

China's Challenging the "Ricardo Law" Circle:

Is world development inevitably antagonistic or conflictive¹

LE DÉFI LANCÉ PAR LA CHINE AU CERCLE DE LA « LOI DE RICARDO »

—EST-CE QUE LE DÉVELOPPEMENT DU MONDE EST INÉVITABLEMENT ANTAGONISTE OU CONFLITIF ?

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Abstract: World historical development, especially the development of modern and contemporary globalization, tends to be antagonistic, conflictive and non-harmonious. Its theoretical demonstration is "Ricardo Law" circle, namely the rule that social productivity development and historical progress are at the expense of certain social classes and strata. Western countries after the Second World War have hence changed partly in certain ideas, productivity and specific regulations. Will China be fettered by "Ricardo Law" circle in our transformational socialism and has to apply the antagonistic, conflictive and non-harmonious method to achieve the alienating "development"? This paper analyzes the harmony and conflict thoughts and policies of the western economics represented by "Ricardo Law" in order to probe into our socialist social and economic harmony theory.

Key words: Ricardo Law, harmony and conflict thoughts of western economics, Harmonious Society Theory

Résumé: Le développement historique du monde, notamment le développement de la globalisation moderne et contemporaine, tend à s'avérer antagoniste, conflictuel et non harmonieux. La démonstration théorique est le cercle de la « loi de Ricardo », à savoir la règle que le développement de la force productive sociale et le progrès social sont aux dépens de certaines classes et souches sociales. Après le Seconde guerre mondiale, les pays occidentaux ont changé en partie certaines idées et des régulations spécifiques. Est-ce que la Chine sera enchaînée par la loi de Ricardo dans notre socialisme transformationnel et aura à appliquer la méthode antagoniste, conflictuelle et non harmonieuse pour accomplir le développement aliéné ? Le présent article analyse les pensées et politiques d'harmonie et de conflit des pays occidentaux, représentées par la loi de Ricardo, dans le but d'explorer la théorie d'harmonie économique et sociale socialiste de notre pays.

Mots-Clés: loi de Ricardo, pensées d'harmonie et de conflit des pays occidentaux, théorie de la société harmonieuse

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One regular phenomenon in our recorded world culture history up to now is: its development often appears antagonistic, conflictive and non-harmonious, with the common manifestations of social inequality and unfairness such as wide gap between the rich and the poor as well as unfair distribution, its extreme expression is violence and class struggle. The “antithesis or conflict” we mention here refers to external or outer antithesis, while the internal or inner antithesis, namely the self-contradiction, self-negation, self-antithesis or self-conflict, as well as the co-existence, unification, merging, melting and affinity of the two opposing sides within the same object are doubtlessly the dialectics of all movements⁴. Both modern globalization(originated from the capitalist primitive accumulation period) and the contemporary globalization(especially in late 20th century) behaved so⁵. This is also the perverseness dilemma between content and method. The contemporary economic globalization acquires multi natures, conflicts, crises and dual tendency. On the one hand, social productivity has made giants strides, the social technological pattern is stepping into a higher stage; Economic units, especially enterprises’ patterns have undergone tremendous changes, which have improved strongly the closed economic system’s transition or transformation

⁴ Two important cases—First, the capitalist extinction originates in “Capital is itself a contradiction in process.”(by Marx), namely the self-contradiction ,self-negation, self-opposite or self-conflict of capitalist relations are a kind of “natural and historical process”(by Marx). While in certain way, the external class struggle between capitalist and proletariat is the outer factor and contradiction that hasten its extinction. Second, the inner resources of biological evolution is the genetic alienation or evolution, while Darwin’s evolution theory is in some degree a theory of external causes, which suits only to biological population at the basic biological chain.

⁵ The long historical process of globalization development reveals two tendencies, it acquires integration or separation, internationalization is localization with both unitary and pluralization. Dickens has described artistically this perverse as: “This is the both the best and the worst moment; This is an age of both wisdom and foolishness; It is a time of belief and doubt; It is the season of brightness and darkness; It is the spring of hope and winter of despair; There are various objects and there are also nothing before us; People are in heaven and hell at the same time---All in all, the past is so alike with the present. Even the most influential writers’ critics and comments are persistently in contrast words with the superlative degree”.

The Globalization theory is especially so. It is the joint or focus of various political and academic trends. Those who support Globalization include Neo-liberalism, Liberalism Internationalists, and Institutional reformers; Those who oppose Globalization include global reformers, Nationalists or trade protectionists, Radicals and Marxists(David Held, Anthony McGrew,2002). Later on, Post-colonialism, Communitarianism, new left wing, new right ring theory, modernization theory, post modernization theory, Feminism, Ecologism and social democracy all have their own views or academic tendencies. We can make a long list here. ”

to a global unitary economic system; Market patterns have revealed a tendency of domestic--international--global market, or a tendency from regional to international market. On the other hand, accompanying the reproducing of the capitalist productivity worldwide is the socialized process of self-sublation and self-negation. This is exactly the dialectics that Chinese scholars in Qing Dynasty have called “One has to strengthen it first if you intend to weaken it.”

Will we adopt the antagonistic, conflictive and non-harmonious development in China’s transformational socialist development? This paper analyzes the harmony and conflict ideas and policies represented by “Ricardo Law” in western economics, in order to probe into the globalization and socialist social harmony theory.

1. WHAT IS “RICARDO LAW”?

One of the frequently recurring themes in the history of western scholars--an issue that is central among western economic thoughts is the issue whether capitalism is a social system that conduces toward harmony or toward conflict. It is stable or instable. Classical political economics in the United Kingdom has firstly demonstrated the rule of capitalist’s antagonistic or non-harmonious development. Its accomplisher is Ricardo, who was an economist studying both productivity and distribution, he was also the accomplisher of “Ricardo Law”. The nature of “Ricardo Law” is: the productivity development and social progress are at the expense of certain classes and strata. Marx has pointed out that Ricardo was correct in advocating productivity and admitting that the class antithesis and non-harmony in capitalist society, yet Ricardo is wrong in attempting to prove that the capitalist society with its critical antithesis between capital and labor is reasonable and eternal, and hence embodied it with absolute reasonability and inevitability.

“Ricardo Law” is an important road mark in the development history of western economic thoughts. The harmony theory, which has derived from Bastiat’s Economic Harmonies--Carey’s Harmony of Interests--Walras’ General Equilibrium—Pareto’s Optimality—Clark’s Marginal Productivity Distribution Theory—Marshall’s “four into one”, attempt to demonstrate the social harmony and distribution fairness in capitalist society. Among which, Pareto’s Optimality can be called as anti-Ricardo Law, because it advocates that: One’s welfare increase and Utilitarian promotion cannot hurt others’ welfare and Utilitarian; Changes which benefit some while injuring others are not Pareto’s Optimality. While the Welfare Economics, Neo-Welfare Economics, new Neo-Welfare Economics and post-welfare country put forward by Hobson and

Pigou, are till now the destination of contemporary economics harmonious route.

Another parted theory demonstrates the antithesis and conflict notion, including some dominating economists (Radicals and western Marxists are its another branch). But, with capitalism into its post - industrial stage, these two lines have in fact shown a melting tendency. Its characteristics are to disguise or hide, with the harmony theory, the conflicts and opposites in capitalist society. Neo-liberalism is its major representative.

In *History of Economic Thought---A Critical Perspective* by E.K.Hunt from Utah University, the author starts from the historical angle of economic histories, makes an objective demonstration to the big debate of whether harmony or conflict that capitalism finally leads to: "One of the frequently recurring themes in the history of economic thought--a theme that is central to this book--is the issue of whether capitalism is a social system that conduces to harmony or toward conflict. In the writings of Smith and Ricardo both views were developed. After Ricardo, most economists saw capitalism as either fundamentally harmonious or fundamentally conflictive. Each economist's view on this issue has been extremely significant in determining the scope, method, and content of his or her analysis. Another persistent theme is the debate over the inherent stability or instability of capitalism. There have also been persistent differences of opinion concerning the propriety of value judgment in economic theory."⁶

2. THE WEST IS STILL IN "RICARDO LAW" CIRCLE

After the Second World War, the West enters a new development stage, in order to maintain its normal social order and its stable social systematic operation, try to surpass "Ricardo law" circle and its influences, they have made partial changes, adjustment and reforms in certain ideas, productivity and specific policies. The major solutions, to dilute and release social conflicts and non-harmonies, are to develop productivity, to expand globally, to enlarge the middle classes, to develop social security system, to strengthen enterprises' micro regulation, to release labor-capital conflict by labor law, and to advocate green development, etc. U.S. spent about one century, South Korea spent 1/4 century, to release their social conflicts and non-harmonies. Japan spent more than one half century and acclaimed to enter an "even society" or "sole middle class" society, because there are 100 million middle classes among 126 million Japanese. Yet

the above methods have objectively hasten the self-deviation, self-negation and self-sublation to the nature and formulation of capitalist relations. This is the dialectics of the contradictory movements in the capitalist productive modes.

In spite of the fact that western developed countries have been advocating harmony ideas, harmony politics and harmony policies, and have indeed been fruitful, yet they failed to escape from "Ricardo Law" circle.

3. CHINA CAN AVOID "RICARDO LAW" CIRCLE

"Ricardo Law" effect has been wondering among developing countries. A country with its per head GDP between USD 1000-3000 can reveal dualism characteristics, namely at both its development opportunity stage of economical acceleration and its conflictive and non-harmonious stage. China is now in the systematic transformational stage with distinct dualism. So, in the process of our peaceful emergence and national revival, we must solve the increasing conflicts between the developing economy and people's increasing material requirements, solve the conflicts between economic and social development and increasing pressure from population, resources and environment, among which the conflicts in employment, social security, poverty supporting, education, medical care, environmental protection and safety production are extremely outstanding. We can't help asking: whether the progress of productivity and social development is inevitably at the expense of certain classes and strata, and is it necessarily at the expense of replacing harmony with conflict? The slave society, feudalism and capitalism all failed to escape from "Ricardo—Mill Law", should we follow the same old disastrous road and seek the alienating "development" by antithesis, conflict and non-harmonies? China should contribute to break away with "Ricardo Law". The solutions are as following:

1st. Continue to develop productivity, departing from development, which is the key to solve China's problems, we cannot construct an energetic and harmonious society with Chinese characteristics and "a well-being" society, we can only engage in the poor socialism and Utopian socialism. Yet, the characteristics of this development is scientific, harmonious, overall and sustainable. In China's growth GDP, at least 18% relies on "overdraft" of resources and ecological environment. We must carry on the green GDP. GDP can not be totemized or moralized. Development of economy and GDP cannot be realized at the expense of destroying these two harmonies, resources overdraft, ruining ecological and social environment, sacrificing social software and social construction.

2nd. There must be a thorough ideological

⁶ E.K.Hunt. *History of Economic Thought. A Critical Perspective*, Updated Second Edition. M. E. Sharpe Publishers, 2002.

emancipation. The emancipation refers to oppose western and domestic dogmatism. The understanding of "What is socialism and how to conduct socialism?" has to develop together with practices. We cannot be stiff-minded and have to start from understanding correctly "What is development? How to develop? Who to develop? Whom to rely on for development?" We should turn our economic and social development into overall coordinative and sustainable development.

3rd. The public ownership of socialism is better than private ownership of capitalism as government should pay for the inferior group and those backward areas such as farmers, rural laborers and layoffs, government should also pay for the transformational costs, reform costs, namely the harmony costs. The focus of harmony costs should turn from survival cost into development costs. The formulation and implementation of the directions, policies, regulations, systems and strategies of social harmony costs should be in package or systematic, which should include the new strategy to

construct socialist new countryside. Doubtlessly, the No.1 issue is our social systematic project.

4th. Construct socialist harmonious society, resources thrift society, environmental harmonious society and innovative society characterized by uniting socialist economic, political, cultural and social construction into one. We can obtain sustainable development only by coordination among economy, politics, society, culture and environment. The overall strategy of the socialist development with Chinese characteristics can construct harmony, namely certain soft power. Only in this way can we unite all we can, mobilize all we can arouse, make full play of the enthusiasm, activity and creativeness of all ranks.

5th. Western harmony and conflict economic thoughts and the five policies which attempt to escape "Ricardo law" circle, to dilute and release social conflicts and non-harmonies, obtain certain reasonable contents and therefore provide experiences for constructing harmonious society.

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