

Revolt in China:

The Crisis of Revisionism, or...

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Large billboards like the one above which says "Dare to Struggle" and "Political Power Grows out of the Barrel of a Gun" under the Deng regime have been replaced by advertising from various imperialist countries, here Japan.

By Raymond Lotta

China has been caught up in massive upheaval. Demonstrations led by students erupted in the major cities of the country. Several attempts to remove students from Tiananmen Square failed, and soldiers openly refused orders from their superiors. Workers joined the protest movement in ever larger numbers. Discontent is deep. People from all walks of life are carrying on discussion and debate about the sickness of Chinese society. This revolt not only took the revisionist Communist Party leadership by surprise but also seriously called into question its ability and mandate to rule. Where the movement may go is unclear. The extent to which genuine Marxist-Leninists, upholding Mao Tsetung's banner, may be trying to exert revolutionary influence is also unclear.



Why Mao Tsetung Was Right

But this much is certain: Deng Xiaoping's pipe dreams of an obedient population, a stable political environment, and a controllable capitalism have been shattered.

What is happening in China is the product of twelve years of revisionist rule. After the death of Mao Tsetung in 1976, a reactionary coup d'état brought to power a new exploiting class. Since then, China has undergone sweeping changes — in its economy, in its political institutions, in its educational system, in social life, in the values it promotes. These changes have been hailed in the West and in the Soviet bloc as progress. Right there, that should tell us something about the reality of reform. What is described as the restoration of sanity is really the restoration of capitalism. What experts like to describe as a society going through growing pains and searching for political reform is really a society in deep crisis: an economic crisis, a social crisis, and a crisis of confidence in ruling institutions. The purpose of this article is to examine some of the basic characteristics of Chinese society that produced such discontent and what this suggests about the solution to the problems of China under revisionist rule.

I. CHINA IS NOT A SOCIALIST SOCIETY - CAPITALISM HAS BEEN RESTORED AND CHINA IS BEING REDUCED TO AN OPPRESSED NATION

Profit in Command

The Chinese economy is organised around the principle of profit in command. Chinese theoreticians themselves have said that profit provides the most useful measure for economic performance. They have said that competition among enterprises is

a good thing since it insures that "only the best survive". In fact, bankruptcies now exist in China.¹ Enterprises are now rewarded for earning greater profits, and more and more investment is now financed by loans rather than by grants. Profit guides the investment of capital. Here is an example. One policy that Mao fought for was to disperse industry throughout the country and to make special efforts to develop the poorer and backward regions. Today, development resources are being concentrated along China's coastal provinces. These have traditionally been more prosperous regions. The idea is to develop an export-oriented economy in these areas. But the effect is that the rich get richer and the poor get poorer, as investment and financial resources are sucked into high-profit ventures.² This is not socialism.

The Situation in Agriculture

Under Mao, China had developed a system of collective agriculture. China's basic food needs were met and enormous social changes took place in the countryside. In 1978, after revolutionary power was overthrown, China adopted the household responsibility system. Fields were broken up into parcels and plots of land were assigned to individual peasant families. A series of directives in 1983 and 1984 allowed individual farm households to hire labour, to buy and own farm machinery, and to market their surpluses in other regions. More efficient households were encouraged to enter into leasing arrangements with less efficient households. In this way land ownership was concentrated in a few hands.

William Hinton has described this process of decollectivisation: "When the time came to distribute collective assets, people with influence and connections were

able to buy, at massive discounts, the tractors, trucks, wells, pumps, processing equipment, and other productive property that the collectives had accumulated over decades through the hard labour of all members. Not only did the buyers manage to set low prices for these capital assets... but they often bought them with easy credit from the state banks.... It is doubtful if, in the history of the world, any privileged group ever acquired more for less."³ What you have in the Chinese countryside today is a system of modern capitalist commercial farming, often with international linkages, developing alongside a dependent and fragmented poor peasant economy.

China's leaders promote short-term gain. Whatever brings in the most income will supposedly benefit the economy as a whole. "To get rich is glorious", says Deng Xiaoping. This is the capitalist way. And what have been some of the consequences? First, grain production has failed to increase over the last four years. This is because it is more profitable for farmers to grow other cash crops and because the prices of fertilizer, pesticides, and agricultural machinery have risen as a result of declining state investment in agriculture and industries supporting it. China is now importing huge amounts of grain. Second, there has been tremendous environmental destruction to grasslands and forests, and destruction to drainage and irrigation systems, as cash-oriented farming and herding spread uncontrolled. Third, polarisation in the countryside, inheritance practices which split family plots into units too small to farm, and the collapse of collective social services have produced a huge migration of people out of the countryside. By 1988, 50 million peasants had flocked to the major cities.⁴ Most are without jobs or housing and

many of them sleep in railway stations, parks, or urban slums. Never in human history has there been so massive a movement of people from the countryside to the city in such a short period of time. This is not socialism.

The Situation of Workers in Industry

China's leaders say they want to modernise society. They say the way to do it is to maximise efficiency. And the way to do that is to maximise profits. Anything that raises productivity is just fine. In fact, in a very important speech given in October 1987, Zhao Ziyang, the secretary-general of the Chinese Communist Party, said that the sole criterion for the economy is its level of productivity.⁵ This means that the most important thing to the rulers of China is how much they can squeeze out of the workers.

Productivity is boosted by capitalist means. Workers in state industry face strict factory discipline and are subjected to management controls over the organisation and performance of work. They are no longer masters of society as they were in revolutionary China; they are not engaged in all-around political life and struggle. They are mere elements in the productive process. In 1984 a "flexible wage system" was introduced, allowing for more wage differentials and bonus systems to get more work out of people. Reforms have also given managers more "flexibility" in hiring and firing. In 1985 the government changed the terms under which young workers became employees of state enterprises. This is the labour-contract system. Rather than being hired for life, new workers are hired for a limited length of time. They do not have the same security and welfare benefits as do other workers.⁶ In some situations, these contracts are verbal agreements under which workers receive a "floating wage" based on output and profits.

The Chinese state no longer guarantees employment. In the

industrial city of Shenyang, 63,000 workers were laid off in 1988; but only 16,000 of them found new jobs during the year.⁷ These reforms are sold to people as "freedom of choice" — you can work where you want to. What is really happening is that the threat of wage reduction, dismissal and unemployment, and a system of competitive hiring are used as clubs to enforce exploitation. At the same time, a segmented labour force is being consolidated. It is based on growing differences in payment, position, and security and a huge surplus of cheap migrant labour from the rural areas. This is not socialism.

Foreign Domination

Deng Xiaoping & Co have dragged China back into the clutches of the Western powers. When Mao was alive, China was a base area for world revolution. Today China is a sweatshop for imperialism and an unofficial arms dealer for the CIA.

China has received large amounts of foreign capital over the last ten years. Since 1979 China has negotiated \$25 billion worth of foreign investment and signed \$47 billion worth of loan agreements.⁸ China's large-scale industrial equipment industries increasingly rely on imported foreign technology. China often has to repay its trade and investment partners with the output of the projects with which they are associated. This is the case with much of the off-shore drilling by foreigners. China must continually export more to meet its rising import bill. Failing this, it must borrow, and its foreign debt now stands at about \$40 billion. The performance of China's economy is very much influenced by its integration in the world economy. High imports in 1984-85 fueled industrial growth, while recent cuts in imports have made domestic shortages and inflation worse.

In many respects the old system where foreign powers dominated enclaves and received concessions is returning. Nowhere is this more apparent than in "special eco-

conomic zones" established by the Chinese government along China's southeast coast. These zones are similar to the export-processing zones established in Taiwan and South Korea in the 1960s and 1970s. The Chinese government has invested in transportation and communication, provided a work force, and offered preferential tax rates to foreign capital, which is now allowed to set up wholly-owned foreign enterprises. In 1988 more than one million workers in southern China depended on manufacturing arrangements with capital from Hong Kong. It is not uncommon to find employees, even children, working twelve hours a day, seven days a week, for piece-rates amounting to 30 cents an hour.⁹ Meanwhile, large chunks of Hainan Island, another special economic zone, are being leased to Japan for eighty years.¹⁰

The Chinese revisionists' program of internal economic reform has at the same time been a program of opening up to foreign capital. But owing to China's historical backwardness, this opening up has led to relations of dependency between the state bureaucratic apparatus and foreign capital, and because of the weakness of China's central structures, foreign capital has been able to strike deals at the provincial levels and play regions and localities against one another.¹¹ China has once again become a nation oppressed by imperialism.

A Social Cesspool

The counterrevolution in China has affected every sphere of social life. While higher education has been reorganised along elitist Western lines, more than 30 million children have dropped out of primary and middle school. With the return of family farming in the countryside, brutal feudal traditions and practices have made a comeback. In the system of family farming, male labourers and heirs are valued above the lives and rights of women. Sons are valued more than daughters.

So, along with private family plots, wife beating, the persecution of women giving birth to females, and the killing of female babies have reemerged as major social problems.

Crime is on the rise in the cities. Bribery, gift-giving, use of family, school, and workplace connections to get jobs or consumer goods in short supply — this is part of the survival and get-ahead game. Poverty in the cities is growing and 20 million peasants in the countryside face famine this year.¹² Meanwhile, party officials openly flaunt their wealth. In revolutionary China, Mao Tse-tung inspired the Chinese people to work for the liberation of all the people of the world. Today the rulers of China inspire people with a vision of colour televisions from Japan. This is not socialism.

II. THE CURRENT CRISIS

The Economy

China's growth rate in the 1980s has averaged about 9 percent a year. This is quite high. But this growth has had a very distorted character. And today the economy is in a state of disarray.

By 1988 the central bank was losing its grip over the money supply and credit, the country was facing 10 and 20 percent inflation, and there were runs on banks. Investment was out of control: money was going into ill-conceived, get-rich-quick projects, while some basic industries were neglected. Provinces were competing for raw materials and waging price wars to corner markets. There has been a kind of economic warlordism. Speculation was getting out of hand. The government responded with a programme to slow down the economy and regain more central control. But this has only led to more speculation and unauthorised financial activities at the local levels and to new difficulties.¹³ For instance, because of the tightening up of the money supply, the government has not been able to pay peasants the full contract price for grain. As a result of gov-

ernment cuts in investment, the official rate of unemployment has jumped to 5 percent, and real unemployment is much higher. Inflation is now running at about 30 percent. Chaotic reform has been followed by chaotic retrenchment.

Corruption

If they have achieved none of their other goals in the international arena, the Chinese revisionists have certainly reached, and probably exceeded, international capitalist standards of corruption. It is rampant at every level of the party and government and bitterly resented by the masses. Local bureaucrats have the political power and control over scarce resources and state capital to take advantage of various situations. With access to officially priced products, they will for example buy a ton of steel at 200 yuan (the Chinese money unit) and resell it at the market price of 700 yuan. They engage in speculative trading of imported goods in the special economic zones for resale to the rest of China. These practices have made many officials overnight millionaires. And there is widespread cronyism. For example, China's four largest state-owned companies are supercorporations with subsidiaries all over the country and with important connections to the outside world. On their senior staff are to be found former ministers, vice-mayors, senior party secretaries, and relatives of politburo members. These people amass huge fortunes and are protected by top officials in the party. The students had good reason to demand that party officials disclose their income and assets.

The Crisis of Ideology and Legitimacy

The Chinese Communist Party does not inspire people. As one teacher in Beijing put it, "Party members used to be 'the first to bear hardships and the last to enjoy comforts.' But now it's the opposite. All they do is take, take,

take."¹⁴ But the problem goes deeper than that. This is a party that has nothing to do with revolution, that has nothing to do with the lofty ideals of communism, with the goal of a classless society. It has attempted to rally people around the ideology of self-interest and around the goal of a modern, industrial China. It promises an efficiently run economy and improved living standards but delivers exploitation, incompetence, and ruin. It sends 100,000 students abroad to get trained in Western management and engineering; they return only to find that the economy can't absorb their skills. It extols democracy but is an autocratic institution with feudal-like power centres and is out of reach of mass criticism and transformation. Why should people believe such a party? Why should people believe in such a party?

III. ONLY ANOTHER SOCIALIST REVOLUTION CAN SAVE CHINA

If you want to understand why these things could happen in China, you have to go back to Mao Tse-tung. It was Mao who warned of the danger of the capitalist road under socialism. It was Mao who pointed out that people joining the Communist Party only to build a modern, prosperous China would, once in power, develop into a new bourgeoisie. It was Mao who predicted that if the capitalist roaders came to power they would slavishly submit to imperialism. It was Mao who had worked out a series of policies and principles of socialist planned economy that were designed precisely to avoid the disastrous consequences of what has since come to pass in China. And, most of all, it was Mao who initiated the Cultural Revolution to overthrow the likes of Deng Xiaoping and other new bourgeois forces within the Communist Party who were aiming to restore capitalism. Mao taught revolutionaries everywhere that the revolution doesn't end with but must continue after the sci-

zure of state power.

The only way out of the mess of Chinese society is another socialist revolution. The revisionists must be overthrown. Foreign capital must be driven out and China must disentangle itself from the web of imperialist economic relations. Industry and agriculture must be reorganised. The tremendous social polarisation must be overcome. New political institutions of popular rule must be established. The ideas and values of private gain must be replaced with Mao's principle of "serving the people".

The situation in China is a complex one. A Marxist-Leninist-Maoist party to lead a revolutionary struggle does not appear to be on the scene. But the influence of Mao and the Great Proletarian Cultural Revolution have been felt in the recent revolt. Analysis of the political economy and class structure of China is urgently needed, along with the formulation of strategy and tactics. Genuine revolutionaries also face a major challenge: how to popularise a truly revolutionary socialism in the revisionist countries. Many of the young people who have courageously confronted the regime and dramatised the sense of political powerlessness that people feel are themselves disillusioned with socialism. They have been educated on a diet of anti-Mao and anti-Cultural Revolution propaganda. Most have been led to believe that what they are experiencing and revolting against is socialism. And for many of them, and this applies also to young people in Eastern Europe, socialism is often seen as something that is outmoded, that is no longer relevant or vital.

But if Mao's analysis of the capitalist roaders has been proven right, so too has his vision of socialism. Socialism is a higher order of society, which is itself a transition to communism.

It is about abolishing exploitation and overcoming the differences and inequalities in society. It is about the continual transformation of society from top to bottom. It is about altering institu-

tions and ideas. Is this possible? Well, this was the reality of China during the Cultural Revolution. One-quarter of humanity was on the road to the future. The Cultural Revolution didn't fail, it didn't collapse, as its enemies proclaim — it was defeated by those who rule China today. But that was not the end of the story. The lessons and legacy of Mao live on. The revisionists may be in power, but the crisis they now face makes one thing abundantly clear: it is revisionism that fundamentally has no future. □

Footnotes

1. On the course of bankruptcy legislation, see Harry Harding, *China's Second Revolution, Reform After Mao* (Washington D.C.: Brookings, 1987), pp. 116-17; on bankruptcies and unemployment in Canton, see Ellen Salem, "No money in the bank," *Far Eastern Economic Review*, 4 May 1988, pp. 69-70.
2. See, for instance, Edward Gargan, "Along the Chinese Coastline, Economic Dragon Awakens", *New York Times*, 13 August 1988.
3. William Hinton, "Response to Hugh Deane", *Monthly Review*, March 1989, pp. 20-21.
4. *The Economist*, 18 February 1989, p. 34.
5. See Zhao Ziyang, "Advance Along the Road of Socialism with Chinese Characteristics", Report Delivered at the 13th National Congress of the Communist Party of China on October 25, 1987, *Beijing Review*, 9-15 November 1987, and *China Daily*, 24 November 1988.
6. See Carl Riskin, *China's Political Economy* (Oxford: Oxford Univ. Press, 1987), pp. 352-56, and Harding, p. 119.
7. Robert Delfs, "The iron bowl cracks", *Far Eastern Economic Review*, 19 January 1989, pp. 63-64.
8. Liu Xiangdong, "China's Foreign Economic Relations and Trade: 1988-1989", *Beijing Review*, 6-12 March 1989, p. 22.
9. Nicholas Krostoff, "China: Hong Kong's Factory", *New York Times*, 4 September 1987.
10. John Gittings, "A new look at China's old questions", *Manchester Guardian*, 14 May 1989.
11. See the discussion of this in Michel Chossudovsky, *Towards Capitalist Restoration?* (New York: St. Martin's Press, 1986).
12. Hinton, "Response to Deane", p. 12.
13. See Ellen Salem, "Things fall apart, the centre cannot hold", *Far Eastern Economic Review*, 27 October 1988.
14. Quoted in Robert Delfs, "Helmsmen's lost bearings", *Far Eastern Economic Review*, 27 October 1988, p. 36.