

For the defense of China against counterrevolution, imperialist intervention and dismemberment – Liberation School

Liberation School

The following document is the result of almost two years of deliberation and discussion by members of the Party for Socialism and Liberation. It was first distributed as part of pre-convention discussion for the party's 2006 convention. At that convention and then over the next year, it was the basis for party discussion and educational classes. It was adopted with amendments by the party's National Committee in May 2007.

The purpose of the document was twofold. First, its comprehensive scope and background material is designed to orient new activists to the PSL's understanding of the tremendously complex and fluid nature of the class struggle now taking place in China. Second, it is designed to prepare the party to politically intervene in the case of a sharpening of the class struggle in China and especially in the case of a U.S.-backed counterrevolution.

The document is reprinted here in the format that it was presented and discussed in the PSL, with points numbered for ease of discussion and reference.

The Chinese Revolution: A historic achievement

1) The Chinese Revolution of 1925 to 1949 was one of the greatest events and achievements in the history of the working-class struggle for emancipation. At the time of the victory of the Chinese socialist revolution over the imperialist-backed comprador capitalist state and Nationalist Party (Kuomintang), led by Chiang Kai-shek, over 1 million people each year were dying from starvation. The Chinese people suffered from illiteracy, an epidemic of opium addiction, brutal oppression stemming from semi-feudal relations in the countryside, the severe all-sided oppression of women and the carving up of China into spheres of influence by the various European and Japanese imperialist powers.

2) Between 1949 and 1955, the Chinese people—with the leadership of the Communist Party of China—eradicated mass starvation, opium addiction and prostitution while making huge advances in wiping out illiteracy, providing health care for the people and stable employment for the urban working class, eliminating landlordism in the countryside, and many other social achievements that were almost unequaled in the history of humankind by their scope, reach and rapidity. By 1955, core

industries had been nationalized and the beginnings of a planned economy began to take shape. The economic model was based on the overturning of capitalist property relations in the commanding heights of the economy.

3) China, under the leadership of the Communist Party in the 1950s, sought to reverse the century of humiliation at the hands of imperialism and colonialism, and quickly emerged as a beacon for colonized and semi-colonized peoples fighting for national liberation throughout Asia, Africa, Latin America and the Middle East.

The Sino-Soviet conflict

4) Relations between Mao Zedong and the leadership of the Soviet Union—which had been formal, correct and comradely since the 1920s—included considerable tension as a consequence of the Soviet policy of official support for the pro-imperialist Nationalist Party led by Chiang Kai-shek. At the conclusion of World War II, for instance, the leadership of the Soviet Union formally recognized the Chiang Kai-shek government as the legitimate representative of the Chinese people, even though huge parts of China were then under the control of the Communist Party of China and its Red Army. In 1945, the Soviet leadership urged the Communist Party of China not to seek the overthrow of the Chiang government. While the nationwide civil war between the Communist Party and the Nationalist Party raged in the years leading up to the 1949 victory of the Communist Party, the Soviet leadership maintained a Treaty of Friendship and Alliance (signed in 1945) with the Chiang government.

The retrograde and opportunist Soviet policy was based primarily on the fully understandable fear that imperialism would react to a socialist revolution in China by initiating a war against the Soviet Union. The United States had acquired nuclear weapons and used them just four years earlier. The Soviet leadership was primarily seeking a period of respite from war so that it could rebuild the country, which had lost more than 27 million people from the German Nazi invasion.

5) Immediately after the victory of the socialist revolution in China in 1949, Mao Zedong traveled to Moscow. After long negotiations, the two sides signed a Treaty of Friendship and Alliance in 1950 that paved the way for the creation of an economic, political and military united front between the Union of Soviet Socialist Republics and the People's Republic of China. The Soviet Union sent vast amounts of economic and military assistance, along with thousands of economic advisors and technicians, to help China's rapid economic ascent aimed at overcoming the legacy of colonial-imposed underdevelopment. The Soviet-Chinese alliance was the single greatest threat to imperialism and the single biggest hope to the entire world's people fighting to overcome colonialism and exploitation. At that time, more than two-fifths of the world's people lived in countries dedicated to socialist development.

6) A principal foreign policy objective of U.S. imperialism following the victory of the Chinese

Revolution in 1949 was to break up the Soviet-Chinese alliance. The U.S. government learned from the experience with the Soviet-Yugoslavian split in 1948—and the consequent economic, political and even military embrace of Yugoslavia by western imperialism following that split—that another major cleavage inside the socialist bloc was possible. The endless threats against both China and the Soviet Union in the 1950s were accompanied by “feelers” from imperialism, raising the hope of rapprochement or accommodation with either the Soviet Union or China—at the expense of the other.

7) The consolidation of a new leadership in the Soviet Union in 1956 included the articulation of a new line by that leadership. The Khrushchev leadership promoted the line of “peaceful coexistence” between imperialism and the socialist bloc countries. That line meant an incremental policy of rapprochement or détente with imperialism.

“Summit diplomacy” between the Soviet and U.S. leaders began in the late 1950s with high-level and super-high-visibility meetings between Khrushchev and western imperialist leaders. At the same time, closed-door bilateral negotiations on nuclear weapons testing and other issues were taking place. In 1963, the United States and the Soviet Union signed the Nuclear Test Ban Treaty banning the atmospheric testing of atomic and hydrogen bombs. While the diminution of war tensions between the Soviet Union and the United States was positive for socialist construction in the Soviet Union, and the ban on atmospheric tests of nuclear bombs was a big step forward in eliminating the lingering nuclear fallout from such tests, the bilateral negotiations had a harmful effect on Soviet-Chinese relations. The closed talks contributed to China’s feeling of isolation precisely during the years that Washington was engaged in stepped up threats against China. China had been denied entrance into the United Nations. Additionally, the Pentagon was arming Chiang Kai-shek’s regime to the teeth as it engaged in an ongoing missile and bombing war against the People’s Republic of China from its perch in Taiwan.

8) China’s leadership initiated a political polemic in the late 1950s against the Soviet leadership for its political line of accommodation with imperialism at the expense of China and those fighting for national liberation against the same imperialist countries.

9) The Sino-Soviet political ideological struggle corresponded initially to a sharp leftward swing by the Chinese leadership. The Communist Party of China helped revive on an international scale a critique of opportunism within the socialist movement similar to Lenin’s original polemic against the leadership of the Second International in 1914. China’s swing to the left in the 1960s contributed mightily to the global radicalization of that decade. China sought to overcome the isolation caused by the U.S.-Soviet relationship by promoting world revolution on all continents.

Indonesian counterrevolution contributed to China’s isolation

10) The U.S.-backed overthrow of the revolutionary nationalist Indonesian government in 1965,

accompanied by the slaughter of nearly 2 million Indonesians and the liquidation of the Indonesian Communist Party (the largest communist party outside of the socialist countries), deprived China of its principal ally. Indonesia, one of the most populous countries in the world, fell under a fascistic military dictatorship. Rather than being an ally of the Chinese Revolution, Indonesia turned into its opposite. The effect on China's leadership cannot be overestimated. By way of historical analogy, the impact on China of the defeat in Indonesia in 1965 was comparable to the impact on the newborn Soviet state of the defeat of the German revolution in 1923. Both of these setbacks were located on the international stage and outside the frontiers of the struggling socialist governments, but both contributed to the eventual consolidation of a conservative, non-revolutionary international foreign policy, which took shape in the Soviet Union in 1924 and in China by 1971.

11) As China became more isolated, its polemic with the Soviet leadership deteriorated badly starting in 1967 and 1968 with their characterization of the Soviet Union as a "social-imperialist" and even a "fascist" country. The Communist Party of China asserted that capitalism had been restored in the Soviet Union and thus declared that the Soviet Union was no different than the imperialist countries. No real evidence was offered for such a radical conclusion—nor could there have been, since the characterization of the Soviet Union as a capitalist social entity was without fact. It was not based on a scientific examination of Soviet society. This proved itself to be a fatal flaw in China's political and diplomatic orientation, and opened the gates for its own eventual rapprochement with U.S. imperialism as an ally against the Soviet Union. The ideological and political struggle devolved into a struggle between socialist states.

Both China and the Soviet Union were socialist countries in the popularly accepted but imprecise definition of the term. Both had a mode of production based on public rather private ownership. Both had centralized economic planning as the driving engine of the economy, rather than the drive for profit that characterizes capitalist economies. Both countries employed a strict monopoly of foreign trade, excluding imperialist intervention in the economy except when permitted and regulated by the government, thus severing the umbilical chord between imperialism and the enterprises on their own soil. Both China and the Soviet Union provided military and economic aid to the heroic people of Vietnam in their long war to evict the imperialist invaders. Both provided limited but essential assistance to other socialist countries and national liberation movements.

The U.S. opening to China in 1971 and 1972, following secret negotiations between Henry Kissinger, Richard Nixon and the Chinese leadership, led to the surprise resumption of U.S.-China diplomatic relations. From a Leninist view, such diplomatic relations, or what are called normalized relations, are entirely appropriate and even necessary from the vantage point of promoting socialist construction. The socialist countries need peace more than all else so that precious resources can be used to meet people's needs rather than for weapons. But China's normalization of relations with U.S. imperialism went a step further, since they were in essence premised on an anti-Soviet alliance. China's false

characterization of the Soviet Union as an enemy state rather than a politically wayward socialist ally provided the political cover for the Chinese leadership to seal its own fully opportunist orientation toward imperialism.

This marked the end of the heroic era of China's revolutionary foreign policy. China's revolutionary internationalism in the 1960s had not contributed to its escape from isolation in relation to other states, but it had made China's prestige with the oppressed people of the world second to none. As economically poor and underdeveloped as China still was in the 1960s, it enjoyed the moral authority that comes with being the champion of the oppressed people against the exploiters and oppressors of the world.

The normalization of diplomatic relations with the United States and the split within the left wing of the CPC

12) China's normalization of relations with U.S. imperialism on the basis of a consummation of an alliance against a sister socialist country signaled the transformation of China's internationalism into a dangerous expression of narrow nationalism and betrayal of class loyalty. It was an expression of classic opportunism, meaning that it put perceived short-term organizational gains ahead of the long-term interests of the world's working class. As such, it severely weakened Mao and the left wing of the Communist Party of China.

13) Between 1969 and 1971, the left wing of the Communist Party of China grouped around Mao Zedong and Lin Biao split into a bloody struggle. Lin had been the leader of the People's Liberation Army and had been named Mao's constitutionally designated successor during the Cultural Revolution. The struggle between them ultimately ended with Lin's death in a suspicious plane crash in 1971. The probable issue provoking the split—much remains hidden to this day—was Mao's decision to seek an accommodation with U.S. imperialism. Prior to Kissinger's surprise trip to Beijing in 1971, subsequent trips by him and Nixon later in 1971 and 1972, and the restoration of U.S.-China relations, there was a massive purge in the army and party of the supporters of Lin Biao and the left wing. The facts of the purge within the left were hidden from the masses of people and shrouded in all sorts of scurrilous and fantastic explanations. This has contributed in part to an insufficient examination and analysis of the importance that this intra-left struggle played in the eventual triumph of the more conservative leadership immediately following the death of Mao in 1976.

14) The almost instantaneous arrest and purge of the rest of the Maoist left wing following Mao's death in 1976 marked the complete end of the left-wing chapter of the Chinese Revolution. Those in the Communist Party leadership who had been characterized as "capitalist roaders" during the internal struggles of the 1960s now took the reins of power. Within a few years, these forces began on a path of a historic reorientation of the socialist economy. Starting in 1978, this marked the beginning of so-called "socialist market economy" in China.

Two-line struggle: Which path to overcome underdevelopment?

15) Since its victory in 1949, the leadership of the Communist Party has by necessity been focused on the question of China's economic development. Staggering underdevelopment and poverty, with all of their attendant social problems, were the dominant legacy left by the old semi-feudal and bureaucratic capitalist social order. Affecting the day-to-day lives of more than 1 billion people, no task was more urgent than economic and social development. On this all wings of the Communist Party agreed.

But a protracted "two-line struggle" emerged within the party between Mao Zedong and his chief political rivals, Deng Xiaoping and Liu Shaoqi. The Mao grouping advocated socialist methods for development, including nationalized public property in the core industries and banking, centralized planning, collectivized agriculture, and a monopoly of foreign trade. The faction led by Liu and Deng was essentially pragmatic rather than Marxist in their approach. Characterized as "capitalist roaders" by the Mao faction during the activist phase of the Cultural Revolution of 1966 to 1969, the Deng faction took power in 1978. They began instituting a series of far-reaching economic reforms that became known as "market socialism" or "socialism with Chinese characteristics."

These reforms also led to the "opening up" of China to imperialist banks and corporations. The development strategy behind the "opening up" was premised on a strategic assumption: the lure of super profits from the employment of low-wage labor in China would lead to massive capital investment by the industries and banks that possessed the most advanced technology. China would benefit in its development by accessing and acquiring the latest technologies.

The Chinese commune system of collectivized agriculture was also dismantled and the Chinese countryside, known throughout Asia in the decades prior to 1970 for its egalitarian achievements and social gains for the poorest peasants, became severely stratified again.

While millions of more well-to-do peasants saw a sharp rise in their living standards, a huge mass of rural dwellers lost everything. Left to fend for themselves, they migrated by the tens of millions to urban areas seeking employment in newly created factories—many in special economic zones set aside for outside capitalist investors. This migrant labor force, uprooted from the land, became the source of human material necessary for the establishment of a new market-based private capitalist sector.

16) It is false to portray the two-line struggle—between the "capitalist roaders" led by Liu, Deng and their political heirs on one side, and the Mao grouping favoring socialist methods on the other—as a fight between those who favored rapid economic development using the import of foreign capital and the formation of an internal capitalist market as a stimulant on the one hand, and those who insisted on a slower tempo but with the preservation of socialist norms on the other. Both sides in the two-line

struggle put the rapid economic development of China as a top priority.

17) The Deng grouping argued initially that the material prerequisites for constructing socialism required a rapid acceleration of the building of China's productive forces, and that the import of foreign (imperialist) capital and technology was the fastest way to build up the productive forces.

During the Mao era, the Chinese economy was far from being a basket case. In fact, between 1952 and Mao's death in 1976, industrial output increased at an annual rate of 11.2 percent. Even including the most intensive upheavals and disruptions to production caused by the civil strife associated with the Cultural Revolution, industrial production grew at an annual average rate of 10 percent.¹ China did this with almost no foreign aid or assistance. All Soviet economic aid, assistance and advisors had been withdrawn by 1961, and China received few international bank loans. In fact, China was one of the very few Third World countries that entered the decade of the 1980s with almost no foreign debt hanging over its head.²

While China's tenfold increase in industrial production during the Mao era was a breathtaking advance, the progress in the impoverished rural villages and countryside was significantly slower. Overall agricultural production increased twofold during the same period. Although the annual living standards among the rural population only increased by about 1 percent during the 1952-76 period,³ Chinese peasants enjoyed huge advances in public health, free public education, affordable housing and social security as a result of collectivization and the commune system. The extreme cleavage between rich and poor in the countryside was reduced. Although the growth in agriculture lacked the tempestuous growth of the industrial sector, it is noteworthy that "China grew 30-40 percent more food than India on 14 percent less arable land than India" during the same time period.⁴

The two-line struggle reflected the class struggle during the dictatorship of the proletariat

18) The two-line struggle inside the Communist Party of China over which path of development to take in overcoming China's extreme underdevelopment was not merely an ideological and policy debate about the most efficient method for economic development. It was an expression of contending class forces that existed in China following the victory of the revolution in 1949. The destruction of the Chiang Kai-shek army and its subsequent retreat to the island of Taiwan constituted a historic event. It was the smashing of the old state apparatus and its replacement by a new state force—the Red Army led by the Communist Party—that created the basis and the foundation of the new society. It replaced the dictatorship of the semi-feudal and comprador bourgeois state with a workers' state, or what is called in Marxist terminology the dictatorship of the proletariat.

But the replacement of the old state based on the class rule of the capitalists and big landowners with

a new state based on the power of the working class does not in any way eliminate the class divide in society. Nor does the expropriation of the core means of production and the nationalization of capitalist private property settle the question of socialism. On the contrary, the expropriation of the big bourgeoisie and semi-feudal landowning class only raises the possibility of socialism. It creates the basis for the start of a transition to the lowest stage of communism, which Marx called socialism.

19) The line pursued by Mao and his faction(s) inside the Communist Party was premised on the need for the social and economic system to serve the needs of the working class and peasantry, first and foremost. The revolutionary process itself, including 22 consecutive years of armed struggle, imperialist invasion and civil war, culminated in the victory of the Communist Party because it relied on the organization, self-sacrifice and energy of the poor, the oppressed and the downtrodden. The revolutionary war itself aroused the masses of the peasants from their atomized and politically frozen status and, under the leadership of a working-class organization, transformed them into the activated social base for the new society.

20) The expropriation of the big capitalists between 1952 and 1955, the establishment of socialist planning for economic production and distribution, and the establishment of a state-based monopoly of foreign trade served a twofold function: first, to reclaim China's economic and political sovereignty and independence (in Mao's first speech in 1949 at Tiananmen Square he announced that the victory of the revolution meant that the Chinese people had "stood up"); and second, to place the society and its productive powers at the disposal of the workers and peasants of China, who had emerged as the new ruling class, to meet their individual and social needs.

Working class cannot be the link to world capitalism

21) In contrast to the Mao line, the "capitalist roaders" believed that the quickest road to development was the integration of China into the world capitalist market, with China carving out for itself a place in world capitalism's global division of labor as a low-wage, low-cost manufacturer of exports for a world market. They asserted that China's contribution to the international division of labor was not merely to provide a huge pool of labor available to work at low wages (low according to the standards prevailing for the working class in advanced capitalist countries), but also to offer a unique emerging market for the sale of commodities and especially for the export of surplus capital (factories, banks and finance capital, and so forth) from transnational capitalist corporations in the United States, Western Europe, Japan and elsewhere. The most unique feature of this emerging market was its size. Based on its population and economic development, China clearly offers capitalist investors a potential market, over time, equal in magnitude to the development of Western Europe and the United States a century ago.

22) The working class and the poor and middle peasants are not equipped as a class to be the link to world capitalism with its needs for super-exploitation, deal making and financial investment on a

large scale in China. In fact, the working class and peasantry have interests that are antagonistic to the needs of capital. The country of origin for investment capital is completely immaterial to the proletariat. Capital, above all else, is a social relationship between exploiters and exploited. Capital thrives only through exploitation; that is, through the private appropriation and accumulation of surplus value created by collective, living labor. Whether Chinese workers are employed by capitalists from the United States, Germany or Japan, or whether the factory owner is a Chinese capitalist, the relationship is based on exploitation. It is a form of slavery for the wage-earning class.

23) Moreover, the class instinct of the Chinese proletariat would be to resist the demands of globalized international capital and its agents inside of China, who pursue a path of relentless cost-cutting to remain competitive whether they are in the world capitalist market, in the Asia-wide regional market or in the emerging internal Chinese market. Cutting wages and social benefits, uprooting working-class neighborhoods for commercial development, and grabbing land in the countryside for capitalist development are typical features of the march of capital. The working class as a class is compelled to resist these incursions, and the phenomenon of class resistance is becoming widespread throughout China.

24) The economic reforms instituted since 1978 have eviscerated many of the social insurance guarantees previously enjoyed by the workers and more numerous peasantry. Basic social rights—healthcare coverage for all, the right to a job, free public education and affordable housing—have been severely cut back for millions.

The new Chinese capitalist class is not homogeneous

25) The reforms have spawned a new Chinese capitalist class. It is this capitalist class that is able to connect as partners with the transnational banks and corporations.

26) The Chinese capitalist class, like all class formations, is not homogenous. It is, after all, a class based on competition. It competes within itself for “market share” and for a place in the world economy. Its relationship with imperialist banks and corporations is not seamless and without conflict. World imperialism seeks to dominate the Chinese market for its own advantage.

27) There is undoubtedly a nationalist sector of the Chinese bourgeoisie that is in conflict with imperialism because it seeks to be the master over the Chinese economy and the internal market. Like many bourgeoisies in the colonial world, it resents the intrusion of imperialism because it desires to be the exploiter of its home markets rather than being run roughshod over by foreign imperialism. This phenomenon is universal within the formerly colonized and semi-colonized world. By way of one example, it is important to remember that the Cuban July 26 Movement included large sectors of the Cuban nationalist bourgeoisie who fought against the comprador Batista dictatorship, but then deserted the revolution and became accomplices of imperialism as it became evident that the Cuban

working class was intent on holding the reins of power following the toppling of Batista in 1959.

28) Also there must be considerable segments within the rapidly emerging Chinese capitalist class, the urban middle class and the bourgeois intelligentsia who recognize that China's development requires a strong state to negotiate the terms of development within the boundaries of the existing world capitalist system. The Chinese bourgeoisie was too weak as a class to function as anything other than a proxy—a comprador or a puppet—of foreign capitalist interests prior to the 1949 revolution and the creation of a dictatorship of the proletariat. The development of western and Japanese capitalism into imperialism in the latter years of the 19th century had the effect of choking off the ability of the capitalists in the colonized and semi-colonized countries to follow the same path of development as a modern-day, mature ruling class. Throughout Asia, Africa, the Middle East and Latin America, the bourgeoisie's development as a class was stifled or retarded by the incursions of the foreign imperialist bourgeoisie. This process is documented and analyzed from a Marxist point of view in Walter Rodney's groundbreaking work "How Europe Underdeveloped Africa."

The monopoly of foreign trade

29) When the Communist Party of China came to power, it instituted the state's monopoly of foreign trade, severing the link between the Chinese bourgeoisie and world imperialism. It erected a new wall of China, one that was a thousand more times effective than the literal Great Wall of China in preventing the foreigners (today, the imperialists) from penetrating the country. Through the lever of the state and, moreover, the proletarian state dictatorship, China was able to retake control of its vast territory, natural resources and labor to begin on the path of real development in all economic, social and political spheres. The monopoly was an essential first step in preventing the looting and destruction of the country by those who had no interest in China or its people, and who saw both the natural and social landscape of east and central Asia as nothing more than a zone for pillage and "legalized" looting for their own profit.

30) The monopoly of foreign trade was fundamental for China's achievement of economic sovereignty. It functioned as a protective wall preventing spontaneous or unregulated contact between imperialism and domestic enterprises. The monopoly of foreign trade is not a principal of socialism, but rather a method of protecting the domestic socialist economy from the ravaging effects of global capitalism, in particular from the transnational corporations and finance or bank capital. It is an expression of strength by the workers' state. But in some ways, even more, it is a measure of weakness by a single national economy trying to use socialist methods in the face of a world economy still dominated by capital. The monopoly of foreign trade is, like all things, a unity of opposites and contains within itself its own essential contradictions. The downside of the monopoly of foreign trade is that the wall that the socialist state erects to protect its economy from world capital can serve as an obstacle in accessing the latest advances in industrial and scientific technique. Access to technology is

of utmost importance in the advancement and improvement of the productive forces. Any and all leadership, in both the economic and political arena, is keenly aware of the centrality of this issue. In the final analysis and over time, improvement in technique is the key to economic progress, and the idea of falling behind causes great fear because those who do so lose their political and economic legitimacy.

31) In the contest between the so-called great imperialist powers and China, the issue of falling behind in the development or improvement of industrial and scientific technique has fearful military consequences as well. It is clear from the history of the Soviet Union that it was the fear of imperialist war and aggression that compelled the government to constantly divert and refocus precious industrial, scientific and engineering resources to keep up with U.S. imperialism's "arms race."

32) The cruel paradox for a country such as China is that in order to speed up its economic and technological development, it has sought to engage or integrate into the world economy. But the world economy today is a world capitalist economy. The price for admission into this club is that China play by the rules of the world capitalist economy. This means access on the part of the imperialists to labor and markets; the penetration of finance capital not only as creditor, but also as director of industrial resources; and the right to a flexible pool of "free labor."

33) While world imperialism enjoys a virtual monopoly on technology and credit, without which international investment and trade stagnate, all of its significant corporate components insist that China end or loosen the monopoly of foreign trade—the very foundation of a system that allowed China to regain its sovereignty and remedy its status of neo-colonial bondage.

34) With each new step in the reform process, as China becomes increasingly integrated into the world economy, the role of the Chinese state as the arbiter between Chinese enterprises and the transnational banks and corporations becomes further weakened and compromised. The Chinese capitalist class and the Communist Party are both supremely aware of this contradiction. A strong state that is focused on China's national interests, as opposed to a comprador-based state, is essential both to the independence and economic development of China's working class and peasantry, and to the development of the indigenous Chinese capitalists. If the imperialists have entirely unfettered access to China's markets and resources, the interests of both the working class and the emerging Chinese bourgeoisie will be trampled, reducing the latter to a secondary comprador layer.

Imperialism's attitude toward the Chinese state

35) There is no indication that the destruction of the existing Chinese government, or the overthrow of the Communist Party of China under the current circumstances, could open the road to a more revolutionary government, the return of the primary use of socialist methods, or the expropriation of the international bourgeoisie that is "doing business" in China. On the contrary, the suspension of the

current state would plunge China into the neo-colonial abyss. Caring not one iota for China's development as a nation, much less the interests of the working class or peasants, each foreign imperialist corporation or bank would scorch the country in an unfettered search for super profits. The likely outcome of this scenario would be that China would not only be thrown back from its dynamic forward march, but the country could easily splinter—the imperialists would take control of the “valuable” coastal areas, while the other areas would wither away.

36) We have seen from what has happened with the imperialist destruction of the bourgeois nationalist regime in Iraq the kind of centrifugal dangers that loom. China has a long history with this process; all classes are keenly aware that it was the basis for China's “century of humiliation,” whereby the country was divided up by the combination of foreign spheres of influence and regionally based warlordism.

The ‘rule of law’

37) The imperialists want to weaken the influence of the Chinese state, which has been led by the Communist Party of China since 1949. The imperialists demand that the state intervention in the economy be replaced by the so-called “rule of law.” By “law,” however, the U.S. government and U.S.-based capitalist entities mean nothing other than the “rules and regulations” for capitalist investment, deal making and property rights for transnational corporations. The much-vaunted “rule of law” championed by U.S. imperialism is a high-sounding euphemism for the replacement of any vestige of the monopoly of foreign trade with “laws” that put the rights of property—specifically U.S. property and exported capital—ahead of the rights of China's workers.

38) The ever-present demand that China adopt the “rule of law” is largely a one-way street. When the Chinese state-owned company CNOOC attempted to purchase a third-tier U.S.-based oil company, UNOCAL, in 2005, offering a higher bid than any other capitalist competitor, the U.S. government went into a nearly full mobilization, threatening China and demanding that China forget about acquiring a “strategic” U.S.-owned asset. Congress demanded immediate action to stop the acquisition. The Washington Post reported, “Now, China has added national security concerns to economic anxieties, with lawmakers expressing fear that China is aggressively seeking to corner a strategic asset, oil, and create its own captive supply. ... House and Senate members demanded an administration review of the bid, required under the Defense Production Act, to determine potential economic and security risks. Treasury officials indicated they would agree to the request if UNOCAL accepts CNOOC's offer.” UNOCAL turned down the Chinese company's offer, accepting a lower bid from another takeover corporation. Meanwhile, U.S. banks and corporations are aggressively moving to buy entirely or to become full partners in China's banking, telecommunications, energy and other “strategic” economic sectors. The “rule of law”—or the rule of the “free” market—apparently only applies when it is beneficial to U.S. corporate interests.

Imperialism seeks to manipulate workers' grievances

39) The U.S. government, the media, right-wing organizations, a coalition of liberal and conservative politicians in Congress, and key sectors of the U.S. labor bureaucracy agitate regularly against the Chinese government. There is a constant effort to delegitimize the Chinese state at the same time as they are doing business with and through the state. The imperialist powers, whose economic intervention and penetration has caused so much class polarization inside of China, even demagogically champion the cause of the Chinese workers and peasants when they rebel against the government for implementing policies that the same imperialists insist on as a condition for “doing business.”

This is precisely what the Reagan administration and the CIA, with the help of the anti-communist AFL-CIO leadership, did with their support in 1981 for the Polish workers when they were mobilized under the leadership of Solidarity, a CIA-backed “independent” Polish union, against the Polish government. The Polish government, led by the ruling communist United Workers Party, had decollectivized agriculture and integrated the national economy into the world capitalist economy as an exporter. When the working class suffered economically as a result of the Polish government agreeing to policies demanded by U.S. banks as a condition for a further extension of credit, the same banks, the CIA and the whole imperialist establishment became the champion of the workers movement against the socialist government. The delegitimizing of the United Workers Party in the early 1980s was really the first step in a decade of counterrevolution that eventually led to the overthrow of the Polish government, all of the socialist-bloc governments of Eastern Europe and finally of the Soviet Union.

40) In China today, there are a growing number of spontaneous struggles by workers and rural dwellers against capitalist abuses over a whole range of issues. There have been reports of widespread protests against regional and national government decisions that have favored commercial interests over the workers, peasants and local communities. In some of these cases, the government has apparently resorted to police methods of violence and repression to restore public order. Frequently, police repression has fueled greater resistance and resentment from the people. The use of violence against these protests has the danger of alienating the Communist Party of China from its social base among the oppressed classes.

In these spontaneous protests, communists everywhere stand with the working class and peasantry as they advance their own class interests. Of course, in evaluating our position in regard to any struggle, we must keep our eyes wide open to the danger that the leadership of legitimate struggles of the workers and peasants could be taken over by counterrevolutionary and pro-imperialist elements—especially when the working class lacks revolutionary leadership. That is an entirely different matter.

China's foreign policy: nationalism versus internationalism

41) China's relationship with the United States is only one element of its global orientation expressed through its foreign policy. But its relationship with and policy toward U.S. imperialism is decisive, defining all other aspects of its international orientation. China is following a nationalist rather than a proletarian internationalist political line and program. This is not a pejorative description or characterization of the line of the CPC. It is their stated policy. China's stated goal is to transform from "an underdeveloped country to a medium level developed country" by the middle of the 21st century.⁵

The CPC considers that for this to happen it must maintain "good relations" with the United States, which it understands can only happen by recognizing U.S. imperialism's global interests, especially its most vital ones. This explains why China has gone out of its way to avoid confrontation with the United States in the Middle East, an area considered by the United States to be of pre-eminent strategic significance because of its oil and natural gas reserves. Although China had important relations with Iraq, Iran and other targets of U.S. imperialism, it is trying to do everything it can to minimize confrontation with U.S. imperialism. Its policy is based on appeasing the beast so as to avoid having the beast's wrath shifted toward China. In the 1990s, China supported economic sanctions on Iraq and refused to use its role in the Security Council to condemn the U.S. war against Iraq. On Feb. 4, 2006, China voted with the United States to refer Iran to the U.N. Security Council on the issue of Iran's nuclear development.

At first glance, these moves appear to harm China's national interests. Even putting aside the communist internationalist obligation to stand with oppressed nations against imperialism, these moves appear to sacrifice China's narrow national interests insofar as they harm its key allies and strengthen the hand of an imperialist power that is clearly still antagonistic to China. But China's foreign policy, with its own economic development as the number one priority, is built upon two interconnected goals: first, to avoid an open conflict with U.S. imperialism at a time when it has entered its most aggressive and lethal stage; and second, to have China engaged in rather than isolated from the forces of economic globalization.⁶

One of the top advisors to Chinese President Hu Jintao described this orientation recently in a way that would be perfectly understandable to the entire imperialist establishment: "China's peaceful rise is focused on ensuring the rights of subsistence, development and education to the 1.3 to 1.5 billion Chinese people and [thus] ensuring one fourth of the world's population a decent and dignified life. This is fundamentally different from the era of Brezhnev, when the Soviet Communist Party, under the slogan of 'world revolution,' tried to seek hegemony through military expansion."⁷ [emphasis added] Of course, this statement is loaded with irony given the fact that it was Brezhnev who accused Mao and the Chinese of promoting "world revolution." Irony aside, this is a clear message from the

Chinese leadership to imperialism about its intentions and its orientation.

42) The Chinese government and the Communist Party have developed a nationalist-focused foreign policy over a three-decade period. In the 1960s, when it pursued a foreign policy based on revolutionary internationalism, China's prestige among the people of the world was at its zenith. Tens of millions of people on all continents identified with China or with Maoism, including in the United States. Mao's issuing the "Letter to the Afro-American people" in 1962 and providing refuge in Beijing to civil rights activist Robert Williams, who was being persecuted by the FBI, were just two of many examples where China's support for oppressed peoples and its defiance of imperialism made it a beacon of hope and inspiration. On all continents, it strengthened the hand of communist ideology among those forces fighting for national liberation.

China excluded from the imperialist club

43) Although China's foreign policy is based first and foremost on accommodation with imperialism, it is well recognized within the summits of the CPC that China is not a member of the imperialist club. Moreover, the CPC recognizes that "in terms of state-to-state affairs, China and the United States cannot hope to establish truly friendly relations"⁸ as exist among the imperialist nations. China is fixing its policy in accordance with the view that "at least for the next several years, Washington will not regard Beijing as its main security threat, and China will avoid antagonizing the United States."⁹ This is according to Wang Jisi, director of the Institute of Strategic Studies at the Central Party School of the Communist Party of China.

44) There are vast differences between the current U.S.-China relationship and the post-World War II U.S.-Soviet relationship, which is popularly known under the false and misleading label of the "Cold War." The Soviet Union was the anchor for a global camp of socialist governments. Its fundamental relationship was based on razor-sharp confrontation. The two global class camps competed with each other on all fronts: military, economic, diplomatic and ideological. The ever-present danger of war, including global thermonuclear war, was right at the surface of international politics. China's collaboration with or appeasement of U.S. foreign policy objectives, on the other hand, coupled with its engagement in the global capitalist economy, including large-scale U.S. corporate and banking investment in and partnership with China, has had the effect of mitigating the underlying tension and hostility. But the tension and hostility has not vanished—nor can it.

45) While the political line of the Communist Party of China has had the effect of creating illusions about imperialism's intentions in China and allowed for the growth of imperialism's class allies in China, the official foreign policy of China is premised on the recognition that the U.S.-China relationship is inherently unstable. The U.S. government rests on the foundation of imperialist global interests while the Chinese government's foundational base is a socialist revolution in an underdeveloped country. The fact that the Chinese government has introduced capitalist economic

relations in increasingly large sectors of the economy has not erased this fundamental antagonism in spite of many areas of cooperation and, on China's part, appeasement and accommodation with imperialism.

Wang Jisi's article, unofficially representing the Communist Party's position on U.S.-China relations, dispassionately explained the nature of the underlying relationship. The article uses bourgeois rather than Marxist terminology. It is noteworthy, however, for its underlying analysis, which provides the framework for China's strategic orientation toward U.S. imperialism: "The Chinese-U.S. relationship remains beset by more differences than any other bilateral relationship between major powers in the world today. It is an extremely complex and highly paradoxical unity of opposites. It is not a relationship of confrontation and rivalry for primacy, as the U.S.-Soviet relationship was during the Cold War, but it does feed some of the same characteristics. ... The tremendous gap between the two countries in national and international power and the international status and the fundamental differences between their political systems and ideology have prevented the United States from viewing China as a peer. ... It is thus only natural that in their exchanges, the United States should take the offensive role and China the defensive one."¹⁰

Note the characterization of the U.S.-Soviet relationship as a "rivalry for [global] primacy." This mischaracterizes the objectives of the Soviet Union in that global class confrontation, though it does include a very big kernel of truth. The writer distinguishes the difference between today's U.S.-China relationship with that of the prior U.S.-Soviet "rivalry" based on seeking "primacy," but he does not suggest that the United States is not still seeking global primacy. On the contrary, this truth is assumed and taken for granted.

The Soviet Union was not an imperialist power. It assumed the leadership of a global force that checked, and at times confronted, U.S. imperialism in its pursuit of empire and global domination. The article assures bourgeois public opinion and U.S. policymakers that China has no such intention of confronting U.S. hegemonic ambitions—unless, that is, those ambitions directly menace China. But the article implicitly recognizes that even with the desire to appease U.S. ambitions, China cannot escape the offensive advances of U.S. imperialism. Instead, China seeks to manage the complex relationship by mitigating the imperialist offensive, particularly as it concerns U.S. and Japanese machinations and plans in Asia.

The class character of the Chinese Revolution

46) The 1949 Chinese Revolution was a socialist revolution in the sense that it was based on the triumph of a new power: the working class and peasantry. Despite the Communist Party of China's initial description of the new government as a "bloc of four classes"—the working class, the peasantry, the urban petty bourgeoisie and the national bourgeoisie—the new state structure was in essence the dictatorship of the proletariat.

47) The Chinese Revolution was correctly described by Sam Marcy in 1950 as the dictatorship of the proletariat, although not in the “chemically pure” sense, because its essential feature included the destruction of the old state power—the comprador capitalist army of Chiang Kai-shek—and its replacement by the Red Army. The communist-led Red Army had existed as a guerrilla army for two decades. Its social foundation was primarily the peasantry, with smaller representation of the working class. However, the fact that the Red Army was largely composed of peasants rather than the urban proletariat did not make it fundamentally a peasant army. The officer corps of the Red Army was made up of cadre from the Communist Party of China, a party based on a proletarian world outlook and a communist program that corresponded to the needs and aspirations of the socially collectivized Chinese proletariat.

48) The characterization of the Chinese Revolution as a “workers’ state,” or, to use more technically precise Marxist language, the dictatorship of the proletariat, was completely validated by the actual experience of China’s evolution within a few years following the 1949 victory. The new state took slow steps against capital between 1949 and 1952. The commanding heights of the capitalist industrial economy and the banking system were essentially nationalized by 1955. The establishment of the commune system in the countryside reorganized agriculture on a collectivized basis. China’s social course was further evidenced in the realm of international relations. Despite severe tensions between the Chinese communist leadership and the leadership of the Soviet Union, a bond of practical unity was established, including bilateral economic ties that were socialist rather than exploitative at their core.

49) During the 1950s, the orientation of the Communist Party of China and the new dictatorship of the proletariat toward the indigenous bourgeoisie and national capitalists—meaning those who had not embraced Chiang Kai-shek or his U.S. imperialist masters—was largely benevolent. Despite the fact that many bourgeois forces lost legal possession of their property, and despite the fact that the privileges enjoyed by the petty bourgeoisie and bourgeois intelligentsia were relatively restricted compared to “Old China,” many of these forces were incorporated into the new or “socialist” China. They were considered useful and necessary as managers, technicians, specialists and educators in a country that was thoroughly ravaged by illiteracy, poverty and underdevelopment. They received significant privileges, relative to the workers and peasants, in exchange for their services. Although they were not capitalist owners in the proper sense, they remained nonetheless a privileged sector. Their preponderant social and political weight was felt not only inside the state apparatus and the economy.

The bourgeoisie and the workers’ state

50) As the bourgeoisie learned to do while it was an oppressed class in feudal society, appearing as a supplicant with hat in hand before the lords and kings of yesteryear, some elements of the Chinese

bourgeoisie also learned to give voice to “official Marxism,” singing the praises of communism and entering the party.

51) Certain pro-bourgeois forces, self-seekers and careerists viewed the now-ruling Communist Party as a vehicle for individual promotion. Not unlike the experience in the Soviet Union, also a country trying to use socialist methods to emerge from underdevelopment, pro-bourgeois elements infiltrated the Party. Their social and political weight influenced the views of long-standing communist leaders about the best path for China’s development, which heightened their influence in society.

52) The Great Proletarian Cultural Revolution, initiated in 1966, was, in essence, an attempt by Mao and the left wing of the CPC to arrest the tendency of bourgeois and pro-bourgeois forces to gain control of the Communist Party of China. Their ascendancy in the party became evident in 1959 and 1960 following the failure of the Great Leap Forward, an effort to industrialize and emerge from underdevelopment by relying on the mobilization of the masses rather than resorting to capitalist methods.

In large part, this unconventional effort to create “backyard steel furnaces” throughout China was a radical response to the loss of Soviet economic aid and the precipitous and unprincipled removal of Soviet economic advisors in 1960 as retaliation for China’s political opposition to the U.S.-Soviet accommodation. The Great Leap Forward led to severe dislocations and distortions and, ultimately, economic contraction. It also led to the removal of Mao from key posts and the ascension of those who were later labeled “capitalist roaders” during the Cultural Revolution.

The accusation that certain party leaders were “capitalist roaders” may have seemed to many as one more rhetorical flourish or excess of the Cultural Revolution. But the accusation, as it turned out, was not overheated rhetoric at all. It was a precise and accurate description of Mao’s political opponents inside the leadership of the Communist Party. Following Mao’s death in 1976, the left wing of the party was routed and its leaders were arrested. By 1978, the “capitalist roaders,” galvanized under the leadership of Deng Xiaoping, introduced sweeping economic reforms under the newly concocted and theoretically unfounded label “market socialism.”

53) The ascension of the right wing of the party did not signify a change in the class character of China. Self-described “Maoists” outside China immediately characterized China as a capitalist country. This characterization was as false as Mao’s unscientific characterization in 1967 and 1968 of the Soviet Union as “capitalist” or “fascist” or “social-imperialist.”

54) Saying that China is a fully capitalist country is politically disarming. It justifies standing on the sidelines or supporting imperialism in the inevitable confrontation between imperialism and the “socialist states”—a confrontation that is an organic and inescapable feature of the modern global class struggle. The confrontation rears its head regardless of the “sell out” or accommodationist orientation of the leaders.

In the international struggle, because of conflicting social and class interests, the interests of socialism, the working class and the states that emerged from socialist revolutions may be, and are, distorted and even mutilated by the orientation of leadership.

But these interests are not entirely extinguished. The proclamations of some on the “left” that this is not the case does not actually impact the imperialists’ orientation and commitment toward counterrevolution, intervention and aggression aimed at the re-enslavement of peoples.

The importance of the political characterization: Yugoslavia

55) The example of Yugoslavia is the most compelling evidence of this retrograde tendency on the left. It is also living proof of what is at stake. During the last four decades of the existence of the Soviet Union, U.S. imperialism acted in a more or less friendly way toward Yugoslavia. Although it was led by a Communist Party, Yugoslavia maintained “neutrality” in the U.S.-Soviet conflict. Yugoslavia’s leadership introduced market reforms, largely abandoned the monopoly of foreign trade, integrated the country into the world capitalist economy, became heavily indebted to western banks, allowed large-scale unemployment to develop in accordance with the principle of the “market” and its need for a flexible labor pool, and began following the dictates of the International Monetary Fund. By the late 1980s, Yugoslavia was characterized by most of the left as a “capitalist country” with the clear implication that there was nothing remaining for the left to defend.

56) But because the League of Communists continued to hold onto power in Yugoslavia, it emerged as a force of resistance when German imperialism initiated a full-scale effort to dismember the country in 1990 and 1991. The overthrow of the East German socialist government in 1989 and its reincorporation into West Germany triggered an intense drive by German imperialism to enlarge its sphere of influence. It financed and secretly organized the secession of Slovenia and Croatia, the westernmost republics within multinational Yugoslavia. This in turn set off a predictable and classic imperialist scramble between Germany, France, England and finally the United States to carve up Yugoslavia into spheres of influence for neo-colonial penetration.

57) In the face of this imperialist-inspired counterrevolutionary campaign, the League of Communists, led by Slobodan Milosevic, abruptly changed course. Privatization of industry was slowed and in some cases reversed. Cooperation with the IMF was slowed or halted. Imperialism demonized the Yugoslav leadership, imposed economic sanctions and set on a course of regime change. Yugoslavia fought back against the forces of disintegration. It had to rely more on its working-class base. This would have been an impossible turn by a fully capitalist regime, a regime that did not have its roots in social revolution and socialized property.

58) The only way for imperialism to succeed in Yugoslavia was to wage an all-out bombing war. From March 24 to June 4, 1999, NATO’s collective imperialist air force dropped 23,000 bombs and missiles

on Serbia until the Yugoslav government decided to let Kosovo go into the arms of the imperialists. Without pause, imperialist pressure intensified after the conclusion of the 1999 war to carry out the final counterrevolutionary ouster of the Yugoslav government and its replacement by a servile, proxy force.

59) Having long abandoned a political defense of Yugoslavia on the basis that there was nothing remaining, in the social and economic sense, from the initial Yugoslav revolution, big sections of the international left remained on the sidelines in 1999 watching the carnage. Others actually supported NATO's war or gave support to some variant form of imperialist-sponsored dismemberment, mouthing vulgarized proclamations about "self-determination" for Kosovo. Real self-determination, under those circumstances, meant only one thing: militantly defending the Yugoslav government as it resisted the imperialist aggression and the counterrevolution.

The organic connection between imperialism and counterrevolution

60) The Yugoslav example proves that there is an organic connection between imperialism and counterrevolution in all the societies with governments created by a socialist overturn.

61) Despite the emergence of conservative and non-revolutionary leaderships in the socialist-oriented governments, there has never been a long-term, stable partnership between any of these regimes and imperialism or any single imperialist government.

62) The very existence of a communist party as a ruling party—which is based on the interests of the working class—means that the relationship with imperialism is inherently unstable. The reason for the instability is that the mere hold on power by the communist parties constitutes an obstacle to the full and complete takeover and neo-colonial re-enslavement of the country by imperialism.

63) In its systematic and inherent quest for super profits, imperialism is driven towards counterrevolution with the principal objective of overthrowing the political rule of the communist party. The thrust toward counterrevolution is in the very nature of the beast.

64) While Yugoslavia is one example of this counterrevolutionary phenomenon, one can look at recent Chinese history to observe a nearly identical process, most notably the events leading to the suppression of the Tiananmen Square counterrevolutionary movement in 1989. It was the leadership of the Communist Party of China, and in particular the leadership of Deng Xiaoping, who took steps to suppress a mass movement that occupied Tiananmen Square for seven weeks in 1989, the same year that most of the socialist bloc governments in Eastern Europe were overthrown.

The twofold character of U.S. imperialism's attitude toward Deng Xiaoping and the 'capitalist roaders'

65) Deng Xiaoping's government of "capitalist roaders" was cheered by the U.S. ruling class along with all the imperialist governments for opening up China to foreign investment starting in 1978. They all championed Deng and his grouping for introducing "market socialism." They all supported Deng for his discounting of Mao and the destruction of the Mao faction, as well as for the repudiation of the Cultural Revolution.

This process of "reform" led to the creation of a bourgeoisie, whose growing influence inside and outside the Communist Party sparked the Tiananmen Square movement, the success of which would have led to the dislodging of the Communist Party from power. So when the Deng Xiaoping-led government suppressed this movement, it became the subject of fierce attack by every imperialist country without exception. While the struggle was coming to a head in late May and in the first days of June 1989, every imperialist government, every one of their intelligence agencies and all of their international media outlets, without exception, coordinated support for the "student" resistance in Beijing, the capital and the seat of power of the government of the People's Republic China.

66) By comparison, it is impossible to find a single progressive student uprising anywhere in the capitalist world that gets even the faintest praise from even a small part of the imperialist establishment and the big business media, much less fully mobilized and coordinated support from the major capitalist governments. Protests by privileged university students against Venezuelan president Hugo Chávez in Venezuela are cheered as the "voice of the people" because the imperialist media corporations understand the class orientation of these student protests—just as they did in China in 1989.

Under what circumstances do we politically defend the Chinese government?: A brief review of the revolutionary approach toward the Soviet Union

67) During the Soviet Union's years of existence, it was absolutely correct and imperative to militantly defend the Soviet social system in its confrontation with imperialist aggression and from the forces of internal bourgeois counterrevolution. This defense was just as earnest and militant whether one agreed or differed with the political positions of the Communist Party of the Soviet Union. In the case of the Soviet Union, we recognize that the workers' state had serious and innumerable flaws. We opposed, and still oppose, idealistic or uncritical support that pretends the Soviet Union was what its leaders said it was. That kind of idealistic and uncritical support for the Soviet leadership was a terrible flaw of the Communist Party USA and other Soviet-oriented parties. Every twist and turn made by the Soviet leadership, in both domestic and foreign policy, was unquestionably promoted by the CPUSA as a correct decision politically, which always corresponded exactly, the story went, to the needs of the Soviet Union and the international working-class movement.

68) In the case of the Maoist followers of the Communist Party of China, the same method of uncritical acceptance and support for the Chinese leadership was the rule. In both instances, this kind

of idealistic defense made the ideological camp followers of both the Soviet and Chinese parties extremely vulnerable. The sudden turns and shifts of the Soviet and Chinese parties seemed utterly contradictory to positions and policies that the parties had been invoking as the “correct” position just before these same positions were abandoned. All in all, this method was politically disarming and led to many losses inside the movement. Idealism, suffering moral setbacks when it comes into contact with reality, turns into its very opposite—cynicism. Cynicism is anathema to revolutionary vision, devouring the revolutionary energy of many earnest and honest activists.

69) Critical support for a flawed workers’ state was first developed in relation to the Soviet Union. In the course of that analysis, an established criterion for evaluating the class character of the social relations was developed. Since support was being offered unstintingly to the social system, to the workers’ state as a new social formation, rather than to the positions and policies of the leadership, it is useful to examine that criterion as we articulate our stance toward China today.

Is it the same criterion, or are there additional factors to take into account? All analogies are by their nature inexact. No two things are really the same. All generalized experience, which we would place under the broad category called “theory,” is based on what has come before. It would not have been possible to adopt a method, an orientation or a theory about the formation of a bureaucratically flawed workers’ state until the real-life formation of the Soviet Union and the problems it faced. Marxism is not a philosophy in the sense of adopting a closed world view about how things should be or will be. It uses the scientific method, investigating reality and deriving truth from facts. Theory is a guide, not a closed system. It is not a dogma that attempts to explain all social phenomena in a supra-historical way. We have to use this method when analyzing China as it is.

What is a workers’ state?

70) There were four basic features of the Soviet Union that constituted the foundation for the Soviet workers’ state, which despite its bureaucratic flaws and deformities distinguished it as a viable and superior social system in comparison to the capitalist system that preceded it in Russia.

First, the state and government were created following the smashing of the old state power of the bourgeoisie by a revolution of the workers and peasants. Second, there was public ownership of the means of production. Third, there was centralized economic planning rather than the commodity market as the engine driving economic production. This might be summarized as production to meet needs rather than derive private profit. Fourth, the government administered a monopoly of foreign trade.

71) During most of its 74 years, the Soviet Union maintained these key features and they shaped the economic system following the 1917 workers’ and peasants’ revolution. It is what distinguished the Soviet system from the capitalist mode of production. It was not a fully developed socialist system. On

the contrary, it could be argued that the Soviet Union never evolved past the very first stage of socialist “social relations.” There was inequality and many hangovers of underdevelopment. Economic and social underdevelopment was the most striking feature of Russia and the other Soviet Republics during the early period of the Soviet Union.

72) But the Soviet Union was clearly functioning according to an economic mechanism that was far different from the capitalist market and production based on private profit. Using these preliminary socialist economic methods, the Soviet Union developed into the second-largest economy in the world. It eliminated unemployment. This system had no need for an industrial reserve army of the unemployed because production was no longer based on squeezing surplus value out of the working class. The paramount requirement to satisfy the profit needs of the capitalist and investor class was gone because the capitalists were deposed as a ruling class.

73) Using this non-capitalist mode of production, the Soviet Union did not just grow into a major world power. Soviet workers and peasants achieved unheard of social and economic rights and benefits. These rights were legal rights, rights the state defended rather than defending the right of capital to exploit labor. For the first time in history, the so-called “rule of law” was applied to the needs of the oppressed class for employment, housing, health care, education, child care, recreation and relaxation.

The ‘logic’ of the capitalist market

74) Until the start of the “economic reforms” in 1978, the Chinese economy was functioning more or less in accordance with the four principal and distinctive non-capitalist mechanisms that were foundational to the Soviet economy, including public ownership of the factories, banking and transport and collectivized farming in the countryside.

The pro-capitalist economic reforms have continued since 1978 in successive stages. These different stages sometimes accelerated in the direction of all-out restoration of unfettered capitalist relations, while at other times slowing this trend. In general, however, there can be no dispute of the fact that the Chinese economy is today being increasingly driven by the “logic” of the capitalist market, including the global capitalist market.

This increasing integration is partly by design and partly because the capitalist market has its own “logic.” Each economic reform contains within itself its own contradictions for China. Those who seek to manage the market are also managed by the market and by the underlying fact that in a market-driven economy, capital is king. Capital flows to where profit can be maximized in a system based on ruthless competition. A “flexible labor pool,” as the capitalists put it so blandly, requires workers who can be fired and hired when needed—as the “market” demands. Maximizing profit means removing government, labor and environmental rights and restrictions that obstruct unfettered investment and

profit taking. If China wants to succeed in the global capitalist market, it must play by the rules of economic globalization, or capital will flow to other countries.

75) During the last 29 years, China has incrementally reorganized its economy. Public ownership still exists in large parts of the industrial sector, in what are called state-owned enterprises, but there is at this moment an increasing tilt toward privatization. The meaning of the statistics on the real level of public ownership is not easily discernible from a distance. Property forms can be called private when they are still actually state run in the public sector and vice versa. But what is not in dispute is that the trend is toward more and more privatization of publicly owned enterprises and banks. The monopoly of foreign trade has been gradually reduced and there are an untold number of direct economic links between Chinese enterprises and transnational imperialist corporations. The state is still a major force in managing resource allocation and granting or preventing access to the Chinese market, but its formal state-based decision process must also be largely driven by the “logic” of economic globalization and the needs of foreign investment capital. And this “logic,” regardless of whether it is dictating the decisions of planners in the state-owned enterprises or in the private sectors, is antithetical to the interests of the working class. The market and the need to prove profitability lead to layoffs, the diminution of benefits, etc.

China’s bargaining chip

76) The Communist Party of China is operating according to the assumption that this is the only—or at least the fastest—method to acquire the technology that is critical to China’s long-term rise from underdevelopment to becoming a medium-developed country by the middle of the 20th century. This is their goal. The underlying calculation of the Deng Xiaoping wing of the “capitalist roader” faction of the party is that if the Communist Party of China can retain its hold on supreme political power it can manage the capital investment rather than having the country plunged into neo-colonial or semi-colonial slavery. The basis for this assessment is that while China is weak in comparison to the imperialist states and the transnational mega-corporations and banks, it has something to strengthen its hand in negotiating the terms of capital investment and foreign direct investment. That something is the sheer size of the Chinese market, and most of all the potential Chinese market, and the sheer size of the potential Chinese industrial labor pool employable at low wages that can be hired by transnationals for the production of export goods sold on the world market. The Chinese domestic market could easily dwarf all of Europe within just a few decades, and this is a card that can be played in negotiating the terms of technology transfer, types of investment and forms of partnership.

77) The Communist Party of China’s thinking is that the “prize” of access to China’s market and its vast low-wage labor pool are sufficient to give the government bargaining power so that foreign direct investment is also harnessed to benefit China’s development plans and to improve the standard of living of sizeable sectors of the population by gaining greater access to technology and consumer

goods. This is not only premised on the liquidation of the monopoly of foreign trade, public ownership and directed, centralized economic planning, it is also based on the elimination of the codified rights of the working class and peasantry, rights that made China one of the most egalitarian societies between 1952 and 1978.

Myths about China's role in the world economy

78) As we examine the issue of the social and class character of China today, as we attempt to put its pro-capitalist economic reforms into a larger perspective, it is important to have a true sense of China's role in the world economy. The reports in the mass media have painted a false picture. China has certainly increased its role in the global economy, but it is entirely misleading to characterize China as the new economic superpower.

79) China has a population of 1.3 billion people—that is, 1 billion more people than the United States—but its economy is one-seventh the size of the U.S. economy and one-third the size of the Japanese economy.¹¹ In per capita income, “China remains a low income country, ranked roughly 100th in the world.”¹² In 1978, China accounted for less than 1 percent of the world economy, while today it accounts for 4 percent.¹³

80) The constant commentary that “everything is made in China” these days is designed to give the impression that China generates—and possesses—a huge section of the world's wealth derived from industrial production. This too is wrong.

81) Figures are routinely cited showing that the bilateral trade deficit between the United States and China is growing wildly. But the data on bilateral trade is misleading. Transnational corporations own most of the products that have the “Made in China” label, and many of them are U.S.-based corporations. These products are often designed elsewhere. Their components are produced elsewhere and then shipped to China for the final stage of assembly. Then they are “exported” from China back to the United States, Japan and Europe. Since they leave China last, these internationally produced commodities have a “Made in China” tag. But China doesn't get the profits, since the exported products belong to the transnational imperialist corporations. China frequently does not receive significant technology transfer either with the exception of the “assembly” factory.

82) Under these arrangements, China derives revenue from the wages paid to factory workers who might otherwise be unemployed or living in traditional poverty as peasants. “The biggest beneficiary of this is the United States. A Barbie doll costs \$20 but China only gets 35 cents of that,” said Dong Tao, a Hong Kong-based economist.¹⁴ Sixty percent of China's exports are actually controlled by foreign companies, according to Chinese customs data.¹⁵

The stripping of economic and social rights

83) While workers in the state sector of the economy have extensive social security protections, the rights of workers in the expanding private sector are far less generous. Unemployed workers from the non-state sector do not have secure access to housing and health care. The decision to de-emphasize the rural economy has forced millions of Chinese peasants to leave the countryside for the urban centers. This insecure and migrant labor pool has been the basis for the vast pool of low-wage workers that foreign investors are trying to exploit. Thousands of assembly factories established by the transnational corporations have employed millions of these migrant laborers for about 75 cents an hour.¹⁶

84) China's economic development strategy based on the "opening up" of the country has stimulated the growth of an internal bourgeoisie and middle class. It has provided more disposable income for a large number of urbanized factory workers. But an untold number of Chinese workers and peasants have been cast into an existence that is fraught with the insecurity reminiscent of the European proletariat at an earlier stage of the industrial revolution between 100 and 150 years ago.

85) The "opening up" of China has benefited U.S. and foreign corporations greatly. This new and expanding capital market has given a huge boost to the short-term stability of global capitalism—a boost that may quickly turn into its opposite, given the logic of the capitalist economic cycle. But China's leaders believe that this path over the long term is the fastest way to modernize the productive forces and allow China to overcome its status as an underdeveloped country. The massive factory build up has in fact led to an accelerated creation of cities and a new urban existence for tens of millions of former rural dwellers throughout China. The leadership believes that over time the Chinese people will accrue the technical skills and the technology base to "catch up" with the advanced capitalist countries.

Comparing China and the Soviet Union

86) China, since the 1978 reforms, has embarked on a development path distinct from the Soviet economic model. While the state is still under the leadership of the Communist Party of China, as the Communist Party of the Soviet Union led the Soviet state, the Soviet model up until its collapse in 1991 was based on the dominance of public ownership, centralized planning and the monopoly of foreign trade.

87) The sociological definition of the Soviet state as a workers' state, albeit one with major deformations and flaws, was based on this objective criterion. Does this definition apply to the People's Republic of China?

The Chinese state has assumed many of the tasks of a bourgeois state

88) Both China and the former Soviet Union consisted of states and governments that were birthed by

a workers and peasants revolution, with a proletarian (communist) party at the helm. Both used a similar economic model with the perspective of building socialism and not capitalism over the long term. Socialism was the perspective.

89) Since the economic reforms of 1978, China has incrementally and radically shifted its economic model away from socialist methods in order to integrate its national economy into the world capitalist economy.

90) These reforms have given rise to a new bourgeoisie inside China. The state, led by the Communist Party of China, has functioned as the protector of this bourgeoisie both in its relations with the Chinese working class and in its relations with the imperialist bourgeoisie.

91) To the extent that the Chinese state has promoted and enforced the rights, the interests and the needs of the Chinese bourgeoisie and the transnational corporations functioning within China, the state assumes the tasks of a bourgeois state. Since it is a state that originated from a working-class revolution and enjoyed an immense base of support from within the working class and peasantry, the Chinese state has only been able incrementally and over a time frame of several decades to diminish its historic obligations and defense of its original social base.

92) The Chinese state, including the Communist Party of China, has essential elements of what is known as Bonapartism, meaning the ruling party has to a degree straddled the class divide and has a foot in the camps of the bourgeoisie and the working class. The actual living experience of China in its evolution since 1949 is without precedent. Its differences with the Soviet Union's evolution require us to acknowledge that it is not an exactly analogous social formation at this point.

93) The destruction and incremental dissolution of public ownership, centralized planning and the monopoly of foreign trade constitutes a historic setback for the Chinese working class. Its rights and interests have either been stripped or seriously eroded while the rights of capital, including foreign capital, have been elevated.

94) The advancement of the Chinese bourgeoisie has been at the expense of the political and social primacy of the working class. To the extent that a larger section of the Chinese population, including the working class, has additional access to goods, it comes as a form of personal or individual acquisition and cannot mask the fact that the status of the working class as a class has been seriously downgraded in terms of its social rights and political weight within the state and party.

95) Of course, capitalist social relations in China are progressive in relation to feudal or semi-feudal relations. But they are retrogressive in comparison to the relations achieved by the proletariat and peasantry in the first decades following the victory of the revolution.

96) The label of "market socialism" obscures what is taking place in China. This purported hybrid between two social systems is a theoretical fiction—really a theoretical caricature of Marxism.

Socialism is the next stage of human society after capitalism. The wealth of society created under the capitalist system is made public and the forces of production are set into motion to meet human needs. The market belongs to the era of commodity exchange, to the production and distribution of social wealth according to class privilege and class interests. The capitalist market, based on making profit, and socialist production, based on satisfying need, are mutually antagonistic methods for the organization of production. Beneath the surface, this antagonism between two contradictory methods of production and distribution are the irreconcilable contradictions between the working class and the bourgeoisie.

The bourgeois and proletarian revolutions

97) The socialist revolutions in Russia in 1917 and later in Korea, China, Vietnam, Cuba and elsewhere catapulted the working class to the position of the ruling class. In all of these countries, however, the revolution by necessity was forced to complete the fundamental tasks of both the bourgeois democratic and the socialist proletarian revolutions. Because the seizure of power did not take place in the advanced capitalist countries that had for the most part enjoyed a prolonged stage of post-feudal bourgeois social and economic development, the new revolutionary governments were confronted with the delayed, unfinished and sometimes unstarted tasks that the bourgeoisie had already accomplished in Western Europe.

98) The break-up of semi-feudal and feudal relations in the countryside, the introduction of mechanized agriculture, the urbanization of the population, the introduction of large-scale manufacture, mass literacy and the introduction of bourgeois culture in contrast to the rustic rural-based patriarchy—these were revolutionary tasks that the bourgeoisie carried out in Western Europe, first inside the confines of the old feudal order where the bourgeoisie functioned as an oppressed class, and later as it mounted a struggle for political power and became a ruling class throughout Europe. In England and France the bourgeois revolution against the old feudal order was carried out in the 1600s and 1700s, respectively.

99) The triumph of Western European, U.S. and Japanese colonialist and imperialist domination had the effect of retarding the ability of the bourgeoisie, as a class, in the colonized, semi-feudal and feudal world from carrying out the same historic mission and tasks. Thus, the socialist revolution in the underdeveloped countries had to carry out both the tasks associated with the bourgeois democratic revolution and the socialist reorganization of society.

100) Because of this underdevelopment enforced by imperialism, the advanced productive forces that Marx considered to be a prerequisite for the socialist stage of society were missing in the oppressed world. The working-class revolutions, as they began on the road toward socialist collectivization, were faced with the even more primary challenge of how to build up the productive forces just to feed hungry people; to provide housing, rudimentary elementary and secondary education, and

electrification to the entire country; to build basic roads and other core infrastructure; and so forth. These are the social tasks that historically belong to the era of the bourgeois revolution. Moreover, in this tortured social environment, the new revolutionary governments in underdeveloped countries not only had to confront the forces of domestic counterrevolution, but the combined force of world imperialism. The imperialists employed and continue to employ almost limitless resources to threaten, subvert, sanction, invade and overthrow these new revolutionary governments.

101) The Chinese government and the Communist Party of China have turned increasingly toward reliance on bourgeois and capitalist methods—rather than on the socialist methods of the Mao era—to pursue the completion of the tasks of China’s bourgeois democratic revolution. This struggle to overcome underdevelopment and see China rise as a modern economic power on the world stage is part and parcel of the bourgeois democratic revolution.

102) It is a historical irony that China’s socialist revolution was the essential guarantor for the qualitative advance of the bourgeois democratic revolution, and for the growth of a non-comprador bourgeois class in China. All the governments that came before 1949 left China to be ravaged by colonialism and imperialism working with and through Chinese comprador proxies.

Where we stand: Defend China against counterrevolution, imperialist intervention and dismemberment

103) To the extent that the policies of the Chinese state have undermined the socialist aspirations of the working class in favor of the rights and interests of the Chinese non-comprador bourgeoisie, they must be viewed as a regressive step. As communists, we oppose those policies and look toward those Chinese communists who are trying to reverse them. However, to the extent that this same Chinese state functions as a nationally unifying force defending China’s forward march in completing the tasks of the bourgeois democratic revolution, staving off the marauding reflexes and designs of world imperialism and the transnational corporations, we also recognize that the overthrow of the Chinese government and the political rule of the Communist Party by any force other than a vanguard communist party will inevitably result in a tragic defeat and setback for the Chinese working class and for the nation and people as a whole.

104) The dialectical reality of the intertangling of the socialist revolution and the bourgeois democratic revolution has been the source of great confusion in the left, including among some of China’s historic supporters.

105) On one side, the policies of the Communist Party of China are embraced by some on the left worldwide, including inside of North Korea, Vietnam and to some extent inside of Cuba as well. These forces consider “market socialism” to have been a creative and necessary innovation. After all, they say, the Communist Party of the Soviet Union, with its “rigid” economic centralism, has been

overthrown, while the Chinese party continues in power and is managing an impressive economic rise from the margins of the world economy to its center. While acknowledging the growing class polarization in China, these advocates of “market socialism” argue that this is the price of economic integration and greater access to modern technology at the very moment that there is a global “high tech” revolution. According to these socialists, it is either integrate or fall behind.

106) On the other side are those in the left who have come to the position that the restoration of capitalism in China is complete, that there is nothing remaining to defend, that the Chinese government and the Communist Party are capitalist oppressors, and that all resistance to the regime is valid. Some organizations, like the International Socialist Organization, had this position even when China was relying on socialist methods. But there are also a large number of Maoists and former Maoists, people who earnestly defended China, who have now concluded that China is not fundamentally different from any other capitalist country. They offer no political support for China, almost regardless of circumstances.

107) For our part, we consider the words “market” and “socialism” to be contradictory. All the socialist countries have resorted to a limited use of the capitalist market at times, including the Soviet Union, which employed these measures during the New Economic Policy launched in 1921 while Lenin was still giving direction to the party. But these measures were considered an economic retreat to overcome famine and poverty so stark that it actually disbursed the urban proletariat back to the countryside in order to acquire food. Socialist relations did not exist, nor could they have in the economic chaos following World War I, the imperialist intervention and civil war. What is happening in China is fundamentally different. This is not a temporary retreat but a long-term policy of de-socialization of already nationalized and collectivized property. It is turning this property over to a class of capitalists. Under the label of “market socialism,” it is the restoration of capitalist social relations.

The restoration of capitalist economic relations has been incremental and so far incomplete. It has not come about as the result of a counterrevolutionary overturn of the government. It is a process rather than an event. Although it is impossible to say with 100 percent certainty where in this process China is, it is indisputable that its basic trend has only deepened since 1978. This process is, however, unfinished. As long as the Communist Party of China retains its hold on political power, there is the possibility, however great or small, that this trend can be reversed. It could also be slowed or stalled in the face of unanticipated developments, such as a global capitalist economic crisis that would likely shake China’s export-driven economy to its core, an internal class or intra-class confrontation, or even a large-scale confrontation with U.S. or Japanese imperialism. Again, it is imperative to keep in mind the example of what happened in Yugoslavia between 1989 and 1999, when the Yugoslav communists changed course in the face of imperialist intervention, dismemberment and internal civil war.

108) To the extent that workers and peasants in China rebel or resist capitalist encroachments and abuses, we should show solidarity with their struggle—especially to the extent that these protests lead toward reversing the gains of capital. The rightful place of the Communist Party of China is to stand with these workers and peasants in their confrontation with the Chinese government and with the domestic and foreign capitalists. If the communists stand aside, they will lose all credibility with their historic social base.

109) To the extent that these struggles, absent the leadership and support from the Communist Party, change from spontaneous battles for economic and social justice to movements that have been taken over politically by a leadership that seeks to overthrow the political rule of the Communist Party, these struggles will inevitably, under the current political circumstances, move into the camp of reactionary counterrevolution and will be organically connected to and nourished by the forces of world imperialism.

The overthrow of the Communist Party will lead not only to the absolute destruction of what is remaining of the old socialist revolution, but to the suspension of China's bourgeois democratic revolution—unless that overthrow is led by a national force committed to the interests of the working class against capitalism and imperialism. There is no indication that such a force exists today in China, although there certainly must be elements among the 73 million members of the Communist Party of China that support the revolutionary road of Mao Zedong and the Chinese socialist revolution.

The overthrow of the Communist Party of China by non-revolutionary forces would hurl China backward in its epoch-making struggle to emerge from underdevelopment. The overthrow of the Communist Party under those circumstances would return China to the semi-slavery of comprador neo-colonial rule. China would then also face the possibility of splintering, as happened in Yugoslavia and as may happen in Iraq under the impact of foreign occupation.

In the face of this threat, our Party would offer militant political defense of the Chinese government in spite of our profound differences with so-called “market socialism.”

Endnotes

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