Abstracts
translated by Victoria Bawtree

Socialisme et marché : Chine, Vietnam, Cuba

Editorial

Are socialism and the market compatible

The question as to whether socialism and the market are compatible is both theoretical and practical. It should be recalled how the problem was posed in the U.S.S.R. where, with the NEP (New Economic Policy), Lenin reintroduced some important market mechanisms. Socialist logic was undermined by the desire to catch up with capitalism by developing the country’s productive forces. This issue examines the three existing socialist countries: China, Vietnam and Cuba. China began its reforms towards the end of the 1970s, starting in the rural regions. It is now going through an original process of opening up to the market, which is however taking up increasing economic space, so that it becomes more and more difficult for the political power to control it. This poses the question as to whether a "socialist market society" really exists. Vietnam, after thirty years of war and destruction, for which it has not received any compensation, decided on making its reforms in the 1980s. The economic results have been astonishing, but the social effects begin to be worrying. As for Cuba, it was in 1986 that certain reforms were embarked upon, in order to return to the pre-soviet period of Cuban socialism. The collapse of the Soviet Union, combined with the U.S. embargo, provoked an unprecedented crisis, forcing a controlled opening towards the international market, but without all the "conditionalities" of the World Bank and the IMF. Cuba’s difficult, but progressive recovery over the last ten years, which has been undertaken without jeopardizing social and cultural gains, has amazed the whole world. If the embargo is lifted, it would create a situation in which the economic and cultural effects would demand a new political definition of Cuban socialism and probably new concessions to the market. In all three countries, the capitalist world throws its whole weight into bringing about the elimination of socialist alternatives as soon as possible, or engineering their failure. The final contribution lists the four conditions for compatibility between socialism and the market: to privilege use value over exchange value; to limit private accumulation; to socialize the principal means of production (which does not necessarily mean that they should belong to the State); and to conserve the "non-market aspects" of the economic sectors dealing with basic human rights and culture.

Theory and practice of the Chinese project of "market socialism"

Samir Amin

In making a critical analysis of the reforms carried out in China over the last two decades, it is first necessary to make a rigorous examination of the maoist period of "centralized planning". This was in
no way a definitive socialist achievement, but rather the first phase is necessary but also erratic of a long transition period. Enterprise reforms, which were undertaken from 1980 onwards were able, on this basis, to promote acceleration in growth, but they also created new distortions, considerable waste and profound inequalities. There is considerable danger that the system, based on unprincipled pragmatism, may progressively evolve towards pure and destructive capitalism. The option for a deregulated market carried to the extreme plays the game of imperialist strategy. Alternatively, China could opt for a national, popular development, utilising in a complementary yet conflictual manner the capitalist logic of the market and a social logic that forms part of a long-term socialist perspective. What the authorities call “market socialism” is today perhaps the necessary way forward if this last option is chosen.

The non-governmental and private economy in China:
a historical and theoretical justification of the reforms

Zhu Huayou & Liu Chenghui

Throughout its history, the Chinese economy has traditionally been dominated by the governmental sector. However, if a comparison is made with Japan and Taiwan, opting for a non-governmental economy and the abandon of State planning seems inevitable if its productive forces are to develop. At the outset of the Revolution, the Chinese communist party recognized the importance of the private sector for the development of the country. However, the collectivization programme rapidly took over and paralyzed economic development. Starting with the 1978 reforms, there has been a twofold approach to the non-governmental economy. Some enterprises have remained under collective ownership, although decision-making concerning management, production, hiring of workers, setting prices and profit levels has been made independent. But a private sector has also developed in the rural areas where there has been a de-collectivization process, and this has happened, too, in the industrial and tertiary sectors. The economic productivity of the non-governmental sector is far higher than in the nationalized sector, for it reflects more accurately the laws of value, the market and competitiveness. A new social group has thus developed: the individual entrepreneurs who, even though they have no direct political representation, begin to exercise increasing political influence. The non-governmental sector thus constitutes the key to developing China’s productive forces, as well as resolving the problems of employment and increasing revenues.

Financial liberalism and economic development in China

R.N. Agarwal

Over the last two decades, China has gone through fundamental change. Its development strategy and programme for economic reform involve moving from a skewed growth, dominated by heavy industry, to a more harmonious one that includes agriculture and light industry. It means substituting extensive growth by intensive growth, as well as ending policies aiming at self-sufficiency, and opening up to the outside world. A study of the role of financial liberalization as part of this process shows how the Chinese financial system functions. The Chinese economy has to tackle three fundamental problems: a weak control over the macro-economy, the slow progress of State enterprises in improving their effectiveness, and the vulnerability of the banks. These three problems are inter-linked and cannot be resolved unless there is a basic reform of the financial sector.

The growing inequality of income in China and its causes

Zhang Xiaohe
The main characteristic of the distribution of total revenue in China is that it has become increasingly unequal during the economic reforms of the past two decades. Because of a twofold development strategy, income has been more equitably distributed in the towns than in the countryside. Moreover, the gap between the rural and urban sectors continues to grow, constituting the main inequality in the country. Contrary to what is generally believed, the development of non-agricultural activities in the countryside has played only a limited role in reducing income disparities. There are several alternatives strategies that could remedy this situation: abolition of the household registration system, migration from the rural areas towards the towns, changes in agricultural policies, etc.

Where is the Vietnamese economy after a decade of renewal policy?

Lê Dang Doanh

The ten years of doi moi (renewal policy), which started in 1986, marked an important turning point in the contemporary history of Vietnam. Thanks to this policy, the country has been able to overcome the economic crisis, control inflation, stabilize the macro-economy and achieve the highest and most sustainable economic growth since the end of the war in 1975. Thanks also to the liberation of its economy, Vietnam has also managed to break out of the encirclement of the economic embargo and become integrated into the world economy. For the first four years, it relied on its own intellectual and material resources. Now the main challenges are: to build up a market economy and perfect it, to increase the effectiveness of the State machinery, and to train people to work in the new conditions. The evolution of renewal policy, as well as its effects on the Vietnamese economy and society, should be analyzed in the context of national management with a socialist orientation.

Vietnam: political intervention in a market economy with a socialist orientation

Nguyen Dang Thanh

The successes and shortcomings of the reconstruction programme which is presently under way in Vietnam are the direct or indirect results of the Party leadership in the political field and of the State in the economic field. Political authority in a market economy with a socialist orientation has to meet several requirements: it has to protect class interests, respect the natural law of economic development, promote close ties between the political leaders and businessmen, ensure strict control over economic activities, mobilize all the energies of the nation in the modernization effort, and finally, combine the indispensable centralization of political authority with a certain democratization of the State apparatus. If these requirements are met, the economy can open up in stable conditions.

Reform and development in Vietnam through integration into the world system

Tuong Lai

In Vietnam, after more than ten years of reform (since 1986), the results can be attributed to a new motivation, which has been responsible for a quickening of growth. This motivation has been created by getting rid of the socio-economic obstacles created by subsidies and central planning, which were rooted in the two forms of ownership, collective and State, and by the rejection of the market economy. By accepting and encouraging the latter, buried potential is being liberated and conditions created for opening up to the outside and obtaining access to new resources. This tendency has now to be reinforced in order to adapt to globalization, while maintaining the socialist orientation in governmental management in order to avoid accelerating the process of social differentiation.
Relationships between the economic and social aspects of development in Vietnam

Bui Dinh Thanh

The fundamental characteristic of the relationship between economic and social policies is their dialectical unity. Each economic policy has a social objective and, conversely, each social policy has an economic base. There are, however, countries where economic development does not go hand in hand with social equality. Contemporary Vietnam must eliminate the risks of lagging behind in the economic field without, however, straying from its socialist orientation. If the negative effects of the economy are to be overcome, this can only be done by a dynamic society and culture, a strong political consciousness among the people and a strong, stable State.

Vietnam’s market economy with a socialist orientation

Doan Duy Thanh

There is an apparent contradiction in the term "market economy with a socialist orientation" which is used in Vietnam to describe the reform process that started in 1986. However close the relationship with capitalism, there are marked differences. The most important are the objective, the methods and the extent of State intervention. To ensure stability and guarantee the development of the country, it is first necessary to undertake the socialization of the productive forces, through a process of industrialization to modernization, from agriculture to industry. This makes it possible to create a strong internal market, which is linked to the world economy. In a second stage, it is necessary to concentrate on building a sovereign economy, which is indispensable for developing a market economy with a socialist orientation. This can only be done by a strong State, which thus proves that market mechanisms do not always lead to capitalism.

Cuba in the world economy

Osvaldo Martínez

At the beginning of the 1990s, Cuba had to face the most acute crisis in its history. A series of measures were then taken, not only to restore an economic equilibrium, but also to relaunch the economy and place it in an international context, though without renouncing its social gains and socialist orientation. Some elements of the market economy were introduced, but slowly and cautiously, with care being taken to avoid the negative effects as have been evident elsewhere. Obviously this involved structural changes. The size of the State was reduced, without affecting its role as locomotive of the economy and of society. Maintaining revolutionary political power was a priority. Measures were also taken to diminish the State’s deficits by reducing those of the State’s enterprises, accepting foreign investment, organizing taxes, setting up a twofold monetary circulation and opening the country to tourism. All this was done while preserving the gains that had been made in education, health, social security and international solidarity, and avoiding large-scale unemployment. The US embargo has not succeeded in strangling the Cuban economy and a certain social and political cohesion has been maintained, which proves that it is possible to take up another position vis-a-vis the globalization mechanism. The challenges in the future are numerous: the need to renew infrastructures, to improve the productive efficiency of enterprises, to control new social inequalities, to obtain access to international finance, etc. However, it is probable that the worst of the "special period" is over.
Economic reform in Cuba during the nineties

Angela Ferriol Muruaga

The Cuban economy is undergoing a fundamental process of structural reform. During the last decade it underwent a double adjustment: adapting to a sudden drying up of external revenue, following the collapse of the European socialist bloc and a reinforcement of the North American embargo, and the introduction of market mechanisms into a centralized system and the decriminalization of dollar holdings, etc. As from the mid-nineties, these reforms have resulted in a revival of the economy, but there have also been social costs although much less than elsewhere in Latin America where the principle of equality does not prevail as it still does in Cuba.

Social space and the mixed and private economic sector in Cuba

Juana Elvira Suárez Conejero

The question as to whether differentiated social classes exist in Cuba has come up again with the development, during the 1990s, of a mixed and private economic sector. Before 1989, in spite of the differences of access to political capital, economic egalitarianism was the order of the day. Still today, after several years of reform, private capital accumulation is forbidden to Cubans residing in the country. The acquisition of symbolic capital has nevertheless become very important among the population. Are there differences between Cubans, and if so, to what extent? How has the economic opening up to foreign capital influenced the perception of these differences among the island’s inhabitants?

Cuba - a unique non-neoliberal experience in Latin America

José Angel Pérez García

At the end of the 1980s, the countries of Latin America and the Caribbean (including Cuba) underwent persistent economic stagnation. The causes are common knowledge: a slow-down in the project for substituting imports and the debt crisis in most of the countries in the region, as well as economic and geo-economic conditions that were particularly unfavourably in the case of Cuba (management mistakes by the national economic authorities, collapse of the partner socialist regimes, North American embargo). While other Latin American countries made a fundamental critique of their prevailing development model and embarked on neoliberal reforms, Cuba decided that the globalization process should be undertaken in a gradual and controlled manner - a partial opening up, under the auspices of the State. Ten years later, a comparative analysis of the results of the two approaches yields very clear conclusions. The model imposed on the former countries has brought about a dramatic fall in social indicators without any real improvement in their economic performance. Cuba, on the other hand, after a difficult period, has succeeded in opening up to the world market and in resuming its growth rate, without endangering the social gains of the Revolution.

Development challenges in Cuba: realities, myths and concepts

Pedro Monreal González

Julio Carranza Valdés
The crisis that Cuba is at present experiencing raises the question: what economic policies can help to regain the sustainable growth leading to development? The growth achieved during the period 1975-1989 was based on a model of extensive accumulation, which was not very efficient and it benefitted from considerable external inputs. The model bore the seeds of its own impoverishment and should have been replaced by a model of intensive growth. The reforms embarked upon since 1990 have not however enabled the Cuban economy to extricate itself from the extensive model and this has happened at a time when there has been a considerable reduction in external resources. If it is to be effective, the economic restructuring of the country now demands a qualitative leap forward, its reinsertion into international finance and trade circuits, and the development of a new accumulation model which channels national and foreign investment into key sectors of the economy, both traditional and non-traditional.

Translated by Victoria Bawtree