

CAPITAL CHALLENGE SYSTEM

资本挑战体制

—— 关于中国经济转轨原理的
一种解析

● 吕炜 著



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Capital Challenge System

—Explanation of the Theory
of the Transformation of the
Economic System of China

Lu Wei

Economic Science Press

责任编辑：刘殿和

责任校对：孙 昉

版式设计：代小卫

技术编辑：董永亭

资本挑战体制

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经济科学出版社出版、发行 新华书店经销

社址：北京海淀区万泉河路 66 号 邮编：100086

总编室电话：62541886 发行部电话：62568485

网址：www.esp.com.cn

电子邮件：esp@public2.east.net.cn

北京博诚印刷厂印刷

三佳装订厂装订

787×1092 16 开 22.25 印张 300000 字

2000 年 4 月第一版 2000 年 4 月第一次印刷

印数：0001—2500 册

ISBN7-5058-2111-3/F·1505 定价：49.50 元

(图书出现印装问题 本社负责调换)

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Foreword

Brief Introduction of the Proposition , Structure and Essentials of the Book

I

The book, *Capital Challenge System-Explanation of the Theory of the Transformation of the Economic System of China*, aims at investigating the experience of the economic reform of China in twenty years and the general theory of the system transformation while regarding the capital campaign as a kind of running method of the economy. It defines the major points and scope of the research while making the general introduction.

The primary motive to choose this topic to research due to the passion to study carefully *Capital* aroused in the constant practice. *Capital*, crowned as the Bible of the working class, is the most important work of Marxism Economics. Though I've read it for the first time in the sophomore year while studying in the Financial and Economics University, it didn't make a deep impression on me at that time. Later on, a series of serious accidents happened in China reflecting the conflict among the reform, development and the social stability in the course of the economic system reform of China. For instance: Hu Yaobang and Zhao Ziyang, two former General Secretaries of the Communist Party of China who have contributed to breaking

the bonds of planned system and introduced the planned commodity economic system, left the political stage guiltily in succession. According to the words of Deng Xiaopin, the chief designer of the reforming and opening policy of China, both two General Secretaries have come against the wall on the problem of bourgeois liberalization (Page 344, Volume 3, Selections from Deng Xiaopin). The price reform during the period, aroused an unprecedented chaos in the field of circulation and has to be adjusted through painful reorganization. The wide repercussions on the social economic life caused by the introduction of G-W-G ' interest chasing system made it clear that it 's not an easy thing to abide by the general rule of the commodity economy while maintaining the basic socialist system. Therefore, I began to restudy *Capital* for the second time during my senior year in the university trying to get rid of the puzzlement in practice. Then two major incidents occurred in China, which has profound significance in the economic reforming of China. The first one is that Deng Xiaopin stated his view while making an inspection tour in south China in the spring of 1992. Regarding the puzzlement over the correctness of the planned economy and the market economy, which have been argued about for a long time, Deng Xiaopin made a theoretical conclusion with short and direct words: "The difference between the planned economy and the market economy is not the natural difference between the capitalism and the socialism. The planned economy is not equal to the socialism for in the capitalist countries the plan also exists, whereas the market economy is neither equal to the capitalism for in the socialist country the market also exists. Both the plan and market are economic methods" (Page 373, Volume 3, *Selected from Deng Xiaopin*). The second one is that Jiang Zemin clearly declared in the report on the 14th NPC that the aim of the economic system reform of China is to set up a socialist market economic system. It marks that the reform of China has smashed the bonds of mending the old system and said good-bye to efforts to "find the way while being blindfolded". At that time, I have left the uni-

versity and started my work in the unit after the practice in the basic unit. Once again, I began to study *Capital* for the third time, this time I emphasized my attention on several chapters and connected them closely with the real situation of the reform in China. It was during that period that an idea has formed up in my mind: firstly, since the planned economy is not equal to the socialism, neither do the market economy to the capitalism, they are both economic methods; secondly, all the signs of the capital campaign have distinctively infiltrated into the economic management in China in the primary socialist stage and made constant profound influence on the standard of living of the people, whether the definition of the capital, defined by Marx as that "capital is not substance but the relation among people", can be developed or be endowed with new meaning? For example, can we define the capital as that capital means not only the relation among people but also the indispensable factor of the functional environment of commodity economy; that the capital campaign aiming at seeking the increase of the value is the main method in the market economy; or further more that the transformation of the economy of China from the traditional system to the market economic system must encounter a profound capital campaign aiming at the change of the article move to value move, non-currency to currency and multigoals to value increase?

Obviously, the first barrier I encountered was the ideology. The idea was thus laid aside due to the frequent change of my work. It reappeared in my mind when I studied for a Doctorate Degree under instructor Xia Deren. I found *Economy Development and Currency Supply* (Published by China Financial Publishing House in April 1992), the work of my instructor amended on the base of his doctoral thesis, in the library by accident. In the book, my instructor clearly introduces the theoretical topic that the capital accumulation is the resource of the economic development of societies of any type while analyzing the mechanism that great obstacle exists in the forming course of the capital due to neglecting the function of currency ac-

cumulation in traditional planned system. However, my instructor added an explanation behind the theoretical topic saying that the word “capital” here is derived as the exploitation implication to avoid the trouble with the ideology. The accidental finding thus produced some constant topics for the discussion between my instructor and I: whether the reform implies an evolution of the capital campaign carried by the market; whether the reform practice requires a more complete definition for the word “capital” and whether it is endowed with the possibility to enrich the definition of the capital.

II

The profound understanding and final choice of the present topic was done in the autumn in 1997 after the 15th NPC was held.

Jiang Zemin presented the unprecedented new argument since the foundation of the new China in the report on the 15th NPC. He said: “the course towards market economy of the national economy shall be speeded up. All kinds of markets especially the markets of productive factors such as the capital market, labor market and technology market etc. shall be developed continually. The formation mechanism of the prices of the productive factors shall be implemented.” “Both the distribution structure and pattern shall be improved. The system would stress on the distribution according to work together with multi-pattern of distribution shall be insisted on. Combine distribution according to work with distribution according to productive factors and insist on the priority of the efficiency of optimization of the resource arrangement, stimulation of the economic development and maintenance of the stability of the society. Protect the legal income by the law. Allow and encourage a part of people to become rich through honest work and legal business; allow and encourage productive factors such as capital and technology etc to be included in the income distribution.” (12th, Sep.

1997, Page 26-27 *Hold High the Great Banner of Deng Xiaoping's Theory to Introduce Completely the Course of Constructing a Socialism Society in Chinese Style to the 21st Century*—Report on the 15th NPC of the CPC). In my point of view, the leader of the third generation of China here actually introduced another theory, which is as important as the primary stage theory of socialism and also has an important bearing on the future and fate of the socialism of China. We call it “Distribution Theory of Productive Factors” in short to make it more convenient to use. The historic contribution of the Theory of the Primary Stage of the Socialism is to pull the communists and people of China out of the dream and illusion of the communism from the political angle, to push forward the adjustment of the productive relation and the presentation and smooth implementation of a series of economic policies of the new stage; whereas the Distribution Theory of Productive Factors helps the communists and people of China to smash the idea bonds of product economy from the economic angle to open a broader sight for the modern market economy and to sweep away the puzzlement of the deep level system reform carried out during the period from the end of this century to the middle of next century.

In the Distribution Theory of Productive Factors, Jiang Zemin emphasizes the importance of the capital market, the labor market and the technology market at the same time. From the angle of the effective rate circulation of the total supply, the effective rate of these three markets is the necessary condition needed for the effective increase of the total supply. However, from the angle of the effective rate circulation of the total demand, the reasonable reward of these three factors is the necessary condition needed for the effective increase of the total demand. Viewed from the connection between the virtuous circulation of the total supply and that of the total demand, capital, labor and technology are three indispensable powerful factors which are closely connected.

Obviously, the traditional political economics is lacking stress on it.

What it stresses on is only the function of labor. People are misled to regard that work produces everything as that work is the only source of the development of the economy of the society. In regards of the distribution, it's represented that the work takes charge of the distribution link of the social reproduction under the condition of the socialism society. In addition, under the historic condition of that time, even the stress on the labor factor and the implementation of distribution according to work were also seriously distorted for they have been loaded with a lot of non-economic factors.

Reviewing the reforming course of the economic system of China, we can find out easily that the labor factor has gradually shared reasonable interest in distribution with the gradual implementation of the economic policies of the new stage and the establishing of the market mechanism, and that suitable reforms beneficial to the large-scale socialized production such as the free flow of the labor has also made certain progress. As to other two factors—capital and technology, they have been gradually recognized as the productive factor and have gradually started to share the interest in distribution legally. The splendid achievement of the economic system reform and economic development of China is represented by the turning from the economic shortage to the richness of the material in the appearance. When referring the optimization of the resource arrangement and the improvement of the production efficiency, three major productive factors, which give full play to the large-scale socialized production as the factors, are no doubt the motive power of profound level in the reform of the economic system of China and the development of China's economics.

It is indicated in the historical course of the productive force development of the human society that the assets of the society is primary shown in the simple combination of the labor resource with the natural resource. For example, in the primitive society, people used stone ware to obtain basic conditions for living and it was not until the Bronze Age and Iron Age that the surplus of work i. e. the primary accumulation of the assets was formed.

With the improvement in the science and the development of the division of work, the necessity to separate the capital, labor and technology comes into view for they can influence the accumulation of the assets. They thus become three major factors in urging the development of the large-scale socialized production from the lower grade to the higher grade. Recently, many scholars have pointed out that the status of capital and technology is rising steadily whereas the labor factor depends on capital and technology in more and more fields. We don't want to comment on the view here, but the fact we can not evade is that the high technology used for development and widening the production is controlled by the wealthy class of the advanced countries, and we have to exchange it with the rare natural resource and cheap labor resource.

Accompanied with the remarkable place of the capital, the capital campaign also holds a leading place in economic function. In the market economy environment featuring the mode urged by economic interest, the capital campaign aiming at seeking value increase performed by the economic subject is very common and practiced in great numbers. The further consideration, invoked by the 15th NPC report on the conclusion and comment of the reform and development in the past twenty years, is whether the marketization reform of China is passed through by the way of capital campaign and what are the changes and features brought by the way in different evolving stage.

III

The socialist economic system has been founded and practiced in new China for 50 years from 1949 to 1999, which can be obviously divided into two stages: stage 1949-1979 and stage 1979-1999. No doubt the two stages share many common grounds, but what is the primary difference between them? As a great developing country, China is well known for it's continu-

ally increased economic achievement and stable investment environment in the practice of major system reform by introducing the market mechanism to implement the socialism economic system while comparing with the system transformation of other similar countries. But why can China make such remarkable success?

It is very easy to answer the question from the political angle. The answer is that China has inherited and developed the modern Marxism of the traditional socialism theory, i. e. Deng Xiaopin theory or socialism in Chinese style. However, the study on the complete description and conclusion of the reform from the economic angle are still not presented and the way of it is also not very clear.

When pondering over the macro-subject such as the development way and path of China's reform, some people think that Marxism is antiquated and there isn't ready-made reproduction can be found in the theory of the western economics. Therefore, the evolving course of the system reform of China at that time, nicknamed as Cat Theory or Blindfold Theory, is supposed to be unknown about whether it's policy is scientific and whether it will succeed. It was not until the achievement of the reforming practice of the society in Chinese style became more and more obvious and has shown a bright future that the western scholars and some domestic researchers began to find the complete or partial theory of western economics to explain the experience of Chinese reform. They aim at finding out the internal connection between the reform of China with the western economics theory to indicate that the reform of China is carried out under the rules of the western economics or that the reform itself actually implies certain rules of the western economics and therefore it is a scientific reform. However, people feel puzzled when facing the practice. They are confused about whether it is the economic system reform of China that has proved the western economics is the common truth or whether the success of China's reform is scientific or only depends on how it abides the standards of the western economics. Fur-

ther question is which theory system the economic reform of China shall be directed under by the beginning of next century. What will we choose, improving the socialism in Chinese style while making use of the practical experience of other countries, which have carried out the market economy in advance or giving priority to finding correspondent standards or evidences from the western economics.

When studying, more materials derived from the practice that I have studied, more strong I felt that the economic system reform of China is initialized by the leaders of China through correcting the wrong understanding of the theory in the spirit of practice and summing up their own experience and lessons in thirty years after the foundation of new China. Just like Lenin, who carried out new economic policy in the primary stage of the foundation of Soviet Union without abiding completely the product economic mode of Marx to solidify the economic system of Soviet Union, Chinese leaders have also taken measures to smash the bonds limiting the development of the commodity economy and carried out the marketization policy to push back the productive relation. Due to the limitation of the historical and political condition, the measure and policy were not raised to a higher level—the second revolution to adjust and reorganize the economic system of the socialism. Thanks to the inverse push of the Cultural Revolution and the world-wide marketization reform tide, the leader of Chinese stood in a new height of the time to distil and made use of the rare exploration experience of the past 30 years by the end of 1970s and the beginning of 1980s. The division of work in agricultural center was a great step forward in the reform of China and also presents a nice evidence. It is originated from the agricultural campaign of dividing land to families of peasants in 1962 and has made great success. Therefore, the study on the development way and path of China's reform must rely on the real practice of China while absorbing the reasonable core of relative theory, among which the primary work is to find out the possible way while investigating the whole process of

the reform.

I gradually straighten out my topic and exposition pattern with the help of the previous views and logic. In my view, the development way of the capital campaign plays a major role throughout the course of nearly 20 years ' reform ranging from the 3rd Plenary Session of the Central Committee of the CPC of the 11th NPC to the 15th NPC, composed of the gradual opening of the commodity economy, gradual widening of the market mechanism and the final decision made in regards of the market as the basic method while arranging resources. The capital campaign has two meanings here: one is the general definition of the course of the capital campaign, the other refers typically to the turning process of the non-capital campaign into the capital campaign which is the way of the system transformation of China. The generalization of two courses, which are used and mixed with each other as the capitalized campaign describes the evolving process of the economic running of China from the material campaign to the value campaign, from the non-currency campaign to the currency campaign and from the non-interest factor to the interest factor, the changes of the microstructure as well as the macrostructure, was brought by it. The 20 year s reform of China can be divided into several stages below according to the way:

1978—1984: the first stage of the evolution. It is the mending stage of the old system, also known as the capital recovery stage from the angle of the capital, a stage of the revolutionary turn evolved from the traditional system. The measures taken in the reform during this stage include pushing back part of the productive relation and introducing limited market factor besides the planned control. Frankly speaking, the introduction of the market factor at that time was obviously an experimental measure. However, the function of the capital in the field of technology braised by the market factor recovers quietly and unexpectedly which will not change with the will of the people. Moreover, it extended gradually and grew into the most active factor of the economic living.