China's new economic reform

By Sam Marcy

OCTOBER 23 — On Oct. 20 the Central Committee of the Communist Party of China approved the text of a decision which is entitled "Reform of the Economic Structure."

It constitutes a major retreat into the arms of the capitalist market as well as deepening and widening bourgeois norms of production and distribution.

For the first time in the 35-year history of the People's Republic of China, the question has arisen and been posed in the sharpest manner — will the state be able to control the blind forces of the capitalist market which it plans to unleash? Or will these potentially destructive forces transform the economy in a fundamental way and take hold of the state and transform it, too?

Of course, in the long struggle of the Chinese Revolution there have been a considerable number of retreats. The historic Long March was a retreat to a more secure area in order to advance later.

The distinguishing characteristic of this development is that it masks a retreat as a great advance.

A retreat from socialist economics may be necessary if forced by historical circumstances. But the first condition for accepting such a departure is to call it by its right name — a retreat toward capitalist norms of production and distribution. That's what Lenin did with his New Economic Policy in 1921 which did so much to save the socialist republic from counter-revolution.

As we know from history, it was the growth and development of capitalist commodity production which created the world market and which in turn transformed the feudal lords into a bourgeois aristocracy or, in the case of France, overthrew them altogether.

The changes proposed by the People's Republic of China are the most profound and dramatic to date. Prime Minister Deng Xiaoping in a conversation with visiting West German Chancellor Helmut Kohl characterized the changes as "a revolution."

Of course, at this stage they are merely a projection, a plan on paper. One will have to wait and see how they will or can be implemented.

How far 'reform' goes depends on living struggle

A change of such dimensions cannot be effectuated by the mere will of the ruling Deng group. Like all great changes, it depends on objective circumstances and on the living struggle of social and political forces both at home and abroad.

In all of this the will, temper and disposition of the mass of workers and peasants, an incalculable ingredient at the present time, will be of decisive significance in the execution of the economic reform.

According to the decision, "The rural reform is going forward and the rural economy is moving toward specialization, large-scale commodity production and modernization. Therefore, there is an urgent need to unclog the channels of circulation between town and country, expand the market for the increasing amount of agricultural products and satisfy the rising needs of the peasants for manufactured goods, science and technology as well as culture and education.

"Conditions are now ripe for all-around reform of the economic structure."

The term rural reform is a euphemism employed by the Deng regime to characterize the dismantling if not vandalizing of the rural agricultural communes which were established during the revolutionary period of the Mao era.

PHOTO: HSINHUA

A capitalist market in agriculture has broken up communes like this one, formerly in Shantung province. Now China's leaders want to "rationalize" relations between agriculture and industry by extending bourgeois norms to the latter.

Communes the most precious achievement of Chinese Revolution

The communes were based on the collective efforts of the peasants and regarded as one of the most precious achievements of the revolution. They were organized along socialist lines, even though the resources at the time were meager and the productive forces of the country were not as developed as they are now. Nevertheless, they thrived and prior to the Deng regime were everywhere highly regarded, including in the West.

The charge that the communes were unproductive is a falsehood and a malicious distortion of the actual situation. With the inauguration of the communes, agricultural production went up, if we discount several years of bad weather. The communes certainly raised the agricultural output way beyond what had previously existed. However, the protracted factional struggle was continually disrupting economic progress as a whole.

The Deng regime virtually abolished them and set free "private initiative" and "material incentives" in an effort to raise agricultural production. Agricultural production in the last few years is said to have increased remarkably and primary credit is given to the Deng regime officialdom for letting loose private initiatives, material remuneration and awards to the peasantry.

In many ways the system now in force is a throwback to the pre-revolutionary period in China, so far as the peasantry is concerned. It is true that the state still controls the land, but government ownership alone may not be decisive when private interests have and are daily becoming the principal motorforce in the development of agriculture.

Behind the government ownership and jurisdiction over the land there now lurks what in fact might already have taken place — a change of the mode of production in agriculture from that of incipient socialist agriculture back to a form of bourgeois agriculture that still hides under government juridical control.

The changeover in the agricultural system in China has brought about a glaring contradiction with the socialized state-controlled industrial and business sector.

Just as it was impossible for the USSR in the early days to truly commence large-scale socialist construction in a vast sea of peasant holdings on a private basis, so in some ways (not identically, of course — the situation of China is naturally different from the USSR in the 1920s) it is quite impossible for China to proceed to what the Deng regime says is its ultimate goal — socialist construction — by means of its so-called Four Modernizations in industry, agriculture, science and education.

Contradiction between bourgeois agriculture and socialist industry

Thus China has been at an impasse since 1978: How to proceed with its modernization program in light of the contradiction between agriculture and industry, between what are virtually two different modes of production — agriculture, which is now fundamentally bourgeois in character, and industry, which is still in the early stages of being transformed into a socialist sector.

The choice made by the Deng regime after years of groping has been to introduce bourgeois norms for industry similar to those that now prevail in agriculture, thereby "harmonizing" the two major sectors of the national economy.

Deng himself has said the regime will proceed cautiously. But the daily press is already giving the projected plan rave reviews.

To repeat, the decision says, "There is an urgent need to unclog the channels of circulation between town and country, expand the market for the increasing amount of agricultural products and satisfy the rising needs of the peasants for manufactured goods, science and technology as well as culture and education."

Just what is meant by unclogging the channels of circulation between town and country?

Why are the channels clogged up? The impression is given that this perhaps is a logistical problem — poor or inefficient railroads or other forms of transport, or perhaps bureaucratic red tape.

That is merely the surface manifestation. The problem is a profoundly political one.

How can the country maintain pro forma or de jure socialist standards in the urban sector when there is now already a rising tide coming from the vast peasant sea of 800 million and when bourgeois norms of remuneration and material incentives are continually battering the industrial sector?

A change must be made to harmonize the two sectors: either attempt to socialize or collectivize the peasantry again, or begin on a vast scale the introduction of broad so-called free market devices and bourgeois norms in production and particularly in distribution.

The Deng regime has chosen the latter. It is entirely in accord with his entire historical record in the struggle between the revolutionary and progressive forces, a political struggle in which the revolutionary forces were vanquished.

Culmination of long factional struggle

This then is the culmination of the long factional struggle in which the capitalist roaders have triumphed. This then is what they would consider their crowning achievement, if it works, if there is no intervention from the more progressive, more socialist minded revolutionary elements, and if the broad masses themselves remain passive.

The whole idea of abandoning the communes was that it would not only increase agricultural production and satisfy the demands of both rural and city population, but that it would strengthen socialist construction in industry and the economic structure generally.

In other words, to avoid a crisis between city and country, between the rural areas and the urban areas, that is, to put it in class terms, between the proletariat and the peasantry, it was necessary to introduce what has generally been recognized as a virtual return to a bourgeois system of farming.

That having been done, we are now told that the reform was successful and, to quote again, "the rural economy is moving toward specialization, large-scale commodity production and modernization."

That should enable the government to strengthen socialist production. That was the idea as propounded by the Deng regime in the first place; that was the rationale for abandoning the collective agricultural communes.

We are now told, however, that since this was successful, "conditions are now ripe for an all around (bourgeois — S.M.) reform of the economic structure." In other words, conditions are now ripe to deepen and widen bourgeois economic reforms, such as relative independence of industrial enterprises, lifting or abandoning price controls for an undisclosed number of consumer goods (controls which favor the masses), setting up production quotas and the choosing of personnel by managers. All these have a tendency to liquidate socialist planning altogether.

Intensifying social differentiation

This will intensify the social differentiation in the urban sector of society, that is, among various grades of workers, administrative personnel, white collar workers in general and of course the higher echelons in the bureaucratic political and technical apparatus.

Such a development will bring about what the abandonment of the commune system brought about in agriculture. Bourgeois norms of agricultural production have gradually been creating a social differentiation in the countryside. There are now rich peasants, middle peasants and poor peasants.

Little is being said about the struggle which this social cleavage has brought about and how it is becoming expressed politically. One should consider how vigorously and aggressively and with what heroism the early Chinese Communist Party fought to win the peasantry from feudal landlordism in precisely recognizing the class differentiation between the rich, middle and poor peasants and how to approach them from a class point of view.

"No clear distinction," says the new decision, "has been drawn between the functions of the government and those of the enterprises, barriers still exist between different departments or regions, the state has exercised ex-

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