

# TRAJECTORIES OF DECLINING AND DESTRUCTIVE CAPITALISM

**Edited by** Rémy Herrera

RESEARCH IN  
POLITICAL ECONOMY

**VOLUME 40**

TRAJECTORIES OF DECLINING  
AND DESTRUCTIVE CAPITALISM

# RESEARCH IN POLITICAL ECONOMY

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RESEARCH IN POLITICAL ECONOMY VOLUME 40

# TRAJECTORIES OF DECLINING AND DESTRUCTIVE CAPITALISM

EDITED BY

**RÉMY HERRERA**

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INVESTOR IN PEOPLE

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# PRESENTATION

This new volume of *Research in Political Economy* is devoted to themes related to various ‘trajectories of declining and destructive capitalism’, within the framework of contemporary Marxism. To discuss these themes, we brought together 15 texts, written by 20 social scientists from 10 countries. These authors are, for some, internationally renowned and experienced personalities and, for others, young researchers starting their careers, but all working in their own way to strengthen Marxism in order to apply its powerful methods to the interpretation and, above all, the transformation of the world. Their contributions deal with 12 economies, covering five continents: Germany, Great Britain, France, Spain, Senegal, South Africa, Lebanon, Iran, India, Papua New Guinea, Australia and Chile in the current period or very near past – plus two other countries, China and Cuba, in their more distant past preceding their respective socialist revolutions. In addition, the cases of Palestine and Israel, but also of Ukraine, are addressed in a final postscript written by Paul Zarembka.

Capitalism has always been destructive, since its origins. Let us take as examples the process of enclosures which, at the very centre of the world system, closed access to land to peasants, expelled many of them from their countryside, pushed them into an exodus towards the miserable slums of the working-class neighborhoods of industrial cities and threw their children into the throes of ‘dirty work’ during the First Industrial Revolution, or, more massive still, the processes of primitive accumulation at the time of the great ‘discoveries’ and the colonizations, accompanied by the variations of modern slavery, from *encomienda* imposed on Amerindians to ‘black birding’ suffered by the Oceanians, through the deportations of forced laborers from Africa to plantations of the Americas for centuries or, later, through the recruitment of Indian ryots or Chinese coolies. And what about the immensely devastating effects of imperialism on the peoples who were its victims or the human cataclysms of the World Wars, which were inter-imperialist clashes?

Nevertheless, these calamities were associated, in the northern countries, with high economic growth rates, productivity gains, technological innovations or even infrastructure construction and job creation. But present capitalism is now declining at the core of the global system, where economic growth of low intensity or close to zero prevails. Japan or, in Europe, Germany (and recently France), have been experiencing recession for years, Canada is almost there – the United States owing its relative ‘dynamism’ only to wealth transfers from abroad and its (still for a while) hegemonic position over the world system. Most of the indicators went haywire: drops in economic growth rates, consumption, trade; operating deficits of industrial companies; losses of jobs, housing, savings – the

worst consequences of the structural crisis of capitalism still being borne by the poorest among the working classes. However, today, on a global scale, capitalism is above all destructive for individuals, societies and the environment.

The damages include a generalized malaise, pains in life, bad feelings in the workplace and phenomena of individual psychological collapse. This is about the combined effects of tension and stress caused by the threat of unemployment and pressures exerted by evaluation methods, leading to heightened competition between workers within a same production unit. From there comes a rupture in the bonds of respect, loyalty, conviviality and solidarity between colleagues. Hence the appearance of distrust among them, fear at work, self-control, reciprocal surveillance or pathologies of loneliness, accompanied by feelings of moral betrayal of oneself, awareness of a lie in the face of the requirements of 'total quality' and 'certification by the market.' Hence also – in a universe where the mobilization of energies is permanent, instability and flexibility become normalized, and collective spaces for thinking and acting together are shrinking –, a loss of moral reference points, of the sense of responsibility and of motivation to regain the tools to transform human relationships at work. Not to mention the hardening of labour conflicts and forms of repression against workers who resist and those who defend them. In this context, cases of suicide at work (wage earners, peasants) or elsewhere (unemployed) have multiplied.

On the scale of society, the damage caused by capitalism, under the effect of the concentration of private ownership of means of production and the logic of maximizing immediate individual profit, is innumerable at the levels of families, ethical values, political life, institutions – the State seeing its perimeter less reduced than its repressive functions reinforced to the detriment of its social ones – and, of course, the economies. The downward pressure on the rate of profit is incessant, despite its counter-trends. But the rise of credit allows capital to accumulate in various forms of money capital. The current crisis is reflected in explosions of fictitious capital, however, associated with real devaluations. In capitalism that throws workers into competition, pits people against each other, fuels racism and far rights, its neoliberal form leads all countries into a destructive spiral which pushes to make labour markets more flexible, to lower the 'cost of work', to privatize and outsource. Social rights and public services are dismantled. Trapped in a systemic crisis, capital no longer finds solutions and is much more dangerous. Between business bankruptcies and mass unemployment, bank destabilization and stock market crashes, the probability of a worsening of the systemic crisis of capital is high. The conditions are ripe for the contradictions of the capitalist system to become even more accentuated.

Let us take a concrete example, among others, of such contradictions. For decades, the peasantries of the capitalist world have been suffering an intensification of attacks by capital on their land, natural resources and means of production. These attacks have also been eroding national sovereignty, destroying communities, devastating ecosystems and threatening the survival of huge numbers of human beings. While agricultural production far exceeds needs, billions of people on earth today continue to suffer from undernourishment, most of them being peasants. Besides, the expansion of cultivated areas worldwide has

been accompanied by a decline in peasant populations relative to those in cities, which absorb massive flows of rural exodus, mainly into overcrowded and unsanitary slums. Furthermore, a growing proportion of land is cultivated by transnational firms which no longer intend their agricultural production for household food consumption, but for agro-fuels or industrial outlets. In most southern countries which find themselves excluded from the benefits of capitalist globalization, growing agricultural exports derived from rental crops coexists with increasing imports of basic food goods.

Today, we are dealing, within the power of finance itself, with a systemic crisis: capital does not find internal solutions to the contradictory dynamics it deploys. Among the options for exiting the crisis which are considered by the dominant fractions of neoliberal globalist capital, there is unfortunately that of the war economy, i.e. a sector which programmes the destruction of human lives, as well as material and natural wealth. Militarization is the mode of existence of financial oligopolies' capital. Overaccumulation is the chronic disease of capitalism, from which it cannot escape and which in the long term marks its structural tendency to enter into crisis – and even decadence. To avoid this overaccumulation, a drastic, dramatic solution exists: the devaluation of capital through its massive destruction, and this is the terrain of war – even if, ultimately, imperialist wars further aggravate the imbalances of capitalism. An illustration of this extreme violence is given by the current drama experienced in Gaza by the Palestinian people, already the victim of a colonization and apartheid project, unconditionally supported by US imperialist hegemony and its northern allies, maintaining a permanent war and leading to what the International Court of Justice itself considers a 'plausible risk of genocide.'

And how can we not talk about environmental disasters directly caused by the capitalist system? Nowadays, the general public is widely aware of the deterioration of the state of the planet and the global risks that result from it. This is the case of the 'greenhouse effect' and the expected manifestations of global warming linked to anthropogenic gas emissions. The effects of climate change are already perceptible, and in most ecological scandals, those responsible are clearly identifiable. Capitalism has become a threat to humanity as a whole – its neoliberal form only aggravating its impact. Climate crisis multiplies the risks of ecological disasters, but also of wars for access to natural resources – with their consequent migrations. The present situation resembles the beginning of a process of slow, gradual, huge collapse of the oligopolistic-financialized stage of capitalism. The latter, however, will not fall of its own accord; only popular struggles, massive, convergent and organized, will succeed. Thus, we have to get out of capitalism in order to finally open post-capitalist transitions made of authentically social or, better still, socialist alternatives.

Rémy Herrera, July 9, 2024

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PART I

PAST, (PRE-REVOLUTIONARY)  
SOUTH

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# REPUBLICAN CHINA AS A UNITY OF OPPOSITES: AN ANALYSIS OF THE ESSENCE OF SEMI-COLONIALISM AND SEMI-FEUDALISM FROM 1911 TO 1949

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## ABSTRACT

*This chapter argues that the destruction of the Chinese economy and the immiseration of the productive classes of the country during the Republican era were caused by contradictions arising from the forceful articulation of the Chinese social formation to imperialism. We further argue that imperialism, as an external factor, could only cause the stagnation of the Chinese economy because of the particular essence of the modes of production found within Chinese imperial society at the end of the Qing dynasty (1644–1911). The critical internal factors were strong bureaucratic and feudal modes of production, which left merchant capitalism unfree to develop. When imperialism opened China to the international capitalist market, Chinese merchant capitalists served as a bridge between imperialism and Chinese feudalism. Their growing influence tended to reinforce their capitalism's feudal and bureaucratic appearances. The articulation of this comprador capitalism with the State-based mode of production and feudalism created, during the Republican era, bureaucratic-capitalism, which increased the exploitation of working people by the State, landlords, and capitalists. This articulation of feudalism, bureaucratic-capitalism, and imperialism was the root cause of the underdevelopment of the Chinese economy.*

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**Keywords:** Chinese social formation; imperialism; Chinese feudalism; comprador capitalism; bureaucratic capitalism

## **INTRODUCTION: CHINA AS A UNITY OF OPPOSITES**

Wide debates about the nature of the Chinese mode of production are ever-present in both academic and political circles. For some, China is a land where capitalism reigns as the market and a capitalist class are found within it. For others, socialism is still in power as the land and heaviest industry still function based on socialist relations of production, maintained by political power in the hands of the Communist Party of China. This debate on the essence of the Chinese social formation can be extended over time. It surged during the Republican era when feudal lords and the comprador bourgeoisie were in power. For some Marxists like Chen Duxiu, China had already attained capitalism and needed a socialist Revolution to put the working class in power (Chen, 1932; especially: ‘Capitalism or the City Dominated Feudalism’). For Mao Zedong, this was only partially true. While capitalism did exist in China, the country remained a semi-feudal and semi-colonial social formation (Mao, 1928; especially ‘Feudalism Was Not Yet a Dying Force’). This apparent logical contradiction only reflects the dialectical contradiction that rests on the Chinese social formations: multiple modes of production seem to coexist in China. Mao grasped the dialectical aspect of the question, as he regarded the essence of a thing as being dependent on the kind of relations found between its inner aspects. China could be conceptualized as being both feudal and capitalist.

This chapter argues that the destruction of Chinese society, of its productive forces and its productive classes, was caused by capitalism. Our analysis rests on a dialectical understanding of China as a unity of opposite modes of production in interrelation. The immiseration of the Chinese people can only be understood when conceptualized as a dynamic created by the contradictory relations of the multiple modes of production found in the Chinese social formation during the Republican era. When Chinese society is viewed as a unity of contradictory modes of production, the dynamics that led to the decrease in the quality of life of the Chinese people can be explicitly located in the governing laws of the dominant mode of production in China, in the laws of the subordinate ones, and in their relations with each other. During the Republican era, three major modes of production were found in the Chinese social formation: feudalism, bureaucratic-capitalism, and imperialism.

Using untranslated Chinese Marxist documents, we will, in the following few sections, describe each mode of production found in China in that period, explain their main class relationships, their main contradictions, their productive forces, their superstructures, and the transformations that occurred from the end of the Qing Empire (1644–1911) to the eve of the Revolution. We further argue that the root cause of the destruction and stagnation of the Chinese social formation of the Republican era with a dominant bureaucratic mode of production is found in imperialism, understood as the global system of trade and exchange of commodities extending from rich imperialist countries and imposed by force on other nations.

## THE CHINESE FEUDAL AND BUREAUCRATIC MODES OF PRODUCTION

### *The Feudal Mode of Production*

For the official interpretation of feudalism by the Communist Party of China in Chinese history, feudalism lasted from the beginning of the Zhou dynasty (1046 BC–256 BC) right until around the first Opium War (1839–1842) (Dirlik, 1997, p. 49). During the Republican era, Mao described the evolution of his society towards socialism as facing two great mountains that needed to be overcome: imperialism and feudalism (Mao, 1971, p. 321). Feudalism stayed entrenched in many parts of the country even after the Revolution of 1911. However, the idea that feudalism is a eurocentric concept that cannot apply to the history of China is still widespread. This is explained by the fact that feudalism is mainly described in political terms as a method of government (Strayer, 1965, p. 13), a fragmentation of authority (Bloch, 1961, p. 446), or a fragmentation of political sovereignty based on a regime of politically constituted property (Wood, 2011, p. 167).

The issue with these conceptualizations is that they stem from a Weberian view, situating the determining factor of history in the political sphere, in the constant struggle for the control of the State (Weber, 1995, p. 347). For most Marxists, the essence of a unity is found within its economic base, not its superstructure. The fact that China does not share the particular political State machinery of feudal Europe does not mean that it does not share its essence. Feudalism has a universal essence with specific laws of motion. However, it also possesses multiple appearances that are formed depending on the concrete conditions in which this mode of production is found. For Chinese Marxists, European feudalism is but one of a kind, and Chinese feudalism is as much indicative of the essence of feudalism as the European one (Dirlik, 1997, p. 55).

The essence of feudalism for most of Chinese history takes the appearance of the landlord economy created by the disintegration of a European kind of feudalism of the Zhou dynasty when hereditary property was transformed into a system of private ownership where land could be freely bought and sold. The characteristic of this type of feudal mode of production is the absence of obligations towards the landlords. The landlords' economic exploitation of the peasant tenants took the form of rent in kind and money rent. The creation of this appearance of feudalism is explained by the increasing power of commercial capital, which articulated itself to the feudal natural economy in a social formation that had no developed industry. This meant that capital in a social formation dominated by feudalism took the appearance of a commercial capitalist mode of production that produced very little, as no industrial base was available to subsume, and as a result, only transformed available feudal products into commodities. Land thus became the commodity of choice for the dominant classes to invest in, as pure money profit could be achieved. The governing law of this feudal mode became the accumulation of land by lords and merchants for achieving high rates of profit, which caused an important polarization of the land and of money wealth, a decreasing rate of free peasants, and an increasing rate of tenants and slaves.

The State was a key factor in the exploitation of the peasantry even after the Xinhai Revolution of 1911. It was, however, more than just the political arm of the landlord class. The Chinese dynastic State and the Republican State, after it, contained in themselves a State-based mode of production, which we termed in the Chinese case the *bureaucratic–landlord* mode of production. Its main economic function was the exploitation of the peasantry by the imposition of a tax for the reproduction of a bureaucratic landlord class. In contrast, its secondary functions were the organization of infrastructure projects and industries. The producing class of this mode of production was the free peasantry, which suffered a rate of exploitation as high as the tenants (Zhufu, 1981, pp. 10–20).

In 1902, during the Qing dynasty, free peasants with the best fields had to pay a tax of 0.4 yuan per *mu* (亩, a Chinese unit of measurement of 666.67 square metres) of land to the central State. From 1929 to 1931, this tax increased 3 to 12 folds depending on the locality (Zhang, 1957b, p. 16). Local governments were also charging additional taxes and fees imposed on most daily activities. During the Qing dynasty, the local governments' fees imposed on peasants were lower than those imposed by the central government by law. However, they grew in proportion during the Republican era. In 1915, the additional taxes and fees were only 27% of the central tax per *mu* that peasants generally paid. In 1933, they increased to 500% more than the central tax per *mu* (Zhang, 1957b, p. 21). The reason for the increases in these fees is because of the military competition between warlords. As the country was divided between competing local feudal landlord forces consolidated in the power of powerful warlords, the war for control of the territory and taxes took place between different warlords and the Guomindang Party. As a result, the war effort increased the feudal extortion of peasants by many folds (Zhang, 1957a, pp. 557–580).

When the Guomindang took over and reunited the country, this prime characteristic of the bureaucratic–landlord State did not go away. Rather, this type of economic exploitation grew larger than during the Qing dynasty and the warlord era (Zhang, 2002, p. 138). The Xinhai Revolution inaugurated the transformation of the bureaucratic–landlord mode of production towards a bureaucratic–capitalist mode of production wherein the bureaucratic class progressively created surplus value through State-protected capitalist enterprises.

### *The Bureaucratic–Landlord Mode of Production*

The period of the warlord State was a transitory one between bureaucratic–landlordism and bureaucratic–capitalism, where feudalism became increasingly important. Warlords were the main military force backing the Republic of China and the bureaucratic–capitalist mode of production. As the Xinhai Revolution succeeded because a large group of feudal aristocrats leading the Beiyang army rebelled against the Qing Empire not to establish a bourgeois Republic but to consolidate their power over their Manchu bureaucratic overlord, some of the most powerful landlords of the country were in places of high power. The most powerful landlords became warlords, acting as governors of the provinces of the

former empire. They also individually held a considerable amount of land. Big landlords held, on average, 10,000 *mu* of farmland (Zhang, 1957a, pp. 14–16).

In addition, the exploitation rate of the peasantry increased as the warlord State demanded that peasants prepay the taxes for multiple years. As an extreme example, the warlord State in Sichuan demanded peasants pay more than 30 years' worth of their annual central tax from 1926, up to 1957. As most peasants could not pay, they had to relinquish their land, which was transferred directly to the warlord or influential local landlords (Zhang, 2002, p. 138), weakening the bureaucratic mode and strengthening feudalism. Even though their personal power rested on their property, their power as warlords was brought about by the need for the landlord class to suppress peasant resistance when the Xinhai Revolution made the bureaucratic State too weak (Xie, 2019, p. 72). They acted first and foremost to protect the interests of their class against peasants by keeping intact the feudal relations of production found in the villages (Li, 1930).

The increased exploitation of the peasantry created by the alliance of capitalists, imperialists, and landlords generated a large supply of landless peasants and unemployed workers for recruitment in the warlords' armies (Chen, 1980, p. 72). The number of soldiers under the command of various warlords grew from 500,000 in 1916 to 2 million in 1928 (Qi, 1991, p. 71). As Mao pointed out, at the time of the Beiyang government (1912–1928), the landlords and the bureaucrats were the dominant class of China, and warlords were their political arm. When the Guomindang took over (in 1928), most warlords were integrated into the party's governing structure, and an alliance was formed between the big Chinese bourgeoisie and the landlords (Mao, 1991, p. 601). The effect of the Xinhai Revolution was to weaken the bureaucratic State to consolidate the power of the landed aristocracy and its feudal mode of production, causing the increased power of the comprador bourgeoisie, which took hold of the bureaucratic State.

Chinese feudalism during the Republican era still found its essence in the relation of production between peasants and landlords, embodied in sharecropping and money rent. In 1934, 10% of the big landlords and rich peasants controlled 68% of the land, while 70% of peasants only had 17% of the land (Zhang, 1957a, p. 747). During this period, landlords dramatically increased their wealth and power as the amount of land in their hands grew. The landless peasants and the agricultural proletariat represented 28% of the total number of peasants. In comparison, the free peasantry was 49%, the sharecroppers were 28%, and 23% of peasants were at the same time free and sharecroppers in 1912. In 1947, the share of landless tenants increased to 33%, that of free peasants decreased to 42%, and the share of mixed peasants increased to 25% (Yan, 2012, p. 276). Sharecropping was an important, though not predominant, relation of production in the feudal mode of production still at the end of the Qing dynasty, where landlords took around 40%–70% of the products cultivated by peasants (Zhang, 1957a, pp. 96–97).

Even though money rent was already an important aspect of the Chinese feudal mode of production, it took an unprecedented proportion near the coast where commercial capital was more developed and imperialism strongly influenced the economy. In 1934, the average proportion of money rent became 21% of total rent, while 79% was paid in kind. In an area of Jiangsu with an undeveloped commercial

economy, money rent was only 23.5% of the total, while in a commercially developed area, the percentage increased to 48% (Yan, 2012, p. 290). When a landlord became very large, his desired choice of rent was the money rent as opposed to rent in agricultural products (Zhang, 1957a, p. 266), as most were already well established in the cities (Zhang, 1957a, p. 305) where the commercial economy was more developed and where the money form of value held considerable power.

Money rent and rent-in-kind both increased during this period. On average, money rent grew by about 103% from 1910 to 1930 (Yan, 2012, p. 318). This price increase in rent is partly explained by the deflation of foodstuff prices during the 1920s and the 1930s, which created a tendency for the landlords to increase the rents to maintain the profit rate of their land (Zhang, 1957b, p. 267). As the data show, rents were becoming increasingly expensive for peasants. For comparison, yearly land rents in China during the Republican period were about 15%–20% of the value of the land, while those of Western Europe during the 18th and 19th centuries were about 3%–5% (Zhang, 1957a, p. 112). This shows that the Chinese peasantry was more exploited than in the past by their feudal lords and was more exploited than their Western European counterparts.

The result of this feudal exploitation of the Chinese peasantry by private landlords and the bureaucratic State was an increase in the debt level of peasants. In the 1930s, 50%–70% of all peasants were indebted. Two types of debt existed: money debt, the secondary one, and the debt in foodstuffs, the main one. Even though the money debt's interest rate was high, at a yearly average of 30%, the foodstuff debt was considerably higher, ranging from 30% to 500% yearly. The debt in foodstuff shows that many peasants at the time could not produce enough to pay for the fees and the rent and had to resort to borrowing food from their landlords to survive. In contrast, the free peasantry had to resort to borrowing money debt to pay for the taxes and later mostly borrowed money to repay old debts. The rate of exploitation of the peasantry increased as the main lenders, landlords, rich peasants, and local capitalists tended to shorten the debt repayment time from 10–12 months to 1–3 months. The interest rate in the villages of China increased between 1909 and 1934 from a minimum of 10% to a maximum of 400% yearly (Yan, 2012, pp. 340–349). The extremely high interest rate was accompanied by a clause that made peasants unable to repay the entirety of their debt in a certain amount of time, around three years in Fujian, forfeit their land to the lender (Zhang, 1957a, pp. 551–555). This led to an increase in the rate of landless peasants and sharecroppers.

#### *Usury Capital in Bureaucratic China*

At the core of this relation is found usury capital. It belongs, with commercial capital, to the 'antediluvian forms of capital which long precede the capitalist mode of production and are to be found in the most diverse socio-economic formations' (Marx, 1991, p. 728). They are here subordinated forms, or modes of production, articulated to social formations where small peasant production predominates. Usurer capital's organic class relation is not found within the confines of the real capitalist mode of production, but rather in the modes of production preceding it, in this instance, the Chinese feudal social formation. It is