PRINCIPLES AND PERSPECTIVES FOR A DIVERSIFIED RENEWAL IN THE SYSTEM OF MODERN POLITICAL ECONOMY

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The article provides a systematic analysis of the main points of development of the economic theory of the 20th – early 21st centuries and highlighted such steps along the way as the two-component system, the three-section system, the four-section system, and the six-section system of political economy. On this basis, the author offers an original vision of the creative development of Karl Marx's methodology in dialectical comparison with the methodology of dominant economic theory (economics), examines the causes and results of Marx's transition from the plan of six books to the formation of the four volumes of Capital. The author sees the creative development of the methodology and theory of Marxist political economy in taking a step towards the creation of a renewed system of political-economic knowledge that includes the following five main components: ultra-micro economy, micro-economy, meso-economy, macro-economy, cosmic-economy. The ultra-micro-economics focuses on explaining labor and general production, as well as human nature as expressed in individual economic behaviors and economic activities. The micro-economics mainly explains the distribution, production, income and wealth of families; consumption, saving and investment; and population. The meso-economics deals mainly with the development, movement, organization, and division of labor of enterprises; with inter-industry relations; with the division of labor; with the organization and integration of the regional economy; and with the flow of production factors, trade relations, and balanced and non-balanced growth. The macro-economics deals mainly with decision and settlement in relation to national income; with general equilibrium between the product market and currency market; with the models of total demand and total supply and their relationship; with unemployment and inflation; with economic cycles and growth; and with macro-economic regulation. The cosmic-economics mainly explains the international division of labor; production, trade, finance, and resource and wealth distribution; globalization and regionalization; imbalances of economic development; the economic system.

Keywords: political economy; Marxism; economic theory; economics; 'Capital' by Karl Marx; China’s economic thought

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В статье дан систематический анализ основных моментов развития экономической теории XX – начала XXI вв. Отмечены такие основные вехи, как двух-, трех-, четырех- и шестикомпонентная система политической экономии. Исходя из этого, автор предлагает оригинальное видение творческого развития методологии Карла Маркса в диалектическом сравнении с методологией господствующей экономической теории (экономиксы), рассматривает причины и результаты смены Марксом первоначального плана по написанию шести книг к формированию четырёх томов «Капитала». Творческое развитие методологии и теории марксистской политической экономии автор статьи связывает с шагами по созданию новой системы политэкономических знаний, которая включает в себя следующие пять основных компонентов: ультра-микроэкономика, микроэкономика, мезоэкономика, макроэкономика, космо-экономика. Ультра-микроэкономика фокусируется на объяснении труда и общего производства, а также человеческой природы, выражаемой в индивидуальном экономическом поведении и экономической деятельности. Микроэкономика объясняет главным образом распределение, производство, доход и благосостояние домохозяйств; потребление, сбережения и инвестиции населения. Мезоэкономика изучает в основном развитие, организацию предприятий, разделение труда в них; межотраслевые связи; организацию и интеграцию региональной экономики; движение факторов производства, торговые отношения, сбалансированный и несбалансированный рост. Макроэкономика охватывает главным образом вопросы национального дохода; общего равновесия между товарным рынком и валютным рынком; моделей совокупного спроса и совокупного предложения и их взаимоотношений; безработицы и инфляции; экономических циклов и роста; макроэкономического регулирования. Космоэкономика в основном объясняет международное разделение труда; производство, торговлю, финансы, распределение ресурсов и благосостояния, глобализацию и регионализацию; дисбалансы экономического развития; экономические системы.

Ключевые слова: политическая экономия; марксизм; экономическая теория; экономика; «Капитал» Карла Маркса; экономическая мысль Китая

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The year 2018 marks the 200th anniversary of the birth of Karl Marx, the thinker of the millennium. Ever since Marx’s revolutionary transformation of classical political economy and vulgar political economy, progressive scholars around the world have followed suit, producing large amounts of innovative research, making great contributions to economic prosperity, and improving the livelihoods of all humanity. In China, the localized theoretical system of political economy integrates changes in the world economy with China’s own rich experience of reform and opening up, and in the process, has made a great contribution to the development and diversification of Marxist economic theory. This diversified system of political economy meanwhile contains both strengths and weaknesses, and requires further improvement and innovation on the basis of scientific evaluation. Due to limited space, this article does not include an elaboration of the system of political economy that exists within socialism with Chinese characteristics, but the same logic applies.

**Review of existing systems of political economy**

After 40 years of study and development, the following four theoretical systems may be found in the dozens of textbooks on political economy published in China.

(1) The two-component system. In the initial years of the Chinese reform, political economy consisted of two components, one focused on capitalism and the other on socialism. This represented the mainstream thinking at the time. As a system, this has the advantage of presenting a fully developed explanation of socialist economic theory, but a balance between the two components is lacking. In addition, the same object of analysis is explained using different concepts at different points; for example, the concept of expanded reproduction is applied in examining capitalism, while that of economic growth is used in the context of socialism.

(2) The three-section system. Some textbooks, reflecting the practice in the former Yugoslavia and other Eastern European countries, are divided into three sections. The first section, a general introduction to political economy, focuses on the basic categories, principles and viewpoints, and is followed by two other sections that deal respectively with capitalist and socialist economies. Using the methodology of proceeding from the abstract to the concrete, this system presents a logical framework in the first section, but lacks structural and logical consistency in the other two sections, where it encounters the same problem of dealing with the distinction between capitalist and socialist economies.

(3) The four-section system. This adopts the theoretical systems of political economy employed in the Soviet Union and in the countries of Eastern Europe, as well as in Western economics. It consists of four sections focusing on the commodity economy, on the economic system, on the running of the economy, and on economic development. Making up the first section is an explanation of the general concepts of commodity, money and social production, while the following three chapters deal with the economic system, with the manner in which the economy is run, and with the distinct models of economic development in capitalist and socialist societies. Although the four-section system features a symmetrical treatment in its first section, with an analysis of the general concepts of the market economy and of social production, each of the remaining three sections is divided into two parts, on capitalism and socialism respectively.

An alternative four-section system employs the scheme of commodity and money; capitalist economy; socialist economy; and economic globalization and opening to the outside world.

Both four-section systems follow scientific logic to some degree, but their contents, where these deal with the system and with the functioning and development of the economy, display a certain overlap. Moreover, opening up is inherent in both capitalism and socialism, and treating it differently when discussing the two types of society does not represent an ideal choice.
(4) The six-section system. This combines political economy with Western economics. Textbooks of this type contain six sections on the process of social production, the socio-economic system, micro-economic operation, social and economic development, macro-economic operation, and international economic relations. The advantage of this system lies in its incorporation of various elements of Western economics. However, it does not rest on a logical, scientific methodology, but amounts to a combination of different blocs.

**Principles and perspectives for renewing the system of political economy**

In order to further improve and renew the diversified theoretical system of global Marxist political economy in the 21st century, and to meet the inherent demands for its timely, scientific, and localized (or nationalized) development, a number of academic principles and perspectives need to be established.

First, we should absorb certain elements from the spirit of the Western economic system while rejecting the model that proposes a simple mixture. Mainstream economics in the West, reflecting the manner of its development, is generally composed of micro-economics, macro-economics and international economy. What Alfred Marshall constructed in the late 19th century was a system of micro-economics (Marshall, 2014), the major elements of which were proved bankrupt by the impact of the great depression of the 1930s. Arising out of this context was the Keynesian-based system of macro-economics (Keynes, 1936/2007; Hansen, 1964; Robinson, 1966; 1978), which along with the previous micro-economics and the maturing theories of international trade and finance formed the mainstream theoretical system, with its three major components of micro-economics, macro-economics and international economy. The content of this system displays serious deficiencies. Coase, as noted in Jia (2003), suggests that it is a “blackboard economics” that lacks content in the fields of property rights and of institutional and transaction fees, and that it is characterised by a strong formalism. Galbraith supports the critique (Galbraith, 1967; 1973), advanced by young French scholars, that assails mainstream economics for its overdependence on mathematics and neglect of real social problems. Zhu (2011) notes the comments of several dozen Harvard students who believe that mainstream economics only “defends the economically unfair system of capitalism that is full of problems and extremely inefficient; instead of laying a solid foundation for other courses, it only presents distorted opinions.” These deficiencies of content are rooted in systemic deficiencies, since the formation of the mainstream system of Western economics was not supported by scientific methodology. For example, both micro-economics and macro-economics deal with the question of consumption in isolation. Given the weakness that results from the above-mentioned mechanical division of content, many textbooks such as Stiglitz’s *Economics* have replaced mainstream economics with cross-sectional discussion (Stiglitz & Walsh, 2006; Stiglitz, 2016; Stiglitz & Greenwald, 2014). But these slightly varying systems still lack scientific method in their explanation, even causing logical confusion on certain occasions. In Samuelson’s textbook on economics, for example, the description of supply, demand and product markets in the chapter on micro-economics is followed by another chapter of applied micro-economics devoted to government tax income and expenses, efficiency and equity, international trade, and even accounting (see Samuleson, 2014, pp. 156–160, 349–422). Obviously, government income and expenses is an issue of macro-economics, while international trade belongs to the category of international economy. This simple addition of micro- and macro-economics to the old structure leads only to a range of mixed theoretical systems that lack methodological logic. We should absorb scientifically the element within the spirit of Western economics which teaches us that political economy must include content related both to micro- and macro-economics; at the same time, we need to avoid simply duplicating, in mixed fashion, the systemic structure of Western economic doctrine.
Second, we should pursue a synthesis of the two systems of Marxist political economy rather than accepting their mutual exclusion. In his Preface, written in 1859, to A Contribution to the Critique of Political Economy, Marx announced his “6-volume plan”: “I examine the system of bourgeois economy in the following order: capital, landed property, wage-labour; the State, foreign trade, world market. The economic conditions of existence of the three great classes into which modern bourgeois society is divided are analysed under the first three headings; the interconnection of the other three headings is self-evident” (Marx, [1859] 1977).

Due to limited time and a reformulation of his perspectives, Marx instead developed his plan of Capital to encompass 4 volumes. In this later scheme the first three parts, on “capital, land property, wage-labour,” were reorganized and replaced with “The Process of Production of Capital, The Process of Circulation of Capital, The Process of Capitalist Production as a Whole” (Marx, 1867/1977; 1884/1978; 1894/1981; 1969; 1979). We might now combine Marx’s 6-part system of political economy and his 4-volume plan for Capital in a synthesis which, together with Lenin’s perspective as set out in Imperialism, the Highest Stage of Capitalism (Lenin, 1916/1970), constitutes a complete rejection of the capitalism-socialism duality and a re-design of the whole system of political economy that studies the modern market economy. The structure of such a system should be based on the following considerations: the introduction deals with the issues of origin and development, object and scope, task and methodology, nature and significance; the concluding chapter explains the general principles underlying economic systems, the similarities and differences between the capitalist and socialist systems as well as their coexistence, competition and development trends; and the chapters in between should elaborate on the process of production, the process of circulation, the process of production as a whole, the process of national economy, and the process of international economy. Of these chapters, the first three mainly reflect the descriptive method adopted by Marx in Capital for examining the capitalist economy, while the last two chapters mainly reflect the descriptive method employed in the last three parts of the “6-volume system.” Meanwhile, each chapter follows the method of progression from the general to the particular. The examination of the idea of wages, for example, will first involve explaining the general meaning of the concept, followed by an explanation of the nature of wages in capitalist society and socialist society respectively. The explanation of the market economy deals first with the common properties of market economies, then discusses the distinct properties of the market in capitalist and socialist societies.

Third, different systems of political economy should be established on the basis of different methodologies, and monolithic systems should be avoided. The method that Marx adopts in his conceptualization of the 6-volume system of political economy proceeds as follows: “analysis of individual production factors → national economy as a whole → international economy.” That is to say, this method deals first with capital as the core concept of capitalism; then elaborates on landed property as the second production factor and relation of production; then proceeds to explain wage labor, which is subject to the control of capital and land ownership. In this way, it concludes its analysis of the conditions of economic life of, and the economic relations between, the three classes of capitalists, landowners and wage workers. It then explains the economic activities of the state as the totality of the capitalist class, foreign trade and the world market, revealing the laws of national and international economic activities as well as of national and international economic relations. In contrast to this method, the one that Marx adopts in the first three volumes of Capital is the Hegelian circular method of “thesis-antithesis-synthesis.” It begins with the inner circle of the “process of production of capital,” which centers on the analysis of the production of surplus value. It then examines the second circle, consisting of the “process of circulation of capital” with the circulation of surplus value at its center; this second circle contains the first circle. Finally, it deals with the outer circle...
of "the process of capitalist production as a whole," that includes both production and circulation, and that has the analysis of the distribution of surplus value at its center. In his "Introduction to a Contribution to the Critique of Political Economy," ([1857] 1971) Marx further presents an accurate and profound analysis of the role of production, exchange, distribution and consumption, as well as of the relations among them. In his analysis, he never abandons the description of the system of political economy set out in these four sections and domains of social production and reproduction. The theoretical system in the first three volumes of Capital in fact sees him deal with the first three sections one by one, while his ideas on consumption are expounded at various points within the three volumes. We thus have the above three different systems of political economy, based on or in relation to Marx's methods and the descriptions that correspond to them.

That being said, if we are to conduct system-related dialogues with modern Western economics, we might reasonably borrow from the methods employed in physics and in the system of Western economics, guiding and transcending that system in the spirit of Marxist methodology. We might thus arrive at yet another innovative system of modern political economy, that is, a description corresponding to the following order: "ultra-micro economy→micro-economy→meso-economy→macro-economy→cosmic-economy." In this case, the ultra-micro-economics focuses on explaining labor and general production, as well as human nature as expressed in individual economic behaviors and economic activities. The micro-economics mainly explains the distribution, production, income and wealth of families; consumption, saving and investment; and population. It also explains the division of labor within enterprises; production and distribution; market forms and structure; factor market balance and product market balance; the market-state relationship; and micro-regulation of the state. The meso-economics deals mainly with the development, movement, organization, and division of labor of enterprises; with inter-industry relations; with the division of labor; with the organization and integration of the regional economy; and with the flow of production factors, trade relations, and balanced and non-balanced growth. The macro-economics deals mainly with decision and settlement in relation to national income; with general equilibrium between the product market and currency market; with the models of total demand and total supply and their relationship; with unemployment and inflation; with economic cycles and growth; and with macro-economic regulation. The cosmic-economics mainly explains the international division of labor; production, trade, finance, and resource and wealth distribution; the law of price and value of production; competition and monopoly; globalization and regionalization; imbalances of economic development; the economic system; economic adjustment and economic order, and so forth. In short, there should be scientific diversity accompanied by a renewal of the modern system of political economy that studies the domestic and foreign market economy. The aim should be to achieve complementary advantages, coexistence, and a rich and prosperous discipline that includes multiple schools.

Fourth, the urgent task is to build a system of political economy in the broad sense, rather than one that focuses exclusively on improving the market economy. In China the only system of political economy, in the broad sense, was completed by Xu Dixin in the early years of the New China. Xu’s 3-volume work discusses the pre-capitalist, capitalist, and socialist economic systems (Buzgalin & Kolganov, 2016). Ever since Engels proposed the elaboration of political economy in the broad sense, and especially in the last few decades, rich works of economic history have been compiled dealing with primitive society, slave society and feudal society. This has laid a solid foundation for scientific abstraction, using careful examination and deduction so as to penetrate beneath surface phenomena and delve into the essence, defining major economic categories and revealing the economic relations and laws of development within these societies. Employing this approach, we will be able to replace general economic history with standardized political economies of primitive society, slave society and feudal society respectively. This in turn will enable us
finally to create a new system of political economy in the broad sense, one characterized
by a consistency between history and logic.

Some would argue that we cannot or should not build system of political economy
that includes socialist market economy, on the basis that the socialist market economy in
China has not reached its mature condition. This is a flawed argument that lacks dialecti-
cal perspective. For example, Marx's Capital and the earlier bourgeois classical and vulgar
political economy were all developed under the conditions of the liberal capitalism of the
18th and mid-19th centuries, though they varied a great deal in system, methodology and
principle. Therefore, as long as the economic system and relations of a given society are
basically stable and relatively mature, a system of political economy can be established
that scientifically reflects and reveals the social and economic pattern of this society. We
all know that the economic system and relations of any given society are constantly de-
veloping and evolving, until they are transformed into a different mode of social economy.
Economic reform and development are always occurring in both capitalist and socialist so-
cieties, and we cannot just sit and wait until the arrival of communist society to build our
system of political economy. Meanwhile, to reject building the Marxist system of political
economy and the socialist system of political economy with Chinese characteristics in the
21st century on the basis that Western economics represents the universal value in the
sphere of economics, and that the socialist market economy with Chinese characteristics
will sooner or later be transformed into a capitalist market economy, is simply an absur-
dity born of wishful thinking.

Fifth, we should build a holistic system of political economy, with different method-
ological and theoretical levels, to replace the current topic-based system (Porokhovsky,
2016). Unlike the textbooks of Western economics, existing textbooks of political econo-
my rarely present their contents according to the levels of difficulty of their methods and
theories. Graduate political economy textbooks and teaching are all topic based, which
is thoroughly non-standard and needs urgently to be addressed. In methodological terms,
a textbook of political economy for beginners requires only materialist dialectics and el-
ementary math as used by Marx, while intermediate and advanced textbooks should step
by step add the methods of higher mathematics, system theory, cybernetics, psychology,
jurisprudence, sociology, political science, aesthetics, and so forth. In terms of its field of
analysis and related theories, a political economy textbook for beginners needs only to
define the domain of material production as elaborated by Marx and the related economic
theories, while intermediate and advanced textbooks should step by step add theories
of culture, science, technology, health, and so on. Where specific economic theories are
concerned, we could move from the general definition of productive forces to systemic
and structural theories of productive forces; from equations governing the realization of
reproduction in the two sectors of the means of production and means of consumption to
realization equations and input-output models in the sectors of non-material production,
environment, military industry, and under open conditions; from analysis of the nature
and properties of monopoly capitalism to multiple world system analysis; from general
explanations of economic crises to studies of short, medium and long cycles of economic
crisis; from the ideas of simple international economics to those of international political
economy; from general introductions to the concepts of land and rent to the entire theory
of “agriculture, agricultural labor and agricultural areas”; from analysis of China’s system
of socialist market economy to studies of the market economy with socialist orientation in
Belarus. At the same time, we could step by step add important theories on urbanization,
integrated urban and rural areas, economic regionalization and the time economy, and so
forth.

1 The only exceptions are New Modern Political Economy, Modern Political Economy, Intermediate Level, and Advanced
Modern Political Economy, all edited by Cheng Enfu, Ma Yan, Feng Jinhua and Yu Bin and published by the Shang Haihai
University of Finance and Economics Press.
Sixth, we should establish a system of political economy with strict initial categories and with a main theoretical line that is logically consistent (Ilyenkov, 1982). If a theoretical system that studies only one particular form of social economy might be described as “narrow political economy,” and one that studies all social economies be designated as “broad political economy,” then we might describe our system that studies both capitalist and socialist economies as being “mid-ranged” in political terms. What, then, should be the initial categories for this mid-ranged political economy that studies modern market economies? Since capitalist countries and most socialist countries employ the market economy, then taking the commodity, that contains the embryo of all contradictions, as the initial category still represents the best choice for us as we apply the method of analyzing the contradictions present within the unity of opposites. Meanwhile, it is not appropriate to take as the point of departure for our description such complex concepts as ownership or labor. If we proceed from Marx’s perspective on surplus labor, the theory of surplus labor might serve as the main theoretical line (the “red line”) of a broad political economy. Since the surplus labor in the market is transformed into surplus value, the theory of surplus value should therefore become the main line of a mid-ranged political economy. The difference between them lies in the fact that while private capital obtains private surplus value, collective capital obtains collective surplus value, cooperative capital obtains cooperative surplus value, and state capital obtains state surplus value. It is necessary to reject as logically inconsistent the old idea that capital and surplus value are concepts that belong exclusively to capitalist private ownership, at the same time as profit and wages, that come from the transformation of surplus value, are considered to be common concepts under all forms of ownership. In our logically consistent theoretical innovation, we must first broaden or neutralize the major concepts of capital, surplus value, profit, and rent, and then explain their different nature as determined by their different ownership. This is the only way to avoid internal narrative confusion within the system.

Related to this is renewal of the theory of the goals of production. Under capitalist private ownership, the direct and ultimate goal of production is the maximum possible private surplus value or private profit, with the production of use value serving the production of private surplus value or private profit. Under public ownership in a socialist market economy, production has a dual objective: the direct goal of production of commercial enterprises is to obtain the maximum possible public surplus value, while that of non-commercial enterprises lies in meeting the material and cultural (including ecological and environmental) needs of the entire people. In the meantime their production is subjected to state regulation, out of consideration for the overall interests of the population (Buzgalin, 2018). The production of new public surplus value serves the production of use value, reflecting the nature of people’s democracy and the orientation of people’s livelihoods in the circumstances of socialist production. Although socialist countries have more non-commercial state owned enterprises than capitalist countries, the majority of enterprises in our society are public and private commercial firms whose common characteristics is the law of surplus value in various expressions. Therefore, the theory of surplus value may be considered as the main theoretical line of a mid-ranged political economy, so that the conundrum of internal logical consistency within the theoretical system is solved.

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ЛІТЕРАТУРА / REFERENCES


