2 China and the World Economy, 1840s–1940s

2.1 INTRODUCTION

China is an important test case for the debate about the impact of advanced capitalist countries upon less developed ones. This chapter focuses narrowly upon the issue of growth of the 'productive forces', and does not attempt any assessment of or judgement about the political, cultural or social impact of Western 'imperialism' except in so far as these affect economic growth.

The overthrow of the Communist parties of Eastern Europe in 1989 and the ending of the monopoly of power of the CPSU in the USSR in 1990, were intimately related to the economic failure of the prolonged attempt in the so-called 'socialist' countries to replace the market with direct administrative orders to enterprises ('the whole economy run as a single factory'). Markets fail in all sorts of ways in respect to growth, distribution and the environment, necessitating more or less state intervention in the workings of the so-called 'free' market. However, there can be few people left who could agree with Baran's classic (1957) assessment, shared by a large proportion of the (then) contemporary world socialist movement, of the inadequacies of capitalism and the implied superiority of Stalinist 'socialism' as a vehicle for advancing the productive forces and lifting people out of their misery in poor countries:

Far from serving as an engine of economic expansion, of technological progress and of social change, the capitalist order has represented a framework for economic stagnation, for archaic technology, and for social backwardness. . . . It is in the underdeveloped world that the central overriding fact of our epoch becomes manifest to the naked eye: the capitalist system, once a mighty engine of economic development, has turned into a no less formidable hurdle to human advancement. (Baran, 1957, pp. 163–4, 249)

The failure of Stalinist planning allied with the rise to prosperity of several ‘newly industrialising countries’ and considerable growth of
Table 2.1  Growth rate of GNP per capita, 1965–87  
(percentage per annum)

1. *Low income countries*  
   of which:  
   low-income countries  
   excluding China and India 1.5  
2. *Middle-income countries*  
   of which:  
   low-middle income 2.2  
   upper middle income 2.9  
3. *Countries above 3%*  
   Botswana (1.1) 8.9  
   Singapore (2.6) 7.2  
   Korea (Rep.) (42.1) 6.4  
   Hong Kong (5.6) 6.2  
   Taiwan (19.7) 5.7  
   China (1068.5) 5.2  
   Lesotho (1.6) 4.7  
   Indonesia (171.4) 4.5  
   Congo (2.0) 4.2  
   Malaysia (16.5) 4.1  
   Brazil (141.4) 4.1  
   Thailand (53.6) 3.9  
   Cameroon (10.9) 3.8  
   Tunisia (7.6) 3.6  
   Egypt (50.1) 3.5  
   Paraguay (3.9) 3.4  
   Ecuador (9.9) 3.2

*Notes:* Population in 1987 in brackets.


the productive forces in a much wider group of developing countries (Table 2.1), ought to have led Marxists back to Marx's own classic propositions on the superiority of capitalist forces in promoting economic progress:

The bourgeoisie cannot exist without constantly revolutionising the instrument of production, and thereby the relations of production,