## The Great Reset, Part III: Capitalism with Chinese Characteristics

by Michael Rectenwald



The title of this essay represents a play on the Chinese Communist Party's description of its economy. Several decades ago, when China's growing reliance on the for-profit sectors of its economy could no longer be credibly denied by the CCP, its leadership approved the slogan "socialism with Chinese characteristics" to describe the Chinese economic system. I Formulated by Deng Xiaoping, the phrase became an essential component the CCP's attempt to rationalize Chinese capitalist development under a socialist-communist political system.

According to the party, the growing privatization of the Chinese economy was to be a temporary phase—lasting as long as a hundred years according to some party leaders—on the way to

a classless society of full socialism-communism. The party leaders claimed, and still maintain, that socialism with Chinese characteristics was necessary in China's case because China was a "backward" agrarian country when communism was introduced—too early, it was suggested. China needed a capitalist booster shot.

With the slogan, the party was able to argue that China had been an exception to the orthodox Marxist position that socialism arrives only after the development of capitalism—although Marx himself deviated from his own formula late in life. At the same time, the slogan allowed the CCP to confirm the orthodox Marxist position. China's communist revolution had come before developed industrial capitalism—an exception to orthodox Marxism. Capitalism was thus introduced into China's economic system later—a confirmation of orthodox Marxism.

Stripped of its socialist ideological pretensions, socialism with Chinese characteristics, or the Chinese system itself, amounts to a socialist-communist state increasingly funded by capitalist economic development. The difference between the former Soviet Union and contemporary China is that when it became obvious that a socialist-communist economy had failed, the former gave up its socialist-communist economic pretenses, while the latter did not.

Whether the CCP leaders believe their own rhetoric or not, the ideological gymnastics on display are nevertheless spectacular. On its face, the slogan embeds and glosses over a seemingly obvious contradiction in an attempt to sanctify or "recommunize" Chinese capitalist development as a precondition of full socialism-communism.

However, the Chinese slogan does capture an essential truth about communism, one that is either unrecognized or unacknowledged by the CCP and denied by Western Marxists. Contrary to the assertions of communist leaders and followers, and even contrary to the claims of many who oppose it, socialism-com-

munism is not essentially an economic but rather a political system.

Once in power, socialist-communist leaders recognize that given their control over resources, they have effectively become the new owners of the means of production (whereas, as Ludwig von Mises suggested, consumers effectively hold the power of economic disposal in free markets2). In attempting to implement a socialist-communist economy, they recognize that, in the absence of prices, large-scale industrial production requires supervisory decision-making. Likewise, decision-making is not democratic in the sense promised by socialist-communist ideologues. Decision-making must be centralized, or at least bureaucratized, to a great extent. Democratic decision-making is precluded by state-owned and controlled production and distribution.

Socialism-communism is a political system in which resource allocation is commanded by the state and thus effectively controlled by the state leaders, the real ruling class. The latter retain control through ideology and force.

As opposed to a fully implemented economic system, socialism-communism is always only a political arrangement. This is why socialism-communism can be combined with "capitalism" under such forms as "state capitalism" or corporate socialism. Its economic pretensions will be jettisoned as capitalist development is introduced and cleverly rationalized, as in China. If such pretentions are maintained for long, they will wreck society, as in the former Soviet Union. In either case, the socialist-communist leadership will learn that wealth production requires the accumulation of privately held capital—whether they understand why or not.

## **Enter Corporate Socialism**

A socialist-communist sequel is coming to a theater near you. Some of the same old characters are reappearing, while new ones have joined the cast. While the ideology and rhetoric sound nearly the same, they are being put to slightly different ends. This time around, the old bromides and promises are in play, and a similar but not identical bait and switch is being dangled. Socialism promises the protection of the beleaguered from the economically and politically "evil," the promotion of the economic interests of the underclass, a benign banning of "dangerous" persons from public forums and civic life, and a primary or exclusive concern for "the common good." China's "One Belt, One Road" initiative4 may hang the takers in Africa and other underdeveloped regions as if from an infrastructural noose. A different variety is on the docket in the developed world, including in the US.

The contemporary variant is corporate socialism, or a two-tiered system of "actually existing socialism" on the ground, coupled with a parallel set of corporate monopolies or would-be monopolies on top. The difference between state socialism and corporate socialism is merely that a different constituency effectively controls the means of production. But both depend on monopoly—one the state and the other the corporate monopolization of the economy. And both depend on socialist-communist ideology of democratic socialism, or, in a recent variant, "social justice" or "woke" ideology. Corporate socialism is the desired end, while democratic socialism and woke capitalism are among the means.

China is the model for the economic and political system being promoted in the West, and the Great Reset is the most forthright articulation of that system—although its articulation is anything but perfectly forthright.

The Great Reset represents the development of the Chinese system in the West, only in reverse. Whereas the Chinese political elite began with a socialist-communist political system and implemented "capitalism" later, the elite in the West began with "capitalism" and is aiming to implement a socialist-communist political system now. It's as if the

Western oligarchy looked to the "socialism" on display in China, and said, "yes, we want it."

This explains many otherwise seeming contradictions, not the least of which is the leftist authoritarianism of Big Tech. Big Tech, and in particular Big Digital, is the ideological communications apparatus for the advancement of corporate socialism, or capitalism with Chinese characteristics.

The Chinese characteristics that the Great Reset aims to reproduce in connection with Western capitalism would resemble the totalitarianism of the CCP. It would require a great abridgement of individual rights—including property rights, free expression, freedom of movement, freedom of association, freedom of religion, and the free enterprise system as we understand it.

The Great Reset would implement the political system in much the same way as China has done—with 5G-enabled smart city surveillance, the equivalent of social credit scores, medical passports, political imprisonment, and other means of social and political repression and control.

In the end, socialism with Chinese characteristics and capitalism with Chinese characteristics would amount to the same thing.

- 1. Ian Wilson, "Socialism with Chinese Characteristics: China and the Theory of the Initial Stage of Socialism," *Politics* 24, no. 1 (September 2007): 77–84.
- 2. Ludwig von Mises, Socialism: An Economic and Sociological Analysis, 3d ed. (New Haven, CT: Yale University Press, 1951), pp. 37-42.
- 3. Western Marxists employ the term *state capitalism* to exclude the Soviet Union and China from the category of socialism-communism. They thereby reserve, in their own propaganda, at least, the hallowed terms *social-ism* and *communism* for the never present, always

- receding, and just-over-the-horizon ideal.
- 4. Alexandra Ma, "The US Is Scrambling to Invest More in Asia to Counter China's 'Belt and Road' Mega-Project. Here's What China's Plan to Connect the World through Infrastructure Is like.," Business Insider, Nov. 11, 2019.
  - https://www.businessinsider.com/what-is-belt-and-road-china-infrastructure-project-2018-1.
- 5. "Actually existing socialism" is a "[t]erm used in the former communist countries to describe them as they really were, rather than as the official theory required them to be. Its use was largely ironical, and more or less confined to the writings of dissidents." Palgrave Macmillan Dictionary of Political Thought, by Roger Scruton, 3d ed. (New York: Macmillan Publishers, 2007), s.v. "Actually existing socialism." Credo Reference. http://proxy.library.nyu.edu/login?url=https://search.cr edoreference.com/content/entry/macpt/actual¬ly\_existing\_socialism/0?institutionId=577.

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