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How has China succeeded in its extraordinary economic development over the past four decades? What is the nature of its emerging model of market socialism? And what practical lessons does it provide for other socialist transitions such as those in Vietnam and Cuba? These are all questions to which this book provides timely answers.

The book focuses on two pillars of China’s economic success: industrial enterprises and the national system of innovation. The first part of the book investigates the nature and evolution of China’s productive enterprises, concentrating on the rounds of transformation of their ownership structure. The second part analyses the structure of China’s national innovation systems. The book is based on a thorough analysis of statistical data provided by the *China Statistical Yearbook*, the World Bank and other sources.

The author emphasises two key points, which constitute a partly novel interpretation of two aspects of China’s unique development. The first point is the crucial role of public ownership of the country’s core means of production, in the framework of a harmonious market where different types of property coexist. China, the author says, gradually abandoned old-fashioned administrative command tools and is relying more and more on indirect and value-based forms of strategic control of productive assets. The second point is China’s strategic emphasis on technological progress and innovation, accompanied by an effort to develop national capacity and reduce its dependence on other countries.

China’s drive to become a first-class technological power revolves around the enhancement of its national innovation system, the author says. Big private high-tech companies play a crucial role; however, the main engines of progress are state-controlled enterprises, universities and research centres.

The author introduces the concept of “non-capitalist market-oriented enterprise”, a concept much wider than that of state-owned firms and cooperatives. Such enterprises, which are responsible for much of China’s industrial activity, are non-capitalistic from the key viewpoint of property rights.

According to Gabriele, China’s system is a “socialist-oriented mixed market economy” – socialist in the sense that it aims to realise in the long term socialist principles such as equity – in which the private sector has been allowed to flourish.
through the expansion of private property rights and private entrepreneurship. The core of the matter is the reform of property rights, through which the state has retained large and strategic state-owned enterprises while allowing the transfer of ownership to managers and workers as well as outright privatisation. The result has been a continuum of ownership that no longer fits standard categories: the main groupings are foreign-funded enterprises, privately owned enterprises, state-controlled mixed enterprises, state holding corporations and state-owned enterprises. Large firms are often a mixture of those types of ownership.

China’s idiosyncratic economic model features state-led industrial and development policies interacting with relatively automatic market mechanisms. Over the years, China has reduced the number of its state-owned enterprises while increasing their size and strength in all strategic sectors. The national and local governments hold a non-controlling share in many other enterprises, where more room has been given to individual managers. State-owned enterprises compete in the market. The tendency toward corporatisation of the non-capitalist market-oriented enterprises has been reinforced in order to maximise their profitability; on the other hand, the parallel Party command chain is being revamped.

The powerful and interventionist role of the state is implemented according to a market-compatible strategic framework, which utilises many price- and incentive-based policy instruments. In the case of the high-tech sector, the government has privileged a mix of industrial policies, incentives and informal ties to steer, rather than command, development, without attempting to micromanage individual companies.

The author calls the country’s peculiar synthesis of market and state mechanisms “Chinese market socialism”. This system confers on China’s leaders a major advantage in the crucial area of strategic planning: the capacity to allocate national resources in order to earmark them strategically for key goals according to a clear set of priorities. This superiority is apparent in the decisive area of innovation. Under China’s national innovation system, the state is able to channel toward research and development a high share of the national surplus. Nevertheless, such powerful state intervention is carried out in a market-compatible framework, utilising heavy-handed planning tools and price- and incentive-based policy instruments.

The author stresses the advantage provided by China’s non-capitalistic, long-term approach, which is not focused solely on profit. China’s extraordinary growth performance has been possible, the author says, thanks to the radical difference between the relative stability of its public model and the speculative- and crisis-prone scheme of capitalist countries, not in spite of it.

China’s successful alternative economic model poses the question of whether Western capitalism is really the only game in town. If China’s model continues to
succeed, its appeal could grow, and not only in developing countries dissatisfied with the Western system.

By following its “idiosyncratic development path”, China has introduced “a new, complex type of socioeconomic formation”, the author says. “China’s experience appears to confirm that a socialist-oriented state with a sizeable public sector can effectively push up aggregate investment beyond the level that would prevail under even state-guided capitalism.”

For example, in the field of advanced rail equipment, China has invested without expecting profits in the short or medium term, something that private competitors could not do. The boom of Chinese patents results from the government’s heavy investment in research and development, which is being carried out in a market-compatible planning framework.

The book shows how the Chinese leadership has been continuously treading a fine line. To accede to the World Trade Organisation in 2001, China had to agree to curtail its imitation of Western technologies while not completely foreclosing the possibility of catching up. To attract foreign companies, China had to open up its market while trying to avoid the wholesale ransacking that followed the fall of the Soviet Union. Today China has to keep its options open while facing a hostile United States administration.

With its focus on key components of China’s economy, the book is far from exhaustive, and it inevitably and knowingly leaves out of the picture problems such as inequality and environment degradation, limited individual freedom and the absence of multi-party representative democracy. Yet the author strives to interpret the country’s experience in a broader historical and theoretical context, arguing that a tentative and provisional argument can be put forward, according to which China – without ignoring its multiple elements of uniqueness – is in fact the most advanced of a new class of socialist-oriented socioeconomic formations that also includes Vietnam and Laos.

What the book does not do is to venture even further, trying to answer explicitly a far broader question: can – and, possibly, should – other, structurally very different, developing (and, even more speculatively, also developed) countries follow a broadly similar socialist-oriented development path? It is evident that, for the global audience at large, the appeal of the Chinese model will eventually depend largely on its replicability.

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1 For instance, for many centuries before the Revolution, China traditionally had a strong, centralised state and obedience to authority. This has not been the case in many other countries, such as for instance Italy. Another idiosyncratic peculiarity of China is, of course, its sheer geographic and demographic size.
Taking into account the significant caveats implied by the magnitude of the question and by the fact that our interpretation of the potential outcome of the author’s approach can only be speculative, we try in this review to provide at least a stylised and basic answer: yes. The main rationale is that the constraints and opportunities posed by the impossibility of overcoming the law of value are universal in nature. Therefore, in order to embark on a sustained and sustainable development path, in any country the domestic price structure must be meaningful, and fundamentally consistent both internally and with respect to international exchange relations. Socialist-oriented development strategies are no exception, and planning must be carried out in a market-compatible framework.

If this theoretical approach is correct, its kernel applies (without ignoring the need to adapt it properly to each country’s unique economic, social, cultural and historical reality) not only to China and other relatively similar Asian and South-East Asian developing countries, but to all areas of the world, from advanced Western countries (some of which might opt for diminishing the focus on short-term profit and strengthening government-led, long-term national industrial policies), to structurally and culturally diverse developing countries, including Cuba.

For more than a decade, the Cuban leadership has increasingly acknowledged the urgency of implementing major monetary and price reforms, which would not necessarily imply any large-scale privatisation or further worsening of economic and social inequality. If properly implemented, such reforms would allow Cuba to advance markedly toward the socialist goal of establishing a proper structure of income distribution, centred on the principle “to each according to her/his work”. Reaffirming in theory and in practice this goal, moreover, would be particularly important in the current historical period, as the private sector boom and the separation between the Cuban peso (CUP) and the convertible peso (CUC) circuits has already created extreme, inefficient and morally and ideologically unjustifiable inequalities with respect to access to non-basic goods and services.

However, in his inaugural speech delivered to the seventh Congress of the Communist Party of Cuba, in 2016, Raul Castro officially acknowledged that no substantial action had been taken to implement the vast majority of the Lineamientos approved by the sixth Party Congress in 2011. No breakthrough had been achieved in the decisive area of overcoming monetary duality and rearranging the whole structure of domestic prices (including wages) in the CUP circuit, especially so in goods-producing sectors. Many key markets were too weak or – as in the case of agricultural inputs – simply non-existent (at least as formal and legal institutions). There had been several attempts to side-step deep-seated problems with a renewed emphasis on cooperatives, the strengthening of working and managing discipline, the administrative and
operational reorganisation of state-owned enterprises and piecemeal experiments to liberalise some segments of the food value-chain. However, they had failed to deliver significant production gains.

During the Congress, the Party leadership showed again its awareness of these challenges, and of the urgency of moving from words, general statements and timeless declarations of intent to reasonably detailed planning, clear deadlines and action. Raul Castro’s half-joke on the need to overcome monetary duality before the Greek Calends, for instance, was telling. Unfortunately, after the seventh Congress too, nothing really happened.

After many years of hesitation, monetary unification has finally occurred, many socially and economically risky but promising structural reforms are being launched, and the debate on the urgency of shifting to an authentic and consistent market socialist path has resurfaced. In spite of the hardship the Cuban people are going through and the unlikeliness of a thorough elimination of the embargo by the Biden administration, the potential benefits of such a momentous strategic choice on the part of the Communist Party of Cuba cannot be overstated.