

Kommunistischer Arbeiterbund Deutschlands (KABD) (Communist Workers' League of Germany)

The Chinese Leadership Is Destroying the Dictatorship of the Proletariat!

**A Documentation
of the Restoration of Capitalism
in China**

Edited by the Central Leadership of Kommunistischer Arbeiterbund Deutschlands (KABD) (Communist Workers' League of Germany). September 1979. Published and Distributed by Verlag Neuer Weg GmbH. English Edition 2019.

Contents

Introduction

I. The Great Proletarian Cultural Revolution Is the Continuation of the Revolution under the Dictatorship of the Proletariat

1. Class Struggle in Socialism
2. The Main Target of the Cultural Revolution Is the New Bourgeoisie

II. The Principles and Achievements of the Cultural Revolution Are Being Revised and the Economic Laws of Capitalism Restored

1. Acute Shortcomings and Misdirected Developments in Chinese Economy
2. The Economic Laws of Capitalism Are Starting to Operate Again
3. The Enterprises Are Managed with Capitalist Methods
4. Material Incentive Destroys Socialist Consciousness
5. The Principle to “Rely on One’s Own Efforts” Is Being Abandoned

III. The Revolutionary Committees as Organs of Power of the Dictatorship of the Proletariat Are Being Abolished

1. The Revolutionary Committees Arise in the Cultural Revolution as New Organs of Power of the Dictatorship of the Proletariat
2. Removal of the Revolutionary Committees Means Removal of the Dictatorship of the Proletariat
3. The Yugoslavian Pattern of “Workers’ Self-Government” Is a Revisionist Model

Introduction

What is going on in China? many workers and progressive people wonder today. For a long time, Mao Zedong's China was the vivid example of the fact that there is an alternative to the capitalist system – socialism: a life without exploitation and oppression, without hunger, poverty, and misery of the masses of the people.

And today? Week by week, news from China is coming thick and fast: Poor peasants rally in Beijing against the deterioration of their living conditions; unemployment – especially youth unemployment – is spreading. Chinese politicians sign contracts with capitalist and imperialist countries and incur high debts in foreign countries.

What has happened in China since Mao Zedong's death? Has China changed its color? In *China Today*, No. 1, we formulated a touchstone that decides the question whether socialism will be constructed or capitalism restored: the position on Deng Xiaoping and his revisionist line. Meanwhile this notorious revisionist has been rehabilitated and reinstated in all his former offices without having offered any fundamental self-criticism.

This step and the ensuing development made clear what we could not establish at that time: With Hua Guofeng's coming into power and Deng Xiaoping's rehabilitation, the new bourgeoisie took over political power in China. At a much faster pace than in the Soviet Union, the new leadership sets about destroying the dictatorship of the proletariat and annihilating the economic base of socialism.

At the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China in December 1978, Deng and Hua shifted the Party's and the whole people's focus of work onto "socialist modernization". With this program the new leadership wants to develop China from a developing country into a big industrial power by the year 2000 – but to what expense?

The modernization of industry, agriculture, national defense, science, and technology is an integral part of the building of socialism. Only by creating the material preconditions, by enormously developing the productive forces, can the dictatorship of the proletariat be lastingly strengthened and the transition to communism prepared. What matters in this process, however, is how and in what direction the productive forces of socialism are being developed. The attitude with which the workers approach the modernization of the production facilities and the increase of labor productivity distinguishes the socialist way from the capitalist one.

In the Great Proletarian Cultural Revolution, initiated and led by Mao Zedong in person, the working masses could prevent the accession of a new bourgeoisie to power. About the significance of the Cultural Revolution we wrote in *Revolutionärer Weg*, No. 19:

“The Great Proletarian Cultural Revolution is:

1. the *highest form of class struggle* in socialist society;
2. the awakening and rapid *development of socialist consciousness in the masses* by means of criticism and self-criticism and by studying and, at the same time, putting into practice Mao Zedong Thought;
3. the concrete form of *exercising the dictatorship of the proletariat* to prevent the bureaucratization of the Party, the government and management apparatus (against capitalist-roaders in power);
4. the building of an ideological-political barrier *against the danger of capitalist restoration.*” (W. Dickhut, *State-Monopoly Capitalism in the Federal Republic of Germany (FRG)*, Vol. II, p. 575)

And we concluded finally:

“There is only one alternative: Either Proletarian Cultural Revolution or restoration of capitalism!” (ibid., p. 576)

How true this conclusion was can be observed in the development in China under the new leadership. The new leadership attacks the dictatorship of the proletariat by putting economy in the first place and neglecting class struggle in carrying out its program of “socialist modernization”. The achievements of the Cultural Revolution are being dismantled and the doors are opened to the economic laws of capitalism in production.

The abolishment of the revolutionary committees, the reintroduction of solely responsible factory directors, the increasing orientation of the factories towards profit, and the intensification of the policy of material incentives are measures to destroy the dictatorship of the proletariat and to restore capitalism.

In this brochure we want to point out the road to restoration that is being followed by the new leadership. We focus on the development in production, for it is here where at present, to a decisive extent, the socialist economic base is being destroyed and capitalism is being reintroduced.

I. The Great Proletarian Cultural Revolution Is the Continuation of the Revolution under the Dictatorship of the Proletariat

1. Class Struggle in Socialism

“The mob rampages in China,” “red hooligans gang up” and “pillage,” “the ancient pots of the Ming Dynasty are being shattered” – this and the like could be read in the bourgeois press from 1966 onwards about the Cultural Revolution in the People’s Republic of China. We were supposed to believe that the unleashed masses were about to impose a rule of barbarism, destroying all cultural and material values.

With this transparent slander, public opinion was stirred up against the masses of revolutionary workers, peasants and students. The new holders of power in China take the same line today. These days, we can read in almost every issue of the *Beijing Review (Peking Review)* about a “fascist dictatorship of Lin Biao and the gang of four”. The new editor-in-chief of the Chinese *People’s Daily*, when visiting the Federal Republic of Germany, even went as far as to give West German journalists the outrageous statement that “Germans and Chinese have something in common: from 1966 on, the Chinese suffered like the Germans under Hitler.” (*Der Spiegel*, No. 52, 1978, p. 91)

Allegedly, science, art and literature could not develop, there was brutal oppression and persecution of intellectuals and officials for dissenting opinions, the economic development was, as a result, set far back, and China even was on the verge of economic chaos.

What is a Cultural Revolution? Why does a Cultural Revolution take place? Let us have a look at the decision of the Communist Party of China concerning the Great Proletarian Cultural Revolution, adopted on 8 August 1966. It says:

“Although the bourgeoisie has been overthrown, it is still trying to use the old ideas, culture, customs and habits of the exploiting classes to corrupt the masses, capture their minds and endeavour to stage a come-back. The proletariat must do the exact opposite: it must meet head-on every challenge of the bourgeoisie in the ideological field and use the new ideas, culture, customs and habits of the proletariat to change the mental outlook of the whole society.” (*Important Documents on the Great Proletarian Cultural Revolution in China*, p. 130)

Carrying out a revolution is a difficult and long-running struggle. The struggle for political power is a fierce one and costs the masses of the people many sacrifices. But the struggle is not over when the working class gains political power. It is a dangerous illusion to believe that after the victorious armed struggle peace will come. The classes deprived of their power still exist and endeavor, by hook or by crook, to regain their lost rulership. It is therefore vital for the proletariat and its allies to maintain and strengthen their achieved rulership. This is done by advancing uninterruptedly in the building of socialism and by engaging uninterruptedly in class struggle. Class struggle also is the key link to be grasped for the building of socialism.

Why are there still classes and class struggle in socialism? Why had the Cultural Revolution become an absolute necessity in the People’s Republic of China? Why will there still have to be further cultural revolutions in the building of socialism in the future?

In the years 1962 and 1963, Mao Zedong summarized his doctrine of the continuation of class struggle under the dictatorship of the proletariat – an essential advancement of Marxism-Leninism – as follows:

“Socialist society covers a considerably long historical period. In the historical period of socialism, there are still classes, class contradictions and class struggle, there is the struggle between the socialist road and the capitalist road, and there is the danger of capitalist restoration.” (*Important Documents*, p. XI)

If classes, class struggle and the dictatorship of the proletariat were forgotten,

“then it would not be long, perhaps only several years or a decade, or several decades at most, before a counter-revolutionary restoration on a national scale would inevitably occur, the Marxist-Leninist party would undoubtedly become a revisionist party, a fascist party, and the whole of China would change its colour.” (*ibid.*, p. 22)

Which classes and strata offered resistance against the socialist transformation in the years after the revolution? The old ruling classes had already been deprived of their economic and political power by 1952. With the expropriation of the *big landowners* and with the subsequent land reform, the economic base of feudalism in the countryside was smashed. By expropriating 80 percent of private capital and transferring this so-called “bureaucratic capital” into public ownership, the *comprador bourgeoisie*¹ was deprived of its power, thus eliminating an essential factor of Chinese capitalism.

The residuary 20 percent of private capital remained, up to the Cultural Revolution, mostly with the *national bourgeoisie*. This was composed of small and middle capitalists who, as patriots, had taken part in the resistance against the Japanese occupation and the Kuomintang reactionaries. They appreciated the establishment of the People’s Republic of China in 1949 and even recognized – at least in words – the leadership by the Communist Party.

Therefore, with regard to them, the policy of purchasing and converting enterprises into hybrid public-private ones was pursued.

In the countryside, also, there were still reactionary strata. Many former *rich peasants* and *upper middle peasants* fought for an enlargement of their private parcels of land, for extended free markets, and for the right to acquire additional land and to employ labor.

China has a very large petty-bourgeoisie. Its most influential representative, the *petty-bourgeois intelligentsia*, had occupied numerous key positions in the educational system, in science, technology and administration during the first years, as the new state had to rely on these forces in the first stage. Many of them were reeducated through close ties with the popular masses and became revolutionaries. But part of them did not want to give up their privileged position, and their way of life made them distinct from the masses of the people. They tried to make themselves indispensable in the new proletarian state and cultivated a one-sided specialism as academic “authorities” at the expense of neglecting the real necessities and problems of the people. Their work did not serve the people, but rather their private extravagant lifestyle and personal power. Uncritically they took over foreign, chiefly Soviet, models. They tried to apply them mechanically to the differing Chinese conditions.

The proletariat is the only class that does not have to defend any property of land or any privilege. For this reason, the working class has to take the leadership in everything and engage in the class struggle for the building of socialism. It is the task of the working class to reeducate the other classes and strata, and to change their thinking. Many, however, resist any refashioning of their mode of living and working, resist the loss of their former power and glory and of their hitherto preserved privileges. Over elements absolutely unwilling to reform, the dictatorship of the proletariat must therefore be exercised.

2. The Main Target of the Cultural Revolution Is the New Bourgeoisie

Many members of the former classes and strata opposed the progression of socialism and even tried to turn back the hands of time. In these endeavors they found support from certain functionaries of the party and state apparatus. These were leading cadres who had been entrusted with high responsibilities in the revolution for their courageous bearing and unremitting commitment. But their thinking had changed. They did not keep pace with the progres-

¹The members of the big bourgeoisie who, as industrial, commercial or finance capitalists, were closely linked with the foreign imperialists were called *compradors*.

sion of the revolution. Already on the eve of the victory, in March 1949 at the Second Plenary Session of the Seventh Central Committee of the Communist Party of China, Mao Zedong had cautioned:

“With victory, certain moods may grow within the Party – arrogance, the airs of a self-styled hero, inertia and unwillingness to make progress, love of pleasure and distaste for continued hard living. With victory, the people will be grateful to us and the bourgeoisie will come forward to flatter us. It has been proved that the enemy cannot conquer us by force of arms. However, the flattery of the bourgeoisie may conquer the weak-willed in our ranks. There may be some Communists, who were not conquered by enemies with guns and were worthy of the name of heroes for standing up to these enemies, but who cannot withstand sugar-coated bullets; they will be defeated by sugar-coated bullets. We must guard against such a situation.” (*Selected Works*, Vol. IV, p. 374)

Petty-bourgeois ways of behavior like those mentioned by Mao Zedong can only be combated through constant and comprehensive control by the masses of the people from the bottom up, namely up to the top organs of the state and the party. If this behavior occurs sporadically it can be uncovered and combated with the aid of criticism and self-criticism. Should, however, the control by the masses be neglected or hampered, the petty bourgeois mode of thinking and living can spread unrestrictedly. The power linked with their leading position in the state or party gets to the heads of some people. With an increasing seclusion from the life and struggle of the masses, these cadres elude the control by the masses – they have become bureaucrats.

In the book, *The Restoration of Capitalism in the Soviet Union*, we compiled the characteristics of the new bureaucracy with a party membership card in its pockets as follows:

1. Ambition and sense of power combine with careerism.
2. The rise to higher positions is accompanied by a higher standard of living and a petty-bourgeois life-style.
3. The higher position is defended against capable subordinates and secured by surrounding oneself with sycophants.
4. The higher position and greater influence are exploited to satisfy egoistic needs (furtherance of corruption).
5. The bureaucrats divide the most important posts amongst themselves according to the motto, ‘you scratch my back, I’ll scratch yours’.” (p. 19)

A bureaucracy that is not being controlled sufficiently or has become uncontrollable develops common class interests of its own. Servants of the people turn into new lords. Formerly they campaigned against the old bourgeoisie – now they themselves oppose the proletariat as a *new bourgeoisie*.

One year before his death, in two directives Mao Zedong named the material conditions for the emergence of a new bourgeoisie:

“Our country at present practises a commodity system, the wage system is unequal, too, as in the eight-grade wage scale, and so forth. These can only be restricted under the dictatorship of the proletariat. So if people like Lin Piao [Lin Biao – the editors] come to power, it will be quite easy for them to rig up the capitalist system.”

“In a word, China is a socialist country. Before liberation she was much the same as a capitalist country. Even now she practises an eight-grade wage system, distribution according to work and exchange through money, and in all this differs very little from the old society. What is different is that the system of ownership has been changed.” (*Peking Review*, No. 14, 1975, pp. 7–8 and 6)

Socialization of the means of production has indeed changed the production relations. But the break with the old system does not happen overnight. For a long time, relics of the capitalist system inevitably continue to exist in socialism: Essentially two forms of property still exist, property of the whole people and collective property; the separation of manual and mental labor persists; *bourgeois right* has a special significance, as it remains effective in the commodity system, in the mode of exchange by money and in the socialist system of distribution “from each according to their abilities, to each according to the work they do“.

“As we now can see, the emergence of new bourgeois elements from among the working class, Party members or personnel of state and other organs is inseparable from the fact that the areas or units they belong to are trying to preserve and extend bourgeois right and these elements themselves value and crave for it. At the same time, the overthrown landlord and capitalist classes often use bourgeois right as a tool to subvert the dictatorship of the proletariat and restore capitalism.” (*Peking Review*, No. 22, 1975, p. 8)

Bourgeois right inevitably continues to exist in socialism, which is a transitional stage to communism. But then again it can and must be restricted under the dictatorship of the proletariat, in order to create step by step the conditions for its final abolishment. Chinese workers put it like this:

“If bourgeois right is not restricted, it will check the development of socialism and aid the growth of capitalism.” (*Peking Review*, No. 10, 1975, p. 6)

But a restriction of bourgeois right as well as the transition to higher forms of property are only possible when the productive forces have reached a certain stage of development. The forces hostile to socialism, however, make a stand against the transformation of the relations of production. In the minds of many people, bourgeois and feudal modes of thinking and ideas continue to be at work and hinder every progress. Already in 1937, in his work, *On Contradiction*, Mao Zedong realized:

“When the superstructure (politics, culture, etc.) obstructs the development of the economic base, political and cultural changes become principal and decisive.” (*Selected Works*, Vol. I, p. 336)

This insight exactly applies to the situation of the mid-1960s. The method to solve the outlined contradiction was the *Cultural Revolution*. The main target of the Cultural Revolution was the new bourgeoisie. Its leading representatives like Liu Shaoqi, Deng Xiaoping or Peng Zhen were revisionists of Khrushchev’s kind, holding the highest ranks in the party and the state and having numerous followers at every level of society. In the party and the government, in trade unions, factories, people’s communes, and colleges, they and their followers had gained such an influence that they threatened to block any further transformation of the relations of production. They had the power to control wide areas of society. The seizure of power by the bourgeoisie was impending.

A mere removal of the leading revisionists from their offices would have achieved little. In this situation, Mao Zedong and the revolutionary part of the Communist Party mobilized the masses of the people for a comprehensive class struggle against the bourgeoisie, particularly against the new bourgeoisie. With great confidence in the masses of the people, the mobilization was carried out from the bottom up at all levels of society with the aim of laying bare the bourgeois underbelly of public life, actively combating all the old ideas, culture, customs and traditions of the former exploiting classes and the new bourgeoisie, and pushing through the proletarian ideology in all areas. Through a great revolution in the sphere of the superstructure, the dictatorship of the proletariat and the socialist production relations had to be developed further. The Report to the Ninth National Congress states on this point:

“Our aim is to smash revisionism, seize back that portion of power usurped by the bourgeoisie, exercise all-round dictatorship of the proletariat in the superstructure, including all spheres of culture, and strengthen and consolidate the economic base of socialism so as to ensure that our country continues to advance in giant strides along the road of socialism.” (*Important Documents*, p. 27)

Never will the bourgeoisie leave the stage of history without a struggle. The bourgeois ideology continues to be at work and arises anew over and over again as long as the conditions for it objectively continue to exist: the existence of classes in socialism and the existence of capitalist and imperialist countries beside the socialist country. Therefore there will be further class struggles and, as their highest form in socialism, cultural revolutions.

As opposed to the Soviet revisionists and the Chinese revisionists around Liu Shaoqi, Marxism-Leninism teaches that socialism is not a separate period of history but has a transitional character.

The desirable aim of the toiling masses is communism. As capitalism is still deeply rooted in all areas of human life, it is impossible to reach communism, i.e. classless society, without a period of transition, which is the period of socialism. Here bourgeois right, with all of its inequalities, initially predominates. Lenin points out:

“Theoretically, there can be no doubt that between capitalism and communism there lies a definite transition period which must combine the features and properties of both these forms of social economy. This transition period has to be a period of struggle between dying capitalism and nascent communism — or, in other words, between capitalism which has been defeated but not destroyed and communism which has been born but is still very feeble.” (“Economics and Politics in the Era of the Dictatorship of the Proletariat”, Lenin, *Collected Works*, Vol. 30, p. 107)

Every single decision taken in socialism is made by people guided by their class interests. Always the *two classes*, the proletariat and the bourgeoisie, oppose each other. Always there are *two lines* and *two roads* that set the course: either the proletarian-revolutionary line triumphs, or the bourgeois line; socialism either proceeds toward communism, toward classless society, or regresses toward capitalism. This struggle must be carried out during the entire transition period of socialism. It found its highest expression in the Great Proletarian Cultural Revolution, which is being assailed so acrimoniously by today’s Chinese revisionists.

Today the significance of the Cultural Revolution for the proletarian revolutionaries of the whole world lies not so much in individual, concrete achievements that have already been taken back. What is more essential are the principles and guiding ideas that gave the Cultural Revolution a vigor previously unknown in history: *Mao Zedong Thought* was assimilated to an unprecedented extent by the million-strong masses of the Chinese people as a weapon in the struggle against the old and new bourgeoisie in order to remold Chinese society completely. In the Cultural Revolution, Mao Zedong Thought was summed up in a few principles.

Mao Zedong’s doctrine of the continuation of class struggle under the dictatorship of the proletariat was summarized in these phrases: “*Never forget class struggle!*” and “*Class struggle is the key link.*” These were and still are the principal battle cries against all revisionists of the kind of Khrushchev, Liu Shaoqi, Deng Xiaoping and Hua Guofeng, who talk drivel of a “ceasing” of class struggle in order to transact their murky business without being disturbed. The masses of the workers and small peasants are the main force in this battle. They are encouraged to free themselves from oppression and paternalism: “*Rebellion against the reactionaries is justified!*”

It is crucial that the masses take control of their destiny and rely on their own creative power: “*the masses are the true heroes,*” “*independence and self-reliance, trust in one’s own strength*” — this also holds true for economic development independent of any foreign aid or interference. The all-around dictatorship of the proletariat must be accomplished, therefore the following applies to all areas of society: “*The working class must exercise leadership in everything!*” Every single activity has to be examined to see whether it really benefits the revolutionary classes. Under the slogan “*Serve the people,*” the interests of the workers and small peasants were made the yardstick of every activity.

The fundamental method applied everywhere in order to tackle all the enormous changes was the *mass line*. It presupposes absolute confidence in the abilities of the masses. To mobilize the masses is always of great importance in order that they can educate themselves in the struggle and become aware of their own strength. For this purpose one has to keep closest ties with the masses of the people, always consult with them, and listen to their views and wishes, take them, sum them up and go back with them to the masses.

This is only a selection of the most important principles of the Cultural Revolution. They had, of course, existed before, but not until the Cultural Revolution did they become the guiding principles for the million-strong masses of the Chinese people. That certainly was the greatest achievement of the Cultural Revolution.

Let us examine for ourselves to what extent the Deng/Hua clique has already jettisoned essential principles of Marxism-Leninism, in spite of unceasingly proclaiming their “indissoluble allegiance” in words!

II. The Principles and Achievements of the Cultural Revolution Are Being Revised and the Economic Laws of Capitalism Restored

1. Acute Shortcomings and Misdirected Developments in Chinese Economy

After the death of Mao Zedong, the new leadership in China headed by Hua Guofeng and Deng Xiaoping decreed the program of the four modernizations to be the central political task for the next 20 years of building socialism. In the years to come, according to this program, economic development will be pushed with a focus on the four sectors agriculture, industry, national defense, and science and technology, to put China in the ranks of the big industrial nations by the end of this century.

It has been two years now since the new leadership started the race for the year 2000, and serious difficulties already are arising. In *Beijing Review*, lately we could read of failings, setbacks in production, and a gross disproportion between agriculture and industry.

The new Chinese leadership clearly overextended itself on its megalomaniac investment programs, as it now has to admit itself. Premier Hua Guofeng, for instance, now demands

“to resolutely narrow the scope of capital construction.” (*Beijing Review*, No. 27, 1979, p. 12)

As he had to confess at the Second Session of the Fifth National People’s Congress in June 1979, there are serious supply shortages:

“The main problem now facing us is that our agricultural expansion cannot as yet keep up with the needs of industrial development, and at times [!] cannot even keep up with the demands of a growing population.” (*ibid.*, p. 11)

The purchase prices of grain, cotton, oil-bearing crops and pigs – important staple foods and raw materials for the people! – were raised, shifting the additional cost onto the consumer prices, which means an increase in prices:

“Though the purchase prices ... have been raised this year, the state has nonetheless tried its utmost to allocate funds for improving the livelihood of workers and staff and the urban population in general. But since the state’s revenues are limited, the sums diverted for this purpose cannot be very large. These are the difficulties we face, and we hope our workers and staff and other urban inhabitants will understand.” (*ibid.*, p. 19)

Through their pricing policy, the new leaders also want to regulate the family and demographic policy. The raised prices mostly affect large families:

“... except for a very few families whose livelihood will unavoidably be slightly affected for the time being because they have more mouths to feed, the actual living standards of the great majority of workers and staff and other urban inhabitants will not suffer.” (*ibid.*)

Unemployment – which did not exist in the China of Mao Zedong – is getting out of hand:

“Employment is a prominent question at present.” (*ibid.*, p. 20)

The extent of the unemployment can be inferred from Hua Guofeng’s words when he says:

“This year’s plan is to employ over 7 million people in state-owned or collective-owned units, and to allocate a certain amount of funds to large and medium-sized cities to run service companies.” (*ibid.*)

This is only a small ‘anthology’ about the immediate consequences of the revisionist course. Here, for once, we have no reason to doubt Hua’s statements!

Still, the Chinese leaders spread optimism, relying on ‘sober views,’ as is stated in the 1979 *Renmin Ribao* May Day editorial:

“We are confident that after a certain period of effort and after the task of readjusting the national economy has been completed in the main, China’s socialist construction will go forward much quicker. Even sobre-minded people in capitalist countries can see this.” (*Beijing Review*, No. 18, 1979, p. 8)

How and why these economic difficulties and capitalist evils have occurred in China we will examine in the following. We will contrast the economic policy of the new Chinese leadership with the fundamental statements of the classics of Marxism-Leninism and demonstrate where the new leadership has left the road of Mao Zedong.

2. The Economic Laws of Capitalism Are Starting to Operate Again

“Socialism is a social order in which the essential means of production are not the private property of individuals, but the common property of all the working people. Necessary prerequisite for this social order is that the working class holds state power, that a dictatorship of the proletariat exists, which wrests the means of production from the capitalists and administers the socialized means of production in the interests of the working people.” (Willi Dickhut, *The Restoration of Capitalism in the Soviet Union*, p. 61)

As a result of the socialization of the means of production these cease to be capital in the hands of capitalists, and the workers in the factories are no longer exploited as in capitalism. Capitalist competition and with it the anarchy of production are abolished as well as economic crises, which are unavoidable in capitalism.

Unlike under the rule of capitalist private ownership of the means of production, the purpose of production in the system of socialist ownership no longer is to obtain the highest possible profit for individual persons, but to satisfy the growing requirements of the whole people. The highest form of socialist ownership is *public* ownership of the means of production. In *Peking Review*, No. 51, 1972, the Workers’ Political Economy Study Group of the Shanghai No. 4 Hosiery Factory describes socialist property in China as follows:

“In China today, the socialist state owns all the mines, waterways, forests and other natural resources as well as part of the land. Railways, postal and telegraph offices and banks also belong to the state, and the state runs factories, farms, shops and other enterprises and owns their products. It is imperative that the proletariat, after seizing state power, should transform capitalist private ownership into socialist public ownership and build up its own economic foundations. Only thus can the proletarian dictatorship be consolidated.” (p. 5)

But apart from public ownership there is yet another form of ownership, the cooperative or collective ownership by the people’s communes, as well as, to a lesser extent, private ownership (private plots and private livestock of the peasants, private craftsmen and a small private market). After all, the agricultural sector is not yet able to produce all the necessary agricultural products through collective ownership only. Therefore, the commune farmers own small parcels of land to make agricultural products for their personal use and to a very small extent also for the private market.

The base – also for economic accounting – is currently still formed by the lowest level, the production team. The further development of the building of socialism requires a transition to higher forms of collective ownership and finally to socialist public ownership, since small-scale production remains a material basis for a possible restoration of capitalism, as Lenin warned in 1920:

“Small-scale production *engenders* capitalism and the bourgeoisie continuously, daily, hourly, spontaneously, and on a mass scale.” (“‘Left-wing’ communism – an infantile disorder”, Lenin, *Collected Works*, Vol. 31, p. 24)

As there are still the two different forms of socialist ownership in the countryside and in the cities, public ownership and cooperative ownership, the means of production (agricultural

machinery, construction material, fertilizers) cannot simply be allocated to the people's communes; neither do the commune farmers simply deliver their products to the state without pay. The same applies to the relations of the people's communes between each other. The exchange of products between the respective owners is still made according to the principle of commodity production.

Commodity production in socialism, however, differs fundamentally from commodity production in capitalism. The economic relations are no longer relations between exploiting capitalists and exploited workers; the anarchy of production is replaced by central planning and steering of the economy; the sphere of commodity exchange is restricted. But in the sphere of distribution and exchange of commodities the principle of exchange of equal values persists.

In the dictatorship of the proletariat, the working class must exercise political control over the use of the means of production and the management of the enterprises, narrowing step by step the scope of bourgeois right. If the working class fails to do so, those capitalist evils, against which our Chinese comrades warned in 1975, will occur:

“If bourgeois right in distribution and exchange is developed and extended at will, capitalist ideas of amassing fortunes and craving for profits will spread unchecked; such phenomena as turning public property into private property, graft and corruption, theft and bribery, and speculation will arise, and there will be a change in the nature of the system of ownership in certain departments and units which follow the revisionist line.” (*Peking Review*, No. 22, 1975, p. 12)

In socialism, too, the price of commodities is calculated by the law of value. The law of value says that the value of a commodity is determined by the labor time socially necessary for its production. Only commodities comprising the same amount of social labor time can be exchanged at an equal value.

The new leadership in China wants to determine the production of the enterprises with unrestricted validity and extension of the law of value. Profitability thinking ranks first. The enterprises are expected to develop according to how profitably they can manufacture their products; the higher the earnings the better. Hu Qiaomu (Hu Chiao-mu), President of the Chinese Academy of Social Sciences, explained at a session of the State Council in July 1978:

“A fair price for a particular product will bring greater profit to its production units, otherwise, there will be less profit. This is why we say that price is an important instrument in our planned economy.” (*Peking Review*, No. 46, 1978, p. 18)

The scholarly remarks of the Honorable President show clearly where unrestricted validity of the law of value immediately leads: to an increase in prices for the Chinese working population.

The following statement from *Beijing Review*, No. 14, 1979, shows clearly how much the capitalist law is already in effect in China today:

“Therefore, if we should ignore this spontaneity [of the law of value], we would be at the mercy of the law of value and the result would be anarchism in production.” (p. 16)

In other words: The law of value is to be allowed to take effect without restriction.

At the Second Session of the Fifth National People's Congress in June 1979, even further-reaching “reforms in the economic structure” were discussed. They are nothing less than the orientation of production towards the laws of the capitalist market:

“To do away with the abuses in the existing economic structure in a thorough-going way, it is necessary to carry out reforms. For instance, we must change the system of unified purchasing and marketing of products and integrate adjustment of plan with regulation of the market. The state should make planned adjustment of the production and distribution of products that have most important bearing on the national economy and the people's livelihood. In other words, production and distribution of these goods will have to be carried out according to state plan. The production

and marketing of goods not belonging to this category may be carried out according to market demands and adjusted accordingly.” (*Beijing Review*, No. 26, 1979, p. 19)

That means for the state enterprises:

“In the current reforms in the economic structure, we must be determined to expand the administrative power of the enterprises. All enterprises have the right to work out their own production and marketing plans according to the needs of the state and the market.” (*ibid.*)

Production for the market does not orient itself towards the needs of the working population. Market laws are the rules of capitalist competition. The enterprises do not produce jointly according to an overall plan but in mutual competition to make higher profits than the others. Obviously, with the implementation of the capitalist market the individual enterprises also have to be entrusted with the authority to conduct personnel planning:

“All enterprises must have not only a certain amount of autonomy in production, supply and marketing but also a certain amount of independent discretion in deciding on personnel and financial affairs and in handling materials. Whether an enterprise is well run is directly connected with its development and with the material interests of the workers and staff members.” (*ibid.*)

If the individual enterprises are free to decide on personnel and financial affairs and if at the same time the enterprises are run on the principle of profit, the factory directors will have the power to carry out rationalization measures and also to dismiss workers. An army of unemployed people will be the consequence. We reported about first signs of this capitalist evil above.

北京周报英文版第十期（一九七九年三月九日出版）邮政代号二一九二二

DO YOU WANT TO PROMOTE YOUR BUSINESS?

**CONSULT US,
WE ARE READY TO OFFER
FULL & EFFICIENT SERVICES**

LINES OF BUSINESS

Advertising:

Handling advertising business of Chinese export commodities in foreign countries, including advertisements in newspapers or magazines, billboards, posters, slides, filmlets, televisions, etc. Undertaking commercial advertising business in China for foreign manufacturers or traders.

Designing and Printing:

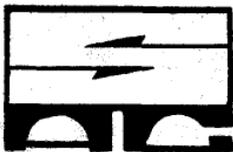
Handling art designing and printing of various trade marks, packaging, catalogues, pictorials, calendars, etc, for various commodities.

Display:

Arranging display of Chinese export commodities and foreign commodities exhibited in Shanghai. Designing and producing various mannequins, stand display, etc. for various exhibit purposes.

Publicity Photographing:

Photographing and processing various artistic publicity pictures for commodities. Photographing advertising television films and filmlets for various commodities.



上海广告公司

SHANGHAI ADVERTISING CORPORATION

Address: 97 Yuan Ming Yuan Road
Shanghai, China

Cable Address: "ADVERCORP"
SHANGHAI

Where the capitalist market is reintroduced, money is again wasted on advertising.
(Ad on back of *Beijing Review*, No. 10, 1979)

3. The Enterprises Are Managed with Capitalist Methods

Before going into the plans of the Deng/Hua leadership to modify the administration of the enterprises, we once again contrast the fundamental aim of production in capitalism with that of production in socialism. Karl Marx writes in *Theories of Surplus-Value* about the aims of production in capitalism:

“The direct purpose of capitalist production is not the production of commodities, but of surplus-value or profit (in its developed form), the aim is not the product, but the surplus-product. . . . In this conception, the workers themselves appear as that which they are in capitalist production – mere means of production, not an end in themselves and not the aim of production.” (Marx: *Theories of Surplus-Value*, Part II, Progress Publishers Moscow, 1968, pp. 547 and 548; quoted in: Willi Dickhut, *The Restoration of Capitalism in the Soviet Union*, p. 65)

The book, *The Restoration of Capitalism in the Soviet Union*, formulates as the aim of production in socialism:

“In socialism, on the other hand, the requirements of people are the center of attention. The means of satisfying these requirements are provided by ‘continuous’, i.e., uninterrupted by crises, ‘expansion’ and ‘continuous perfection of production’. Increasing production is no **end in itself** but, as Stalin explicitly points out, the chief **means** of satisfying the requirements of society.” (Willi Dickhut, *The Restoration of Capitalism in the Soviet Union*, p. 66)

Our day-to-day experience shows that in our country the focus of production is not on the interests of the people but on the profit-seeking of a small handful of monopolist bosses. The supply of petroleum, for instance, is artificially reduced to force the price of gasoline and fuel oil up to giddy heights – the big oil corporations skim off enormous profits. In the interest of profit, production is rationalized, come hell or high water, to uphold the ‘competitiveness of the German economy’ while jobs are cut and workers dismissed.

In socialism this is different. Not only are there steady or sinking prices that ensure a continuously rising standard of living for the people. Also, the jobs are safe. In socialism, too, there is rationalization, but the decisive difference is that the results of rationalizing are to the benefit of society as a whole and not at the expense of the workers’ jobs.

Let us have a look at this, taking as example the shipyard in Dalian (Talien):

“In China’s socialist society, labour power is not a commodity. The workers are no longer wage slaves selling their labour power. There are jobs for all who can work. ‘Employment agencies’ are things of the past. The labour force has grown steadily in factories and other enterprises in pace with rising production. But enterprises can neither hire workers on their own, nor cut down the work force. All adjustments must be made by government labour departments according to an overall plan. Also uniform wage scales are set by the state for all state enterprises. Since the start of the Great Cultural Revolution, the fast-growing shipyard has absorbed many new workers and staff. They are young people from villages, from the army and from technical institutes or institutes of higher learning, sent by government labour departments in a unified way. During this period some 3,000 Hungchi Shipyard workers and staff members were reallocated by these departments to help set up new shipyards.” (*Peking Review*, No. 16, 1976, p. 23)

The new leadership in China wants to use different methods in the management of the enterprises. Hu Qiaomu (Hu Chiao-mu), for instance, President of the Chinese Academy of Social Sciences, declares:

“Still, we have overextended the scope of relying on purely administrative means to do our work and, moreover, have unnecessarily set up many overstaffed, inefficient organs, so much so that they hinder us from making use of simplified ways of economic management left us by capitalism and hinder us from running economic affairs according to economic laws.” (*Peking Review*, No. 47, 1978, p. 13)

A socialist state is, at least in the beginning, unable to avoid applying the law of value and other elements of capitalism in the building of the socialist economy. Lenin also did that in building up the economy of the Soviet Union. He was emphatically in favor of utilizing capitalist elements for the building of socialism. At the same time, however, he advocated equally emphatically the political control by the masses of the working people: the more capitalist elements, the stricter the control.

Deng Xiaoping and his lot, however, do exactly the opposite today: They extend the levers of economic management and restrict proletarian control. Needless to say that today's leaders in China will defend themselves against such an 'insinuation' and protest that they have not betrayed class struggle.

In his report at the Second Session of the Fifth National People's Congress in June 1979, Hua Guofeng names the class enemies which "will still be" there: "counter-revolutionaries and enemy agents, criminals and political degenerates," also new exploiters and "remnants of the gang of four and of the old exploiting classes including the few unreformed landlords and rich peasants." Allegedly, all of these together are "few in number"! (*Beijing Review*, No. 27, 1979, pp. 9 and 10)

It is clear that, in this extensive enumeration of class enemies in socialism, Hua cannot name the most important enemy: the *new bourgeoisie*! After all, he personally is its leading representative. Not mentioning the new bourgeoisie as the main enemy of socialism is the confession that it already is in the corridors of power. All the talk of class struggle against an enemy that is "few in number" is only made with the intention to distract attention from the revisionist course the new leadership has taken. In their methods and arts of deception, the new leaders have proven to be eager followers of their revisionist masters in the Soviet Union, who restored capitalism in the Soviet Union after the Twentieth Congress of the CPSU in 1956. The Soviet 'reforms' also started with the liquidation of the central economic administration and the delegation of authority to decide to regional organs and factory directors.

This program is not just the theory of some professor of economics, it is meanwhile being put into practice at all levels, as set out above. The revolutionary committees in the factories have been disbanded; the enterprises are for the most part already being managed by solely responsible factory directors. The appropriate specialist staff is already being trained. Under the title "Modern Management," *Beijing Review*, No. 12, 1979, reports:

"A class for the study of management of enterprises was started by the State Economic Commission on March 3. ... [The managers] grasp the socialist economic law and learn from the advanced experience of foreign and domestic enterprises in modern management. They will discuss problems relating to management and make suggestions for improvement." (p. 7)

The factory management members appointed and controlled by the revolutionary committees are substituted by specialists appointed by the government, i.e. managers.

Not only is the administration of the publicly owned enterprises being decentralized and authority delegated to the individual enterprises (in other words to the respective factory managements), the new Chinese revisionists go even further. With diverse measures like establishing factory funds and extending and reintroducing bonus schemes they are trying to win the working people of China for their 'socialist modernization'.

"So that each and every enterprise is truly and fully responsible for its own economic results, so that the entire body of staff members and workers as well as the leadership will show concern for production and do their best to increase output, reduce expenditure of labour and *raise labour productivity*, it is imperative to implement the following principle: Enterprises which are run well and have achieved big economic results should receive *more material rewards* while those which are not run very well should receive less, or even undergo certain material penalties." (*Peking Review*, No. 41, 1978, p. 8 – emphasis added)

In contrast to this, we already stated clearly in the book, *The Restoration of Capitalism in the Soviet Union*:

“The increase of labor productivity in capitalism is based on the striving of the capitalists for maximum profits, which are obtained by the development of technology in conjunction with increased intensity of labor, the latter being achieved by material incentives and pressure applied in various ways. In short: securing of maximum profits through increased exploitation of labor.

The increase of labor productivity in socialism is based on the endeavor to satisfy and raise the material and cultural needs of society as a whole, which is accomplished by constantly improving the level of technology in conjunction with expanding and deepening socialist consciousness as the motivation for work. In short: satisfaction of the growing needs of all working people by highly developed technology in conjunction with the socialist consciousness of the masses.” (Willi Dickhut, *The Restoration of Capitalism in the Soviet Union*, p. 124)

The practices of the new leadership, however, do not encourage the state enterprises to hold a socialist competition for the quickest possible development of the economy. The center of attention of the individual enterprise is no longer the common aim, the building of socialism and the raising of the living standard of the whole people, but the enterprise’s own interest in gaining material rewards by manufacturing as well and as quickly as possible with as little expenditure as possible.

The revisionist economists call it the ‘profitability’ of the individual enterprises. Clearly, with such a way of managing enterprises the amount of profit plays quite a different role: the ratio of profit to the expenditure of material and labor determines the degree of profitability of an enterprise. As a consequence, every enterprise has an interest in gaining as much profit as possible. This violates the principle ‘from each according to their abilities, to each according to the work they do,’ by which the new revisionists swear so eagerly at other times. An ordinary worker who happens to work in a profitable enterprise will get higher wages or a higher bonus than a worker in an unprofitable enterprise, even though both have to work equally hard.

According to the ‘profitability’ outlined above, unprofitable enterprises will in the long term fall by the wayside; they may even incur certain penalties. The gearing of production in its entirety to the requirements of the people makes the existence of such enterprises that are ‘unprofitable’ at first glance absolutely necessary. The unified central planning and management of industry by the state of the dictatorship of the proletariat makes conscious allowance for these enterprises operating at a loss, which receive corresponding grants.

Contrary to capitalism, socialism knows a different, a higher kind of profitability, as Stalin teaches:

“If profitableness is considered not from the stand-point of individual plants or industries, and not over the period of one year, but from the standpoint of the entire national economy and over a period of, say, ten or fifteen years, which is the only correct approach to the question, then the temporary and unstable profitableness of some plants and industries is beneath all comparison with that higher form of stable and permanent profitableness which we get from the operation of the law of balanced development of the national economy and from economic planning, which save us from periodical economic crises disruptive to the national economy and causing tremendous material damage to society, and which ensure a continuous and high rate of expansion of our national economy.” (Stalin, *Economic Problems of Socialism in the U.S.S.R.*, Peking 1976, p. 24)

So we must not be surprised but, to the contrary, see clearly that if the course taken now in developing the Chinese economy is pursued any longer it must inevitably lead to economic setbacks and, in the long run, to crises. The ones to pay for it and suffer the consequences are not those who adopt this course, the new leaders of state and economy, the higher functionaries of the administration apparatus, the factory directors and managers, but the workers and the peasants.

4. Material Incentive Destroys Socialist Consciousness

In order to win over the working people for the new course of economic policy, the new revisionists must destroy the socialist consciousness of the workers by baiting them with bonuses. In socialism the principle of distribution ‘from each according to their abilities, to each according to the work they do’ still prevails. This principle of distribution is not a communist principle, however, because equal pay for equal work is still fraught with bourgeois right. If the capitalists tell us that in capitalism everyone is paid according to the work they do, they want to urge us to work harder. Direct pressure by slave drivers or the fear for our jobs are supposed to drive us to provide maximum output. The higher the labor productivity, the higher the profit.

In socialism, too, the matter is to increase labor productivity, but this is done for the purpose of increasing the whole people’s wealth. Even though the payment principle according to the work done contributes to the growth of labor productivity, it is still a bourgeois principle.

“Hence, *equal right* here is still in principle – *bourgeois right*...; the equality consists in the fact that measurement is made with an *equal standard*, labour. But one man is superior to another physically, or mentally, and supplies more labour in the same time, or can labour for a longer time; and labour, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This *equal right* is an unequal right for unequal labour. It recognises no class differences, because everyone is only a worker like everyone else; but it tacitly recognises unequal individual endowment and thus productive capacity as natural privileges. *It is, therefore, a right of inequality, in its content, like every right.*” (K. Marx, “Critique of the Gotha Programme,” in: Marx and Engels, *Selected Works*, Vol. 3, p. 18)

Those who only work more to receive more still have in mind their personal benefit and not the benefit of society as a whole. This consciousness is incompatible with the development from socialism to communism. Those who only think of their personal benefit will also rise to the bait of material incentives when a new capitalist class takes hold of the party and state apparatus.

Vital for the further building of socialism is to educate the working people in a way that their socialist consciousness reaches such a level that the urge to work no longer comes from any kind of payment, but solely from the conviction to work for the whole class. In 1919, for instance, communist and sympathizing railroad workers decided of their own accord to work six additional hours every Saturday without remuneration. Through their enthusiasm and unanimity, the labor productivity was doubled or tripled. Lenin wrote about these *subbotniks* (voluntary shifts):

“In this connection, the *communist subbotniks* organised by the workers on their own initiative are really of enormous significance. Evidently, this is only a beginning, but it is a beginning of exceptionally great importance. It is the beginning of a revolution that is more difficult, more tangible, more radical and more decisive than the overthrow of the bourgeoisie, for it is a victory over our own conservatism, indiscipline, petty-bourgeois egoism, a victory over the habits left as a heritage to the worker and peasant by accursed capitalism. Only when *this* victory is consolidated will the new social discipline, socialist discipline, be created; then and only then will a reversion to capitalism become impossible, will communism become really invincible.” (“A Great Beginning”, Lenin, *Collected Works*, Vol. 29, pp. 411f.)

In the People’s Republic of China, too, there are similar examples of the working masses’ concentrating their forces to clear formerly insurmountable obstacles out of the way, without additional pay. The Red Flag Canal was built in such a way over a long distance through rocky mountain country. It was constructed by the people under the leadership of the county party committee in the years 1960 to 1969, in spite of the resistance of the government.

During and after the Cultural Revolution, the Chinese working people held a broad discussion in the factories about restricting material incentives in the form of bonuses and payment by results. Realizing that paying bonuses for higher output or for a higher political consciousness as well as maintaining the eight-grade wage scale are remainders of capitalism that hinder the development of socialist consciousness, they set about to reduce the bonus system and restrict the wage scale.

The new leadership, however, takes a different course. Soon after seizing power, under the pretext of increasing production and promoting the four modernizations, the new leadership tried to justify the material incentives and extend the existing eight-grade wage scale:

“For instance, the wage scale may not be confined to eight grades....” (*Peking Review*, No. 33, 1978, p. 16)

In the beginning it is indeed emphasized that political and ideological education must be given priority. But this is only to cover their revisionist views, since later on they only talk about the material incentives. So the editorial of the *Renmin Ribao* of 9 April 1978 states:

“But in the historical period of socialism where social products are not in enormous abundance and the people’s political consciousness is not yet greatly enhanced, moral encouragement alone is not enough and the material interests of the masses must be taken into consideration. The difference in skill and work should be reflected in the pay of the workers, with those making outstanding achievements given extra material rewards.” (*Peking Review*, No. 16, 1978, pp. 6f.)

This is how they do it. The deficient socialist consciousness of the working people is the excuse to justify the material incentive. How deficient the socialist consciousness of the Chinese working people really is remains to be seen. The advocates of material incentives in China are really bold, as they try to hold Mao Zedong accountable for their own bourgeois methods. In the liberation struggle of the Chinese people and also later on, Mao Zedong always honored outstanding and brave performances as well as heroes of labor. Honoring such role models should encourage the masses to also mobilize all their strength for the building of socialism. This honoring, primarily a political measure, is now taken as an example for the introduction of material incentives.

So for the new leaders it is not a matter of struggling for a socialist consciousness and of overcoming step by step the principle ‘to each according to the work they do’, but of maintaining and extending this principle, of cementing and expanding bourgeois right. This is in striking contrast to Mao Zedong Thought and the period of the Cultural Revolution. In the Report to the Ninth National Congress in 1969, the CC of the CPC observed:

“The enthusiasm of the broad masses of the working people both in revolution and production has soared to unprecedented heights. Many factories, mines and other enterprises have time and again topped their production records, creating all-time highs in production. The technical revolution is making constant progress. The market is flourishing and prices are stable. By the end of 1968 we had redeemed all the national bonds. Our country is now a socialist country with neither internal nor external debts.” (“Report to the Ninth National Congress of the Communist Party of China”, *Important Documents on the Great Proletarian Cultural Revolution in China*, p. 59)

Under the pretext of fighting against the harmful impact of the “gang of four,” these achievements are today being quashed and capitalist methods reintroduced. So the 9 April editorial concludes by stating:

“The gang was straining for absolute equalitarianism, and this led to the extremely unreasonable state of affairs where no distinction was made between those who did more work and those who did less, between those who did a good job and those who did a poor one, and between those who worked and those who did not. The correct, accepted social standards were debased and people’s minds confused, their enthusiasm for production was dampened and production seriously disrupted. This is why we must thoroughly criticize the ‘gang of four’ for their crimes of undermining the implementation of the principle of ‘to each according to his work’ and rehabilitate the practice of ma-

terial reward, piecework and monetary allowances for certain jobs.” (*Peking Review*, No. 16, 1978, p. 7)

They shoot at the “gang of four” but have Mao Zedong and the Proletarian Cultural Revolution in mind. Since they do not yet dare attack Mao Zedong openly, they have to try covert methods.

When we look at the plans of the new Chinese leadership in the party, state and economy and the measures meanwhile introduced to implement these plans, we can discern the following:

- Economic administration is being decentralized, thus reducing state control of production.
- With the struggle against ‘administrative methods’ the political leadership and control by the working class is being reduced.
- The principle “politics must be in command in everything” is being replaced by “act according to economic laws.”
- By reintroducing and expanding material incentives as the driving force of production, socialist consciousness is being undermined.

Mao Zedong taught:

“Class struggle, the struggle for production and scientific experiment are the three great evolutionary movements for building a mighty socialist country. These movements are a sure guarantee that Communists will be free from bureaucracy and immune against revisionism and dogmatism, and will for ever remain invincible. They are a reliable guarantee that the proletariat will be able to unite with the broad working masses and realize a democratic dictatorship.” (*Quotations from Chairman Mao Tse-tung*, p. 40)

Mao Zedong emphasized time and again that class struggle is the key link on which everything depends. Class struggle must be waged on all levels in socialism – in economy, politics, and culture – in order to strengthen the dictatorship of the proletariat and drive back the still existing bourgeois influences. Bourgeois right must be restricted and socialist consciousness must be developed. That is only possible if politics is in command in everything.

Deng Xiaoping and Hua Guofeng turn this fundamental statement of Mao Zedong into its opposite. As they want to destroy the dictatorship of the proletariat, they distort the relation of production and class struggle. When they still speak of class struggle, they only speak of the struggle against the small handful of incorrigible elements of the old society and especially the followers of the so-called “gang of four.”

Openly they deny the leading role of politics and put the four modernizations in the first place, to which even class struggle must be subordinated. Under the title “Strengthening Ideological and Political Work,” an editorial of the *Renmin Ribao* states:

“Comrade Mao Zedong said: ‘A basic principle of Marxism-Leninism is to enable the masses to know their own interests and unite to fight for their own interests.’ According to this principle, ideological and political work in the new period means educating, mobilizing and organizing the masses *to work for the four modernizations wholeheartedly and with one mind.*” (*Beijing Review*, No. 19, 1979, p. 13 – emphasis added)

This goes so far that they have to twist Marxism-Leninism in order to disguise their revisionist road. How Deng Xiaoping and his lot interpret the principle “*politics must be in command in everything*” is so unmasking that we do not want to leave it out here:

“The four modernizations will certainly not be realized through empty talk. We must not indulge in empty talk. We should resolutely give substance to politics by way of production, vocational and technical achievements. People on various fronts must see that every kind of work we are doing now is in the service of the four modernizations; and hence is of extreme significance politically. Thus it can be said that politics in the petroleum industry is to get our more oil. For coal miners politics is extracting more coal, for peasants it is producing more cereals, for servicemen it is defending the frontiers, and for students it is studying hard.” (*Beijing Review*, No. 17, 1979, p. 11)

5. The Principle to “Rely on One’s Own Efforts” Is Being Abandoned

To advance the economic development of the country, the People’s Republic of China in Mao Zedong’s time basically relied on the reserves and resources of the country and on the creative power of the masses of the Chinese people. The principle to “rely on one’s own efforts” is an expression of the Chinese people’s will to develop agriculture and industry on its own without foreign help, especially without foreign capital.

Mao Zedong outlines this road as follows:

“Rely mainly on our own efforts while making external assistance subsidiary, break down blind faith, go in for industry, agriculture and technical and cultural revolutions independently, do away with slavishness, bury dogmatism, learn from the good experience of other countries conscientiously, and be sure to study their bad experience too, so as to draw lessons from it. This is our line.” (quoted in: *Peking Review*, No. 35, 1976, p. 8)

This guiding principle for the building of the socialist society had arisen due to bitter experiences of the Chinese people. When the Chinese communists adhered to their criticism of the revisionist Khrushchev, the Soviet Union discontinued all previously granted aid in the early 1960s (the same way today’s Chinese leadership did it to Albania last year). Thousands of Soviet technicians were recalled by the Soviet leadership, buildings remained unfinished. All construction plans were taken home with them. China had received high credits from the erstwhile still socialist Soviet Union and had to pay them back. That was a dangerous situation for China then.

In this situation something unimaginable for a narrow-minded capitalist world of thought happened in China: The Communist Party of China led by Mao Zedong called the whole people to learn from the experience and to build socialism by its own efforts. At first the capitalists sneered at the small smelting furnaces and the “blue ants.” But soon there was unquestionable evidence for success in the self-reliant building of a socialist industry, as for instance the oil field of Daqing (Taching) in Manchuria, the development of which started in 1960. China’s oil industry was very backward at that time.

“The imperialists tried to make China a permanent dumping ground for their oil. Before liberation they sent one group after another of their so-called geological ‘experts’ to China to make ‘investigations’. They preached that ‘the types of rock and their geological age in the greater part of China fail to show any possibility of oil deposits’ and arbitrarily concluded that ‘China is poor in oil’. The modern revisionists also said that China lacked oil, and tried to restrict our economic development by oil embargo.” (*TACHING – Red Banner on China’s Industrial Front*, Peking 1972, p. 19)

Relying on their own efforts, without foreign assistance and in spite of all obstacles and difficulties, the Chinese workers developed the Daqing (Taching) oil field. The original capacity of the field’s oil refinery of one million tons per year was later on increased to 2½ million tons, then doubled to 5 million tons in 1972.

“Taching has produced oil, created experience and trained many cadres, contributing outstandingly to China’s socialist construction.” (*ibid.*, p. 23)

For the peoples in Asia, Africa, and Latin America this is a shining example how an industry of one’s own can self-reliantly be developed without dependence on foreign countries.

But meanwhile a fundamental change has taken place in Chinese politics, received with satisfaction by the Western capitalists. A brochure of Dresdner Bank on “Particularities of the Foreign Trade of the People’s Republic of China” states:

“Owing to the economic program adopted in March 1978, through which the country wants to rank among the leading industrial powers by the year 2000, the foreign trade policy of the PRC is profoundly changing. While up to then, even trade balances preferably were sought, also in bilateral trade, and credits were accepted, if anything, only on a deferred payment basis, i.e. as supplier

credits, now the PRC is evidently ready to incur foreign debts to some extent in order to finance its ambitious industrialization schemes....

The previous Chinese principle that foreign debts would unduly restrict political freedom of action will probably only be applied in a quite modified way in the future. As a consequence, substantially extended opportunities to intensify the German-Chinese exchange of commodities will arise. Increasingly, the Chinese side also seems to be considering compensatory trade [offsetting imported commodities against export products – the editors].” (*Besonderheiten des Außenhandels der Volksrepublik China*, Frankfurt, 1979, pp. 1–2, our translation from German)

Let us go into particulars about the measures the Chinese revisionists want to negotiate or have already negotiated with foreign countries:

– Complete industrial plants are bought overseas, as for example the Houlinhe Coal Mine. It was designed by the companies Orenstein & Koppel and Friedrich Krupp AG, and its modern mining equipment was completely imported. (*Beijing Review*, No. 12, 1979, p. 13)

– The capitalists get the opportunity to despoil China of its raw materials. *Beijing Review*, No. 17, 1979, states: “As for utilizing foreign capital, no matter what forms we adopt, we should see to it that they are all based on our ability to repay, that is, in the final analysis, we have to increase exports.” (p. 16) Compensatory trade is considered the most important means for this purpose:

“In engaging in compensatory trade, we must first of all make sure that the contracting party will agree to take the products turned out by the introduced equipment, that is, these products will make for payment. There is a great future for compensatory trade in such fields as non-ferrous metals, rare metals, petroleum, coal, and other minerals. In these fields we have rich resources and abundant labour power which are favourable conditions for compensatory trade.” (*Beijing Review*, No. 17, 1979, p. 19)

The capitalist trade partners will be pleased, because in this way they will gain a foothold in the Chinese economy, from which they anticipate profits over the long term. The Chinese workers have to work for the foreign capitalists. Through such practices the new Chinese leadership submits itself to the same form of neocolonial dependence as the one described for the stage of state-monopoly capitalism in *Revolutionärer Weg*, No. 16:

“Often the loan is not repaid with money but with goods and thus serves as a means of plundering valuable raw materials at very unfavorable prices for the raw-material producing country.” (W. Dickhut, *State-Monopoly Capitalism in the Federal Republic of Germany (FRG)*, Vol. I, p. 53)

– At the Second Session of the Fifth National People’s Congress (NPC), the revisionist leadership had the members pass a law “on Joint Ventures Using Chinese and Foreign Investment”. Article 1 reads:

“With a view to expanding international economic co-operation and technological exchange, the People’s Republic of China permits foreign companies, enterprises, other economic entities or individuals ... to incorporate themselves, within the territory of the People’s Republic of China, into joint ventures with Chinese companies, enterprises or other economic entities ... on the principle of equality and mutual benefit and subject to authorization by the Chinese Government.” (“unofficial” translation in: *Beijing Review*, No. 29, 1979, p. 24)

The NPC had left open the upper limit of the proportion of investment by foreign companies and had only set a lower limit of 25 percent. Obviously, the new leadership had not been so certain of the NPC members’ support for its ambitious plans to restore capitalism, so it had not included the upper limit in the law. A few days later, however, in a meeting with a US industrial research delegation, Vice-Premier Li Xiannan let the cat out of the bag:

“‘China does not confine herself to the established international practice of 51 per cent and 49 per cent,’ Vice-Premier Li added. ‘The proportion of investment by foreign companies can be higher than 50 per cent, and the duration may be ten years, 20 years or even longer.’ He said that foreign

investors can send abroad the profits they have earned from the joint enterprises so long as they abide by the Chinese law and tax policy.” (*Beijing Review*, No. 30, 1979, p. 4)

This is the open invitation to the imperialists to establish themselves in China, despoil it of its raw materials and exploit the Chinese working people. Head of the *China International Trust and Investment Company* will be a former industrialist in his sixties, the Vice-Chairman of the All-China Federation of Industry and Commerce, surely a competent person. The imperialist friends will be delighted!

– In their scramble for foreign exchange, the Chinese revisionists do not even shrink from offering the Chinese workers as cheap labor. They invite the imperialists to engage in contract processing trade with China:

“In producing export goods, for instance, *we accept the specifications*, trade marks or materials *provided by the buyers*, engage in co-operative production or *assembly-manufacturing* and conduct compensatory trade.” (*Beijing Review*, No. 17, 1979, p. 15 – emphasis added)

What is to be understood by “assembly-manufacturing” other than the provision of cheap workers, who, for a pittance, have to do jobs similar to those of the ‘compatriots in Taiwan’?

The new revisionists of the kind of Deng Xiaoping deliberately deny what Mao Zedong once said about the foreign ‘aid’ of capitalist countries:

“Why do these countries [USA, Great Britain – the editors] do business with us and, supposing they might be willing to lend us money on terms of mutual benefit in the future, why would they do so? Because their capitalists want to make money and their bankers want to earn interest to extricate themselves from their own crisis — it is not a matter of helping the Chinese people.” (“On the People’s Democratic Dictatorship”, *Selected Works*, Vol. IV, p. 417)

That is exactly what the revisionists have forgotten today when they raise credits abroad on a large scale to finance their megalomaniacal plans (120 mega-projects with estimated overall costs of 450 to 600 billion dollars, according to the German business news magazine *Wirtschaftswoche*, 28 May 1979). From the FRG alone, China is most likely to raise a credit now of about 36 billion Deutsche Mark for a term of ten years. There are credit negotiations with Japan, Switzerland, England and France as well. But the DM 36 bn. alone are an inconceivably large sum, equaling the annual wage (DM 25,000) of more than 1.4 million workers.

To back up and justify their new policy the new revisionists refer to Lenin, who stated in 1920:

“Hence, the first thing is to restore the economy and place it firmly on its feet. Without equipment, without machinery obtained from capitalist countries, we cannot do this rapidly. And we should not grudge the capitalist a little extra profit if only we can effect this restoration.” (Lenin, *Collected Works*, Vol. 31, p. 495)

This quotation from Lenin appears in *Peking Review*, No. 41, 1978, p. 12, while the situation in which Lenin said this is ignored. Lenin actually speaks of the necessity “to restore” the economy. What was the situation like at that time? The young Soviet Union urgently needed money to buy necessary machines and equipment, since the economy was totally shattered. From 1914 to 1917, when the October Revolution took place, World War I raged. Then the years of the civil war followed. On the one hand, after years of total trade boycott by England, France, the USA, Japan and so on, the young Soviet republic wanted and had to kick-start trade in order to buy machines etc. On the other hand, after the hard years of intervention, the Soviet Union had to prevent at all events that the imperialists, banded together like a pack of wolves, raid the first socialist country.

Lenin and the Communist Party of the Soviet Union then chose the lesser of two risks. At the same time, the attention of the people was drawn to the ‘lesser risk’ and a call for vigilance was issued:

“The capitalists are coming to us to wage a new kind of war....” (*ibid.*, p. 483)

This sounds nothing like Deng Xiaoping’s raving about the construction of a strong socialist economy by the year 2000 with billions in capitalist credits. In short, Lenin has a clear reason for his compromise, and the people consented. Deng has no reason, and the people will not consent. Therefore Deng is forced to use lies and demagoguery.

A further method of Deng’s is to dramatize the economic situation, to spread calculated pessimism and to demonize the alleged economic sabotage of the “gang of four.” In doing so the revisionists resort to a means familiar to their like: they rig the figures about the economic development.

At the Second Session of the Fifth National People’s Congress in June 1979, for the first time in several years concrete figures about the economic development were published. We take these figures from the communique on fulfillment of the 1978 National Economic Plan (*Beijing Review*, No. 27, 1979, pp. 37f.) and Hua’s report on the work of the government:

	1976	1977	1978
Steel (millions of tons - mt)	20.46	23.74	31.78
Coal (mt)	483	550	618
Crude oil (mt)	87	93.64	104
Chemical fertilizer (mt)	5.24	7.24	8.69
Chemical fibers (1000s t)	146	189	285
Electricity (bn kWh)	203	223	256

Let us compare these figures with those of 1971 and 1974, which we listed in *Revolutionärer Weg*, No. 19 (W. Dickhut, *State-Monopoly Capitalism in the Federal Republic of Germany (FRG)*, Vol. II, pp. 566f.):

	1971	1974
Steel (mt)	21	24
Coal (mt)	–	389
Crude oil (mt)	25.6	75–80
Electricity (bn kWh)	42 (1965)	108

Obviously the figures for steel production are manipulated, as 24 million tons are stated for 1974 already, while in his report Hua indicates 20.46 million tons for the year 1976. The other industrial products show a steady increase. So there can be no talk of economic ruin under the “gang of four.” It only exists in the minds of the new revisionists, who want to deceive the people with it.

In spite of all the fuss Hua and Deng are making today, there never even was an absolute decrease of production in China, let alone a disruption. It is nothing more than a purposeful lie to conceal the real reasons and the actual consequences of their policy.

III. The Revolutionary Committees as Organs of Power of the Dictatorship of the Proletariat Are Being Abolished

1. The Revolutionary Committees Arise in the Cultural Revolution as New Organs of Power of the Dictatorship of the Proletariat

The revolutionary committees were established on personal instruction of Chairman Mao Zedong in all areas and at every level of society during the Cultural Revolution in 1967. This essential achievement of the Cultural Revolution had arisen spontaneously in the struggle of the masses of the people against the new bourgeoisie. The revolutionary committees became organs of power of the dictatorship of the proletariat. In these the masses directly took part in the exercise of state power. The decision of the Central Committee of the Chinese Communist Party concerning the Great Proletarian Cultural Revolution states:

“The cultural revolutionary groups, committees and other organizational forms created by the masses in many schools and units are something new and of great historic importance. These cultural revolutionary groups, committees and congresses are excellent new forms of organization whereby the masses educate themselves under the leadership of the Communist Party. They are an excellent bridge to keep our Party in close contact with the masses. *They are organs of power of the Proletarian Cultural Revolution.*

The struggle of the proletariat against the old ideas, culture, customs and habits left over by all the exploiting classes over thousands of years will necessarily take a very, very long time. Therefore, the cultural revolutionary groups, committees and congresses should not be temporary organizations but permanent, standing mass organizations.” (*Important Documents*, p. 146 – emphasis added)

The revolutionary committees were not only established in schools and institutes but also in factories, mines, other enterprises, as well as in residential districts and villages. They were composed according to the principle of the “three-in-one combination” of Party members, members of the People’s Liberation Army, and representatives of the workers and peasants.

This three-in-one combination embraced leadership, executive and control functions. The representatives of the workers and peasants formed “the fundamental forces,” the representatives of the army formed “the strong support” and the revolutionary Party cadres formed the “leadership core.” All three groups should express the concentrated power of the working class.

The members of the revolutionary committees were elected, at the suggestion of the Party, by the masses and were liable to account to them. They could be publicly criticized anytime and also be deposed in case of severe offenses. So the revolutionary committees were three things:

- they served the purpose of self-education, of active and responsible commitment of the working class under the leadership of the Communist Party;
- they were a bridge of the Party to the masses of workers and small peasants;
- they were organs of socialist power in the hands of the working class.

In the Cultural Revolution the former system of administration was smashed and the revolutionary committees took the place of the old administrations everywhere. Today the Deng/Hua clique describes this as follows:

“Prior to the Cultural Revolution, these units [factories, schools, etc. – the editors] practiced a system of division of responsibilities with factory directors, school principals and college presidents, directors of research institutes, managers in commercial companies, etc., taking charge under the leadership of the respective Party committee; that is to say, a system that combined the collective leadership of the Party committee with a division of personal responsibilities. This *system of leadership, which was supported by Chairman Mao Zedong and has proven effective, was eliminated for a while* at the beginning of the Cultural Revolution *under the influence of Lin Biao and the ‘gang of four’*, who called for people to ‘question and tear down everything’. It was under these circumstances that revolutionary committees as provisional organs of power, modelled after the lo-

cal organs of state power of the provinces, counties, and people's communes, were set up in these units." (*Beijing Rundschau*, No. 20, 1979, p. 23 – our translation from the German; emphasis added)²

What an utterly guilty conscience towards the Chinese popular masses must Mr. Deng, Mr. Hua and their like have, how shaky must their position be that they find themselves constrained to come up with such barefaced lies and misrepresentations! Yes indeed, you revisionists, the old system was really very "effective" – effective for the bourgeoisie! And how much Mao Zedong "supported" the old system of administration we can see most clearly in his directive concerning the revolutionary committees, quoted in the Report to the Ninth National Congress in 1969:

"The revolutionary committee should exercise unified leadership, eliminate duplication in the administrative structure, follow the policy of 'better troops and simpler administration' and organize itself into a revolutionized leading group which maintains close ties with the masses." (*Important Documents*, p. 46)

In what follows we will confine ourselves to the revolutionary committees in the factories, because here the participation of the workers in administration and management is most distinct and because especially the factory revolutionary committees as the workers' organs of power were smashed by the new revisionists around Deng Xiaoping.

At the First Plenary Session of the Ninth Central Committee of the CPC on 28 April 1969, Mao Zedong described the situation in the factories before the Cultural Revolution as follows:

"It seems that it won't do not to carry out the Great Proletarian Cultural Revolution, for our foundation is not solid. Judging from my observations, I am afraid that in a fairly large majority of factories – I don't mean all or the overwhelming majority of them – leadership was not in the hands of genuine Marxists and the masses of workers." (Quoted in: *Peking Review*, No. 14, 1975, p. 7)

Before the Cultural Revolution, the state enterprises were managed by solely responsible directors, who were supposed to be subordinated to the respective Party committee. Most enterprises were organized along the lines of the constitution of Magnitogorsk, a Soviet iron and steel combine. This model constitution had the following features:

- In management it relied solely on the experts; the workers were excluded from management.
- It gave priority to production before politics.
- The principle for the enterprise was "put profit above all."
- Technology was more important than the working people.
- There was a very comprehensive system of material reward; bonuses had first priority.

The resemblance to capitalist enterprises is striking. Such a system fosters bureaucratization, bloating the administrative apparatus. The management is enthroned unreachably high above the workers. Profit thinking and acquisitiveness are promoted through material reward and undermine real solidarity and socialist consciousness. The workers are not the masters of their enterprise, even though they work in a state-owned enterprise. They are excluded from the administration and their only task is to produce. Although workers are represented in the factory Party committees, even there the directors and 'experts' usually call the shots.

In the Cultural Revolution the workers rebelled against this revisionist system of factory management. They severely criticized the bureaucratic factory managers and created the revolutionary committees as their own organs of power in the factories. The old system of factory management was smashed. Thus the workers exercised the dictatorship of the proletariat over the new bourgeoisie in the factories.

² The special feature on "China's Structure of State Power" in *Beijing Review*, No. 20, 1979, pp. 18ff., otherwise identical with the German edition, does not contain this passage.

In March 1960, after conducting a series of studies at the base, Mao Zedong worked out the “five fundamental principles for running socialist enterprises well.” This “Constitution of the Anshan Iron and Steel Company,” which we quoted in *Revolutionärer Weg*, No. 19 (W. Dickhut, *State-Monopoly Capitalism in the Federal Republic of Germany (FRG)*, Vol. II, p. 560), was an important victory of the proletarian line in the factories.

2. Removal of the Revolutionary Committees Means Removal of the Dictatorship of the Proletariat

To break any resistance against the rule of the new bourgeoisie and its revisionist tack, the Deng/Hua clique mainly has to bring the working class under control and take away essential rights of the working class achieved in the Cultural Revolution. The abolition of the revolutionary committees, above all, serves this purpose. As the revolutionary committees were achieved and established in the Proletarian Cultural Revolution by the masses themselves as organs of power of the dictatorship of the proletariat, the new leaders could not eliminate these committees at one sweep. In order to minimize the resistance of the Chinese working people and to deceive the masses, they smashed the revolutionary committees in three stages. At first they smashed the factory revolutionary committees. Hua Guofeng announced the corresponding decision at the First Session of the Fifth National People’s Congress on 26 February 1978:

“With the exception of those factories, mines or other enterprises where government administration is integrated with management, factories, production brigades, schools and colleges, shops, Party and government organizations and other enterprises and establishments will no longer set up revolutionary committees inasmuch as they do not form a level of government. In lieu of revolutionary committees, a system of division of responsibilities should be adopted with factory directors, production brigade leaders, school principals, college presidents, and managers taking charge under the leadership of Party committees.” (*Peking Review*, No. 10, 1978, p. 32)

The revolutionary committees in factories and villages (the production brigade equals roughly the Chinese village) are being abolished, the workers and small peasants thereby being deprived of their power. They are also being deprived of the control over the whole sphere of education. Everywhere the directors are to be solely in charge again. The old system from before the Cultural Revolution is being reestablished without any concession.

Hua’s ‘reasoning’ for the abolition of the revolutionary committees in factories and villages is telling: By “government” he no longer understands the power of the workers and peasants, their rights to exercise the dictatorship of the proletariat in the sphere of production, but only the “government” controlled by the new bourgeoisie. This “government” is being separated from “management.”

So with the elimination of the revolutionary committees in the production area the new bourgeoisie, on the one hand, centralizes power in the leadership of the Party and state apparatus, while, on the other hand, economic management is put into the hands of the directors only, that is of the new bourgeoisie in the enterprises, after the workers and peasants have been deprived of their right to control production.

The bourgeoisie is never at a loss for lame excuses to justify its machinations. In an article in *Peking Review*, No. 42, 1978, pp. 12–15, two gentlemen from Beijing, a formerly deposed Party secretary and a new factory director, adduce some further ‘reasons’ to justify the abolition of the revolutionary committees:

– The revolutionary committee allegedly does not meet the further performance requirements; it had too many members and there was no clear-cut division of responsibility; both big and small matters had to be handled and nobody really wanted to bear responsibility. –

In response to this it must be said: The authors simply hold organizational deficiencies and possibly wrong tendencies against the institution of the revolutionary committees without any examination. Organizational deficiencies are not interpreted politically and corrected politically; a proper leadership would be capable of doing so. The participation of the workers in the administration and direction of the enterprises was precisely the expression of the grown sense of responsibility of the working class, since thus the dictatorship of the proletariat in the production area was strengthened.

– The “rational rules and regulations” were allegedly abolished through the “anarchism” of the “gang of four,” and so discipline became lax. –

Regardless of what the “gang of four” purportedly did, it was, of course, perfectly right to abolish outdated rules and regulations of the old system of factory management during and after the Cultural Revolution, simply because they availed the bourgeoisie and not the proletariat and because they impeded the building of socialism. Therefore the administrative structure was radically simplified then and all kinds of bureaucratic trash was discarded. The administration was put under the control of the masses and everything was subordinated to the political leadership. We can easily imagine which “rational” rules and regulations Deng Xiaoping and his like want to reintroduce and what kind of “discipline” of the workers they would like to have!

The director of a Peking factory describes what the future administration of the enterprises shall look like:

“Leading organs in our iron-smelting factory consist of a Party committee and a working committee under the Party committee’s leadership. ... [The Party committee] meets once every month to discuss and decide on important matters. The working committee, whose meetings are convened by the director [!], is made up of four deputy directors and responsible technical and administrative cadres and is in charge of day-to-day production and administrative work.” (*ibid.*, p. 13)

In this context, a *Renmin Ribao* Special Commentator specifically cares for the intellectuals, for whom the revisionists have intended a particular role:

“Since the overwhelming majority of the intellectuals in our country have become part of the working class [!], we must genuinely look upon them as such, that is, members of the working class. We must fully trust and freely use people with specialist knowledge. We must put intellectuals, both Party and non-Party members, who have a high political consciousness, who are vocationally proficient, zealous in their work and who get on well with the masses, into appropriate leading posts so as to gradually raise the number of cadres who have a good educational level and technical expertise and who know how to manage in the leading bodies of enterprises and undertakings to 30, 50 and then 70 per cent [!?] of the total. Their responsibilities should be defined. They must really have position, authority and responsibility.” (*Beijing Review*, No. 5, 1979, p. 15)

In his report delivered at the Second Session of the Fifth National People’s Congress, Hua Guofeng indirectly admits the difficulties the new bourgeoisie is still having in fully seizing power in the enterprises:

“... [each enterprise] should resolutely put into force a system whereby the director of a factory takes responsibility for production under the leadership of the Party committee, so that both in name and in fact he really becomes the chief administrator [!] directing production in the whole factory.” (*Beijing Review*, No. 27, 1979, p. 13)

Deng Xiaoping therefore wants to convert the trade unions into organs of the new bourgeoisie. In his speech at the Ninth National Trade Union Congress he demands:

“The trade unions should educate all members to safeguard highly centralized administrative leadership in their enterprises and the full authority of the production command system.” (*Peking Review*, No. 42, 1978, pp. 6f.)

Of course there must be a centralized administration in socialism. Only if the enterprises work according to a unified, centrally specified plan can production be geared to the interests of the people. In the individual state enterprises, however, the workers must take part in the administration and direction of production, because only then can the initiative of the masses be brought to bear in fulfilling the assigned tasks. Only with the participation of the workers in the administration and of the leading cadres in production can it be prevented that the factory management sets itself further and further apart from the workers and enjoys a plush life as a bureaucracy at the expense of the workers. It seems that at least in the Peking factory mentioned they are not very serious today about the participation of the cadres in production – not surprising considering the current course. Although this principle is still recognized in words, the director openly admits that out of 17 members of the factory Party committee a mere four persons still “take part in production and are therefore with the workers every day” (*Peking Review*, No. 42, 1978, p. 15)! So production workers constitute less than a quarter of the members even in the Party committee. Those four members are probably indispensable as an alibi for a ‘proletarian’ Party committee...

The “system whereby the director of a factory takes responsibility,” a “highly centralized administrative leadership” and the “full authority of the production command system” are not instruments of the dictatorship of the proletariat in the production area, but instruments of the dictatorship of the new bourgeoisie over the working class. All the material at our disposal leads to only one possible conclusion: *The working class is being deprived of its power – the new bourgeoisie has seized the power also in the enterprises!*

The consequences are foreseeable: The control of the new bourgeoisie over production along with the orientation of the enterprises towards profit results in capitalist laws taking effect. The unified socialist administration, the democratic centralism in economy, is thereby being destroyed. Local administrations and factory managements take its place, deciding on their own authority over production and managing the enterprises primarily by economic rather than political aspects, thus collecting the corresponding bonuses and profits. The control from below by the masses of the productive workers was abolished due to the scrapping of the revolutionary committees. The old evils of capitalist production will gradually establish themselves as we have been able to observe in the Soviet Union since 1956.

The second stage in smashing the revolutionary committees consists in changing the local revolutionary committees, which, according to the constitution and the will of the Deng/Hua clique, are to operate as the “local organs of state administration.” (*Peking Review*, No. 11, 1978, p. 12) Firstly, we must assume that the leadership of the Party and state apparatus is in the hands of the new bourgeoisie. That is to say, the new bourgeoisie will arrange the revolutionary committees in a way to serve its interests best. Secondly, the comparison of the corresponding articles in the constitutions of 1975 and 1978 (art. 22 and 23 of the old constitution and art. 37 of the new constitution) shows revealing changes: Now the revolutionary committees “work under the unified leadership of the State Council.” (*Peking Review*, No. 11, 1978, p. 12) The consequences should be obvious, since Hua Guofeng is the Premier of the State Council and Deng one of the Vice-Premiers!

And lastly, the composition of the revolutionary committees has changed quite revealingly since Mao’s death. In the article “Beijing Municipal Revolutionary Committee: Its Members” (*Beijing Review*, No. 20, 1979, pp. 23–27) some new members are introduced:

“There is a large number [!] of democratic personages [!] in China’s organs of state power at various levels. Ye Gongshao and Sun Fuling, both members of the Beijing revolutionary committee, are two of them.

Ye Gongshao is a member of the Central Committee of the Jiu San Society and a leading member of its Beijing branch. The society is one of the eight democratic parties in China. Its members are mostly senior intellectuals....

Sun Fuling is a representative of the national bourgeoisie and a leading member of the Beijing Federation of Industry and Commerce.

Just before liberation, Sun took over the Fuxing Flour Mill from his predecessors. It was one of the biggest private enterprises in Beijing at that time. ... Sun Fuling joined the China Democratic National Construction Association, a democratic party, in the early days after liberation. He is now a member of its Central Committee. ... he hopes that all patriotic former [?] capitalists will do their best to help bring about the four modernizations.” (*ibid.*, p. 27)

Surely any comment is unnecessary. If the Suns are hopeful, the workers will have a hard time...

The citations quoted should show with the necessary clarity that the local revolutionary committees have changed massively under the rule of the new bourgeoisie.

The old, reputable name was maintained out of practical considerations in order to deceive the masses more easily. Behind the facade of these ‘revolutionary committees’ lurk the instruments of the dictatorship of the new bourgeoisie!

The third stage is the complete smashing of all revolutionary committees. As we learn from *Beijing Review*, No. 28, 1979, the Fifth National People’s Congress in June decreed the complete abolition of the revolutionary committees. The explanation for the corresponding amendment to the constitution states:

“The revolutionary committee, a provisional institution which appeared during the Cultural Revolution, is no longer able to meet the needs of the new period of socialist modernization. The change from local revolutionary committees to local people’s governments will not only help strengthen democracy and the legal system but will give distinctive expression to the close relationship between the government and the people.” (*Beijing Review*, No. 28, 1979, p. 10)

3. The Yugoslavian Pattern of “Workers’ Self-Government” Is a Revisionist Model

To make the ‘reforms’ of the enterprises palatable to the Chinese workers, the new revisionists search for a convenient model. In the pattern of Yugoslavian “workers’ self-government” they believe to have found one. But with that the current Chinese leadership makes a turn of 180 degrees in the assessment of Yugoslavia.

In the struggle against Khrushchev’s revisionism, the “Proposal Concerning the General Line of the International Communist Movement,” published in 1963 by the CPC, also gave a comprehensive assessment of Yugoslavia. In section 23 it says:

“Yugoslav revisionism typifies modern revisionism.” (*The Polemic on the General Line of the International Communist Movement*, p. 46)

To this day nothing has changed in the revisionist essence of the Tito clique. The only thing that has changed is the assessment of Yugoslavian revisionism by the new Chinese leadership under Deng and Hua. In a congratulatory telegram to the Eleventh Congress of the League of ‘Communists’ of Yugoslavia, the notorious revisionist Tito was hyped and Yugoslavia tagged as a socialist country:

“The League of Communists of Yugoslavia headed by Comrade Tito, outstanding leader of the people of all nationalities in Yugoslavia, has applied the universal truth of Marxism-Leninism to the concrete practice of Yugoslavia. Unswervingly leading the people of the whole country in a persistent revolutionary struggle over the decades, it has won continuous victories in the cause of socialism.” (*Peking Review*, No. 25, 1978, p. 3)

On Hua’s visit to Yugoslavia in late August, 1978, the praises continued.

Who is mistaken in this matter, the CPC under Mao Zedong’s leadership or the new leadership under Deng and Hua? We hold that it is the new revisionists who are mistaken. We will clarify this by the example of “workers’ self-government.”

The essence of this system consists in conducting and managing the individual enterprises by so-called “working collectives,” with each enterprise operating independently, purchasing its own raw materials, deciding on the variety, output and prices of its products and marketing them, and determining its own wage scale and the division of part of its profits. The fixed assets of the enterprise can be sold, bought, or leased. The Tito clique pockets most of the profit of the individual enterprises and controls the enterprises of the whole country through the banks and through the managers, who can only be appointed in consultation with the leadership.

The relations of the individual enterprises to one another are not socialist ones of mutual help and support. The enterprises are not subject to the political guidance of the dictatorship of the proletariat; formally they belong to the workers of the individual enterprises. Production for the market fosters competition and rivalry – as it does in capitalism.

In a comment on the general line under the title, “Is Yugoslavia a Socialist Country?” dated 26 September 1963, the Chinese communists observed:

“Abundant information published in the Yugoslav press proves that the workers’ council is merely formal, a kind of voting machine, and that all power in the enterprise is in the hands of the manager. The fact that the manager of an enterprise controls its means of production and the distribution of its income enables him to appropriate the fruits of the workers’ labour by means of various privileges.” (*Polemic*, p. 157)

In many enterprises foreign capital has a share. The state banks give credits in case of ‘good’ management or deny them in case of ‘bad’ management, thus deciding on competitiveness, bankruptcy and redundancies. The state administration does the same through tax legislation and, beyond that, appropriates the surplus value created by the workers.

Many of the Yugoslavian people, by contrast, live in poverty and are forced to get employment abroad as ‘guest workers’. The alleged ‘socialist’ state exposes the people to exploitation by foreign capitalists.

The current Chinese leadership has the cheek to tout the Tito clique and its revisionist system as a socialist country today without even a touch of self-criticism of its position of 1963. Such did Chairman Hua Guofeng in his speech at a banquet on the occasion of his visit to Yugoslavia in August 1978:

“Proceeding from the scientific theory of Marxism and Yugoslavia’s specific conditions, the League of Communists of Yugoslavia has established and developed the socialist system of self-management.” (*Peking Review*, No. 35, 1978, p. 13)

The new leadership’s praise of the Tito clique’s ‘socialist workers’ self-government’ makes clear what Deng and Hua are aiming at with their policy: With the removal of the revolutionary committees and the reform of the factory management in accordance with economic laws, the Deng/Hua clique in China wants to import “worker’s self-government” from Yugoslavia. What can result from copying a revisionist model other than capitalism of a new kind on the basis of modern revisionism in theory and practice?