

# Marxism 8.0

馬克思 8.0 論



S. P. Yip

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## Preface

Marxism is the foundational ideology of communist countries such as China and Vietnam. For them, it was instrumental in uniting the people, overcoming difficult times, surviving against poverty, winning wars, and establishing governments. Politically, it is hailed as the guiding ideology.

After achieving political stability, these socialist governments realised that while declaring their loyalty to Marxism, they needed to modify their economic policies to encourage economic growth and allow certain religious freedom. To this end, this article proposes a variant model named Marxism 8.0 with three improvements for the 180-year-old theory of Marxism, in pace with the economic events and technological changes. The model can also explain the shifts in economic policies among successive governments in democratic capitalist or socialist countries.

The logo on the cover is derived from the symbol of Taoism, representing opposing (positive versus negative) but co-existing forces underpinning the dynamics of political-economic systems within a framework. For a system to remain within equilibrium boundaries in an ever-changing environment, monitoring and manipulation of the interactions between opposing forces are necessary. Thus, this variant model postulates a modified Marxist framework to justify the manipulation of capitalist and socialist policies by governments to keep societies moving forward economically while staying within equilibrium boundaries.

Simon PakYiu Yip

# Chapter 1

## Marxism: A Brief Summary and Towards a New Variant Model

### 1.1 Marxism

#### 1.1.1 Introduction

Karl H. Marx (5 May 1818 – 14 March 1883) and Friedrich Engels (28 November 1820 – 5 August 1895) were both German philosophers and political economists. Their writings significantly influenced the world's political and economic systems. Their ideas, theories, and writings are often referred to as Marxism. They wrote extensively, but the most important ones are: The Communist Manifesto (Marx & Engels, 1848) and Das Kapital (Marx, 1867 – 1883) Volume 1-3. The main writings of Marxism and other related publications can be found at the following addresses:

<https://www.scienceandsociety.com/>

<https://www.marxists.org/>

The main ideas of Marxism can be briefly summarised as follows.

#### 1.1.2 The Philosophy - Dialectic Materialism

Karl Marx was inspired by Friedrich Engels' Dialectical method (Engels, 1883) and Ludwig Andreas Feuerbach's Materialism (Feuerbach, 1848). He combined them and formed his idea of Dialectic Materialism.

The Dialectical method refers to a method of thinking to understand the universe. It is a systematic method of reasoning. It believes that all objects contain opposing forces and thus have conflicts within. The interactions of these opposing forces bring forward improvements learnt from the conflicts and create better new objects. These new objects have new inner opposing forces within and, over time, will bring along the next round of changes. This process of change is continuous and can be used to explain observable phenomena. Thus, the life cycle of objects consists of three stages: creation, maturation with changes, and then death.

Materialism means that the material world that we can see and touch is objective and independent of our perceptions. Materials consist of matter. Time and space are the frameworks of matter's existence. They are

universal features of matter. There is no matter without time and space, and there is no time and space without matter. Continuous motion is the factor that determines the eternity of the universe and the existence of matter.

By combining the Dialectical method and Materialism, Marx formulated the Dialectic Materialism principle that every object that exists is material. All matter that exists in the material is interconnected and interdependent. Every matter has a property, i.e., it has two opposing forces. These opposing forces underpin the continuous changes. However, the principle of change cannot be deduced from Dialectics, it can only be deduced from events of change. The continuous changes are the essence of materials. All processes originated from the material itself, and they made up our environment. Another main point of Materialism is about the originality of matter and the human conscience. The matter is an objective real entity, and it exists independently of our conscience. In other words, the matter and its processes constitute the environment in which our human conscience perceives and tries to understand.

Related to the above is the idea of Dialectic Idealism, which is different from Dialectic Materialism. Dialectic Idealism refers to the ideas with their opposing forces that exist in the human mind. Human ideas are external to the material world. The opposing forces in human ideas, however, are related and caused by the conflicts in material. It is by understanding the opposing forces in materials that we can understand the conflicts in ideas.

### **1.1.3 Political economy**

Marxism pertaining to political economy can be briefly discussed in the following, around several main ideas.

#### **1.1.3.1 Historical Materialism**

Marx attempted to analyze historical events and predict future changes in society, politics, and the state by applying the idea of Dialectic Materialism. In doing so, Marx noticed repeated patterns or regularities of events that happened in human history. Marx referred to that as Historical Materialism. Engels made a comparison with Darwin's theory of evolution and stated that

while Darwinism attempted to explain evolution in the organic world, Marx attempted to explain human history.

### **1.1.3.2 The Proletariat and the Bourgeoisie**

Central to Marxism is the notion that under capitalism, in the course of production, due to the social relations of the means of production, there are two classes created: (1) The working class or the Proletariat and (2) the bosses, the owners of the means of production or, the Bourgeoisie.

However, the relation of production, related to the nature of materials, created conflicts and class struggles between these two classes. The class struggles and the means of production can be used to explain the past and predict future events in the course of history.

### **1.1.3.3 Exploitation and the Surplus Value**

Marxism argues that the bourgeoisie exploits the proletariat. The working class is paid by the boss a salary or wage that is less than what they deserve. The commodities that the workers created contain the labor of these workers. These commodities are sold at a value that is more than the production cost used (including what the workers were paid) for creating them. The difference between the sale value of the commodities and the production cost makes up the profit, or the Surplus Value that the bourgeoisie keeps. The Surplus Value is a measure of worker exploitation by the capitalists or the bourgeoisie.

With some capital and knowhow, the bourgeoisie started the ownership of production. By hiring workers and getting the profits or Surplus Value from the workers, they accumulate the profits and further expand the ownership of production. Gradually, they have more ownership, better means of production, accumulate more profits, and become the dominant class, the bourgeoisie. That is capitalism.

### **1.1.3.4 Alienation and Class Consciousness**

The bourgeoisie and the proletariat have conflicting interests that are inherent in the means and relations of production. That difference in interest is the main reason for the conflict or state of social antagonism. The

capitalists, in order to expand and facilitate production efficiency, further accumulate capital and transform the industry. The working class does not have much choice but remains in the relations of production. Gradually, the system put an invisible 'chain' on the working class or the proletariat.

Due to ownership of private property and means of production, the bourgeoisie created a sense of alienation in the proletariat. The latter feel exploited, alienated, and disadvantaged. Together with the awareness of their misery, the processes contribute to the sense of class consciousness in the proletariat. They feel they belong to a group of people being exploited and oppressed. The class consciousness, growing gradually but constantly, will one day bring along social unrest. The opposing forces between the two classes continue, and there are no peaceful or easy ways of reconciliation. The antagonism and class struggles will continue until something more drastic, such as social unrest or revolution, happens.

#### **1.1.3.5 The State**

In Marxism, societies have passed and will pass through the six stages: Primitive Communism, Slavery Society, Feudalism, Capitalism, Socialism, and Stateless Communism. In the stages of Slavery Society, Feudalism, and Capitalism, the state and the legal system work for the ruling class: the owners of slaves, the feudal lords, and the bourgeoisie. The type of state, or the ruling entity of the country, is defined by the type of economic system.

Marxism postulates that the rulers, consisting mainly of the owners of the means of production, manifest their intentions with laws, which spell out the rules that in turn protect their ownership and interests. Violations of the rules will result in legal actions and eventually punishments. Under capitalism, the state, the laws, and the institutions that constitute the superstructure work on behalf of the bourgeoisie to keep the ownership and relations of production in order. The legal documents clearly state the ownership of property and the means of production. These owners have both political and economic power. The legal system defined the rules, reflecting the relations of production and property. That facilitates the creation of uncomfortable perceptions, feelings, and social consciousness among the proletariat. The state or the superstructure will continue to rule while the

discomfort and social class awareness accumulate until the discomfort threshold is passed or instigated into social unrest or revolution.

#### **1.1.3.6 The minority versus the majority**

The society is then dominated by the class struggle between the bourgeoisie and the proletariat. It happens in all aspects of social life: economic, cultural, political, and ideological. Marxism states that, accordingly, the industrial society would undergo anticipated changes and would go through certain levels of evolution, finally causing a global proletarian revolution.

Firstly, due to industrialization and competition, the bourgeoisie and the middle class will decrease in numbers. More people will become workers, and the number of workers will increase. The middle class, who does not own the means of production, will become the working class or the proletariat for survival and social significance. That will make society more polarized between the two classes, the bourgeoisie and the proletariat. Gradually, the proletariat class gets bigger and poorer, and the bourgeoisie class smaller but wealthier.

#### **1.1.3.7 Maturity of Social Unrest and the Revolution**

According to Marxism, class consciousness is a product of the economic life conditions in society. Over time, the misery of workers, as well as their social and job alienation will increase. That refers not only to the poor conditions but also to the mental and psychological deprivation. The workers, being forced to produce more than their maximum capacity, will be exhausted both mentally and physically. They do not have the energy for independent thinking. The accumulation of alienation, class consciousness, and a sense of deprivation will reach maturity for social unrest when precipitated by leadership with the appropriate ideology.

Due to the relations of production, the conflicts between the two classes continue. The obstacle against the proletariat's demand for change is the superstructure, which is the political and legal system, a system that works for the bourgeoisie, who would not give up their privileged position voluntarily. So, the only way to win is to overturn the superstructure by force.

To keep social unrest under control, there are two main ways that the bourgeoisie can do. The first is to use the state, the police, and the army to subdue any social unrest. The second way is to use ideology or religion to convince the vast majority proletariat that, according to certain ideology, the working arrangement is correct; or according to some religions, it is the fate of the working class.

However, under economic and social stress, together with a sense of alienation and the proletariat being the majority, social unrest can be instigated. As the proletariat gets bigger, there will be an imbalance in numbers and thus social power, and when given social stress or leadership, social unrest will happen. Marxism argues that eventually, the social unrest cannot be contained and there will be a revolution followed by a long period of socialism ruled by the working class until communism, where there will be no class struggle, and an abundance of resources. The communist society will be characterized by “from each according to his/her ability and for each according to his/her needs”.

Marxism predicts that the revolution would spread through the world and urges that all the proletariat should be united to revolt and to create a world of communism. While communism is like an idealistic utopia, socialism, being the long period before communism, is an achievable intermediate stage, and could be achieved with revolution.

## **1.2 Variants of Marxism**

The idea of socialism goes back as far as ancient Greek times, when the philosopher Plato depicted a type of collective society. In 16<sup>th</sup>-century England, Thomas More built on Plato’s idea and proposed his utopia, where money is abolished, and people live and work communally. However, it was Karl Marx who was most influential when in his theory of Marxism proposed that socialism is a long period ruled by the proletariat until communism.

There have been many changes, variants, and practices based on Marxism since it was published. Despite changes or disagreements, Marxism has been the seed and foundation of many political movements and modified ideologies. The more well-known ones to be highlighted are as follows:

**Leninism:**

Vladimir Lenin (1870-1924) was a Russian who led the October Revolution or Bolshevik Revolution in 1917. He expanded on or diverged from classical Marxist theory on several important points. While Marxism predicted a revolution by the proletariat, Lenin stated that the proletariat needed a leadership for the revolution. A party, the Communist Party, is needed for the leadership. While Marxism predicted a temporary dictatorship by the proletariat, Lenin established a permanent dictatorship by the Communist Party. After Lenin's death, his ideology and contributions to Marxism are referred to as Marxist–Leninism, or simply Leninism.

**Stalinism:**

Joseph Stalin was the leader of the Soviet Union from 1928 to 1953. Though he followed Marxism–Leninism, Stalin took a more dictatorial approach. Stalinist policies included rapid industrialization and a centralized state for central planning. He advocated the theory of ‘Aggravation of class struggle under socialism’, by which he justified the repression of political opponents. His objective was not just to establish Socialism in the Soviet Union, but also to dominate other foreign communist parties. His theory and practices are referred to as Stalinism.

**Maoism:**

Mao Zedong was the Chairman of the People’s Republic of China from 1949-1976. While Marxism states that socialism is a long period ruled by the proletariat, the variant concept of Mao is that the class struggle between the bourgeoisie and the proletariat should continue throughout the entire period of socialism because there is a constant potential for the bourgeoisie to restore capitalism. While other forms of Marxist–Leninism regard the urban proletariat as the main source of revolution, Mao regarded the rural peasants as a revolutionary force that the Communist Party could mobilize.

**Democratic socialism:**

Democratic socialism rejects authoritarian forms of socialist states as well as Marxist–Leninism. It respects democratically elected governments. If elected, a Democratic socialist government will implement a socialist economy in which the means of production are socially and collectively owned or controlled.

**Market socialism:**

Under Market socialist systems, there is public ownership of the means of production by the government and/or the workers. The same applies to the management of production. The market mechanism is used for making decisions, deciding what to produce and in what quantity. In Market socialism, while the state enterprises attempt to maximize profit, the profits are used to fund government programs and services. That reduces the need for taxation and subsequent redistribution of resources.

**Neo-Marxism:**

Neo-Marxism (e.g., Toscano, 2007) is a collection of schools of thought that use Marxism as an ideological backbone to apply and extend its use in the analysis of other social issues. In the process, these thoughts incorporate other social theories, such as feminism and postmodernism.

**1.3 Critiques of Marxism and room for improvement**

There have been disagreements and consensuses on Marxism since its publication about 180 years ago. The author will not reword all the criticisms. A simple search on the web can bring up many criticisms as well as agreements on Marxism. While the author agrees with some aspects of Marxism, this article points out some disagreements and room for improvement as follows.

**1.3.1 Multi-perspective views needed in modeling**

There are often multi-perspectives on concepts, reality, or the ‘Truth’. To formulate a model, it is important to be objective or multi-perspective. In his writings, Marx said: “Workers of the world, Unite ... You have nothing to lose but your chains. ...”. With these powerful propaganda-type words, it is

obvious that he was on the side of the workers. Throughout the writings of Marxism, it is obvious that Marx was angry with the bourgeoisie and made complaints on behalf of the proletariat.

In the author's view, putting oneself in the shoes of the bourgeoisie and looking from another perspective is also important. Though industrialization may have created job alienation among the workers, the contribution of industrialization, capitalization, entrepreneurship, and economies of scale to economic growth and prosperity initiated by the bourgeoisie should be appreciated as well.

### **1.3.2 Religion is not a temporary symptom**

Marxism does not endorse religion as something genuine. Marx's thesis on religion is that it is a manifestation of human alienation. Marx, in his Critique of Hegel's Philosophy of Right (Marx, 1844), wrote:

“... Man makes religion, religion does not make man. Religion is, indeed, the self-consciousness and self-esteem of man who has either not yet won through to himself, or has already lost himself again....This state and this society produce religion, which is an inverted consciousness of the world, because they are an inverted world....Religion is the sigh of the oppressed creature, the heart of a heartless world, and the soul of soulless conditions. It is the opiate of the people ...”

The author, though not a serious religious believer, is content that the Marxist position on religion needs improvement. To remain objective and not argue about the truthfulness of different religions, the author's view on the Marxist position that religion is only a tool of society or a symptom of human alienation may be just one perspective from an atheist. Many people of the bourgeoisie class are also seriously religious. To remain objective, one should keep the door open with respect for people belonging to different religious groups.

### **1.3.3 Marxist predictions were not all validated**

Social theories are validated by reference to historical events, explanation of current observations, available data, if any, and correct predictions of future events. Marxism probably inspired the October Revolution later in 1917. Since Marxism was published, the writings have had a significant impact on the world. The original form of Marxism and its variant forms have been used as ideologies in political movements or rationales for wars. Since the publication of Marxism, there have been many events and changes around the world. Though Marxism was based and validated on historical events at the time, the changes and events since then suggest that modifications are needed for the nearly 180-year-old model.

Maybe due to the warnings implied in Marxism, there has been awareness in governments that prompted officials to make policy changes that eventually prevented events such as social unrest from happening as predicted in Marxism. Governments are now fully aware of the warnings implied in Marxism and the historical events that if the gap between the rich and the poor is wide and if the working class gets much bigger than the bourgeoisie, there is a high risk of social unrest and even revolution. Whether there is exploitation of the workers by the capitalists or not remains to be debated or examined. One main objective of governments is to keep society peaceful and promote prosperity and a sense of social equality at the same time. Nowadays, for many governments, including socialist or capitalist alike, progressive taxation and redistribution of incomes via social welfare programs and channels of socioeconomic upward mobility are common tools to achieve the objective. In many countries, government policies that attempt to avoid Marxism-type social unrest, in a way, provided alternative paths to social equality, instead of the Marxist prediction that social unrest and revolutions would happen, to be followed by a long period of socialism before communism.

The Marxist prediction that governments will be dominated by socialism under the working class has not yet happened. Instead, we are seeing mixed economies in most countries with a different mix of capitalist and socialist policies. The Marxist prediction that socialism and revolution will be spread to the rest of the world has not yet happened. The antagonism between

communism and capitalism as the rationale (at least on the superficial level) of wars such as the Korean and Vietnam wars did happen, but the antagonism remains after the wars. Communist countries, though remain loyal to Marxism politically, after some years, have adjusted their economic policies to include some elements of capitalism. It seems that Marxism needs theoretical improvements to cater for those changes.

## **1.4 The wisdom of Marxism**

Despite criticisms put forward by others as well as by the author above, there is a lot of wisdom in Marxism as follows.

### **1.4.1 Philosophical and System Dynamics foundation**

Marxism was unique at the time of its writing, in having invented a political-economic model with a philosophical foundation, i.e., Dialectic Materialism and Historical Materialism. Whether you agree with it or not is another matter; they are great writings with a lot of impact.

From a Systems theory perspective, Marxism is the first social theory that has all the following elements of system dynamics. A system has elements. The interrelations of the elements constitute the structure of the system. The boundary of the system defines the interface between the system and the environment. The essence of system dynamics is that a system has opposing forces. There are opposing forces within each element and in the interactions between elements. The interactions of these opposing forces can disrupt the equilibrium of the system. The system keeps changing while seeking a new equilibrium. Thus, Marxism is also referred to as scientific socialism. Marxism is a theory of social, economic, and political significance. It is a framework with a time dimension that other writings or theories use as the backbone for reference.

### **1.4.2 Historical analysis and future event prediction**

Marxism attempted to explain history, analyze the present, and predict the future. Back then, it explained history, including slavery and the French Revolution. It inspired the Russian October Revolution and the Cuban Revolution. It was the dominant ideology behind the Korean War, the

Vietnam War, and the Cold War. The Marxist statement that society will transform from capitalism to socialism and then communism provided important milestones of societal transformation, though the means of transformation in reality, maybe different, in that revolution is not necessarily the only path that capitalism will be transformed. However, the idea of societal transformation provided an important reference for different ideologies and government policies, and will probably still be popular in the near and distant future.

Marxism does not specify the exact form of socialist government except that it will be dominated by the proletariat. It does not reject democracy and says that under democracy, the proletariat, because it is greater in number, will dominate the government with socialism. Nowadays, we have Democratic socialism, a Marxist variant. Though certain central planning is always necessary, Marxism does not reject a market economy. Today, we also have Market Socialism, another variant of Marxism.

### **1.4.3 Appealing ideology for unity in difficult times**

In times of difficulty, Marxism offers hope for the working class and those in much need of help. It is an ideology that unites people and puts collectivity as a top priority, as opposed to individuality. In times of difficulty, unity and collectivity are crucial. Marxist writings have great appeal to the working class. Marxism blames the bourgeoisie for any economic stress or mistakes. The proletariat or the working class, as the majority, and the disadvantaged, often consumed by physical work and poverty, can be easily persuaded and united by the ideology that they are being exploited.

In China, after the Japanese surrender in World War II, there was considerable poverty, fragmentation, and corruption. The country was severely battered. The communist party under the leadership of Mao Zedong, with Marxism as the guiding ideology, eventually won the civil war, united the country, and established the government of the People's Republic of China in 1949. Whether one agrees with all of Marxism is another matter, the fact is that Marxism is a useful ideology that, in times of difficulty, united people together, gave them hope, won the war, and achieved the objective of peace and stable economic well-being. Despite there could be

imperfections of Marxism, it is the social theory that many other theories have used as the foundation and built upon.

### **1.5 Towards a new variant model of Marxism**

With the inspiration of the French Revolution, Marxism was written in the 19<sup>th</sup> century. Marxism probably inspired the October Revolution in 1917 and later political events. Since then, there have been many social and technological changes around the world. Some countries embraced Marxism wholeheartedly, but in the process, over time, made modifications and adaptations to the model to accommodate the need for change. Variants of Marxism have been proposed and utilized by governments. Information and technological efficiency have played an important role in the changes around the world. Is it time for a new or modified version of Marxism?

The economic events in China since 1949, the policy changes in Vietnam and in Western countries, as well as other events around the world, inspired the author to propose a new variant model of Marxism. On the one hand, there were wars fought due to the antagonism between capitalism and communism; on the other hand, we are seeing a convergence of economic policies as mixed economies around the world. Though Marxism does not reject democracy, in practice, existing communist countries such as China and Vietnam adopt Marxism together with Leninism. In other words, existing communist countries can also be described as one-party socialist countries with socialist governments led by a communist party. Communist countries, despite their declaration of loyalty to Marxism politically, have adjusted their economic policies to stimulate economic growth. Can Marxism be improved to cater for these adjustments without ‘rocking the boat’?

Marxism covers a lot of areas, including the philosophical notions of Dialectic Materialism, Historical Materialism, religion, and political economy. Despite the critiques by the author, Marxism is the backbone for improvements. The new variant model to be proposed in this article, referred to as Marxism 8.0, has the following three improvements.

**Improvement 1: Symbiosis & Entrepreneurs**

The first improvement focuses on the relationship between the proletariat and the bourgeoisie. Is the relationship between the two classes simply that of Surplus Value and Exploitation? Or is it a symbiotic relationship in which both classes benefit from each other? Herein, entrepreneurs' contribution to economic growth is examined and acknowledged.

**Improvement 2: State-Secularism & Multi-religionism**

Marxism states that religion is something created for the working classes. It is like opiates created for the working class to alleviate their pain and suffering. However, we see people of the bourgeoisie class who are religious and well involved in religion, too. Multi-religionism is proposed herein both as a social objective and as a belief. This improvement also advocates the separation of the state from religion.

**Improvement 3: Dynamic Marxism**

The third improvement focuses on the Marxist linear transformation from capitalism to socialism and then communism. This improvement is referred to as Dynamic Marxism, which postulates that the transformation is not necessarily linear but could be bi-directional.

For the three improvements introduced above, the author modified Marxism's notion of Surplus Value and its position on religion. The variant model proposed herein is still called Marxism, but is named as an improved version: Marxism 8.0, for the following reasons:

1. The new variant model is based on modifying the Marxist notion of a linear transformation of societies from Capitalism to Socialism and then Communism.
2. Marxism is the first, if not the only, model that has a defined time frame for system transformations. It is the social theory that proposes opposing forces that underpin the dynamics of political-economic systems.
3. The Matthew effect of 'the rich get richer, and the poor get poorer' is important in explaining observed changes in the past and the present.
4. It is the ideological backbone for some countries. It has been a theory of political and economic history and the foundational ideology of many political parties as well as political events.

## **Chapter 2**

### **Improvement 1: Symbiosis and Entrepreneurs**

#### **2.1 Marxism on Surplus Value and Exploitation**

In Marxism, commodities are objects that satisfy human needs and desires. A commodity's value is its essential usefulness, a property intrinsic to the commodity. A commodity also possesses an exchange value, which is the relative value of a commodity to other commodities in an exchange situation. Exchange value enables the determination of the worth of one commodity in relation to another. The simplest form of commodity circulation is when a commodity is produced and then sold. The money obtained is then used to buy another commodity. The commodity bought is then used to satisfy a need.

Marxism points out that commodities contain not only the labor that went into making them but also the social relations of production in which the labor was performed. It indicates that the two classes, the proletariat and the bourgeoisie, would engage in a relationship that would give the bourgeoisie the structural opportunity to exploit the labor of the proletariat.

The capitalists or the bourgeoisie start with money, use the money for hiring workers, buying materials, and production plans to produce commodities. They then sell those commodities to get more money, and in the process, get Surplus Value from exploiting the workers, and accumulate it as capital. The capital is the money used to obtain more money.

Thus, in Marxian economics, Surplus Value is the difference between the amount received through the sale of a product and the amount it cost to produce it. In other words,

$$\begin{aligned} \text{Surplus Value} &= \text{Amount from the sale of a product} \\ &\quad - (\text{Cost of material} + \text{Cost of plant and labor}) \end{aligned}$$

## **2.2 Improvement 1: Symbiotic relationship and Entrepreneurs**

On the theory of Surplus Value and exploitation, the author would argue that the commodities contain not only the labor of hired workers who produced them but also the work and 'Cost of deferred gratification' of the capitalists. The relationship between the proletariat and the bourgeoisie is basically a symbiotic one, a relationship that is so common in nature. In the animal kingdom, symbiotic relationships are ubiquitous. For example, certain birds feed on the insects on the back of a buffalo, and the buffalo get its skin cleaned up by the birds in return. In a symbiotic relationship involving usually two parties, each party benefits from and is exploited by the other party at the same time.

When Marx said, "Workers of the world, Unite ... You have nothing to lose but your chains..." it is obvious that he was speaking on behalf of the workers. Saying that workers are being exploited is only the perspective from one side of the coin. The proletariat needs the bourgeoisie as much as the bourgeoisie needs the proletariat. Based on Marxism's Surplus Value theory, the proletariat may be disadvantaged. On the other side of the coin, the bourgeoisie may be disadvantaged too. The financial risk, the quest for technical knowhow, and the deferred gratification that the bourgeoisie needs to bear are difficult to quantify but should not be overlooked or underestimated.

### **2.2.1 Contribution by the capitalists**

This article argues that the relationship between the bourgeoisie and the proletariat should be regarded as a symbiotic, level-playing one. While the proletariat is being exploited according to the Marxian Surplus Value concept, the input by the bourgeoisie, though difficult to quantify, should be put in the equation as well.

The commodities produced contain not only labor from the workers who produced them but also entrepreneurship from the capitalists, the wisdom inherited from ancestors, the Life opportunity costs and Deferred gratification of the capitalists, and the risks of capital being invested. The contributions by the capitalists do exist, though difficult to quantify. They can be elaborated as follows.

### **2.2.1.1 Deferred gratification and Life opportunity costs**

Deferred gratification, a term in sociology, refers to one's voluntary decision to postpone one's consumption of available resources (material or money) for immediate gratification or satisfaction in the belief that the resources can be accumulated or built upon for better return in the future. How does deferred gratification play a part in capitalism?

Suppose two persons, P (Proletariat) and B (Bourgeoisie), were each given a sum of say \$10,000. The first person, P, spent all the money and had a good time. The second person, B, deferred the gratification from spending the money, but instead used it to acquire machines, update his knowledge, and start a business with the money. A few years later, P, the person who spent all the money, works for the company of B. P becomes the proletariat and B the bourgeoisie. To the extent that B might have exploited P as described by Marxism, P also exploited B because B had to put up with the deferred gratification, endure the financial risk, and the hard work in starting up the business.

Deferred gratification has been used by sociologists as an alternative to explain the phenomenon observed in the bourgeoisie and the proletariat. Unlike Surplus Value as defined above, which can be quantified, it is not easy to quantify deferred gratification. However, this article argues that by bringing deferred gratification into the equation, the exploitation, as described by the Surplus Value theory, can be modified, and the relationship portrayed as a level-playing symbiotic one between the bourgeoisie and the proletariat.

Related to the notion of deferred gratification is the idea of 'Life opportunity costs'. Inferred from deferred gratification is the expectation that one can enjoy more or extra gratification of a sum of money (capital) by deferring the gratification and accumulating the capital. Life opportunity costs, according to the author, in this context, refer to the limited youth and healthy time in life. The bourgeoisie needs to take the risk of dying young and health issues when they enter old age. It is not uncommon that some people follow the motto of 'living by the day', 'you only live once', or 'tomorrow is promised to no one'. Some people like to spend all the money

they have or can borrow from the bank for a better life, for the present, not for the possible future. Depending on which way you look at it, these people may be pessimistic or optimistic. In fact, there are many uncertainties in life, and understandably, some people like to enjoy their life as soon as they possibly can.

Another component of Life opportunity costs is the health issue and marginal utility in life (utility versus age). Using an example, delicious food tastes a lot better when you are still young, and your teeth are healthy. Young people who can move around easily and have no mobility constraints enjoy touring and other vacation activities a lot more at ease than elderly people who often have some health issues or mobility constraints of some sort. What good is money to an elderly person who has health issues and/or restrictions in mobility or constraints in daily activities, or has the remaining days in life started counting downwards?

### **2.2.1.2 Economic contribution of entrepreneurs**

Given all the possible deferred gratifications and life opportunity costs mentioned above that the capitalists had to put up with, the capitalists may get something in return, in addition to Surplus Value, if any, and that is the actualization of one's potential, the actualization of entrepreneurship and the gratifications that one's knowledge and wealth may be passed on to one's children or grandchildren. Self-actualization (Goldstein, 1939; Maslow, 1954; McClelland, 1953) is defined as a need or drive present in everyone to attain the realization or fulfillment of one's talents and potentialities. Maslow (1954) described self-actualization as the need at the top of one's hierarchy of needs.

The psychological rewards of actualizing one's potential as an entrepreneur and the satisfaction of witnessing one's achievements would reinforce capitalists' desire to defer gratification further, accumulate capital, and indulge in improving the relevant industrial efficiencies. The further accumulation of capital enables more production efficiency (cf. economies of scale) and new technologies to be researched and developed. Writers (e.g., Wilken, 1979) had written on the observation that entrepreneurs are responsible for industrialization and economic growth. McClelland (1961)



from economic prosperity can be redistributed to the disadvantaged and those in need through taxation and social welfare, and compensate exploitations, if any.

### **2.2.1.3 Risk of investment and Cost of work by capitalists**

In addition to the deferred gratification of investment, the capitalists have to subject their investment to the risk of financial loss or being accidentally destroyed before any reward. Though putting insurance on the investment (with insurance premiums as part of the production cost) may cover part of the cost, the overall cost including psychological costs, could be beyond calculation for the capitalists to be compensated, should an accident happen.

The mental stress and the financial opportunity cost of the investment should also be priced in. It is difficult to put a cost on the work in starting up a business and the stress involved in sustaining a company. Interest payment of term deposits of capital or equivalent is a global phenomenon. Venture capitalists can borrow more capital from financial institutions at a cost or put their capital in the bank as term deposits for a return of interest payment. Enjoying interest payment versus risking the capital on a business venture is an entrepreneurial decision. Thus, the risk and opportunity cost of investment should also be priced in the equation of Surplus Value.

### **2.2.2 Shares and Co-ownership alleviate exploitation and alienation**

At the time when Marxism was written, share markets and/or co-ownership were not easily available or commonly used. Nowadays, the stock market and the workers' participation in holding shares of the company alleviate the quantity of exploitation, if any, and feelings of being exploited, as well as job alienation. Workers, nowadays, are often encouraged to hold shares of the company. Co-ownership of enterprises is also common. In the modern world, the choice of saving up versus instant gratification is really a choice of an individual and not imposed by society.

### **2.2.3 Improved Surplus Value equation**

In conclusion, instant versus deferred gratification are two different approaches to decision-making in our lives. Instant gratification involves seeking immediate pleasure or rewards, while delayed gratification involves

delaying pleasure or rewards in favor of long-term benefits. While instant gratification can provide short-term happiness, deferred gratification, on the other hand, requires patience, risk management, and commitment that could lead to more significant psychological and financial rewards in the longer term. The solution may be in finding a balance between instant and deferred gratification that is suitable for the individual. Thus, the original equation on Surplus Value was based on the perspective from one side only and could be improved. Taking into account the perspective from the other side of the coin, the equation can be revised as follows:

$$\begin{aligned}
 \text{Surplus Value} &= \text{Amount from the sale of a product} \\
 &\quad - (\text{Cost of material} + \text{Cost of plant and labor}) \\
 &\quad - \text{Financial risk \& opportunity cost of investment} \\
 &\quad - \text{Cost of work by capitalists} \\
 &\quad +/ - f(\alpha, \text{Psychological rewards, Deferred gratification,} \\
 &\quad \quad \text{Life opportunity costs, Responsibility \& stress of capitalists})
 \end{aligned}$$

In the above equation, though the financial risk and opportunity cost of investment can be included as ‘Cost of plant’, they are separately mentioned to be highlighted. Since the ‘Cost of labor’ often refers to the wages of employees, the ‘Cost of work by capitalists’ (may be quantified as remuneration) is separately mentioned as well to show its importance. In the above formula,  $\alpha$  is the set of conceptual conversion coefficients according to a certain conceptual function  $f$ , to convert the socio-psychological factors to a dollar value. It is challenging to justify any actual conversion coefficients and a function to convert socio-psychological factors of entrepreneurship to a dollar value. However, the fact that the function and the coefficients are conceptual only does not justify that these factors should be overlooked. With these factors in mind, the Surplus Value could be negative, zero, or positive, at least conceptually.

Besides, the contribution of entrepreneurs to economic growth is at a higher level in the economic system. With co-ownership, economic growth contributed by entrepreneurs and redistribution of income through taxation and social welfare programs, exploitation of the workers, if any, would be compromised, compensated, or over-compensated.

### **2.3 Significance of the Surplus Value Theory**

The above modified notion of Surplus Value is in line with the improvement needed of Marxism. In the early days when the financial, taxation and information systems were not developed, there was little understanding on the redistributions of resources. In those days, exploitations on the worker class were common. The theory of Surplus Value and exploitation was important in times of difficulty to unite the poor working class and overturn governments dominated by greedy bourgeoisie who did not understand the social need for redistribution of income.

As elaborated in later chapters, communist countries like China and Vietnam, while on the one hand hailed Marxism as the theoretical foundation for the formation of their country; on the other hand, acknowledged the contribution of entrepreneurs to the growth of their economies. So, in addition to redistribution of resources, communist governments adjusted their policies to encourage entrepreneurial activities. The improvement on the Surplus Value theory herein made the symbiotic interactions between the working class and the capitalists as justification for the encouragement of entrepreneurship.

### **2.4 Proletariat and Matthew effect of the Symbiosis**

Nevertheless, a word of fairness must be said on behalf of the proletariat. The above discussion on deferred gratification and entrepreneurship seems to have implied that the working class favors instant gratification and lacks responsibility, commitment, and motivation. It is fairer to say that people do not have equal opportunities in some sense. While some people were born with high quality genes and even 'a silver spoon in the mouth', some were not so lucky. The financial hurdle in starting a business could be very high. Many in the working class cannot accumulate or borrow capital to become capitalists, not because they do not want to, but because they cannot. Some have unfortunate handicaps or other personal commitments that, for them, belonging to the working class is the only alternative. Nevertheless, society needs different types of people for the sole purpose of division and specialization of labor. As discussed later, the communist policy that all types of labor should be paid the same amount did not work well in the early days of the Chinese government and had to be adjusted later according to the

economic situation at the time. In many other systems, to prevent the proletariat from being exploited, labor unions, co-ownerships, and minimum wage regulations are common tools.

Unlike the symbiosis of birds feeding on the insects on the back of a buffalo, congruent to Marxism, the symbiotic relationship between the proletariat and the bourgeoisie has a positive feedback loop within it, i.e., the rich become richer, and the poor become poorer, resulting in the proletariat class gets larger and larger over time. This phenomenon is also referred to as the so-called Matthew effect. The Matthew effect dates back to the Gospel of Matthew: “For to everyone who has more will be given, and he will have abundance; but from him who has not, even what he has will be taken away.” —Matthew 25:29, RSV.

Regardless of any prediction or inferences from literature, system equilibrium requires a controlling mechanism just like the insulin-regulating blood sugar mechanism of the human body. The equilibrium boundaries are affected by environmental changes or changes within the system itself. The capitalists, upon accumulation of capital, are encouraged by the psychological rewards of accumulation, reinforced by increased efficiencies and promising financial future rewards, resulting in more capital accumulation. This is further catalyzed by technological advancements, competition, and the compound interest factor. Companies will get bigger and create higher hurdles for new startups. The proletariat class will get bigger and the bourgeois class, smaller. This phenomenon, over time, will create system stress which, when exceeded the tolerance of the system equilibrium, will create social unrest or even revolution.

The author’s view is that the symbiotic relationship between the capitalists and the working class should not be blamed for the occurrence of the Matthew effect. Instead, while on the one hand, the symbiotic relationship should be hailed as a driving force of the economy, on the other hand, we should acknowledge the Matthew effect and the need for a controlling mechanism at the government level to keep the social and economic systems, amid moving forward and backward, functioning harmoniously within equilibrium boundaries.

## **Chapter 3**

### **Improvement 2: State-Secularism & Multi-religionism**

#### **3.1 Marxism on Religion**

Marxism does not endorse religion as genuine. The Marxist thesis on religion is that it is a manifestation of human alienation. It is an expression of distress, being oppressed, and it is a form of protest by the working class against their working conditions. Marxism said, "... Religion is the sigh of the oppressed creature, the heart of a heartless world, and the soul of soulless conditions. It is the opiate of the people...". Marxism also points out that religion is invented by society to convince the working class that it is their fate to be in their current situation. When there are no more oppressions and job alienation, religion will not be necessary.

#### **3.2 Rationales that the Marxist view on religion needs improvement**

As mentioned previously, the Marxist position may be just one perspective from an atheist at the time. The following are rationales and observations that the Marxist position on religion needs improvement.

##### **3.2.1 Changes in the Surplus Value Theory, in society and technology**

The previous improvement on the Surplus Value Theory, co-ownership and the share market, form the rationale that exploitations and alienation, if any, have been significantly reduced. Technological advancements such as artificial intelligence and robots have significantly changed job routines and possibly the associated job alienation. Future technological advancements will continuously change the nature of jobs and the structure of job markets. Monotonous jobs are expected to be improved by artificial intelligence. Thus, due to societal changes, intellectual explorations and technological advancements, the Marxist position that religion is created due to exploitation and alienation, needs re-examination.

##### **3.2.2 Religious bourgeoisie**

Marxism states that religion is for the proletariat to protest their working conditions. However, it is easy to find rich bourgeois people who are seriously religious, and they contribute to their religions in terms of their

commitments as well as financial donations. A study (Neubert, 2013) found that entrepreneurs prayed more frequently than others; they felt closer to God and were likely to be more serious religiously. Some religions preach entrepreneurship, economic creativity, and moral and social obligations as values. It is also common to find religious establishments such as temples, Buddhist statues, churches, etc., all over different countries, built and maintained with donations from the bourgeoisie.

### **3.2.3 Religion has many social functions**

Contrary to Marxism, which says that religion is an expression of distress and alienation or an opiate of the working class, sociologists pointed out that religion has many sociological functions. The functions of religion highlighted by sociologists (e.g., Durkheim, 1995) can be summarized as follows:

1. Religion promotes mental health. Each religion has its own answers to existential questions like: Why are we here? What happens after death?
2. Through gatherings, rituals, and discussions, religion fosters social cohesion and social solidarity. As a group, members support each other and confirm with each other's beliefs and opinions on almost any issue that comes to mind. In fact, Durkheim commented that religion is an expression of social cohesion.
3. Social cohesion gives the community a sense that they are stronger together, that they have some superpower to look after them, and in times of need or appreciation, they have someone to turn to. It provides moral and emotional support to the community, especially in difficult times such as a social or environmental disaster.
4. Religion promotes festive celebrations and joy in society. Almost every religion has celebrations of some sort. Imagine if there were no Christmas or Easter celebrations, society would be boring, and economic activities would be significantly reduced.
5. Each religion has elaborate documents that spell out guidelines on moral standards and norms that followers are to follow. These guidelines often help to maintain social order and conformity to society.
6. Religion is an important component of culture, and no culture or society does not have religion(s).

### **3.2.4 Religions blended with political ideology**

Marxism states that society created religion. Religious people contend that they have discovered God. In other words, the debate concerning Marxism on religion could be an issue of invention versus discovery.

Religion is an integral component of culture, and there is almost no culture without a religion. It is not uncommon to find political parties that blend religions with political ideologies. These political parties often have party names that show an obvious connection between a certain religion and a political ideology. For example, Christian socialism is a philosophy that blends Christianity and socialism. It is possible that because Marxism does not accept religions as genuine, this philosophy says that the socialism it endorses, is inspired by the Bible. Examples of these political parties include Christian Democratic Parties (in Brazil, Germany, the U.K., etc.) and Christian Socialist Parties (in Switzerland, Netherlands, etc.). In summary, as far as a political ideology is concerned, whether religion is an invention or discovery is not of utmost importance. The main point is that it needs to address and accommodate the religion issue constructively. Marxism needs improvement on that.

The 2<sup>nd</sup> improvement on Marxist position on religion consists of two points: State-Secularism and Multi-religionism. The two points, complementary of each other, are elaborated in the following.

### **3.3 Improvement 2a: State-Secularism**

State-Secularism, in this context, refers to the separation of the state from religion. In many countries, that, also referred to as ‘separation of church and state’ or ‘declaration as a secular state’, is incorporated in the constitution. Though the incorporation may be in different forms, the essence is the same. Secularism has a broad meaning that means the separation of religion from all aspects of life. Thus, ‘State-Secularism’ is used herein to confine to the separation of the state and the politics from religion. Different religions may have different values that may affect legislations and create conflicts within the government. Separating religion from politics explicitly in writing can reduce the religious influence and

conflicts formally and informally, and subject religion-related legislations to formal discussion and improvement. In some communist countries, to avoid the influence of religion, government officials are required to be atheistic.

‘State-Secularism’ and religious freedom can co-exist. Despite ‘State-Secularism’, a good political ideology needs to address the religion issue, accommodate and co-exist with religions, in one way or another; otherwise, there is a social vacuum waiting to be filled, often resulting in politics blended with or affected by religion. Thus, the second point in the improvement is advocating Multi-religionism.

### **3.4 Improvement 2b: Multi-religionism**

Multi-religionism can be perceived as an example of Religious syncretism, which can be defined as the blending of different religious belief systems into a new system, or the incorporation of other religions into an existing one. Multi-religionism, as introduced herein, has two objectives:

1. Multi-religionism as a social objective for fostering mutual respect among different religions, including atheism.
2. Multi-religionism as a belief

#### **3.4.1 Multi-religionism as a social objective**

As said, religion is a major component of culture. Many countries are advocating Multiculturalism. What about Multi-religionism? The many social functions of religions are discussed above. History shows that many conflicts and wars in the past were due to conflicts between different religions. Maybe for the very reason of reducing conflicts or for the reason of taking in migrants to boost population size and economic growth, many countries promote Multiculturalism, which is about people accepting with resentment or excitement the co-existence of multi-religions, multi-languages, multi-customs, multi-values, multi-racial appearances, etc. in their society. Countries that have migrants from different cultural backgrounds are confronted with integration problems.

Since religion is an important component of culture, efforts that promote Multi-religionism are needed. Despite some success, the task has been

challenging. Recent events of conflicts between Muslims and Christians in the U.K., Canada, and Australia showed the urgent need for Multi-religionism. Some countries, such as Poland and Hungary, have recently stopped the immigration of people of different religious backgrounds to their countries altogether. They are organizations and conferences to promote communication and coexistence of different religions. From time to time, there are ceremonies where heads and important representatives of different religions are gathered to promote mutual respect and co-existence of different religions.

For example, in a recent conference (Feb. 2024) titled ‘Beyond War and Toward Reconciliation: Multi-Religious Peace Roundtables’ supported by UNAOC (United Nations Alliance of Civilization), the Secretary-General and High Representative for UNAOC, Mr. Moratinos (2024), wrote: “We are delighted to support the Roundtable as a platform for diverse religious perspectives to address global challenges. Religious leaders and faith-based organizations play an important role in cultivating mutual respect and building bridges between and among their communities. It is important now more than ever to promote spaces like this and spark collaborative action towards the shared values of peace, compassion, and unity.”

### **3.4.2 Multi-religionism as a belief**

While Multi-religionism is discussed as a social objective in the above, it is also introduced herein as a religious belief. One religious belief close to Multi-religionism is the one at [www.bahai.org](http://www.bahai.org). The author is proposing Multi-religionism herein as a belief based on the following rationales.

#### **3.4.2.1 Rationale 1: God is beyond human intelligence but there are hints**

The author’s personal view on religion is close to that of agnosticism. There are various versions of agnosticism. One thing in common among different versions is that they require vigorous scientific proof and evidence for a religion to be credible. Agnosticism, as such, believes that God, if it exists, is too mysterious and complicated for our human intelligence, which has limitations and imperfections, to understand and prove. In other words, agnosticism does not believe or disbelieve that there is a God.

The author on the contrary, believes that there is a God, even though God is too complicated, divine, and mysterious, and God is beyond our human intelligence to completely understand. We, with our limited human intelligence and speculations, through years of history and observations, have scratched the surface of the whole picture. Thus, through the years of human history and historical incidents, there are hints from God as revealed in different religions. Therefore, religions that have well-established documents and historical evidence have at least some truths in each one of them. They may be scratching the surface of the whole spiritual true picture from different perspectives.

Scientists have been amazed by the complexity and sophistication of nature, living or non-living objects, and conceded that there is a lot more in the physical world that we do not yet understand. If physical objects are already that complicated for human intelligence, the spiritual and non-physical world definitely would be a lot more intriguing, probably beyond human understanding. While much of the physical world is open for more scientific discoveries, the spiritual world is way too complicated for the human mind to fully understand. How can a human mind understand some entity that is spiritual and non-human? Given the intellectual constraint to fully understand God but faced with human conflicts due to religions, the world is probably waiting for cooperation, mutual respect, and collaboration among different religions.

If God created humans, can we as humans have the capability to fully understand the creator? The answer is probably not. So, God sent his son(s) or apostles to give us some hints. Thus, we humans of different cultures have been trying to understand God from different angles, and thus different religions were formed. Throughout human history, each religion has had some discoveries over time. There are miracles, spiritual events, and teachings documented in their scriptures. Hence, the thesis of the author is that each religion has some truths and has probably scratched only the surface of the overall true picture. If the Divine God is so multi-dimensional, each religion probably has only one or certain perspectives of God. Thus,

different religions are like a group of blind people touching an elephant and each telling what an elephant is like.

### **3.4.2.2 Rationale 2: There is one Divine God**

Most religions believe that there is one God specific to their religion. God is an entity that is supernatural and superhuman. However, almost all religions believe that the God of their religion is the true one and different from that of other religions. Is it possible that there is only one Divine God, and each religion is simply looking at the Divine God only from one angle or one perspective?

Nevertheless, the word ‘God’ is a human-invented word to refer to the supernatural, spiritual, abstract entity. Buddhists pointed out that they do not believe there is a God as such, but that they are worshipping some spiritual entities transcended from special historic figures, such as philosophers, heroes, as well as figures from miracles. Thus, Multi-religionism encompasses not only those religions that believe that there is a God but also those beliefs with a different interpretation of the word ‘God’. Though atheism rejects the idea of a God, it can be regarded as a kind of religious belief too, a belief that there is no God. Hence, Multi-religionism can be stretched further, arguably, to encompass atheism as well. By the same token, the meaning of ‘color’ is enriched by the meaning of ‘transparency’; and ‘no comment’ can be regarded as a comment. It is almost ‘by nature’ that there are different religious beliefs.

Thus, the author’s view is that there is one Divine God at the top, overseeing and connecting with different religious beliefs. The percentages of the world population across different religions, according to Wikipedia (2025), are:

Christianity (31.1%), Judaism, Islam (24.9%),  
Hinduism (15.2%), Buddhism (6.6%)  
Folk religions (5.6%), Other religions (1%)  
Irreligion (including atheism, agnosticism, skepticism, rationalism, and  
secularism) (15.6%)

Diagrammatically, we can represent Multi-religionism as follows:

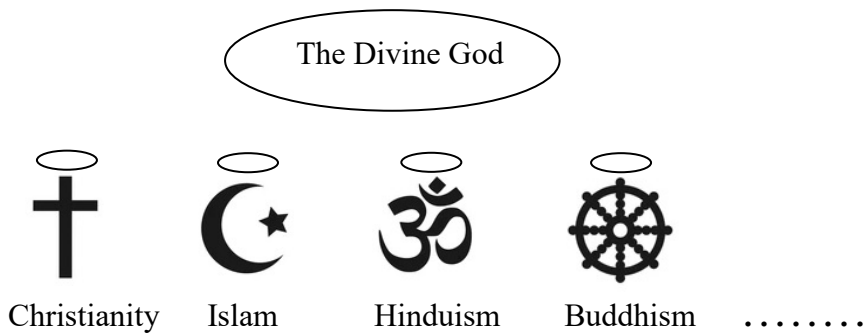


Fig. 3.1 Diagram of Multi-religionism

The diagram Fig. 3.1 above depicts Multi-religionism. Under one Divine God, there are all different religions. Each religion is correct in its own right, has some truths, and looks at, connects or communicates with the Divine God from a different angle. Alternatively, we can also have another, more encompassing scenario. Each religion has its own specific God or spiritual entities (represented by small ellipses in Fig. 3.1), and each of these specific Gods or spiritual entities communicates or connects with the one Divine God in a unique way. If a logo is needed for Multi-religionism, similar to multiculturalism, a rainbow may be appropriate.

### 3.4.2.3 Rationale 3: God sent Sons or Apostles for that culture

The author has serious doubts that there is only one religion that is the true one, and others are not. If God wanted to send a son or an apostle to different parts of the world, God would have sent someone who could communicate with that culture. Here are the starting times of some religions: Buddhism started in the 5<sup>th</sup> century B.C.E., Christianity started in 1 C.E., and Islam started in 610 C.E.

If God wanted to send an apostle for a religion of a certain culture, God would have sent someone of the right culture, of the right ethnicity, who speaks the right language, and at the right time. Thus, it is logical to think that it was probably the case since each religion has an apostle of some sort and of a certain cultural background, but different from that of the other religions. Each religion has its history and time-space of events.

Let us take Buddhism and Christianity as an example. China has almost 5000 years of history. Buddhism started in the 5<sup>th</sup> century B.C.E. It was spread from India to China during the Han Dynasty, after which Buddhism became a main religion. Before that, China had Confucianism and Taoism. It was said that, from some evidence, Christianity was first spread to China in 635 C.E., during the Tang Dynasty. There is no evidence to suggest that before Christianity was spread to China, the religion in China was totally incorrect. When a foreign religion is accepted by a culture after some years, the culture becomes enriched with another perspective. The argument herein is the following: Each culture has its religion. When the Divine God sent an apostle or son over to that region, God would have sent someone who knows that culture, uses the right words, and performs the right miracles. Thus, it follows that each religion has its truth, its history, and it is related to the one Divine God in its specific way. Miracles or spiritual events, if any, reported by the relevant literature must be relevant to that religion and culture at the time.

It is unlikely that only one religion is correct, and all other cultures have to wait for years for the relevant 'right' literature and message to be translated and passed on to them by some foreign apostles or preachers. A culture is enriched with another perspective when a foreign religion is accepted. Thus, the conclusion is that each religion has some truths in it, possibly looking at or communicating with one Divine God from a specific perspective.

#### **3.4.2.4 Rationale 4: Different religions have a lot in common**

Different religions are like different branches from the same water source. Some religions, according to literature, are branches of another existing religion. However, different religions have the following in common:

1. They all have guiding documents. For example, Christianity has the Bible. Islam has the Quran; Buddhism has the Buddhist scriptures, etc.
2. They all have social functions as discussed above in Section 3.2.2. They all teach people to be good citizens and respect others. They all teach people love and peace, and they all comfort sufferings.
3. They all have spiritual figures. Christianity has Jesus Christ; Islam has Mohammad; Buddhism has Buddha, etc.

4. They all have symbols (see Fig. 3.1). They all have gathering establishments, like churches, temples, mosques, synagogues, etc.
5. They all have a hierarchy of teaching personnel.
6. They all have routines, such as praying, ceremony rituals, and guidelines. They all have monthly, weekly, or daily events
7. They all have rituals for life events, such as birth, marriage, and death.
8. Each religion has its calendar with specific celebration events. They all have annual festive seasons for celebration or commemoration.

Among all the differences and commonalities, there must be something more important in common: Different religions, despite differences, actually, are all worshipping or connecting with the same Divine God in some ways. We, despite superficial differences, are biologically the same, living on the same planet. The fact that different religions have a lot in common in terms of social functions (as discussed above) shows that, regardless of our differences in culture, we have similar mental and social needs. Religious belief for many people is like a nutrient for a mental necessity; and Multi-religionism is probably the truth behind all established religions.

#### **3.4.2.5 Rationale 5: Religious belief is affected by one's upbringing**

Our religious beliefs are closely related to the environment in which we were brought up. A child brought up in a Christian society would likely become a Christian rather than a Muslim. In Christianity, a baby is often baptized soon after birth, though there may be changes in later life. It is unlikely that God has preferential treatment for people because they were born in different locations. Thus, it is highly likely that the truth is independent of, though related superficially to, our culture and upbringing.

#### **3.4.2.6 Rationale 6: Is Multi-religionism true because it is needed?**

Multi-religionism is definitely needed, and it may even be true. One can easily argue that something that is needed is not necessarily true. However, some religious people often argue: If you believe, then you have hope. You have hope because you believe. Since having hope is the best and arguably the only way in life, we should believe there is a God. Can that be applied to Multi-religionism as well?

Whether Multi-religionism is true or not is another matter of debate, but it is definitely needed. Conflicts, social unrest, and wars due to different religious beliefs are common. It is inconceivable that the whole world will converge to one specific religion, but it is possible that different religions can be merged under one Multi-religionism umbrella if they agree with the above, that each of the religions has some truths, and looking at one Divine God only from its subjective perspective. If the author's position on Multi-religionism can deliver a message that can bring some mutual respect and a sense of co-existence among different religious groups, that would be a great course for world peace. The summarized message of Multi-religionism is:

*'God' is a sophisticated, multi-dimensional, superhuman entity  
beyond human intelligence's full understanding.  
Each of the religions has some truths and communicates with  
the Divine God from a different perspective, thus  
Shall we have mutual respect & Multi-religionism?*

If Multi-religionism is so desperately needed, for social harmony as well as international peace, why is it so difficult to be accepted by many people? Theoretical propositions can be quite different from reality. While Multi-religionism or Multiculturalism sounds like a message on higher moral grounds, the obstacles cannot be underestimated. The challenges are not simple and not easy to get on top of. They can be discussed as follows.

### **3.4.3 Challenges of Multi-religionism**

#### **3.4.3.1 Religion and politics**

There is no question that there have been human conflicts and wars due to conflicts or incompatibilities between different religions. This is more so when religion is mixed with politics. For some people, religious belief is a very strong, dominating mental component that, when perplexed with emotions or being instigated, they become religious extremists or fanatics. Thus, the term religious fanaticism, or religious extremism, is a term used to describe unrealistic, obsessive enthusiastic behaviors.

Though religions have social functions as discussed above, there are drawbacks too. On the one hand, religion fosters social cohesion among members of certain groups; on the other hand, when a religious group is

instigated to carry out a subversive or disruptive function, it is powerful. Religion could be used to justify terrorism and violence. Social cohesion among members in terrorist groups is strong.

In some countries, religion is mixed with politics, and there are religious political parties. In other atheistic communist countries such as China and Vietnam, while on one hand, the governments want to allow religious freedom, on the other hand, they are aware of the strong social cohesive nature of religious groups and the possibility of a hidden subversive agenda.

#### **3.4.3.2 Adjustment of rituals and teachings**

Another challenge is the adjustment of rituals and teachings in step with civilization or the progress of society. By law, if one's behavior does not interfere with others, it is acceptable within the boundaries of the law. There are grey areas, however. For example, Muslim ladies, as a religious practice, wear Niqabs that cover all of the face except the eyes. That practice presents a security issue in public places in more advanced countries. In Buddhism, burning and lighting incense sticks or other oblations, originally for the purpose of clearing away negative qualities or submitting offerings, are now prohibited in public places (except in regulated facilities), for the sake of preventing fire accidents or cruelty to animals. In some religions, there are ancient teachings that are over-conservative, and there are twisted teachings that all other religions are fakes and should be regarded as opponents. These ancient or twisted teachings will need modifications. Thus, the modifications and/or integration of rituals and teachings of different religions in step with the progress of societies are challenges.

#### **3.4.3.3 Social integration needs time**

This issue is about the time frame of integration into society. Multi-religionism, similar to Multiculturalism, can be divisive in society, especially in times of social stress, such as crimes or economic downturns. That can create a lot of resentment and social unrest. As of the time of this writing, there is social unrest due to Multiculturalism and conflicts among religious beliefs in the U.K., Australia, as well as Canada. In a country, when the percentage of a minority religion approaches that of a majority religion, or the minority religion sector is not sensitive to the issues of integration, social

resentment and unrest could be instigated. Integration of different cultures (including religions) in a country may take a long time, even a few generations. The integration of a minority group of different cultures into a majority group needs to proceed slowly. It would be wise for the minority group to make adjustments to their rituals to integrate with the majority. The success rate of integration needs to be examined and monitored before further steps; otherwise, social unrest may occur.

#### **3.4.3.4 Religion and subjectivity**

Unfortunately, but understandably, many religious people believe that the God they believe in is the only true God, that their religion is the only right religion, and that all others are incorrect. That is fine if the belief is kept to oneself, but some people take further action. By attacking other religions, they want to show and confirm for themselves that their religion is the only right one, and they feel assured thereafter.

Accepting that others' religious beliefs, though different, are actually looking at the same God from different perspectives, is a mental hurdle not everyone is comfortable with. People like to listen to messages and watch things that are consonant with their own beliefs; otherwise, they will feel uncomfortable or experience cognitive dissonance (cf. Cognitive Dissonance theory (Festinger, 1957)). Cognitive dissonance refers to the psychological discomfort or stress from within. The more one's internal harmony is dependent on one's religious belief, the more one will reject opinions that are at odds with one's belief, with the unconscious motive to confirm and reinforce one's belief as correct and others' as incorrect. The motive to reject different opinions may result in verbal abuse, physical attacks, or even terrorism. Mutual respect and acceptance of different opinions are virtues that God has not installed in human beings and have to be instilled and inculcated gradually and with care.

### **3.5 State-Secularism, Multi-religionism and Marxism**

In the above section, the author modified Marxism's original position that religion is like an opiate for the working class. With State-Secularism, the separation of the state from religion is a desirable objective, but it is unrealistic to expect a very clean separation.

As discussed in later chapters, communist countries like China and Vietnam, while on one hand hailed Marxism as the guiding ideology for the founding of their country, on the other hand, acknowledged the social need for religious freedom and allow religions to flourish. However, the governments of these countries are well aware of the strong social cohesiveness of religious groups being susceptible to subversive instigations, and they keep monitoring religious activities closely. In fact, some external hostile enemies of these countries did try to use religious groups to organize subversive activities.

Nevertheless, the author contends that it is time to modify Marxism's position on religion and advocate the two points, in pace with current developments. Firstly, politics should be independent of all religions. Secondly, all religious beliefs, including atheism, should be respected and given freedom. Different religions should be accepted by society, as different religions have some truths in each of them. Multi-religionism is advocated herein both as a social objective and as a belief. In effect, the above two points are supportive of each other. One without the other will create or leave a vacuum to be filled. Politics mixed with religion is not uncommon. Separating politics from religion is one objective, but it cannot be easily achieved without addressing the issue of religion. Thus, the second point in advocating Multi-religionism is needed. It is important not to leave the religious belief vacuum unfilled; otherwise, politics may blend in with religion.

Regardless of any religious belief, most of the economic models observed nowadays are mixed economies. They can be encapsulated under the variant model of Marxism in this article. Thus, despite the author's modification of Marxism's original position on religion, it does not affect the overall structure and main theme of Marxism in the variant model. For some countries, Marxism is too important to be discarded simply because of the issue of religion. Further, it is important to improve Marxism on religion so that it is acceptable to more people. Therefore, the variant model proposed herein, despite its position on religion, is called Marxism 8.0.

## Chapter 4

### Improvement 3: Dynamic Marxism Part A

#### Bidirectional Spectrum

#### 4.1 Improvement 3: Background

The previous two improvements proposed changes to the Marxist notions of Surplus Value and Religion. Inspired by the French Revolution and other historical events, Marxism was written in the 19<sup>th</sup> century. Since then, there have been many social and technological changes around the world. Information and technological advancements have played important roles in the changes. Performance indices of economic systems are now a lot more transparent and efficiently available. Government policies that could intervene and correct socioeconomic problems are often implemented before they are too late. The policies implemented in different countries are observed and evaluated, locally and abroad. Is it time for a new or modified version of Marxism to explain the changes and the observations?

The economic events in China since 1949, the policy changes in Vietnam, and Western countries, as well as other events around the world, inspired the author to propose the 3<sup>rd</sup> improvement on the original Marxism. This improvement in Marxism 8.0 is called Dynamic Marxism (動態馬克思論). It has 4 parts: A to D, with a focus on the political-economic transformations. Part A is discussed in this chapter.

Despite the critiques by the author of Marxism in the previous chapters, Marxism is the backbone for improvements. Central to the improvement proposed herein is the societal transformations of Marxism, which states that societies have passed and will pass through six stages: Primitive communism, Slavery, Feudalism, Capitalism, Socialism, and then finally Communism. The improvement on Marxism herein is focused on the last three more recent transformations, which can be represented as follows:

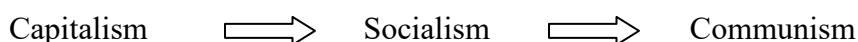


Fig. 4.1 Political-economic transformations in Marxism

Marxism states that the progress of societies, after feudalism, is a linear transformation from capitalism to socialism and then to communism. It says that while the transformation of capitalism to socialism is through revolution, the transformation of socialism to communism is a long transitional state with governments run by the proletariat, i.e., the working class. The exact form of socialist government and its policies were not specified.

Communist countries such as China and Vietnam embraced Marxism as the guiding ideology and succeeded in uniting the country during wars and difficult times. They hailed Marxism as their foundational ideology and declared their faithfulness to Marxism. While Marxism was useful politically, it needed a bit of adjustment economically. As a result of historical development, economic, informational, and structural changes, countries that embraced the Marxist model have different implementations of socialism.

On the other hand, countries that declared themselves as capitalist have policies with components of socialism. In liberal democratic countries, there are political parties with their ideology based on Democratic Socialism or Market Socialism. In some socialist ideologies, they claim that their socialism was inspired by the Bible and not drawn from Marxism. Nevertheless, the changes or convergence of economic policies in socialist and capitalist countries alike can be explained by a bidirectional spectrum with a multi-dimensional time-space framework, which the author named Dynamic Marxism.

#### **4.2 Introduction to Improvement 3: Dynamic Marxism**

The term Socialism now embraces a broad range of economic models. Despite variations, socialist political parties are now characterized by policies that ensure redistribution of income, significant social welfare systems, social equality, equity, and a narrower gap between the rich and the poor. Environmental protection is also an issue of concern for some socialist parties. This Part (A) of Dynamic Marxism improves upon Marxism in two ways: (1) Bidirectional transformation and (2) Spectrum thinking.

### 4.2.1 Bidirectional transformation

The main difference between the original Marxism and the new variant model herein is that while Marxism, inspired by the French Revolution, postulated that the political economic transformation is linear from Capitalism, via revolution to Socialism and then to Communism, the new variant model herein contends that the transformation does not necessarily follow a linear and single path. The transformation between the different economic states could be duplex or bidirectional and could be through multiple paths. Capitalist countries can be transformed to become socialist countries, not only via revolution but also via other paths. One path identified was the Evolutionary socialism by Bernstein (1899), by which capitalism can be transformed into socialism via reforms and democracy.

The path identified herein is similar in that capitalist systems can be converted gradually to become more socialist with policies that bring about taxation on the rich and income redistribution to the poor through social welfare programs. Moreover, and importantly, the improvement herein proposes that in a reverse direction, socialist countries can become more capitalist (and thus less socialist) via policy changes to encourage entrepreneurship and a market economy. The previous proposed improvement on the Surplus Value theory, that the relationship between the proletariat and the bourgeoisie is symbiotic, provided justification for the backward movement of policies from socialist to capitalist without the concern of exploitation. Following this position, this article contends that Capitalism and Socialism are not necessarily static and antagonistic but that they can be and should be viewed as transitional states with bidirectional transformation properties in the variant model of Dynamic Marxism (Fig. 4.2). Countries with mixed capitalist and socialist policies are not uncommon.

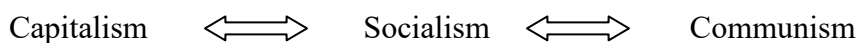


Fig. 4.2 Bidirectional transformations of political-economic systems in Dynamic Marxism

### 4.2.2 Spectrum thinking

The bidirectional transformation property of the economic states in the new variant model unwittingly postulates that there is some continuum between

the different economic states that enables these transformations to move back and forth. On the other hand, the left-right political spectrum is often used to classify political positions based on the characteristics of left-right politics. Often, but not always, the left is more socialist and the right more capitalist. There are other dimensions that often confound the left-right division. In general, the left-wing also emphasizes values such as equality, fraternity, rights, progress, reform, and internationalism, while the right wing is characterized by an emphasis on values such as authority, hierarchy, order, duty, tradition, and nationalism. There are also the 'middles'. However, the left, the middle, and the right, are often used not as entities connected by a continuum, but as representing some parties with opposing views.

It is true that from a static perspective, capitalist policies are different from, if not opposite to, socialist policies. The point that the current model wants to make is that the differences, if any, should be viewed from some common dimensions with a time-space perspective. Different economic systems could be viewed not as antagonistic states (like water versus fire) but instead, could be viewed as different transitional states (like ice versus liquid water), along some continuum with multi-dimensional paths. Adjustments of economic policies are often needed not because of differences in foundational ideology but because of changes in the environment or changes from within society.

Changes in society are often reflected in people's change in expectations. Through democracy or petition, that may result in a change of government or different economic policies by the same government. Unfortunately, many people often see differences in economic systems as opposites, like 1 versus 0, and see no room for compromise. Politicians may emphasize the differences to justify opposing political actions. Societies are ever-changing, and due to internal and/or external changes, policies have to be modified voluntarily or involuntarily to keep up with and cater for the changes. Social system equilibrium, if it exists, will not be stationary for long. In fact, if one looks at different successive governments in liberal democratic countries, it is easy to find that their economic policies differ only in their relative positions on the Capitalism-Socialism-Communism spectrum, differing

mainly in spending on social welfare programs, taxation, incentives for business, or decentralization of decision-making.

### **Binary versus Spectrum thinking:**

In Fig. 4.2, the author proposed a bidirectional transformation model of Marxism. Implicit in the proposal is a spectrum along which there are different transitional states. These transitional states can move back and forth like sliding along this spectrum. The essence of the author's new model is not new. Scholars have long pointed out that the different economic systems in the world are actually converging. Long before, there have been various combinations of systems that are mixed economies, like State Capitalism, Market Socialism, Islamic Socialism, etc. Implicit in all that is a spectrum of transitional states; however, the antagonism between Capitalism and Socialism, due to historical reasons, is still strong. That led the author to raise the issue of Binary versus Spectrum thinking. Binary thinking is regarded as a frequent blockage to Spectrum thinking.

The concept of Binary thinking is said to have originated from Ferdinand de Saussure (1916). He was a Swiss linguist, semiotics expert, and philosopher. His ideas laid a foundation for linguistics and semiotics. One of his ideas relevant to the current discussion is that we learn a lot of words by knowing their opposites. For example, he said, we cannot understand 'good' if we do not understand 'bad'. Thus, our minds are trained to be binary in thinking.

Binary thinking, also referred to as dichotomous thinking, is our tendency, due to our language learning, to look at things categorically or dichotomously, i.e., black or white, true or false, 1 or 0, yes or no; while in reality, we often have to look at things in between and appreciate, for example warm versus hot or cold. The Binary thinking approach to problem-solving gives us comfort because it is more certain and simpler. That approach may be fine when the problem is like making a decision, go or not go, positive or negative, or switching on or off a light, but that is not a skill sufficient in solving more complicated problems. Problems in real life involve not just 2 exact values, but a spectrum of values.

Some thinkers (e.g., Johansen, 2020) took it further to the notion of 'Full-Spectrum Thinking' to refer to the ability to think beyond categorical boxes, and understand issues in a broader sense, horizontally and vertically with time perspective, detect patterns and regularities while resisting simplicity and the comfort of certainty. Related to Binary thinking is the so-called 'Zero-sum' mentality as opposed to 'Win-win co-existence'. Zero-sum thinking is a binary way of thinking where one person's gain is another's loss. In the zero-sum approach, there is the idea that things are 'either/or' and no understanding that things can be 'both/and' or 'in-between' instead. That is based on the 'Zero-sum game', which is a Game theory illustration of instances in which one player's win necessitates the other player's loss; in other words, there is no such thing as a win-win scenario where both players benefit. However, from the win-win perspective, systems with appropriate mixed economic policies, and the symbiotic relationship between the bourgeoisie and the proletariat mentioned earlier, are win-win scenarios that are beneficial for all parties involved as well as the society at large.

For years, Capitalism and Communism have been perceived or propagated as antagonistic, like the good versus the evil. The antagonism is the reason, at least on the superficial or slogan level, behind the Vietnam and Korean Wars. Even though economically, communist countries are now partly capitalist and capitalist countries partly socialist, the loggerheads remain.

The transformation between different economic states, as depicted in Fig. 4.2, suggests a continuum underpinning the spectrum along which different economic systems can be transformed or moved back and forth. The continuum is elaborated in the next chapter. Given that there may be truth in the spectrum, mental rejection, if any, of this spectrum may have to do with the Binary thinking mode that most people are accustomed to and/or not aware of. Unfortunately, some people are well aware of the spectrum of values, but they just like the comfort of simplicity and certainty, and they reject, consciously or unconsciously, any value other than 1 or 0.

### 4.2.3 The Spectrum

Many existing policies in countries, socialist or capitalist, are those of a mixed economy and can be explained by referring to this variant of Marxism. We can use the variant model to analyze the economic transformation of current societies. Different from the traditional Marxist model, this variant model proposes that the transition between Capitalism, Socialism, and Communism is not necessarily a linear progression, but that there could be bidirectional transformations between the states, as in Fig. 4.3. For this reason, this new variant model is called Dynamic Marxism. The transition from Capitalism to Socialism is not necessary only through revolution, but also can be achieved through socialist policies. Ideally, Communism is the goal, the utopia. In reality, societies may have to move back and forth and progress slowly. Hopefully, with no international or local conflicts, there will be more forward than backward movements that, with the help of technology, societies will move gradually closer to Communism.

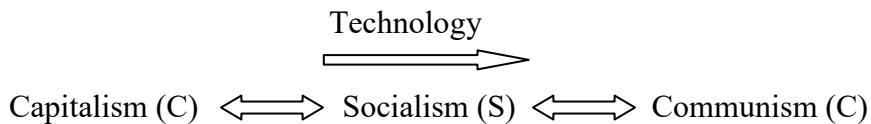


Fig. 4.3 Dynamic Marxism (Part A) C-S-C spectrum

### 4.2.4 Technology assists in moving towards Socialism and Communism

Creative destruction is a concept introduced by Joseph Schumpeter (1942) that says human creative ideas and technological inventions continuously bring changes, which will eventually destroy the existing system and replace it with new ones, and the cycle keeps repeating. He contended that with creative destruction, socialism would prevail, and that is congruent with this article's position.

The author would supplement that with an optimistic view that, with new ideas and technological inventions, there will be an abundance of materials. The main obstacles against the forward movement are the conflicts and disputes among people and between countries. Without the conflicts, the abundance of materials and technological advancements will enable more socialist policies to be affordable. One day, we will get closer to the ideal communism characterized by: "For each according to his/her needs and from

each according to his/her ability". In between, there may be issues like environmental pollution and depletion of natural resources (e.g., oil reserves), but those problems could be tackled by new technology and inventions (e.g., green energy).

### **4.3 Dynamic transitions between the three states**

Given the three states of capitalism, socialism, and communism, and the idea of transitional states, one can envision many transitional states in between. Marxism states that socialism is a long period governed by the proletariat. It did not spell out the exact form of socialist government. It was Lenin who indoctrinated the leadership of the communist party.

Regardless of any confounding variables such as democracy, religion, and market economy that created branches of socialism, while the main theme of socialism is about equality, equity, redistribution of wealth and narrower socioeconomic class gaps in society, the main focus of capitalism is about entrepreneurship and economic growth.

#### **4.3.1 Policies underpinning the dynamics**

For dynamic systems, there are always underlying opposing forces. As such, that is congruent with the Marxian notion of Dialectic Materialism. Since the environment is ever-changing, it is rare to have complex dynamic systems in equilibrium for long. Let us now discuss the policies that generate the forces that may be underpinning the dynamics. Advocates of capitalism and socialism are often at loggerheads with each other. Probably, each group is seeing the system from different angles. In the next chapter, let us go one level deeper to illustrate the interaction of possible variables underpinning the dynamics of the model. On a higher level, we can discuss the policies that change a socioeconomic system from capitalist to socialist and vice versa.

#### **The interaction of forces under different policies:**

For a system to be dynamic, there are interactions of opposing forces. Different policies generate these forces of change. There are several

differences between Capitalist and Socialist Policies. Three main ones (but not all) are as follows:

1. Private ownership versus Public ownership
2. Central planning versus Market economy
3. Percentage of Government spending or GDP on Social welfare

#### **Policies that move towards Capitalism:**

We can describe the policies that drive the system towards capitalism as those advocated by capitalism theory. Capitalism can be represented by Adam Smith's invisible hand in his 'Wealth of Nations' (Smith, 1776) when he stated that through individual self-interest and freedom of production and consumption, the needs of society are fulfilled at their best. The constant interaction of market supply and demand causes the natural settlement of prices and the rate of production. Capitalism argues that by nature, man is selfish, and that is why socialism will never work.

#### **Policies that move towards Socialism:**

Socialism advocates often put themselves on the moral high ground and say with passion that society should care about the weak, the disadvantaged, and the unlucky ones. They argue that capitalism promotes the worst characteristics in man, especially greed. Marxism is often a convenient and strong ideology underpinning socialist parties and movements alike.

Equitable distribution or redistribution of wealth, equal opportunity for all, and helping the weak, the sick, and the disadvantaged are often the focuses of socialist policies. They are especially convincing to the general public in times of economic difficulty. Regardless of any possible true passion or fake altruism of politicians who are often described as cold-blooded, since the publication of Marxism and the occurrence of the Russian and the Cuban revolutions, politicians are well aware of the Marxist implication that if the majority of the population became poor, unemployed, or frustrated, there may be risks of social unrest or even revolution. We can refer to this awareness as 'Marxist Revolution Awareness'. Informational transparency and efficiency on the status of socioeconomic systems contributed to this awareness, too.

### 4.3.2 Sketching the dynamics

After identifying the policies, we can briefly describe the interaction of different policies that maintain, shift, correct, or disrupt the system equilibrium with Fig. 4.4, as follows:

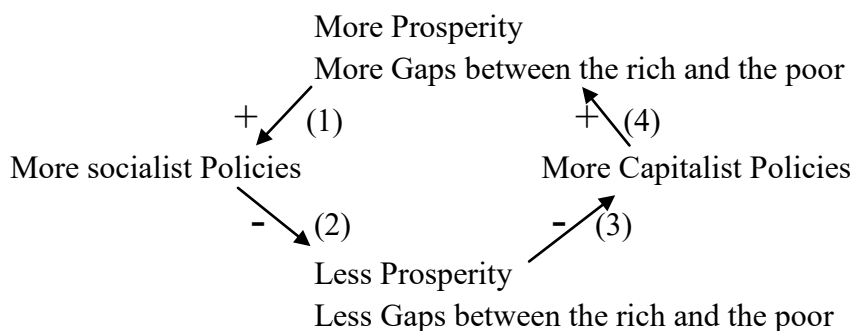


Fig. 4.4 Interaction of selected variables underpinning Dynamic Marxism

In Fig. 4.4, (1) Gaps between the rich and poor alert or force the government to have more socialist policies. (2) More socialist policies reduce class gaps but cause a reduction in prosperity. (3) Reduced prosperity prompts the government to implement more capitalist policies. (4) More capitalist policies promote high prosperity but bigger socioeconomic gaps. Each of the relations is labeled as + or – (could be both). A positive relation represents the hypothesis that an increase in the value of one variable will cause an increase in that of another variable, while a negative relation indicates that an increase in the value of one variable will cause a decrease in that of another variable.

Many people may not agree with the above. Advocates of socialism would probably agree only that socialism can reduce socioeconomic gaps but not prosperity, while advocates of capitalism would probably agree only that capitalism would generate prosperity but not bigger socioeconomic gaps. However, as elaborated later, different literature and economic historical events seem to support different parts of it.

To summarize, the model of Dynamic Marxism differs from and improves upon the traditional Marxism in that:

1. The transformation of capitalism to socialism and then to communism is not necessarily linear and unidirectional. There could be multi-path bidirectional transformations along a spectrum. The improvement on the Surplus Value theory, that the relationship between the proletariat and the bourgeoisie is symbiotic, provided justification for the backward movement to incorporate capitalist components without the concern for the issue of exploitation.
2. Socialist policies, including taxation, redistribution of income, and social welfare programs, could be used to alleviate class gaps and prevent social unrest or revolution.
3. Capitalist policies, while providing economic freedom, facilitating entrepreneurship, contributing to economic growth, but creating bigger gaps between the proletariat and the bourgeoisie, can be used in conjunction with socialist policies to keep the system within equilibrium boundaries.
4. With mixed economies and policies moving back and forth between socialism and capitalism, and in the absence of human conflict, technological advancements can help societies move gradually towards communism.

#### **4.4 Toward other parts of the model**

The above sections introduced a bidirectional spectrum and the main points of Dynamic Marxism on the Marxist political-economic transformations. The policies and forces underlying the dynamics of the model are also briefly discussed. It is the interaction of these forces generated by different policies that underpin the dynamic changes of the system over time.

In the next Chapter 5, an operational measure of the continuum that underlies the spectrum is introduced. By incorporating the flexibility to incorporate continuous as well as categorical variables, a framework with time-space dimensions is presented as the Dynamic Marxism model, forming Part B of the modeling process.

In Part C (Chapter 6), a hypothetical socioeconomic system and a policy environment is introduced. The hypothetical system is made up of associations between the three structural variables: Prosperity, Socioeconomic class gap, and Economic motivation. Economic motivation is used as an intervening variable. The three environmental policy variables are: Central planning, Public ownership, and Social welfare. Then, an elaboration on the interactions between the variables of the hypothetical system and the three environmental policy variables is presented to illustrate the Dynamic Marxism model. In Part D (Chapter 7), a computer simulation based on Part C is used to further illustrate the dynamic behavior of the model over time.

In Part D, after the computer simulation illustration, the Dynamic Marxism model is discussed with reference to communist as well as capitalist countries. While the model is applicable to explain the recent economic events in communist countries, it is also applicable to explain the policy shifts in economic policies among successive governments in democratic capitalist countries. In these countries, opposing political parties often have economic policies that differ in the redistribution of resources, the size of government, and the amount of central planning.

That is followed by a discussion of the whole Marxism 8.0 model with reference to the social and economic events in the communist countries of China (Chapter 8) and Vietnam (Chapter 9). The two countries, on the one hand, declared loyalty to Marxism politically, but on the other hand, have adjusted their policy on religious freedom as well as their economic policies. The economic events can be explained with reference to the Dynamic Marxism model.

## **Chapter 5**

### **Improvement 3: Dynamic Marxism Part B**

#### **Variables of the Spectrum**

#### **5.1 Dynamic Marxism Part B**

The previous sections introduced Part A of the Dynamic Marxism model, characterized by bidirectional transformation along the Capitalism-Socialism-Communism (C-S-C) spectrum (Fig. 4.3). The spectrum unwittingly implies that there is some continuum between the different economic states that enables these transformations. Here, the variable of the continuum is referred to as the ‘Socialist-ness’,

##### **5.1.1 Socialist-ness**

‘Socialist-ness’ herein refers to the degree of socialism. An operational method to measure the ‘Socialist-ness’ of a country is a long-researched and debated question. Some scholars attempted to classify different political economies on a continuum. For example, Lewis (2018) proposed a scale of socialism based on 3 variables: Public spending on social welfare, Labor protection, and State ownership of enterprises, and then simply took the average. Meso-Lago (1973) proposed a continuum model with 17 variables to compare socialist systems globally. In ‘Measuring Socialism Data Set’ (Cohen & Van Der Naald, 2019), the authors cited 243 variables and contended that “there is no consensus method for agglomerating these metrics into simpler, easier-to-comprehend indices”.

However, the author contends that theoretical and numerical modeling in social science, despite limitations of quantification and validation, could foster more understanding and stimulate further research. Though there is no consensus agglomerating method, an approximation method can assist in illustration and conceptualization. There are important theories, such as Freudian theory and the Big Bang that are not easy to prove as well. In social science studies, it is common to use indices to approximate societal conditions. Thus, for illustration, this article uses three policy variables to be agglomerated later, to represent ‘Socialist-ness’. The three policy variables are:

1. Public ownership (Puo) versus Private ownership: indicated by the Percentage of public enterprises.
2. Central planning (Cep) versus Market economy: indicated by the Percentage of Central planning.
3. Social welfare (Sow): High versus Minimal Social welfare: indicated by the Percentage of GDP (Gross Domestic Product) on social welfare.

Each of the three variables can be, in theory, operationally measured or approximated, and the values scaled to a range, say from 0 to 10. Thus, for example, a country with a Sow value of 0 is almost purely capitalist with the lowest possible spending on social welfare programs, and a country with the highest score of 10 is highly socialist or closest to communism (Fig. 5.1).

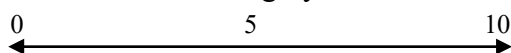


Fig. 5.1 Social Welfare (Sow) as a variable

The author acknowledges that representing different economic policies with just three variables and enumerating them is debatable. However, abstracting from complex systems with a conceptual level representation can enable better understanding and delivery of the core message and unify different positions. Many of the variables that can be used to classify different economies are correlated, conceptually or statistically. For example, the percentage of government spending on social welfare (including health and education) should be highly correlated with the percentage of public institutions such as hospitals and schools. In this regard, this article uses the three policy variables and proposes them as variables that represent the ‘Socialist-ness’ of an economic system. A country, like the U.S., for example, which spends nearly 20% of its GDP on social welfare annually, can be regarded conceptually as one with a Sow score of approximately 2.

Suppose we represent the three characteristics with the three variables and map them to the Capitalism-Socialism-Communism (C-S-C) spectrum, we can describe the relation as in Fig. 5.2. So, the C-S-C spectrum is a multi-dimensional path along which different economic transitional states can transform. To enable comparison and movement along the C-S-C spectrum, we need a continuum. Thus, let us introduce a *conceptual index*, the SCI (Socialism Conceptual Index), that represents the collapse or agglomeration of the three policy variables as in Fig. 5.2. The SCI index is the variable of

the ‘Socialist-ness’ continuum that is associated with the different states along the C-S-C spectrum, where the minimum value is 1 and the maximum value is 10. (It starts with 1 to avoid division by 0 later) So, a country with a SCI value of 1 is considered extremely capitalist, while a country with a value of 10 is the highest in ‘Socialist-ness’.

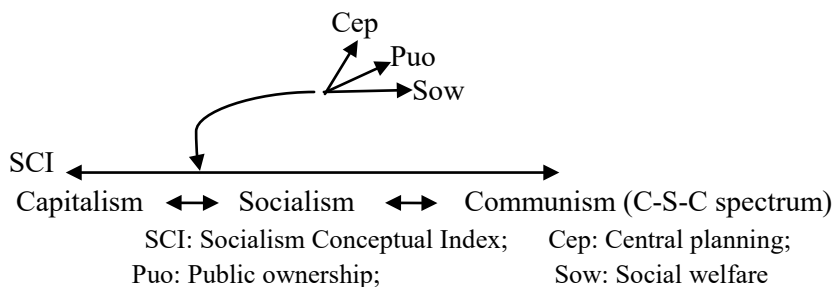


Fig. 5.2 Dynamic Marxism with Socialism Conceptual Index (SCI)

Next, let us map the three scores (Cep, Puo, Sow) to SCI with some function  $f$  represented as follows:

$$SCI = f(\text{Cep}, \text{Puo}, \text{Sow} \dots)$$

Scores on the three dimensions are often associated or correlated. The fact that the dimensions are not orthogonal or independent of each other may also cause some components to be double-counted, but then for those components, they may have contribution weightings of more than 1. For this reason, Euclidean distance may not be appropriate either. However, in this case, the relative position of different countries on the scale is more important than the absolute values. The details of  $f$  would be a topic of academic interest and research. Thus, while on the one hand, there is no ideal academic way to merge the variables, on the other hand, it would be a convenient and good enough way, for now, for the sake of conceptual illustration, just to take the average as an approximation, then scale and position the transformed score on the SCI continuum, at the expense of details being obscured, for example, that of Market socialism, or correlation between the variables.

The next challenge is getting the data for these indices. Justifying the available data as operational measures of the variables is a challenge. For example, how do you measure Central planning (Cep) versus Market Economy? The Index of Economic Freedom (IEF) is a good reverse approximation of Cep. The IEF itself is made up of 4 components: Rule of

Law, Government Size, Regulatory Efficiency, and Open Markets. ([https://en.wikipedia.org/wiki/Index\\_of\\_Economic\\_Freedom](https://en.wikipedia.org/wiki/Index_of_Economic_Freedom)).

Even measuring Social welfare (Sow) is a challenge. A convenient index is the percentage of GDP spent on social welfare programs. Firstly, there are debates on whether GDP should include all of the expenditure on social welfare. Secondly, there is no concrete definition of a social welfare program. Should subsidies for the students be counted as social welfare? Different countries may have slightly different accounting rules. Having said all that, we should not be discouraged from taking a mathematical and/or symbolic way to conceptualize the issues on hand. Symbolic representations of social problems and manipulation of the symbols provide good ways to see the relevant issues within the problem space. Though there are a lot of debates, academic imperfections, and room for improvement in this area, the objective is to get an estimate of the overall picture. For these reasons, the SCI index is called a conceptual index. In the following Fig. 5.3, we transform the available data on China, France, and the U.S. to SCI values and show the relative positions on the C-S-C spectrum.

	China	France	U.S.
1. % of Public Enterprises	28 (2012)	28 (2013)	17.6 (2013)
2. % of GDP on Social Welfare	27.5*	31.2 (2019)	18.7 (2019)
3. IEF: Index of Economic Freedom (out of 100)	48 (2022)	65.9 (2022)	72.1 (2022)
Central Planning (100 - IEF)	52	34.1	27.9
SCI: Average of above 3 (scaled to out of 10)	3.58	3.11	2.19

Sources: [https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_social\\_welfare\\_spending](https://en.wikipedia.org/wiki/List_of_countries_by_social_welfare_spending)  
[https://en.wikipedia.org/wiki/Social\\_welfare\\_in\\_China](https://en.wikipedia.org/wiki/Social_welfare_in_China)  
[https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_public\\_sector\\_size](https://en.wikipedia.org/wiki/List_of_countries_by_public_sector_size)  
<https://heritage.org/index>

\*estimated from other sources, China has ad hoc policies & different ways of accounting.

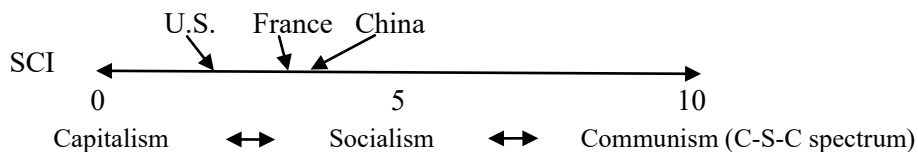


Fig. 5.3 U.S., France & China on Socialism Conceptual Index (SCI) scale

In the above illustration, the C-S-C spectrum is mapped with a multi-dimensional agglomerated continuum. With 3 scores, we can represent many mixed economies. For example, Market socialism could be low in 'Central planning' but high in 'Public ownership'. Instead of just taking the average, we could have many more possible mathematical transformations to map 3 or more scores to 1 composite index. Multi-dimensional spectrum analysis is quite well developed in physical sciences, but not so in social sciences. We probably will never have an answer on the transformation that is agreeable to everybody. For this reason, the author calls the index SCI a conceptual index. It is numeric but remains conceptual.

The analogy is like going to a restaurant and having dinner. After dinner, you are asked to participate in a survey to rate your dinner experience. The first question is to rate your 'overall satisfaction' with the dinner on a scale of 1 to 10, where 1 is the most negative (disappointed, angry, etc.) and 10 is the most positive (happy, satisfied, etc.). Next, you are asked to rate your satisfaction on three things: (1) the quality of the food, (2) the quality of the service, (3) the atmosphere of the restaurant. Suppose next we try to collapse or combine the answers to the three questions into a single score (e.g., take the average of the three answers) and compare the combined score with the answer to the 'overall' question. It is expected that the combined score will be highly correlated with, if not almost the same as, the answer to the 'overall' question. The difference between the two scores, if any, is probably because there are differences in the importance of each of the three questions to you (i.e., differences in weightings) or that there are other factors not taken into account that affect your answer to the 'overall' question.

Nevertheless, in the case of SCI, it is the relative position of different economic systems on the spectrum and the conceptual aspect of the score that is the main focus.

### **5.1.2 More dimensions such as 'Religious belief' and 'Political system'**

Coming back to the Dynamic Marxism model, what about other dimensions? In the 3-dimensional space of Cep, Puo, and Sow, we assume that the variables are continuous or at least ordinal, in order to justify the possibility

of taking the average or using the Euclidean distance or other mathematical transformation as the collapsing formula for mapping onto SCI. Any additional dimension ( $D_i$ ) to that space needs to be either continuous or ordinal. For categorical dimension ( $CD_i$ ) such as ‘Political system’ or ‘Culture’, it can be considered as an additional but separate dimension as in Fig. 5.4.

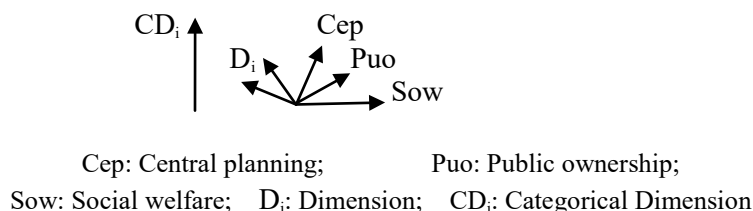


Fig. 5.4 Showing additional dimensions  $CD_i$  &  $D_i$

### **Culture and the variant model:**

Culture can be regarded as a categorical variable as opposed to an ordinal or continuous variable. Culture, in the broad sense, refers to religion, language, customs, tradition, roots, identity, history, etc. Thus, the culture dimension has several sub-dimensions itself. In China, the government refers to its socialism as ‘Socialism of Chinese Characteristics’.

Religion is also an important factor in politics. Though Marxism is atheistic, it acknowledges its importance. According to Marxism, religion, in the world of exploitation, is an expression of distress, and at the same time, it is also a protest against the real distress. In other words, religion will continue to thrive because of oppressive social conditions. When this oppressive and exploitative condition is gone, religion will become unnecessary. In Chapter 3, State-Secularism and Multi-religionism are discussed as improvements for the variant model of Marxism 8.0. Though the improvement advocated that politics should be independent of religion, it introduced Multi-religionism both as a social objective and as a religious belief.

After years of human history, the sociological significance of religion in all countries, including capitalist countries, is obvious. The fact that there are political parties and movements based on a combination of religious

beliefs and variants of socialism is sufficient to incorporate religion as an additional dimension to Marxism. Socialist political parties with religion as the main component are not uncommon. For example, we have Christian Socialism and Islamic Socialism, etc. Thus, we can incorporate the ‘Religious belief’ dimension in the improved model as in Fig. 5.5.

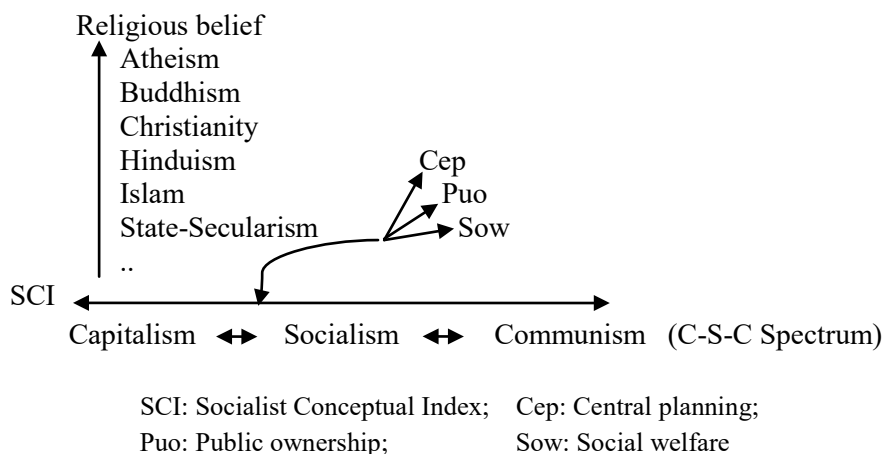


Fig. 5.5 Religious belief as an additional categorical dimension

### Political system and the variant model:

Another important categorical variable that should be considered is ‘Political system’. In recent history, we have seen different types of socialism: Authoritarian socialism, Democratic socialism, and so on. Marxism does not reject democracy. It says that under democracy, the proletariat, because of its greater number, will dominate the government with socialism. However, under capitalism, democracy may be manipulated by the bourgeoisie. Nowadays, we have Democratic socialism as an ideology and Democratic socialist political parties with Marxism as the ideological backbone.

Democracy in China is described by many as based on meritocracy, i.e., government officers are promoted based on their performance (e.g., Bell, 2016). There is, however, one big difference between one-party socialist and capitalist countries. In existing communist countries (one-party socialist government), the Marxist-Leninist ideology is the guiding ideology behind the ruling party, and that also constitutes the foundation of the constitution and the State. In capitalist countries, the multi-party system negates the one-

party system and bases the state on the liberal democratic constitution, with the elected party running the state.

In countries with liberal democracies, there are often two or more political parties. These parties often differ in the ‘Socialist-ness’ of their policies. In these countries, we often see a swing between the left and the right, with the left being more socialist and the right being less socialist. These swings and shifts in policies further illustrate the fact that Capitalism and Socialism are not necessarily antagonistic but can be considered as some transitional states along a continuum that is multi-dimensional or at least abstractly existing.

Thus, the core of this model of Dynamic Marxism is independent of democracy. In a one-party system, as long as the party allows policies to move to and back, to become more socialist or to incorporate some elements of capitalism, such as a market system or entrepreneurship to lead the economy, the model is applicable. Under a multi-party system, different political parties may have different policies with different ‘Socialist-ness’. As long as the system does not ban socialist parties from participating in elections, the model is still applicable to explain the changes in policies. The model, with ‘Political Systems’ incorporated as an additional categorical variable, can be represented as in Fig. 5.6.

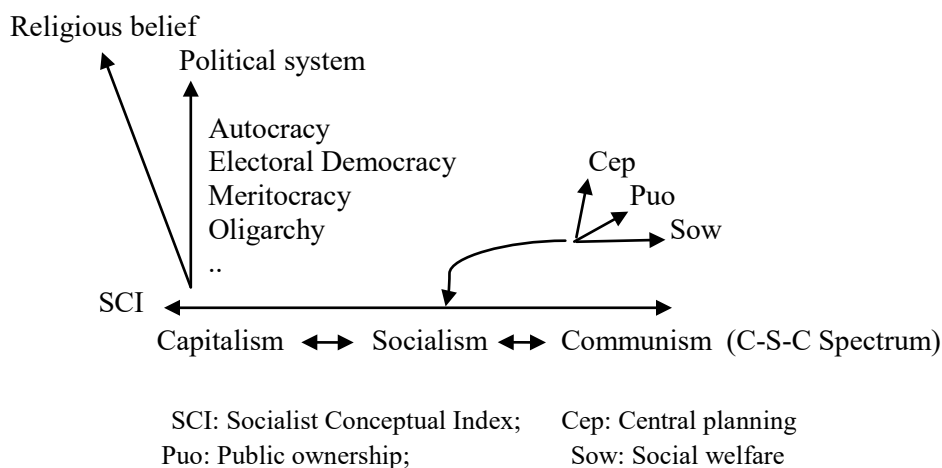


Fig. 5.6 ‘Political system’ as an additional categorical dimension

### 5.1.3 Putting together

Putting it all together, adding the time dimension and the flexibility to cater for more dimensions, we can have a representation as in Fig. 5.7. Thus, based on this Dynamic Marxism Model, we can position different economic systems as well as different transitional states in historical, political, and economic transformations.

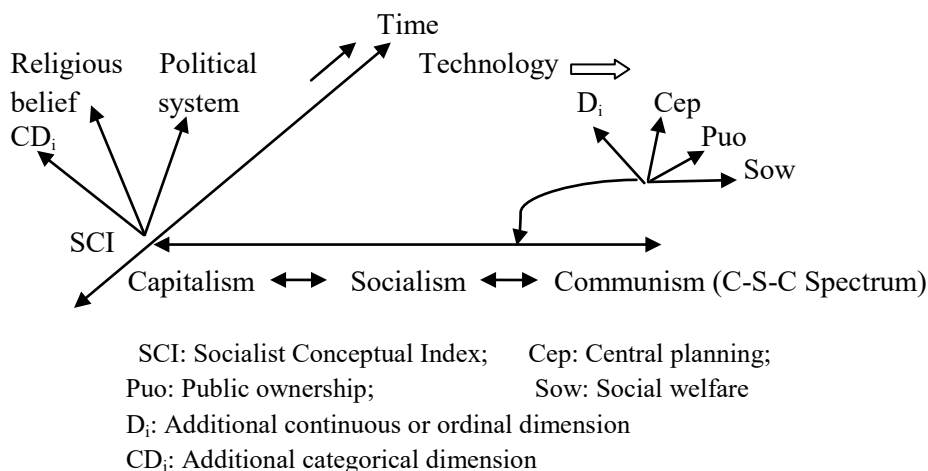


Fig. 5.7 Dynamic Marxism Part B: C-S-C Spectrum with variables

## 5.2 Towards Part C of the model

Fig. 5.7 represents the Dynamic Marxism model with operational measures and conceptual indices with the flexibility of adding more dimensions that may be needed to position an economic system as a transitional state in the framework of Dynamic Marxism.

In the next Chapters of 6 & 7, a hypothetical system is used to illustrate, at a deeper level, the relations between socioeconomic variables and their interactions with policy variables that underpin the dynamics of a system under different policies. That is followed by a computer simulation for further elaboration.

## Chapter 6

### Improvement 3: Dynamic Marxism Part C

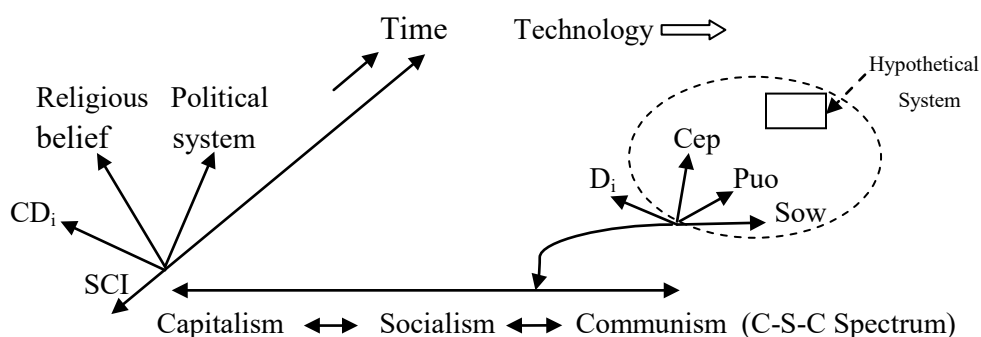
#### A Hypothetical System for Illustration

#### 6.1 Dynamic Marxism Part C

This chapter introduces a deeper level of the new Dynamic Marxism Model. This part, referred to as Part C of the model, is about using a hypothetical socioeconomic system made up of three socioeconomic variables. Here, the interactions between the three variables of the system are elaborated. The relations between the hypothetical system and the three policy variables that made up the policy environment (Socialist-ness) introduced in Part B, are also discussed. The interactions between the hypothetical system and the policy variables (or the environment) underpin the dynamic behavior of the system over time. These are illustrated with a computer simulation in the next chapter.

#### 6.2 Policy environment and interactions with the hypothetical system

The previous chapter introduced the Dynamic Marxist model Part B (Fig. 5.7). It is duplicated in the following for ease of reference, with additional information.



SCI: Socialist Conceptual Index;    Cep: Central planning  
 Puo: Public ownership;            Sow: Social welfare  
 Di: Additional continuous or ordinal dimension  
 CD<sub>i</sub>: Additional categorical dimension

Fig. 6.1 Dynamic Marxism Part B: C-S-C Spectrum with variables

In the above Fig. 6.1, the Dynamic Marxism Model Part B with the C-S-C spectrum and additional variables is presented. Here, let us examine the dynamics of a hypothetical socioeconomic system (represented by a small rectangle) under the 3 policy variables as the environment indicated by the dashed line in Fig. 6.1, over time. The different conditions of the environment are made up of different parameter combinations of the three main policy variables that represent different ‘Socialist-ness’ of the economic system policies, and they are:

- (1) Cep (Central planning versus Market economy)
- (2) Puo (Public ownership versus Private ownership)
- (3) Sow (% of Spending or GDP on Social Welfare)

The hypothetical socioeconomic system consists of the following 3 variables:

- (1) Prosperity (Prosp)
- (2) Socioeconomic class gap (ClassG)
- (3) Economic motivation (Mot)

These variables are selected because they are more generic and encompassing, and thus less restricted by operational definition. Since there are democratic socialist countries in Europe as well as one-party socialist systems such as those in China and Vietnam, we do not include democracy as a variable here.

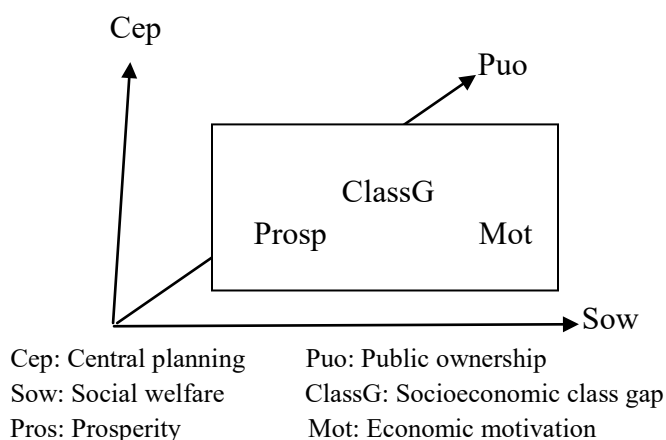


Fig. 6.2 Dynamic Marxism Part C: A Hypothetical System under Policy environment

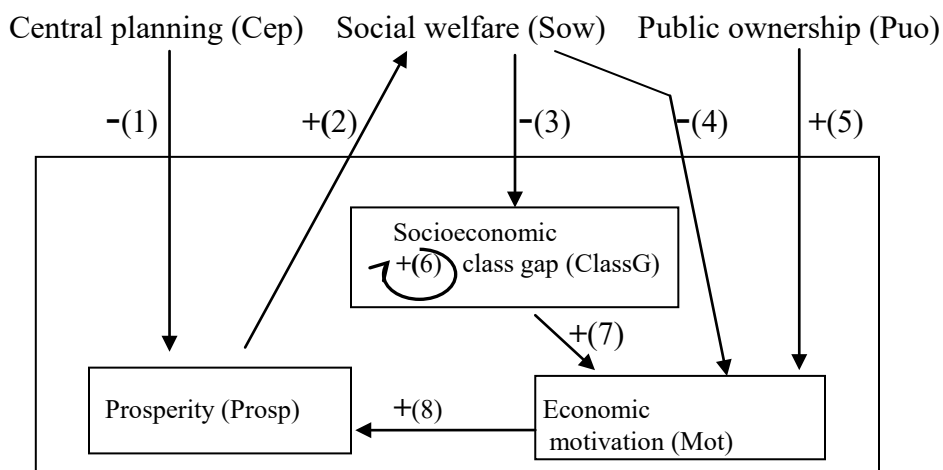
Most economists traditionally use GDP (Gross Domestic Product) to indicate prosperity. Prosperity (Prosp) is used here as a conceptual generic

variable to refer to a country's economic well-being, including GDP, economic growth, and average standard of living.

Socioeconomic class gap (ClassG) is used here as a conceptual generic variable to refer to the socioeconomic gap in society, the so-called gap between the rich and the poor. It is a conceptual variable that includes the indication by the Gini index, the gaps in education, and the gaps in information and technology awareness and accessibility.

Economic motivation (Mot) is also used here as a conceptual generic variable to refer to entrepreneurial drives, actualization, workmanship, professionalism, and the drive to succeed in a career. Motivation is a complex entity. There are several types of motivation susceptible to different types of incentives. Thus, changes in policies, with different incentives, have different effects on the motivations. Here, we use Mot as a conceptual representation of net motivation that contributes to prosperity.

In social science research, statistical analysis can provide tests of significance to determine if variables are correlated or linked by certain equations. Based on significance test results, hypothesized causal relations between variables may be inferred and supported, but they are by no means definitive, like hard science in a controlled lab environment. In the following, we hypothesize the interactions between the variables.



Each bi-variable relation is enumerated and shows positive (+) or negative (-).

Fig. 6.3 Dynamic Marxism Part C: System Structure

In the above Fig. 6.3, the environmental variables Cep, Puo, and Sow represent the ‘Socialist-ness’ of the policies. The variables affected by the environment are Prosp, Mot, and ClassG. They are the social indices of the hypothetical system. The relations between these three variables made up the structure of the model.

A positive relation (indicated by +) between X and Y ( $X \rightarrow Y$ ), for example, indicates that an increase in the value of X causes an increase in the value of Y; and a negative relation (indicated by -) indicates that an increase in the value of X causes a decrease in the value of Y. That does not imply a linear relation; on the contrary, in most cases, the relation, as a reflection or approximation of reality, is nonlinear. It should also be pointed out that the relations could be both + and -, i.e., increase or decrease depending on other conditions, such as the value of some other system or environmental variables at that point in time. The enumerated relations in Fig. 6.3 can be elaborated as follows:

1. More ‘Central planning’ means less market economy. That will have a mixed effect on ‘Prosperity’, but in general, negative.
2. Higher socialist policy means that more resources will be spent on ‘Social welfare’. Higher ‘Prosperity’ enables more resources available for ‘Social welfare’.
3. More ‘Social welfare’ reduces ‘Socioeconomic class gaps’.
4. Too much ‘Social welfare’ reduces the population’s ‘Economic motivation’.
5. More ‘Private ownership’ increases ‘Economic motivation’.
6. ‘Socioeconomic class gap’ has a positive feedback loop. The poor get poorer and the rich get richer.
7. ‘Socioeconomic class gap’ motivates the population for economic success.
8. Higher ‘Economic motivation’ contributes to higher ‘Prosperity’.

Each of the above relations constitutes a hypothesis. For each of the hypotheses, it is easy to find research data and/or literature that supports it, but the information deduced from the data is by no means definitive. For some of the above hypotheses, there may even be arguments against them.

Thus, the position of each of the hypotheses above is open for more research, discussion, and adjustment.

Fig. 6.3 describes the hypothetical system to be tested under three policy variables. This part, referred to as Part C of the Dynamic Marxism model, is an elaboration of the model. Each of the eight relations is elaborated verbally in the following sections. The interactions are further illustrated with a computer simulation (Part D) in the next chapter.

### ‘Technology’ skipped in simulation:

In the Dynamic Marxism model, ‘Technology’ is a variable that can move the system gradually towards communism, provided there are no wars and no social unrest. This variable can have a continuous effect on the whole system, as illustrated in Fig. 6.4.

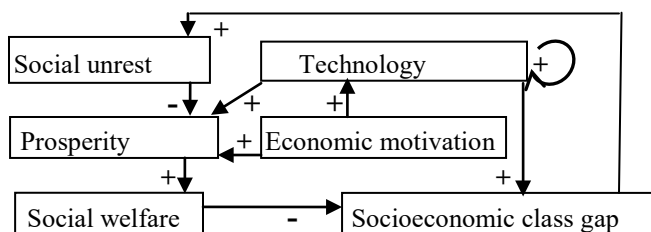


Fig. 6.4 Diagram showing the impacts of ‘Human Conflicts’ and ‘Technology’

Fig. 6.4 shows that ‘Technology’ as a variable has a positive feedback loop within itself, in that certain technological developments may serve as building blocks for further advancements. ‘Technology’, while contributing to ‘Prosperity’, increases the ‘Socioeconomic class gap’, which includes the gap between the information-rich versus the information-poor. ‘Prosperity’ enables more resources available for ‘Social welfare’, which in turn lowers ‘Socioeconomic class gap’. ‘Social unrest’, which can be precipitated by uncontrolled class gaps, is destructive to ‘Prosperity’. ‘Economic motivation’ and entrepreneurship contribute to ‘Technology’ advancements and ‘Prosperity’. However, to keep the simulation from getting too complicated, the variables ‘Technology’ and ‘Social unrest’ are skipped in the further elaboration and later computer simulation.

The discussion in this chapter and later computer simulations do not attempt to prove the model. Social theories are difficult to prove because the environment is multidimensional, nonlinear, and ever-changing. Many research results with significantly correlated data are available, but they can only serve as support or references for the model. Unlike physical sciences, social science research results, due to confounding variables in the real world, cannot be definitive. However, the relations between these variables can be discussed, and relevant literature reviewed to provide support.

### 6.2.1 More Central planning (less Market economy) affects Prosperity

↑ Central planning (Cep)       $\xrightarrow{+/-}$       ↓/↑ Prosperity (Prosp)

Advocates of socialism and central planning would argue that central planning is important for the prosperity of the country, whereas people of opposing opinion would argue otherwise. Under socialism, while many enterprises are public-owned, the governments also realize that a market economy is important for the economy to be efficient and prosperous. Thus, we have economies based on Market Socialism. However, under Market Socialism, there may still be a significant amount of central planning, especially in areas such as national security, health, education, transportation, and other social infrastructures.

The author would point out that the merits of central planning versus market economy depend on which sector of the economy is under focus. Probably the right combination of central planning and market economy depends on the country's current status, culture, and historical development. China and Russia's economic development suggested that central planning for recovery after the wars and the gradual release of certain sections to the market economy are beneficial for the whole country's prosperity.

Even for capitalist systems, a certain amount of central planning is necessary. Given a bottom line, the model proposed herein assumed a negative relation between central planning and prosperity; in other words, more central planning means less market economy. A less market-oriented economy has a negative effect on the prosperity of the country.

The merit of a market economy is central to Adam Smith's notion of the invisible hand (Smith, 1776) with which there is a force behind our individual need to fulfill self-interest. In the process, that will result in a division of labor and mutual interdependencies, and thus promote prosperity through the market mechanism. In addition, in the process of interdependencies and self-interest-oriented activities, activities of public interest and social welfare will also be unintentionally promoted. There are numerous other studies and literature that support this relation (e.g., Zhang & Zhao, 2011; Lim, 1983). The recent economic reforms in China and Vietnam (to be discussed in more detail in later chapters) that incorporated a market economy in their socialist system are associated with significant economic improvement.

### 6.2.2 Higher Prosperity means more resources for Social welfare

↑ Prosperity (Prosp)  $\xrightarrow{+}$  ↑ Social welfare (Sow)

A prosperous society can afford better social welfare programs. Socialism, by understanding, means economic resources are used for social welfare. Quality social welfare programs need more resources. More resources mean higher prosperity is needed.

Prosperity (Prosp) is used here as a conceptual generic variable to refer to a country's economic well-being, including GDP, income per capita, and standard of living. Many governments have a certain percentage of spending assigned to social welfare. Often but not always, the more prosperous a country, the more resources are available for social welfare.

However, this relation has conflicts from within. Should good social welfare be considered part of a country's prosperity? Some scholars argue that good welfare programs contribute to the country's prosperity, and thus, prosperity should include all aspects of social welfare spending. On the other hand, some scholars commented that good welfare programs reduce the economic motivation of society to succeed and, in return, have a negative impact on prosperity.

Higher prosperity means more resources for social welfare. For example, a Sow of 2 (out of a scale of 10) may be interpreted abstractly as 20% of the

GDP on social welfare. It is fair to say that the percentage of GDP on social welfare depends on the policy of an economic system. The more socialist, the higher the percentage of GDP is on social welfare. The percentage of social welfare spending is reflected in the Sow variable.

Most Governments nowadays have social welfare policies. Maybe due to warnings of Marxism, governments are aware that even though the country becomes prosperous, if the socioeconomic class gap remains big, there is a danger of social unrest or even a Marxist-type revolution. Thus, when a country becomes more prosperous, the social welfare programs would probably have more resources. It is often said that the quality of a country's social welfare reflects its prosperity.

### 6.2.3 More Social welfare reduces Socioeconomic class gaps

↑ Social welfare (Sow)  $\xrightarrow{-}$  ↓ Socioeconomic class gap  
(ClassG)

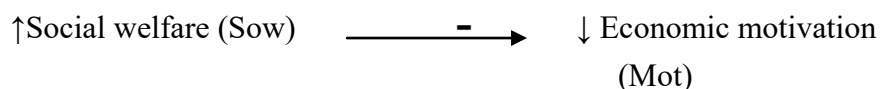
Social welfare programs are used to help the disadvantaged and narrow down the socioeconomic gap between the rich and the poor. Socialist policy includes social welfare programs, pensions, public funding of health and education, as well as more public establishments and institutions. Increased public institutions lead to more employment opportunities, greater availability of free services, and consequently, a reduction in the socioeconomic gap. Social welfare programs can take many other forms. It can be as explicit as unemployment benefits and subsidies in cash or more subtle, as in subsidized housing, health care coupons, or food stamps. Free tuition and training programs can be considered as social welfare programs too.

Socialist welfare policies are about the redistribution of income and reducing socioeconomic gaps between the haves and the have-nots, between the rich and the poor, and between the lucky ones and the disadvantaged ones. If the objectives of socialist policies are not met, then the policies as well as the implementation need to be re-examined.

Marxism states that after the revolution by the proletariat, a long period of socialism will follow, with the government dominated by the proletariat. The objective of socialism, the author believes, is to reduce, if not eliminate, inequality and conflicts created by capitalism. However, Marxism points out that the bourgeoisie would do things to alleviate the negative feelings of the proletariat with the objective of preventing social unrest and keeping the exploitation continuing. Regardless, different socialist governments have slightly different ways to achieve the objectives of socialism. The difference may depend on the history, context, and culture of the society, but the objectives are, by and large, the same.

There are arguments that social welfare programs demotivate people to work and do not help to narrow the socioeconomic gap. In the worst scenario, dependent on the implementation, that may be the case; but most research and studies revealed that social welfare programs are important and efficient in reducing socioeconomic gaps, reducing social inequality and equity, promoting social mobility, and contributing to prosperity in subtle ways. Capitalist governments also learned that without social welfare programs, the socioeconomic gaps will become so large to a stage where there may be social unrest that will destabilize the country.

#### **6.2.4 Too much Social welfare reduces Economic motivation**



Does social welfare demotivate people to work? While there are genuinely disadvantaged or unfortunate people who need social welfare programs to help them regain their health or social well-being, there may be people who are simply lazy and exploit the welfare system.

Some scholars, for example, Michael Tanner (Tanner, 2013) wrote, "... There is nothing to suggest that people on welfare are lazy. But there is also nothing to suggest that they are stupid. If you pay someone as much for not working as you do for working, it should come as no surprise that many take advantage of the offer.... We know that one of the most important long-term steps toward avoiding or getting out of poverty is a job. Even a low-wage

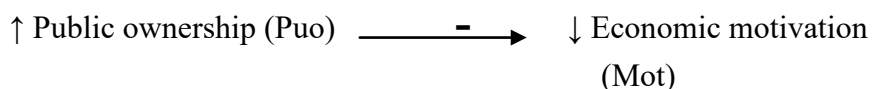
job can be the first step on the road to self-sufficiency... Yet, around the world, welfare states provide benefits well in excess of the entry-level wages that an individual with limited skills can expect to earn... ”.

In the book ‘Wealth and Poverty’ by George Gilder (2012), he argued that poverty is a great motivator, and most welfare programs only serve to keep the poor in poverty. In the book, the poor are criticized for depending on the welfare state. Gilder argued that “the poor choose leisure not because of moral weakness but because they are paid to do so.”

The author’s position is that the implementation of social welfare policy is dependent on the community’s situation, and there is no simple linear solution. The fact that some people took advantage of the social welfare system should not invalidate the needs of the disadvantaged or the essence of social welfare systems.

However, if social welfare is too generous, it may have a negative impact on the working morale. The saying “Tough situation brings out the strong ability of a person” implies that sometimes human ability is expandable. Interviews with successful people often revealed that they had gone through very difficult times before they became successful. Social welfare may encourage people not to get out of their comfort zone. The relation of the two variables to be implemented in the computer simulation that follows is such that when the social welfare variable is above some threshold, the negative effect on motivation will slowly increase.

### **6.2.5 Higher Public ownership (less Private Ownership) discourages Economic motivation**



Does private ownership make a person more motivated? In communist countries, under strong socialist policies, sloganeering and patriotism are important motivating forces to motivate people to contribute to their country. While that is important for a certain category of people in certain sectors, especially the public sector, motivating the remaining population at large may require more personal incentives, such as private ownership.


For certain sectors such as public health, education, and public infrastructure, certain public ownership is basic and necessary. After a certain minimum threshold of public ownership percentage is attained, more private ownership would foster responsibilities, entrepreneurship, and more economic motivation.

Private ownership is regarded as one important variable of capitalism versus socialism. It is closely related to central planning versus a market economy. Private ownership is one of the main characteristics of capitalism, where the owner or owners take full responsibility for the venture and take the risk of investing their capital in owning the property.

Studies on motivation often describe two kinds of motivation, intrinsic and extrinsic. Intrinsic motivation refers to doing something because it is inherently interesting or enjoyable, and extrinsic motivation refers to doing something because it leads to an external outcome. Studies comparing motivational differences between public and private organizations seem to conclude that managers in public organizations are less geared towards extrinsic motivators like wages and bonuses, putting somewhat more emphasis on intrinsic motivators like job variety, contribution to society, and challenge. Private organizations will probably attract and select people with a stronger emphasis on extrinsic motivators like salary and bonuses.

Since the 'Prosperity' variable in the model is more related to finance, the overall relation adopted in this model is a negative one, i.e., an increase in 'Public ownership' decreases the 'Economic motivation'.

### 6.2.6 Class gap has a positive feedback loop

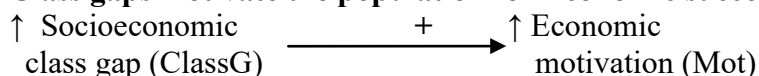
 Socioeconomic class gap (ClassG)

The rich get richer, and the poor get poorer. It is almost a common consensus that it is a positive feedback loop or the Matthew effect. If you put a sum of money into a term deposit with compound interest, you will get more and more, year after year.

If you are sick, you may lose your job and get poorer and poorer by the day. Under capitalism, there are winners and losers. One strategy for companies to survive competition is to get bigger and bigger. Marxism is explicit on this that under capitalism, with exploitation and competition, the working class will get bigger and bigger in number.

Stroh (1992) explained the structural aspect of the mechanism from a systems-thinking perspective. In his analysis, suppose there are two people, A and B. Suppose A's control on the mode of production is better than B's. This would cause the ability of A to generate resources better than B. With better and more resources, A, in the next round, will get even better control of the mode of production than B, and the cycle keeps repeating until B joins the working class. This is congruent with Marxism that poor people are gradually unable to control the world's resources.

### 6.2.7 Class gaps motivate the population for Economic success



Do socioeconomic class gaps make people more motivated? Many people enjoy being in the 'Upper Class', and they work hard to achieve that. This relation is relevant to the previous one that too much social welfare reduces people's motivation to work. Social welfare, on the one hand, reduces socioeconomic class gap; on the other hand, it reduces economic motivation (and thus prosperity) by providing opportunities for laziness or reducing the class incentive. In fact, the interactions of these variables: Social welfare, Socioeconomic class gap, Economic motivation, and Prosperity underpin some dynamic behaviors of the system.

The argument is similar to that of the negative impact on motivation by the social welfare program. Gilder (2012) argued that "In a vibrant and free society, the greatest single asset is an army of poor entrepreneurs on their way to wealth." In a capitalist society, 'class' is like a social status that many work hard to achieve. Though not very explicit in social media, the terms 'upper class', 'middle class', and 'working class', are often used to describe residential suburbs, schools, hospitals, retail stores, and regions of entertainment. Thus, on the one hand, social welfare programs can reduce

socioeconomic class gaps; on the other hand, class gaps contribute as a motivator for people to work hard to improve their social status.

### **6.2.8 Higher Economic motivation contributes to higher Prosperity**

↑ Economic motivation (Mot)  $\xrightarrow{+}$  ↑ Prosperity (Prosp)

There is little doubt that entrepreneurs are important drivers of the economy. The hypothesis of the causal relation is a positive one, i.e., when the economic motivation, in general, of a population goes up, the country's prosperity will go up (McClelland, 1961).

Economic motivation is a good reflection of the entrepreneurial spirit of the population. Entrepreneurs not only explore new economic opportunities, but they also lead and inspire fellow workers. Entrepreneurs contribute to economic growth by introducing innovative technologies, products, and services.

When an economy is doing well, there is less incentive to encourage new practices and innovations. Established firms tend to become complacent. Entrepreneurs often challenge incumbent firms by bringing in better management and technologies. The increased competition brought about by entrepreneurs will challenge existing firms to become more competitive.

When the economy is not doing well, unemployment is high, and the economy is contracting or stagnating, dynamic entrepreneurship could help in turning the economy around. By seeking new opportunities and exploring new technologies, entrepreneurs can rescue the economy (Kritikos, 2014).

Entrepreneurship and entrepreneurs are considered important drivers of economic growth because they contribute not only to the creation of new jobs, new employment opportunities, and the emergence of new innovations but also to the stimulation of competition and competitiveness. There are research results (Stoica, Roman & Rusu, 2020) that suggest that different types of entrepreneurship have different contributions to economic growth at different stages of the economic development of a country.

## 6.3 Discussion

### 6.3.1 The structure of the model could be more detailed

The previous sections introduced several variables and proposed interactions of these variables that underpin the dynamic behavior of the system under different parameter combinations of environmental policy variables.

The interaction model in Fig. 6.3 could be criticized as being too simple. In addition to the variables of ‘Technology’ and ‘Social Unrest’ (Fig. 6.4) that are skipped, there are intervening variables that could have been added to the system.

For example, in relation (1), Central planning has a direct negative effect on Prosperity. An intervening variable, say, Market Economy, could well be added. More Central planning means less Market economy.

i.e. instead of:  $\uparrow$ Central planning  $\longrightarrow$   $\downarrow$  Prosperity

we could write:  $\uparrow$ Central planning  $\longrightarrow$   $\downarrow$  Market economy  $\longrightarrow$   $\downarrow$  Prosperity

In relation (5), Public ownership has a negative effect on Economic Motivation. An intervening variable, say, Entrepreneurial incentive, could be added.

i.e. instead of:  $\uparrow$  Public ownership  $\longrightarrow$   $\downarrow$  Economic Motivation

we could write:  $\uparrow$ Public ownership  $\longrightarrow$   $\downarrow$  Entrepreneurial incentives  $\longrightarrow$   $\downarrow$  Economic motivation

However, the objective of the hypothetical model is to be concise but sufficient to show that the underpinning variables can be used to explain the dynamics of the system. An increase in the number of variables will cause an exponential increase in the number of associations/causal relations in the model. The model could be subdivided into several sub-models for deeper representation and illustration. There is a lot of room for improvement in the details in future investigations.

### 6.3.2 Towards Part D of Dynamic Marxism

The previous sections discussed the relations between the variables of the model. It is the interaction of these variables that underpins the dynamic behaviors of the system over time. Capitalist and socialist policies have

several main differences. Different combinations of these policy variables represent different economic systems. The previous sections introduced the verbal explanation and support of the model. In the next chapter, a numeric illustration of the model is presented.

### **6.3.3 Towards using Computer simulation to illustrate the model**

The discussion of the variant model (Part C, Fig. 6.3) formed the basis of the computer simulation to follow. Forrester (1971) pointed out the advantages of using computer simulation to illustrate and/or investigate social science models. He pointed out that system dynamic models are becoming widely used in the social sciences. System dynamic models contain statements about the structure of the systems and external policies that guide the system's behavior. The merits of a computer model depend on the expertise behind its formation and the essence of the system it represents. Many mathematical models are limited by their difficulties in accepting multiple feedback loops and the nonlinear nature of real systems.

With sufficient information and correct formulation, computer modeling provides good illustrations that reflect the limitations of human intelligence and assist in forming policies. If the behavior of the computer simulation differs from what we expected, the formulation of the model needs to be re-examined for improvement. The iterative process of refining the computer model and comparing its behavior with an expected pattern provides a lot of feedback and insights in formulating the model. In addition, with different values (i.e., parameters) assigned to the system environmental variables (in this case, policy variables), the model can be tested under different conditions. Together with discrete events to be introduced at specified time intervals, the merits of policies can be evaluated. It is unfortunate that in real life, though based on available data and insights of policymakers, policies are implemented almost on a trial-and-error basis. Such trial-and-error experimentations in real life could have been evaluated with computer models before the implementation.

## **Chapter 7**

### **Improvement 3: Dynamic Marxism Part D: Computer Simulation for Illustration**

#### **7.1 Dynamic Marxism Part D**

The previous chapter introduced a hypothetical system with its underlying structure (Fig. 6.3), to illustrate the Dynamic Marxism model. Each of the relations in the hypothetical system constitutes a hypothesis. For each of the hypotheses, it is easy to find literature or research data that supports or argues against it, but by no means definitive.

This chapter illustrates Dynamic Marxism with a computer simulation on the hypothetical system, using the GesLearn®-SimSim (Simultaneous Simulation) software developed by the author. The software language is based on Jay Forrester's (Forrester, 1968) System Dynamics concepts and notations. A free copy of the software for evaluation is available for download at the web address: [GesLearn.com/simstim](http://GesLearn.com/simstim). The structure of the hypothetical system and the policy environment in Forrester's notation, and the program codes of the simulation, are available in the appendices and downloadable from the website. The program can also be translated and implemented with other similar simulation software, such as Vensim ([vensim.com](http://vensim.com)) or Stella:

(<https://www.iseesystems.com/store/products/stella-simulator.aspx>).

#### **7.2 Steps in Computer simulation of a social system**

The steps in the Computer simulation of a social system are as follows:

1. Identify the system variables and the environment variables.
2. Define the relations between the variables with appropriate formulae. The parameters and structure of each of the relations can be based on literature or empirical evidence, if any. The relations between the system variables make up the structure of the system.
3. Define the simulation time span and the pattern (values) of the system variables expected over the simulation period. The expected pattern (values) of the system variables can be based on real-life observations, empirical evidence, or model expectations.

4. Run the simulation and compare the pattern (values) of the system variables with the expected values over the simulation time span.
5. If the differences between the observed values and the expected values are large, go back to Step 1 or Step 2 and make the necessary changes. If the differences between the observed values and the expected values are small, modify the appropriate parameters of the relations, and go back to Step 4.
6. Change the environment (by changing the parameters of the environment variables) and test the system again by going back to Step 4. Introduce discrete events during the simulation run and test the system again. Otherwise, declare the simulation is finished.

### **7.3 Computer Simulation of the Hypothetical System**

In the following simulation runs, the values of each variable are set to be within the range of 1 to 10. The policy or environment variables are Sow (Social welfare), Cep (Central planning), and Puo (Public ownership). For the variable Sow, for example, a value of 1 represents high capitalism with little to no government spending on social welfare, whereas a value of 10 represents high Socialist policy with the highest possible spending on social welfare. Thus, high capitalist policies can be represented with Sow=1, Cep=1, and Puo=1; and high socialist policies with Sow=10, Cep=10, and Puo=10. The three policy variables are the main manipulating variables to illustrate the performance of the system under different policies. The system structural variables: ClassG (Socioeconomic class gap), Prosp (Prosperity), and Mot (Economic motivation) made up the system state variables.

In the following, the system is evaluated over 7 simulation runs. For each of the first 6 simulation runs, the simulation is over a time span of 100 (years). For the 7<sup>th</sup> simulation run, it is over 300 (years). The performance of the system variables depends not only on the value of policy variables but also on the starting state value of the variables. In the following, the simulation run conditions and the behavior expected are described in tabulated form. For example, in Simulation run 1, the environment policy is that of Capitalism, represented by:

Sow=1, Cep=1, and Puo=1;

The system state at the beginning of the simulation run is represented by:

ClassG=1, Mot=1, Prosp=1

It is anticipated that the values of system state variables will change over the simulation run, displaying a behavior close to that of ‘System behavior expected’ in the table. In simulation runs 4 to 7, there are midway policy intervention changes, implemented as discrete events during the simulation run. For each run, the ranges of system variable values are displayed after the graph.

Simulation Run 1: High capitalism (values=1)

Starting Policy:	Sow=1	Puo=1	Cep=1
Starting State:	ClassG=1	Mot=1	Prosp=1
Time span:100 System Behavior expected:	The Economic motivation and Prosperity will climb up rapidly, so will the Class gap. The Class gap value will be over 9 (out of a max. of 10). That represents social unrest or even an imminent Marxist-type revolution.		

Simulation Run 2: High socialism (values=10)

Start Policy:	Sow=10	Puo=10	Cep=10
Starting State:	ClassG=1	Mot=1	Prosp=1
Time span: 100 System Behavior expected:	Under high socialist policies, the Economic motivation and Prosperity will remain low, and so will the Class gap.		

Simulation Run 3: Moderate socialism (values=5.5)

Starting Policy:	Sow=5.5	Puo=5.5	Cep=5.5
Starting State:	ClassG=1	Mot=1	Prosp=1
Time span: 100 System Behavior expected:	The Economic motivation and Prosperity should go up slowly and remain moderate. The Class gap should also remain moderate.		

Simulation Run 4: High capitalism followed by Moderate socialism (values=5.5)

Starting Policy:	Sow=1	Puo=1	Cep=1
At time=50:	Sow=5.5	Puo=5.5	Cep=5.5
Starting State:	ClassG=1	Mot=1	Prosp=1
Time span: 100 System Behavior expected:	Initially, the Economic motivation and Prosperity will climb up rapidly, so will the Class gap. Changing the policy to moderately socialist at the time of 50 (year) will bring down all the three system state values.		

Simulation Run 5: High socialism followed by Moderate socialism (values=5.5)

Starting Policy:	Sow=10	Puo=10	Cep=10
At time=50:	Sow=5.5	Puo=5.5	Cep=5.5
Starting State:	ClassG=1	Mot=1	Prosp=1
Time span: 100 System Behavior expected:	The starting condition is the same as that in the second run, i.e., high socialist policy. Changing the policy to moderately capitalist/socialist at the time of 50 (year) will trigger off Economic motivation and Prosperity going up, but also an unwanted, widening though moderate, Class gap.		

Simulation Run 6: High socialism followed by 2 different policies:  
capitalism (values=2) then moderate socialism (values=6)

Starting Policy:	Sow=10	Puo=10	Cep=10
At time=30:	Sow=2	Puo=2	Cep=2
At time=60:	Sow=6	Puo=6	Cep=6
Starting State:	ClassG=1	Mot=1	Prosp=1
Time span: 100 System Behavior expected:	The starting condition is the same as that in the second run, i.e., high socialist policy. The policy will change to be more capitalist at the time of 30 (year). That should trigger off Economic motivation and Prosperity going up, but also an unwanted, widening Class gap. Policies will change to be more socialist at time of 60 (year). That should cause Class gaps to come down and after 100 years, there should be socialism with moderate Prosperity, Economic motivation, and Class gap.		

Simulation Run 7: High capitalism followed by 3 different policies:  
(values=5.5, 2 & 5.5)

Starting Policy:	Sow=1	Puo=1	Cep=1
At time=30:	Sow=5.5	Puo=5.5	Cep=5.5
At time=60:	Sow=2	Puo=2	Cep=2
At time=90:	Sow=5.5	Puo=5.5	Cep=5.5
Starting State:	ClassG=1	Mot=1	Prosp=1
Time span: 300 System Behavior expected:	The starting condition is the same as that in the first run, i.e., high capitalist policy. The policy will change to different mixed economies at the times of 30, 60, and 90 (year). The system will reach equilibrium after some fluctuations.		

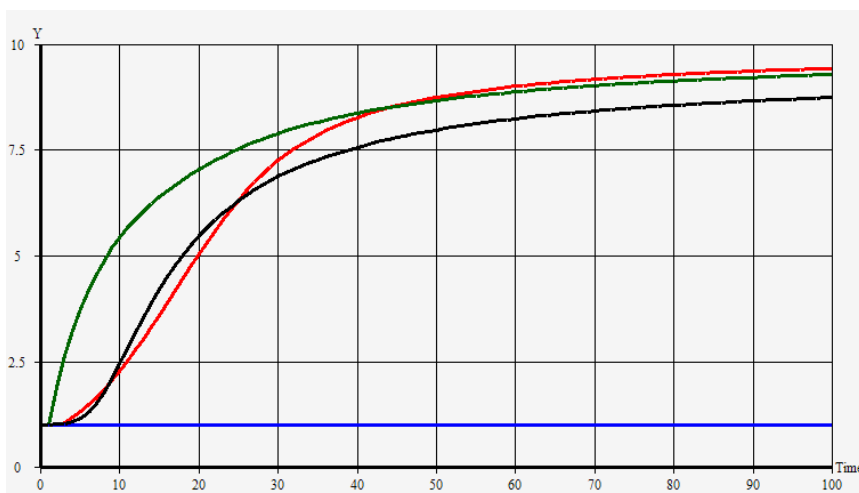
### 7.3.1 High capitalism

Run: 1

Simulation run: 100 years

Policy: Sow =1, Puo=1, Cep=1

Starting state: Class gap = 1, Motivation= 1, Prosperity=1



Ranges:

ClassG 1 TO 9.4413

Mot 1 TO 9.2993

Sow 1 TO 1

Pros 1 TO 8.7517

\* Sow (Social welfare), Cep (Central planning), Puo (Public ownership)

ClassG (Class gap), Prosp(Prosperity), Mot (Economic motivation)

Fig. 7.1 Graphs for Simulation Run 1

In this simulation run, under free-hand capitalism, there is little or no social welfare (Sow=1). The Economic motivation (Mot) of the population and the Prosperity (Prosp) of the society go up, following a hypothetical sigmoid type of curve. However, the Class gap (ClassG) also increases to a dangerous level of over 9. When the Class gap is over 9, there is a high chance of social unrest or even an imminent Marxist-type revolution.

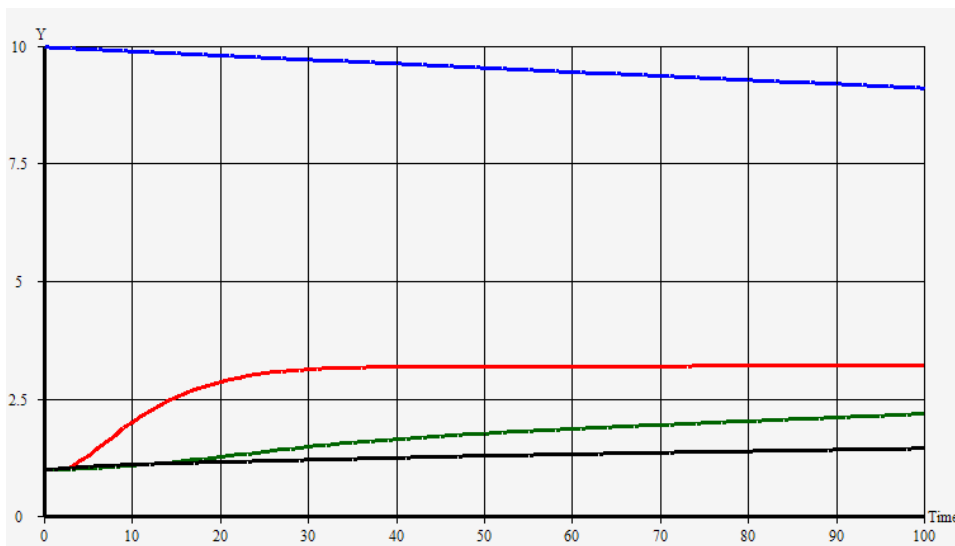
### 7.3.2 High socialism

Run: 2

Simulation run: 100 years

Policy: Sow =10, Puo=10, Cep=10

Starting state: Class gap = 1, Motivation= 1, Prosperity=1



Ranges:

ClassG 1 TO 3.2129

Mot 1 TO 2.1841

Sow 9.1187 TO 9.991

Prosp 1 TO 1.4499

\* Sow (Social welfare), Cep (Central planning), Puo (Public ownership)

ClassG (Class gap), Prosp(Prosperity), Mot (Economic motivation)

Fig. 7.2 Graphs for Simulation Run 2

In this simulation run, under high socialist policies, the Economic motivation (Mot) of the population and the Prosperity (Prosp) of the society remain quite low. The Class gap (ClassG) also remains low. The Prosperity (Prosp) of the country, represented by the black graph, does not take off. This illustrates that under a high socialist policy, there are low Class gaps, but Prosperity remains subdued.

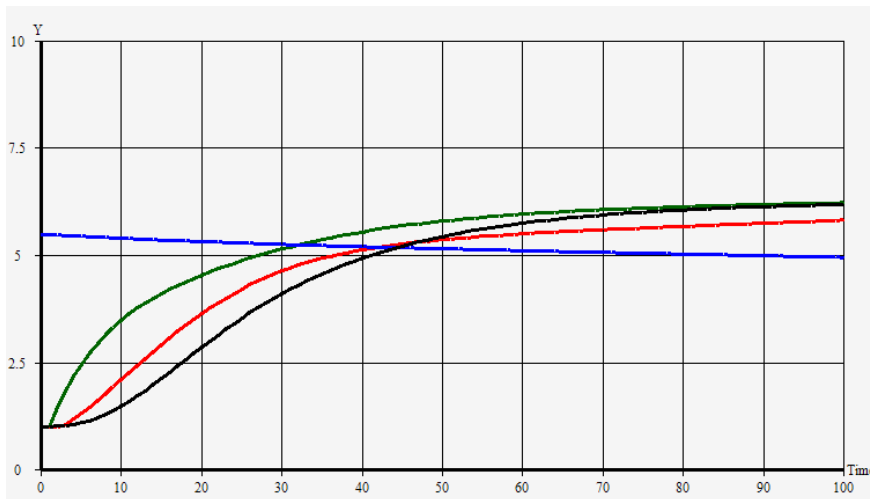
### 7.3.3 Moderate socialism

Run 3:

Simulation run: 100 years

Policy: Sow =5.5, Puo=5.5, Cep=5.5

Starting state: Class gap = 1, Economic motivation= 1, Prosperity=1



Ranges:

ClassG 1 TO 5.8251

Mot 1 TO 6.2317

Sow 4.957 TO 5.491

Prosp 1 TO 6.1934

\* Sow (Social welfare), Cep (Central planning), Puo (Public ownership)

ClassG (Class gap), Prosp(Prosperity), Mot (Economic motivation)

Fig. 7.3 Graphs for Simulation Run 3

In this simulation run, under moderate socialism/capitalism (Sow=5.5, Puo=5.5, Cep=5.5), the Economic motivation (Mot) of the population and the Prosperity (Prosp) of the society go up and remain moderate. The Class gap (ClassG) also remains moderate. The Prosperity (Prosp) of the country, represented by the black graph, is also moderate.

### 7.3.4 High capitalism followed by Moderate socialism of value=5.5

Run 4:

Simulation run: 100 years

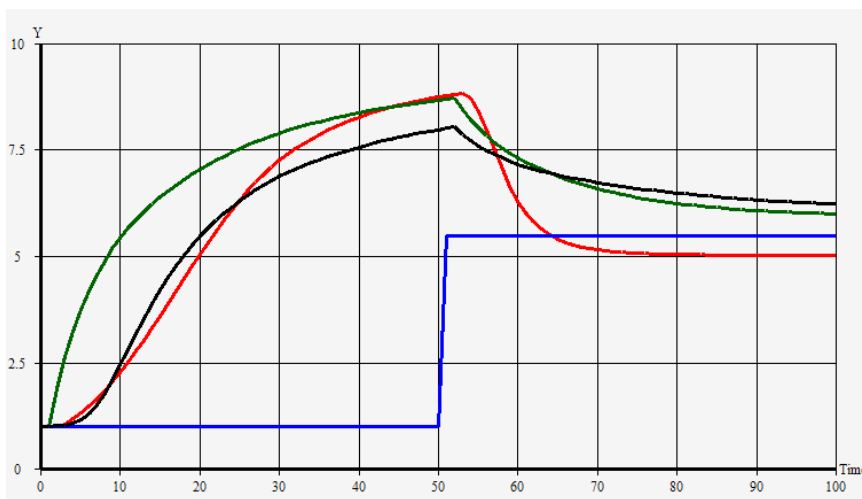
Policy: Sow =1, Puo=1, Cep=1

Starting state:

Class gap = 1 ; Prosperity = 1 ; Economic motivation = 1

Discrete Event:

At time=50, Policy: Sow =5.5, Puo=5.5, Cep=5.5



Ranges:

ClassG 1 TO 8.8479

Mot 1 TO 8.7294

Sow 1 TO 5.498

Prosp 1 TO 8.047

\* Sow (Social welfare), Cep (Central planning), Puo (Public ownership)

ClassG (Class gap), Prosp(Prosperity), Mot (Economic motivation)

Fig. 7.4 Graphs for Simulation Run 4

In this simulation run, the starting condition is high capitalism. The initial system behavior is the same as that in Simulation Run 1. At time=50 (years), the policy is changed (discrete event) to moderately socialist (of values=5.5). With the change, Economic motivation (Mot) and Prosperity (Prosp) are compromised, but the Class gap (ClassG) comes down significantly, thus avoiding social unrest.

### 7.3.5 High socialism followed by Moderate socialism of value=5.5

Run 5:

Simulation run: 100 years

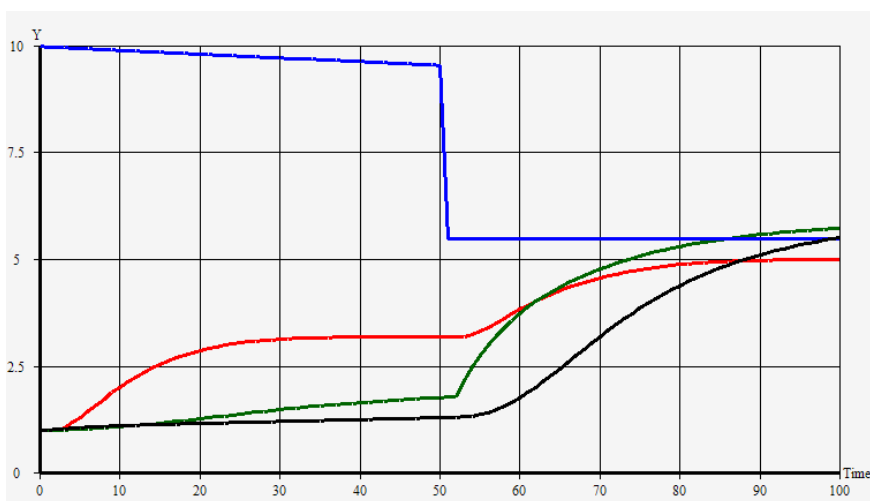
Policy: Sow =10, Puo=10, Cep=10

Starting state:

Class Gap = 1 ; Prosperity = 1 ; Economic motivation = 1

Discrete Event:

At time=50, Policy: Sow =5.5, Puo=5.5, Cep=5.5



Ranges:

ClassG 1 TO 5.0117

Mot 1 TO 5.7363

Sow 5.4913 TO 9.991

Prosp 1 TO 5.5156

\* Sow (Social welfare), Cep (Central planning), Puo (Public ownership)

ClassG (Class gap), Prosp(Prosperity), Mot (Economic motivation)

Fig. 7.5 Graphs for Simulation Run 5

In this simulation run, the starting condition is high socialism. The initial system behavior is the same as that in Simulation Run 2. At time (year) = 50, the policy is changed (discrete event) to moderate socialism (of values=5.5). The discrete change of policy to moderately capitalist/socialist triggers off Economic motivation (Mot). That causes Prosperity (Prosp) to go up and a Class gap (ClassG) to widen, but moderately.

### 7.3.6 High socialism followed by 2 different policies (values=2, 6)

Run 6:

Simulation run: 100 years

Policy: Sow =10, Puo=10, Cep=10

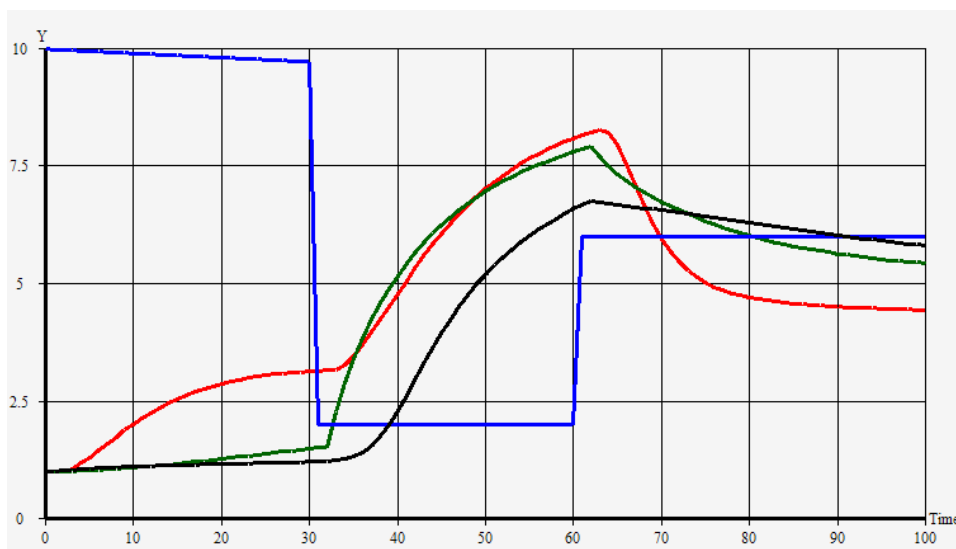
Starting state:

Class gap = 1 ; Prosperity = 1 ; Economic motivation = 1

Discrete Events:

At time=30, Policy: Sow =2, Puo=2, Cep=2

At time=60, Policy: Sow =6, Puo=6, Cep=6



Ranges:

ClassG 1 TO 8.2773

Mot 1 TO 7.9118

Sow 1.9912 TO 9.991

Prosp 1 TO 6.7552

\* Sow (Social welfare), Cep (Central planning), Puo (Public ownership)

ClassG (Class gap), Prosp(Prosperity), Mot (Economic motivation)

Fig. 7.6 Graphs for Simulation Run 6

In this simulation run, the starting condition is high socialism. The initial system behavior is the same as that in Simulation Run 2. The policies are changed to capitalist (Sop=2, Puo=2, Cep=2) at the discrete time of 30. That triggers off Economic motivation (Mot) and Prosperity (Prosp) going up, but with a Class gap (ClassG) widening. Policies are then changed to be more socialist with values of 6 at the time of 60. Then, the Class gap starts to come down, and after 40 more years, we have socialism with Prosperity, Economic motivation, and socioeconomic Class gap at moderate values.

### 7.3.7 High capitalism followed by 3 different policies (values=5.5, 2 & 5.5)

Run 7: Simulation run: 300 years

Policy: Sow =1, Puo=1, Cep=1

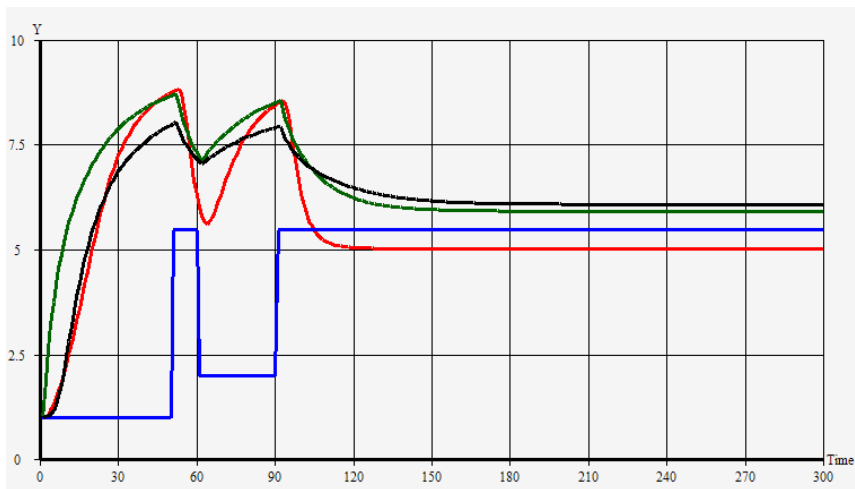
Starting state: Class gap = 1 ; Prosperity = 1 ; Economic motivation = 1

Discrete Events:

At time=50, Policy: Sow =5.5, Puo=5.5, Cep=5.5

At time=60, Policy: Sow =2, Puo=2, Cep=2

At time=90, Policy: Sow =5.5, Puo=5.5, Cep=5.5



Ranges:

ClassG 1 TO 8.8479

Mot 1 TO 8.7294

Sow 1 TO 5.498

Prosp 1 TO 8.047

\* Sow (Social welfare), Cep (Central planning), Puo (Public ownership)

ClassG (Class gap), Prosp(Prosperity), Mot (Economic motivation)

Fig. 7.7 Graphs for Simulation Run 7

This simulation run differs from the ones above in that the simulation run is over 300 years. In this simulation run, the starting condition is high capitalism, the same as that in Simulation Run 1. That triggers off Economic motivation (Mot) and Prosperity (Prosp) going up, but with a Class gap (ClassG) widening.

Policies are changed to become more socialist with values of 5.5 at time=50, then back to be more capitalist with values of 2 at the discrete-time of 60, then back to be more socialist with values of 5.5 at time=90. The system attains equilibrium after 130 years. In real life, we know that system equilibrium, even if attained, does not last long, because there are continuous changes in the external environment as well as gradual changes within the internal structure. To keep the system near the desired equilibrium, policies need continuous monitoring and adjusting.

### **7.3.8 Discussion on the simulation runs**

There are many different possible combinations of policies and starting conditions that can be carried out in the simulation runs. Only a few selected simulation scenarios are illustrated above. The simulation runs illustrate the following policy implications:

1. The degree of socialism that is most suitable depends on the current status of the country. If the country is not yet prosperous, start with little socialist policies.
2. A different combination of policies over time can be used to achieve the desired outcome. Continuous adjustments are needed to achieve near system equilibrium of a target objective.
3. The simulation illustrates the variant model, Dynamic Marxism, that:
  - a) Capitalism without government interference will lead to a large socioeconomic class gap that would result in social unrest or a Marxist-type revolution.
  - b) Capitalist policies followed by moderate socialist policies can kick start prosperity, but keep the socioeconomic class gap and/or social unrest under control.
  - c) Socialist policies will maintain small class differences, but prosperity will remain subdued. Introducing some capitalist elements can help economic growth.

The above computer simulation exercise on a hypothetical system is used to illustrate Dynamic Marxism. Several bivariate relationships are based on hypothetical nonlinear sigmoid or diminishing return functions. Though debatable, it illustrates and supports the verbal elaboration. In the process of refining the model during simulation, the exercise provided a lot of

inspiration for the model formulation. The parameters and formulae linking the variables are hypothetical, subject to improvement, and dependent on the country's actual conditions. To refine the modeling, other policy variables and intervening variables could be introduced. To match the simulated system behavior with the expected pattern (based on real observed data, reasoning, or phenomena), the parameters and the structure of the simulated system, with extra intervening variables, would probably be slightly different between countries.

## **7.4 Discussion on Dynamic Marxism**

Dynamic Marxism is introduced as the 3<sup>rd</sup> improvement to the new variant model of Marxism 8.0. The theoretical perspective on reality can be discussed in the following.

### **7.4.1 Dynamic Marxism in capitalist countries**

Though Dynamic Marxism sounds like an ideology for communist as well as socialist countries, it is applicable to explain most mixed economies, including those of liberal democratic capitalist countries. In those countries, we are also seeing policy shifts among successive governments. In these countries, opposing political parties often have economic policies that differ in the redistribution of resources, the size of government, and the amount of central planning, or in other words, the difference is in the 'Socialist-ness' of the policies.

The inherent philosophy behind all this is the invisible hand versus government intervention. Free Capitalism is based on the concept of the invisible hand, the *laissez-faire* approach advocated by Adam Smith in 1776. With simulation, the author illustrated that government interventions are often necessary to keep the system within the bounds of equilibrium. In liberal democratic capitalist countries, government intervention in the economy is often in terms of monetary or fiscal policies. Change in government spending is one of the main tools used by these governments. One can argue that the policies of these governments are moving back and forth along the capitalism and socialism spectrum and that these movements fit in with the Dynamic Marxism model. The transition from capitalism to

socialism does not have to go through a revolution where the working class overturns the capitalists. The changes can be backward or forward through reforms. Pertaining to this is the term Evolutionary socialism (Bernstein, 1899), but it implies forward movement only and does not include backward change as well. Forward as well as backward movements are observed in reality. For example, in the U.K., the main opposing political parties are the Labor Party versus the Conservative Party. While the Conservatives are often more concerned with policies that can stimulate the economy, the Labors are more concerned with the welfare of the working class. Different economic systems in these countries can be perceived as transitional states that move back and forth along the bidirectional spectrum of the Dynamic Marxism model. Social pressures are often released or manifested in changes in government through democracy or petitions. In less democratic countries, the detection of social problems and subsequent remedial policies are needed to avoid deterioration to social unrest or upheaval.

Even though ‘Marxism’ is almost a taboo word in Western ‘democratic capitalist’ systems, we are seeing obvious adjustments of policies along the Capitalism-Socialism-Communism spectrum between different successive governments. In the U.K., we have the Conservatives versus the Liberals; in the U.S., the Republicans vs. the Democrats; and in Australia, the Labor Party versus the Liberals. Other than the U.S., in Europe, where the word ‘Socialism’ is more acceptable, we often see Socialist political parties. In addition, due to the collectivity spirit of socialism, political parties based on Environmental or Green concerns often declare themselves as socialist. Whether alerted by the Marxist model for the reason of preventing social unrest, out of altruism, or declaration of being conscientious corporate citizens, there have been considerable redistributions of wealth by government and private institutions in many developed democratic capitalist countries.

#### **7.4.2 Dynamic Marxism in Communist countries**

For communist countries such as China and Vietnam, Marxism was the foundational ideology for the formation of their governments. In times of difficulty, Marxism was instrumental in uniting the working class, the army, and the whole country to overcome obstacles in winning wars and forming

governments. During those difficult moments, it is the spirit of unity and collectivity that is the most important. Marxism was paramount in attaining the political objectives. For years afterwards, the communist parties pledged their commitment and dedication to Marxism.

After political objectives were achieved, the communist governments, after some trials and stagnations, realized that for economic objectives to be achieved, economic policies needed adjustments to include a market economy, open up to external trade with WTO (World Trade Organization) and encourage private enterprises and entrepreneurs to contribute to economic growth. In the discussion on events in China and Vietnam in the next Chapters of 8 & 9, after the communist party won the war and established the socialist government under the banner of Marxism, economic policies were adjusted to stimulate economic activities. Economic policies with different adjustments were used under different headings, such as 'Socialism of Chinese characteristics' or the Vietnamese 'Socialist oriented market economy'. To this end, the variant Dynamic Marxism proposed modifications to the 180-year-old Marxism to encompass the observed changes. Together with the improvement on the Surplus Value theory, Dynamic Marxism provided a theoretical foundation for socialist countries to adjust their policies to include capitalist components.

### **7.4.3 Dynamic Marxism in Capitalist versus Communist countries**

The above discussions pointed out that because mixed economies are found in most capitalist, socialist, or communist countries with changes and shifts in policies along the Capitalism-Socialism-Communism spectrum as their common characteristics, all of these mixed economies can be encapsulated under the Dynamic Marxism framework.

However, one difference between the Communist and Capitalist countries is the issue of one-party systems versus multi-party systems. Existing communist countries also follow Leninism, which proposed that the communist party is necessary for the implementation of socialism. However, a one-party system does not necessarily imply a lack of democracy. Democracy can be in other forms, such as meritocracy or democratic elections within the party. Nevertheless, dimensions such as democracy and

religion are regarded by the variant model as additional categorical dimensions, with which one can position the system in the multidimensional space.

Under a one-party system, with a Communist Party at the top and with mixed economies, while the country benefits from incorporating elements of capitalism, its central planning makes sure that the benefits of the country are not compromised. Along the transformations between capitalism, socialism, and communism, it is perfectly wise to move policies back and forth according to the prevailing situation of the country. The change of policies along the spectrum under the one-party system is comparatively much more efficient. With a one-party system, the political party oversees the benefits of the whole country.

On the other hand, the functioning of multi-party systems is advocated as a manifestation of pluralism. However, with multi-party systems, the unintended consequence in some countries is plutocracy or even oligarchy. Due to costly election campaigns, big companies ended up controlling the government and thus the country. With multi-party systems and plutocracy, big companies influence government decisions. Capitalism puts the priority on profit maximization, and big companies often lobby the government to enhance their profit maximization objective. Putting aside plutocracy or the 'deep state', the swings between capitalist and socialist policies in democratic capitalist countries are obvious between successive ruling governments. The redistribution of wealth by taxation and social welfare programs in capitalist countries depends on the negotiation between the government and the citizens in a variety of ways. Thus, the movements of policies along the 'Socialist-ness' continuum in democratic capitalist countries can be quite inefficient.

The difference in efficiency is also applicable to decisions of national interest. Central planning is one characteristic of socialism, but it is confounded by elements inherent in multi-party systems. Under one-party systems, national projects as well as decisions of national interest are more efficient, continuous, and sustainable in the longer run, while under multi-party systems with plutocracy, decisions could be affected by big company

interests as well as compromises between parties that have an interest at stake. Governments in free capitalist countries often try to monitor companies with additional policies and laws, such as those on free competition and national securities, but are often constrained or challenged by the constitution. Thus, one can say, (as in Fig. 7.8) though arguable and dependent on other factors as well, that in mixed economies, with one-party systems, capitalism is encapsulated within socialism; while under multi-party systems, it is the other way round, with socialist policies surrounded or influenced by capitalism.



(a) Under One-party Socialist Systems      (b) Under Multi-party Systems

Fig. 7.8 Dynamic Marxism under one-party versus multi-party system

Another difference is in the relationship with labor unions. Under Marxism, labor unions are formed by the working class to negotiate with the capitalists on behalf of the workers. Under the one-party communist system, the party is supposed to be looking after the benefits of the workers automatically. However, such a mechanism may not be working as well as it is supposed to be. Thus, labor unions are allowed but under the administration of the party. The objective of labor unions is to solicit feedback from workers and make sure that they are not exploited, and of course, to prevent unnecessary social unrest. In democratic multi-party systems, labor unions are allowed to operate freely, but in the process of negotiation, disruption to economic activities may happen. Co-ownership and company shares are often tools to alleviate any sense of exploitation.

#### 7.4.4 Common issues under Dynamic Marxism

Under Dynamic Marxism, one issue common among almost all current economies is that they are all mixed economies with different degrees of social welfare programs, central planning versus market economy, and private versus state enterprises. The right mix depends on a range of things: the wishes of the people at the time, the current status of the country, and the leadership of the government. A battered country right after a war or an

environmental disaster like an earthquake may need more central planning than usual.

Another common but negative problem is that of corruption. In one-party systems, the collaborations between governments and private companies gave away opportunities for corruption. In multi-party systems, because of plutocracy, big companies have a big influence on governments, and that also creates opportunities for corruption on both sides in different forms and in a variety of ways.

## **7.5 Validation issues and validating Marxism 8.0**

### **7.5.1 Validation issues in social sciences**

Validating social science models is challenging. In scientific discoveries, theories and models are required to be validated with hard research data. Unlike hard sciences, social science models cannot be validated without controversy. Empirical evidence is often supportive but not definitive. Bhattacharjee (2012) described validating models in social sciences: Two popular paradigms as of today among social science researchers are positivism and post-positivism.

Positivism, based on the works of French philosopher Auguste Comte (1798- 1857), was the dominant scientific paradigm until the mid-20th century. It contends that research conclusions and thus knowledge creation should be based only on empirical observations and the subsequent analysis. It does not accept extension or projection beyond empirical facts. It holds that theories can be accepted only if they can be directly tested. This proved to be very difficult for social sciences, where human thinking and feelings cannot be easily measured. Frustrations with this approach for social science researchers led to the development of post-positivism (or postmodernism) during the mid-late 20th century.

Post-positivism argues that one can make conclusions by combining inferences from observed facts with logical reasoning. Post-positivists view science, especially social science, as not certain but probabilistic. Hypothesis testing and inferences from statistical significance testing are

often used to draw conclusions that affect policymaking. The inferences may have to be based on the truth of assumptions that are often being challenged. Correlation studies can only draw conclusions based on regression analysis and offer support on causal relations, if any, but cannot be definitive. Moreover, social phenomena are often nonlinear and difficult to isolate for investigation. Imperfect methods, though subject to improvements, are better than nothing when numerical evidence and conclusions based on scientific methods and objective observations are needed as support for formal decisions such as policy formations.

Validation of a model can also be based on its ability to explain past historical events, analyze and explain present observations, and predict the near future and distant future events correctly. There are two approaches in social sciences, numeric and verbal. The verbal approach includes reasoning and referencing literature and observations. The numeric approach is more convincing, but its limitations for social science are discussed above.

### **7.5.2 Validating the variant model Marxism 8.0**

The French Revolution started in 1789 and ended in 1794. It probably inspired Karl Marx to write the Marxist theories. History at that point in time and the later political events like the October Russian Revolution and the Cuban Revolution might have served as further evidence to validate Marxism. The persuasiveness of a model can be based on the convincing explanation of past events, analysis of present scenarios, and reasoning in predicting future events. However, Marxism might have alerted governments to carry out social welfare policies to prevent social unrest, and that in the process, might have changed the course of history.

In validating the current model, Marxism 8.0, in the previous chapters, the first two improvements on the Surplus Value theory and Multi-religionism are discussed with reasoning, arguments, and reference to literature. The third improvement of the variant model Marxism 8.0, called Dynamic Marxism, is introduced as having four parts: A to D.

Part A of the Dynamic Marxism formulation introduced the Capitalism-Socialism-Communism spectrum with bidirectional property and postulated

that different economic systems could be considered as transitional states along the spectrum. The 1<sup>st</sup> improvement on the Surplus Value theory is related to the 3<sup>rd</sup> improvement of Dynamic Marxism in that it advocates a symbiotic relationship between the proletariat and the bourgeoisie as the justification for the incorporation of capitalist elements as legitimate components in the overall framework.

In Part B, the notion of a spectrum is expanded to include a continuum of variable ‘Socialist-ness’ to represent the degree of socialism, to enable the transformation of transitional states back and forth. Together with additional variables such as Democracy and Religion, a sketch of the model Dynamic Marxism (Fig. 5.7) is introduced. These two parts of A & B are supported with logical reasoning, numeric illustration, and reference to literature. In Part C, in the previous Chapter 6, discussions on a hypothetical system at a lower level further illustrated the Dynamic Marxism model. The structure of the hypothetical system and the interaction with policies (Fig. 6.3) are described with reasoning and reference to literature.

Part D, in this chapter, reported a computer simulation based on the hypothetical model of Part C. The simulation illustrates the dynamic interactions between possible socioeconomic variables under different degrees of socialist policies. The socialist policy variables with the lowest values representing capitalism, and the highest values representing high socialism, made up different policy environments. The simulation illustrates different dynamic behaviors under different policy environments, and that adds to the validity of the model.

The last step to validate the whole model of Marxism 8.0 is described in the next Chapters of 8 and 9, where the model is discussed with reference to observed events in China and Vietnam. The discussion on historical economic events with reference to Dynamic Marxism could be regarded as Part E of the third improvement. The intention is to seek supportive evidence from observed historical data as well as recent events. So herein, the author argues that existing verbal theories and literature, observed historical events, logical reasoning, and computer simulation provided support for the model.

## **Chapter 8**

### **Marxism 8.0 in China**

#### **8.0 The variant model Marxism 8.0 in China**

The Chinese army General and scholar Jin Yanan once said, “Marxism changed China, China changed Marxism”. Chairman Xi Jinping in his recent writing ‘Broader Dimensions for Marxism in Contemporary China and the 21<sup>st</sup> Century’ (Xi, 2021) acknowledged that on the one hand, the CPC (Communist Party of China) needs to embrace Marxism with dedication politically, on the other hand, needs to adapt Marxism to China’s needs with Chinese Characteristics. He wrote, “Marxism is not a set of rigid dogmas, but a guide to action that must evolve as the situation changes”. (p.36, Xi, 2022c)

Since 1949, China has been adapting Marxism according to its needs, starting with Mao Zedong, through Deng Xiaoping, Jiang Zemin, to Xi Jinping. Each of these leaders contributed to the adaptation of Marxism from a different perspective. The variant model Marxism 8.0 proposed three improvements, as discussed in previous chapters. In this chapter, the author relates the recent economic changes and events in China from the perspective of the model.

#### **8.1 Improvement 1: Entrepreneurs in China**

The 1<sup>st</sup> improvement of Marxism 8.0 proposed that the Surplus Value theory in Marxism needs adjustment in that the role and contribution of entrepreneurs to the economy should not be overlooked, and that the relationship between the bourgeoisie and the proletariat is a relation of symbiosis.

Xi (2020) acknowledged that “Entrepreneurs should be the trailblazer, the convening force, and the leading player in promoting innovation-driven development. They are encouraged to explore new ways in production organization, technology, and market, and promote R&D and human-capital investment to tap into employees’ creativity and turn their businesses into powerful entities of innovation ... They should provide more care and support to their employees so that their businesses and employees will tide

over difficulties together. ...”. This, in some way, reflects the symbiotic nature of the relationship between entrepreneurs and employees.

## **8.2 Improvement 2: Religion in China**

The 2<sup>nd</sup> improvement of the variant model herein proposed State-Secularism and Multi-religionism, the latter both as a social objective and as a belief. Though Marxism does not endorse religions and states that religions are manifestations of the sufferings of the working class, the Chinese government acknowledged that religions are an important component of culture and reality. China’s constitution allows freedom of religious beliefs and the government recognizes five official religions: Buddhism, Taoism, Islam, Protestantism, and Catholicism. The Chinese government has regulations to ensure that while there are religious freedoms, religious organizations conform to China’s realities and observe the core socialist values (Xi, 2022b).

The Chinese government, though declared to be atheistic, realized that while on the one hand, they needed to cater for social and religious needs, on the other hand, in a hostile environment, there are enemies that use religion as a tool with a hidden subversive agenda to go against the government or dismantle China into different regions. There are foreign articles that criticize China’s religious freedom (e.g., OIRF, 2022). Religious beliefs could have a very powerful mental component, with possible extremism and/or powerful group cohesion, that, if not handled with care, social unrest can be instigated with serious consequences. That was confirmed by several previous incidents. Thus, it is a precarious task that the Chinese government is proceeding to allow more religious freedom and communication with the outside world, while at the same time, vigilant to subversive activities.

## **8.3 Improvement 3: Dynamic Marxism in China**

Mixed economy has been a term used to refer to a certain mix of capitalism and socialism. In fact, in the author’s view, almost all current economic systems can be regarded as mixed economies. Whether it is State capitalism or Capitalist socialism, they are mixed economies or transitional states under the model of Dynamic Marxism. The appropriate mix and the details probably depend on the country’s history, culture, and current condition of

the economy. Regardless of any mixture, the objective is for the good of the country and to make sure that there is sovereignty, prosperity, and equality. Following the argument here and the previous chapters, almost all countries' economies can be described as mixed economies, with some countries more capitalist than socialist and some more socialist than capitalist.

In China, the mixed economy is called 'Socialism with Chinese Characteristics'. Some scholars describe the current economic system in China as State capitalism, where capitalism is allowed within the bounds of socialism (e.g., Kennedy & Blanchette, 2021). However, under Dynamic Marxism, mixed economies are transitional states along the spectrum, and so, Dynamic Marxism is a better framework with a time dimension and 'Socialist-ness' continuum to position economic events and mixed economies.

In addition, the PRC (People's Republic of China) government was led and created by the CPC (Communist Party of China) with Marxism as the foundational ideology. So, Dynamic Marxism, mixed economy, or 'Socialism with Chinese Characteristics' are politically more correct terms than 'State Capitalism'. Similarly, the U.S., with close to 20% of GDP spent on social welfare, can be described as 20% socialist, but such a label would not be acceptable for a lot of people in the U.S., yet. Before further discussion, a brief look at China's recent economic events may be appropriate.

### **8.3.1 Economic events in China since 1949**

(e.g., [https://en.wikipedia.org/wiki/Economic\\_history\\_of\\_China](https://en.wikipedia.org/wiki/Economic_history_of_China) )

#### **1949 – 1966:**

After World War II and the subsequent civil war, the Communist Party led by Mao Zedong established the government of the People's Republic of China on Oct. 1, 1949. There were a lot of restorations and rebuilding after decades of destruction and warfare. The Communist Party used significant central planning, and most of the enterprises were state-owned then. In agriculture, there were significant land ownership reforms, by which the arable lands were redistributed to the farmers.

From 1950–53, China was engaged in the Korean War, which was a burden to the economic recovery at the time. From 1953–57, with the Five-Year Soviet economic model and much centralized economic planning, state ownership in agriculture and other industries was attempted but later abandoned.

From 1958–60, the ‘Great Leap Forward’ was attempted, during which People's communes were created. Communes consisted of three organizational levels: a central commune administration, a production brigade, and the production team, which generally consisted of around thirty families. The result of the Great Leap Forward, exacerbated by poor climate at the time, was a failure.

From 1961–65, there were many attempts to decentralize the decision-making processes in all areas, including agriculture and industry. Significant economic stability was restored.

### **1966 – 1976:**

The Cultural Revolution was started in 1966 by Mao Zedong and ended with his death in 1976. It was primarily a political event and did not produce major changes in official economic policies or the basic economic model.

### **1976 – 1981:**

After some political events, the architect of subsequent economic reforms, Deng Xiaoping, was reinstated in July 1977. Mr. Deng, a pragmatist, is remembered for saying:

“Socialism does not mean poverty. ... Let a few people get rich first. ...

Whether it is a black cat or a white cat, as long as it can catch mice, it's a good cat. ...”

Before the reforms, the Chinese economy was dominated by state ownership and central planning. The reforms that followed included the following:

- a. Decision-making was decentralized from party officials to local managers. Incentives for workers were increased.
- b. Research and education were emphasized. Exchanges of students and experts with foreign developed countries were encouraged.
- c. Foreign trading was encouraged with imports of foreign technology.

In 1979, four coastal special economic zones were declared where foreign investment, market economy, and entrepreneurship were encouraged. The four zones include the cities of Shenzhen, Zhuhai, Shantou, and Xiamen. The first three are in Guangdong Province, close to Hong Kong, and Xiamen is in Fujian Province, close to Taiwan.

### **1982 – 1999:**

The Communist Party authorities carried out the market reforms in two stages. The first stage, in the late 1970s to early 1980s, involved the de-collectivization of agriculture, the opening up of the country to foreign investment, and permission for entrepreneurs to start businesses. However, a large percentage of industries remained state-owned.

The second stage of reform, in the late 1980s to 1990s, involved the privatization and contracting out of many state-owned industries. In 1985, the removal of price controls was a major reform, followed by the removal of protectionist policies and other regulations. State enterprises in sectors such as banking and petroleum remained.

In 1990, China's stock exchange, which first opened in the 1860s in Shanghai, was reopened, allowing citizens to buy shares of both state and private enterprises.

### **From 2000:**

In 2001, China joined the World Trade Organization (WTO). The private sector grew substantially, accounting for as much as 70 percent of China's gross domestic product by 2005.

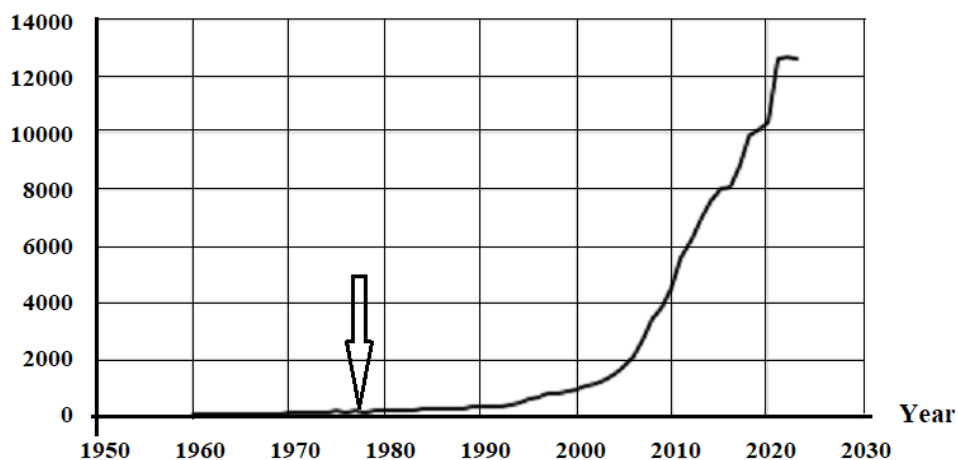
In 2003, private property rights were legislated. Economic policies aimed at reducing unemployment, rebalancing income distribution between urban and rural regions, and maintaining economic growth while protecting the environment and improving social equity were implemented. In 2004, the income tax for most companies was set at 25%, but 15% if the companies invested in industries supported by the government.

Under the leadership of Xi Jinping, in 2013, the ‘One Belt, One Road’ policy was launched to extend the infrastructure economy to other countries for mutual economic benefits. Chairman Xi also called for ‘Common prosperity’ with the aim to improve the living standard of all who are living under the poverty line.

### 8.3.2 GDP per capita growth in recent years

The recent growth in GDP per capita is illustrated in Fig. 8.1.

**GDP Per Capita SUS**



Source: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CN>  
Arrow showing economic policy reform in 1978

Fig. 8.1 GDP Per Capita in China 1960 - 2023

It is always debatable whether the GDP growth was due to one or two economic policies. One can comment that the economic growth since 1978 is a strong support of the economic policy changes. China joined the WTO in 2001, and that probably also contributed to the economic growth, though the data before 2001 already showed an economic momentum of taking off. Some economists suggested that China’s re-establishment of diplomatic relations with the U.S. in 1972 contributed to the economic growth. Nevertheless, many economists and observers agree that the 1978 economic reforms initiated by the Chinese leader at the time, Deng Xiaoping, contributed significantly to the economic growth afterwards.

### **8.3.3 Discussion on Dynamic Marxism in China**

In China, there are observed events that can be explained by the model of Dynamic Marxism. With the variant model, we can explain changes in economic policies while remaining loyal to Marxism politically. During World War II, when China was invaded by Japan and in the later civil war, the Communist Party of China, under the banner of Marxism, united the working class, went through difficult times and sacrifices, and formed the government in 1949. China remained loyal to the communist regime but adjusted its economic policies later.

In China, in the early days after the formation of the People's Republic of China's government in 1949, the Communist Party embraced the communist doctrine and implemented policies such that every worker was paid almost the same salary, regardless of work performance. Back then, China made some economic recovery, but for most of those early days, the country was still economically difficult and backward. It is understandable that in the early days after the war, much central planning and socialism were needed to get the country united and back on track. The political and economic conditions later stabilized but remained difficult. Later, the government tried different experiments on economic policies, but the economic growth did not perform as well as expected until recently, and especially after the 1978 reform. While China declared its loyalty to Marxism politically, the government had made adjustments economically. Those adjustments, in the author's view, can be explained by the Dynamic Marxism model.

After some initial trials, the Communist Party realized that the economic policies had to move back along the Capitalism-Socialism-Communism spectrum to unleash the economic potential of entrepreneurs. According to Marxism, society progresses from capitalism to socialism and then to communism. It did not say that a country can jump to full socialism or communism straight away. So, if the country is not yet ready for full socialism, the government could modify its economic policies to contain some capitalist elements. While capitalism motivates people to produce wealth, socialism reduces inequality. Nevertheless, in the early days after the war, much central planning was needed to put the country back on track.

In China, since the economic reform started after 1976, the government has been using a combination of state-owned, private-owned or hybrid enterprises. Under the reforms, private enterprises are encouraged, but they are under the monitoring and participation of the government. Scholar Keyu Jin (2023) described the interaction between the government and private enterprises as a ‘mayor economy’ or system in which the merit evaluation of mayors, being government officials, is based on their performance in facilitating the economic success of entrepreneurs and private enterprises. In line with the reform, while politically centralization remains, economically, there is decentralization.

With the reforms, the government unleashed the potential of entrepreneurship, while ensuring that it does not go beyond bounds and controls. Under this system, wealth would be created by entrepreneurs and a portion redistributed to the working class. In China, while it understands that capitalism unleashes motivation in the people and thus brings wealth, the Communist Party is important in keeping the country united. Political stability always has a higher prior than economic growth, though the two are interdependent. With the reforms, while the country benefits from the capitalist elements such as the market economy and private enterprises, its central planning makes sure that the overall benefits of the country are not compromised. Recently, when the economy appeared to be on track and prosperous, the government called for ‘Common prosperity’ to make sure that the disadvantaged are not left out. Along the transformations between capitalism and socialism, it is perfectly wise to move policies back and forth according to the prevailing situation of the country. This shift of policies between different combinations of economic policies is in line with Dynamic Marxism. In China’s mixed economy, capitalism is allowed within the bounds of socialism, whereas in other countries, it may be vice versa.

#### **Areas with room for improvement in Dynamic Marxism in China:**

China demonstrated significant economic success of Dynamic capitalist-socialist policies, explainable by Dynamic Marxism. It is an important success that justified its Chinese-characteristic democracy as well. To enhance the success of Dynamic Marxism, the author contends that there are a few areas that need special attention.

Due to the vast area of the country, the implementation of mixed economic policies has to be distributed to different provinces and lower levels. The monitoring by the government requires efficient and accurate information analysis. The correct level of intervention by the government is precarious and needs to be dynamic. Too much socialist policy and thus redistribution of income may discourage entrepreneurship or foreign investments. While government subsidies can assist new start-ups, too many government subsidies and backup will not give enough space for fair competition. On the other hand, too much capitalist policy without monitoring can cause a big gap between the rich and poor, vulnerability to foreign financial attacks, financial bubbles, loss of central financial planning, and even political control. Monitoring the latency effect of policy changes is challenging, but with advanced technology and computer simulation, information efficiency can assist in the monitoring and implementation.

The second area of improvement is the integrity of the government officers. Dynamic Marxism creates opportunities for corruption, and that can significantly undermine the economic success and reputation of the government. Significant monitoring with technology, law enforcement, marketing, and education can contribute to the solution. Nevertheless, corruption problems are challenging and not uncommon for all economies.

### **8.3.4 One Country, Two Systems in Hong Kong**

‘The One Country, Two Systems’ arrangement in Hong Kong and Macau can also be described and explained by referencing the theoretical positions of Dynamic Marxism. Hong Kong was a colony of the United Kingdom, ruled by a governor appointed by the monarch of the United Kingdom, for 156 years from 1841 (except for four years of Japanese occupation during WWII) until 1997, when it was returned to Chinese sovereignty.

To enable the smooth merging of two regions under different systems, the concept of ‘One Country, Two Systems’ was put forward by Mr. Deng Xiaoping. Under this concept, the phenomenon of two different systems under one country is allowed. In this case, the two different systems are socialism in Mainland China and capitalism in Hong Kong. Under this arrangement, Hong Kong will continue to function under the name ‘Hong

Kong, China', in many international settings such as the WTO and the Olympics. Hong Kong will continue to have its currency and issue its passports with its border control. The central government will handle Hong Kong's political issues, such as foreign affairs and national security. Hong Kong will remain a special administrative region.

This arrangement is spelled out in The Hong Kong Basic Law and incorporated in China's constitution, stating that the principle of 'One Country, Two Systems' is applicable in Hong Kong and Macau after they became special administrative regions of China in 1997 and 1999, respectively. The original idea of the formulation was for a period of 50 years, set to expire in 2047. Recently, Chairman Xi Jinping hinted that since the arrangement is working fine, there is no need to change after 2047. Hong Kong was returned to China in 1997. Since the enactment of 'One Country, Two Systems', it has been considered a successful policy. In fact, Hong Kong is a perfect real-life example of the variant model, that different economic systems are not necessarily antagonistic. They are different transitional states on the spectrum, and they can even coexist simultaneously within one country at the same time-space. There has been continuous prosperity and relatively little social unrest since then.

To use the Dynamic Marxist model to understand the situation, we can position the two different systems along the Capitalism-Socialism-Communism spectrum as in Fig. 8.2. As such, one can say: That is 'One Country with one ideology (Dynamic Marxism), and with Two Systems co-existing.'

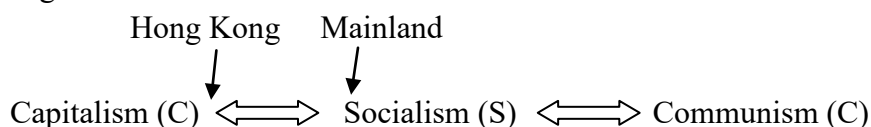


Fig. 8.2 One Country, Two Systems in the model of Dynamic Marxism

Though the different positions on the spectrum are due to historical events, the two systems turned out to be complementary to each other. Since the implementation of the 'One Country, Two Systems', there has not been much controversy over the differences in economic aspects. Much of the controversy was over the legal system and the democratic issues. However,

Hong Kong is a special administrative region and not a separate political region. 'One Country, Two Systems' refers to one political system and two systems of different economic policies. However, due to historical reasons and economic requirements, the legal system of Hong Kong continues to function independently, though some modifications are needed to be in sync with the one-country perspective.

#### **8.4 Summary of Marxism 8.0 in China**

This chapter discussed Marxism 8.0 with reference to events in China. The variant model with its three improvements can be used to describe the events that happened in China.

Under Marxism, China was able to unite the country and weathered through wars and difficult times. For a country with big areas, a large population, and differences in different areas, it was a challenging and formidable task. During its bumpy journey in the past, there were significant sacrifices, and a negative image has been associated with communism. There have been adjustments in the economic policies to stimulate economic growth and allow economic freedom. Freedom of religious beliefs has also been allowed. The difference in economic administration between one-party versus multi-party systems is discussed in the previous Section 7.4. China is being criticized as autocratic and in lack of freedom. However, China describes its democracy as a true democracy with meritocracy as the backbone. That is further discussed in the final chapter in Section 10.3.1. Though there are still areas with room for improvement, as discussed above, the economic success so far needs to be advertised with an explanation.

Nevertheless, China has been smeared and fear-mongered by its enemies as being an evil communist and dictatorial state, though in fact, it has significantly changed and improved. Regardless of improvements and contributions to the world, enemies will continue with the smear campaign. China needs a lot of political marketing and economic results to show the friendly or neutral countries, as well as its citizens, the merits of its current system. The variant model Marxism 8.0 proposed three improvements to explain the adjustments of policies since the establishment of the government in 1949.

## **Chapter 9**

### **Marxism 8.0 in Vietnam**

#### **9.0 The variant model Marxism 8.0 in Vietnam**

The previous chapter discussed the variant model of Marxism with reference to the recent history and events in China. In this chapter, the discussion is on Vietnam, which also had drastic political and economic events, and economic policy adjustments similar to that of China.

The Vietnam War (1955-1975) was a long, costly, and horrific war between the communist North Vietnam and the capitalist South Vietnam. Other countries involved include the United States, the Soviet Union then, Laos, Cambodia, China, and other U.S. allies. At least on a superficial level, the war was said to be fought by the capitalist governments against the spreading of communism. The war was eventually won by North Vietnam in 1975. Since then, there have been economic events in Vietnam that could be explained by referencing the Dynamic Marxism model.

Similar to China, Vietnam has made economic modifications in the application of Marxism since its victory. Despite the modifications in economic policies, Vietnam declared its faithfulness to Marxism politically. In the recent 8<sup>th</sup> annual workshop on the theme ‘The vitality of Marxism in Today’s Age’ (16-17 October 2018) (Nguyen, 2019), it was officially said by Vietnam that:

1. “... The workshop was an opportunity for us to express our sincere emotion to K. Marx, the great thinker of the communists, the working class, the laboring people, and progressive mankind... ”.
2. “... At present, Vietnam is restructuring its economy, transforming the growth model, implementing inclusive and sustainable development of the country. The development of the world and Vietnam shows that if attention is only given to economic growth and not to social progress and equity, we cannot create the foundation for sustainable growth. On the contrary, if attention is only given to social progress and equity, we will lack material resources as a premise, and there is the risk of equal poverty. ... Creatively

applying Marxism-Leninism, the Communist Party of Vietnam holds that the socialist-oriented market economy is the overall economic model of Vietnam. ...”

3. “... The market economy is the product of human civilization, which can develop and adapt to become many different forms of society. The market economy develops to a high level under capitalism, but is not identical to capitalism nor opposes socialism. ...”

It is clear from the above that while on the one hand Vietnam declared its loyalty to Marxism, on the other hand, it made clear that its economic reform, which incorporates a market economy, is not the same as capitalism. In the following, the three improvements proposed in the variant model Marxism 8.0 are discussed with reference to the events in Vietnam.

### **9.1 Improvement 1: Entrepreneurship in Vietnam**

The 1<sup>st</sup> improvement of Marxism 8.0 proposed herein suggests that the theory of Surplus Value and Exploitation should be modified, in that the relationship between the proletariat and the bourgeoisie is a symbiotic one, and the contribution by entrepreneurs should be acknowledged.

While Marxism was important in uniting the working class in times of difficulty, after the political objectives were achieved, the theory of Surplus Value could be modified in line with the reforms to achieve economic objectives. After the war victory in 1975, the Vietnamese government, in recent years, has encouraged entrepreneurship and facilitated the formation of private enterprises.

The Law of Private Enterprises and Companies was first launched in Vietnam in 1990 to boost economic growth. It was replaced by The Law of Enterprise later, with changes to partnership requirements to further encourage private enterprises and entrepreneurship. In 2005, the Investment Law was introduced to encourage foreign investments in collaboration with the locals, but subject to regulations. These changes were followed by subsequent improvements in the details of the laws. According to the GEM

(Global Entrepreneur Monitor) report on Vietnam (<https://gem-consortium.ns-client.xyz/about/gem/5>) in 2015, 57% of adults believed that they have entrepreneurial capabilities. The established business ownership rate was 19.6% then.

The above shows that while Vietnam remained loyal to Marxism politically, it has been modifying its economic policies gradually to promote entrepreneurship and economic growth. These changes are explainable by Marxism 8.0.

## **9.2 Improvement 2: Religion in Vietnam**

The 2<sup>nd</sup> Improvement of Marxism 8.0 proposed herein suggests modification of the Marxist position on religion. The improvement suggests State-Secularism and Multi-religionism, the latter both as a social objective and as a religious belief.

Officially, the communist government of the Socialist Republic of Vietnam declared itself an atheistic state. With this declaration, there is an intention to separate religion from politics. Nevertheless, probably due to the observation that religious belief is an important social need, freedom of religious beliefs has been allowed. As such, State-Secularism may be a better term to declare an explicit separation of the state from religion, while allowing religious freedom.

According to statistics from the Government Committee for Religious Affairs of Vietnam ([https://en.wikipedia.org/wiki/Religion\\_in\\_Vietnam](https://en.wikipedia.org/wiki/Religion_in_Vietnam)), as of 2018:

Buddhists account for 14.9%,  
 Christians 8.5% (Catholics 7.4% & Protestants 1.1%),  
 Hoahao Buddhists 1.5%, Caodaism followers 1.2%,  
 Folk religions (worship of ancestors, gods, and goddesses), 45.3%, and  
 other religions (Hinduism, Islam, and Bahá'í Faith) < 0.2%.

From a strategic perspective, declaring that the government is atheistic on the one hand and allowing religious freedom on the other is an important and

wise strategy for political stability. It not only separates politics from religion but also fills the vacuum of the religious needs of society. Multi-religionism, regardless of its truthfulness, can be instrumental in promoting mutual respect among different religions, while at the same time, preventing any one of the religions from being a dominant religion that may have significant political power and impact.

### 9.3 Improvement 3: Dynamic Marxism in Vietnam

The variant model proposed herein advocates Dynamic Marxism as a model that justifies the adjustment and shifting of economic policies back and forth between capitalist-leaning policies and socialist-biased policies. A brief discussion on the recent economic events in Vietnam, before and since the end of the war, may be appropriate.

#### 9.3.1 Recent economic events in Vietnam

##### 1954 – 1975:

In 1954, Vietnam was divided, with communism in the North (Democratic Republic of Vietnam) and capitalism in the South (Republic of Vietnam).

In the North, under the communist regime's Five-Year Plan (1961-65), priority was given to heavy industry but later shifted to agriculture and light industry. All private ownership and enterprises were prohibited. During the 1955-75 Vietnam War, the economy in the North was significantly compromised. The GDP per capita in Vietnam from 1956 - 74 is in Fig. 9.1.

	GDP per Capita in Vietnam, 1956-1974 (in US\$/year)									
	1956	1958	1960	1962	1964	1966	1968	1970	1972	1974
Republic of Vietnam (South)	62	88	105	100	118	100	85	81	90	65
Democratic Republic of Vietnam (North)	40	50	51	68	59	60	55	60	60	65

Source: [https://en.wikipedia.org/wiki/Economy\\_of\\_Vietnam](https://en.wikipedia.org/wiki/Economy_of_Vietnam)

Fig. 9.1 GDP per capita in Vietnam (1956 – 1974)

In general, and on average, the economic conditions of the South were better than those of the North.

**1976 – 1997:**

After reunification in 1975 by the North, the economy of Vietnam was plagued by enormous difficulties in production, imbalances in supply and demand, inefficiencies in distribution and circulation, soaring inflation rates, and rising debt problems. In addition, between 1975 and 1994, the United States imposed a trade embargo on Vietnam, forbidding any trade during the 19-year period.

In 1986, Vietnam launched a political and economic campaign (Đổi Mới) that introduced reforms to facilitate the transition from a centralized economy to a ‘Socialist-oriented market economy’. The campaign combined government planning with free-market incentives and encouraged the establishment of private businesses and foreign investment, including foreign-owned enterprises. In addition, the Vietnamese government introduced a two-child policy by which the number of children per household is restricted to not more than 2. By the late 1990s, more than 30,000 private businesses had been created, the economy was growing at an annual rate of more than 7%, and poverty was nearly halved.

**From 1997:**

In 1997, the Asian Financial Crisis happened. The government shifted towards a more market-oriented economy but kept monitoring the private sector and maintaining state-owned enterprises.

On July 13, 2000, the Bilateral Trade Agreement (BTA) between the United States and Vietnam was signed. The BTA was significant in that it provided the ‘normal trade relations’ (NTR) status of Vietnamese goods in the U.S. market.

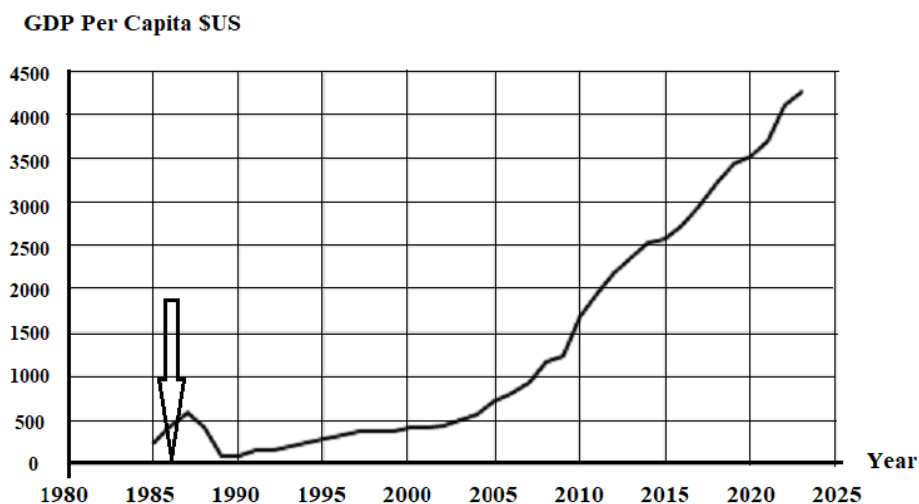
In 2001, the government introduced a 10-year economic plan that facilitated the private sector. In 2003, the private sector accounted for more than one-quarter of all industrial output.

In 2007, Vietnam became a member of the World Trade Organization (WTO). The membership provided a boost to the economy, and it facilitated local reforms and trade expansion.

By the end of 2013, the government privatized 25–50% of state-owned enterprises, only maintaining control over public services and the military. The reforms also created a boom in the Vietnamese stock market. A 2019 study found that Vietnam's WTO entry led to substantial gains in productivity for private firms but had no impact on state-owned enterprises.

### 9.3.2 GDP per capita growth in recent years

The economic GDP per capita growth in Vietnam can be illustrated in Fig. 9.2.



Source: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=VN>  
 Arrow showing economic policy reform in 1986

Fig. 9.2 GDP per capita in Vietnam (1985 - 2023)

Economic reform in Vietnam was launched in 1986. In the graph of Fig. 9.2 that shows the recent economic growth in Vietnam, the growth was quite significant around and after the year 1986. The significant drop between 1988 and 1989 was said to be caused by the adjustment in accounting and administration after the reform. There were other events, such as joining the WTO in 2007. Despite other events happening around the same time, many economists agree that the reform that started in 1986 formed the foundation for and contributed to the significant economic growth afterwards.

Vietnam started economic reforms in 1986. In simple words, the economic reforms gradually incorporated more capitalist elements such as a market economy and private enterprises. However, the road to economic reforms in Vietnam has been bumpy. The government had to deal with serious issues such as corruption, government inefficiencies, and land seizures. However, the government maintains that the market economy is not identical to capitalism, and it does not oppose socialism.

#### **9.4 Summary of Marxism 8.0 in Vietnam**

The above section discussed Marxism 8.0 in relation to Vietnam. The variant model referenced the three improvements to the recent events in Vietnam. Firstly, with the Surplus Value theory modified, entrepreneurship is justified and encouraged. Secondly, religious freedoms are allowed but monitored.

Thirdly, economic reforms were introduced in 1986. In the Vietnam War, communism was stigmatized as equivalent to evil by many people. On a superficial level, the war was about capitalism against communism. In the war, thousands of people died, bombs were dropped, and buildings were destroyed. Under Dynamic Marxism, the reason for the war seemed so superficial and pathetic. The economic policies in nowadays Vietnam are dynamic. The ruling communist party in Vietnam has some form of democracy within the party.

It is important to understand that for governments of communist countries, regardless of any market economy or relaxations on private enterprises for the objective of economic growth, Marxist ideology, which was crucial for the communist party to unite the poor, the army, and the working class in times of difficulty in winning a war or political battle, is indispensable for its legitimacy and political stability thereafter. Without political stability, economic growth has no significance, though the latter contributed to the former in important ways. To justify capitalist economic policies while adhering to Marxist ideology as the foundation, the modification of Marxism with the concept of Dynamic Marxism may be a solution.

Despite all the economic reforms, Vietnam declared itself a socialist country. It is a one-party socialist system in the sense that the communist party is the only ruling party. While private enterprises are allowed and encouraged, they are under the monitoring of the government. Central planning and state-owned enterprises are still needed in the right sectors and at the appropriate time. Regardless of any economic policies that seem capitalist, Vietnam hailed Marxism as its guiding ideology and described its economy as the Vietnamese ‘Socialist oriented market economy’. In this regard, Marxism 8.0 may be able to explain the observations. In terms of Dynamic Marxism, economic events and adjustment of economic policies, Vietnam has similarities to China.

Looking at the economic events and developments in the two countries, it is quite possible that Vietnam learned from China’s economic experience. That is despite a war that broke out between China and Vietnam in February 1979 over the expansion of Vietnam into Cambodia and its military collaboration with the then Soviet Union, but the war lasted for only 1 month.

In the early days after the formation of the Chinese government in October 1949 under Mao Zedong, China implemented a strict socialist policy under which there was considerable central planning. In 1978, Deng Xiaoping introduced reforms, and China’s economic growth started to take off. Vietnam’s current communist government won the war in 1976. It is likely that Vietnam, after witnessing the economic growth in China after 1978, followed and introduced the reforms in 1986.

## **Chapter 10**

### **Discussion and Conclusion**

#### **10.1 Motivation of the new variant model**

While Marxism was inspired by the French Revolution, the author was inspired by the policy shifts among successive governments in democratic capitalist countries, and the economic events and development in China since the end of World War II and the establishment of the People's Republic of China in 1949.

For communist countries like China and Vietnam, Marxism served as the ideological backbone for the establishment of their governments. In times of difficulty, Marxism was instrumental in uniting the people to overcome obstacles in winning the wars, and in forming their governments. Marxism was paramount in attaining political objectives. For years afterwards, the communist parties pledged their commitment and dedication to Marxism.

When political objectives have been attained, the communist governments, after some policy trials and stagnations observed, realized that to achieve better economic objectives, economic policies need to be adjusted to include capitalist elements such as private enterprises and a market economy. They need to join the World Trade Organization and encourage private enterprises and entrepreneurs to contribute to economic growth. Different adjustments on economic policies are implemented under different headings, such as 'Socialism of Chinese characteristics' or the Vietnamese 'Socialist oriented market economy'. To this end, Marxism 8.0 proposed improvements on the 180-year-old Marxism to encompass the observed changes.

#### **10.2 Summary of Marxism 8.0 as an encompassing model**

The previous chapters elaborated on the three improvements of the variant model Marxism 8.0. With the improvements, the model is flexible enough to encompass the past economic events and most, if not all, economic systems of the past, the present, and possibly the future. They are summarized in the following.

### **10.2.1 Summary of Improvement 1**

The first improvement of Marxism 8.0 points out that the proletariat and bourgeoisie are in a symbiotic relationship. The Surplus Value theory and the notion of exploitation are modified to take into account the contributions of the bourgeoisie, their deferred gratifications, commitments, and life opportunity costs. With the adjustment, the Surplus Value could be positive, zero, or negative. Together with co-ownership and the share market, alienation and exploitation, if any, would be significantly reduced. The contribution of entrepreneurs to a country's economic growth should also be acknowledged. This improvement is supported by observations that communist countries modified their economic policies to encourage entrepreneurship and private ownership.

### **10.2.2 Summary of Improvement 2**

The second improvement of Marxism 8.0 modified the Marxist position on religion and proposes State-Secularism and Multi-religionism, the latter both as a social objective and as a religious belief. The modified Surplus Value Theory and technological advancements form a support for this improvement, which in turn provides theoretical foundation for policy changes on religion and renders Marxism acceptable to more people.

In communist countries like China and Vietnam, though they declared themselves atheistic, they acknowledged the social needs of religion and allowed religious freedoms. On the other hand, they are well aware of the strong social cohesiveness of religious groups that could be incited for subversive activities. They are cautious that some religious groups in disguised forms may have hidden subversive agendas. Thus, communist governments keep religion separated from politics and allow free religious beliefs but closely monitor them for any subversive intentions.

### **10.2.3 Summary of Improvement 3**

The third improvement is termed Dynamic Marxism. This variant model appreciated and built upon the Marxist idea that systems have opposing forces underpinning the dynamics that will evolve over time. Two main opposing forces that underpin the dynamics are identified. The two main opposing forces are represented by the force advocated by Capitalism versus

that of Socialism. The model provides a multidimensional spectrum with a time-space perspective to cater for the positioning of different economic ideologies and systems. It differs from the original position of Marxism in the contention that capitalism and socialism do not have to be antagonistic against each other, but that they are transition states along a multi-dimensional spectrum, with technology assisting in moving towards communism. The transformation of capitalism to socialism and then to communism is not necessarily a linear progression but a bidirectional duplex situation that allows bidirectional movements backward and forward along a 'Socialist-ness' continuum. The first improvement on the Surplus Value theory provided justification for the backward movement without concern for the issue of exploitation. With the help of technology, and in the absence of conflicts within or between countries that are destructive and can prevent or destroy any progress, economic systems could proceed gradually to attain communism.

In this article, the attempt to illustrate and validate the model with discussion, reference to historical events, the present economic systems, and computer simulation, is reported. Almost all economic systems nowadays are mixed economies and can be described as transitional states under the model. The difference in policies between successive governments in liberal democratic capitalist countries can be explained as movements back and forth along the 'Socialist-ness' continuum under Dynamic Marxism. The latter can also be represented by the logo on the cover of this article, with the red outer circle representing Marxism 8.0, encircling dynamic interactions between socialism and capitalism.

Communist countries like China and Vietnam, formed with the ideology of Marxism, while on the one hand declared their loyalty to Marxism politically, on the other hand, adjusted their economic policies to cater for a market economy, private ownership, and entrepreneurship. To this end, the model of Dynamic Marxism can explain the changes. While Dynamic Marxism can serve as an encompassing model for nations, it can also be used as an encompassing model for local governments and local conflicts. In some countries, there are conflicts between insurgent groups and local governments. Ideological differences are often cited as the reasons for the

insurgency, at least on a superficial level. Whether this encompassing model can make any contribution to a solution remains to be seen.

### **10.3 Challenges of Marxism 8.0**

Marxism 8.0 is a theory proposed to be encompassing. Whether the theory will be acceptable to stakeholders and applicable in reality is dependent on many challenges, which can be identified as follows.

#### **10.3.1 One-party versus Multi-party systems**

The difference in the administration of economic policies under a one-party versus a multi-party system is discussed in Section 7.4.3. Though Marxism 8.0 could be used as a reconciliation solution for the antagonism between Capitalism and Communism, another reason for the conflicts has been the declaration of incompatibility between multi-party versus one-party systems. While Marxism does not specify a one-party system, Leninism advocates the need for a communist party to administer socialism.

So, in addition to Marxism, existing communist countries have also adhered to Leninism, i.e., one-party socialism. In wars and conflicts, the superficial reasons are not only ‘Capitalism against Communism’, but also ‘Freedom and democracy under a multi-party system against Autocracy under a one-party system’. Whether the latter reason is credible or not is debatable. For example, even though the Western world describes China as having no democracy and being autocratic, China describes its democracy as true democracy with Chinese characteristics or ‘Whole-Process People’s Democracy’ (SCIO, 2021; CGTN, Mar. 2017; Xi, 2022a). Others scholars described democracy in China as Meritocratic Democracy (e.g. Li, 2013, Bell, 2016) or Centralism Democracy (Wang, 2013). Though democracy is treated as a categorical variable under the Dynamic Marxism model, it is a challenge for the encompassing model to be accepted by those who have a strong conviction about the meaning of democracy.

#### **10.3.2 Historical Antagonism versus Co-existence**

Due to its roots in the antagonism in the Korean War, the Vietnam War, and the Cold War, communism has been stigmatized as equivalent to evil by

many people. Is it time for a change? Communism is a utopia that may never happen. It is a conceptual destination that can be used to guide economic policies. The superficial antagonism between capitalism and socialism as the rationale behind the past wars should be re-examined.

On the side of the capitalists, communism has been portrayed as mischievous and evil, that one day, the communists will come and take away all your belongings, properties, and hard-earned money and put it into a national pool to be shared by everyone. These had been substantiated by the events in the revolutions, including the French, the Russian, and the Cuban Revolution. During the wars, communist armies were labeled as commies. Due to its relationship with Leninism, communism has also been linked with authoritarianism, anti-democracy, or a lack of freedom.

On the side of the socialists, capitalism has been portrayed as a system under which the workers are being abused and exploited. The capitalists have been portrayed as the origins of exploitation, sources of urban crimes, corruption, and inequality. They have been labeled as anti-revolutionary and described as responsible for all the crimes, anti-humanities, inequalities, as well as drug problems. That makes socialism emotionally appealing for the working class, especially in times of economic hardship.

In this article, the model, while based on the political-economic transformations of Marxism, argues that capitalism and socialism are related as different economic states over a time-space spectrum and that the transformation is not necessarily linear only but also bidirectional. The transformation of capitalism to socialism and vice versa does not have to be via social unrest and revolution, but could be achieved via policy reforms peacefully. The relationships between the proletariat and the bourgeois can be symbiotic and balanced, though they need to be monitored to prevent the Matthew effect.

However, while the above may be easily understood by many people, a considerable portion of people can still be easily hypnotized into believing that different systems are definitely antagonistic enemies, and they have to fight to the death to defend their so-called 'values'. Personal values are

subjective and often at odds with encompassing differences. Very often in conflicts, including wars, the slogans on the antagonism between different political or economic systems are only superficial reasons, with the real hidden reasons quite complicated. Historical events, including the wars, have left behind considerable scars and hatred between antagonistic camps that only time and rational explanations may be able to reconcile.

Politically, it is not easy for Western countries to accept the encompassing model despite the possible truth in it. For years, there have been cold and hot wars, and ‘fighting against the commies’, ‘fighting for freedom’, and ‘the liberation from exploitation’ have been some of the slogans used to justify the wars, in which thousands of lives were lost. In the U.S., for example, words like ‘Marxism’ and ‘Socialism’ are taboo words in the mainstream values and are often regarded as equivalent to enemies. So, the next big challenge is political marketing. For the U.S., instead of using the terms ‘Dynamic Marxism’ or ‘Socialist-ness’, maybe we could use less sensitive terms, such as ‘Dynamic Capitalism’ with a continuum of ‘Capitalist-ness’ and ‘Utopia’ as the destiny.

In China, the government was established by the Communist Party of China with Marxism as the guiding ideology. Though China’s current mixed economy can be described as State Capitalism, the word ‘Capitalism’ is not acceptable. So, it is now called the Socialism of Chinese characteristics. Marxism 8.0 or Dynamic Marxism, a variant of Marxism that encompasses socialism and capitalism, could be a better model name for China. Vietnam has a similar situation as well.

### **10.3.3 Psychological difficulties in encompassing**

The previous chapters described Marxism 8.0 as an encompassing model. Differences between different economic systems could be viewed not as antagonistic but as dependent on each country’s characteristics, culture, and historical development at the time. Previous wars could be used as lessons and examples for learning.

Nevertheless, in addition to the above historical antagonisms, which pointed out that personal values are subjective and often at odds with

encompassing differences, scholars have pointed out that there are other inherent mental blocks that many people need to overcome to encompass their differences. They pointed out that the issue of binary thinking versus full-spectrum thinking may be the culprit; that countries go to war because the binary thinkers on at least one side are unwilling or unable to communicate or negotiate toward a peaceful result. Binary thinkers, driven by personal needs, are only preoccupied with their narrow tunnel of vision, while on the other hand, there are spectrum thinkers who look for the complexities and explore ways to encompass differences.

Another difficulty in encompassing centers around religion, which is often found blended with politics. The variant model introduced State-Secularism and Multi-religionism, with the latter both as a social objective and as a belief. The main difficulty challenging Multi-religionism is the long integration duration and mutual respect required of different religions.

#### **10.3.4 Does U.S. hegemony need an enemy?**

Even if there are no ideological conflicts (as advocated by Marxism 8.0) between the East and the West, some scholars pointed out that the tension between the East and West will not be reduced because of the U.S.'s desire to maintain its hegemony in the international arena (e.g., Mearsheimer, 2001). Other scholars pointed out that the U.S. needs an enemy, real or virtual, as a target to hold the country together, justify hidden agendas, and divert public attention from social problems (e.g., Chavez, 2014; Sjursen, 2020).

According to Chavez (2014), America's need for an enemy is represented by three fundamentals that have influenced the American mentality, determined U.S. foreign policy, domestic affairs, and, by and large, the American culture. The first element is deep-rooted in American history, where there were considerable gunfights, battles, and competition for dominance. The American culture is that of the need for dominance, or else one will be dominated by others. Identifying an enemy that may have the potential to dominate oneself is important for the American psyche.

The second element is that the U.S. government wishes to maintain a moral high ground on issues of democracy, freedom, and capitalism. In the

process, it needs to maintain its dominance and hegemony both economically, morally, and politically, in return for financial and political rewards. To achieve that, it needs to identify an enemy that is different from them in terms of culture, social values, economic, and political orientations. In addition, identifying a foreign enemy can unite the country and distract the country from local problems or threats from within.

Thirdly, the existence of a foreign enemy justifies government spending on defense and global military presence. Those industries involved in the production of war materials (industrial-military complex) have close relationships with the U.S. government, and they can influence the government economically and politically.

#### **10.4 Conclusion**

Marxism 8.0 is an encompassing model that encompasses different religions and different economic systems. The model enables communist countries to continue declaring their loyalty to Marxism while modifying their economic policies according to reality. The model is also applicable to democratic countries with mixed economies because it can be used to explain the shift in policies back and forth, between left and right, within government, and between different successive governments. Along the Capitalism-Socialism-Communism spectrum, the proposed improvement on the Surplus Value theory provided justification to move backward to incorporate capitalist elements to stimulate economic growth, and the warning of the Matthew effect under capitalism is an important rationale to move forward with increases in social welfare programs to decrease socioeconomic class gaps.

Internationally and domestically, capitalism and communism do not have to be antagonistic but can be viewed as different states related by bidirectional transformations over time-space. Examination of economic policies of capitalist and socialist countries shows that their policies do converge. There have been discussions by scholars (e.g., Tinbergen, 1961; Halal, 1988) as well as observed historical data that, in fact, there has been a convergence of policies between capitalist and socialist countries. Because the antagonism has roots in the Korean War, the Vietnam War, and the Cold

War, communism has been stigmatized as equivalent to evil by many people. The difference between democratic and non-democratic regimes does not have to be the rationale of international conflicts since each country has its history, values, and cultural path. Is it time for an acknowledgement that past and existing differences can be accommodated with mutual respect?

Marxism 8.0 also proposes State-Secularism and Multi-religionism, with the latter both as a social objective and as a religious belief. It is an encompassing proposal that, if accepted, can contribute to a solution that may at least alleviate conflicts due to differences in religious rituals and beliefs.

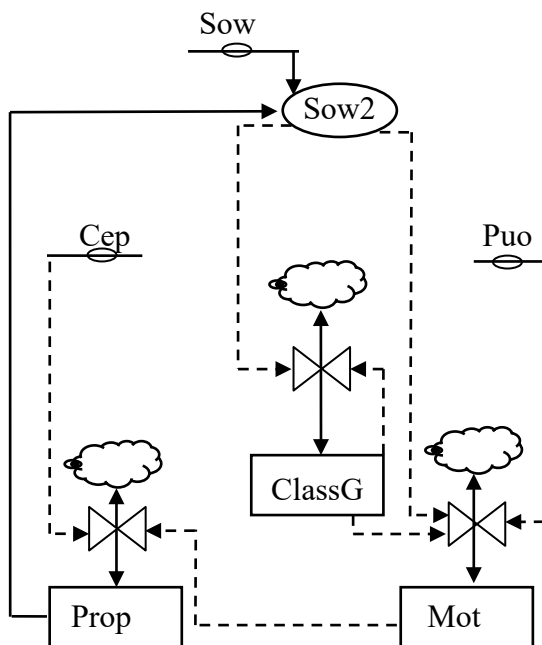
With the assistance of technology, and in the absence of conflicts, communism is a possible destiny. Communism is a utopia, just like John Lennon's imagination of no countries, no possessions, and all people sharing the world. Under communism, there is an abundance of material, and society is characterized by "from each according to his/her ability and for each according to his/her needs". Though it may never happen, it is a conceptual destination that can be used to guide economic policies and give hope to future generations. With the advancement of technology, communism is not impossible. The main hurdles are the conflicts between people. The superficial antagonism between capitalism and socialism and the incompatibilities due to differences in democratic values and religious beliefs as the rationales behind the past conflicts and wars should be questioned and previous conflicts used as lessons to learn from.

Global issues such as pollution, climate change, health, and wealth redistribution require international cooperation and communication. Wealthy countries should help poor countries. When there is no international conflict, the world could work better together on global issues. Maybe we should reduce international differences by acknowledging that each country has its developmental path, and focus on global issues.

## Appendices

### A.1

#### The hypothetical system with policy variables in Forrester (1968) notation



Notes:

Policy variables:

Cep: Central Planning

Puo: Public Ownership;

Sow: Social Welfare

Sow2: derived from Sow

ClassG: Socioeconomic Class Gap    Prosp: Prosperity

Mot: Economic Motivation

Notation:



Level or State of variable



Flow of material



Rate of change



Flow of information



Source



Constant



Auxiliary variable

## A.2

## Program of the system for simulation in GesLearn©-SimSim:

<pre>//Marx10.sim CONs, DT=1 CONs, SIMSTEPS=100  //Initial Conditions 1 to 10 ----- IFUN, Sow = 1 IFUN, Puo = 1 IFUN, Cep = 1  IFUN, ClassG = 1 IFUN, Prosp = 1 IFUN, Mot = 1 Cons, delay=3  //Initialize Communism 10 ----- //socialist Policy at time=30 DFUN, Sow.B = JUMP2(time, 50, 5.5, Sow ) DFUN, Sow.B = JUMP2(time, 30, 2, Sow ) DFUN, Sow.B = JUMP2(time, 60, 6, Sow )  DFUN, Puo.B = JUMP2(time, 50, 5.5, Puo ) DFUN, Puo.B = JUMP2(time, 30, 2, Puo ) DFUN, Puo.B = JUMP2(time, 60, 6, Puo )  DFUN, Cep.B = JUMP2(time, 50, 5.5, Cep ) DFUN, Cep.B = JUMP2(time, 30, 2, Cep ) DFUN, Cep.B = JUMP2(time, 60, 6, Cep )  //----- AFUN, Sow = range(1,10, Sow) AFUN, puo = range(1,10, puo) AFUN, cep = range(1,10, cep)  //-----2----- AFUN, Sow = Sow - 0.01 * (10 - Prosp) / 10 AFUN, Sow = range(1,10, Sow)  //----Prosp----1 , 3 ----- RFUN, ProspRI.BC = 1 / ( 1 + exp( 5 -Mot.B ) ) AFUN, ProspRI.BC =   BCLIP (10, 1, Prosp.B, ProspRI.BC)  RFUN, ProspRD.BC = -0.1 * cep AFUN, ProspRD.BC =   BCLIP (10, 1, Prosp.B, ProspRD.BC)  AFUN, ProspR.BC = ProspRI.BC + ProspRD.BC LFUN, Prosp.B =   Prosp.A + (DT) * BCLIP(10, 1, Prosp.B, ProspR.BC) AFUN, Prosp.B = range(1,10, Prosp.B)</pre>	<pre>//-4 5 ---ClassG----- RFUN, ClassGrI.BC =   BCLIP(10,1, ClassG.B, (ClassG.B * 0.2))  RFUN, ClassGrD.BC =   -2 * ( 1 / ( 1 + exp( 5 -sow.B ) ) ) aFUN, ClassGrD.BC =   BCLIP(10, 1, ClassG.B, ClassGrD) AFUN, ClassGR.BC = ClassGRI.BC + ClassGRD.bc AFUN, ClassGR.BC = Drate1(ClassGR.BC, delay)  LFUN, ClassG.B =   ClassG.A + DT * BCLIP (10, 1, ClassG.B,   ClassGR.BC) AFUN, ClassG.B = range(1,10, ClassG.B)  //--6 7 8--Mot----- RFUN, MotRD.BC= -0.8 * (1 / ( 1 + exp( 5 - puo.B ) ) ) AFUN, MotRD.BC =   BCLIP (10, 1, Mot.B, MotRD.BC)  RFUN, MotRI.BC=   0.3 * (1 / ( 1 + exp( 5 - ClassG.B ))) RFUN, MotRI2.BC= 0.1 * (10 - sow.b)  AFUN, MotRI.BC =   BCLIP (10, 1, Mot.B, (MotRI.BC + MotRI2.BC) )  AFUN, MotR.BC = MotRI.BC + MotRD.BC  LFUN, Mot.B =   Mot.A + (DT) * BCLIP(10, 1, Mot.B, MotR.BC) AFUN, Mot.B = range(1,10, Mot.B)  //----- PRINT, ClassG, Mot, SoW, Prosp, ClassGR, ClassGRI, ClassGRD</pre>
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<pre> <b>//Marx11.sim</b> CONs, DT=1 CONs, SIMSTEPS=300  //Initial Conditions 1 to 10 ----- IFUN, Sow = 1 IFUN, Puo = 1 IFUN, Cep = 1  IFUN, ClassG = 1 IFUN, Prosp = 1 IFUN, Mot = 1 Cons, delay=3  //Initialize Communism 10 ----- //socialist Policy at time=30 // equilibrium //----- DFUN, Sow.B = JUMP2(time, 50, 5.5, Sow ) DFUN, Sow.B = JUMP2(time, 60, 2, Sow ) DFUN, Sow.B = JUMP2(time, 90, 5.5, Sow )  DFUN, Puo.B = JUMP2(time, 50, 5.5, Puo ) DFUN, Puo.B = JUMP2(time, 60, 2, Puo ) DFUN, Puo.B = JUMP2(time, 90, 5.5, Puo )  DFUN, Cep.B = JUMP2(time, 50, 5.5, Cep ) DFUN, Cep.B = JUMP2(time, 60, 2, Cep ) DFUN, Cep.B = JUMP2(time, 90, 5.5, Cep )  //----- AFUN, Sow = range(1,10, Sow) AFUN, puo = range(1,10, puo) AFUN, cep = range(1,10, cep) //-----2----- AFUN, Sow = Sow - 0.01 * (10 - Prosp) / 10 AFUN, Sow = range(1,10, Sow)  //----Prosp----1, 3 ----- RFUN, ProspRI.BC = 1 / ( 1 + exp( 5 -Mot.B ) ) AFUN, ProspRI.BC =   BCLIP (10, 1, Prosp.B, ProspRI.BC)  RFUN, ProspRD.BC = -0.1 * cep AFUN, ProspRD.BC = BCLIP (10, 1, Prosp.B, ProspRD.BC)  AFUN, ProspR.BC = ProspRI.BC + ProspRD.BC LFUN, Prosp.B =   Prosp.A + (DT) * BCLIP(10, 1, Prosp.B, ProspR.BC) AFUN, Prosp.B = range(1,10, Prosp.B) </pre>	<pre> //4 5 ---ClassG----- RFUN, ClassGrI.BC =   BCLIP(10,1, ClassG.B, (ClassG.B * 0.2))  RFUN, ClassGrD.BC = -2 * ( 1 / ( 1 + exp( 5 -sow.B ) ) ) aFUN, ClassGrD.BC =   BCLIP(10, 1, ClassG.B, ClassGrD) AFUN, ClassGR.BC = ClassGRI.BC + ClassGRD.bc AFUN, ClassGR.BC = Drate1(ClassGR.BC, delay)  LFUN, ClassG.B =   ClassG.A + DT * BCLIP (10, 1, ClassG.B, ClassGR.BC) AFUN, ClassG.B = range(1,10, ClassG.B)  //--6 7 8--Mot----- RFUN, MotRD.BC= -0.8 * ( 1 / ( 1 + exp( 5 - puo.B ) ) ) AFUN, MotRD.BC = BCLIP (10, 1, Mot.B, MotRD.BC)  RFUN, MotRI.BC= 0.3 * ( 1 / ( 1 + exp( 5 - ClassG.B ) ) ) RFUN, MotRI2.BC= 0.1 * (10 - sow.b)  AFUN, MotRI.BC =   BCLIP (10, 1, Mot.B, (MotRI.BC + MotRI2.BC) )  AFUN, MotR.BC = MotRI.BC + MotRD.BC  LFUN, Mot.B =   Mot.A + (DT) * BCLIP(10, 1, Mot.B, MotR.BC) AFUN, Mot.B = range(1,10, Mot.B)  //----- PRINT, ClassG, Mot, SoW, Prosp, ClassGR, ClassGRI, ClassGRD </pre>
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## A.5

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