

# Socialist Voice Readers Debate China

Sunday 14 February 2010, by [ANGUS Ian](#), [RIDDELL John](#) (Date first published: 9 February 2010).

**In recent weeks an intense discussion of the Chinese state and economy has attracted record numbers of visitors to the Socialist Voice website. They've been following an extended debate on whether capitalism has been definitively restored in China, and whether China is pursuing imperialist policies in the Third World.**

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Unlike many online discussions, this one has been notable for well-argued and thoughtful contributions, and, on the whole, for a tone of mutual respect among the participants, despite their political differences. All of the contributions are well worth reading.

For the benefit of readers who have not been following the debate, this article offers a brief summary of the principal issues under discussion, together with links to the main contributions.

by **Ian Angus**

## Background

The discussion actually began last April, with John Riddell's article, "50 Years After: The Tragedy of China's 'Great Leap Forward'" [1]. Describing the Chinese Revolution of 1949 as a victory that "laid the foundation for China's present dynamism and influence, as well as providing an enormous impetus to anti-colonial revolution worldwide," Riddell suggested that the so-called "Great Leap Forward" of 1958-59 undermined the revolution's gains.

*"The architects of the Great Leap hoped that its arbitrary, coercive, and destructive character would be justified by a jump in production. This, they hoped, would create the preconditions for a truly just society. However, the resulting collapse of production is strong evidence that socialist policies must not destroy but build on worker and peasant culture, wisdom, initiative, and control - what the Venezuelan revolutionists today call 'protagonism.'*

Riddell's article prompted comments from Walter Lippmann and Herman Rosenfeld. Hoping to involve more readers in the discussion, we reposted some of these comments, with Riddell's replies, as a separate article, *Socialists and China: An Exchange*, on January 10. [2]

Other readers did indeed join in. The discussion has been wide-ranging, including contributions on the relevance of the Trotskyist theory of "Permanent Revolution," and on Fidel Castro's public statements about China, but for the most part it has focused on two main topics.

## ***Is China a Bourgeois State or a Workers' State?***

Praba argues that China remains a workers state, while Chris Slee says the Chinese state can no longer be described as working-class in character.

Among their disagreements is the class nature of the Chinese leaders who have pressed for reforms in the interests of working people; Praba calls them “pro-communist elements,” while Slee says they are “bourgeois nationalists.”

Fred Feldman says that despite the damage done by the Great Leap Forward and the Cultural Revolution, the “anti-imperialist and anti-capitalist foundations created by the great Chinese revolution” have not been destroyed.

## ***Is China Imperialist?***

In a parallel discussion, Dimitris Fasfalis and Fred Feldman have been debating whether China is imperialist, as Marxists use that term. Fasfalis argues that it is, citing China’s investments and other activities in Africa.

Feldman replies that despite its economic growth, China remains an oppressed and dependent nation that socialists should defend against North American and European imperialism.

To follow the discussion as it has taken place to date, simply go to the January 10 article and scroll down through the article and comments.

The disadvantage of that method is that the Comments appear in chronological order, so the various topics are intermingled. Readers who wish to follow the two main threads may find the following outline useful. The quotes merely illustrate key arguments: follow the links to read each comment in full. [3]

## **IS CHINA A BOURGEOIS STATE OR A WORKERS' STATE?**

**Praba:** “The PRC remains a workers state (although one where there has been dangerous levels of capitalist penetration). The attitude of socialists to the PRC must be one of overwhelming solidarity while opposing any rightist tendencies within the ruling party.” [4]

**Riddell:** “The fact that capitalist accumulation is so prominent in the Chinese economy today does not imply, in my opinion, that the Chinese state is necessarily bourgeois.” [5]

**Slee:** “China’s rapid economic growth is in part due to the decision of many transnational corporations to make China their main base for the export of goods to the world market. ... They believed that the Deng Xiaoping regime was a reliable pro-capitalist government.” [6]

**Slee:** “My current view is that these changes are reforms within capitalism, rather than the start of a renewed drive towards socialism.... However, if we were to see a deepening of these progressive measures in coming years, I would have to look again at how I analyse the situation.” [7]

**Praba:** “The notion that China’s rapid development is primarily due to foreign investment is in good part a Western media myth. The main reason for the PRC’s economic success has been the dominance of its economy by large state-owned enterprises.” [8]

**Lippmann:** “Where else in the capitalist world in today’s era of neo-liberal globalization are capitalist governments giving workers more rights, encouraging more unionization and creating new

welfare systems to replace old ones destroyed by privatization?" [9]

**Slee:** "During the 1990s, the Chinese bureaucracy lost its fear of the working class sufficiently to carry out massive privatisation. The subsequent rise of working class struggle revived that fear a bit, causing the partial reversal of some neoliberal policies. Whether the predominance of capitalist relations of production will be overturned remains to be seen." [10]

**Slee:** "We should remember that it was the CP government (under a previous leadership) that created the problems which the current leadership is trying to ameliorate. Secondly, the reforms adopted so far don't solve all the problems which the previous policies created." [11]

**Praba:** "The question of the class nature of the state power that holds sway in the world's most populous country is a critical one. It is a question not of academic importance but a question that shapes what attitude socialists in the West should take to the PRC state - hostility or solidarity." [12]

**Slee:** "A strong state sector does not necessarily prove the existence of a workers state. Iraq under Saddam Hussein had a strong state sector, but the state served the interests of the Iraqi capitalist class." [13]

## IS CHINA IMPERIALIST?

Riddell: "China is often called imperialist, but I don't see the evidence. ... The Chinese state does not appear to need at present to conquer spheres of influence and assert its economic and political domination over client states and semi-colonies." [14]

**Fasfalis:** "The evidence ... of Chinese imperialistic policies exists: Chinese foreign direct investments in African countries such as Angola, Sudan, the Democratic Republic of Congo, Cameroun and Nigeria are designed to secure, thus to control, energy and mineral supplies." [15]

**Feldman:** "Dimitris' unproven claim that China is engaging in unequal exchange with African countries would not prove that China was an imperialist power even if Dimitris proved it to be a fact that China was engaged in unequal exchange with some or all of them." [16]

**Fasfalis:** "It is not the unequal terms of exchange that make China an imperialist state. It is rather the fact that its investments abroad (emanating from public or private companies) are searching to establish in some cases a control on its hosts." [17]

***The discussion continues...***

*Responses to "Socialist Voice Readers Debate China"*

**John Riddell** on 09 Feb 2010 at 9:00 am #

Hung Ho-Fung, a Marxist writer on China, added an important postscript to my article on the Chinese peasantry [18] in his presentation to a Toronto meeting February 5.

The meeting, sponsored by Socialist Project, was entitled "China, Japan, the U.S.: Together in Crisis" and drew an attentive audience of more than 100. Hung is the author of "America's Head Servant: The PRC's Dilemma in World Crisis," in the Nov-Dec issue of *New Left Review*. [19]

My article reviewed a book (Will the Boat Sink the Water? The Life of Chinese Peasants. By Chen Guidi and Wu Chuntao) chronicling the struggles of Chinese peasants in the 1990s, a period in which

they suffered bitter impoverishment due to the exactions of government officials and Communist party cadres. It concluded by noting that in 2005, the Chinese government had abolished taxes on peasants, a move whose effect, my authors said, was not yet apparent.

Hung provided such an assessment. He reported that the abolition of taxes on peasants, together with government moves to rebuild rural health services and an increase in food procurement prices, had in fact resulted in a significant improvement in peasants' living standards. This shift had measurably decreased the flow of migrant labour to the cities, tightening the labour market. A secondary factor was government moves to strengthen the hand of unions in defending workers' living standards. The result was a significant rise in wage levels. China's economy, Hung said, shifted toward development of its internal markets, and away from single-minded concentration on providing low-wage labour for export industries.

In Hung's opinion, the condition of the peasantry is the key factor in shaping the development of China's economy. So long as the peasantry is bitterly impoverished, the flood of migrant labour to the cities will press down against urban wages. He raises the question that the campaign against peasants was not just a case of plunder by local officials but a deliberate policy to keep urban wages low. The dual impoverishment of urban and rural working people bears down against the growth of internal markets.

The development of Chinese industry, Hung states, has different from that of Korea and Taiwan in that Chinese workers' wages have not risen, until the uptick in the last few years. Until the recent uptick, Chinese wages stayed at about 5% of U.S. levels; in Korea, by comparison, wages have risen to 50% of U.S. levels. This is a reflection above all, he states, of power relationships in the countryside, as in the country as a whole. Chinese peasants are uniquely lacking in political leverage with the government. There is much contestation at the grass-roots level, but no way for the pressure to be applied to the government. (In the book I reviewed, Chen and Wu provide many heartrending examples of this fact.) He compares the much greater political leverage of peasants in Taiwan, Korea, and Japan.

Hung supports the demand of peasant advocates in China that there should be a national peasants' association. Even if government-run, he says, such a body would bring significant improvements.

From what I have written so far, it might seem that China has turned the corner toward what the Venezuelans call endogenous development. In Hung's opinion, this is not so.

He described the functioning of China's export economy as a vicious circle in which most of the benefits flow to the U.S. and its imperialist partners. If I may oversimplify his argument, China sells low-cost manufactured goods to U.S. consumers. The Chinese workers receive a bare pittance; the employers rake off high profits; a large part of what remains is handed over to the U.S. government through the purchase of government bonds. China retains titular ownership of these bonds, but cannot withdraw the money, because doing so would run the risk of bankrupting the U.S. government, sinking the dollar, and throwing not only the U.S. but Chinese economy and society into crisis.

(There is also a lack of available alternatives. In his article, Hung describes the embarrassing failure of many Chinese efforts to shift money away from U.S. Treasuries.)

To summarize, for China, the U.S. has become "too big to fail" and must be sustained through payment of a tribute of hundreds of billions of dollars.

During the economic crisis, China has bluntly warned the U.S. that it is considering shifting its

dollar reserves to other currencies. But it has done nothing of the sort, Hung says. In fact, in the first year of the crisis (2008-09), China's holdings of U.S. treasury bonds increased by a startling 28%, or, if bank holdings in its Hong Kong possession are included, 35%—from \$683 billion to \$921 billion: a striking case of throwing good money after bad.

Why does China not break with this policy, which seems so disadvantageous to its economy's development, I asked during the discussion period. Partly, Hung stated, because China is too far gone to pull back: the regime fears the social turmoil that would result in China if the U.S. is destabilized. Partly, Chinese policy reflects the dominant power over the Chinese government of those owning and running its export industries (the "coastal elite"), who have an effective veto over government policy. Already, they are agitating for measures to curb the rise of wages, with strong support of a Kissinger-backed U.S. lobbying concern. A decisive move in this direction would be to privatize ownership of rural land, opening the door to clearing most peasants off the land and unleashing a renewed flood of migrant labour to the cities.

I encourage readers to download Hung's important article in *New Left Review*.

**John**

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**P.S.**

\* Socialist Voice is pleased to be hosting this debate. We encourage other readers to participate, using the Comments box below.

<http://www.socialistvoice.ca/?p=998>

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## Footnotes

[1] See on ESSF: [50 Years After: The Tragedy of China's 'Great Leap Forward'](#)

[2] See on ESSF: [Socialists and China: An Exchange](#)

[3] See on ESSF: [Socialists and China: An Exchange](#)

[4] <http://www.socialistvoice.ca/?p=917#comment-3054>

[5] <http://www.socialistvoice.ca/?p=917#comment-3056>

[6] <http://www.socialistvoice.ca/?p=917#comment-3058>

[7] <http://www.socialistvoice.ca/?p=917#comment-3080>

[8] <http://www.socialistvoice.ca/?p=917#comment-3085>

[9] <http://www.socialistvoice.ca/?p=917#comment-3092>

[10] <http://www.socialistvoice.ca/?p=917#comment-3058>

[11] <http://www.socialistvoice.ca/?p=917#comment-3106>

[12] <http://www.socialistvoice.ca/?p=917#comment-3137>

[13] <http://www.socialistvoice.ca/?p=917#comment-3160>

[14] <http://www.socialistvoice.ca/?p=917>

[15] <http://www.socialistvoice.ca/?p=917#comment-3050>

[16] <http://www.socialistvoice.ca/?p=917#comment-3060>

[17] <http://www.socialistvoice.ca/?p=917#comment-3138>

[18] See on ESSF: [Suffering and Struggle in Rural China](#)

[19] See <http://www.newleftreview.org/?getpdf=NLR29401&pdfang=en>. This article is available on ESSF, but without the figures and tables: [China: America's Head Servant? - The PRC's Dilemma in the Global Crisis](#) .