Marxism: the political is not dependent on the economic but, when a revolutionary socialist government assumes power, it can be the other way around.¹ Under state-controlled capitalism there is an economic surplus in the private sector which is used not only for renewal and accumulation but also for what Marx called the "profits of capitalist enterprise". This is clearly a form of capitalist profit originating in the private, not the state, sector.

State-controlled capitalism also fulfils one other pillar in Marx and Engels's understanding of capitalism – the conscious regulation of production. For Engels, the essence of capitalism is "the contradiction between the organisation of production... and the anarchy of production in society generally" [Engels, 1954, p. 378]. As the organisation of production grows in a more planned and rational way, an end is put to the "anarchy of production" and the "masses of the proletariat again will finally put an end to anarchy in production" [Engels, 1954, p. 379]. The state presided over a transitional social formation; a mixed economy regulated by a socialist political leadership. State capitalism, as described by Lenin, is a dual economy, and should be defined as state-controlled capitalism. It is a means to achieve what Sergei Bodrunov defines as a "rational world order", where knowledge can be at the disposal of economic policy [Bodrunov, 2022].

State-controlled capitalism might be defined as a dual political and economic system in which privately owned enterprises produce for profit and receive "rewards for enterprise" subject to moral, political, economic and coercive controls exercised by dominant state mechanisms and institutions. The duality in Russia during the New Economic Policy, however, was unstable and constituted a temporary formation preceding socialism. A revolutionary socialist government possesses political power which is superior to economic power.²

State-controlled Capitalism

Since the dismantling of the Soviet Union and the socialist states of Eastern Europe, China (a self-defined social formation of "Socialism with Chinese characteristics") has become the centre of the state capitalist debate. At the Chinese Communist Party's 14th National Congress in 1992, Deng Xiaoping pointed out that it might take 100 years to advance to full socialism from the initial stage. In this process capitalist forms of organisation had to be utilised by the communist state – though he did not envisage or refer to his proposals as "state capitalism". The alternative to the liberal form of development is replaced, not by a socialist system, but by a developmental state predicated on the extraction of economic surplus for state development exercised by a ruling socialist Party. But that was not all. The reforms led first, to the installation of different forms of state enterprises and second, to the introduction of diverse kinds of ownership. Before the re-

¹ For a more detailed development of the state-economy-market nexus see: [Arrighi, 2007].

² The political formation of state-controlled capitalism need not be socialist, it could be populist or national capitalist, in which case state it would not be predicated on any ideology leading to socialism. "National-socialist" regimes as in Germany and Italy between the two world wars are such economies. This line of enquiry will not be considered here.

forms, state ownership was direct and enterprises were administratively controlled. In the Soviet form of central planning, the assets of enterprises were owned by the state, and management was responsible ultimately to government ministers (who in turn were responsible to the Council of Ministers and the Soviet government). Finance, wage differentials, product prices and the product mix were determined by the state plan. Following the reforms, collective enterprises were set up where capital was owned by “collectives” (mainly lower levels of government). Limited liability state corporations were also authorised. These were state owned corporations whose liability to debts are limited to the total assets of the firm; they traded goods or services on the market, their assets, however, were state owned. Foreign subjects (individuals and companies) were also able to invest in state corporations and those with over 25 per cent of the assets (limited to 49 per cent) are listed as “state corporations with foreign investment”. There were also cooperative, joint ownership and private enterprises¹. All these enterprises were able to receive profits for their enterprise.

Is China “State capitalist”?

The critical state-capitalist interpretation of the Soviet Union was predicated on the bureaucratic political class extracting surplus from the labour process through control of the state-owned economy. In China, there is also a separate business class with private ownership rights legitimating profits. Nevertheless, Simon Gilbert labels this dual form of ownership as “state capitalism”. He equates the state bureaucracy to the property-owning class with which it is “intertwined”². In this interpretation, there is a shift from Lenin’s outlook. For Lenin, the socialist state retained control over the privatised economic sector: politics was in command. For writers like Gilbert, there is a fusion of two class factions (the state political class and the private capitalist class) to constitute the bureaucratic ruling class. Such theorists define the major cleavages in China between class groups: on the one side, Party officials, state officials, private corporate business and on the other, the working class. The former, they contend, all receive, or benefit from, surplus value. They form an economic class grounded on control, as well as ownership, of the means of production.

Other Western commentators bring out this distinction without the Marxist theorising. Sino-capitalism, Christopher McNally claims, is a hybrid system based on interpersonal relationships utilising Chinese cultural norms in which the state fosters and guides capitalist accumulation. Its major characteristic is the “juxtaposition of state-led developmental institutions top-down, and private entrepreneurial networks bottom-up, often resulting in contradictory incentives and friction” [McNally, 2012, p. 747]. As Chinese industrial development occurred under conditions of neoliberal globalisation, foreign capital is more accessible and so are global mar-

¹ State-owned enterprises are non-corporation economic units where the assets are owned by the state. Collective owned enterprises are units with the assets are owned collectively. Cooperative enterprises are forms of collective economic units where capital is come mainly from employees, some from the outside, production is an independent operation, with democratic management. Joint ownership enterprises are established by two or more corporate enterprises or corporate institutions of the same or different forms of ownership. Shareholding corporations are economic units with capital raised through issuing stocks. Private enterprises are profit-making economic units established by persons, or controlled by persons employing labour. Limited Liability Corporations are economic units with investment from 2-50 investors, each investor bearing limited liability to the corporation depending on its share of investments. Definitions taken from explanatory notes in China Statistical Yearbook 2019.

² Referring to China, he writes: “The higher echelons of the state bureaucracy, wealthy private capitalists and the murky mixture of the two that lies between are best understood as constituting a single ruling class” [Gilbert, 2017].

kets. Established flexible labour markets and WTO agreements made China more “globalised” in terms of trade which gave the advantages of mobile capital movements [McNally, 2012, p. 756]. Thus, the economy is part of a globalised system in which dominant Anglo-American values and institutions are accepted: China presents a “market-liberal form of state capitalism” [McNally, 2012, p. 750]. Private capitalism, from this point of view, is embedded in the Chinese party-state; a duality of state control and private capital accumulation [Dickson, 2008]. But the dominance of state politics, led by the Communist Party of China, interpersonal connections, and the absence of a Western-type of law-based economic system, put China outside the “rules-based international order” [McNally, 2012, p. 765].

Following this line of argument, Branco Milanovic considers the bureaucracy to be “clearly the primary beneficiary of the system” [Milanovic, 2019, p. 91] and legitimates itself by realising a high rate of economic growth. For Milanovic, the dynamism of the economic system is to consolidate a form of political capitalism in which the political elite (of which some members are drawn from the economic class) maintains control, unlike the Russian Federation (under President Eltsin) which adopted liberal capitalism. In China, the socialist party-state remains in formal control over an economy in which the business classes operate to maximise profit on the market. Any analogy with Lenin’s state capitalism must be faulted, as Lenin did not admit the bourgeois classes to the Party, and the New Economic Policy was intended, and only lasted, for a short transitional period.

Samir Amin and David Harvey, writers taking a positive attitude to China, also concede that the relations to the means of production have similarities with modern capitalism. For Amin, there is “... submissive and alienated labor, extraction of surplus labor” [Amin, 2014, p. 71]. While China is following the socialist path, it cannot “skip” the capitalist level of productive forces [Amin, 2014, p. 74]. “... The establishment of a state capitalist regime is unavoidable, and will remain so everywhere. The developed capitalist countries themselves will not be able to enter a socialist path (which is not on the visible agenda today) without passing through this first stage”. These views seriously contradict the Marxist-Leninist view that societies can move from feudalism to socialism without going through the capitalist mode of production. Whether China will transit to a fully socialist society is contentious. Samir Amin acknowledges that there are contradictions, notably, that the rising business and political classes could lead to a form of liberal capitalism. He believes, however, that China will take a socialist not a capitalist path¹.

This contrasts with the evaluation of Milanovic, who considers that it already has moved along the route to capitalism. A strengthening of the marketized and privately owned economy invites the formation of a capitalist class consciousness which would destabilise the socialist state. Already, as noted above, capitalists in the private sector can, and do, amass wealth – they own financial and physical assets. Economic surplus is increasingly channelled to a capitalist class, which can use income to purchase assets at home and abroad, and their children can benefit from their wealth.

However, there are counter tendencies. While the structure of power in China is shaped both by corporate ownership of assets and by bureaucratic position, the ruling groups are constituted from, and influenced by, different elites (party, government, regional, military, economic, media, academic) with each group containing a range of political preferences. Elites, as well as classes, have to be taken into account, to interpret state politics. Samir Amin is also clear that, even

¹ For different Leftist positions see: [Ruckus, 2021]

though ownership is both private and public, the crucial factor lies in the role of the Communist Party which controls the state apparatus. Unlike the critical state capitalist writers, discussed above, Amin considers that surplus is utilised predominantly for economic and social development which has had positive effects. Rather than having the negative connotations adopted by Western critical state capitalists, he follows Lenin to recognise that the socialist state presents a positive force in the developmental process. “It is the preliminary phase in the potential commitment of any society to liberating itself from historical capitalism on the long route to socialism/communism. Socialization and reorganization of the economic system at all levels, from the firm (the elementary unit) to the nation and the world, require a lengthy struggle during an historical time period that cannot be foreshortened [Amin, 2013].”

The Party organisation is hegemonic and, in a transitional social formation, it can bring its power to bear against capitalistic practices. There are also informal controls over private corporations. As writers such as G. Arrighi [Arrighi, 2007] have emphasised, in states moving from autocracy in the early days of capitalism, the political has considerable direct and indirect powers of control over economic life, including private corporations. The powers of Party intervention in the economy are crucial to enforce party policy by which the party-state can intervene to direct corporations, irrespective of their self-interests. Hence, the contemporary Chinese economy is a form of state-controlled capitalism retaining some socialist characteristics. To the extent that surplus value is extracted and used for private purposes, the economy has capitalist features. The increase in private ownership of productive assets in recent years has increased in China and to this extent reduces what is available for public use.

Whether this trend in future can be reversed is possible but problematic. Branco Milanovic has envisaged a convergence of China’s political capitalism to liberal capitalism. “Economic power”, he claims, “is used to conquer politics” [Milanovic, 2019, p. 217]. It is a one-way convergence: China moves to liberal capitalism. His envisaged pathway is a version of Marxism emphasising the superiority of economics over politics. Milanovic concludes that “The domination of capitalism... seems absolute” [Milanovic, 2019, p. 196]. This conclusion, in my view, is overdetermined. China shows the possibility of utilising capitalist methods and motivations within a shell which limits its effects; socialism with Chinese characteristics adopts capitalist methods and forms of property. Its long-term future can be imagined in a different light, in the possibility of strengthening the socialist components.

Future Scenarios for State-Controlled Capitalism

State-controlled capitalism is a viable alternative to neo-liberalism. It has outlived its original form (anticipated by Lenin) as a short-term transitory period between capitalism and socialism. A hybrid economy is a form of exchange between the state sector, which is dominant, and the private sector, which is secondary. This paradigm has been successful for China. It has lessons for the advanced capitalist countries. A dual or hybrid economy enables competitive market capitalism to continue, and promotes individualistic entrepreneurship, innovation and capital investment. In this way individual choice, which drives many people, and a market consumer society, which sustains many others, are maintained ensuring system stability. The state concurrently promotes developmental policies not only through public ownership of key financial and non-financial corporations, but also through persuasion and economic and political controls. If adopted in Western capitalist societies, there could be an end to what Engels called the “anarchy of production”, and

the society moves in the direction of an ordered rational society¹. The state sector could remedy the tendency of competitive market economies to generate economic crises, to unjustifiable inequalities in income and wealth. State-controlled capitalism could formulate a long-term perspective for public welfare, capital investment and renewal. It promotes economic rationality in place of economic uncertainty and chaos. These developments, however, make for contradictions between the state and private sectors which may be resolved in different ways depending on the balance between political forces and nature of political realities. How the state is supervised remains a major challenge. State-controlled capitalism is an ideological and political alternative to neoliberal capitalism and could present a set of rational economic policies for an economy with an established capitalist class, and a consumption orientated working class. My contention is that it could be better than what presently exists, or what has previously been tried.

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¹ This line of thinking, linking knowledge, economic structures and a revision of economic needs is developed by S. Bodrunov. See particularly, [Bodrunov, 2022].

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