

**FROM VICTORY TO DEFEAT**  
**CHINA'S SOCIALIST ROAD AND CAPITALIST REVERSAL**  
**PAO-YU CHING**



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# Preface

**J. Moufawad-Paul**

When I was approached to write a preface for this book I was—by one of those strange coincidences that idealists believe are more significant than they actually are—rereading *Rethinking Socialism*, which Pao-yu Ching co-authored with Deng-Yuan Hsu in 1998. I had assigned selections from that extended essay in a course I was teaching and was preparing my reading notes. The request for this preface, then, came right at the moment when I was being struck with the clarity of Ching’s thought in her 2017 introduction of the second edition of *Rethinking Socialism*, which I was only just reading. Such clarity would also be recognized by my students, the best of whom found her reframing of the question of “socialist failure” as “socialist defeat” refreshing and, despite only being assigned selections, avidly consumed the entire work. I assigned this text in a course about the philosophy of Marxism and post-Marxism following a constellation of philosophical works, encouraging students to engage with a work of recent radical political economy in relation to the more abstract texts they had spent weeks reading.

The above anecdote might explain why a philosopher such as myself is writing an introduction to a book that is ostensibly a work of political economy. Ching’s work generates categorical distinctions that demand philosophical investigation. Since my training is not in political economy but in philosophy, my appreciation of Ching’s work functions according to a philosophical register. That is, I am interested in the ways in which she uses these the categories of political economy to draw clear demarcations in thought so as to force important decisions in the thinking and practice of politics. As a Marxist I am of the opinion that political economy is useful for demystifying its object of analysis with the intention of demanding revolutionary transformation. This is what Marx did, after all, when he left the realm of abstract philosophy and entered the battleground of bourgeois economic theory.

The Marxist (political) economist ought to understand what is at stake in their work, that economic perspectives are determined by class struggle, and thus be able to establish the revolutionary standpoint. The practice of philosophy is useful insofar as it can compare differing attempts to establish such a standpoint and clarify the reasons why one position is better than another. Which is all to say that I’ve been drawn to Ching’s work, as I have

been drawn to the work of political economists such as Samir Amin, because its concern with the practice of making revolution has always rendered it clear and thus philosophically salient. Therefore, my prefatory comments will be a small philosophical intervention designed to think about this new work of Ching's according to the larger concerns of the Marxist terrain, to interpret its meaning in the context of what all intellectual labor within this terrain should be about: revolution, socialist transformation, and the road to communism.

### **Ching's work to date**

Those readers already familiar with Ching's contributions to date, and who are reading *From Victory to Defeat: China's Socialist Road and Capitalist Reversal* because of her past work, can skip ahead since you can probably guess what I'm about to write by way of introduction. But if you are a reader who is encountering Ching for the first time, then I feel it is necessary to introduce her main concerns, the primary object of her critical thought, so that you can appreciate this book in relation to her total project.

Generally speaking, Ching's work has been about examining the defeat of socialism in the last great world historical revolution, the Chinese Revolution, unveiling the meaning of revisionism to think through the problematic of socialist transformation. By examining the line struggle in the Chinese Revolution, and the eventual victory of the Liu-Deng line, Ching has not only sought to establish key insights about what socialism as a process for generating communism should be, she has also revealed the ways in which the revisionism encountered in the course of such a process can be known. That is, she has rigorously exposed the meaning of both a socialist and revisionist political economy, the latter of which leads to capitalist restoration and the defeat of socialism by waving the red flag to bring down the red flag.

Before *From Victory to Defeat* there are two books available in English, along with numerous articles, which form the sequence of Ching's thought. The first of these books is *Rethinking Socialism* (1998), co-authored with Deng-Yuan Hsu, which focused on the question of socialist transition in light of China's great reversal. The second is *Revolution and Counterrevolution* (2012), which examined the capitalist road taken by China and the struggles waged in the pursuit of this road. Finally, in her essay *The Current Phase of Imperialism and China* (2017), Ching outlined China's impe-

rialist ambitions in contrast to its socialist past. Now we have *From Victory to Defeat: China's Socialist Road and Capitalist Reversal*, which is the most focused exposé to date of what the revisionist Liu-Deng road has wrought upon a social formation that was at one point of time the highest expression of socialist transition. Such an exposure not only demonstrates how the path of socialist transition can be compromised and reversed, it also reveals what is at stake and teaches us what needs to be done so as to rigorously pursue communism.

Moreover, *From Victory to Defeat* picks up where Ching left off with her 2017 introduction to *Rethinking Socialism*: the aforementioned necessity of thinking of the capitalist reversal as the result of a “defeat” rather than a “failure” of socialism; the importance of rejecting Eurocentric Marxist orthodoxy regarding the “failure” of socialist revolutions (i.e. the problem was that these revolutions happened in “backwards” modes of productions rather than progressing from a developed capitalism with a proper bourgeois-proletariat class structure), exemplified in the work of authors such as Ellen Meiksins Wood.

### **From Victory to Defeat: China's Socialist Road and Capitalist Reversal**

As with any text it is always important to first understand what the text *is* in order to assess its merits. For example, if a book intended to teach readers how to play chess did not adequately accomplish its intentions we would say that it is not a very good book; those defending it as excellent because it possessed a decent chapter on the history of the game would not have a very good argument regarding the book's overall worth because the book as a whole did not fulfill what it sought to accomplish. So what is Pao-yu Ching's *From Victory to Defeat: China's Socialist Road and Capitalist Reversal*?

First of all, it is not a work of descriptive political economy regarding both China's socialist past and its current present. Or rather, it is not *simply* a work of descriptive political economy. It does indeed describe the political economic orders of China from the Mao period to the present, and definitely proves the revisionist distance between the two, but this description is not primarily about description. But *From Victory to Defeat* is not intended to be merely such a work.

Secondly, it is not merely a historiography of China from the time of Mao Zedong to Xi Jinping. That is, its intention is not to simply present us with a historical narrative—counter to both the Western bourgeois and Chinese revisionist historical narratives—of the revisionist fall from grace that Chinese socialism experienced, the decades long capitalist road upon which the waystation of Xi’s government has been built. Not that constructing such an historical counter-narrative is not important, nor can we discount the fact that Ching significantly contributes to this counter-narrative with this book. But if we treated *From Victory to Defeat* as merely a work of revolutionary counter-history about contemporary China we would again miss out on what it intends to be through its discussion of Chinese history.

Then what is Ching’s *From Victory to Defeat: China’s Socialist Road and Capitalist Reversal*? It is a political intervention, using the tools of political economy and historiography that lays out the case for the necessity of communist revolution. The frame of China’s contemporary history is significant because the Chinese Revolution was the most recent world historical revolution—the current conjuncture remains within its shadow despite those Marxists who would pretend otherwise—and thus excavating the meaning of how its socialist construction was reversed is a warning of the obstacles that any potential socialist state will face. Figuring out how to establish such socialisms in the shadow cast by the Chinese Revolution, though, is an immediate necessity according to Ching. After all, she begins this book with a description of the capitalist nightmare and proclaims, in the opening paragraphs, the antinomy of “socialism or barbarism” (referencing both Engels and Luxemburg), which I have also argued should be the way to think communist necessity—and neither myself nor Ching are alone in this insight. It is the thought of all communists and communist projects that seek to demarcate themselves from business as usual.

Hence, *From Victory to Defeat* demarcates the pursuit of socialism from revisionism, using the tools of political economy and historiography to explicate this demarcation, and thus delineates itself from Eurocentric approaches as well as those approaches that seek to naturalize so-called “actually existing socialism.” The point is to learn from the distance between the most recent world historical revolution and its reversal in order to understand how to establish socialism now and be prepared for its pitfalls. Descriptive political economy and radical historiography are tools, and tools used very well, to accomplish this intervention. But the point is the *intervention* and



the lines of demarcation it necessitates.

Although there are many lessons Ching draws from the experience of the Chinese Revolution in the course of her intervention, I will examine only three points of interest that differentiate the socialist road from the capitalist road. These are points that are foundational to an anti-revisionist understanding of making communism.

The first point is that socialist construction, just like the revolution that brings about a dictatorship of the proletariat, is not a dinner party. Mobilizing the masses to transform all aspects of society requires a great amount of creativity and foresight, as well as scientific wherewithal, to produce the kind of economy, state, and culture that moves us towards a needs-based society. The revolution must continue at all levels of social existence and but also must advance according to communist ideology: it must be, as the old slogan went, both red and expert.

The second point is that class struggle continues under socialism: a fact that Mao originally made clear, and the Maoism has declared a universal principle, but one that Ching demonstrates as empirically correct through her examination of the rise and fall of the Chinese Revolution. Socialism is fragile, its construction and persistence can always be compromised, and factions within the communist party itself can defeat the revolutionary line and re-orientate society towards the capitalist road. Such a defeat often happens by “waving the red flag to bring down the red flag”—that is, by using socialist sounding language to enact anti-socialist reforms. This book contains snapshots of how that struggle was borne out, how socialism was constructed through this struggle, and how it was eventually defeated when the revisionists began to win this class struggle under socialism.

(A corollary to the second point is that socialism is not merely a word or a vague notion but a meaningful concept. We can know what social formations are socialist, or pursuing socialism, by knowing what socialism *is*, just as we can know, by the same token, the meaning of its opposite. Such a conception of socialism was thoroughly worked out in *Rethinking Socialism* but operates in this book as well, demonstrated by the differences between China’s Mao and Deng eras.)

The third point is that even when a socialist revolution is defeated, if it has advanced far enough down the road to communism before the revisionist detour (and the Chinese Revolution, as Ching demonstrates here, advanced further than any other socialist revolution to date), then the legacy

of socialism will remain and will be difficult to stamp out. This is because the masses, who were mobilized to construct socialism, remained mobilized, and the memory of this mobilization persists and is being passed down to successive generations. Every stage of capitalist reform in China has been forced to proceed against the masses interest and was a struggle for the capitalist roaders to establish. The final sections in this book that examine the Chinese anti-revisionist left today demonstrate that the legacy of the Chinese Revolution and the GPCR is a living memory for workers, peasants, and radical students. Even defeated revolutions do not easily die; when the masses are mobilized they understand when they are betrayed.

This third point returns us to the importance of understanding that socialism was *defeated* rather than *failed*. For if socialism was an abject failure then there would not be significant forces and struggles in formerly socialist countries coding themselves according to a doctrine of failure. For why would anyone raise the banner of “the God that failed”? Failure teaches those who failed that their way of doing things was erroneous. Such struggles would rather, as liberal pundits who blather on about China like to presume, resemble that faction of students in Tiananmen Square who were advocating for USAmerican style capitalism rather than the workers and peasants, in the same event who were raising the banner of Mao and demanding a return to the Cultural Revolution. Indeed, both Western pundits and the Chinese Government ignored the larger rebellion in Tiananmen, framing it around the neo-liberal student groups. Neither the Western media nor the Chinese government wanted to admit, though for oppositional reasons, that there was a socialist element to the rebellion. For if socialism was defeated rather than simply failed, it remains a live option, a vital legacy.

## **Demarcating Communism**

When I began reading this book I had just finished reading the manuscript of the soon-to-be-published science-fiction novella, *And Shall Machines Surrender*, by my friend, occasional analogical inspiration, and sometimes collaborator, Benjanun Sriduangkaew. In that space opera novella a distant future

Dyson Sphere utopia is named after Shenzhen, the special economic zone that Ching examines as paradigmatic to China’s capitalist Reform. What struck me was that the distance between Sriduangkaew’s fictional

Shenzhen Sphere and the actual Shenzhen was also the distance between the revisionist “Marxist-Leninist” delirium of “market socialism” and its reality. The science fiction, intergalactic Shenzhen possessed the stability and lack of poverty that the real Shenzhen does not since the latter has functioned to destabilize socialism and generate impoverishment. Those “Marxists” who maintain that China is socialist have a notion of post-Mao Reform that is akin to imagining future Dyson Spheres: that is, they have a completely fantastic and fictional understanding of reality. I would like to hope that some of them would read Ching’s book and change their perspective—that they would grasp the fictional and fantastical basis of their previous conceptions—but I am also aware of the strength of revisionist ideology since it is the long shadow cast by capitalist ideology.

But for those readers who want to learn from the actual lessons of the Chinese Revolution, if there is a single lesson that we can derive from this book, it is that socialism, as well as its communist destination, is indeed a live option and vital legacy. Ching presents us with a choice regarding the meaning of socialism: do we see it as simply a name that is meaningful insofar as it is attached to a number of actually existing regimes, or do we understand it as a concept that spills beyond this act of simplistic naming; is socialism merely a formality or does it possess real content? This antinomy does not imply that Ching, like so many academic Marxists, is trapped in the dilemma of rejecting the great socialist experiments because they do not resemble an ideal notion of socialism that exists only in the imagination of Marxist purists. She rejects this interpretation as well; her understanding of socialist transition grants that there *were* socialist revolutions. Her distinction between name and concept and form and content is not an idealist exercise that bans all real world attempts of making socialism to the realm of the a priori doomed because they fail to satisfy some vague notion of Marxist puritanism. She has already told us that there were socialist formations, and there are reasons that they can qualify as such, but the reason they did not persist was because they were *defeated*.

In the end, the line Pao-yu Ching draws between the name/concept and form/ content of socialism is also the line drawn between revisionism/ anti-revisionism and counter-revolution/revolution. If we want to even begin to think *communism* then this is precisely the line that needs to be demarcated.



# Introduction

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Today an overwhelming majority of people is struggling to survive from day to day or month to month. They face a bleak and hopeless future. The discontent of the masses of people has reached the highest since any time post World War II. Since the end of the war, imperialist countries have gone through many rounds of reform. Political representatives of the capitalists, such as the social democrats, made repeated promises for a better society, which were then broken and their memories faded away. Since the late 1970s, after the latest neoliberal restructuring of the global capitalist system, the world capitalist system has gone through severe crises in the 1980s, 1990s, with the worst crisis in 2008-2009, which has lasted for an entire decade. Today the living conditions of the working masses in imperialist countries have grown increasingly difficult. Labor productivity has increased substantially but workers' wages have stagnated and benefits continued to decline. At the same time, for most working people, jobs have become more precarious as more workers are employed on a temporary and part-time basis. Yet the basic cost of living, such as rent, food, utilities and other necessities of life has continued to rise, resulting in an accumulation of debt for workers and their families. Meanwhile the dominant capitalists, a tiny percent of the population, have accumulated an almost unimaginable amount of wealth and are living obscenely lavish lives.

Moreover, the suffering of people in colonial and semi-colonial countries has worsened. On top of many years of colonial rule, imperialist powers have continued their political and economic domination even after people in these countries fought and won their "independence." The dream of the national bourgeoisie in these countries in the early post-war years to develop capitalism independently has been resoundingly smashed after the crises in 1982-85 and then in 1997-99. After rounds of restructuring by global monopoly capital, assisted by international financial institutions such as the International Monetary Fund (IMF) and the World Bank (WB), these countries went through rounds of austerity programs to cut public health and education, already severely under-funded. The Structural Adjustment Program (SAP) imposed by the IMF on these debt-ridden countries demanded financial deregulation and privatization in order to facilitate the takeover of these assets by foreign capital. Labor reform programs forced these countries

to keep their labor market flexible including longer working hours, lowered wages and relaxed restrictions on other working conditions, as well as prevention of labor organizing. Even before the latest global neoliberal restructuring, colonial and semi-colonial countries had never established political or economic sovereignty. After the neoliberal restructuring they had little choice but to accept the conditions demanded by global monopoly capital, because their hope to develop their own economies no longer existed. They have since opened their borders for imports of foreign capital and commodities (including basic food) and have joined the new global division of labor by exporting products produced by cheap labor via the global supply chain.

The appetite of monopoly capital is insatiable; it must assert control over all aspects of people's lives in order to gain a "competitive advantage" over its rivals. Global monopoly capital has taken further steps to deprive people in colonial and semi-colonial countries the ability to produce goods for their own consumption by imposing rules set by capitalist representatives, such as the World Trade Organization (WTO), to protect the intellectual property rights of giant corporations. These multinational corporations from imperialist countries, such as Monsanto and others, take the seeds of crops and other plants cultivated and improved upon by many generations of peasants and genetically modify them to claim them as private property protected by the WTO's intellectual property rights. Similarly large international pharmaceutical companies take ancient traditional medical remedies used by indigenous people and turn them into patent-protected profit making commodities. These international corporations take what used to belong to the commons, shared by all people in their communities for thousands of years, and turn it into privately owned monopolized profit-making commodities. The consequence has been tens and even hundreds of millions of peasants in colonial and semi-colonial countries losing their ability to use their own seeds to produce food and medicine for survival.

The insatiable need for capital to expand has led to overproduction that over-tills the land, over-grazes the pastures, over-fishes the rivers and sea, exhausts the planet's resources and unleashes fatal amounts of chemicals and waste into the ground, air, and water, causing critical damage to the earth and people's health. Policies carried out by the representatives of monopoly capital are destructive and brutal. The latest neoliberal restructuring swept away all the barriers for its global expansion causing more and more people to realize that they must fight back if they do not want to be swallowed alive

by ever more powerful monopoly capital.

In addition to brutal political and economic oppression there have also been seemingly endless wars. In order to maintain its hegemony, the United States has used its superior military power to impose wars on relatively defenseless nations and peoples. The destruction caused by these endless wars has gone far beyond the previous two World Wars. I think we have again arrived to the point where Friedrich Engels concluded, “if the whole of modern society is not to perish, a revolution in the mode of production and distribution must take place.”<sup>1</sup> And what Luxemburg reminded us a hundred years ago when she wrote, “bourgeois society stands at the crossroad, either transition to socialism or regression into barbarism.”<sup>2</sup> Revolutionaries heeded these warnings; they did not sit idly by waiting for capitalism to destroy them. Revolutionaries in Russia under Lenin’s leadership took up arms and won the first nation-wide socialist revolution.

The 1917 Russian Revolution and the 1949 Chinese Revolution were the two most important historical events in the 20<sup>th</sup> century. The Cuban Revolution succeeded in 1959 and though it was smaller in scale, it had significant influence especially in Latin American countries. These heroic revolutions were all led by communist parties, the vanguard of the proletariat. Now another hundred years later the Russian revolution and the Chinese revolution have both been defeated. The Communist Party in the USSR embarked on revisionism in 1956 and the Communist Party in China initiated capitalist reform in 1978. In 2018, one hundred years after Luxemburg’s warning to modern society, all of humankind is again facing total destruction. What are we to do?

We have the choice of either burying our heads in the sand and accepting the verdict of leading capitalist propaganda that socialism has failed and capitalism has won, thus signaling the end of history, or we can choose socialism over barbarism like our courageous forbearers in 1917 and 1949 and many of our contemporaries today. They chose to struggle against capitalism and for socialism. The current reality could not be clearer and the choice is entirely ours.

On the one hand, we are in a better position than revolutionaries before our time, because they were able to prove that armed struggle with

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<sup>1</sup> *Anti-Dubring*, the International Publisher’s (New York) edition of 1987, 146.

<sup>2</sup> Rosa Luxemburg attributed what she said to Friedrich Engels in her “*Junius Pamphlet*” of 1916.

the goal of achieving communism could be won. The dictatorship of the proletariat was proven possible. This has given us tremendous confidence and optimism. On the other hand, at some point on the road of socialist development, revisionists seized political power and reversed the development from socialism to capitalism. There have been some analyses of why and how socialist development was aborted. However, these explanations have not satisfied critics who think that socialism may look good on paper but that it is incompatible with human nature. According to them, pointing to the many communist party officials who enriched themselves by robbing the wealth from the working masses, once people possess power they are invariably corrupted. In other words former revolutionaries turned into new exploiters and oppressors. We certainly cannot deny that corruption happened countless times in socialist countries. However, there were many more examples of powerful communist party members who sacrificed themselves (some with their lives) to advance the interests of people toward their common goal of communism. The statement of “power corrupts” is not a statement of truth. Human nature is *not* the problem behind corruption but the abuse of power *is*.

Although the concept of “power corrupts” has had a long history among the Left, in recent years where the anarchist movements are strong (mainly in imperialist countries), the fear of power itself has also become more prevalent.<sup>3</sup> Such fear has rendered the Left impotent in their struggle against the centrally organized and highly concentrated power of capital. In many left organizations in these countries, power is considered too concentrated unless it is shared equally among all of its members. The leaders, if there are any, should only be allowed to make decisions when they are based on the consensus of all members in the group. While it is true that abuses occur in organizations with only centralism without democracy, it is equally true that an organization is rendered totally powerless if no one is permitted to lead for fear of the concentration of power. The result has been that such “horizontally organized” bodies cannot generate leadership to plan for the

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<sup>3</sup> The “power corrupts” debate has a long history. It has existed between the socialist (both utopian and Marxist) and the anarchists since the 19<sup>th</sup> century everywhere in the world. What’s new now is that since the end of the anti-revisionist wave (the early 80s) the anarchists have grown stronger in imperialist countries and have broadly spread those ideas in the Left and in academia (with such rhetoric as “radical subjectivity” in philosophy, “workers’ self-management” in economy, and “radical feminism,” etc.) Nowadays these ideas are particularly cherished by post-modernists.



long-term in their fight against powerful capital. These organizations often degenerate to the point where members engage in endless debates and only at the level of tactics.

If there had not been centralism there could not have been any socialist revolution or any socialist development. That said, centralism without democracy indeed bred abuses in former socialist countries. Therefore, the question is not “how power corrupts” but “how corrupting power can be checked and corrected.”

The reality we face today is that after one hundred years the two major and several smaller scaled attempts to build a new socialist mode of production and distribution with the goal of reaching communism, were aborted. Historically, achievement in human development has always been a continuation of contributions made by successive generations. On the road of historical progression there will always be advances and retreats. Revolutionaries in our current era need to take the progress and defeats toward the goal of communism as precious lessons learned. We are fortunate, because we have not only inherited the wealth of revolutionary theory by Marx, Lenin, and Mao—we have also inherited the concrete experiences of building a socialist society in the Soviet Union from 1917 to 1956 and in China from 1949 to 1978, as well as their subsequent defeats. Such a wealth of knowledge accumulated by the lives and deaths of past revolutionaries has been passed on to us, allowing us to study and understand how they succeeded, what their accomplishments were, what challenges they faced, and how and why they were eventually defeated.

In the following sections, I present an analysis of China’s socialist revolution and socialist development by posing several questions and then attempting to answer them. I chose this format because, from my observation, revolutionaries in general and Maoists in particular have formulated these questions and are searching for answers. In this presentation I hope to analyze the achievements of China’s socialist development as well as the difficulties and challenges the Chinese revolutionaries faced when building a new society that fundamentally changed the economic base and the superstructure.

Maoists today rightfully regard the Great Proletarian Cultural Revolution as the most important event in the Chinese revolution. “Bombarding the headquarters” undoubtedly ignited the revolutionary passion and enthusiasm of the Chinese people, especially in young people, as well as revolu-

tionaries in the rest of the world. However, it is just if not more important to have a deeper understanding of what the Cultural Revolution in China was trying to defend. Without the Cultural Revolution, the counterrevolutionaries would have been able to carry out their capitalist reversal in 1966 instead of 1978. If that had been the case, all the socialist programs put in place during the Cultural Revolution, such as changes made in industrial organization, in education and health, in arts and culture, and practicing democracy and much more, would have not been put into practice. Moreover, all the basic and concrete progress made before 1966 in the economic base and in the superstructure for socialist development would have been smashed—not during the years since 1978—but more than a decade earlier.

What I would like to emphasize here is: when revolutionaries decide to choose socialism over barbarism, and when they struggle against capitalism and for socialism, we need to have a deep and concrete understanding of what socialism *is*. Simply put: how and in what way socialism is the antithesis of capitalism.

## Question I.

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**Karl Marx anticipated that socialist revolution was likely to occur first in countries where capitalism had reached a more advanced stage. Why did socialist revolution occur first in Russia and then in China where capitalism was only in the early stage of development?**

As the title of his most important work suggests—*Capital, Vol. 1 A Critical Analysis of Capitalist Production*—the focus of Karl Marx’s analysis was on capitalist production. From his analysis he foresaw that the proletariat in countries where capitalism had developed would lead the socialist revolution. At a commemoration of the 150<sup>th</sup> anniversary of *The Communist Manifesto*, Ellen Meiksins Wood, then editor of the *Monthly Review*, offered her explanation of the historic “failures” of socialism. Wood’s premise was that socialism has failed because attempts were not made “in the kind of society that Marx regarded as the right foundation for socialist transformation.”<sup>4</sup> It is true that Marx did not anticipate that socialist revolution would occur in Russia where capitalism was only in the early stage of development, because he did not foresee the emergence of imperialism, which changed the revolutionary situation in the world. In *Imperialism: the Highest Stage of Capitalism* Lenin made clear how the opportunity existed objectively for countries at the weakest links of the world imperialist system to make socialist revolution, even if capitalism in these countries was still in an early stage of development.

Imperialist countries fought furiously to prevent colonial and semi-colonial countries from developing capitalism so that they could continue pillaging resources from them for the raw materials they needed for industrialization. Had less developed countries begun to develop capitalism independently, advanced capitalist countries would have lost access to raw materials as well as export markets for their surplus capital and surplus products. Therefore, imperialist countries used brute force to suppress struggles for national liberation and development around the world. Even after former colonies gained their independence in the 19<sup>th</sup> and the 20<sup>th</sup> centuries, today they still do not have political sovereignty. Without political sovereignty they

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<sup>4</sup> Ellen Meiksins Wood on the “*The Communist Manifesto After 150 Years*” published in the May 1998 issue of *Monthly Review*, 29.

have been denied economic sovereignty, i.e. the freedom to use their own resources to develop their own countries.

The lack of independent capitalist development in these countries resulted in a weak national bourgeois class. The lack of independent capitalist development and a weak national bourgeoisie are opposite sides of the same coin. A weak national bourgeoisie means that this class is too weak to fend off the invasion of foreign capital and so weak politically, that they need the support of the domestic landowning class to rule nationally. This is the reason why many of these countries have not been able to carry out genuine land reform to end feudalism. In other words the national bourgeoisie is not strong enough to lead a democratic revolution—a democratic revolution necessary for the development of capitalism.

The Russian Revolution in 1917 demonstrated that the proletariat could successfully launch a socialist revolution. It proved to the world that the working class did not need to wait for the bourgeoisie to complete the democratic revolution and to develop capitalism before they liberated themselves and charted their own path of development. In the famous Chinese revolutionary drama *The East is Red*, an announcer gives an historical account of the Chinese revolution exclaiming, “The October Revolution sent us the teaching of Marx and Lenin. Follow the Russians, this is our way!” It’s difficult to emphasize enough how much the Russian Revolution inspired working people of the world. The Chinese people under the leadership of the Chinese Communist Party followed the heroic example set by the Russian revolutionaries.

In January 1940 in the midst of defending China against the Japanese imperialist invasion Mao wrote *On New Democracy*.<sup>5</sup> In this essay Mao further elaborated on the meaning and importance of a new democratic revolution led by the proletariat. Mao analyzed the historical characteristics of China and how China’s revolution would be an integral part of the world revolution. Mao asked, “Should China follow the West through the dictatorship of the bourgeoisie?” He opposed this idea, writing, “In the first place international capitalism or imperialism will not permit the establishment in China of a capitalist society under a bourgeois dictatorship. Indeed the history of modern China is a history of imperialist aggression, of imperialist

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<sup>5</sup> Mao Zedong, *On New Democracy*, January 1940, *Selected Works of Mao Tse-tung*, Vol II, 339-384, Foreign Languages Press, 1977.

opposition to China's independence and to her development of capitalism."<sup>6</sup> Mao illustrated (after the victory of the first socialist revolution) that the international situation had become a struggle between capitalism and socialism, in which capitalism was in decline and socialism was on the rise.

Mao further asserted that socialism would not permit the dictatorship of the bourgeoisie in China. He said that all the imperialist powers in the world were China's enemies and that China could not possibly gain its independence without the assistance of socialist countries and the international proletariat, meaning the Soviet Union and the proletariat in Japan, Britain, the United States, France, Germany, Italy and other countries, through their struggle against capitalism. Today socialist countries no longer exist, but the truth remains that the success of any socialist revolution in any country requires the support and participation of the international proletariat in all countries. As monopoly capital from different capitalist countries unites to pursue its common interests, the solidarity of international working people is a necessity now more than ever.

During the Chinese revolution, the Chinese Communist Party, vanguard of the proletariat, was very clear from the beginning that the proletariat-led new democratic revolution would proceed to a socialist revolution with the goal of reaching communism. After the 1949 victory the new Chinese government seized the assets of the Kuomintang and confiscated assets of foreign capitalists and compradors. Together these assets accounted for 80% of China's total assets. The remaining 20% consisted of factories and commercial enterprises owned by the national bourgeoisie. In 1949 the principle contradiction in Chinese society was between the landowning class and the vast majority of the Chinese people. After Land Reform was completed in 1953 the principle contradiction changed to one between the capitalists who still owned the factories and other commercial enterprises and the proletariat. By 1956, through different programs, assets in these privately owned enterprises were successfully transferred to the State.

Almost 70 years after the Chinese revolution it has become even more obvious that colonial and semi-colonial countries do not have any chance to develop capitalism independent of the imperialist countries. Starting in the 1980s the bourgeoisie in these countries began to realize that their dreams to develop their own independent capitalism would never be realized, so

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<sup>6</sup> Ibid.

they sold the interests of their countries to international monopoly capital and took a cut in the profits. There may still be a few of them stubbornly fighting on. However, in today's imperialism the national bourgeoisie is a contradictory and antiquated concept. Working masses in these countries can only rely on themselves for the development of their countries with the goal of improving their lives and of building a better society for their future. Revolutionaries in these countries have no other choice but to organize and be part of the worldwide socialist revolution.

## Question II.

**How do we determine if China's development from 1956 to 1978 was socialist?**

In 1956 the ownership of the means of production in China's industrial enterprises was transferred to the State. At the conclusion of Land Reform in 1953 the collectivization of agriculture began and People's Communes were formed in 1958. According to the analysis my co-author Dengyuan Hsu and I made in *Rethinking Socialism*, this transfer of ownership by itself was not an indication that China had begun to be socialist. Whether China proceeded to develop socialism or capitalism depended on what happened after the means of production were transferred to the State and after the formation of the People's Communes. Therefore, an account of concrete policies carried out after 1956 is necessary. From 1956 to 1976 the CCP pushed forward concrete policies that fundamentally changed the relations of production in both China's industrial and agricultural sectors, making them socialist.<sup>7</sup> There were also basic changes in the superstructure. Fundamental changes in the relations of production (the ownership and control in the means of production) and fundamental changes in the superstructure (political, ideological and cultural) are basic yardsticks to determine whether a society is capitalist or socialist, as explained below.

## **Question II. (A)**

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### **How were the relations of production changed in the state-owned industrial sector?**

A set of concrete policies fundamentally changed the relations of production in the State-owned industrial enterprises: (1) phasing out commodity production, and (2) phasing out labor power as a commodity.

#### **Phasing out commodity production in state-owned enterprises**

During China's socialist transition the State decided what and how much each industrial enterprise produced according to a national plan, which was based on the current and future needs of the people and the country. The State decided on investment plans to replace old machinery/equipment and additional investment for expanded production. The State also provided the enterprise raw materials, machinery and equipment at pre-determined prices, and it "purchased" the outputs produced also at predetermined prices. The individual enterprise handed over any "excess revenue" over its "expenditures" to the State. The amount of this "excess revenue" was not considered "profit," because the price of its inputs and outputs were artificially set by the State. This "excess revenue" was not used as an indicator to judge how well the enterprise was run. The measure used to judge the efficiency of the enterprise was a comparison with past records—whether the enterprise produced more and better outputs at a faster rate, and if they managed to conserve more resources. Thus, "profit" and "loss," important indicators in a capitalist economy ceased to have any meaning. This was the method by which state-owned enterprises were divorced from profit maximization.

When commodity production was being phased out of the state sector, the law of value (equal value exchange) lost its function to regulate the economy. In a capitalist economy market prices serve the function of regulating supply and demand and prices have the function of directing what to produce and how resources are allocated. In a capitalist society resources go to where the production yields the highest rates of profit. When the state sector was phasing out commodity production in socialist China, the law of value ceased to direct the resources to different kinds of production. Instead, the economic plan did. The economic plan made it possible to change the



purpose of production from profit maximization to producing use value for the satisfaction of the needs of people and the needs of the country (both current and future needs).

In socialist China the economic plan determined how resources were allocated for the production of consumer goods such as food, clothing, healthcare and housing, etc. or for the production of producer goods such as machinery, equipment, infrastructure and buildings. The economic plan had to be carefully and deliberately considered to balance allocating very scarce resources between producing consumer goods, which satisfied the current needs of the population, and investment goods, which increased the capacity for future production. Moreover, among different kinds of consumer goods, preference was given to the most urgently needed consumer goods, such as food, clean drinking water, clothing and housing, as well as basic services, such as health care and education, etc. In the economic plan these basic products and services were priced artificially low so all urban residents could afford to buy them.<sup>8</sup> On the other hand in the early stage of development, other consumer products, such as wristwatches were considered “luxury” items, so the price for watches was set artificially high (not reflecting the costs of production), at say 100 RMB. At this price it took the average income worker a couple of years to save enough to buy a watch. In an early stage of development only small amounts of resources were allocated to produce goods like watches.

Among producer goods, heavy industry that produced machinery and equipment was given high priority, because it was the foundation of industrialization. Heavy industry produced machinery for light industries such as textiles. However, during industrialization in the Soviet Union, too much emphasis was placed on heavy industry at the expense of light industry and agriculture, and the result was shortages of food and other consumer goods. China learned from the experiences of the Soviet Union and strove not to repeat its mistakes. Mao wrote *On the Ten Major Relationships* in 1956 when industrialization just began.<sup>9</sup> The first major relationship was the relationship between heavy industry and light industry and between industry and agriculture. Here Mao wrote, “The emphasis in our country’s construction

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<sup>8</sup> In cities food and cloth (clothing) were rationed and sold at low prices to ensure every resident could afford to buy them.

<sup>9</sup> Mao Zedong, *On the Ten Major Relationships*, April 25, 1956, *Selected Works of Mao Tse-tung*, Vol. V, Foreign Languages Press, 1977.

is on heavy industry. The production of means of production must be given priority.”<sup>10</sup> But later in the next paragraph Mao cautioned that China should not repeat the USSR’s (and Eastern European countries’) mistake of placing a “lop-sided” stress on heavy industry at the neglect of agriculture and light industry, resulting in a shortage of goods and unstable currency. He advocated for economic planning that carefully considered the balance between industry and agriculture as well as between heavy industry and light industry.

Of course, in drawing up the massive economic plan for the entire country, people made mistakes; it was a very complicated endeavor encompassing many sectors of the economy and the relationships between these sectors. However the damage of those mistakes could be minimized if they were quickly discovered and corrected. A successful economic plan took constant adjustments and readjustments and people became more skilled by drawing on past experiences. Capitalist propaganda relentlessly claims that relying on the blind forces of the market achieves better results compared to a carefully and consciously planned economy. This is simply untrue.

Only under socialism do we move away from producing commodities for the sake of maximizing profits. When we contrast the planned economy with the capitalist market economy we can understand the superiority of socialism. This paper explains the irrational and disastrous results of capitalist economy dictated by the blind forces of the market where production of commodities is based on profit maximization, even more acute in the age of imperialism—the last stage of capitalism. In more recent decades damage done to colonial and semi-colonial country economies have become even more severe after international monopoly capital broke down all barriers and expanded to every corner of the world. After their economies were forcibly integrated into the domain where international monopoly capital dominated, they lost control over their resources. The law of value applied in this domain has taken away the people’s rights to simply live. Here are some concrete examples.

We see many cities in the world—even cities in poor countries—where modern high-rises and six-lane highways exist side-by-side with urban slums occupied by homeless people living in deplorable conditions. These countries often lack the resources to build the most essential infrastructure, such as water purifying plants, because their first priority is to use a large

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<sup>10</sup> Ibid.

percentage of its income to pay the interest on debts they owe to foreign banks and international financial institutions. Moreover, in the era of neo-liberalism these countries have been forced to agree to dismantle any barriers to foreign investment. Some of the very first foreign investments that rushed in were often large soda pop companies such as Coca-Cola and Pepsi-Cola, because the amount of investment to build bottling plants is very low, while the profits are very high. These giant US soda pop companies simply bottle sugar water with their secret formula protected by WTO patent rights and wait for the profits to roll in. The poor who cannot afford to buy soda or bottled water have to drink contaminated water and suffer many waterborne diseases, because their governments don't have the funds to build water treatment plants. Is the market mechanism really a rational way to allocate a country's resources when people are being denied clean water while large multinationals are reaping high profits? Wouldn't people have been better off if their economy had been planned and building water treatment plants was given top priority?

There are many examples to show that relying on market forces has produced detrimental results for people in colonial and semi-colonial countries suffering from high unemployment and low income. Their rulers have surrendered to the power of global monopoly capital and bought the lie that in the today's globalized world a country can find its niche in the international market based on its comparative advantages and then just export commodities to become prosperous. The result is that many countries produce similar products and the export prices of these products plummet. One example is when the global market was flooded a few years ago with exported watches, with China in the lead. Prices of watches dropped to a ridiculously low. Once someone in the United States showed me his watch collection—one hundred watches of different styles and colors displayed in a very large fancy case. He proudly boasted that his collection did not cost him very much; middle-income people in imperialist countries who are not rich enough to own a fleet of expensive cars or a fancy big house can now afford a collection of watches. A watch collection is a clear case of commodity fetish, where the watch as a commodity is completely divorced from its use value, which is to tell time. This clear case demonstrates how the allocation of resources is distorted in imperialism. When following international market forces, too many colonial and semi-colonial countries over-allocate their resources to produce commodities for export—so that people in impe-

rialist countries can collect them at a low cost to satisfy their fetishes—and under-allocate resources to produce goods that their people urgently need, such as food, clean water, basic health, education, and housing.

Moreover, the market is irrational when it comes to critical decisions about new investment and technological change. A business in a capitalist economy must constantly expand in order to maintain or increase its market share. If a business fails to do so and its market share shrinks, at some point it has to declare bankruptcy. Therefore, constant expansion is a necessity in the world of business under capitalism. Expanding a business means constantly developing new products, adopting new technology and investing in new production plants. The result is that often factories are abandoned while they are still in good condition and could be used to produce useful products. Capitalist propaganda has us believe that constant and mindless phasing out and discarding of old products, old technology, and old plants *at the speed required by the market* is a sign of progress. Actually the exact opposite is true. Only when we as humans take control of our own destinies can we rationally and consciously make decisions about when to replace old plants with new ones by weighing the usefulness of the old plant, the resources needed to produce new plants, and the consequences to the environment when shutting down the old ones.

Here is a concrete example of how a real business under capitalism makes decisions about when to invest in new products: Andy Grove, former president of the major high-tech firm Intel, explains why they were already working on several new models to replace their next generation chips even before they were launched as such: “It’s the cannibal strategy; we eat our children and do it faster and faster. That is how we keep our lead.”<sup>11</sup> All high-tech businesses have adopted the same strategy. When the iPhone first came out Apple proudly unveiled its innovative new product. But Apple soon had to render the first iPhone obsolete by putting out the iPhones 2, 3, 4, etc. Apple is now selling the iPhone X. Propaganda for capitalism defends such waste by saying, “planned obsolescence is the hallmark of progress.”

In addition to “planned obsolescence” that continuously squanders the earth’s precious resources, there is the added destruction brought upon by repeated business cycles. During the upturn phase of the cycle businesses must prepare themselves for further expansion, so they feverishly add more

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<sup>11</sup> <https://www.wired.com/1998/03/inside-intels-new-ceo/>

productive capacity knowing that this excess capacity will be destroyed when the economy goes south. Since the later part of the 20<sup>th</sup> century the business cycle has become shorter due to the more speculative nature of investment. The destructive power of capital on the environment multiplied in the era of neoliberalism when colonial and semi-colonial countries accepted the rules set by global monopoly capital, removing all barriers for foreign capital to flood in freely. They competed with one another to provide global monopoly capital with the most incentives by keeping their wages low and working conditions flexible and by lowering taxes and imposing the least stringent environmental regulations. In the mid-1990s these incentives attracted large flows of foreign capital to Southeast Asian countries and littered these countries with new factories that produced similar cheap products, like clothing, shoes, toys, electronics, etc.

The capitalist propaganda machine declared that an economic miracle had arrived in Asia and that the 21<sup>st</sup> century would be the “Asian Century.” Then in 1997-98 a widespread economic crisis decimated these economies and almost all of the newly built factories were idled. Paul Krugman, a bourgeois Nobel Prize-winning economist, equated this economic crisis suffered by 660 million people in seven countries, which had produced a quarter of the world output, with the 1929 Great Depression in imperialist countries.<sup>12</sup> The crisis started in Southeast Asia and spread to Russia, South Korea, then to Brazil and beyond causing more suffering for additional hundreds of millions of people. The Latin American countries, which had suffered continuing crises since the 1980s plunged into deeper crisis extending from Argentina, Brazil, Mexico, to Uruguay, Paraguay, Bolivia, Columbia, and Peru. We are compelled to ask: if this is not barbarism, what is?

We can no longer afford the kind of progress that comes from “planned obsolescence” or the waste and suffering brought by the capitalist business cycle. The amount of resources—fossil fuels, metals, plastic and minerals—required to make new products at a faster and faster rate dictated by the market and then disposing of them soon after they are made, as well as the destruction brought by repeated capitalist crises, is overwhelming the earth. As we carefully examine the last stage of capitalism we find a seemingly unstoppable monstrous system sweeping the world by unleashed global monopoly capital, ruthlessly ripping apart the people, land, and environ-

<sup>12</sup> Paul Krugman, *The Return of Depression Economics*, WW. Norton & Co., 1999.

ment. Imperialism immensely benefited monopoly capital, but it is devastating the majority of the world's population, exhausting its resources and destroying its natural environment. This kind of progress we do not want and cannot afford. We are facing a well-documented environmental crisis unprecedented in human history.<sup>13</sup> Capitalism, dictated by the will of capital for limitless expansion, is on a collision course with the limits of the planet where all of us reside.

Socialism is the only kind of development that can stop the earth from destruction. During socialist construction in China the economy did not depend on the whims of the capital for production and investment decisions, and it did not suffer from the ups and downs of the business cycle. Decisions about new technology were not based on an obsession for market share but were made rationally by carefully considering all relevant factors, including conserving resources, concern for the environment and also for the value placed in the labor imbedded in producing machinery and equipment. While the capitalist market always drives businesses without the newest technology out, socialist economy demonstrated that more enterprises with less advanced technology can coexist with those with more advanced technology as long as together they produce useful products for people. This is especially crucial for poor countries where capital is scarce and where foreign competition based on superior technology has made domestic industrialization almost impossible. Socialist development in China demonstrated that a less developed country can rely on its own resources and people to develop its economy. Development based on self-reliance was only possible with socialist development where the logic of capital no longer dominated.<sup>14</sup>

When state-owned industrial enterprises were phasing out commodity production, it was a fundamental and significant change toward the direction of communism. In that process each state-owned enterprise was considered part of the whole, and they were under a unified accounting system. Therefore, instead of competing with one another, different enter-

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<sup>13</sup> The Global Commission on the Economy and Climate: [https://newclimateeconomy.report/2016/wp-content/uploads/sites/4/2014/08/NCE\\_2016Report.pdf](https://newclimateeconomy.report/2016/wp-content/uploads/sites/4/2014/08/NCE_2016Report.pdf)  
UN Environment/Emissions Gap Report 2018: [http://wedocs.unep.org/bitstream/handle/20.500.11822/26895/EGR2018\\_FullReport\\_EN.pdf?sequence=1&isAllowed=y](http://wedocs.unep.org/bitstream/handle/20.500.11822/26895/EGR2018_FullReport_EN.pdf?sequence=1&isAllowed=y)  
Background document to the Global Sustainable Development Report 2019 by a group of UN-appointed "independent scientists": [https://bios.fi/bios-governance\\_of\\_economic\\_transition.pdf](https://bios.fi/bios-governance_of_economic_transition.pdf)

<sup>14</sup> See Question V.

prises in a certain industry cooperated with one another. For example, a technologically advanced steel enterprise helped build a new steel enterprise by providing it with a plant design, machinery and equipment, and even technical personnel. Experienced engineers in the old steel plant went to the newly built plant to consult, and/or engineers in the new plants went to the more advanced plant for training. Since both the old plant and the new plant were parts of the same whole, the old plant did not consider the aid given to the new plant an “expense.” It was through cooperation that industrialization spread in socialist China from the East coast and the Northeast, where industrialization was more advanced, to the more remote regions in the North and Northwest. There was actually a catchy phrase to describe this phenomenon: “An old hen laying eggs all over the places”—meaning, in this example, that an older steel plant gave birth to dozens of new steel plants. It demonstrated that cooperation was far superior to competition.

### **Phasing out labor power as a commodity**

During China’s socialist construction labor power was in the process of being phased out as a commodity, something that could be bought and sold. This is an equally important characteristic of socialism that is fundamentally different from capitalism. The State established an eight-grade wage scale that it applied nationwide to all workers in state-owned enterprises. The wage scale was based on worker skills and years of service with some adjustments for cost-of-living differences in different parts of the country. Wages of engineers with college degrees were higher. But as time went on engineers’ wages were lowered if they had received their college education after 1949 when the State paid for their college education expenses plus living allowances.<sup>15</sup>

During the socialist construction state-owned enterprises received wage funds from the State to cover their total wage bill plus the cost of providing benefits to workers, which included low-rent housing, subsidized food and utilities, basically free medical care, education and other services. The transfer of wage funds from the State to workers via the enterprises removed the responsibility of cadres (in China, referred to as “ganbu,” literally translated as “backbone personnel”) in charge of the enterprises, to

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<sup>15</sup> All of the expenses of college education were paid by the State, including tuition, books, and room and board. Additionally students also received a monthly stipend for miscellaneous expenses.

meet wage and benefit payments from the enterprise revenues. Managers in capitalist countries often lay off workers, reduce work hours, or cut worker benefits when the enterprise they manage fails to meet profit targets. Ganbu in state-owned enterprises had no such authority because the State guaranteed workers' jobs by transferring the wage fund to cover wages and benefits. Transferring the wage fund directly from the State to the workers via the enterprise was the only way to guarantee permanent employment and the amount of wages and benefits workers received.

It is important to look at the completely different perspectives on workers' wages and benefits in a capitalist society versus a socialist society. In a capitalist society the goal of production is to maximize profits. Profit in a capitalist enterprise is dependent on the surplus value extracted from workers so, therefore, the entire industrial organization is set up for production to run "efficiently" to increase workers' surplus value. Higher wages and better benefits logically reduce the surplus value and serve as drags on profits, so they need to be kept as low as possible. On the other hand, in a socialist society one of the most important goals of production is to improve people's material lives. Higher wages and better benefits are the very reasons to fulfill the purpose of production. In state-owned factories in addition to managing matters related to production, the cadres (ganbu) in charge of different departments also had the responsibility to oversee many aspects of workers' lives including food, housing, utilities, nurseries and schools (from kindergarten sometimes all the way to high school), as well as recreation and organizing political study. Ganbu even served as counselors/social workers to resolve issues among family members and/or co-workers. In other words, ganbu paid great attention to all aspects of workers' lives. If a ganbu neglected this part of his/her responsibility or failed to handle these matters fairly, he/she would be criticized.

Whether labor power *is* or *is not* a commodity is of critical importance. Marx spent the first volume of *Capital* explaining how the capitalist extracts surplus value from workers in the process of production. He analyzed how surplus value was realized into profits when the product was sold. Marx explained how, unlike feudal society, exploitation takes place in capitalist society during the process of production where the capitalist buys labor power as a commodity. Therefore, we can only end exploitation by ending the buying and selling of labor power as a commodity. Whether labor power is or is not a commodity necessarily dictates how the laborer is treated. In a



capitalist society when labor power is a commodity, the laborer can be hired and fired at any time. As far as the capitalist is concerned, his only interest is to buy the labor power when needed and to stop buying it when there is no longer the need. The capitalist has no concern for the laborer. In contrast, in socialist China a worker was guaranteed a job and livelihood including retirement and medical care. In socialist society where labor power ceased to be a commodity, laborers were treated as the creators of wealth, both for the factory and for the whole society. This was the most important reason why workers were so highly respected in socialist China. Nowhere in the world during any historical period were workers ever accorded such respect and dignity.

Moreover, when labor power ceased to be a commodity the relationship between workers and machines changed fundamentally. Living labor commanded the machines (capital that contains dead labor) instead of the other way around. In the early days of capitalism the Luddites destroyed machines because they believed that machines were their enemies that could make their jobs obsolete. On capitalist assembly lines, production workers cheer when the line breaks down. During socialist construction in China, machines were not treated as the enemy; workers treated machines as valuable tools that helped them in production. Workers were proud when they mastered skills of how to use machines properly to produce the best products, paying great attention to maintaining machines, many going to check on the machines on their day off. (Workers lived in industrial complexes within walking distance to the factories.)

Even though China's development between 1956 and 1978 was socialist, contradictions continued to exist within the industrial sector as well as between the economic base and the superstructure. When we say the state-owned industries were phasing out commodity production and phasing out labor power as a commodity, it did not mean the process of phasing out was completed. Actually the process to phase out commodity production and labor power as a commodity takes a very long time. Even so, within a short period of two decades from 1956 to 1978 we began to see how a socialist society operated qualitatively differently from a capitalist society. This will be further explored in the discussion about changes in the superstructure and the challenges China faced in developing socialism.

## Question II. (B)

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### **How did the relations of production change in the collectively owned agricultural sector?**

Toward the end of Land Reform two opposing views existed within the Chinese Communist Party on how to develop China's agriculture. The debate between these opposing views reflected the fundamental differences between Mao Zedong and Liu Shaoqi (and later Deng Xiaoping) on issues regarding how to develop a socialist economy. When the means of production in the industrial sector were transferred from the private sector to the State, members of the Chinese Communist Party were basically in agreement even though some members (basically Liu and his followers) thought the transfer should have proceeded more slowly. However, when it came to the development of the agricultural sector, the difference between Mao and Liu was sharp and substantive. As far as Liu was concerned, after Land Reform and the transfer of the means of production in the industrial sector to the State, the principal contradiction in China was between the "advanced social system" (meaning the relations of production) and the "backward social productive forces," as clearly expressed in the Resolution of the Eighth National Congress of the CCP in 1956.<sup>16</sup> Therefore, according to Liu (and later Deng), the main task of the CCP was to devote itself to the development of the productive forces. Mao, on the other hand, believed that the social system (the relations of production and the superstructure) was far from being advanced, and that contradictions still existed within the economic base as well as between the economic base and the superstructure.<sup>17</sup> These philosophical differences between Mao and Liu caused them to view China's socialist development from entirely different perspectives.

Mao was a firm believer in Marxist dialectical materialism. He saw that in the contradiction between the productive forces and the relations of production, the productive forces are the principal aspect. In the contradiction between theory and practice, practice is the principal aspect; in the contradiction between the economic base and the superstructure, the economic

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<sup>16</sup> "Resolution of the Eighth National Congress of the Communist Party of China," Eighth National Congress of the Communist Party, 16.

<sup>17</sup> Mao Zedong, *On the Correct Handling of Contradictions Among the People*, "Selected Works of Mao Tse-tung, Vol. V, 394-395.

base is the principal aspect. However, Mao also believed that under certain conditions, such aspects as the relations of production, theory and superstructure, could come to the fore to play the principal and decisive role. Mao explained that when people regard these respective positions (productive forces vs. relations of production, theory vs. practice, and economic base vs. superstructure) as fixed, instead of changeable in their respective positions, they hold a mechanical-materialist point of view, not a dialectical-materialist one. The mechanical-materialist believed that under no circumstances could the relations of production, theory, or superstructure become the dominant aspect of the contradiction.

Mao did not hold the mechanical-materialist point of view; he believed that under certain conditions the productive forces and relations of production could exchange places and the relations of production could play the dominant role in making change. For example, when the relations of production remain unchanged for a long time, the productive forces can become stagnant and stop developing unless a change in the relations of production (such as a revolution) occurs. In that case the relations of production can play the principal and decisive role.<sup>18</sup> Mao further explained that while it is true that in the contradiction between the superstructure and economic base the economic base is the principal aspect, under certain conditions the superstructure can become the principal aspect. During a revolution the relations of production are changed by people actively engaged in class struggle (political, ideological, and cultural struggle in the sphere of the superstructure), which can play the leading role in changing the relations of production. Dialectical-materialism was fundamental to Mao's analysis of social change. It played the most important role in constructing his strategy to win the long revolutionary war and it also played the most important role in shaping his strategy on political and economic development during the socialist transition.

In order for feudal ideology to lose its influence, its material base of feudal land tenure had to be destroyed. However, even when Land Reform ended the feudal land tenure system, Mao saw that feudal ideology had staying power; if left unchallenged, it could easily lodge itself in the new economic base. Therefore, without careful ideological work to get rid of feudal ideology, it could prevent the new economic base from taking root. Mao

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<sup>18</sup> Ibid., p. 336.

regarded Land Reform not just as a way to redistribute land to the peasants, but also as a social movement to propagate new ideology, one that explained why exploitation was wrong and that it was unjust for landlords to forcefully take the product of the peasants' labor. When the peasants adopted this new way of thinking they became determined and empowered to right past wrongs and were energized to complete Land Reform and engage in movements to collectivize agriculture.

Land Reform in the newly liberated areas in China's countryside from 1949-1952 gave hundreds of millions of peasants a plot of their own land for the first time in their lives. Although land holdings averaged only 0.2 hectares per capita, peasants cultivated their newly possessed land with great enthusiasm. The output of both grain and cotton went up rapidly between 1949 and 1952. By 1953, however, grain production became stagnant and cotton production decreased.<sup>19</sup>

After one hundred years of destruction from wars and landlord neglect, China's natural environment for agriculture was very fragile, and arable land was scarce and infertile. Agricultural infrastructure such as irrigation was in total ruin. Before Liberation, natural disasters such as drought and flood were widespread, and famine was a common occurrence. After Land Reform was completed in 1953, in addition to owning very small plots of poor quality land, the majority of peasants, more than 300 million, owned very few productive tools. Among the poor and lower-middle peasant households—60 to 70% of China's peasantry—many did not even own a plow, let alone other farm tools or draft animals. Without farm tools enthusiasm alone could not continue to increase production. Moreover, in 1953 and 1954, floods and drought affected large areas of farmland. Individual peasants were defenseless against such natural disasters. Before Liberation, when natural disasters hit, many peasants were forced to migrate to neighboring provinces just to survive. After Land Reform, when the health conditions of almost all peasants were still very poor, families were often devastated by illness or the death of a family member. Some farm households were also without any productive labor when their loved ones sacrificed their lives during the war against Japan and/or the war against the Kuomintang. When peasant families faced any of these problems they had to borrow money. Facing debts at usurious interest rates, some peasants were forced to sell their

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<sup>19</sup> See Su Xing, "*The Two Line Struggle, Socialist vs. Capitalist, after the Land Reform,*" Jing Jin Yan Jiu, (*Research in Economics*)1965, no. 7, p. 24.

newly acquired land. Before the cooperative movement began, land sales and private borrowing had begun to rise, as had the number of peasants who hired themselves out as farm hands.<sup>20</sup>

Thus, although Land Reform resolved the principal contradiction between peasants and landlords, it could not solve the urgent need to increase production to improve the majority of peasants' material conditions. The new situation proved small-scale subsistence farming was not a stable situation or a viable solution for agricultural development. The farming situation in China at that time was very similar to the situation in many colonial and semi-colonial countries in the world today. It was obvious that agricultural production had to be modernized and the scale of production increased. In China after Land Reform the struggle surrounding agricultural development intensified. The main struggle was not whether agricultural production needed to increase in scale and be modernized—the struggle was over how to achieve it. In other words, mechanization versus collectivization: which should come first? Mao believed that peasants could be organized to join their small pieces of land together and share their limited productive tools to first increase agricultural output and then to make improvements in land and build infrastructure to prepare the land for mechanization and modernization. Liu Shaoqi, on the other hand, believed that after Land Reform further changes in the relations of production were unnecessary and all efforts should be devoted to the development of productive forces. Liu believed that only when China could produce enough steel and acquire the technology to manufacture tractors and other agricultural machinery and equipment would the conditions exist for the modernization of agricultural production.

With a mechanical-materialist perspective, productive forces are always the dominant aspect in the contradiction between productive forces and relations of production—the relations of production can never become the dominant aspect. From that point of view, that relationship is fixed, which is why Liu insisted that mechanization had to come first. Mao, on the other hand, believed that further changes in the relations of production, meaning collectivization, had become the principal aspect of the contradiction and that changing it would help develop productive forces. Mao saw the energy and the enthusiasm of the Chinese working people as the source for economic development. He recognized that when peasants were mobilized

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<sup>20</sup> Ibid.

and their consciousness raised to a higher level, they created the possibility of organizing production on a scale larger than a single farm-household. He saw that ideology (in the sphere of superstructure) could play a major role in changing the relations of production from privately owning and farming a small piece of land to collectivization.

Mao won the first major debate within the Chinese Communist Party on how to develop China's agriculture. Collectivization began soon after Land Reform initially by organizing mutual-aid teams in production and then elementary co-ops and advanced co-ops, and finally the formation of communes in 1958.

One of the most challenging problems in China's agriculture historically and currently is the lack of arable land. China has less than 9% of the world's arable land, but it has to produce food and other agricultural products for 22% of the world's population. On a per capita land basis, its arable land is just over one *mu* or 0.0827 hectares (1 *mu* = 0.067 ha)—about one third of the world's average. At the conclusion of the Chinese Revolutionary War, Western experts never expected that China would ever be able to feed its people. With such limited arable land, the only way to increase production was through intensive cultivation to increase the yield per cultivated area. Between 1952 and 1978 China was able to double crop yields per unit of arable land through the collectivization of agriculture.

Collectivization of agriculture began at the conclusion of Land Reform. It started with mutual-aid teams. Several (20 or more) peasant households were organized to share their tools and labor in production. That proved not to be so difficult because when farm tools and labor were more fully utilized, output increased and every family benefited.

The next step in agricultural collectivization was the formation of elementary cooperatives, where peasant households joined their land and productive tools together in farm production but still retained the ownership of their tools. That ownership entitled peasant households that owned them to claim shares of output in addition to the shares each household received according to the amount of the labor they contributed. At this stage of organizing it became more complicated, because the peasants' decision to join or not to join depended on their potential gains. Mao saw that in order for the co-ops to be on solid ground, peasant participation had to be on a voluntary basis. The policy of the CCP was to encourage peasants to join the cooperatives but respect their decision to go it alone. The poor and

lower-middle peasants (more than 65-70% of all peasants) who owned a small plot of land but owned very few farm tools, had little chance to make it on their own. They were the staunchest supporters of the co-ops. The rich and some upper-middle peasants who had owned larger plots of land and a few farm tools could hire workers and increase production, so they opposed joining the co-ops. The middle peasants took a “wait and see” attitude to see how the co-ops fared. The co-ops increasing output to win over the middle peasants was critical to the success of the co-op movement. Eventually the middle peasants were won over and the rich peasants had no choice but to join, however reluctantly, because they could no longer hire anyone to work for them.

Organizing peasants into cooperatives was not an easy task. For one thing peasants in China had never experienced working cooperatively together. Peasants did not know what it would be like. When the cooperative movements were spreading throughout the countryside there was great worry about whether the co-ops could increase production and whether the increases could be sustained. There were cases, though only a very small minority, where crop production decreased and organizing efforts failed. Credit for the co-op movement’s success has to be given to CCP policy to rely on the poor peasants and to win over the middle peasants. Credit should also be given to the majority of party cadres who had just finished fighting the war and knew next to nothing about organizing co-ops. But these cadres were mostly from the poor peasant families and they keenly understood their struggles and hopes for a better life. They trusted the Party based on what they witnessed during the revolutionary war and the land reform it implemented. They worked tirelessly and wholeheartedly to support the Party and successfully completed the collectivization of agriculture.

After the elementary co-ops the next step was the formation of advanced co-ops. As William Hinton, well-known author of many books and articles about China’s land reform and collectivization, pointed out in *Shenfan*, when production began to increase after the formation of the elementary co-ops, it became obvious that most of the increases were due to more intensive labor rather than the use of farm tools and implements.<sup>21</sup> The majority of team members began to resent the fact that the tool owners continued to draw larger amounts of the co-op’s rising income. The issue of how

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<sup>21</sup> William Hinton, *Shenfan, The Continuing Revolution in a Chinese Village*, Random House, 1983, 120-121.

much in dividends should be paid to the owners of productive tools became more complex and divisive. The solution was to move forward to advanced cooperatives where the co-ops bought the productive tools from their owners with a onetime payment according to negotiated prices. This was how co-ops progressed from elementary level to advanced level. As their incomes increased the advanced cooperatives were able to buy more farm equipment with funds accumulated from their rising income. From that point on in China's countryside, income was distributed only according to the amount of labor each farm worker contributed; farm tools (capital) ceased to claim a share of the total income.

The collectivization of agriculture was completed in 1958 with the formation of the communes. The communes had a three tier-ownership system: communes, production brigades, and production teams. In 1962 production teams consisted of 15 to 30 farm households averaging 24.9 families; production brigades, the size of a village, averaged 7.9 production teams; communes, the size of a county, averaged 9.4 production brigades. Each commune administered agricultural (and later industrial) production, commerce, education, social welfare, and self-defense (with its own militia). The communes also managed their own finances and were responsible for collecting and paying taxes to the State, an accumulation fund for investment (seeds, new farm tools, and/or building infrastructure), and a welfare fund (medical care, education, care for the elderly and the needy) for all commune members.<sup>22</sup>

As the productive forces developed, communes used their accumulation funds to build large-scale irrigation and drainage systems, roads, hospitals, and purchase large agricultural instruments. By the late 1960s rural industrialization began and communes also owned factories. Production brigades built and owned factories, large agricultural machinery, milling stations, animal/poultry farms, sewing stations, and other facilities. Brigade members shared the use of these facilities.

Production teams owned land and small agricultural instruments. Each team functioned as a basic accounting unit. Team members elected their team leader, who was in charge of production and distribution, but continued to do farm work with other team members. After paying taxes to

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<sup>22</sup> The commune paid for its members' medical expenses, so the out-of-pocket expenses for medical treatment for members were extremely low. Students only paid for their basic supplies like notebooks and pencils.



the State (via the commune) they made payments to the commune for the accumulation and welfare funds. At harvest time the team distributed quota grain to its members based on age and the physical intensity of their labor. Then the rest of its income was distributed to team members according to the amount of work points each member earned during the year. One day of labor earned a minimum of about five work points to a maximum of ten, depending on the physical strength and skills required for the work. Team members' attitude toward work, such as willingness to help others, was also figured in when the worth of one day's work was assessed. The evaluation and assessment of work points each person earned for a day of work was discussed, debated, and determined democratically by all team members.

With the exception of some very poor communes, most people's lives in rural China improved dramatically. Each member of the production team received a quota of grain from his/her production team, even if he/she was too young, too old, or too sick to work. In addition to food grain, members received low cost health care and low cost education paid by the commune's welfare fund, which also covered major expenses for needy families.<sup>23</sup> In addition the State allocated funds to pay for education (teacher salaries and school construction) in the rural areas, as well as the cost of training teachers and healthcare personnel who worked in the countryside.

The formation of communes fundamentally transformed the relations of production in the agricultural sector. This fundamental change in the relations of production was the main reason for the rapid development of productive forces in China's agriculture. By joining the land together and combining their tools, China's peasants were able to work collectively to improve the quality of the land and to build agricultural infrastructure. They were able to accumulate more funds to buy more and better tools and worked extremely hard to improve the fertility of the land. When chemical fertilizer was not yet available they saved, preserved, transported, and applied animal and human waste to improve the soil. When peasants were not busy planning and harvesting, they worked together to prepare the land for mechanization by joining pieces of land together, flattening the land, filling in the small creeks, and terracing the land in hilly areas. Large numbers of peasants were organized to work on land preservation and improvement

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<sup>23</sup> The five guarantees for the needy families (including people who had lost their ability to work, or the elderly who had no children) were: food, clothing, shelter, medical, and burial.

projects. These projects accelerated in the late 1960s and early 1970s when agricultural production was more stable and more labor could be diverted from farm work to construction. They also worked on land improvement and infrastructure construction projects during seasons when agricultural work was slack. As a result peasants in China extended their active working days from 119 a year in the 1950s to 250 a year in the 1970s.<sup>24</sup>

Alexander Eckstein, an expert on Chinese economy, said the following about the farmland capital construction in his paper on “*The Chinese Development Model*”:

More concretely, it indeed means reshaping the geographical features of an area to provide the physical conditions necessary for the application of an appropriate mix of other inputs—labor, machinery, fertilizer, and improved seed strains—to bring about high and stable yields. This often requires squaring or terracing the land; at times it involves leveling mountains and transporting the soil manually in baskets for several kilometers to build a huge dam or to cover some areas with topsoil. In many areas, it means constructing underground drainage channels, reservoirs, canals, irrigation channels, pumping stations, and tube wells.<sup>25</sup>

In addition to all the fieldwork and capital construction, China’s agriculture production organized under the commune also facilitated advancement in agricultural technology. When agricultural development was stabilized in the mid-1960s, rural industrialization began in earnest from the energy created during the Great Leap Forward. By the mid-1960s, along with growth in agricultural production, small-scale industries were set up by production brigades and communes in the countryside. (For details of achievements in China’s agriculture see Question VI. below.)

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<sup>24</sup> Nicholas R. Lardy, *Economic Growth and Employment in China*, Oxford University Press, 1979, 7-8.

<sup>25</sup> Eckstein’s original footnote: “These major construction projects have been under way for some times. They could be observed during my visit to China in December 1972. They were given a renewed impetus by the National Conference on Learning from Taichai held in September and October 1975 and were described in some detail in *American Rural Small-Scale Industry Delegation, Rural Small-Scale Industry*,” Chapter 5, pp. 2-5 and Chapter 6, p. 7.

## Question III.

**How did the superstructure change from feudal and capitalist to socialist from 1949 to 1978, and how important was the Cultural Revolution to this change?**

Since exploitation exists both in feudal and capitalist society, there has to be a political structure that supports the exploitation and a corresponding cultural and value system that justifies it. China had a very long history of feudalism and thus feudal ideology ran deep, dominating how people thought and behaved. Even today remnants of feudal ideology remain. The 1949 revolution turned Chinese society upside down and shook feudal ideology to its core. Land Reform followed by the collectivization of agriculture not only destroyed the feudal economic base, it also fundamentally challenged the feudal ideology that justified a very privileged few forcibly taking the fruits of other people's labor. It also challenged the oppressive patriarchal feudal culture, which rigidly assigned each person's place in society according to a pre-determined order.

As stated in Question II. (A), as the State took over the industrial enterprises, it aimed to change the relations of production by phasing out commodity production and labor power as a commodity. Workers in state enterprises received wages and benefits directly from the State. While industrial workers in capitalist countries had to fight hard for the eight-hour workday and for any increase in wages and improvement in working conditions, workers in state enterprises received them right away from the new government. In a society with such a long feudal past, the relationship between the workers and the Communist Party of China could not help but still have remnants of feudal ideology. Since workers in state enterprises all received the above-mentioned rights and benefits they, like other recipients of benevolent endowments, were relatively content and passive. They were grateful to the Party and State for what they received and believed that working hard to build their country was in part a way to show their gratitude. This was especially true for older workers who could compare the incredible differences between factory work before and after Liberation. Worker gratitude towards the Party and State extended to the cadres in charge of factory management, the overwhelming majority of whom, especially those at the higher levels, were communist party members.

## **Revolutionizing Industrial Organization**

As stated earlier, one of the basic changes in the relations of production in state-owned industrial enterprises to phase out labor power as a commodity would not have been possible had there not been a fundamental change in relationship between the cadres and the workers in the factories. Throughout China's long history of feudalism, government officials always had absolute authority. This old and outdated ideology had staying power in the new society and could be easily manipulated by authority to reassert control. After the transfer of ownership the cadres, who represented the State, had a lot of power and authority, and workers often did not question or challenge them. The new cadres were certainly different from the old managers before Liberation; they, in many ways, went out of their way to look after the workers' interests. However, despite the fact that workers (like peasants and other sectors of the masses) participated in the mass movements led by the Communist Party of China during the 1950s and early 1960s, their class-consciousness was not fully developed. Workers were not aware that changes in the relations of production were not guaranteed after the judicial transfer of ownership to the State, nor were they aware that political struggle continued at the highest levels within the Party—the outcome of which would determine the direction of the transition. Although it is true that even before the Cultural Revolution democracy in the workplace went far beyond that of factories in West because permanent employment status guaranteed workers their place in the factories, before the Cultural Revolution, workers did not seriously question or challenge the cadres' authority in the factories.

As industrial production increased and the number of industrial workers rose in the 1950s, work rules and production processes in factories became more rigid. The division of labor within the factories reflected the social division of labor in society as a whole. Graduates from universities and technical schools designed the products, developed the technology, and determined the labor process. Cadres managed the shops and made most decisions, which were seldom challenged by the workers. Mao saw that if this were to continue, a hierarchy of power would gradually take hold, preventing the production workers from eventually taking charge of running the factories. If workers could not be in charge of the factories how could they be expected to be in charge of the State?

When workers of the Anshan Metallurgical Combine initiated changes

in the operation of their workplace in 1960, Mao took the opportunity to call on all factories to follow their new rules as guidelines for the operation of state enterprises. On March 22, 1960, he named these new rules the Angang Constitution. (Angang is the abbreviation for Anshang Steel and Iron.)

The Angang Constitution consisted of five principles: (1) Put politics in command; (2) Strengthen party leadership; (3) Launch vigorous mass movements; (4) Systematically promote the participation of cadres in production labor and of workers in management, and (5) Reform any unreasonable rules and assure close cooperation among workers, cadres, and technicians, and energetically promote technical innovation.

Before the Cultural Revolution these guidelines did not receive enthusiastic support from the workers. While workers enjoyed benefits endowed by the State, they did not see the two-line struggle being waged within the Party. As Mao advocated for more worker control in the state factories, Liu Shaoqi advocated for Labor Reform to take away their permanent employment status. As early as the 1950s Liu Shaoqi began advocating for the labor-contract system. An essay from the recently published *Labor Contract System Handbook* reveals the history of Liu's attempts to institute temporary contract workers in state-owned factories. The essay describes how, in 1956, Liu sent a team to the Soviet Union to study their labor system. Upon its return the team proposed the adoption of the labor-contract system modeled after the Soviet Union. However, when the changes were about to take place, the Great Leap Forward began, thus interrupting this model's implementation. Then in the early 1960s, Liu again attempted to change permanent employment status by adopting a "two-track system"; enterprises would employ more temporary and fewer permanent workers, and the mines would employ peasants as temporary workers. Then in 1965, the State Council announced a new regulation on the employment of temporary workers, indicating that instead of permanent workers, more temporary workers should be hired. The regulation also gave individual enterprises the authority to use allocated wage funds to replace permanent workers with temporary workers. This time the Cultural Revolution interrupted Liu's effort to reform the labor system, and in 1971 large numbers of temporary workers were given permanent status.<sup>26</sup>

After the Cultural Revolution began in 1966, and China's population

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<sup>26</sup> "The History of Our Contract Labor System," *Labor Contract System Handbook*, ed. Liu Chiang-tan, (Science Publisher, 1987): 1-18.

engaged in changing society, the principles of Angang were broadly propagated, widely discussed, and actually put into practice. To this day principles in the Angang Constitution are still some of the most radical guidelines to changing industrial organization and production processes in factories.<sup>27</sup> During the Cultural Revolution other important issues were debated, including material incentives and piece-wage rates. Through discussion and debate workers saw that using material incentive to induce competition among workers only divided the workers and damaged class unity. When factory rules and regulations were openly discussed and debated, workers realized more than ever that it was up to them to change the world they lived in. That high degree of industrial democracy was what Charles Bettelheim witnessed in China's factories when he visited there in 1971. From what he observed in the factories and in society, Bettelheim wrote in the preface of his book: "Through discussions and struggles involving millions of workers and vast sections of the population, a new road was opened up in the struggle for socialism."<sup>28</sup>

### **Reforming the Education System**

Revolutionizing industrial organization in factories was one important accomplishment of the Cultural Revolution. Reforming the education system was another. During the long history of feudalism, education was reserved for the very privileged few. A system of examinations evolved from this long history, designed as a way to select a few "qualified" intellectuals to join the ruling class. Landlord families paid tutors to educate their sons. The sons had to study hard and then take the difficult examination; if they passed, they could become officials serving in the imperial government. This system of selection was how the land-owning class linked to the ruling class. Education, as an avenue to advance in social stature, had deep roots in the thousands of years of feudalism and in the consciousness of ordinary people. The divide between mental work and physical work was similarly rooted. As Mencius famously said: "Those who work with their brain rule, and those who work with their muscles are ruled."

Modern Western-style education found its way into China in the

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<sup>27</sup> A small group of people organized a commemoration of the 50<sup>th</sup> anniversary of the Angang Constitution in Beijing in March 2010.

<sup>28</sup> Charles Bettelheim, *Cultural Revolution and Industrial Organization in China*, Monthly Review Press, 1974.

mid-1880s through missionary schools and later through returning students educated in the United States and other Western countries. Toward the end of the Qing Dynasty the first university was established and the examination system was abolished. After the 1911 revolution the government adopted many aspects of modern education from the West, including the levels of education and the number of years at each level: six years of elementary, three years of junior high, three years of high school, and four years of college. Curriculum at different levels was changed to include modern science, modern languages, social sciences, psychology, and other subjects. In the 1930s, however, only about 15% of Chinese children received elementary level education and even fewer attended high school. University education only served the extremely small ruling class in the urban areas and provided an important vehicle for obtaining wealth, fame and power.

When the People's Republic was established in 1949 the literacy rate was about 20%.<sup>29</sup> The focus of education in the early years of the new government was to quickly increase the population's literacy through formal schooling, as well as through literacy campaigns and establishing informal schools that taught people how to read and write. Between 1949 and 1965 elementary school enrollment more than tripled from 45 million to 160 million, secondary school enrollment increased 8.5 times from 2.3 million to 19.7 million, and college enrollment increased 4.3 times from 230,000 to 930,000.<sup>30</sup> Curriculum at different levels went through major revisions; Western influence was largely replaced by Soviet influence. Education in urban areas was basically free of charge. College students no longer had to pay tuition and were also given monthly stipends to cover their living expenses. In this sense, education was no longer limited to those who could afford to pay and was expanded to include young people from other segments of society.

The basic philosophy of education, however, remained largely unchanged and continued to follow in the old tradition. Although schools expanded at all levels during the first 16 years of the new republic, there was a strong bias in favor of the urban population at the expense of the

<sup>29</sup> The criteria of literacy varied from knowing 1,500 Chinese characters to knowing over 3,000 or more characters. For more details, see Dwight Perkins and Sjjid Yusuf, *Rural Development in China*, The John Hopkins University Press, 1984, chapter 8.

<sup>30</sup> *State Statistical Bureau, Statistical Yearbook of China*, 1981 (Hong Kong Economic Information Agency, 1982)

rural. Even in urban areas, children of worker families were at a disadvantage, although cost was no longer a barrier for them to attend school. In the 1950s and 1960s, schools at different levels used test scores to judge student performances, and admission to high school and college was based on the entrance examination scores. “Key schools” were set up to attract students with the best scores and a tracking system within them—very much like the tracking system in US schools—further differentiated their futures; placement in the upper tracks of “key high schools” almost guaranteed a place in the best universities by enabling them to achieve high scores on the entrance examination. The “key schools” had more resources, better trained teachers, and better facilities.<sup>31</sup> This system of competition based on book learning strongly favored students from intellectual families, which had more books and parents who were better equipped to help their kids raise their exam scores. While children from worker families were at a disadvantage, children of peasant families had even more limited chances to attend high school; all the barriers to enter university were almost insurmountable. Both feudalism and capitalism use the surplus created by workers and peasants to educate elites who turn around to rule them. If socialism continued that familiar pattern, where would future leaders of the working class come from?

The admissions process and standards no longer met the needs of the new society, and neither did the curriculum. There was too much book learning, which often imparted outdated and irrelevant knowledge that did not meet the urgent needs of China’s rapid industrial and agricultural development. Even though Mao was well versed in the ancient forms of the Chinese language, he always thought education in its traditional form stifled young people’s curiosity and imagination and provided no useful knowledge. He had dropped out of school a few times in his youth and studied on his own to acquire a wealth of knowledge in breadth and depth unmatched by known scholars. Thus Mao had a bias against the kind of formal education taught in regular institutions and saw education reform as a key to the success of building a new socialist society—not only so that young people could acquire useful knowledge for developing the economy, but also to bridge the divide between mental and physical work. However, in the institutes of higher learning, school administrations and faculties considered curriculum matters their prerogative—a role that was not to be challenged by anyone.

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<sup>31</sup> Perkins and Yusuf, *Ibid.*



During the Cultural Revolution several basic questions confronted education reform. First, who should be admitted to schools of higher learning? Second, what should be taught in these schools and how should book learning be connected to practice? And third, how could education be expanded to include more young people in the countryside? There was also the question of learning beyond classrooms and whether the length of formal education at different levels should be shortened.

Education reform generated great enthusiasm among young Red Guards during the Cultural Revolution. Schools were suspended so that the young people could play a critical role in changing the education system.<sup>32</sup> Education reform provoked an uproar in institutions of higher learning. After three years of intense struggle, admission processes and standards were changed and written entrance examinations were abolished. After high school graduation, young people worked in either factories or on farms, and their work units decided who should be sent to school for further study. Additionally, large numbers of high school graduates in cities were sent to the countryside to learn how to work and learn from working in production. Curriculums were revised to better fit the needs of society. Physical labor was incorporated into the curriculum as an integral part of learning. University faculty in science and engineering started going to factories to see how to make a better connection between what they were teaching and what was needed for industrial development, while faculty in agricultural sciences went to the communes to help peasants improve planting methods and soil conditions, develop new seeds, and control pests.

Despite the continuous lies told by the capitalist reformers about the “ten year loss” in China’s higher education, there were very significant achievements in both science and technology. These achievements laid the foundation for further development in the post-socialist years. More importantly, education reform during the Cultural Revolution disseminated scientific knowledge to the broad masses of people—the workers and the peasants.

The American Rural Small-Scale Industry Delegation that visited China’s small-scale rural industries in 1972 witnessed the confidence and pride of the peasant-workers who mastered the technology of machine making in their workshops. In Chapter X: “Expanding Knowledge and Attitude,” the

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<sup>32</sup> Schools were suspended for three years from 1966 to 1968.

delegation report included the following, about the meaning of being “red and expert”:

[In the stereotype] the experts want large-scale urban enterprises, full of the most advanced technology and imported machinery. The perfect “red” is, of course, the antithesis of this: one with the masses, confident in their ability and their methods, unintimidated by the presumed superiority of the technological mandarins and their foreign mentors...

Central to the resolution of this contradiction is technological assimilation and accessibility: technologies which are felt to belong naturally to one’s immediate environment, not as wonderful and exotic phenomena; and technologies which are capable of being thoroughly understood and mastered by those at all levels who work with them. “Most of the machinery in this plant was made and installed by ourselves.” “Our own staff, in teams made up of old workers, cadres, and technicians, has produced 104 innovations in the past six months.” Such phrases, which we heard over and over again, bespeak an important role in assimilation and accessibility for local small-scale industry.<sup>33</sup>

What this delegation witnessed in the workshops of rural small industries speaks to the essence of education reform during the Cultural Revolution and its short-lived success.

### **Propagating Proletarian Art and Culture**

Related to education reform, changes were made in the areas of art and culture, including literature, music, film, and theater. Before the Cultural Revolution, mainstream theater and art rarely reflected the lives and work of workers and peasants. Traditional Chinese opera continued to tell the stories of old imperial dynasties, which had little relevance to the new society; a familiar subject of traditional Chinese brush paintings was an old man sitting idly in a boat appreciating the mystic mountains, as well as brush paintings of flowers and birds. It was obvious that basic changes in arts and culture were necessary when workers, peasants, and revolution-

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<sup>33</sup> “*The American Rural Small-scale Industry Delegation*,” edited by Dwight Perkins, *Rural Small Industry in the People’s Republic of China*, University of California Press, 1977, 237-238.

ary soldiers were the main actors in the new society. Drastic changes in all areas of art and culture took place during the Cultural Revolution. A new breed of worker and peasant artists painted vivid pictures of their lives—proudly working with shiny new machines in factories and happily working in the fields with families during the harvest. The joy in these paintings was expressed in bold strokes and bright colors in contrast to the old paintings of the lonely old man created with a delicate stroke and muted colors.

Many people today know about the eight famous Cultural Revolution dramas portraying revolutionary heroes and heroines. Jiang Qing was responsible for the creation of these dramas on stage and in films, creatively applying traditional and contemporary art forms including Chinese opera and Western ballet to tell revolutionary stories. There were also many different forms of music explored and developed during this period. One of the most inspiring endeavors was encouraging music and art students to travel to national minority areas to record their music and art. The Chinese Communist Party was very critical of the persistence of Han chauvinism. Since the great majority of dozens of Chinese ethnic groups were (are) Han, with few exceptions, historically the Han dominated China politically, economically and culturally. The CCP made friends with many national minorities during the Long March and after Liberation its policy toward national minorities was the most advanced in the world. After Liberation national minorities were given many political and economic privileges that the Han did not have. During the Cultural Revolution many efforts were made to preserve languages, arts, music, and other cultural aspects of national minorities. The CCP's policies toward national minorities were the reason for peace between the Han and other minorities during the socialist period.<sup>34</sup>

### **Promoting Democracy, the Spirit of Cooperation and Class Unity**

Another crucial achievement of the Cultural Revolution was the practice of democracy at the grassroots level. The mere suggestion of democracy under socialism in China can cause controversy. Many people ask, “How could China have democracy, when it was under the one-party rule of the Communist Party?” If examined from a different perspective, however, a

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<sup>34</sup> Through the long history of China, the ethnic majority Han Chinese oppressed national minorities. After Liberation, the central government deliberately compensated China's national minorities, setting strict regulations to prevent the Han from their previous unfair practices.

different picture with different questions emerges. As explained above, there were actually two headquarters within the Chinese Communist Party—the bourgeois headquarters that was actively pursuing capitalism, and the proletarian headquarters that was actively pursuing socialism. The division between the two headquarters became clearer after the 1950s. As time went on the struggle between them became more intense, when Mao saw that the contradictions could no longer be dealt with as contradictions among the people.

The dichotomy between the two headquarters could not be resolved by a voting system like the bourgeois democracy of modern capitalism, which has a two-party or multi-party system with one or more Left-of-center parties and one or more Right-of-center parties. The differences between or among these political parties in the West are very limited in scope, because all of them have the goal of maintaining bourgeois rule. Some advocate more government involvement in managing the domestic economy and others prefer less, but their class interests are the same. Moreover, the range of foreign policy alternatives is rather narrow, focusing mostly on options of the ruling class in imperialist countries.

During the Cultural Revolution the issues between the two headquarters were fundamental: between capitalism and socialism. The proletarian headquarters was for socialism and was not afraid of the masses—it encouraged their participation in the debate. A ruling party encouraging mass participation in discussing such fundamental issues was historically unprecedented. During the Cultural Revolution the masses practiced the four *da's*: *damin* (big voice), *dafang* (big openness), *dabianlun* (big debate), and *dazibao* (big-character posters) to exercise grassroots democracy. The government could not censor what people wanted to say, because they simply wrote big-character posters and pasted them on walls in the streets or hung them from ceilings in factories, schools or offices. The right for people to practice the four *da's* as well as the workers' right to strike were written into the constitution in 1975 (Articles 13 and 28). This demonstrated how the proletarian headquarters stood firmly on the side of the workers and masses. These same rights were quickly eliminated in 1978 as soon as the capitalist reformers seized power, and they were all formally dropped from the constitution in 1982. This shows how the bourgeois headquarters was afraid of the workers and masses by immediately eliminating their basic rights immediately after it seized power.

The Cultural Revolution not only articulated the major differences between socialism and capitalism, it took concrete steps in advancing socialism in many spheres in Chinese society, demonstrating why the proletariat had to be in control in order to advance socialism. When the bourgeoisie seized power in 1977 it was able to reverse the course of development and dismantle the achievements made during the socialist period. It also distorted that period of history—especially the Cultural Revolution—and demonized Mao. However, the Cultural Revolution made it impossible in the long run for the bourgeoisie to keep up appearances that they were actually pursuing socialism. Chinese workers and peasants lived and struggled through socialism and capitalism as two distinctively different societies, and their struggles during the past 40 years of capitalist reform have enabled them to have a better and deeper understanding of the meaning of the two-line struggle in many spheres of society and the crucial issues hotly debated during the Cultural Revolution.

Toward the end of the Cultural Revolution the spirit of Dazhai and Daqing swept across the country. Under Chen Yonggui's leadership, peasants in Dazhai worked long hours without rest in bitter weather, overcoming severe natural conditions to become self-reliant. They proved that men and women working together could move mountains. Their spirit inspired the whole country, and in the 1970s as many as 80 million peasants participated in "farmland capital construction" work each year, totaling the equivalent of eight billion labor days in land work. As a result, Chinese peasants changed the landscape of China's countryside. They also worked cooperatively in conducting extensive and intensive scientific experiments to improve seed strains, soil conditions, and other farming methods.

In Daqing, when workers realized that oil was an important source of energy in China's industrialization, they devoted themselves to making innovations in order to increase oil production, many risking their lives drilling oil wells. Workers and peasants in China proved to themselves and to the world their capability to organize production and look beyond their own narrow self-interest. What they accomplished should have forever dispelled the myth that "Chinese people were nothing but a pile of loose sand" and that "workers and peasants were stupid, ignorant, and backward." Yet Deng and his supporters insulted them by calling them lazy, because they "ate from a big pot," and because they were "holding an iron rice bowl"—in reference to the guaranteed economic benefits for the masses in the socialist economy.

The concrete experiences of China showed that socialist value has to be grounded in the socialist economic base. Question II. (A) and II. (B) explained changes in the economic base and this question explained changes in the superstructure. Fundamental changes in both the economic base and the superstructure made China a socialist country during the period between 1956 and 1978.

## Question IV.

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### What were some additional achievements made during China's socialist development?

China achieved significant development in productive forces in all sectors of the economy. By relying on its own internal finances and independent technological advances, China was able to develop rapidly during the thirty years before 1978. (See Question V.) China's socialist development built a strong industrial base and laid the foundation for its agriculture, vastly improving the material well-being of hundreds of millions of Chinese people. It was able to develop sophisticated technology in its industrial sector and raise the level of mechanization in its agricultural sector. Between 1952 and 1978 the annual growth rate for agriculture, industry, and transport and construction averaged 3.4%, 9.4% and 10.7% respectively.

### Achievements in Education and Health

Before Liberation China was an extremely poor and backward country. After 100 years of repeated foreign invasions and wars China's economy was in ruins. Before 1949, malnutrition and outbreaks of infectious disease were the main reasons for China's high death rate. During the 1930s China's crude death rate was 27 per 1,000. The infant mortality rate was 156 per 1,000 births for the country as a whole and was as high as 200 per 1,000 for the peasant population. On average, one third of all children died before the age of five. For the peasant population, life expectancy at birth was less than 30 years.<sup>35</sup> These grim statistics are not surprising, considering that in 1949 only one hospital bed existed for every 24,000 rural residents, and there was no preventive medicine to speak of.<sup>36</sup> China was known worldwide as the "sick man of Asia."

After the collectivization of agriculture, grain and other agricultural products increased steadily, with the exception of 1959-1961. While people's diet improved, China made rapid progress in other areas to improve people's health. Infectious diseases were eradicated by relying on the masses. Mobile

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<sup>35</sup> Perkins and Yusuf, 133-134.

<sup>36</sup> *Important Statistics on China's Agriculture*, Chinese Statistics Bureau, 1983, 13 & 92.

medical units toured the countryside and the cities explaining the causes of diseases and convinced people to change their sanitary conditions and personal hygiene practices in order to prevent them. Many mass campaigns were initiated to eradicate different diseases, along with mass campaigns to kill flies, mosquitoes, and other carriers of disease. People's enthusiastic participation in these campaigns showed that they wanted to take charge of changing their own conditions. In only one and a half decades after the Liberation, China was able to eradicate most of the infectious diseases that had plagued its population for centuries, including cholera, diphtheria, tuberculosis, schistosomiasis (snail fever), typhoid fever, smallpox, and many others.

By the end of the 1970s even the World Bank reported that, despite China's low per capita GNP, its death rate had dropped to the level of developed countries. China's crude death dropped from 27 per 1,000 in the 1930s, to six per 1,000 in 1979, and during the same period its infant mortality rate dropped from 156 per 1,000 births to 56. Life expectancy at birth doubled within one generation.<sup>37</sup> In the 1940s about 80% of the Chinese population was illiterate. The Chinese Communist Party launched a literacy campaign in the Liberated Areas even before 1949. After Liberation the campaign proceeded at full speed. In the meantime, the number of schools expanded rapidly and by the mid-1960s about 70% of all primary school-aged children and 16% in the secondary school-aged group were enrolled in schools.<sup>38</sup> China's accomplishment in health and education far exceeded advanced capitalist countries in their early stage of industrialization because China's socialist development made satisfying human needs, instead of expanded capital accumulation, the goal of its development.

### **Achievements in the Modernization of Agricultural Production (Socialist Approach to Developing Science and Technology)**

After the commune system was established, the communes and brigades set up as many as 40,000 agricultural technological expansion and improvement stations with the help of the central government.<sup>39</sup> A four-level research network (county, commune, brigade, and team) covered the breadth of rural areas, greatly raising the level of technology for agricultural

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<sup>37</sup> Perkins and Yusuf, 125-127;133-134; and Sidel & Sidel, 92-93.

<sup>38</sup> Sidel and Sidel, *Ibid*.

<sup>39</sup> These stations operated at the county, the commune, the brigade and the team levels.



production by improving seed strains, controlling plant diseases and the use of both organic and chemical fertilizers to improve soil conditions towards increased production.<sup>40</sup> According to Thomas B. Wiens, an agricultural specialist, China's work on hybridization in the early 1950s achieved great results in new dwarf rice varieties and hybrid maize. Wiens explained how the seed selecting system of this research network was able to achieve the period from breeding to full-scale production in the shortest time possible.<sup>41</sup> This demonstrated the superiority of having a network structure under the commune over commercial for-profit seed companies to improve agricultural technology.

The Great Leap Forward in 1958-59 aroused peasant enthusiasm to industrialize the countryside. By the mid-1960s, when agricultural production was stabilized, small-scale industries were set up by production brigades and communes. These small industries produced tractors and other agricultural machinery and provided repair and maintenance services for increasingly mechanized agricultural production. They also produced other industrial goods such as fertilizer for farming and cement for construction, as well as consumer goods for rural residents. In 1975 Dwight Perkins, a specialist in international development and in Chinese studies, led a group of American delegates in different fields of study to visit small industries in China. They produced a comprehensive report on what they saw called *Rural Small-Scale Industry in the People's Republic of China*.<sup>42</sup> Their report gave a positive evaluation of the concrete conditions of these small-scale industries (which employed from under 50 workers to around 600 workers) and their impact. In the conclusion the group credited these small-scale rural industries that produced cement, fertilizer, electric power, and agricultural

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<sup>40</sup> Wiens, Thomas B., "The Evolution of Policies and Capabilities in China's Agricultural Technology," *Chinese Economy Post-Mao, A Compendium of Papers*, submitted to the Joint Economic Committee Congress of the United States, Volume 1. Policy and Performance, November 9, 1979, 671-703.

<sup>41</sup> Wiens said, "The extraordinary speed with which hybrid rice went from breeding to full-scale production is the most spectacular example yet of a facility which gives China several years' edge over other countries in the rapidity with which plant breeding results can be applied." He continued, "Through the creation of the four-level research network, China has evolved a system permitting simultaneous stabilization, selection for local adaptability, evaluation, and seed multiplication in the shortest possible time."

<sup>42</sup> Perkins, Dwight, ed. *Rural Small-Scale Industry in the People's Republic of China*, 1977, 56-58. 110-116.

machinery with the rapid increase in the rates of investment and transformation of Chinese agriculture. The report also credited the small-scale rural industries with raising the level of technical know-how in China's countryside. Additionally the small-scale rural industries limited the pace of urbanization and facilitated "the desire to reduce the social and economic status difference between urban and rural, industrial and agricultural sectors; the desire for greater popular participation and initiatives in the development process; and the desire to spread technical capabilities throughout the rural population."<sup>43</sup> As a rule they did not use the most advanced technology, but they served the increasingly modernized agricultural sector well by using the level of technology available to them—often machinery and equipment phased out by industries in the state sector.

The economic policies based on the worker-peasant alliance strengthened the link between the industrial and agricultural sector. As the industrial sector developed, it supplied the agricultural sector with more and more industrial products, agricultural machinery, equipment, electric generators, and chemical fertilizer. The three-tiered ownership of the commune mobilized and organized peasants to engage in extensive work to improve the land and infrastructure in China's vast countryside. This extensive land work made the modernization of agriculture possible. Moreover, the small industries in rural areas made it possible to maintain and sustain the new modernized agriculture. These accomplishments can be summarized in the table below:

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<sup>43</sup> Ibid.

## Modernization of Agriculture

	1952	1957	1965	1979
Tractor-plowed area as a percentage of cultivated area	0.1	2.4	15.0	42.4
Irrigation area as a percentage of cultivated area	18.5	24.4	31.9	45.2
Power irrigated as a percentage of the total irrigated area	1.6	4.4	24.5	56.3
Kilos of chemical fertilizer applied per hectare	0.7	3.3	18.7	109.2
Small hydropower stations in rural areas	98	544	n.a.	83,224
Generating capacity in thousands of kilowatts	8	20	n.a.	276.3
Total horsepower of agricultural machinery (10,000 hp)	25	165	1,494	18,191
Large and medium-size tractors (in thousands)	1.3	14.7	72.6	666.8
Small and walking tractors* (in thousands)	n.a.	n.a.	4	1,671
Motors for agricultural drainage & irrigation (10,000 hp)	12.8	56.4	907.4	7,122.1
Combine harvesters	284	1,789	6,704	26,265
Motor fishing boats	n.a.	1,485	7,789	52,225

\*Although these were intended for agricultural use, many were used for transporting goods.

Source: *Statistical Year Book of China*, 1983, pp. 186, 197; and *1981 China Economic Yearbook*, VI (in Chinese), p. 13.

China's socialist development was an astounding success. In merely twenty years Chinese workers, peasants, and intellectuals under party leadership not only built a solid foundation for China's industries and agriculture and paved the way for further development, they also immensely improved the standard of living for a large and growing population. For the first time

in China's long history the working people had their basic needs—food, clean water, healthcare, education, and adequate housing—met and were credited with being the creators of wealth. They received the highest respect and dignity in the history of humankind. Again, how can anyone say that socialism in China failed?

### **The Great Leap Forward for Women—Holding Up Half the Sky**

Under party leadership, China's workers and peasants together changed the world around them, turned the old feudal order on its head. In the process they also transformed themselves and their relationship with nature and with one another, including gender relationships between men and women. Moreover, the CCP consciously and consistently pushed policies and sustained efforts aimed at equality between women and men. This was based on the firm belief that a society could not be liberated from the shackles of old ideas and old practices without the liberation of women. In other words, in a new socialist society, women's emancipation must proceed together with continuing class struggle for full emancipation from all forms of oppression.

The massive campaign to eradicate illiteracy meant setting up classes in the countryside and cities and teaching ordinary peasants and workers to read and write. These literacy classes were especially instrumental to the liberation of women because, once women learned to read and write, they started reading newspapers, documents, and other printed matter, sharing information among themselves and communicating with the outside world. Their surroundings expanded from a narrow focus on their own families to a broader perspective that included their communities, the nation as a whole and even the world. Classes organized to eradicate illiteracy later evolved into political study groups, where they learned and discussed national and international news and debated government policies.

As described above, the health of people improved dramatically from a better diet, health care, and personal hygiene. This benefitted the population in general and women in particular, because women had suffered disproportionately from health issues due to diseases related to childbirth and had been the caretakers for sick family members.

In the 1950s, as China's industrialization took off and factories in both heavy and light industries sprouted up, both male and female industrial

workers grew in number, and their status rose. In urban areas where most factories were state-owned, both male and female workers received adequate wages, equal pay for equal work, and lifelong job and benefit guarantees from the State. Although wages of factory workers were not high, their cost of living was kept low due to housing and utilities subsidies and free medical care for workers with a small monthly payment to cover their families. The workplace also provided free childcare. Moreover, women workers received additional benefits including being assigned lighter work during pregnancy, 56 days paid maternity leave, and longer breaks for new mothers to nurse their newborns in nearby nurseries. Workers also had the option to eat in the factory canteens, which only charged for the cost of food but not the cost of meal preparations, liberating women from the domestic work in their kitchens. Women workers retired at the age of 50 and men retired at the age of 55 with pensions that equaled 70% of their wages plus full benefits.

After Land Reform, the collectivization of agriculture in the mid-1950s was another important step forward in raising the status of women. During the stage of advanced cooperatives, all land and other productive tools were collectively owned by the cooperatives. Individual households no longer had control over the means of production. At the same time, women began to earn work points from participating in production. As a result, the material base for patriarchy (male domination), a persistent legacy of many centuries of feudalism, gradually disappeared. After the communes were formed, work points women earned were recorded in their own names instead of the names of their families. This meant that women were treated as individual workers in the production teams and they—not their families—received the cash or grain they earned from the accumulated work points. That was the first time peasant women could show the worth of their productive work. With the cash and grain they took home, their status in their families rose almost immediately.

During the stage of elementary co-op in Xigou, a small village in Shanxi Province, a woman co-op leader, Shen Jilan, found a way to motivate women in the village to join production. Shen saw the importance of women in the drive to increase production; because in Xigou there were 22 male productive members and 24 potential female productive members. Female members were reluctant to join production because the work points they earned had been recorded in their husbands' names. Shen persuaded them to join production by making a change so the work points they

earned would be recorded in their own names. Soon they joined and formed an all-women team. These women showed tremendous enthusiasm and produced impressive amounts of output. Later Shen persuaded the party leader to send the women's team to learn new skills. Upon their return, the all-women's team produced as much output as the men's team. Shen then led them to struggle for equal pay for equal work and won. They became the first to receive the same number of work points for a day's work as that of men.<sup>44</sup> Not many women received the same work points as men because more points were given to a day's work that required heavier physical labor traditionally assigned to men. However, gradually, when machines began to replace human labor, the required physical strength to perform different tasks became less important, thus helping narrow the gap in work points between men and women.

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<sup>44</sup> See "*The Changing Status of Chinese Peasant Women*," Addendum to Chapter XII, Pao-yu Ching, *Revolution and Counterrevolution, China's Continuing Class Struggle Since Liberation*, Institute of Political Economy, Manila, 2012, 251-260.

## Question V.

**What was China's socialist development strategy? How was China's socialist development different from colonial and semi-colonial countries pursuing capitalist development?**

When compared with the experiences of countless other colonial and semi-colonial countries, socialist China was able to successfully develop its economy where others failed. The most important reason for China's success was that it went through a socialist revolution and pursued socialist development under the leadership of the Chinese Communist Party. China's socialist development made it possible for it to be independent from the interference and exploitation of imperialist countries. The CCP under Mao Zedong built a strong alliance between workers and peasants and adopted a self-reliant development strategy based on this alliance.

Today in most colonial and semi-colonial countries, agriculture can no longer sustain the rural population, so peasants leave the land and migrate to nearby cities. In cities independent industrialization has failed and export manufacturing provides some low-wage jobs, but unemployment and poverty persist in most countries. Peasants who migrate from the countryside often live in deplorable conditions with no clean water, basic food, or medical care and extremely poor sanitary conditions. Children living in the slums receive no education and often resort to rummaging through garbage dumps to find a few items to sell or some scraps of food to eat. We need to ask why the differences between the lives of workers and peasants in socialist China and those in colonial and semi-colonial countries are so stark. This section strives to provide some answers.

The most distinguishing character of China's socialist development was that it eliminated exploitation both internally and externally. All societies since the end of primitive communism have produced surplus, which is the amount of products produced above a given society's current consumption. Historically, surplus produced by society was used to build religious temples, palaces for kings and queens while they lived, and fancy mausoleums after they died. Surplus also was and is used for military conquest and to support the luxurious lives of the rich and powerful. Under feudalism surplus took the form of in-kind rent payment. Under capitalism surplus has taken the form of profit for capitalists who can use it for expanded capital accumula-

tion, for military expansion and to pay for their material comforts. Surplus also takes the form of interest and rent. All forms of exploitation squeeze surplus from the working masses. Under capitalism it is the capitalists' prerogative to decide whether to use the surplus for further capital expansion or for extravagant consumption. The working people who produce the surplus have no right to say how surplus is to be used. When a socialist country eliminates exploitation, surplus can then be invested in producing useful products and services for the working people.

China had no internal exploitation because socialism eliminated the payment of profit, rent, and interest. This was possible because the state sector phased out commodity production and labor power as a commodity. In the collective sector after the formation of advanced co-ops, capital (farm tools) ceased drawing shares from total output. Moreover, in both the state sector and the collective sector great efforts were made to avoid layers of bureaucracy doing only administrative and non-productive work. Once exploitation was eliminated, all the surplus produced in the society could be invested in machinery and equipment to improve the land and to build infrastructure in order to expand future production. Equally important, in socialist China surplus was not squeezed excessively from the workers and peasants, so that significant improvements were made in their standard of living. As stated above, production team leaders continued doing farm work as part of their team. Most brigade leaders and those who carried out work in the communes were very conscientious about doing their best work. Every year when the harvest was complete, they faced criticism from their members and engaged in self-criticism.<sup>45</sup> Great attention was paid to whether leaders took anything that belonged to the collectives for personal use. The leaders shouldered huge responsibilities with very little material reward. They did not exploit their members.

Perhaps even more important, during China's socialist development there was no external exploitation, which meant that no surplus was siphoned out of the country. In most colonial and semi-colonial countries—in addition to the exploitation of domestic landlords, capitalists, moneylenders, and bureaucrats—surplus is taken out of the country in profits for foreign monopoly capital and/or interest to foreign banks and international

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<sup>45</sup> See William Hinton, *Shenfan, The Continuing Revolution in a Chinese Village*, Random House, 1983. Hinton described the struggles in Long Bow Village in different parts of his book including how cadres were criticized by the peasants.



financial institutions such as the International Monetary Fund. Under the worker-peasant alliance, China's socialist development adopted a self-reliant development strategy so that surplus created by the Chinese laboring class stayed in China to develop its industries and agriculture.

What were the main factors in China's self-reliant economic development? Why is self-reliant development only possible under socialism?

### **The Two Major Dimensions of Self-reliant Development Strategy**

The first dimension of self-reliance is an economic development that relies on internal financing. In this world dominated by imperialism, less developed countries must mobilize their own resources for development. "Experts" in developmental economics created the myth that a poor country has to rely on external finance to develop. However, this myth has been shattered by what we have experienced in the past several decades. The reality is that by relying on foreign investment and/or foreign loans, less developed countries lost many more resources than the very little they gained. They are much worse off after several decades of "development." By relying on external finance, colonial and semi-colonial countries ended up owing huge debts to international monopoly capital and international financial institutions. International financial institutions dominated by monopoly capital and imperialist nations have used debt as an instrument to force Structural Adjustment Programs (SAP) onto debtors.

Through SAPs these powerful outside forces have been able to dictate their internal economic and political affairs. Countries that have been placed under SAPs lose their autonomy to decide how to use their own resources to produce food and other necessities for their own people. Under SAPs productive resources shift from domestic consumption to produce export commodities in order to earn foreign exchange to pay interest on debt they owe. Meeting the interest payment for their ever-growing debt becomes the only objective for "development"; people's basic needs are completely absent from any "development" program. Moreover, with the help of international trade and financial institutions, imperialist countries used this debt trap as a vehicle to shift the burden of economic crises to debtor countries. The result has been that large foreign multinationals have taken over many sectors of their economies including manufacturing, communication, and transportation, as well as finance and banking.

The second dimension of self-reliance in China's socialist development is reliance on its own technology. Mao saw the importance of technology in economic development, but he often explained in his talks and writings that in order for a poor country like China to catch up with the West, China had to rely on its own technological development. He used an easily understood analogy to describe China's technological needs: it must "walk on two legs." One leg was adopting advanced up-to-date technology from the West when it was appropriate, by critically evaluating how such technology would fit its own development needs. However, a country like China could not just walk on this one leg. The other leg was the utilization of all different levels of technology, traditional and indigenous, as well as developing its own modern technology. The ability to utilize different levels of technology (the more advanced new technology and the dated old technology) for development in order to make use of all available (and scarce) machinery and equipment is only possible under socialism. As explained in Question IV the small-scale rural industries often did not use the most advanced technology, but they were able to serve the increasingly modernized agricultural sector by using the level of technology available to them—often machinery and equipment phased out by industries in the state sector. This is a good example of the "Walking on Two Legs" development strategy. In capitalist development older and less "efficient" technology is driven out of the market (and scrapped) by the newer and more "efficient" ones, essential to "planned obsolescence" or "creative destruction."

It is worthwhile to have a short discussion here on countries developing their own technology. For a semi-colonial country developing its own technology is not simply a technical question. It involves a significant shift in ideology. At the time of Liberation China had been under foreign dominance for more than one hundred years. Foreign countries (from the West) repeatedly defeated China by using their superior weaponry and sophisticated technology. It was no wonder that Chinese people in general and Chinese intellectuals in particular regarded the superiority of foreign technology as absolute and believed that China could never catch up. This defeatist attitude had to be overcome. China was able to develop its own science and technology by painstakingly building a solid foundation from the basics, including writing its own basic textbooks on science and technology, instead of directly translating foreign copies. Making advancements in their own technology was proven possible during the socialist transition because the

ideology changed, leading people to believe that they had the ability.

Also, unlike other developing countries, there was no brain drain from China during the socialist years. For many decades, year after year of unremitting brain drain from developing countries (including China once socialism ended) to the Western countries has occurred with university educated young people as well as well-known scientists leaving their own countries to work in Western academies and high-tech industries. In fact, the brain drain has been much more serious than what is seen by the steady emigration of intellectuals because scientists in semi-colonial countries are incentivized to pursue research subjects, not according to the development needs of their own countries but according to whether their results are publishable in international academic journals. The loss of resources from brain drain is as serious as the draining of natural and financial resources from these countries.

An economic model based on self-reliance made it possible for China to develop its economy during the socialist transition, to better the lives of its people and to consolidate the alliance between workers and peasants. China did receive financial and technological aid from the former Soviet Union in the 1950s. Soviet aid, given in the spirit of helping another socialist state, had a very positive impact on China's heavy industry development. However, the Soviet Union withdrew all of its technical personnel and left many projects unfinished in 1960 after the Chinese Communist Party criticized the Communist Party of the Soviet Union for its revisionist path after its 20<sup>th</sup> Congress in 1956. The Soviet Union also demanded immediate repayment of all China's debt.<sup>46</sup> China learned the importance of self-reliance from this experience.

It is also necessary to point out that self-reliant development does not mean that a country has to totally rely on itself without trade with other nations. China always maintained that it welcomed foreign trade, as long as it benefited both trading partners and was carried out on a basis of equal treatment. For many years, however, China was not able to trade with many countries because of a United States imposed trade embargo.

Under the self-reliance model, China did import technology from advanced capitalist countries. Alexander Eckstein wrote: "Complete-plant imports from Japan, Western Europe, and to some extent the United States are making a major contribution to the expansion of production capacity

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<sup>46</sup> Including the debt China owed to finance the Korean War.

in the chemical fertilizer, petrochemical, and iron and steel industries, as well as in power generation and commercial aviation, in the 1970s.”<sup>47</sup> China benefited from select technology imports because it was able to use them not to substitute for its own technology but to replicate them. After a foreign-designed complete plant was imported and built, China was able to build a copy in a fairly short time. John G. Gurley, another expert on Chinese economy, said, “In the 1960s, China purchased four complete nitrogenous-fertilizer plants from the Netherlands, Britain, and Italy, which were installed in 1966. It began building its own fertilizer plants in 1964, and around this time set a goal of one large-scale plant for each of the country’s 180-190 districts and one smaller plant for each of the more than two thousand counties. In fact, much of the increased production of chemical fertilizers in the 1960s came from the medium and small-scale plants that were constructed throughout the countryside during the decade.” Gurley added that China continued to import fertilizer from abroad as well. (Gurley, 249) The small-scale plants he was referring to were those owned and operated by communes and production brigades.

Developing socialism in a country such as China, where the productive forces were low, had some difficulties and challenges. (This will be further explored in Question VI.) Yet, despite these difficulties and challenges China succeeded.

The overwhelming majority of less developed countries bought into the lie that they must rely on technology imported from advanced capitalist countries. However, once a country becomes dependent on imported technology it must then adopt and accept the logic of capital and the way capital defines efficiency. If we follow the logic of capital, efficiency is achieved when half of the workers are laid off and the remaining half work eighty hours a week. Self-reliance in technology is critically important and closely related to self-reliance in internal finance. When we contrast the self-reliant development strategy with the one relying on external finance and imported technology, the difference is clear. When a country becomes heavily indebted to international monopoly capital and international financial institutions, it has to forgo all other development objectives and use whatever means necessary to increase its exports to pay interest on its debt. However, when a country’s production is concentrating on exporting either agricultural

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<sup>47</sup> Eckstein, 1978, 107.

products or industrial products, it must also use advanced technology that is controlled by monopoly capital. Since China adopted capitalist development it has phased out almost all of the older capital equipment in its entire textile industry. It had to import the newest technology in textiles in order to make products that could compete with Taiwan, South Korea, and many other countries in the international textile and clothing market. As many textile factories closed down and tens of thousands of workers lost their jobs, China's textile industry became dependent on export markets and imported technology, all of which are tightly controlled by international monopoly capital.

China's self-reliant strategy of development has proven that when a country is free of foreign and domestic exploitation, hardworking people can use the surplus they generate and the resources of its own country to develop the economy for the satisfaction of the current and future needs of its people and country. Imperialist propaganda wants us to believe that backward countries need financial resources and technology from advanced countries in order to develop. The success of China's self-reliant development proved that this propaganda was a myth created by the imperialist countries, so that they could latch onto less developed but resource-rich countries and extract every bit of surplus from them. In this era of imperialism, imperialist countries depend on colonial and semi-colonial countries to expand their capital accumulation, so they turn the truth upside down to create that myth.

### **The Class Basis of China's Self-Reliant Development**

The class basis of China's self-reliant development strategy was the worker-peasant alliance. Under the worker-peasant alliance the State supported the agricultural sector's development. In the beginning stage of economic development in any society where there is little or no industry, surplus for development can only come from the agricultural sector. This means that the surplus needed to build industries has to be transferred from the agricultural sector to the industrial sector. China under socialism was no exception. The difference, however, is that in most colonial and semi-colonial countries the agricultural sector does not get replenished after industry begins to develop. By pursuing the worker-peasant alliance, the socialist state in China continuously replenished the agricultural sector with industrial products such as chemical fertilizer and pesticides, and agricultural machinery,

such as tractors, threshers, harvesters, and equipment for power stations and irrigation systems. This was accomplished by State investment in agricultural input industries and by pricing their products low enough so that the communes could afford to buy them. The State also invested in infrastructure like large irrigation projects, such the famous Red Canal, which spanned several provinces.

The workers' state in China consciously and deliberately aimed to balance development between industry and agriculture, thus narrowing the standard of living gap between people in cities and the countryside. This was done by adjusting the price ratio between agricultural and industrial products in favor of the agricultural sector, by lowering the relative share of taxes paid by the agricultural sector, by increased state investment in large agricultural infrastructure and agricultural machine/equipment industries, and by direct state grants to the collective sector. One example of a direct state grant was for education. The communes used state funds to build schools and pay teachers' wages. The State also mobilized intellectuals in cities such as educators, agricultural experts, and medical personnel to work in the countryside to raise the medical, educational, and cultural level for people living in rural areas.

As stated earlier, China went through a socialist revolution while other colonial and semi-colonial countries did not. China's socialist revolution led by the Chinese Communist Party was based on a very close alliance between workers and peasants. During the revolution the CCP formed a broad coalition with the national bourgeoisie on the basis of the worker-peasant alliance. Even before the final victory of the liberation war in 1949, Land Reform had already begun in the Liberated Areas and continued all over the countryside after Liberation. To this day many colonial and semi-colonial countries have not yet gone through genuine land reform. As explained in Question I, the national bourgeoisie in many colonial and semi-colonial countries is too weak to carry out land reform against the land-owning class. In the world of imperialism only the working class in these countries is able to lead a new democratic revolution to complete land reform and bring feudalism to an end. The socialist revolution based on the worker-peasant alliance is the only way to end feudalism in the world of imperialism. However, in China, carrying out genuine land reform and ending feudalism would not have accomplished much unless the worker-peasant alliance continued to be at the foundation of charting the path for future development.

Land Reform alone could not have resolved the problems of backwardness and poverty in China's countryside. As noted earlier, polarization in China's countryside became significant not long after Land Reform. Without the collectivization of agriculture, polarization would have developed further and it would not have taken long for the land to be concentrated in the hands of new rich peasants. Rich peasants with enough land and farm tools could have hired laborers to work for them and then produced and sold their surplus grain using the proceeds to buy more land. A polarized countryside would have weakened or even destroyed the worker-peasant alliance, because workers would have been faced with a divided peasantry, and a polarized countryside would have promoted the class alliance between the rich peasants and grain merchants in cities. After the revolution, the proletariat, represented by the Chinese Communist Party, led socialist development by pursuing the close worker-peasant class alliance strategy, which made it possible to defend the class interests of the working people against potential domestic and foreign exploitation. This class alliance made it possible for China to succeed in the socialist self-reliant development strategy.

Only after the collectivization of agriculture was it possible to build an economic relationship between the (state-owned) industrial sector and the (collective-owned) agricultural sector. The exchange between the communes and the State was the material basis for the worker-peasant alliance. The worker-peasant alliance class strategy was the basis for the success of its socialist development. Imperialist countries deliberately prevent colonial and semi-colonial countries from developing their economies independently in order to achieve self-sufficiency in food and other basic necessities. Examining post World War II history we find that the bourgeoisie in many colonial and semi-colonial countries had hoped to develop capitalism independently from the imperialist countries. However, sooner or later the bourgeoisie invariably found cooperation with foreign capital too attractive to their own class interest to refuse such an opportunity. This has become increasingly the case in the era of neoliberalism. Since the end of 1970s neoliberal strategy has further broken down the barriers for capital to expand across national borders.

The result is that the production of all countries is more closely connected with the global market where the law of value has become applicable across national borders. Many colonial and semi-colonial countries, which had long concentrated on agricultural exports, now use more of their natu-

ral resources to meet export demands. Mexican farmers produce fruits and vegetables to export to the United States, Chilean fishermen catch fish for Purina to make cat food for imperialist countries, Columbian farmers concentrate on exporting flowers to beautify homes of petit bourgeois families in Europe and North America, Brazilian ranchers clear the natural forest to raise cattle to feed the hamburger industry in rich countries, and the list goes on and on. The other side of the story is that people in these countries have become dependent on imports for their basic needs. Under NAFTA (North American Free Trade Agreement) large-scale US government subsidized corn flooded Mexico and wiped out Mexican corn producers and the indigenous seeds used for cultivation by many generations of peasants.

During China's war of liberation Mao saw that the interests of the national bourgeoisie were squeezed by foreign capital and that they did not have a future in a China taken over by imperialists; thus it was possible for them to play a positive role in the revolution. The national bourgeoisie agreed to be part of this broad coalition even though they understood the goal of the revolution was socialism, which meant that eventually their class would be eliminated.

The national bourgeoisie in colonial and semi-colonial countries wanted to develop capitalism independent of imperialist powers—therefore they were a positive force in anti-imperialist struggles. They were called “national bourgeoisie” to distinguish them from the bourgeoisie that were closely connected with the foreign capital, also called “compradors.” “National” meant that they could play a positive role in the national liberation movement and had a progressive meaning. In the early part of the post-WWII era the national bourgeoisie led and joined national liberation movements in many parts of the world.

As described earlier, independent capitalist development pursued by the national bourgeoisie failed completely in the 1980s. In the neoliberal era the bourgeoisie in colonial and semi-colonial countries today play a rather different role when compared with the past. When production and exchange in these countries became so closely connected to the monopoly capital in imperialist countries it created the opportunity for the bourgeoisie to work closely with the global monopoly capital of the imperialist countries. The bourgeoisie that work closely with foreign monopoly capital has been rewarded handsomely. For this reason I am not so sure they should still be called “national bourgeoisie.” With fewer and fewer exceptions the



bourgeoisie class in semi-colonial countries today sells the interests of their own country to monopoly capital to enrich themselves. They do not do anything that promotes the interests of their own country. Therefore, in the anti-imperialist movement should the workers and peasants who lead the struggle continue to form a coalition with the bourgeoisie? Or should the bourgeoisie be a target in the fight against imperialism? Mao's worker-peasant alliance strategy for liberation has stood the test of time; it is still the only class strategy in the colonial and semi-colonial world where the majority of the working people are peasants. However, should Mao's strategy of forming coalitions with the bourgeoisie be modified in the neoliberal phase of imperialism? The nature of bourgeoisie in today's colonial and semi-colonial countries is a question today's revolutionaries need to consider carefully.

## Question VI.

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### **What Challenges and Difficulties did China Face During Socialist Construction?**

In the *Chinese Revolution and the Chinese Communist Party*, Mao analyzed China's society as semi-colonial and semi-feudal. Mao led China to win the socialist revolution and to develop socialism, despite the fact that China's capitalist development was still in its very early stage. Developing socialism in a country where its productive forces were minimally developed presented some serious challenges and difficulties. Even with these serious challenges, China made spectacular achievements during the socialist construction. In hindsight we have a better understanding of the challenges China faced and the kinds of problems they created during socialist development.

An analysis of these challenges can not only help other semi-colonial and semi-feudal countries in their pursuit of socialist development, it can also help explain at least partially why, after a few short decades, China's successful socialist development that benefited hundreds of millions of people was aborted in 1978. Of course, there were those who betrayed the socialist cause and in China those traitors have since been clearly identified. But simply calling them traitors does not help us understand the underlying causes for their betrayal. Unlike religion, socialism does not depend on faith or saintly behavior. Marxists must investigate the concrete situation and come up with an analysis based on the objective and subjective factors in China at that time.

As noted earlier, Karl Marx believed that the proletariat in advanced capitalist countries were likely the first ones to make socialist revolution and develop socialism. His reasoning was that when capitalism reaches its mature stage, the contradictions between the private ownership of means of production and social production deepens. This contradiction prevents productive forces from further development unless there is a change in the relations of production—a revolution that appropriates the private ownership of the means of production.

In the mature stage capitalism, where production is already operating at a very large scale, the transfer of ownership from private to public—although it would require tremendous political, economic, and social struggles—could proceed without too many complications, because both

industrial and agricultural production would already be operating at the same scale. After the revolution the ownership of large industrial complexes and large-scale farms could be transferred to the State, changing private ownership to public. However, in a country like China (in 1949) and in other semi-colonial and semi-feudal countries, there were only some small-scale industrial enterprises in cities and small-scale peasant family farming in the countryside. Therefore, it wasn't possible to transfer the means of production from private ownership to one single public ownership. Instead, the State took over the means of production of industrial enterprises and in agriculture the three-tier communes collectively owned the means of production in agriculture. During the entire period of socialist development in China, state ownership and collective ownership co-existed. Mao foresaw the potential problems created from the two types of ownership and often expressed concern.

After the transfer of ownership of means of production to one single public ownership in countries where capitalism has reached the advanced stage of development, there would be continued struggle to make the socialist economy run smoothly in the economic base. Also, probably more importantly, there would be ongoing struggle to continuously meet challenges in the superstructure—political, ideological, and cultural—with the goal to eventually bring commodity production to an end. During this time of transition, the volume and the scope of commodity production would be gradually reduced to an insignificant level and eventually fade away. As commodity production fades away, the law of value (equal value exchange) would cease to dominate people's consciousness. Then we will have reached socialism—the early stage of communism.

However, in socialist China, when the two types of ownership coexisted, the exchange between the state sector and the collective sector and within the collective sector increased. Most of these exchanges were commodity exchanges, although they were strictly regulated. Therefore, when productive forces developed under the two types of ownership, commodity production, instead of decreasing in volume and scope, increased in both. It is reasonable to assume that when commodity production increased in both volume and scope the law of value continued to play a role and was likely to play an increasingly important role. In China's case, even though regulation helped prevent the law of value from expanding without bounds, neither commodity production nor the law of value could be regulated out of exis-

tence. These were the capitalist elements at work in China's growing socialist economy. Not only must we recognize them, but we must also thoroughly reckon with them in order to understand the challenges they posed to China's socialist development.

Below is an attempt to analyze the challenges posed by the low-level of development of productive forces during socialist construction.

### **The Coexistence of Two Types of Ownership of the Means of Production**

As described earlier, under collective ownership China's agriculture made tremendous progress in building agricultural infrastructure, modernizing and increasing production, and brought tremendous improvements to people's lives. These achievements were made possible by the hard work of the peasants and the economic relationship that the collective sector had with the state sector. As explained above, the means of production in agriculture were collectively owned by the communes, which had three tiers of ownership: the commune, the brigade, and the team. The team was the basic accounting unit. At this basic accounting level peasant households put their resources—land, farm tools, and labor—together and distributed the team's output according to the labor contributed by team members. The production team was in fact a rather small unit of around 20 peasant households, but it was difficult to enlarge the basic accounting unit to the brigade level, which would expand the number of households to several times of the size of the team. The reason for the difficulty was that enlarging the size of the basic accounting unit to the brigade level by combining resources of several teams would even out the income of all the teams. Such consolidation would have disadvantaged the higher income teams by pulling their income down to the average.

This does not mean it would be impossible to enlarge the basic accounting unit—only that it would require time. When the brigade owned more and more large agricultural machinery and equipment (such as tractors, combines, threshers, and planters) and made them available for all teams to use, then the differences among the teams became relatively small, and every team benefitted although maybe not equally. The same is true for consolidating several brigades into a commune as the basic accounting unit. During socialism, many communes, especially the rich ones, were able to use

their accumulation funds to build large-scale irrigation projects including electric pumping stations, to purchase large agricultural instruments and to build factories. These kinds of development paved the way to enlarge the basic accounting unit to the commune level. By 1978, however, when Deng carried out the capitalist reform, very few communes had been able to grow the basic accounting unit to the brigade level.

We know how capitalism polarizes society, while socialism does the opposite. However, in the concrete case of China when there were two types of ownership, the equalizing impact was limited. The reason is that while state ownership enabled different parts of China to develop more evenly, collective ownership was able to equalize development within units, such as the teams, but it could not help equalize income among collectives (brigades and communes). It was even less possible across different regions. As explained earlier, under state ownership more advanced industrial enterprises helped set up and develop other new industrial enterprises by aiding them with machinery and equipment, as well as technical personnel, without monetary or any other compensation. This was because all industrial enterprises were under the same unified accounting unit. Thus, the exchanges between or among different enterprises were not commodity transactions. The State could deliberately even out the industrial development in different parts of the country by allocating more resources to the less industrialized areas. That was how industrialization expanded from China's East and Northeast, where industries were more developed to the West and Northwest where barely any industries had existed. Moreover, all workers of state-owned enterprises were paid according to the same wage scale with small adjustments made accounting for the regional differences in the cost of living. This also had an equalizing effect on workers' standard of living across the whole country.

Under collective ownership equalization did take place within a collective unit, especially within the basic account unit: the productive team. Within the productive team the worth of each work point was the same, but the number of work points earned from a day of labor by its members still ranged between four to ten depending on the physical strength and technical skills required. Within a productive brigade, the levels of income among the teams were only somewhat equalized, because team members shared what the brigade and the commune was able to provide. On a much wider scale, equalization did not take place across different communes in different regions. Instead, collective ownership resulted in polarization; the rich

communes in rich regions became relatively richer and the poor communes in more backward regions became relatively poorer. During the early 1970s when rural industrialization began, the income gaps between the richer and the poorer communes, as well as the gap in the rates of development, increased. In developing socialism in countries where productive forces are at a low level of development, it is necessary to maintain the two-type ownership—but for how long?

In Mao's *A Critique of Soviet Economics* he posed the question in point 19: "Is Long-Term Coexistence Between Two Types of Socialist Ownership Possible?" He agreed with the Soviet textbook that a socialist state and socialist construction couldn't be established on two different economic bases for any length of time. He said, "We therefore extend the logic to reach the following conclusion: the socialist state and socialist construction cannot be established for any great length of time on the basis of ownership by the whole people *and* the ownership by the collective as two different bases of ownership."<sup>48</sup> He continued to say that in the Soviet Union the period of coexistence had lasted too long and that "the contradictions between the two types of ownership are in reality contradictions between workers and peasants."<sup>49</sup> The contradictions between workers and peasants were contradictions among the people that resulted from the coexistence of two types of ownership necessary due to the low level of development.

During the socialist transition in advanced capitalist countries, however, there would not be a need for the coexistence of two types of ownership. Advanced capitalist countries would face challenges that are different from that of China and other less developed countries.

China was and still is a very large and very diverse country. Before Liberation there had been very little industrial development, and the differences in the level of agricultural development in different parts of the country were mostly due to their natural endowments—the richness of the soil, the availability of water, and the climate. Trading centers that had land and water transportation became very prosperous. For example, the Yangtze River Delta was traditionally rich in agricultural production due to its moderate weather, rich soil, and plentiful water resources. Before Liberation, this area also led the nation in industrial production in cities such as Shanghai.

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<sup>48</sup> Mao Zedong, *A Critique of Soviet Economics*, translated by Moss Roberts, *Monthly Reviews Press*, 1977, 53.

<sup>49</sup> *Ibid.*, 53-54.

A city like Shanghai had the advantage of being a seaport where most trade with the outside took place, and it was also connected to China's vast interior by land and water transportation.

During socialist development, the unified state ownership of industrial enterprises in different geographic areas with differences in productive facilities and technological sophistication were evened out (equalized), with more advanced enterprises helping less advanced enterprises. Since these enterprises belonged to a single owner, resources could be moved around according to an economic plan, and there was no need to compensate the more advanced enterprises for helping less advanced enterprises. On the other hand, the collective ownership (though better than private ownership) in the countryside created not only polarization among communes and regions but also contradictions between the state sector and the collective sector. These contradictions could not be easily resolved when the two types of ownership existed side-by-side. This posed an important challenge for development.

It is easier to understand the complexities of the situation by examining some concrete issues. One major issue was how to produce enough food for the Chinese people. There was a large gap in grain production between different regions. Grain production was high in the Yangtze River Delta area and in China's southern provinces, while in other areas grain production was much lower due to the poor quality of land and scarce water resources. These areas did not produce enough grain to feed the people. Therefore, grain had to be shipped from the areas where there were surpluses to areas where grain supplies were insufficient. During socialist development, great emphasis was placed on self-reliance both on the national and on regional levels. Peasants in poor areas worked extremely hard to be self-sufficient in food. However, the country as a whole still had to depend on grain and other agricultural output from rich agricultural areas. Therefore, the State, looking after the interests of the whole nation, had to persuade the communes in the rich agricultural areas to continue putting more resources into agriculture in order to ship food to poorer agricultural areas. As stated earlier, areas rich in agriculture were also more developed in industry. Agricultural production has lower rates of return compared to industrial development. The interest of the collectives in the rich areas was to invest more in industries for faster and higher returns. However, the State regulated that they had to retain 40% of their earnings to be invested in agriculture and in their welfare fund. The

production brigade and communes that owned the industrial enterprises followed the regulations, but not without resentment.

During my trip to China in 1979 when the capitalist reform had just begun, I visited a production brigade of a rich commune in a rich county. This brigade owned a light bulb factory, which was established in the mid-1960s, when China's agriculture stabilized after the three difficult years (1950-61). During the early years, the factory only had enough money to rent three rooms to produce simple light bulbs. By 1979 it was producing a large variety of light bulbs including light bulbs for automobiles, florescent lights, and many others. The factory under collective ownership had the characteristics of a capitalist enterprise. It was eager to expand its market so it could increase its sales and enlarge its revenue. This collectively owned industry and others like it found their relationship with the State restrictive.

Beginning in the mid-1960s many of these collectively owned industrial enterprises sprouted up in rich communes and there was not enough time to incorporate them into the national economic plan as quickly as they developed. I do not have enough information to conclusively prove this was the fact, but the criticisms launched against these enterprises lend my assessment validity. The criticism of these brigade/commune-owned industrial enterprises charged that in order to acquire raw materials, they went through private connections to get what they needed from the state enterprises. This kind of criticism usually came from the Left, which disliked what was going on but did not know how to resolve the contradiction. They often used the wrong tactics by blocking these kinds of dealings through criticism and enforcing new rules. The actions of the Left (some might call them "ultra-Left") further alienated these enterprises. The light bulb factory was likely to be a strong supporter of Deng's capitalist reform. The manager of the light bulb factory told me that after the capitalist reform began, they were very happy that a business in Hong Kong came to order Christmas lights from them. A collectively owned small factory found the opportunity to expand its production through new policies under Deng's reform. There are many more examples like this light bulb factory. It is important for us to identify the forces in China that supported Deng's capitalist reform; it is a mistake to think Deng did it single handedly as if he possessed some magic power.

China's success in making revolution and developing socialism depended on the strong alliance between the workers and peasants. During socialist construction the CCP was able to use state policies to strengthen



their alliance when the economic base was under the coexistence of state ownership and collective ownership. These policies resolved the contradictions between the agricultural and industrial sectors, which in reality were contradictions between workers and peasants. Resolving contradictions between workers and peasants was easier when the economy was just beginning to develop. However, as the economy developed further in the 1970s, the contradictions became more numerous and complex. (See below.) In the meantime, those who opposed socialism manipulated the contradictions and opportunistically turned them into contradictions between the people and the enemy.

### **Low Level of Development and Other Contradictions Among the People**

The low level of productive forces posed challenges resulting in contradictions among the people. These kinds of contradictions can be resolved by putting appropriate and timely policies in place.

Concretely, in China, when the output level was very low, one challenge was finding the right relationship between accumulation and consumption. For example, in order to speed up development in agriculture, enough resources had to be accumulated into agricultural machinery and equipment, building infrastructure and land improvement. On the other hand, as a poor country there was an urgent need to provide adequate food and other necessities of life for the people. In 1959 right after the communes were established, Mao saw the contradiction between accumulation and consumption as a serious issue and quickly applied the appropriate policy to resolve it.

In 1958 there were good harvests. The production of grain and other agricultural products went up yet the State had problems fulfilling its purchasing quotas in grain and other products. Mao went to Zhengzhou, Henan to investigate the problem in 1959 and gave three talks during the Zhengzhou (Agricultural) Conference in February and March 1959.<sup>50</sup> In these talks he reported what he found and suggested solutions. Mao explained that the reason behind the difficulty in fulfilling the government's purchasing quotas was that peasants reported lower production figures than the actual amounts

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<sup>50</sup> Mao Zedong's Talks during the Zhengzhou Conference February and March, 1959 in *Long Live Mao Zedong Thought*, 1967, 8-53.

they had harvested. He found that peasants under-reported to avoid paying more taxes and/or other levies imposed on them from higher yields. According to Mao's estimate, if peasants had reported their production honestly then after taxes and other levies the peasants would have only 30-35% of their production left for their own consumption. By not reporting the real production numbers the peasants were able to retain another 10-15% of what they had produced.

Mao described the six layers of administration units above the production team: the central government (State), the provincial government, the regional government, the county government, the commune and the brigade. After deductions made by all the different levels of government, the peasants only retained 30% of their production. He said the level of taxes and other levies was too high; they amounted to taking away peasants' production without compensation. Mao stood on the side of peasants, saying that the peasants had a right to guard what was theirs and supported their action to falsify their production numbers. His suggestions to resolve the contradiction was to first consider how much the peasants would need to live and then calculate the amount of taxes and levies. He believed that the peasants should be able to keep 50% of their production for their consumption, state taxes limited to 7-10%, and the commune accumulation fund limited to around 15-18%, with the remaining funds allocated for other administrative expenses. Mao advised the communes not to be too eager to invest in agricultural machinery and equipment and build large-scale infrastructure so the amount collected for the accumulation fund could be reduced. He also put forth that paid administrators at different levels of governments should be kept at an absolute minimum; he specifically mentioned that artists and cultural groups should continue their work in agricultural production; encouraged cadres to understand the lives of ordinary peasants by visiting and staying with them; and emphasized the importance of a close relationship between the cadres and peasants.

There was also dissatisfaction in poorer communes. As explained earlier, the productive team first paid taxes to the State and then paid the commune to cover the accumulation and welfare funds. A portion of the rest was distributed to team members as quota grain. The leftovers were used to pay team members according to the work points they earned during the year. The problem with the very poor commune/teams was that the total income of the team was so meager that often after all the deductions were made,

there was little left for distribution according to work points earned. In those teams/communes people who worked hard all year would not receive much above the quota grain that everyone received. As a result they did not receive any compensation for their labor. This did not fulfill the distribution principle of “to each according to his/her labor.”

According to William Hinton’s assessment, by the time the communes were dissolved in 1985, one third of all communes had done exceedingly well, the third in the middle had done well, but the bottom third had done poorly. With the exception of the very poor teams, each member received an income according to work points accumulated from the labor he/she contributed. However, at the national level the worth of one day’s labor differed tremendously among rich and poor communes. The worth of one day’s labor in rich communes could be ten times as much as that of the poor communes. The collective ownership of means of production could only equalize the income within the team and somewhat within the brigade and the commune, but not among different communes or across different regions. In fact, during China’s socialist development, in the countryside the rich got richer and the poor got poorer. The rich communes and the poor communes faced very different sets of problems. Therefore, there could not be one single solution. The worker-peasant alliance policies during the land reform and during the collectivization of agriculture had been applied more or less uniformly in different parts of the countryside, but by the early 1970s there was no policy that could be applied with such uniformity to deal with all the new situations. Due to the diverse conditions in different parts of China’s countryside, an appropriate worker-peasant alliance policy for rich regions would have to be very different from that of poor regions. The more differentiated the levels of development in China’s countryside, the more complicated and individualized the policy needed to be.

Another contradiction among the people related to the low level of development of productive forces was that some production team members sought opportunities to earn some money outside of their work points earned from tending the land, planting and harvesting. Since commodity exchanges still existed at different levels of the communes, there were opportunities to earn extra income from trading. Additionally, each farm household still had a private lot. Peasants used these private lots to grow some vegetables and to raise a couple of pigs and chickens to supplement their diet. The low level of productive forces meant that the worth of each work point remained low,

so the opportunity to produce more in the private plots and sell the extra products in the free markets was very attractive. This provided the capitalist roaders the opportunity to propagate their policy of “*san zi yi bao*” (three self’s and one contract), which meant a policy: 1) to enlarge the private plots of land; 2) to expand the free markets; 3) for peasant households to sign contracts with the government, which would stipulate the prices and quantities of grain the peasant households were obligated to sell. The contract allowed peasants to keep whatever they made above the amounts stipulated in the contract as “profit” and suffered a “loss” when sales did not cover the costs. Advocates of this policy claimed that it would motivate peasants to work harder and produce more.

Mao opposed this policy. It was obvious that if the private lots and free markets continued to expand, peasants would spend more and more time and labor on their private plots and eventually collective ownership would collapse. Peasant families would go back to farming their own small pieces of land, wiping out all the infrastructure built under the three-tiered commune ownership, and rendering the machinery and equipment bought from the accumulation fund useless, because it would have been impossible to divide and distribute them to individual households. (This happened as described after the Capitalist Reform. See Question VII.) Yet the private plots and the free markets were still needed for the time being. Only when the productive forces reached a higher level, when the work points earned from one day of work on the collectively owned land was worth more than a day of work on the family’s private lot, would peasants no longer focus their efforts on their private plots. Before reaching that level of development, private plots could not be forcibly taken away, nor the free markets closed. In the meantime, as long as the private lots and free market existed, the opponents of socialism continued to try to tear collective ownership apart, as evidenced by Deng Xiaoping’s immediate de-collectivization of agriculture as soon as he and his supporters seized power. By 1985 the process of de-collectivization was complete and Chinese peasants went back to individual farming. Most of the infrastructure peasants had worked so hard to build fell into disrepair. Capitalist propagandists claim that the problem of socialist China was that political chaos made economic development impossible and the economic stagnation made Deng’s capitalist reform necessary. In fact, the exact opposite was true. The productive forces developed very rapidly and such development created new contradictions, which were not resolved in

a timely fashion. These contradictions meant that workers and peasants no longer had a strong unified material basis on which to solidify their alliance. The CCP's sound worker-peasant alliance policies gave the working people the solid foundation to win the revolutionary war and to build a socialist country. However, under collective ownership and how it was linked to state ownership, China's countryside developed rapidly but unevenly. The uneven development of China's countryside made it very difficult and complicated to advance the worker-peasant alliance. In less developed countries where peasants are the majority of the working population, the strength of working people can only be as strong as the unity between workers and peasants. Those in the CCP who favored capitalist development for China took advantage of the weakening unity between workers and peasants and made their own alliances with those who saw their own potential for capitalist development.

When building socialism with a low level of productive forces, capitalist elements continue to be part of the development. When commodity production continues to exist and even expands in scope, the law of value plays a role. The law of value manifested in the contradictions among the people, which could then transform into contradictions between the people and the enemy, necessitating the two-line struggle. Of course, two-line struggle will also exist in socialist development in imperialist countries where the productive forces are already fully developed. However, that two-line struggle will be different. The two-line struggle in socialist development in countries with fully developed productive forces will probably be concentrated in the superstructure and not so much in the economic base. In countries where productive forces are still at a low level of development, the two-line struggle is more concentrated in the economic base where two types of ownership coexist and commodity production continues to expand. China faced this critical challenge during its socialist development. This is still a preliminary analysis and much more work and discussion are needed to understand the role of the law of value when commodity production continues to exist and expand.

### **The Problem of Restricting the Power of Cadres in State-Owned Industrial Enterprises**

One of the biggest challenges faced by any country during the social-

ist transition is how to restrict the power of cadres who are in charge of the state-owned enterprises. This challenge is not limited to the less developed countries like China; countries whose productive forces are fully developed would also face the same challenge. How cadres use power bestowed by the State is of critical importance. Whether they use their power to serve the socialist cause or to become the agents of capital determines the direction of the transition.

In China concrete measures limited the power of the cadres in state enterprises. The most important measure was to raise the class-consciousness of workers. Especially after the Cultural Revolution, factories adhering to the principles of the Angang Constitution were able to revolutionize industrial organization. The Angang Constitution called for putting proletarian politics in command and articulated concrete methods to transform the relationship between ordinary workers and cadres in leadership. Instead of always following orders given by cadres, workers were given the opportunity to express their opinions and encouraged to take initiative in advancing technological changes. And, of course, permanent employment status, as opposed to temporary employment under the contract labor system advocated by Liu Shaoqi, made the factory a permanent place for workers. During the socialist period, workers in industrial enterprises had a sense of ownership. When Deng carried out his capitalist reform and the machinery, equipment, and factory buildings were auctioned off, many workers struggled mightily to defend them. However, in the end they were not strong enough to resist the takeover.

For the real changes in the relationship between the cadres and workers to take root, much more time and more fundamental change would be needed because the division in the responsibilities of the cadres and the workers remained largely unchanged. The cadres continued their core responsibility of disbursing funds appropriated by the State, including funds for current operations, investments, and wages. The disbursing of these different kinds of funds represented real power. During the socialist period, the overwhelming majority of cadres did everything they could to “serve the people” and did not cross boundaries to abuse the power they possessed. Part of the reason was that they did not abandon their principles and continued to put public interests above their own self-interest. Additionally, they understood that those who held higher positions in the government and devoted themselves to work for the benefit of the people would not tolerate

graft and bribery. Moreover, due to repeated mass movements they were very aware that they were under the watchful eyes of the workers and the masses. However, this does not negate the reality of their power and the temptation to use it for self-interest. Many of these cadres supported Deng's capitalist reform. Deng's capitalist reform legitimized turning managers' power into personal wealth. It opened the floodgates of tremendous amounts of wealth to be siphoned from state enterprises into the pockets of these former cadres. Further discussion will follow in Question VII.

At the end of the liberation war, how to transfer power possessed by members of the Communist Party who held important positions in managing the State to the vast number of masses was and continues to be one of the biggest challenges to all those who take up the task of building socialism. China's experience has shown that class struggle continues after Liberation. The outcome of this struggle determines the direction of the transition: socialist or capitalist. In 1976 the strength of the bourgeoisie was stronger than that of the proletariat. Forces representing the proletariat were defeated. The direction of the transition was reversed from socialism to capitalism. As Mao once said, on the long road to final victory there will be many twists and turns but the future is always bright. The proletariat has to analyze and evaluate reasons for each defeat and be prepared for the continuation of the struggle.

The brief analysis above on the challenges China faced during the socialist transition points out the only most obvious. It is far from complete; more research is needed. I believe that revolutionaries today whose goal is to build a brand new socialist society need to spend time and effort to thoroughly study China's concrete experiences where workers and peasants successfully built a socialist society but were ultimately defeated.

## Question VII.

**What has happened to China and Chinese people after the counter-revolutionaries seized power in 1976?**

### **Seizing Political Power and Implementing Capitalist Reform**

After Mao Zedong died in September 1976 a group of capitalists within the Chinese Communist Party staged a coup, arrested the “Gang of Four” (Jiang Qing, Yao Wen Yuan, Zhang Chunqiao, and Wang Hongwen), and seized political power. The new regime propagated their version of the historical development of the revolution and denounced the Cultural Revolution as a mistake Mao made in his old age. After a short period of transition, the new regime officially began its Reform at the conclusion of the Third Plenary Session of the Eleventh Congress of the Chinese Communist Party in December 1978. The new regime, led by Deng Xiaoping, purported to not have a definite plan for its Reform and Opening Up program claiming it would “cross the river by touching the stones”—meaning the Reform would proceed one step at a time without following a grand plan. The reason for this pretense was that Deng tried to avoid making public the concrete capitalist projects he planned to put in place. By examining the concrete policies that Deng’s Reform enacted, however, one can see it was in fact a well thought out and well-integrated plan. The Reform put together all the capitalist projects Liu and Deng had attempted to carry out during the 1950s and 1960s without success. Given that experience, Deng knew that when the Reform began, they had to disguise the capitalist nature of the projects, because people still remembered them. Therefore, they claimed, and have continued to claim, the Reform is “socialism with Chinese characters.”

Deng’s Reform consisted of two interrelated components: capitalist reform in China and opening up China’s economy to link it with the international capitalist system. Within a short amount of time, Deng and his followers began to dismantle the socialist economic and social system built during 1956-1976 by fundamentally changing the relations of production, as well as the superstructure, from socialist to capitalist. The Reformers understood that the principal opponents of their Reform would be the working people (workers and peasants) so their class strategy was to create disunity among the workers to weaken their power and to break up the close alliance



between workers and peasants. During the socialist construction, the State and collective ownership of the means of production was fundamental to the socialist class strategy: the unity of workers and their close alliance with peasants. To be successful the capitalist Reformers had to attack this economic base. However, since the socialist superstructure supported the socialist economic base, the capitalist Reformers had also to fundamentally change the superstructure from socialist to capitalist.

## **Fundamental Changes in the Relations of Production**

### **1) The Industrial Sector**

The goal of the capitalist reform was to change the former state-owned industrial enterprises, which had been in the process of phasing out commodity production, into privately owned profit-making enterprises. In the process of transforming these industrial enterprises the Reform also changed labor power, which was in the process of being phased out as a commodity during the socialist transition, back into a commodity to be bought and sold—in order to reverse the process of socialist reform discussed in Question II. (A).

During the socialist transition, Liu Shaoqi and Deng Xiaoping made repeated attempts to replace the permanent workers in state-owned enterprises with temporary contract workers—but before they seized political power their attempts were defeated. Liu and Deng saw that the abolishment of permanent employment status in state enterprises would enable peasants to compete with workers for jobs, thus putting downward pressure on wages and benefits of industrial workers. They saw competition among workers and between workers and peasants as key to capital accumulation, which they believed would speed up economic development. Mao, on the other hand, regarded permanent employment as a fundamental right of workers in state enterprises during the socialist era. He correctly saw that permanent employment strengthened the power of workers, because it was a prerequisite for workers in state ownership to assert their influence on managing factories in order to eventually lead the factories. If the working class was to become the masters of their socialist country they had to start by becoming masters of the factories in which they worked.

The struggle for permanent employment status versus replacing permanent workers with temporary workers was part of the overall two-line

struggle between the socialist forces and the capitalist roaders. During and following the Cultural Revolution, the socialist forces had the upper hand, until the capitalists seized power in 1976.

In the mid-1980s when the new regime embarked on its reform of state enterprises to eventually privatize them, new factory managers were given more and more autonomy to run the factories, including the right to hire and fire workers and replace permanent workers with temporary ones. Before the regime began its formal restructuring of state enterprises, management applied all kinds of tactics to divide the workers, including re-introducing “material incentives” in wage payment, such as paying bonuses and piece-wage rates. However, most workers recognized that “material incentives,” which had been criticized during the Cultural Revolution, was a tactic to divide workers and they refused to go along. Workers resisted the Reformers’ attempt to use material incentives as a tactic to entice them to work faster and compete with one another. During the early 1980s the rate of inflation went up so in many factories workers simply divided up the total amount of bonuses and distributed them equally as a way to soften the impact of the rising cost of living.

Question II. (A) explained how phasing out commodity production was basic to transforming the relations of production in state enterprises. The process of phasing out commodity production in state enterprises meant that production in state enterprises no longer followed the law of value to maximize profits, but rather to produce useful products according to an economic plan. During socialist construction, all state enterprises were under one unified accounting system and each enterprise no longer calculated their own “revenue” and “cost” to arrive at its own “profit” or “loss.” The State bought all their products and supplied all materials needed for their production. The State also transferred a “wage fund” to pay the workers’ wages and benefits. The goal of capitalist reform was exactly the opposite. It aimed to transform each state enterprise from producing useful products according to an economic plan into a separate unit, each seeking to maximize its profits and competing against one another for survival.

Following the passage of the Economic Structure Reform (of industries) in 1985, the State began to contract out state enterprises to individuals or teams of managers. Who had the opportunity to contract these enterprises? Only those who were in positions of power or those who had close connections with those in power. The new managers of these enterprises

were given the authority to separate parts of the enterprise that were not profitable by selling or leasing them and to keep the parts that were profitable for themselves. These new profit-making enterprises were allowed to keep portions of the profits and handed the rest to the State. Later, managers of these new enterprises were allowed to keep all the profits they made, extracted from the workers' surplus labor, and only paid taxes on their earnings to the State—just like private corporations in other capitalist countries. Today, there are only a few key industries—mostly in national defense (or defense related), public utilities, and transportation—that remain under state ownership. Even these enterprises operate like capitalist corporations; the only difference is that they are required to fulfill their obligations to the State. A number of Chinese state and private enterprises had their Initial Public Offering (IPO) in Hong Kong, the United States and other countries outside of China. The Economic Structure Reform relinquished the State's economic ownership of most enterprises to private individuals or groups. The Reform fundamentally changed the relations of production in the industrial sector.

## **2) The Agricultural Sector**

As the capitalist Reformers proceeded to dismantle the state enterprises and rebuild a labor market where labor power could be bought and sold, they also moved to dissolve the communes in the countryside. The Agricultural Reform enacted the "Family Responsibility System" which redistributed land and other collectively owned properties to individual peasant households. Small-scale rural industries were divided up and then contracted to individuals who had political or family connections. The commune system was formally dismantled in 1984. The centralized State purchasing and marketing system, which was responsible for purchasing and distributing grain and major agricultural products, also ceased to function.

The Reformers got the support of the peasants by bribing them with a higher purchasing price for grain and for other agricultural products. The price for grain purchases within the set quota went up by an average of 25% with an additional 50% in bonuses for above quota purchases. From then on, peasants became mostly reliant on the market as the main mechanism to regulate their production. Urban residents no longer received food rations at low prices. Grain production increased rapidly from 1979-1984 with an

increase of 22.5%. It was during this period that de-collectivization took place and was eventually completed in 1984.

After the commune was dissolved, prices of all agricultural inputs including chemical fertilizer, water, fuel, and pesticides increased, thus wiping out peasants' gains from higher purchasing prices for their output.

Dissolving the communes was a calculated and necessary move for the Reformers. Without collective ownership in the countryside workers could no longer form an alliance with the peasants. The Chinese Communist Party (representing workers) had formed a close alliance with the peasants when fighting the Revolutionary and Civil Wars by promising them land reform. Peasants sacrificed their lives and their loved ones when they joined the Red Army to fight the guerrilla war. Without the peasants the Chinese Communist Party could not have won the revolution. After Liberation, the CCP strengthened the worker-peasant alliance by collectivizing agriculture and by carrying out policies that mutually benefited workers and peasants. The strong alliance between workers and peasants was key to socialist construction. When the capitalist Reformers broke the worker-peasant alliance by de-collectivizing agriculture, they weakened both the worker and peasant resistance against capitalist projects they enacted.

### **3) Linking the Chinese Economy to the International Capitalist World Market**

Deng Xiaoping, the mastermind of the capitalist "Reform and Opening Up," saw correctly that in order for Chinese capital to grow in strength it had to cooperate closely with foreign capital. However, since China had suffered a long history of imperialist aggression, some Chinese Communist Party members who supported the Reform were concerned about whether China would be strong enough to remain independent while cooperating with foreign capital. The 1980s and early 1990s China's negotiations with the GATT (General Agreement on Tariff and Trade) on terms and conditions did not go smoothly, because China did not want to give in too much. By the mid-1990s and especially after the Asian crisis in 1997, however, the Chinese government had to give up many of the conditions it had insisted upon and joined the WTO (World Trade Organization) at the end of 2001.

During the worldwide crisis of overproduction since the late 1970s, monopoly capital urgently needed to find new investment opportunities and

to further expand markets for its surpluses. Thatcher and Reagan pushed forward their neoliberal plan by taking down all barriers for capital expansion across national borders worldwide. China's capitalist Reformers were just as eager to establish a link with international capital to develop capitalism. Deng bought into the neoliberal ideology of comparative advantage and calculated that China's large pool of disciplined workers could serve as an advantage in the international division of labor by concentrating on exporting labor-intensive products. The Reformers saw how Taiwan, Hong Kong, and others used exports of labor-intensive products to spur economic growth and believed China could emulate that model to exponential effect. Furthermore, establishing an outside link would garner external support for their Reform.

It is important to point out here that although capitalist reform would enable capital to exploit labor, without the "Opening Up" component the surplus value could not be realized into profit to achieve capital accumulation. Therefore, "Capitalist Reform" and "Opening Up" were both necessary components for capital accumulation for the new capitalists in China.

The goal of capitalist "Reform and Opening Up" was for China's capital to expand and for its capitalist class to gain strength. The strategy has been to cooperate with international monopoly capital to achieve rapid capital accumulation through high-speed economic growth. In order to achieve its goal, the Reformers completely disregarded the suffering of the Chinese people and the damage of high GDP growth on China's land, natural resources and environment. Question VII. will discuss China's capitalist "Reform and Opening Up" in the context of the world of imperialism and the concurrent struggle of the world's laboring class against international monopoly capital.

### **Fundamental Changes in the Superstructure**

In order to deconstruct socialism and build capitalism, Reformers had to fundamentally change the superstructure as well as the economic base. Soon after they seized political power, the new regime rescinded from the Constitution workers' right to strike and basic democratic rights of the masses, including free expression, that were gained during the Cultural Revolution. During socialist times Mao advocated that the Party should be closely connected with the masses and the government initiated various mass movements to give the masses the chance to speak out and to express their

opinions. The Three-Anti and the Five-Anti movements, the movement to support the Korean War, the Great Leap Forward, and finally the Cultural Revolution were all launched to mobilize the masses and encourage them to be involved with policies that affected their lives. Through the process of mass movements, the masses understood the meaning of the government policies and their significance. Mao believed that when the masses understood and approved of policies to be implemented there was a better chance for success. State sponsored mass movements, such as the ones conducted in socialist China, are historically very unusual because those in power initiated and encouraged the involvement of the masses from below. During the socialist period periodic mass movements were a method to understand and resolve contradictions in society and move society forward.

However, the implementation of policies under the capitalist reform was distinctively different from the past. As a rule, new policies were put in place by passing laws and regulations and then pushing them down to the masses. It's understandable that the Reformers did not want to involve the masses because the policies they tried to implement were against their interests. Since the Reform aimed to fundamentally change class relations in society, it generated many contradictions. As contradictions intensified there was no way for workers and peasants to express their dissatisfaction as in the past through mass discussion and mass action. By the late 1980s many of the masses were angered by the corruption of the Reformers and the way people were being mistreated. There were also pro-West groups of students who demanded "Western style democracy," or bourgeois expressions of individual "freedoms." Spontaneous demonstrations began to sprout up. The demonstrators mistakenly believed, based on past experience, that the State would listen to their grievances and respond to their demands. This was the period of time when many reform policies were put in place including policies to welcome foreign investment. In order to show that the new regime had no tolerance for any mass action from below, and threatened by the legions of workers who began organizing to support the initial spontaneous protests, they brutally crushed the demonstrations in many cities during the spring of 1989. On June 4<sup>th</sup> the government moved the Army into Beijing and killed many of the demonstrators who remained or were fleeing Tiananmen Square. As the government took action, people were genuinely shocked to witness the People's Liberation Army soldiers opening fire and massacring

unarmed students and workers.<sup>51</sup>

Ideology is, of course, part of the infrastructure. At the same time the Reformers proclaimed themselves communists, they began to propagate capitalist ideology, popularizing slogans such as: “Let a few get rich first,” and “Unemployment is a good thing, because workers work hard if they’re afraid of losing their jobs.” The Reformers designed the new industrial organization by giving the head of the enterprises new authority to run the factories and discipline workers. The capitalist Reform changed the economic base by taking away people’s basic rights to a job, a living wage, healthcare, housing, retirement and education. A new set of ideologies had to be propagated to justify their policies. The Reformers proclaimed that socialism was inefficient because, “Eating from a big pot breeds laziness.”

Soon after the Reform began, entrance examinations to higher education were reinstated. The new education policies concentrated on cultivating a new elite that would separate themselves from the workers and peasants and prepare to be future rulers. Mao’s “three big mountains oppressing Chinese people”—feudalism, imperialism, and bureaucratic capitalism—under the Reform became housing reform, health care reform, and education reform. After 30 years of socialism and 40 years of Reform, most workers and peasants have seen through the guise. They say, “What we have now is not socialism with Chinese characteristics. It is actually capitalism with Chinese characteristics.”

Fundamental changes in superstructure are as important as fundamental changes in the economic base. During socialist times most of the delegates to the National People’s Congress were workers and peasants. Today, National People’s Congress delegates are business owners and intellectuals. They are all of considerable wealth. The last National People’s Congress in March 2019 had its annual meeting in Beijing and the delegates were guarded with special security fences. Someone commented, “The people’s delegates must be kept away from the people.”

The All-China Women’s Federation made significant contributions towards gender equality during socialist times. It promoted model women workers and peasants and equal pay for equal work, which raised many women’s pay to that of men. After the Reform it has not done anything to protect women’s legal rights or to protect women workers from being abused

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<sup>51</sup> Before the massacre took place leaders of the pro-West student groups had left Tiananmen Square later emigrating to Taiwan and the United States.

and/or assaulted. It no longer advocates for women to “hold up half the sky,” as an expression of women’s power during socialism. The current Women’s Federation promotes classes that teach petit bourgeoisie women how to cook and decorate their houses.

## **China’s Capitalist “Reform and Opening Up” and the World of Imperialism**

### **1) China’s high rates of GDP growth**

During the 40 years of capitalist “Reform and Opening Up,” China’s GDP grew at very impressive rates. In 15 of the 40 years its real rates of GDP growth were in the double digits, from 10% to as high as 15.2%, averaging around 9% per year during the four decades. (There is a general agreement that the official China’s growth rates need to be discounted by 2%.) Even though in more recent years China’s GDP growth has slowed to 6-7%, it has still been quite a bit above the GDP growth of advanced capitalist countries and other developing countries. It’s fair to say that the high rate of GDP growth is an accomplishment of the Chinese Reform. However, it is necessary for us to understand how such rates of growth were achieved and at what cost.

The continuing high rates of growth elevated China to become the second highest GDP producing country in the world, second only to the United States. This change has had significant consequences on the world of imperialism—both on global monopoly capital and on the international working class. Moreover, the consequences of high rates of GDP growth on China as a country and on its people are tremendous and far-reaching. Capitalists all over the world and, of course, in China celebrate the great success of China’s Reform. How do we, contemporary revolutionaries, evaluate China’s Reform from a broad, long-term perspective?

Technically speaking, China’s high GDP growth came from a combination of high rates of export and investment growth. GDP is the aggregate of consumer spending (C), investment spending (I), government spending (G), and net exports (exports minus imports, or X I).  $GDP = C + I + G + X - I$ . China’s high GDP growth was mainly derived from high net export growth rates and high investment growth rates. Both of these high rates of growth were accomplished by calculated policies of international monop-



oly capital and by the new Chinese regime representing the new capitalist class. The cooperation between them formally began at the end of 2001 when China joined the WTO and agreed to play by the rules determined by international monopoly capital. From then on they both competed and cooperated. The capitalist “Reform and Opening Up” linked China to world imperialism. Its GDP was able to grow at amazingly high rates through high export growth rates and high investment growth rates. Below we will see how these high rates were accomplished and discuss their consequences.

## **2) The New International Division of Labor and China’s Export Growth**

The international division of labor among countries before World War II and up to the 1970s was very clear. The imperialist countries produced industrial goods and sold them to colonial and semi-colonial countries, while the colonial and semi-colonial countries supplied raw materials and energy needed for the industrialization in imperialist countries. The imperialist countries used any means necessary, including military invasion and occupation, to stop colonial and semi-colonial countries from industrialization so they could maintain their domination over the sources of material and energy they needed for their industries, and at the same time maintain and expand the market for their industrial products. Ceaselessly searching for raw material and energy and relentlessly pushing to expand markets have been the reasons for endless wars, brutal pillage, and destruction of people and land in the modern era.

By the second half of the 1970s imperialism was in crisis. The rate of growth stagnated, there were serious problems of overcapacity in all fields of manufacturing due to overinvestment and inadequate aggregate demand. In other words, it was not that people did not need more material goods to satisfy their needs but that they did not have the money to buy them. Under capitalism the markets do not recognize needs; needs only count when backed with purchasing power to become demand. The grain stores overflow but people are hungry. Additionally, organized workers in imperialist countries grew in strength, and they fought for higher wages and better benefits, both of which ate into corporation profits. A new strategy of capital accumulation was urgently needed.

Thus began the neoliberal strategy of capital accumulation that started with the policies of Thatcher and Reagan, designed by global monopoly cap-

ital. The neoliberal strategy was and is to liberalize capital by breaking down all the barriers across national borders for capital investment and trade. The content of neoliberal imperialism included privatization, liberalization and de-regulation. These concrete policies intended to and succeeded in breaking down the barriers in colonial and semi-colonial countries set up to resist foreign trade and foreign investment. Privatization aimed to dissolve nationally owned industries in these countries for foreign companies to acquire. Liberalization and de-regulation lowered restrictions on foreign capital, including rules to protect labor and the environment. In 1995 the World Trade Organization (WTO) was established to replace the General Agreement on Tariff and Trade (GATT). The WTO broadened its scope to include not only tariff and trade but also cross border investment of multinational corporations. By this time Western corporations, especially US corporations had already expanded their investment into other countries.

Neoliberal strategy has helped increase the speed and extend the scope of the expansion of multinational corporations and facilitate a new international division of labor. When international monopoly capital was free to go wherever it wanted, it gave multinational corporations the freedom to select their production location. Moreover, with the help of international trade and investment organizations, such as the WTO and the International Monetary Fund, these powerful multinational corporations grasped the power to internationalize their production and the freedom to split up the production of each product to be produced in different countries. With the internationalization of production came the new international division of labor. Imperialist countries no longer wanted the exclusive right to produce industrial products. Instead, colonized and semi-colonial countries would receive orders to produce parts of a product or certain categories of products. Thus, since the late 20<sup>th</sup> century, the internationalization of production added another dimension of imperialist aggression and exploitation to the pillaging of raw material and energy from colonial and semi-colonial countries, and the push to further expand markets.

The Organization for Economic Cooperation and Development (OECD) describes how international production, trade and investments are increasingly organized today within “global value chains” (GVCs), where different stages of the production process are located across different coun-

tries.<sup>52</sup> According to OECD, setting up the global value chain “motivates companies to restructure their operations internationally through outsourcing offshoring of activities.” The grand design of GVCs is made within the powerful multinational corporations with careful considerations regarding trade and financial arrangements. Countries where production actually takes place do not have any say in this grand design; they can only compete with one another by offering the multinationals the best conditions, including the low tax rates (even tax exemption for extended periods), high allowance for profit repatriation, suitable infrastructure for transporting goods, simplified bureaucratic procedure, little or no environmental regulation, basic education and appropriate training for workers, and strict rules against labor organizing—and state repression to enforce such rules. Additionally multinational corporations also enjoy the right to leave all of their production waste on foreign soil.

China’s capitalist Reform and how it linked China to international monopoly capital came at an opportune time. But the timing was not something that happened by chance. Back in the 1960s four client states (or territories) of the United States—Taiwan, South Korea, Hong Kong, and Singapore—were chosen as a testing ground for the export-led growth model. Multinational corporations from the US and Japan invested in these countries (territories) for the sole purpose of exporting their products. The export-led growth strategy created the myth that when developing countries increase their exports at all costs, growth and prosperity surely follows. In fact, the export-led growth benefited the imperialist countries and their monopoly capital far more than the countries that adopted this strategy. In the 1970s the United States passed environmental protection laws, and companies that wanted to circumvent these laws and take advantage of cheap labor moved their production to Taiwan, South Korea, etc. Two large corporations, RCA and Atari, are good examples. These companies and many others that followed seriously polluted Taiwan’s natural environment and severely injured the workers who worked with toxic materials in the factories. Worker struggles against RCA for justice for the serious and potentially fatal health consequences they suffered continue today. In the meantime RCA has been sold and has become part of a French company.

Deng Xiaoping praised Taiwan’s export-led growth model and vowed

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<sup>52</sup> OECD Official website: [OECD.org](http://OECD.org)

that China could do better with its exponentially larger labor force. His famous southern investigation tour cemented the strategy of export-led growth for China. Shenzhen, originally a fishing village, was chosen to be the center of production for exports. Today, Shenzhen, together with the rest of Pearl River Delta, has become the industrial hub of 4.2 million people, most of who migrated from all over China, and where the notorious Foxconn Company is headquartered.

The concrete example of the making of iPhones shows how the new international division of labor benefited Apple, an American high-tech multinational. Apple introduced its new product in 2007 and sold three million iPhones that year, 5.3 million the next and eleven million in 2009. A working paper published by the Asian Development Bank in 2011 gave a breakdown of how Apple benefited from parceling out its production through a global value chain. The iPhone was assembled in China with its different components produced in the United States, Japan and South Korea. The working paper showed that the completed iPhone sold in the United States for \$500 in 2009. \$178.96 of the \$500 was actual manufacturing cost, and the rest, or \$321, was what it called the gross profit. Gross profit might not be an accurate term, because it included the cost of selling the iPhone, including advertising costs. A large proportion of the \$178.96 manufacturing cost was what Foxconn paid for importing parts from the above-mentioned countries and a small profit accrued by Foxconn after subtracting other production related costs. Worker wages in each assembled iPhone constituted only \$6.50, a merely 3.6% of the total manufacturing costs.

In addition to the extremely polluting production of crude steel, so too is the production of the inordinate amounts of clothing, shoes, toys, bicycles, air-conditioner units, washing machines, solar panels, and many other household items produced solely for the purpose for export. All these products are exported and arrive in the US and other imperialist countries clean and free of pollutants—the toxic waste is left behind. Rarely do we see any analysis that relates China's pollution problem to the role China has played in the international division of labor in the current capitalist system. However, a recent article, "*A Dirty Secret China's Greatest Imports: Carbon Emission*," by *Earth* is worth noting. The article begins with: "The U.S. and much of the Western world have a dirty secret. While we claim to be working diligently to decrease our emissions and switch to cleaner, non-fossil fuel energies, we are actually just exporting emissions to other countries,

most notably China.” The article explains that while “the world turns toward China to be its dirty manufacturer, we all clean up our books, pushing our emissions and energy consumption onto them. We let China produce and ship our goods, and then say, ‘Who me? I don’t produce emissions. I’ve cut mine. China is to blame.’”<sup>53</sup>

The article continues to say that the United States has been decreasing its total energy consumption, dropping from 359 BTU per person per year in 1978 to 308 BTU per person per year in 2009, and while it has reduced its coal consumption (from 50% to 45% of its electricity fuel mix), it has increased its coal exports from 26 million short tons in 2009 to 40 million short tons in 2010 reaching 10% of its total coal production. US coal exports to China during the first half of 2010 was 1,000 times that of the first half of 2009. The article continues to say that researchers have determined that approximately 1 billion tons of carbon dioxide emissions in China are from the production of products destined for export to other countries.<sup>54</sup>

### **3) High Level and High Growth Rate Investment is Unsustainable**

High levels and high rates of investment growth have been the other important contributors for China high GDP growth rate. On November 27, 2012 the IMF published a working paper entitled, *“Is China Over-Investing and Does it Matter?”*<sup>55</sup> The article stated that in 2012 the rate of investment in China reached 50% of GDP, and it explored the problems related to overinvestment. It asserted that China’s investment level was already high in 2007 and when the great recession hit the world in 2008-2009, the Chinese government began to implement a rescue plan of \$586 billion, which was spent on a wide range of infrastructure investment projects. Thus, investment as percentage of GDP was further raised by 2012 to over 50%. In any country, imperialist or colonial/semi-colonial, a 20% of GDP investment rate is considered very high.

The government spent the rescue package by vastly expanding infrastructure. The high rates of investment resulted in overcapacities in many industries. One example was overcapacity in the solar panel industry.

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<sup>53</sup> <http://www.earthmagazine.org/article/dirty-secretchinasp-greatest-import-carbonemissions>

<sup>54</sup> Ibid.

<sup>55</sup> International Monetary Fund working paper No. 12/277, November 21, 2012.

According to an article published by McKinsey & Company on “*China’s Great Rebalancing/ Promise and Peril*,” in less than a decade China’s solar panel industry went from non-existent to become dominant in the world. The ten largest Chinese manufacturers today account for more than 60% of global solar panel production and in 2010, 96% of the solar panels China produced were exported. The article continues to say the problem of this growth was almost entirely production driven.<sup>56</sup> Solar panel production is also highly polluting.

Additionally, housing stock expanded rapidly, reaching a level far above people’s ability to buy, causing the fear of a housing bubble burst. From the government rescue package came the extensive construction of the transportation network, which included 30,000 kilometers (18,600 miles) of high-speed railway and 35,000 km (22,000 miles) of highways.<sup>57</sup> The major infrastructure construction facilitated the flow of goods and people. At the same time, tremendous waste resulted from over-building. Many four-lane highways built in small towns are still deserted, while whole cities and towns with rows and rows of residential and commercial buildings, roads, hotels and exhibition centers stand empty. This overinvestment has represented an extreme imbalance in the Chinese economy and caused tremendous damage to China’s natural environment. Despite the efforts made by the government to rebalance China’s economy to correct the low level of domestic consumption, the level has stayed unchanged at around 40% of GDP. The level of consumption cannot be raised, because of the low wages of Chinese workers. The detrimental effects on China’s environment from 40 years of capitalist development will be discussed later, but over-investment has certainly been a contributor. One shocking figure can help illustrate the environmental impact of over-investment: China’s cement consumption in three years (2011-2013) was more than US cement consumption in the entire 20<sup>th</sup> century.<sup>58</sup>

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<sup>56</sup> Huang Yasheng, “China’s Great Rebalancing: Promise and Peril,” McKinsey & Company, June 2013

<sup>57</sup> Project-Syndicate, April 2, 2019, Project-Syndicate.org and China National Highway, Wikipedia

<sup>58</sup> Swanson, Ana, “How China used more cement in 3 years than the U.S. did in the entire 20th Century,” *Washington Post*, March 24, 2015.

#### 4) China Has Become an Imperialist Country—the growth of Chinese monopolies and rapid expansion of foreign investment

It was during the high rates of investment in the past ten years that China's GDP grew exponentially. China's economy almost tripled in size from 2008 to 2018, with GDP reaching \$13.6 trillion. Compared with the GDP of Japan, in 2008 China's GDP was 50% smaller, but by 2016 China's GDP was 2.3 times larger than that of Japan.<sup>59</sup> During this decade China's industries went through mergers and acquisitions and became major giant-sized global corporations. In 2018 China had 120 companies on the Fortune 500 list, just behind US, which had 126 companies, and ahead of Japan, which only had 52 companies listed.<sup>60</sup> Chinese capital has definitely become monopoly capital.

As China has expanded its GDP and has exported large volumes of products abroad it has needed more raw materials (including minerals, lumber and cotton) and energy to feed the production of these products. China has invested heavily in Africa, Latin America and the Middle East, as well as in Europe and Australia, to secure its supply of raw materials and energy. China became a dominant player in the energy sector by 2008. In 2017 China surpassed the United States and became the largest crude oil importer.

The quest for oil and raw materials has been one important reason to further expand its foreign investment. Another reason for China's expansion of its foreign investment was that, since 2008, China ran out of places for further infrastructure building. China announced its ambitious "One Belt One Road" initiative (BRI) in October 2013 to expand its infrastructure investment overseas and to secure its huge demand for energy and raw materials, as well as to create commercial relations to expand markets for Chinese exports. BRI clearly expressed China's ambition to expand its influence in commerce and trade, as well as in the political sphere.

The BRI framework calls for open cooperation and direct foreign investments (FDI) designed to lay the infrastructure and industrial foundations to secure and solidify China's relations with 68 countries on three continents. The BRI, once complete, will reach more than 60% of the global population, account for nearly one third of world's GDP and global trade,

<sup>59</sup> Zhang Jun, "China's Decade of Sweeping Economic Change, Project Syndicate," Apr 2, 2019, 1-4.

<sup>60</sup> ChinaDaily.com.cn, July 20, 2018.

and 75% of its known energy reserves. Under this plan, China will be linked to Europe through Central Asia and Russia; to the Middle East through Central Asia; and to Southeast Asia, South Asia, and the Indian Ocean via both land and sea routes. The BRI involves the funding and construction of a system of roads, railways, oil and natural gas pipelines, fiber-optic and communication systems, ports, and airports that will have implications on global energy security in the coming decades.<sup>61</sup>

So far, China has built and paid for seven dams in Cambodia, which generate half of the electricity in that country. Sri Lanka borrowed \$1 billion from China to build a deep-water port. China owns it and is leasing it to Sri Lanka for the next 99 years. South Africa borrowed \$1.5 billion to build a coal-fired power plant—one of 63 such power plants China has built around the world. Zambia borrowed \$94 million to build a large soccer stadium.<sup>62</sup> So far the total amount of China's investments and loans is still rather small, but China possesses large stores of US dollars and other foreign currencies and she has the potential to expand foreign investment along the BRI and beyond.

## 5) The Impact of China's Development in the Past Forty Years

Following 30 years of socialism, China joined the world of imperialism and has become an imperialist country. This development has tremendously benefited international monopoly capital. China has provided a space for international monopoly to expand and a space for overflowing commodities, generated by the fevered capacity to produce, thus helping moderate the crisis of the capitalist system for the time being. However, this development has been destructive to the international working class and has further deteriorated the world's natural environment. China's large work force joining the international division of labor exerted strong downward pressure on wages in all countries, especially in imperialist countries. Capitalists in imperialist countries have been able to take advantage of global production and shipped manufacturing jobs to China and other countries that followed its model.

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<sup>61</sup> Sucharita Gopal, Joshua Pitts, Zhongshu Li, Kevin P. Gallagher, James G. Baldwin and William N. Kring, "Fueling Global Energy Finance: The Emergence of China in Global Energy Investment," <https://www.mdpi.com/1996-1073/11/10/2804/pdf>

<sup>62</sup> "How China became a Super Power," *China Rules*, <https://www.nytimes.com/interactive/2018/11/18/world/asia/world-built-by-china.html>



This development at least partially explains the stagnated wages and reduced benefits in the United States and other imperialist countries. In the neoliberal phase of imperialism, where capital is free to choose its location of production, it has become increasingly difficult for workers to engage capital in their struggles for higher wages and better benefits: capital can simply pack up and leave. During the past several decades, workers in the United States have not been able to make any advances or even defend what they once fought for and won.

As wages started to rise in China from strong demand for labor in the last decade due to fast growing GDP and export manufacturing, businesses moved from China's coastal provinces to smaller cities in Central China to seek lower wages. Oversea investors from Taiwan and Hong Kong that had contracted local businesses to produce began moving to other low-wage countries, such as Sri Lanka and Bangladesh for textile and clothing production. Many local business owners who lost their contracts simply closed down their shops and disappeared with unpaid wages owed to workers and unpaid loans owed to the banks. Low-wage Foxconn workers, who made iPhones for Apple, now work for Huawei, a Chinese owned high-tech firm that out-competed Apple in the Chinese market. Now Huawei just found the new place for its production and marketing: India.

In the process of China becoming another imperialist country, international monopoly has gained and the international working class has lost. China provided the imperialist world with large numbers of industrial workers, thus lowering wages for monopoly capital. Moreover, China exported low-priced consumer goods to other imperialist countries, dampening the pressure of inflation. However, the growth of China's immense industrial workforce will eventually strengthen the international working class. The new international division of labor has created greater potential for uniting working class struggles across all countries. It is up to the proletariat to seize the opportunity to realize such potential. China's capitalist "Reform and Opening Up" gave international monopoly capital the opportunity to incorporate China into the world of imperialism. It came at an opportune time to rescue global capitalism from its crisis. Now, 40 years later, with added capacity for production and the generation of even bigger surpluses, the crisis of global capitalism has only become deeper and more entrenched. Additionally, the global environmental crisis has worsened and become more critical.

## **China's Capitalist "Reform and Opening Up" and China's Working Class Struggles**

During the forty years of capitalist "Reform and Opening Up," China's new ruling class created a large—perhaps the largest—army of the unemployed in history (by any measurable standard). At the same time, the Reform transformed hundreds of millions of peasants into the fastest growing population of industrial workers. In the past four decades the focal point of class struggle has shifted from the old industrial centers during the socialist construction, to the center of export industries located in the southern coastal cities. During the same forty years, Chinese society went through tremendous changes, which have resulted in deep internal contradictions that have permeated throughout China's cities and countryside. These contradictions in Chinese society have manifested in different intense struggles, which will be discussed in another section.

### **1) The Reform Created a Large Army of Unemployed**

In the 1990s, former state-owned factories went through rounds of restructuring that laid off tens of millions of workers, who only received a very small monthly payment below the minimum amount needed to subsist. The newly unemployed workers were also deprived of any healthcare. Hospitals and health clinics that previously provided medical care to workers began charging high fees to cover their own costs as required by the Reform. In 2004 I visited Shenyang, which had been a flourishing industrial city in northeast China where heavy industry had been concentrated. By that time it looked like a ghost town where stores, nurseries, barbershops, and bathhouses were all shut down. Unemployed workers lined the street selling a few household items including family pets for cash but nobody was buying. These workers displayed "for hire" signs offering to work any odd job but no one could afford to hire them.

A friend who accompanied me on that trip took me to the home of an unemployed worker. Everyone in the household—the husband, the wife, and the son—were all unemployed. The family tried to make a few RMB (Chinese dollars) by selling some food items on the street, but the small cart they had bought was overturned by a strong wind and everything was lost. The husband told me that he suffered from very bad stomach pain. When he went to the hospital the doctor ordered an expensive test and after pay-

ing for the test he had no money left to buy the medicine. The wife was a factory worker all of her adult life, but her job was terminated. The son was over thirty years old and a discharged soldier. He said that he felt his life was over. Tens of millions of laid-off workers in many industrial cities all over China were in similar situations. All of them tried to find some way to eke out a living. Some did succeed as street vendors, taxi drivers or food servers. Many women became prostitutes. Like their Third World sisters and brothers, they became part of the underground economy. These former proud factory workers have to constantly look for buyers for their labor power just to survive. At the same time, they face relentless harassment and abuse from the police. The police often charge them with some trumped up violation and force them to pay a fine that wipes out the entire earnings from their day's work.

The privatization of state-owned enterprises has been a major component of China's capitalist Reform. In the early 1990s hundreds of thousands of factories in older industrial cities all over China started going through rounds of restructuring. Many laid-off workers fought to save the factories where they had worked for decades from being closed or sold. Workers protected the machinery and equipment from being moved away and destroyed. But they could not sustain their struggle against the powerful political forces of privatization. By the late 1990s and early 2000s the big wave of privatization was over, but there were still continuing efforts to take over what still remained. Below is one example how in 2005 workers successfully resisted the take-over of one large steel complex in Jilin Province.

Tonghua Steel was a state-owned enterprise under the jurisdiction of the Jilin Provincial State Asset Supervision and Administration Commission. It was a large steel enterprise and had once employed 30,000 workers. In 2005 Jianlong, China's largest private investment company, bought 40% of Tonghua Steel shares. After the sale of stocks, Tonghua became a joint-stock corporation and Jianlong's management took over key management positions. Tonghua began losing money once Jianlong acquired the shares. Then in 2008 the financial crisis hit the steel industry hard, and Tonghua lost even more money that year. Worker wages were cut to an average of 300 RMB per month, much below the 600-800 subsistence wage level. In March 2009, Jianlong made the decision to sell its shareholdings. When the news was announced, Tonghua's workers celebrated with firecrackers. Then the workers worked hard, determined to save the enterprise. By early

2009, when the price of steel recovered somewhat, the enterprise showed a small profit, causing Jianlong to decide to take over enterprise again. Jilin's provincial government reached a secret agreement with Jianlong to acquire a controlling share of Tonghua. Contrary to normal procedures, which were to announce the acquisition in a meeting of the staff and the workers' representative congress ahead of the deal, the news was announced after the deal had been made. Upon the announcement, a number of Tonghua's general managers resigned on the spot.

How the deal was made and announced infuriated the workers. Early on the morning after the announcement, 3,000 workers and their families staged a demonstration in front of the main office carrying signs reading, "Jianlong, get out of Tonghua" and calling for a mass demonstration. A large number of demonstrators gathered and proceeded to the metallurgy section of the factory compound and succeeded in blocking the railway lines leading to the blast furnaces. By the early afternoon they had blocked all the railways and shut down all seven blast furnaces. The whole production of Tonghua came to a halt. When Chen, the newly appointed General Manager of Tonghua Steel from Jianlong Group, arrived with a team to talk to middle management and staff representatives about ways to resume operations, a group of demonstrators rushed in and dragged Chen out of the room and later beat him to death. By early evening, nearly ten thousand workers gathered; they did not allow any government officials to enter the building. At around 9:00 in the evening, Tonghua Steel announced on television that the Jilin provincial government asked Jianlong to withdraw and never to participate in restructuring Tonghua Steel again. This is a rare case in which workers successfully blocked the privatization of their factory. Then, only one month later in August 2009, workers in Linzhou Steel in Henan Province were also able to block Fengbao Iron and Steel Company from acquiring their steel enterprise.

During the early stage of Reform, worker struggles against capital were mostly in factories built during the socialist period. The struggles were against the privatization of those enterprises and against labor reform turning labor power into a commodity by establishing a labor market where workers were hired and fired. In later stages, the struggles moved to post-socialist built factories.

## 2) The Growth of Industrial Workers and their Struggles

After the Reformers broke up the communes in the countryside, peasants and their families could no longer live on selling what they could grow on their small plots of land. Moreover, agricultural infrastructure, such as the irrigation and drainage systems built during socialist times, fell apart due to lack of maintenance. Other services that existed under the commune, such as healthcare and education, which had supported peasants' daily lives and their overall welfare, all disappeared for lack of funding. In the early 2000s I visited a village in Henan Province. Peasants in this village had used their increased income from selling grain at higher prices in the mid-1980s and built some nice houses. They had exhausted their savings and were left without reserves to help them through the lean years when their incomes dropped due to higher priced farm inputs. The primary school house (just a little hut) in the village was about to collapse because its walls were full of cracks. The teacher of the school had not been paid for over a year even though she continued to teach.

These kinds of conditions force many younger family members to leave home to find jobs so they can send some of their wages home. Older parents and small children stay behind to guard their small piece of land. During the early 1990s the number of young people leaving home to work in the export industries in coastal cities totaled about 100 million—now their numbers have increased to around 300 million. Today there are still around 300 million peasants remaining in the countryside who barely survive on the money their children send home. They often have to abandon farming or just grow some vegetables for their own consumption. As a result China's scarce arable land has become even scarcer. Their lives are very hard and some do not survive. There have been reports (not frequent but not rare either) where grandparents have poisoned their grandchildren with pesticides and then committed suicide. I still remember vividly what an old peasant said to me: "I followed Chairman Mao in his fight against capitalism. But I did not really know what capitalism was. Now I know. This is the capitalism Chairman Mao warned us about."

While the former state enterprises laid off their workers during their restructuring, a total 300 million people, about the size of the workforce in the entire European Union, migrated from the countryside to cities to work. When the new regime wanted to use exports of low-priced labor-intensified

products to spur economic growth, it welcomed subcontracting firms owned by overseas Chinese in Taiwan, Hong Kong and Singapore to invest in cities in Guangdong, Fujian and other coastal cities and in the city of Shenzhen.<sup>63</sup>

Large numbers of male and female migrants work in these factories producing exports. Mostly men work in construction projects and in transportation infrastructure, while women work in restaurants, hotels, and/or as domestic workers for the wealthy and many become prostitutes. The subcontracting businesses produce clothing, household items, footwear, sport equipment, toys, and electronics. They also make computer components and/or assemble phones and tablets, many of which are sold abroad under multinational brand names. Workers in these factories, especially during the early years, were given very little training and as a result suffered many workplace injuries on a daily basis. In the early decades of the 1990s, hospitals in these cities reported that so many fingers were being severed by accidents at the workplace that they were “collecting human fingers by the bushel” every day. Workers in electronic factories are often exposed to highly toxic materials, such as solvents that contain benzene and trichloroethylene. Many of these workers became seriously ill with liver and lung damage. The State’s interest is not in enacting or enforcing any vigorous regulations to prevent toxic work environments.

The brutal factory life of these migrant workers is well documented.<sup>64</sup> They often work 12 to 14 hours a day plus overtime. During busy times when deliveries are due, overtime is imposed on the workers. Even though the overtime stipulated in their contracts is often limited to 36 hours a month, the reality is that it could be several times over that limit, to as many as 200 or more hours a month. Their wages average about \$30 a month (1,800 RMB) but have been rising in recent years—doubling or even tripling—mostly due to workers fighting back and negative international publicity. The result is that subcontracting firms are moving to other low-wage countries, such as Vietnam, Bangladesh, and Sri Lanka, as well as to central China. Most of these subcontracting firms are small but there are also larger factories employing tens of thousands or even hundreds of thousands or more workers. For example, the aforementioned Foxconn, is

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<sup>63</sup> Shenzhen was a small fishing village that was converted into a special economic zone.

<sup>64</sup> <https://www.dissentmagazine.org/article/condition-working-class-shenzhen-peasantworkers-authoritarian-consumerism>

a subcontracting firm owned by the Honghai corporation based in Taiwan, which produces computers and other IT products for Apple, Intel, Dell, and other IT multinationals, and employs 1.3 million workers in its various factories. Not all of them are located in Shenzhen and Guangdong, because some of Foxconn's production has moved to central China to avoid paying higher wages. On the surface, these mega-factories look like better places to work. However, management in these factories enforces strict work rules to maximize worker productivity. The pace of work is at breakneck speed and has resulted in well-publicized tragedies. In 2010, 18 workers who could no longer endure the oppressive work regimen committed suicide by jumping from high-rise dormitory buildings. 14 of them died.<sup>65</sup>

Most of the labor struggles of these young migrant workers took the form of small strikes concerning wages and working conditions and were settled quickly. However, there were also strikes that lasted longer and had a significant impact on production. One example is the Nanhai Honda strike in 2010, which lasted from May 17 through June 4. According to a China Labor Watch report, since Nanhai Honda was a transmission plant its strike stopped the production of four auto assembly plants and also sparked strikes in other foreign-owned car factories.<sup>66</sup> On May 31, 2010, 200 thugs affiliated with the local trade union physically assaulted a group of workers. The incident made the Nanhai strike known nationally, well publicized in national and local newspapers, and garnered support from Chinese academics. Honda Corporation management finally gave in and agreed to the workers' demand, granting an immediate 33% wage increase. The victory at Nanhai Honda encouraged workers in other auto factories; China Labor Watch reported that it spread to at least eleven other auto factories.<sup>67</sup>

China Labor Watch also reported that the strikes at auto companies that followed the Honda strike all took place in the period of social unrest in China beginning in the early 1990s. The report said that the Ministry of Public Security recorded 8,700 incidents of social unrest nationwide in 1993. That number increased to 74,000 in 2004 and then 87,000 in 2005. By 2006 the Ministry stopped publishing numbers for fear of negative

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<sup>65</sup> Ibid.

<sup>66</sup> *China Labor Watch*, October 25, 2010, <http://www.chinalaborwatch.org/news-cast/60>

<sup>67</sup> "The Strike Wave," <http://www.chinalaborwatch.org/news-cast/60>

impact.<sup>68</sup>

Obviously the Nanhai Honda strike was organized, but workers in China do not actually have a representative labor union. The All-China Federation of Trade Unions (ACFTU) is a semi-official government union, often discouraging workers from taking strike actions and is not usually on the workers' side in labor disputes or during labor negotiations. The strike at Nanhai Honda and many other workplaces in China seems to indicate that labor struggles do not require the same kinds of labor unions as in Western capitalist countries. Continued struggles at the factories have raised workers' wages and benefits. Higher wages have resulted in relocating manufacturing to cheaper countries. These relocations caused many factory closings with owners fleeing and leaving behind unpaid wages and debts.

Commentators on labor struggles in China recognize the difference between migrant worker struggles in the newer export manufacturing industries in the coastal cities and earlier struggles of older workers in factories built during the socialist period. Labor struggles in the export industries have been more focused on economic issues, such as wages, benefits, and working conditions. Worker struggles in factories built before the Reform were also about economic issues but showed more political consciousness and ideology. Since such workers built the factories themselves, they believed the factories belonged to them. The anti-privatization worker struggles in former state-owned factories, though rarely successful, are of political significance. These struggles show the political consciousness of workers and the legacy of socialism. However, during the last few years, workers' struggles in factories built in the post-Reform era have begun to turn more political and ideological. This is a critical turning point in worker struggle in China.

The turning point occurred in part because young intellectuals began to develop a deeper relationship with the working class. During the post-Reform era, universities continued offering classes on the theory of Marx, Lenin, and Mao. However, most of these classes taught by party officials often deliberately misinterpreted the true meaning of these revolutionary theories and histories. Students, most of whom were the precious offspring of the new bourgeois class, showed little interest or, because of the relentless black propaganda, were even suspicious toward communist theory. But there were still a small handful of true Marxists tutoring students in study groups

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<sup>68</sup> Ibid.



outside their regular class.

These study groups at Qinghua University and Beijing University started in the 1990s and continued year after year, impacting different graduating classes. The study groups did more than read books because they understood Mao's teaching on the importance of practice. As part of their study they went to visit older workers and learned from them about their lives during socialism and the hardship and struggle these workers were going through in the post-Reform era. During their summer and winter vacations, they went to work in factories in the coastal areas on a short-term basis. Working in factories—even for a short time—they learned about the lives and struggles of this new generation of migrant workers. Through the workers' experiences the students learned the fundamental differences between socialism and capitalism.

During the past two decades a number of young men and young women (perhaps a few hundred), who joined similar study groups in different universities, matured from what they learned in their studies and from the oppression and struggles they witnessed in the society at large—and made a qualitative leap. They decided to devote themselves to serve the working masses. They supported workers by helping them resolve problems and difficulties they encountered in their lives, and they provided services and organized cultural and recreational activities and study groups. I read how students from a Chinese medical school gave massages to long-distance truck drivers. These actions connected the young intellectuals to the workers. They united in struggle. This unity was something the State feared most because the Chinese Communist Party succeeded in the revolution by establishing a strong link between the workers and peasants and revolutionary young intellectuals.

In late 2018 and early 2019, some of these young men and women supported workers at the Jasic wielding equipment factory in their efforts to form a union. Throughout these struggles the young intellectuals vowed to serve the working masses, stating: "We will always be the sons and daughters of the workers and peasants." Throughout their struggle, over 100 workers, students, and others were arrested or disappeared by the government. Their arrests and disappearances are closely related to the increasingly oppressive policies and tightening grip on security by the CCP and its Chairman Xi Jinping. Moreover, the capitalist regime tightened students' activities on university campuses, prohibiting activities such as study groups, open dis-

cussions, and publications. These new oppressive policies have had a chilling effect on students and other intellectuals on the Left. However, as long as exploitation and oppression exist, many intellectuals will continue their struggle with the exploited and oppressed masses. This has been the moral fabric of intellectuals in China's long revolutionary history, a tradition from the student May 4<sup>th</sup> Movement in the early 20<sup>th</sup> century, throughout the long struggle to Liberation, to the current post-Reform period.

### **Impact of China's Capitalist "Reform and Opening Up" on China's Land, Resources, and Environment**

As explained earlier, China has very little arable land. Collective agriculture during socialist times enabled peasants to spend numerous hours improving the quality of the land. During socialist times China was able to feed its large and growing population by doubling the yield of the available land. During those years, peasants worked long hours to prepare the soil before planting. They used treated waste from humans, animals, and vegetation to carefully prepare organic compost. Even when chemical fertilizer became available in the 1970s, peasants only applied it sparingly.

However, after the communes collapsed, the quality of soil in the countryside steadily deteriorated. As stated above, many young people left the countryside to find jobs to send money home to support their families. Those who remained have grown old, and many of them no longer work in the fields. They hire teams who own farm machinery to do the tilling, planting, and harvesting. These peasants often apply too much chemical fertilizer hoping to have a bigger yield in the short-term. The excessive use of chemical fertilizer has not only destroyed the natural nutrients of the land and turned it into hard pieces of caked soil, large quantities of chemical fertilizer also flows from the fields into the rivers. Overuse of chemical fertilizer in agriculture is a serious problem worldwide, but in China the problem has reached extreme proportions.<sup>69</sup> The agricultural research extensions that used to provide the peasants with technical assistance on farming under the commune system no longer exist.

China has very limited access to fresh water and is one of the 13 countries with the lowest per capita water supply. After four decades of rapid

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<sup>69</sup> <https://www.chinadialogue.net/article/show/single/ch/5153-The-damaging-truthabout-Chinese-fertiliser-and-pesticide-use>

economic growth after the capitalist “Reform and Opening Up,” water in 85% of China’s six biggest river systems is now undrinkable—even after treatment. The percentage of groundwater that is polluted reached 60% in 2013.<sup>70</sup> Since large quantities of water have been used for industrial purposes, currently 400 out of China’s 600 major cities do not have adequate water for their residents. Cities continue to dig deeper for water causing depletion of groundwater. China’s Ministry of Water Resources stated that this practice not only further aggravates the water shortage, but also lowers water quality and increases the risk of earthquakes and landslides.<sup>71</sup>

Air pollution in China is just as serious. In northern cities air pollution has reached extremely toxic levels. Readings of particulate matter no more than 2.5 microns in size (PM2.5), the most harmful type of toxic smog for people to breathe, routinely reaches 40 times the maximum level allowed by the World Health Organization.

Although this kind of short-term predatory high growth strategy brought high profits for China’s capitalists, it has deprived China of the potential for long-term sustainable development.

### **China’s Capitalist “Reform and Opening Up” and the Deep Internal Contradictions**

The capitalist “Reform and Opening Up” in the past 40 years has resulted in a polarized society that is full of a wide range of serious contradictions. The Reform created major class contradictions between the broad masses of toiling people, especially workers and peasants and the small number (2% to 3% of the population) of powerful political elites who also own and control tremendous economic power and resources: the new bourgeoisie. Between these two contending forces are the petit bourgeoisie who comprise less than 30% of the population but total 300 million people—nearly matching the total population of the United States or two-thirds of the total population of the European Union. The petit bourgeoisie—who are the small to middle-sized business owners, technocrats, housing developers, realtors, middle-level management and government officials, middle-level military personnel, academic personnel in universities, and others—have benefited

<sup>70</sup> *The Economist*, May 17<sup>th</sup>-23<sup>rd</sup> 2014, 44.

<sup>71</sup> “China’s Water Shortage to Hit Danger Limit in 2030,” *People’s Daily Online*: <http://english.peopledaily.com.cn/>

from the Reform. The petit bourgeoisie in large and medium-sized cities live comfortably. They usually own comfortable apartments, stocks and other properties. They have extra money to spend on cars and other luxury items and on travel. In 2018 the number of Chinese tourists who traveled abroad totaled 140 million. Many of them spent lavishly on buying name brand consumer goods. The petit bourgeoisie provides a buffer between the very small number of extremely wealthy bureaucrats/capitalists and the broad masses of working people.

Many migrants who work in the service and construction industries are also poorly treated. In the construction business, as a rule, workers receive their full pay only after the project is completed. During the months while construction is in progress, workers usually receive some subsistence wages on a weekly or monthly basis. However, many construction contractors refuse to pay workers what they are owed upon completion of the project. There have been reported cases that instead of paying the workers as they demand, police are called in to use brutal force to disperse them. This kind of extreme abuse and violence committed by private employers, often with the cooperation of the police and local government officials, is commonplace.

Peasants suffer similar abuses in the countryside. Two journalists, Chen Guidi and Chun Tao, investigated and reported on many shocking cases in Anhui Province. In their *Chinese Peasant Investigation Report*, Chen and Chun documented how village officials beat peasants to death.<sup>72</sup> Published in 2003, their book was quickly disappeared from circulation. In more recent years, there have been many large-scale enclosure movements through the “Urbanization of the Countryside Project” where incidents of land grabbing and evictions have become commonplace. Any resistance on the part of peasants and urban dwellers is brutally suppressed. Since “regulations” prohibit confiscation of farmland, developers—with the aid of local authorities—deliberately destroy crops in the fields. One incident I heard about (though not substantiated) was of a developer who poured cement over the almost harvestable wheat, depriving peasants the last bit of income they would have otherwise received. Enclosure movements are widespread. Many urban dwellers have been evicted, even if their houses were only built a few years before, in designated residential areas, according to the city’s plan. City authorities simply draw up different plans for developers and bulldoze

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<sup>72</sup> *Chinese Peasant Investigation Report (Zhongguo Nongming Diao Cha)* 114.

people's houses without adequate compensation.

Most of these abuses are not reported; there are few places people can go to seek justice because the court system is just as corrupt. Many, if not most, officials of town and city governments and of different administrative units in the countryside have close connections to underground criminals, including mafia-type organizations. Criminal activities such as kidnapping, the operation of prostitution rings and gambling houses, trafficking in illegal drugs, and other illegal activities require and receive the cooperation and protection of the police. Ordinary people know all too well that the police can no longer be trusted to uphold and enforce the law against these criminals. The connection between criminal elements in society and legal authorities go both ways because the police and private businesses often hire gangsters to do their dirty work.

Over the past decades, as the burden of environmental pollution on people and their communities have become more serious, people have increasingly organized to block the construction of power plants, chemical factories, and garbage incinerators. Demonstrations against environmental pollution often involve tens of thousands and even hundreds of thousands of people. One such demonstration happened in September 2014 in Pingjiang County, Hunan Province against the construction of a coal-powered electric plant. The town closed down its high school so students could participate. More than 10,000 people showed up to the demonstration. The demonstrators held up large signs with messages to Xi Jinping:

*“Xi Jinping, do not sacrifice the environment for economic development.”*

And:

*“Xi Jinping, we want green mountains and clear water. We do not want mountains of gold or silver.”*

Another large demonstration in Zigong City, Sichuan Province at the end of January 2019 also involved more than ten thousand people protesting underground fracking for natural gas. The city experienced three earthquakes where two people died. The residents suspected the fracking had caused earthquakes and demonstrators surrounded the city administration building to demand that fracking be suspended. The demonstrators finally

dispersed after those responsible promised to abide by the suspension.<sup>73</sup>

The large numbers of protests happening in China reflect many previously unresolved contradictions and the development of new contradictions. As living and working conditions continue to deteriorate, and as corrupt and abusive government officials continue to be uninterested in finding any real solutions, China's masses are increasingly frustrated and angry. All the issues, including land grabbing, factory closings, and environmental pollution, are problems the masses face every day. These issues manifest in strikes at the workplace and demonstrations on the streets and in the countryside. These ongoing incidents show that the contradictions in Chinese society have reached a heightened level. Xi Jinping has repeatedly called for building a harmonious society, but most people regard these calls as meaningless rhetoric. As the contradictions between the Reformers and the masses intensify, the government uses more repressive measures to suppress the voice and actions of the masses.

Chinese society has gone through tremendous changes during the capitalist "Reform and Opening Up" in the past four decades. The Left outside of China have been actively discussing and debating the meaning and significance of the Chinese revolution, its socialist construction and the capitalist reform, and how this history has impacted the world. The Left in China, quite apart from those outside, has also engaged in serious discussions and debates on these same issues. A short discussion follows on how the Left in China evaluates the legacy of the socialist past, how they analyze China's current situation, and their outlook for China's future.

The overwhelming majority of the Chinese people are very proud of China's liberation in 1949 and the years of socialist construction; they hold dear the legacy of Mao Zedong and socialism. For this reason, the capitalists who knowingly betrayed Mao and what he stood for have had to continue to use him as a symbol to be worshiped. But most Chinese people have genuine affection toward Mao. Many of them celebrate Mao's birthday year after year, and the people designated Mao's birthday on December 26 as "People's Day." Tens of thousands of people from all over China gather in Shaoshan, Hunan (Mao's birthplace) to celebrate every year. In 2018, tens of thousands of people arrived in Shaoshan on December 25<sup>th</sup> and stayed up all night in the large outdoor square to celebrate Mao's 125<sup>th</sup> birthday. They brought

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<sup>73</sup> <https://www.chinadialogue.net/article/show/single/ch/5153-The-damaging-truth-about-Chinese-fertiliser-and-pesticide-use>

flowers, large banners and many red flags, and they shouted slogans and sang revolutionary songs throughout the night.

During the early years of the Reform, several respected old communist party loyalists, who no longer played active roles within the Party, kept writing letters to the Political Bureau voicing their opinions on the reform policies and presented what they thought were constructive criticisms. Their letters and opinions were ignored by those in power. These party loyalists gave hope to some on the Left that there were still healthy elements within the Party. Thus, some within the Left believed that the Party was not totally hopeless, and they formed a faction that called for reform from within.

Even before the nationalist revolution in 1911 to overthrow the Qing Dynasty, nationalism and patriotism has historically played an important role in China's political changes because China had been invaded and occupied, its people exploited and oppressed, by imperialist powers for more than a century. Mao was a patriot in his youth. There has always been agreement in China that it needs to be strong in order to fend off aggression from outside. The question was only how to make China strong. When Japan invaded China, Mao called on the country to cooperate with the Kuomintang to defeat the Japanese, because the survival of China as a nation was at stake. After the Japanese surrendered, the Chinese Communist Party continued to lead the fight against the Kuomintang until Liberation in 1949. Many progressive youth joined the fight against the Kuomintang for patriotic reasons, because they believed that the Chinese Communist Party was the only hope for China's survival. Those who actually believed in communism were not the majority. The two-line struggle within the Communist Party during the socialist construction reflected the divide between the revolutionaries and those who were fundamentally nationalists. The capitalist roaders represented by Liu Shaoqi and Deng Xiaoping believed capitalism could build a strong China. Deng's famous saying was: "It doesn't matter whether a cat is white or black, as long as it catches mice," meaning: "It does not matter whether the system is capitalism or socialism. The one that makes China strong is the best system."

The results of forty years of capitalism in China are obvious. What most people see depends on whether they have benefited from or have been hurt by the four decades of capitalism. In other words, their economic interest is an important determinant. However, whether they support the capitalist Reform or not is not entirely based on their personal gains or losses;

nationalism and patriotism play a role, especially among China's intellectuals. Many people who are part of the forces against the current regime are very concerned about the effects of forty years of capitalism on China as a country and on the Chinese people as a whole. They have seen how capitalism changed Chinese society in many negative and detrimental ways: the abuse and corruption committed by a powerful few, the deterioration of China's land and natural resources, the destruction of socialist values, the hideous crimes against vulnerable people, and the rampant spread of the underworld of drugs and prostitution. In other words, they have real concern about the future of China and the Chinese people. They actively join the struggle against unfair treatment of workers, environmental pollution, genetically engineered foods, and many others.

The current opposition forces are not a homogenous group. Within the opposition there are those with nationalist tendencies who believe the principal contradiction in China today is between China and other imperialist countries, especially the United States. They believe any political turmoil within China invites imperialist countries to intervene. They may dislike many aspects of the current regime such as the treatment of workers, the environmental problems, the rampant corruption, and the fact China has become an extremely polarized country. But they believe the current regime is the only political force that can protect China's sovereignty. They see how aggressive China has been toward other less developed countries in Africa, Latin America, and other Asian countries, yet they do not condemn China for being another imperialist country. Instead, they are the apologists for China's actions and argue that China treats these countries in a "kinder" way compared to other imperialists. They tend to turn a blind eye to the fact that China is pillaging the resources of these countries and oppressing their people.

Those with nationalist tendencies strongly defend the interests of Chinese capital. They are very keen on how the CCP handles its economic relations with other imperialist countries. They do not want the CCP to give in too much when dealing with other imperialist powers, especially the United States. They watch carefully how Xi Jinping negotiates with the US in current trade talks. In turn, the CCP has to be mindful of their influence on public opinion.

An online recent article on Redchina.cn.net is a good representation of the views of this group: *"Promoting the Anti-America Patriotic National*



*Front' is the Most Important Mission of the Maoists in China today."*

In this article the author stated that the Left should not focus their struggle on supporting Jasic workers; instead, the focus should be fighting the United States, which opposes China's "2025 Made in China" ambition.<sup>74</sup> The article continued to say that this patriotic front should unite not only those who believe that only socialism can save China but also those (including overseas Chinese) who truly have the interests of China in their hearts, even if these patriotic people may still have illusions about capitalism. The author uses the historical example of China's national front against the Japanese and calls for another protracted war against the American imperialists.

The article was quickly refuted by another article entitled: "*Contradiction Between Classes is the Principal and the Most Important Contradiction in China,*" authored by Zhen Yan. The author asserted that any change happens mainly through internal factors. He wrote that during socialist years, China was strong and no imperialist country dared to interfere with China's internal affairs because the socialist government had the full support of its people. Zhen Yan refuted the previous article's attempt to equate China's current situation with the time of the Japanese invasion and occupation by saying that there is not one foreign soldier in China today and the danger Chinese people face is not external but internal. The article says true Maoists today should firmly oppose imperialism and revisionism, which is represented by the elite bureaucratic capitalist class. He also said that for quite a while now, false Maoists have tried to protect those in power (the current Communist Party) and make imperialism the principal enemy, ignoring the fact that we cannot fight imperialism without simultaneously fighting revisionism. Zhen Yan's analysis is correct because the interests of China's bureaucratic capitalist class are closely linked to global monopoly capital represented by imperialist powers.

Since those with nationalist tendencies believe only the current regime can maintain the stability and unity of China, they continue to think that there are healthy elements within the Party and therefore continue to advocate for reform from within the Party. They once placed their hopes in Bo Xilai, a prominent government official who advocated for reform. As the mayor of Chongqing (a major city and province in southwest China), Bo

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<sup>74</sup> The "2025 Made in China" plan is for China to achieve technological advancement so it can produce all high-tech products. The article written by Qu Wei Cun Zhen appeared in: <http://www.redchinacn.net/portal.php?mod=view&aid=38336>

put forth Chongqing as a model that advocated for a more equal distribution of income, more public services (such as public housing), cleaning up government corruption, and cutting down police brutality. However, the party power center could not tolerate even such moderate reforms proposed by Bo and got rid of him on some trumped-up charges. Yet it is still difficult for those who advocate reform from within to give up their hopes. Since Xi Jinping, more often than previous capitalist rulers, likes to quote Mao, those who place their delusional hopes in Xi listen to his speeches to count how many times Xi mentions Mao. In the meantime, Xi has tightened his control by using punitive measures to prevent the contradictions below the surface from boiling over.

### **China and Chinese People in the Future of World Socialist Revolution**

Though forces that resist the oppression have grown in strength, they are still not strong enough to counter the reactionary forces. In the next few decades China will become a critical center for the struggle between global monopoly capital and massive forces of the proletariat.

As noted in the section explaining China's "Reform and Opening Up," changes in China in the past forty years especially since 2000 have greatly benefited imperialism at the expense of the working people. In 2011 China surpassed the United States to become the largest manufacturing country in the world with an industrial workforce of 112 million people, far exceeding those of other industrial countries. Not only does China have the largest number of industrial workers, it also has the largest number of labor struggles involving wage disputes, work stoppages and other work-related issues. In addition to workers' struggles, there have also been many other economic and social contradictions in China, including environmental problems, corruption problems, police brutality, and other forms of oppression. I have no doubt that many of these contradictions will continue to surface and sharpen in the coming decades. In a world where capital has become globalized, workers' struggles and people's struggles also need to be more connected. In the decades ahead, with all the struggles that are yet to come, China will be the center of these struggles.

## Conclusion

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What can we learn from the history of China from the past century since the 1911 Revolution that overthrew the Qing dynasty?

We have learned that people in oppressed nations can rise up and liberate themselves. During the past one hundred years, Chinese people's hopes and aspirations have been for China to be a sovereign nation and to be treated equally among other nations. The 1911 Revolution was a democratic revolution of the old type, led by the capitalist class with the goal of destroying feudalism. That revolution failed when Chiang Kai-shek betrayed the revolution. As Mao explained in *New Democratic Revolution*, the democratic revolution of the old type could not succeed because the capitalist class in semi-colonial and semi-feudal countries was too weak, and they had to rely on the landlord class to rule the country. For that reason, it is not possible to have a democratic revolution led by the capitalist class in a semi-colonial and semi-feudal country to end feudalism. Mao wrote that only a democratic revolution of the new type, led by the proletariat, could end feudalism. If the democratic revolution is led by the proletariat then socialist revolution will surely follow.

The Chinese Communist Party, founded in 1921 and led by the proletariat, built a strong alliance with China's peasantry and formed a broad coalition with the national bourgeoisie. They succeeded in the liberation of China on October 1, 1949 when Mao declared that the Chinese people had stood up and a new China was born. Revolutionaries around the world celebrated with the Chinese people the possibility of building a new society where people would be free of domination and oppression both from within and from without. The socialist construction that followed inspired many revolutionaries, especially those in poor and oppressed nations. In 1956 the Chinese Communist Party galvanized revolutionaries all over the world when it dared to challenge the revisionists of the Communist Party of the Soviet Union. Then in 1966, China took another critical step in leading the anti-revisionist fight by launching the Great Proletarian Cultural Revolution to struggle against the revisionists within the Chinese Communist Party. The intensive anti-revisionist struggle during the ten years of the Cultural Revolution exposed the revisionists within the CCP and the capitalist projects they had tried to implement. Although the struggle between the revolution-

ary line and the revisionist line was at times confusing, chaotic, and even violent, it demonstrated clearly that if socialist revolution were to proceed, the struggle against revisionism would be unavoidable—and continuing revolution necessary. The Cultural Revolution also showed the content, form, and strategy of such an anti-revisionist struggle in a country going through socialist transition.

During that period in China, the people followed Mao and proceeded to develop socialism, which liberated them from economic deprivation, class oppression, foreign aggression, and political persecution. Socialist construction gave rise to great enthusiasm among Chinese people to put forth their best efforts to build a China with hope, pride, and aspirations. Within a short period of two decades Chinese workers, peasants, and intellectuals built a solid foundation for industry and agriculture for their long-term sustainable development. At the same time China produced enough economic wealth to improve the livelihood and well-being of a large and growing population, providing them with basic economic security, education, health, and culture.

Mao's revolutionary line was defeated after his death in 1976, when the revisionists in the CCP seized political power and began their capitalist Reform. After four decades of capitalist development, high rates of economic growth impressed some people enough to believe that China was on its way to becoming an economic superpower. Those who have such an outlook must believe that imperialism—as it has existed in the last hundred years—still has a long way to go. It is helpful to recall that by the last thirty years of the 20<sup>th</sup> century, global monopoly capital had run out of places to expand, requiring as its solution opening up more space for monopoly capital.<sup>75</sup> China's capitalist Reform came at just the right time to provide a wide-open space, free of litter and with abundant, cheap, and disciplined labor for

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<sup>75</sup> In the late 1990s when the Asian crisis began, the problem of overcapacity (which had persisted from the early 1970s) worsened. The automobile industry is a good example of the seriousness of the problem. The *Wall Street Journal* reported on August 25, 1997 that the worldwide capacity of car production reached 70 million vehicles—32% more than consumers were buying. A 1998 article in *The Economist* said that Japanese carmakers had the capacity to produce 14 million cars, but far less than half that number could be sold on the domestic market. The same article stated, “Europe is as much plagued by over-capacity as Japan. Car production there is growing by 4% a year but demand by only 1.5 percent.” (*The Economist*, March 21, 1998, p. 71) Now, in 2018, the overcapacity of automobile industry is plaguing China as well.

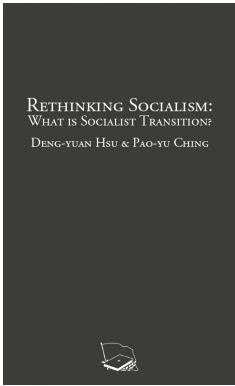
global monopoly capital.

Monopoly capital, together with Chinese capital, indeed expanded—not only in China, but also in India, Brazil, the rest of Latin America and Asia, and the whole Africa continent.

Forty years later, global monopoly again is running out of places to expand. In the meantime, rich and poor countries have been flooded with “made in China” products. China’s land, river, and natural resources are exhausted and its environment thoroughly polluted from overproduction and overinvestment. Some experts say that even if it were possible, it would take much longer than forty years for the environment to recover to where it was forty years ago. The so-called “China’s miracle” or “the miracle of monopoly capital” of the past four decades *cannot* be repeated.

The future of the Chinese people, and in fact the future of all people in the world and the natural world itself, depends how long we allow monopoly capital to dominate the future of the earth and of humanity. That is to say, our future depends on how revolutionaries can unite the international working class to resolutely destroy international monopoly capital, to end capitalism and to build socialism.

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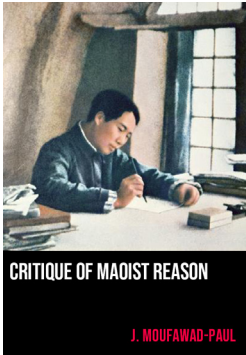


*Deng-yuan Hsu & Pao-yu Ching*

### **Rethinking Socialism**

This essay succinctly answers the question "Is China still socialist?" and tries to give an objective analysis of the reasons behind the defeat of socialism in China.

This essay was revised with a new introduction by professor Pao-yu Ching.



*J. Moufawad-Paul*

### **Critique of Maoist Reason**

Utilizing the term "critique" in the philosophical sense implied by Kant, Sartre, Mbembe, and others, J. Moufawad-Paul offers an exacting analysis of the different trends that emerged out of the victory, development, and ultimate defeat of the Chinese revolution. Markedly and intentionally different from a polemic, *Critique of Maoist Reason* is a text for all who consider themselves "Maoists," as it clarifies and contextualizes various modes of thought within or associated with Maoism. Moufawad-Paul's latest contribution satisfies its intention to sharpen Maoist thinking through rigorous investigation.

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