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THE GENERAL THEORY OF STATE CAPITALISM
AND
THE NATURE OF THE CHINESE STATE

Part 2--The Nature of the Chinese State

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Part II - The Nature of the Chinese State

A. P. Detroit, Michigan - November, 1956

The majority viewpoint is that China is a workers' state. While affirming the importance of the events in China in terms of the weakening of the structure of western imperialism; of adding momentum to the developing colonial revolution; and of giving impetus to the disruptive tendencies undermining the Stalinist regime in Russia, - the orthodox Marxist theory of State Capitalism can only reject with the utmost vigor the concept that China is a dictatorship of the proletariat.

If we examine concretely the actions of the main contending forces in capitalist society, the bourgeoisie and the proletariat, as they unfolded in China, one major historical fact emerges with the utmost clarity: the nationalist bourgeoisie united with the Chinese Communist Party while the proletariat deserted the CCP. The relations of the CCP with the peasant war on the one hand, and the inability to build a proletarian party on the other, are important contributing factors which led to the emergence of the present regime in China.

To call the result of such a pattern of forces a workers' state, is to fly in the face of all of the most fundamental ideas and experiences of Marxism, up to and including the proletarian nature of socialism itself. This emergent pattern, on the other hand, is the concrete form in which the organic tendencies to State Capitalism in the advanced countries expresses itself in the backward countries.

In order to better evaluate these events, a brief glance backwards is in order. In Part I we have attempted to sketch the general outlines of the Marxist theory of State Capitalism as it is manifested in the advanced countries.

Summary of Part I

The bourgeoisie in the epoch of the death agony of capitalism is squeezed in the merciless vise formed on the one hand by the declining rate of profit, and on the other by the ever-increasing revolt of the masses. But because a mass revolutionary party does not yet exist, the bourgeoisie is given a moment of grace. There is no such thing, Lenin declared, as an absolutely hopeless situation for the bourgeoisie unless and until the working class and its party put an end to capitalism. Capitalism will not automatically collapse of its own weight, but will fall only as a result of conscious revolutionary action by the proletariat.

The internal logic of the law of motion of capitalism leads to the total centralization of capital. But the pace is accelerated

in its death agony because capitalism can no longer afford the conjunctural waste of unplanned competition within the nation, which now becomes the basic capitalist unit as did individual ownership, corporations, and monopolies in their turn. At this stage it can no longer afford even a relative amount of freedom ← to the working class which must be kept under total control. The needs of the accumulation of capital in its period of expansion are different from those of its death agony. The capitalist state itself must take over the primary task of accumulation, rather than leave it to the relatively inefficient entrepreneurs, corporations and monopolies.

The capitalist class, the personification and agent of capital, adapts itself to the changing needs of capital. More and more it expresses this adaptation through its function of ← control over rather than ownership of capital, and through its hierarchical place in the process of production itself. In early capitalism, huge personal fortunes were, from the point of view of society, the major source of capital accumulation, and, from the point of view of the individual member of the capitalist class, the source of power and status. Under state capitalism accumulation is accomplished through action of the capitalist state, and power and status of the bourgeoisie is made manifest through consumption funds and privileges received through action of the state.

But these changes are not sufficient to save capitalism even momentarily. No matter how many technical changes are made, how many industries are nationalized, how many plans are planned, the bourgeoisie cannot continue to rule for capital unless the restless masses are brought under control. It is here that the petty-bourgeois leadership of the masses, in the absence of the mass revolutionary party, under cover of socialist and communist phraseology, makes its greatest contribution to the maintenance of capitalism. Previously, the petty-bourgeois leaders were called to aid capitalism only in times of transient crisis and were shoved back when the bourgeoisie felt strong enough to dispense with their services. In the final stages of the permanent crisis of capitalism, the petty-bourgeois parties become a permanent, and at times, the most active and decisive section of the bourgeoisie.

State capitalism remains, however, nothing more than the final desperate stand of bourgeois society. It cannot solve the problem of accumulation in the teeth of the declining rate of profit and the masses in revolt. On the contrary, its only "solution" is the ever-increasing pressure upon the living standards of the working class, an ever-increasing drive for more production, for higher productivity, for an increase in the rate of surplus value. At the same time as it sharpens the class struggle, it provides the technical framework par excellence in the nationalized economy and the "plan" for the proletariat to

seize when its mass revolutionary party is built.

The Backward Countries

Combining development and degeneration, the process in the backward countries takes on even sharper forms. The national colonial bourgeoisie comes to life when capitalism on a world scale has outlived itself, when the declining rate of profit is no longer a long range tendency but an immediate and compelling reality, when the masses are perpetually straining to destroy bourgeois society. Contrary to its classical past, the bourgeoisie begins its active existence already beyond the stage of private property capitalism. Contrary to its classical past, the state must from the outset undertake the direction of the economy and the primary task of accumulation. Contrary to the past, a great driving force behind the actions of the bourgeoisie lies in an aroused and relatively organized mass driving towards standards of life already realized in the industrial countries. Today the national bourgeoisie accepts the necessity for parading in the ideology of socialism and communism. It must borrow and adapt from the arsenal of its class enemy. It, contrary to the past, has no ideology of its own.

The bourgeoisie faces an impossible task. It must attempt to accomplish in decades, faced with an aroused and conscious mass, what its classical counterparts accomplished in centuries with a relatively docile and disorganized working class. It must accumulate capital at forced march in order to enter the world market on a competitive basis with the advanced nations. At the same time, it must answer the pressing demands of the masses for a Western standard of life.

There is no question that economic progress will be made. In percentage terms, if one starts from near zero, any advance will seem significant. But all that the increased production can accomplish is to raise the class struggle to higher and more acute levels. And all else aside, the closer the backward countries approach to the levels of the West, the more they incorporate the crisis of the declining rate of profit.

Faced with the need to accumulate capital goods at a forced pace and at the same time threatened by a relatively organized peasantry and proletariat demanding consumer goods, the colonial bourgeoisie comes to life gasping for breath and marked for quick destruction.

It is necessary to underline here that we are speaking of the nationalist bourgeoisie as distinct from the comprador bourgeoisie and the landlords. In many countries (India, Burma, Ceylon, Indonesia, Egypt, Bolivia, etc) the tremendous pressure exerted by the masses, the relative weakening of the imperialist West, and the lack of a mass revolutionary party have made it both

necessary and possible for the nationalist bourgeoisie to push to the rear the compradore elements which represented the imperialist countries and which stood in the path of national unification, independence and industrialization.

The understanding that capitalism in its death agony requires the direct and total intervention of the state in production; that the petty-bourgeois parties are necessary to preserve capitalism against the onslaught of the masses; and that the nationalist bourgeoisie in self-protection has begun to play a relatively more active role in the backward countries, provide the key to understanding what has happened in China. But it is above all the theory of the permanent revolution which is the indispensable tool in the analysis of these events.

The Permanent Revolution

The majority, seeing the land reforms and the extension of nationalization, i.e., the total intervention of the state in production, calls China a workers' state and attempts to use the theory of the permanent revolution to explain how an admittedly petty bourgeois, counter-revolutionary party, based not on the working class but on the peasantry, could come to power and create a workers' state. Such a notion stands the theory on its head.

The theory of the permanent revolution, in the sharpest contrast to all other non-proletarian concepts, explains how the proletariat, as the leading class, as against claimants for that role emanating from the nationalist bourgeoisie and from the peasantry, can successfully solve bourgeois tasks in the backward countries, can successfully complete the bourgeois revolution.

Throughout all of his writings, above all on the theory of the permanent revolution, Trotsky emphasized again and again the primary role of the proletariat, and the primary role of the revolutionary party of the proletariat. Here is how he describes the relationships between the peasantry and the proletariat: (All quotes from Trotsky, Permanent Revolution, Calcutta, Atawar Rahman, 1947, emphasis added throughout)

"The peasantry in its entirety represents an elementary rebellion. It can be put at the service of the revolution only by the force that takes over state power. The vanguard position of the working class in the revolution pushes it inevitably to power." (p 61-62)

"The permanent revolution is described as a revolution which welds together the oppressed masses of city and village around the proletariat organized in Soviets." (p. 67)

"Lenin, always proceeding from the leading role of the proletariat, emphasizes in every way, clears up and teaches us

the necessity of the revolutionary collaboration of the workers and peasants, I likewise, always proceeding from this collaboration, emphasize in every way the necessity of proletarian leadership." (p. 80)

Trotsky placed the working class and its revolutionary party in the vanguard. The conclusions of the majority eliminates both. Instead of the working class revolutionary party leading the workers, instead of the workers leading the peasantry, we have a counter-revolutionary petty bourgeois party replacing the revolutionary party and the peasantry replacing the proletariat. That is not the theory of the permanent revolution.

But, it may be asked, granted that the workers did not make the revolution in China and that there was no revolutionary party, nevertheless wasn't the land divided and the country unified? Aren't these the tasks of the bourgeois revolution and don't we then contradict the theory which holds that only the proletariat could accomplish these tasks? Don't we thereby grant capitalism a new lease on life and new progressive functions?

Not at all. Such a point of view results from a misunderstanding of what the tasks of the bourgeois revolution are today. Actually, we have already indicated in our remarks in the section on the backward countries the outlines of the inability of the nationalist bourgeoisie to complete its revolution. Let us approach it a little differently here.

We are used to thinking that the tasks of the bourgeois revolution are to destroy feudal relations on the land and to form a national state. In the early period of capitalism this was true, and it was sufficient. Why did we say these were the tasks of the bourgeois revolution? Because before industrial development could take place, the serf had to be freed from the land to become a worker, and the national state had to be developed to allow the development of a broad market along with the division of labor.

Today that is no longer enough. In the world of today when the advanced industrial countries dominate the world market and when the masses of even the most backward countries are relatively organized and are pressing their demands, national unification and land reform is not sufficient to make possible a sufficiently rapid industrial development.

China, and for that matter India, will industrialize. But it cannot establish a stable or lasting regime. The aim of the bourgeois revolution is to establish stable and expanding industrialized nations. They must be able to compete with the advanced nations in the world market, at the same time as they must afford a sufficiently adequate and rising standard of life for the masses to keep them relatively quiescent. No bourgeoisie

anywhere in the world can measure up to these tasks. The CCP in China has established a regime of crisis, but no more than that.

Only the working class in power can tap the internal resources of the Chinese masses. Only a working class regime can tap the resources of the world working class, and can move with all speed to receive the necessary help from advanced industrial countries in terms of the needs of the recipient, rather than the profit of the giver.

The goals of the bourgeois revolution can be achieved, as Trotsky taught us, only under the auspices of the working class.

Ends and Means

The relationship between ends and means is not simply an abstract exercise in philosophy and ethics. It is a political question of the most fundamental importance.

The theory of the permanent revolution is a description of objective social tendencies at the same time as it is a statement of objective social possibilities. In this regard, it is a strategy of intervention by the proletariat. "The Chinese revolution," Trotsky said, "contains within itself tendencies to become permanent insofar as it contains the possibility of the conquest of power by the proletariat." (Problems of the Chinese Revolution pp 163 emphasis added)

Thus, if revolutionary theory and strategy are to be grasped, they must be understood as a dialectic unity. It can be seen as the dialectic fusion of ends and means. "Lasalle," Trotsky wrote, "already knew that the aim depends upon the method and in the final analysis is conditioned by it." (Permanent Revolution, p. 95) Or, as comrade Stein once put it, a program can never be superior to the class and party which utilizes it. That is why, as was pointed out in Part I, Plekhanov, Trotsky and Lenin were all in agreement that nationalization of the land could not be treated independently of which class held state power. This question, the class means, was also decisive in the treatment by the orthodox Marxists of the problem of nationalized industry, a subject also treated in some detail in Part I.

It will not do, therefore, for Marxists to separate ends and means and treat each as independent entities. It is incorrect to establish ends - national independence, unification, nationalization of the land, industrialization - as objects "for themselves," without regard to the class which attempts to achieve those ends. It is incorrect to interpret the theory of the permanent revolution in a manner which rules out the possibility that the bourgeoisie can carry out certain democratic

demands or can nationalize property. But with our end, socialism, on the historic agenda, i.e. relative to what is possible under proletarian auspices, the achievements of the bourgeoisie are extremely limited, and furthermore, are made at the direct expense of the peasant and proletarian masses. Therefore, any solution which falls short of proletarian rule remains in the last analysis incomplete and historically unstable.

The overall summation of the question of ends and means for revolutionary Marxists can be stated in a very simple and familiar way: "The liberation of the working class is the task of the workers alone."

This of course is not to say that we do not critically support those partial and incomplete movements under the leadership of the nationalist bourgeoisie in India, Egypt, Burma, Bolivia, etc., when they are directed against imperialist domination. We do not, however, add the column which is headed nationalizations, and when it comes to 51 per cent strike a balance and hail the workers state. The class means and not the accountant's pencil is the dividing line between bourgeois and working class states.

Class and Party

As we have pointed out above, for Marxists it is the class forces which are decisive. As if in anticipation of the present discussion Trotsky wrote, "The leading role of the isolated communists and the isolated communist groups in the peasant war does not decide the question of power. Classes decide and not parties. (emphasis added) The peasant war may support the dictatorship of the proletariat if they coincide in point of time, but under no circumstances can it be substituted for the dictatorship." (Problems of the Chinese Revolution p. 239)

It should be noted that Trotsky here is speaking of revolutionary parties which are not decisive. He was not here referring to counter-revolutionary parties. This is not to say that parties are unimportant. On the contrary, the party and the class must coincide. One without the other is helpless. This too, Trotsky tried to teach us.

"Far too presumptive, not to say light-minded," he wrote, "is Radek's contention that 'only people who have not thought out the complexity of the methods of Marxism and Leninism to the end could push to the foreground the question of the party-political expression of the democratic dictatorship, when Lenin saw the whole question only in the collaboration of the two classes, proletariat and peasantry, in the objective historical task. No, that is not how it stood.

"If the subjective factor of the revolution, the parties

and their programs -- in this case the political and organizational form of the collaboration of the proletariat and peasantry -- is abandoned, then there vanish all the differences of opinion, not only between Lenin and me, which marked two shades of the same revolutionary wing, but what is certainly worse, also the differences of opinion between Bolshevism and Menshevism, and finally, the differences between the Russian revolution of 1905 and the revolution of 1848 and even 1789, in so far as the proletariat can be at all spoken of in relation to the latter . . . Lenin himself was in no way of the opinion that the question would be exhausted by the class basis of the dictatorship and its objective historical aims. The significance of the subjective factors; of the aim, the conscious method, the party -- Lenin well understood and taught all this to us." (Permanent Revolution pp. 70-71, 72)

Over and over again, through all our theory and all our history we have learnt that both the party and the class are necessary for the proletarian revolution. In China, neither the proletariat nor its party were involved.

Faced with these facts, and unable to explain developments in China in any other way, comrades of the majority are forced to mutilate the most basic tenets of Marxism. If the class is not present, miraculous powers are given to the party. If the party is not present, a deus ex machina is invoked, entitled "logic of events," or even more presumptuously, "logic of the theory of the permanent revolution," as if a theory could have a life of its own, as in the school of Hegel, independent of material substance in terms of class and party. But a concrete analysis of class forces is precisely what is necessary to understand the nature of the Chinese state.

The Class Forces

The decisive class forces in bourgeois society are the bourgeoisie and the working class. "The economy of capitalist society," Lenin wrote, 'is such that the ruling power can only be either capital or the proletariat which overthrows it. Other forces there are none in the economics of this society.'" (As quoted by Trotsky, Permanent Revolution p. 140) That the bourgeoisie and the working class are the decisive class forces is as true in the backward countries as it is in the advanced, although the forms of relationship and struggle between the classes are by no means identical in every country.

The importance of the theory of the permanent revolution as a tool in analysis is precisely that it permits us to keep our eye sharply on the main contending forces, especially in a country like China, despite the dust kicked up by the movement of other classes. The relatively more active role of the

nationalist bourgeoisie in the post war period makes it ever more imperative for us to examine these classes and the parties which represented them. In the sections which follow, we hope to indicate the nature of the Kuomintang as the instrument of the nationalist bourgeoisie, its split with the nationalist bourgeoisie, the movement of this class towards the CCP, and the movement of the CCP away from the proletariat towards the bourgeoisie. Finally, we deal with the adaptation of the CCP to the nationalist bourgeoisie, and the adaptation of the nationalist bourgeoisie to the needs of capital, as made manifest in a backward country in the epoch of the death agony of capitalism.

The Kuomintang

The Kuomintang came into existence as an organization representing the nationalist bourgeoisie. Up to the time that the proletariat threatened to overturn it, it clearly reflected the characteristics of the nationalist bourgeoisie which were previously indicated. (see pages 4-6). It accepted from the outset the necessity for the state to undertake the direction of the economy. As early as 1915 Sun Yat Sen's program to achieve the independence of China ran as follows:

"My way of getting rid of this curse is that the revolutionary Government must prepare to control the trade so that we can use any kind of money we please and thus we can do away with foreign bankers and be our own master. In order to do that the government must (1) organize the department stores to conduct distribution (2) control both the land and the water traffic; i.e. to conduct transportation; and last but not least by manufacturing some of the most important goods which have been, hitherto, dependent upon foreign supply, i.e. to conduct production.

"Thus China can be independent both politically and economically..." (10 Letters of Sun Yat Sen as quoted in Moscow and Chinese Communists by Robert C. North, Page 43).

Sun Yat Sen's program in effect called for the monopoly of foreign trade, and state control of transportation, distribution, and production.

Chiang Kai-shek, in his China's Destiny, put it into these words: "If we desire to replace our hundred-year-old, restricted, unbalanced, semi-colonial economy with a free and independent economy that will satisfy the requirements of national defense we must employ political power to guide economic development".

These statements are not mere propagandistic bombast. They are the unadorned recognition of the needs of the Chinese bourgeoisie in this period.

But the Kuomintang, as the organ of the nationalist bourgeoisie, also recognized and accepted the necessity for achieving control over the restless peasant and proletarian masses both organizationally and ideologically, by appearing in a socialist guise.

Whereas up to 1922, Kuomintang remained an ineffectual and adventurist grouping which concentrated its activities on terroristic raids, after that year the picture changed. Convinced of the futility of the previous policy, and of the necessity for winning a mass base, Sun gladly turned over the task of reorienting and reorganizing the Kuomintang to emissaries from the Soviet Union.

So successful was the reorientation that by 1924 it provoked a counter uprising by compradore sections of the Canton bourgeoisie, the so-called Merchant Volunteers. The suppression of this uprising brought an additional influx into the Kuomintang so that by 1926 its membership in Canton numbered 150,000; including 64,000 peasants, 30,000 students and 32,000 workers. This composition was far more heavily weighted with proletarians than was that of the CCP 20 years later.

Ideologically, the Socialist and even communist disguise was not lacking. "The Chinese Revolution has so far failed he (Sun) maintained, because Kuomintang members, unlike the Russian Communists, still did not understand the Three People's Principles. Essentially there is no real difference between the Principle of People's Livelihood (Ming-shing chu-1) and Communism." (A Documentary History Of Chinese Communism, Brandt, Schwartz and Fairbank, pp 72-73).

In the early stages Chiang-Kai-shek followed Sun's policies, making speeches calling for the world revolution, and led the Kuomintang into the Communist International as a "sympathizing party." Wang Chin Wei, leader of the developing left wing of the Kuomintang, expressed total agreement with the reporter for the Executive Committee of the Communist International on the colonial question at the 5th Congress of the CCP.

As Trotsky later described the organizational phase of the process: "It is well known that all the varieties of the 'national' bourgeoisie, Right, Left and Center, zealously smear themselves with a protective Muscovite coloration in all their political work; they create commissars, political army posts, political departments, plenums of the central committee, control commissions, etc. The Chinese bourgeoisie is not at all afraid of transplanting Muscovite forms, which it carefully debases to serve its own class aims." (Problems of the Chinese Revolution, p. 54). How little would have to be changed for this to be a description of the CCP rather than the Kuomintang.

Without being able at that stage to make a systematic analysis of this after all extraordinary and unique development in the bourgeoisie, Lenin was also quite aware of the danger. "To guard against being 'taken in tow' by national bourgeois movements seeking to exploit the prestige of the Russian revolution, Lenin injected a specific warning 'to wage determined war against the attempt of quasi-communist revolutionists to cloak the liberation movement in the backward countries with a communist garb'". (Isaacs, Tragedy of the Chinese Revolution, p. 48)

An Anticipatory Digression

If a parallel is being established between the role of the Kuomintang as the organ of the nationalist bourgeoisie, and the CCP, the question arises -- why then could not the Kuomintang in 1925-27 carry through in the manner of the CCP in 47-49?

One of the reasons is primarily external, i.e. the imperialist powers were stronger in the earlier period, and their compradore representatives were correspondingly more powerful within the Kuomintang. The more decisive reason, however, lies in the correlation of forces between the bourgeoisie and the proletariat inside China.

The mass upsurge in 1925-27 was led by the proletariat and had as its goal the destruction of capitalism. The relatively greater self-organization and militancy of the poor peasantry in this period, a by-product of the movement of the proletariat, also threatened to burst through all bourgeois controls.

← Caught between the forces of compradores and landlords on the one hand, and the surging proletariat and peasantry on the other, there was no elbow room for the nationalist bourgeoisie. The CCP, despite its centrist character, nevertheless was at that time a working class organization, and afforded a rallying point for the proletariat. In 47-49 the compradore-landlord alliance was considerably weakened by the rifts in the structure of post-war western imperialism. On the other hand, the proletariat was not in motion, and the peasantry was under control. The CCP had by this time lost its working class character.

There can be little doubt that if the proletariat had been in motion, if it had been able to throw up a party of its own, even if of the type of the CCP at the time of the events in 25-27, we would have in the recent period witnessed an all out civil war with the CCP, its army, upper sections of the peasants, and the nationalist bourgeoisie on one side, and the proletariat and poorer peasantry on the other. Even if on a higher plane, the basic pattern of events of 25-27 would have been relived.

But let us return to the earlier period. The power of the proletarian fist even though shackled by the policy of the CCP, was sufficient to smash the alliance between the CCP and

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the Kuomintang, and within the Kuomintang, between the compradore-landlords, and the nationalist bourgeoisie. Chiang consolidated his power on the basis of the compradore-landlord group and cast adrift the nationalist bourgeoisie. The proletariat on its part, split with the CCP and the groundwork was laid for the future role of the Chinese Communist Party.

Kuomintang and Bourgeoisie

The dilemma of the modern Chinese business class, heart of the nationalist bourgeoisie which was born too late to function in the classical bourgeois manner, is well illustrated in the following passage: "Regardless of the outcome of the struggle between the Kuomintang and the Chinese Communists, the writer does not think there will be a great future for the modern business class. If the Kuomintang wins, most of the new industries will be owned and dominated by the government or by officials. Private industrialists would become minor partners of high officials. If the Communists win, probably all major new industries will eventually be nationalized and put under party control. In either case there would be not much room for independent industrialists to develop." (Rise of the Modern Chinese Business Class by Marion J. Levy and Shih Kuo-heng, p. 19, International Secretariat of the Institute of Pacific Relations, 1949.)

The fact is, as documented by D. Miller in the Winter 1955 FI, that before the CCP took power, the decisive sections, the commanding heights of the Chinese economy were already nationalized. By the end of World War II "fully 60 per cent of China's industrial capacity was nationalized."

But the Kuomintang, hopelessly compromised with landlords, compradores, militarist war lords and foreign imperialism, represented the relatively stagnating past -- and in addition, in its inability to control the restless Chinese masses, threatened all sections of the Chinese upper class with total destruction. The CCP represented the relatively more dynamic future and in the absence of the revolutionary party, had far greater ability to control the peasants and the working class.

The increase in nationalizations carried through by the CCP results from the fact that on a world scale the bourgeoisie begins more and more to express its relationship to capital in terms of control, rather than ownership; in terms of the state, rather than the individual firm, corporation or monopoly; and the Chinese nationalist bourgeoisie, faced with a choice, chose the path of the CCP. It demonstrated, as we shall see in concrete, in an almost pure illustration of the law of combined development, that it had to fit itself into the overall pattern established in the advanced countries, and in an advanced form. It had to do this even if it would mean, as it does, giving up privileges dear to it. But the needs of capital dominate the needs of its agent and the bourgeoisie must

pay to keep capitalism alive.

Trotsky made a generalization, which allowing for the specific historic conditions in China, encompasses the relationship between the Kuomintang and the CCP. In referring to the role of the petty-bourgeois "socialist" parties, he wrote: "What happened had occurred more than once in history; the opposition was called upon to solve conservatively the very tasks with which the compromised forces of yesterday were no longer able to cope." (Stalin, p. 343) The Kuomintang represented the "compromised forces of yesterday"; the CCP, "the opposition" within the limits of bourgeois society, and the conservative solution -- one which bypasses the proletarian socialist solution.

The nationalist bourgeoisie made its choice in accordance with Trotsky's historic formula.

The Evidence

As Owen Lattimore pointed out, ". . . the Kuomintang, with few overt changes to mark the transition, has in fact largely ceased to function as a coalition party, and has become more and more a landlord party. Business interests have not been eliminated and they have not ceased to make money, but they have become subordinate where they once were dominant." (Owen Lattimore, Solution in Asia, p. 109.)

We note an observation made later than the above, which strikes a similar note. "Another reason for the speedy victory of the Communists," writes Ping Chia Kuo, a former official of nationalist China now residing in America, "was the loss by the Kuomintang of the support of the village gentry and city merchants. The economic deterioration and government fumbling from 1947 onward were such that a general atmosphere of despair enveloped the classes which were the customary pillars of the Kuomintang government. The Kuomintang forces had to join battle with the enemy like lone battalions, denied the support of the groups of which they were the avowed champions. . . . For twenty years, Chiang had stood for the landlord and the privileged classes; but in this hour of need, they failed to respond to his call. . . . The victory of the Communists was thus in the last analysis due to the prostration of the Kuomintang brought on by the falling away of its habitual sources of support." (China -- New Age and New Outlook, 1956, pps. 79-80.)

It is of course an oversimplification to say that Chiang stood for the "privileged classes" without recognizing shifts and antagonisms between whole sections within the ranks of the privileged classes. It is an exaggeration to say that the landlord class as a whole, or in its majority, deserted Chiang. It is wrong to think that the regroupment of class forces began only in 1947. Nevertheless, this observation helps us closer to the actual correlation of class forces in the Chinese revolution.

For historical materialists, while individuals may run away, and even a section of a class desert, the class as a whole acts in its class interest in the face of the class enemy. Neither the nationalist bourgeoisie nor the proletariat acted contrary to their class interests.

W. Macmahon Ball, Professor of Political Science at Melbourne University writes that: "During the Nationalist Government's war-time stay in Chungking it had become increasingly insulated from the people. Whereas in 1927 it got its main support from the bankers and merchants of Shanghai, it had now come to rely on the landed gentry of Szechuan. The coastal merchants had supported reform. . . in the countryside. The landed gentry opposed any change that would threaten their traditional powers and privileges." (Nationalism and Communism in East Asia, p. 42)

In a study titled Government and Administration in Communist China, published by the International Secretariat of the Institute of Pacific Relations, S. B. Thomas says: "As already noted, a striking aspect of the postwar collapse of the Nationalist Government was the virtual evaporation of support for it among those urban groups -- the intellectual and business classes -- which had once been the source of its vitality and the mainstay of its political strength. . . This process, already under way during the war with Japan, was a particularly notable feature of the 1946-49 civil war." (p. 13)

These comments, from sources not in particular sympathy with the CCP regime, serve to illustrate one phase of the ultimate pattern of class forces, i.e. the movement of the nationalist bourgeoisie away from the Kuomintang. The dynamics of its progress towards fusion with the CCP and its regime we will note below.

The Transformation of the CCP

"The bridge" Trotsky wrote, "between the peasantry and the bourgeoisie is provided by the urban petty-bourgeoisie who commonly come forward under the banner of Socialism and even Communism." (FI, Jan-Feb, 1950, p. 25)

The Kuomintang which had played this role up to 1927 could no longer fulfill it after that date. After smashing the proletarian uprising, it consolidated itself on the compradore and landlord elements and the nationalist bourgeoisie became ever less dominant. The CCP moved inexorably to fill the vacuum left by the departure of the Kuomintang from its previous function.

The Ideological Transformation

There can be little doubt that even though Mao did not take formal leadership of the CCP until January of 1935 his influence on the party grew steadily, especially from 1927, i.e. the date

of the defeat of the proletariat. The fact that he remained free to carry out his line among the peasants, despite the sporadic attempts of the "returned students" from Moscow to revive the urban orientation indicates from the outset his power within the CCP.

This much must be said for Mao: the events in China which caught almost all sections and schools of thought off guard, have by and large verified his theoretical pronouncements and his strategic line. His theory and strategy however is not the theory and strategy of the proletariat, but of a section of the bourgeoisie.

Mao expressed his general attitude toward Marxist theory quite succinctly. "There are people," he wrote, "who think that Marxism is a kind of magic truth with which one can cure any disease. We should tell them that dogmas are more useless than cow dung. Dung can be used as fertilizer." (as quoted by Robert Payne, Mao Tse-Tung. p 270.)

More concretely with regard to the proletariat, Mao set forth his views in 1927 -- that is, after one of the most remarkable displays of revolutionary initiative and accomplishment on the part of the working class at any time anywhere in the world.

"To give credits where they are due," he wrote, "if we allot ten points to the accomplishments of the democratic revolution, then the urban dwellers and the military units rate only three points, while the remaining seven points should go to the peasants in their rural revolution." (as quoted in W.W. Rostow, The Prospects for Communist China, p. 26). The monstrous class bias of this infamous formula, pronounced by a leader of the party which had played a not inconsiderable role in the beheading of the Chinese proletariat, becomes acquainted when we note that for Mao the working class as such did not even merit mention, but is thrown in casually with "urban dwellers." What this quotation reveals is that already in 1927, Mao viewed developments from a class view other than that of the proletariat. One wonders what rating the class forces would earn if he were to recast his accounts for the "proletarian" revolution of 1947-49, in which the working class actually did not participate.

Mao, of course, was not alone in his attitude towards the proletariat, although his views were the most developed. In the first place the CCP came to life already compromised by its relations with the Kuomintang.

And as early as 1927, in a report by 3 representatives of the Comintern, we read: "...Above all, there is an absolute underestimation and lack of attention to it / the workers' movement / . The CC has no trade union department. More than a million workers have no guiding center. The trade unions are

separated from the masses and remain to a large extent organizations at the top. The political and organizational work is replaced everywhere by compulsion....Out of fear of the elementary growth of the labor movement, the Party consented to compulsory arbitration, then it did the same thing in Hankow....Especially great is the fear of the party leaders of the movement of the non-industrial workers....The party also fears the arming of the workers....Out of the fear of revolutionizing the army, which pervades some party leaders, the various comrades working in the army become detached from the party, are transformed into 'individual' Communist commanders, and as one of the Russian comrades in charge of military work in the CC declared: 'they probably refuse to take workers into their section of the army, because the workers constitute a turbulent element.'....The lack of faith in and understanding of the masses leads quite naturally to the fact that some party leaders regard the party as a medium between circle and clique, about like other cliques existing in China." (Problems of the Chinese Revolution, the Letter from Shanghai, p. 397).

Thus is the CCP characterized at the beginning of its transformation, before the triumph of Mao's line, before the defeat of the proletariat. Here, in shorthand, is laid bare the physiognomy of the petty-bourgeois and ultimately bourgeois attitude and relation to the masses -- first, underestimation of, then, lack of attention to, followed by fear of, and finally, compulsion over.

Mao's view of the historic objectives of the Chinese revolution in its most basic aspects is in the direct tradition of Sun Yat Sen, i.e. of the nationalist bourgeoisie.

"Since our present Chinese society is still colonial, semi-colonial, and semi-feudal ... the dagger of the revolution should not be directed against capitalism and the private property of the capitalists, but against imperialist and feudal monopoliesPolitically it /the revolution/ is formed by several revolutionary classes which unite together to form a revolutionary dictatorship over the imperialists, traitors and reactionaries, and to oppose the transformation of Chinese society into a bourgeois dictatorship. Economically, it strives to nationalize all large capital interests, and all the large enterprises of the imperialists, traitors, and reactionaries, to divide up the large estates and to distribute them among the peasantry, at the same time helping the middle and small private industries, while making no attempt to abolish the economy of rich farmers." (The Chinese Revolution and the Communist Party of China, 1939, as quoted in Robert Payne, op cit, p. 186).

Mao drew a sharp distinction between the tasks of the Russian bolsheviks prior to October and of the CCP. He argued that Russia was an imperialist state and the Russian Bourgeoisie were therefore exploiters of dependent peoples. China, by contrast, was herself a semi-colonial country and her bourgeoisie was resisting

foreign exploitation. That is why it was the duty of the Russian communists to destroy the Russian capitalists, and the duty of the Chinese communists to collaborate with the Chinese national capitalists.

In 1945, in Coalition Government, he wrote: "Some people refuse to understand why the Chinese Communists do not fear capitalism, but on the contrary, develop it as much as possible. Our answer is simple: we have to replace foreign imperialism and native feudal oppression with capitalist development because this is the inevitable course of our economy, and because the capitalist class is benefited as well as the proletariat. What is superfluous today is foreign imperialism and native feudalism, not native capitalism. On the contrary, our capitalism is indeed too little." (p. 195, Robert Payne, *ibid*).

As far as the class dynamics of the Chinese revolution were concerned, here too Mao's consistent anti-proletarian views are clear: in his work New Democracy, first published in 1940 he stated: "Stalin once said: 'The question of the colonies is in essence a peasant question.' That is to say, the Chinese revolution is in essence the transfer of power to the peasantrythe peasant question is the fundamental question of the Chinese revolution and the force of the peasantry is the main force of the Chinese revolution." (mimeographed translation, Harvard University, p. 11).

This is the bridge established between the peasantry and the bourgeoisie by the urban petty-bourgeoisie who commonly come forward under the banner of socialism and even communism. This is the ideological face of the process through which the CCP moved into the function and role vacated by the Kuomintang. Here is the ideological rejection of the proletariat, and the acceptance of the nationalist bourgeoisie and the peasantry. This is the programmatic character of the "aim, the method, the conscious factor" to which Lenin and Trotsky attached such decisive importance, in the Chinese revolution.

The composition of the party soon began to reflect its ideology.

The Structural Transformation

In April of 1927, the CCP was an organization of about 60,000 members, of which 53.8 per cent were workers. Within a year, that percentage fell by 4/5ths and an official report admitted that the party did 'not have a single healthy party nucleus among the industrial workers.' (Isaacs, *op cit*, p. 273).

By 1930, the estimated percentage of industrial workers ranged from two to three per cent. Our Chinese comrades have informed us that this percentage went to 1.6 and lower.

In 1927, Trotsky wrote: "While defending the Canton

insurrection, one of the Chinese delegates referred triumphantly to the fact that after the defeat suffered in this city, the membership of the party did not decrease, but grew.... However... we learn, that while the CCP has gained thousands of members among the peasants, it has on the other hand lost the majority of its workers. It is this menacing process, characterizing without the possibility of error a certain phase of decline of the party, the Chinese communists describe at the Congress as a sign of growth....In the period under consideration, it is only one form of the dissolution and the liquidation of the CPC, for, by losing its proletarian nucleus, it ceases to be in conformity with its historical destination." (Problems of the Chinese Revolution, pps 160-161)

Isaacs (op cit pps 310, 312) describes the process over a longer period: "During the two decades following 1927, the Communist Party became a party of de-urbanized intellectuals and peasant leaders whose main strength lay in the military force which they created and with which they ultimately won power. Apart from its broadly agrarian character and preoccupations, this party and this military force had no stable or consistent class base throughout the years. In accordance with changes of line, purpose, circumstance, it shifted from one section of the peasantry to another, now seeking the support of the lower strata, at times of the upper strata, at times adapting itself without undue difficulty even to the landlords. It appeased, when it needed to, the merchants and local shop-owners and capitalists....The communist armies became an agglomeration of plebian soldiery with roots in the land and peasantry but with no fixed social or economic orientation...They were, by and large, declassed masses of men, held together by submission to the authority of the party and of the army."

By 1932, in Trotsky's eyes, the process of the liquidation of the CCP as a proletarian party was completed. "The party," he wrote, "actually tore itself away from its class." And then he describes the process which has actually taken place in the course of the aborted Chinese revolution. "Thereby in the last analysis, it can cause injury to the peasantry as well. For should the proletariat continue to remain on the sidelines, without organization, then the peasant war will inevitably arrive in a blind alley....Under the present conditions, the peasant war by itself can only pass on the power to a new bourgeois clique...And this in turn would signify a new massacre of the workers with the weapons of 'democratic dictatorship'". (FI, Jan-Feb, 1950) In the same letter he goes on to pose the theoretical probability of civil war between the Stalinists basing themselves on the peasantry, and the proletariat led by the Trotskyists.

The Proletariat in 1927 and 1947

There are two reasons for the subsequent discussion: one is that the revealed characteristics and activities of the proletariat in 1927 underlines by contrast the pattern of class forces in the later period. The other related purpose is to dispose of the tendency in some quarters to explain the Chinese revolution in terms of "special" characteristics of the Chinese peasantry, as opposed, by implication, to "special" weaknesses of the Chinese proletariat.

This latter point of view is put forth in finished form by Peng Chen, a member of the Politburo of the CCP in an article written in 1951 in which he chastizes those "members of the reaction" who see in the distinctive characteristics of the Chinese revolution evidence that "Marxism-Leninism has 'gone bankrupt in China,'" Addressing himself to these "skeptics" who "doubt whether a party with this kind of social composition can be sure that it will be a pure vanguard and organized detachment of the working class," he argues that the party is based on a proletarian ideology, that its leading cadres, though originally of peasant origin, are now "professional revolutionaries," and that the majority of party members can be considered "proletarians and semi-proletarians of the countryside." Therefore, he concludes, whether the party is actually "the vanguard of the proletariat" must be determined not solely on the basis of its social composition, but on the basis of "its ideology and action, the political qualities of its core of leadership, the political and fighting life of its members and their present material conditions of life and on the basis of its revolutionary practice." (The Victory of Marxism-Leninism in China, July, 1951 as quoted in Thompson, op cit p.72)

To finish with this aspect of the question, we need do no more than quote Po Yi Po, Finance Minister in Peking.".....it is a difficult thing" he writes, "to conduct a systematic Marxist-Leninist education among Party members and cadres of peasant origin to convince them of socialist and communist principles... Peasant economy is individual and scattered, and peasants only accept the leadership of the working class after they have been proved its correctness by their experience....Party members and cadres of peasant origin essentially show this characteristic of peasant masses."(as quoted in ibid, p.73)

What then is the character of the Chinese proletariat? In 1927, the estimated urban working class numbered about 11 million, of which 1½ million were factory workers, 1 ¾ million other industrial workers (miners, seamen, railroad workers) and the balance of urban shopworkers and handicraftsmen. In Russia in 1905, the estimated working class numbered 10 million.

The first modern trade union appeared in China only in 1918, yet by 1919 workers were already striking in support of anti-imperialist demonstrations of the nationalist students. By 1925, a million Chinese workers were participating in strikes, many of them of a directly political nature. By 1927, 3 million Chinese workers were organized in trade unions, yet, according to Comrade Cannon, that figure was not reached in Russia until 1922, five years after the revolution.

In Shanghai by 1927, the workers had carried out a victorious insurrection and had set up rudimentary Soviets, while in the south the workers of Kwantung and Hong Kong initiated the famous Kwantung-Hong Kong Joint Strike as they awaited the approach of the army of the Kuomintang.

In contrast even to the army of the Kuomintang, the People's Liberation Army in 1947-49 took great care to avoid the cities. But there was no need for alarm. The mighty Chinese working class, strengthened in numbers through a great increase in industry in the years since 1927, were nevertheless without leadership and did not stir in this "proletarian revolution." Li Li-san, former "left" antagonist of Mao, who had insisted in the years following 1927 on the necessity for maintaining some type of urban orientation, writes: "One special characteristic of the Chinese Revolution lies in the fact that the cities were not occupied through uprisings of urban workers, but were seized by the PLA after the extermination of the enemy's forces." (The Labor Movement in China, People's China, Peking, January 16, 1950, pg. 25.)

When the proletariat did come to life it found itself in defensive action against the CCP and the People's Liberation Army. The editor of Fourth International (Jan-Feb 1950) notes that: "In all essentials Trotsky's predictions have literally proved prophetic. The peasant armies under Stalinist leadership conquered the big cities as an anti-proletarian force.... The conflict with the workers became an actuality in the very first city that Mao's troops entered. While the peasants were granted certain reforms...workers' demands for an improvement of their terrible conditions have been brutally denied by the Stalinist warlords. Strikes have been violently smashed, the 'ringleaders' executed and the workers driven back to the factories and ordered to 'work harder.'"

The Working Class Today

For a detailed account of the conditions of labor under the CCP regime, see China: An Aborted Revolution, FI Jan-Feb 1950, and Labor in Revolutionary China, FI March-April, 1953. In addition we note the following:

A group of trade union members were sentenced to death at a mass meeting in Hankow on March 31, 1954, for instigating demonstrations by unemployed workers.

In 1955, new "Regulations Governing Labor Service for Reform" were announced as an integral part of the country's production and construction program. These set up an elaborate system of controls over forced labor contingents which have been estimated to comprise 83 per cent of the total number of arrested persons and in absolute figures are estimated at around 23 million.

According to one eye-witness report, one of the more serious uprisings among the forced laborers took place at the Yen-ch'ang oil field in Shensi in April of 1951. Here, 528 PLA soldiers and over 2,300 forced laborers were killed. About 700 soldiers

and 4,000 laborers were wounded, with another 7,000 retaken as prisoners. Eight new oil wells and 13 old wells were destroyed, as were 3 oil storage units which were burned to the ground. (Above material is from Problems of Communism Vol. IV, No. 4, July-August 1955)

There is no doubt that some attempt had to be made to correct some of the more onerous conditions under which the Chinese working class labored, especially with the advent of the Korean war, if only to avert increased internal difficulties. Nevertheless, through the end of 1955, the living conditions of the workers showed little improvement, even if we are to take the statistics of the regime at face value.

According to a report in the N.Y. Times of June 19, 1956, Li Fu-chun, a Deputy Premier and chairman of the State Planning Commission, told the National People's Conference that "productivity at the end of 1955 was up 41.8 per cent over 1952 but real wages were up only 6.9 per cent." That this disparity is not overstated is underlined by another report by Li Fu-chun (N.Y. Times July 5, 1956) in which he stated that, while output of capital goods increased 17% in 1955 over 1954, the corresponding growth in consumers goods was only one per cent. The inevitable consequence follows. According to a report in the N.Y. Times of Sept. 21, 1956, Vice-Premier Chen Yun in a report to the party congress warned that prices would have to rise in order to increase quality and variety and to encourage new lines of consumers goods and agricultural products. And this report deals with officially sanctioned price increases.

The attitude of the regime to the working class and the working class to the regime is reflected in the revolts, the massacres and executions, and the general process of increasing the accumulation of capital at the expense of the living and working standards of the proletariat. This relationship is also reflected in the official pronouncements on so-called "Economism."

The doctrinal journal of the All-China Federation of Trade Unions defined "economism" as a deviation "in which improvements in material welfare are undertaken without regard for actual increases in levels of productivity; or, where too much emphasis is placed on the provision of comforts and amenities of workers and too little attention is given to conditions of production..." (Kung-jeu (Worker) Peiping, No. 9, May 12, 1955.) The officialdom use Lenin's campaign against economism in Russia prior to the October Revolution, as the official source and justification for their present campaign.

As early as December 25, 1947, Mao warned the party central committee that an economic policy directed to the "welfare of the workers" would be a "short-sighted, one-sided policy," in fact, an "extreme left, incorrect policy." Believing that this

"kind of mistake" had been made during the period of the Chinese Soviet Republic (1931-34), Mao pointed out that a "repetition.. would necessarily injure the interests of the working masses and of the new democratic state."

(The Present Situation and our Tasks, Hong Kong, 1948)

Lai Jo-Yu, Chairman of the ACFTU, informs us that the class struggle rages on in China: "The prolonged and persistent existence of this erroneous economist tendency" he said, "is primarily due to an apolitical tendency in trade union work. The political and ideological leadership of many trade union organizations is weak, failing to carry out consistent and practical Communist education among the workers. Once there is a deviation from Communist ideology, the working class movement will inevitably move toward economism." The leader of the organized working class then goes on to attack the expansion of labor insurance programs as "blind adventurism out of proportion to the practical requirements of the masses." (Speech to the Seventh All-China Congress of Trade Unions, May 3, 1953.)

A clue to the real attitude of the workers towards the regime and towards the trade unions as an organ of suppression and control of the workers is clearly shown in the following remarks by Lai Jo-Yu at a national conference on basic level union work on Dec. 2, 1952, as quoted in An Economic Survey of Communist China, Y.L. Wu, pg. 435.) "The majority of responsible trade union workers and basic level union committee Chairmen are local Party Committee members of branch committee members. Whatever opinions and suggestions they may have may be voiced and properly settled during party meetings. These are the Party's internal problems. As for the trade unions, their work must be carried out under the leadership of the Party. They may not oppose the Party in any way....This is heaven's first law.."

There can be little wonder then, at the fact that trade union and CCP membership figures also reflect the relation of the regime to the working class. In 1927, in the revolutionary days, 53.8 per cent of the members of the CCP were workers. At the end of 1952, not more than 7.2 per cent of the CCP could claim a direct affiliation with workers, and only 4.4 per cent of the members of the workers organizations in the basic industries had been admitted to the CCP.

This smaller proportion of workers in the CCP occurs despite the growth in the number of workers organized in trade unions. Total membership of the unions has reportedly increased from 800,000 in 1945 to 12,450,000 in 1955, more than trebling in size since the establishment of the CCP regime in 1949.

Yet, despite this increase in trade union membership, the number of workers in the CCP remains small. At the end of 1952, for example, when the CCP had some 6,250,000 members and the ACFTU

membership includes those who are staff employees and lower level management personnel, as well as trade union officials. Thus the proportion of CCP members who are actual workers is still smaller. (Material from Problems of Communism, Vol 5, No 2, March-April 1956)

This was the situation 2 years after Mao had initiated the movement "to absorb one-third of all industrial workers into the party in the next three to five year period." (Thompson, op cit, p. 68). So singularly unsuccessful was the drive that an abrupt about face in its direction took place. Instead of industrial workers being recruited into the party, in November of 1953 a directive was issued transferring large numbers of party cadres from government departments to industrial and mining enterprises. (New China News Agency, Nov 22, 1953). These cadres will appear in future statistics as part of the proletarian composition of the CCP.

The CCP cannot, of course, despite its composition, be considered simply as a peasant party. "The peasantry goes either with the proletariat or with the bourgeoisie." That is why we can accept the statement of Po Yi-po (Thompson, op cit p. 73) to the effect that the peasantry "occupies the most important place in the state power" only as a negative proof that it is not the proletariat which occupies that position. As we have already indicated, the function of the CCP is to replace the compromised and ineffective Kuomintang in an attempt to achieve unification, independence and industrialization for the bourgeoisie under conditions of state capitalism. In the process, made possible because of its roots in and control over the masses, it becomes the active agent in the adaptation of the bourgeoisie to the needs of capital accumulation in the epoch of the death agony of capitalism. In this fusion it is itself involved, and there is therefore a qualitative class difference between the CP as opposition party, and the CP in power. In the first instance it is a petty-bourgeois party; in the second, it is the party of the bourgeoisie.

CCP and Bourgeoisie

As we have seen, the bourgeoisie in its classic form had no future with either the Kuomintang or the CCP. But whereas the Kuomintang represented the relatively stagnant past, consolidating itself on the basis of landlord and comprador and in constant danger of being swept aside by the proletarian and peasant mass, the CCP reflected the relatively more dynamic future, made possible by its control over the mass movement.

"While the Kuomintang was moving from a coalition of interest towards a monopoly of one interest, the Communists were moving in the opposite direction. From becoming a one-doctrine party, they were tending to become a coalition party." (Lattimore, Solution in Asia, p. 109)

The nationalist bourgeoisie cast its lot with the CCP. That is why in 1946 the northern industrialists sent a delegation to the Kuomintang asking for a truce. On its part, the CCP has, in line with its historic character and destiny, made every effort both in the state and in the process of production, to effect a painless organic fusion between itself and the nationalist bourgeoisie.

In this it has been quite successful; far more successful than in its attempts to convince the working class that it is the leading class. It seems perhaps strange, that while our comrades feel free to call China a workers' state, the CCP does not yet dare to do so.

The CCP has included in the central state apparatus in positions of central importance, representatives of the "Democratic League", reorganized in 1944 as a coalition of five "Democratic" parties, which had been banned by the Kuomintang, and which was made up of professionals, business interests, and "liberal" generals; the Revolutionary Committee of the Kuomintang, a group of generals representing the industrial bourgeoisie of the south; the Kuomintang Association for Promoting Democracy; the San Min Chu I Comrades Association, etc. Prominent among these representatives are some of the most murderously reactionary elements in the recent history of China. (See China; An Aborted Revolution, op cit, for detailed list). In provincial and many city governments the bourgeois state machinery was incorporated intact into the new regime. For example, General Chen Yi reported that "over 95% of the former Kuomintang governmental employees remained at their post." (As quoted in H. Arthur Steiner, Chinese Communist Urban Policy, American Political Science Review - March, 1950, p. 59).

The bourgeois, as well as petty-bourgeois intellectuals, as a class have become integrated into the apparatus of the regime. "The fact is that nearly every leading citizen among the modern Chinese intelligentsia, with the exception of a certain number who had become identified with the nationalist government, appear to have given a degree of moral support to the new Peking regime. The great body of modern Chinese professors and nonpolitical administrators who were trained in the United States, Britain and France, must be included in this category..... Thus the intellectuals with the highest degree of Western contact and training, men of international repute, formerly well known for their liberal and libertarian beliefs, are among the present collaborators with Chinese communism. As of 1950, they hold high posts in the central and local administrations, continue in charge of leading academic and scientific institutions and take part in public life and the process of government. All this may change. But it is a truly startling phenomenon which deserves more than passing consideration. The most advanced strata of the Chinese upper class, the people most like ourselves, appear to have gone over to Communism."

(A Documentary History of Chinese Communism, op cit, emphasis added).

It is indeed strange that all classes but the proletariat seem attracted and vitalized by this brand of "communism".

At this point it should be noted that the intellectual in China is not of the same class level as in the western nations. In the first place, the whole tradition of China identifies the scholar as part of the aristocratic ruling class. In more recent years, in a country as poverty stricken as China, only the more affluent groups, generally associated with either business or landowning families, can afford the educational process. This is of course even truer of those who could afford to get their education in the western countries. Thus the Chinese intellectual class is far closer in tradition and in economic ties to the bourgeoisie, than to the petty-bourgeoisie as is the case in the western countries.

Let us add one final comment on this aspect. Michael Lindsay, reviewing Peking Diary - A Year of Revolution by Derk Bodde in Pacific Affairs, Vol XXIV, No 2, June 1951 notes that "The first part of the diary covers the last few months of Kuomintang rule in Peking. Dr. Bodde confirms the picture given by almost every other observer in touch with Chinese opinion. The normal respectable Chinese citizen, even if his general outlook was conservative....was inclined to welcome a Communist victory..."

The CCP has obtained the support of the bourgeois intelligentsia. It has fused the nationalist bourgeoisie into the government apparatus. And in the relations of production, in contrast with its relations with the proletariat, a contrast evident in every area, the nationalist bourgeoisie as a class is being gradually, peacefully, and organically merged with the CCP as the managers, i.e. as the functionalized personification of capital.

Mao, in an address to the People's Consultative Conference in June of 1950, reassured those who would eventually be effected by the "socialization" of China's economy. He promised them that their future would then be "bright" if they had "faithfully served the people" up to that point. (China Weekly Review, Shanghai, July 8, 1950, p. 105) This "bright future" for the capitalists is, whatever its form, bourgeois in content.

The Relations of Production

In a report by Chien Chia-chu, Deputy Director of the Central Administrative Bureau of Industry and Commerce of the People's Republic of China, we read the following:

"The fact that our policy towards the Chinese national bourgeoisie is not one of immediate expropriation is determined by historical conditions. These have divided the Chinese

bourgeoisie into two categories: the bureaucratic capitalists and the national capitalists.... Following the victory of the new democratic revolution, the national bourgeoisie acknowledged the leadership of the working class. It took part in various patriotic movements and the work of economic rehabilitation. Hence the status it occupies in China today...." (State Capitalism in China, issued by the Far East Reporter, pp. 2, 6)

The highest form of the relationship between the private and the public sector lies, according to the report, in joint public and private ownership. "Enterprises under joint public and private ownership are thus semi-socialist in nature. Their character is determined not by the number of shares held by the state but by the leading position of the socialist sector in the entire national economy, the nature of our state power, the unity between the representatives of the state as shareholder and the workers, and the fact that the capitalists and their agents are being guided and reformed.... To prepare the ground for the rather gradual replacement of capitalist ownership by the whole people, the socialist sector within these enterprises must continue to grow. This too, is not merely a matter of an increase in state-owned shares. It depends on the transformation and improvement of management; the steady rise in political consciousness of the workers, staff, and technicians; and the education and remolding of capitalists and their agents. In short, it depends on the degree of transformation of enterprises and the people in them. A jointly owned enterprise is the ideal form for carrying out such work. It is the best of all forms to speed the transition from capitalist production relations to socialist ones." (ibid, pps 12-12)

This type of approach is familiar. The Fabian society and the British Labor Party have scores of tracts, pamphlets, and books with titles such as Management in Transition, The Anatomy of Private Industry, A Socialist Policy for the Future of the Joint Stock Company, etc. Under the impact of increasing nationalizations, as well as of joint state and private ownership, in the advanced countries like Italy, France, Austria, Britain, or in countries like Bolivia, India, Burma, more and more emphasis is given to the "reeducation and remolding" of the managers and capitalists.

A typical example is given by the Rt. Hon. Herbert Morrison, C.H., M.P., of the British Labor Party. In a foreword to Efficiency in the Nationalized Industries published by the Institute of Public Affairs in 1952, he says: "It is clearly thoughtless and unreasonable to expect that the mere passage of An Act of Parliament and the subsequent transfer of privately owned industries to public ownership will bring about a new order of things overnight. The Royal Assent to the Act of Parliament and the physical transfer of the undertakings does nothing of itself; it is merely the beginning; it enables the process of reorganization and the infusion of a new spirit to begin.... It is very necessary that there should be a new consciousness on the part of management, technicians and labour as to their

responsibilities to John Bull."

What is missing here, as in China, is the intervention of the proletariat into history, the making of the proletarian revolution. Without that, all the nationalizations and the reeducation will come to nothing, except a new enslavement of the proletariat. The only way in which the working class can educate itself as to the new spirit, and to educate others along with it, is to make the revolution, to make the technical forces of production and of the state its own.

On the other hand, in China as in Great Britain, the state takes on with delightful impartiality, the task of "educating" both the workers and the capitalists, although as one might suspect, the evidence indicates that the method of education is not the same in both cases. In China, as we have seen, the instrument of education is the whip and the bullet for the worker: for the bourgeoisie, as we shall shortly note, it is a guaranteed rate of profit, increased government contracts, and the promise of a bright future as part of the ruling class.

Nevertheless, our theoretician Chien Chia-chu, is not unaware of developments throughout the world and feels the necessity of explaining the difference between bourgeois state capitalism and proletarian state capitalism. "The nature and the function of any form of state capitalism," he says, "depends on the nature of the state itself.... Armchair 'socialists' of some countries still contend that state operation alone, even under capitalist rule, constitutes 'socialization' of industry. But they are only fooling themselves and the people. None of these forms have any point of similarity with state capitalism where the state is led by the working class, as in China today." (ibid, p.9) Needless to say, he gives no evidence that the Chinese working class leads the state in any way.

Chien is of course profoundly correct in one sense. He recognizes the point which is of the essence of Marxism, that is, that it is the character of the state power which is decisive. But what he assumes about the character of the state is precisely the question at issue. Unfortunately, too many think the question resolved by pointing to the 'socialization' of industry.

The So-Called Transition

Comrades of the majority hold that the transition of the regime of the CCP to a workers' state was initiated by the Korean War and was marked at the point of change by the San fan and Wu fan movements within China. Herein they find their "vindication" of the theory of the permanent revolution. It is a sorry vindication.

We have already seen that the relationship between the regime and the working class underwent no change in the period

since 1950. The revolts and the class struggle in general continued unabated. The condition of the working class did not improve. And far from seeing the long awaited mobilization of the proletariat, the period witnessed the defeat of the regime even when it tried simply to change the social composition of the CCP.

On the other hand, the relations between the CCP and the nationalist bourgeoisie did not worsen in any basic respect in any field, either in the state, or in industry. As a matter of fact, in some important respects, the relationship was even more satisfactory to the nationalist bourgeoisie.

At the same time as the CCP launched its ill-fated drive to "regulate the social composition of the party," which some comrades apparently try to interpret as the mobilization of the proletariat from below, it also encouraged a campaign to extend the mass base of the bourgeois organizations. Li Wei-Han, Chief of the United Work Department of the Central Committee of the CCP said that: "The various parties and groups are thus enabled to acquire organizationally necessary and definite mass character so that they can play a more active role in the people's democratic front." (Thompson, op cit, p. 41)

Thus, according to a joint declaration of these parties issued early in 1951, they announced their intention to recruit new members in accordance with the following formula defining those "principally eligible" for membership in the various parties:

For the Revolutionary Committee of the Kuomintang: Kuomintang members who at present still occupy government positions and those who rendered distinguished services in the work of resisting American aggression and helping Korea, or in the land reform.

For the China Democratic League: Petty bourgeois intelligentsia, particularly education and cultural workers, college students, technicians, practitioners, government employees and patriotic and overseas Chinese.

For the China National Construction Association: National industrialists and merchants.

For the China Peasants' and Workers' Democratic Party: Government employees, specialists, and technicians.

For the China Association for Promoting Democracy: Progressive intelligentsia, practitioners, and administrative workers.

The Chiu San Society will admit new members mainly from among progressive workers in cultural, educational, and scientific fields. (New China News Agency Daily Bulletin No. 211, January 31, 1951 as quoted in *ibid*, p. 48)

Unfortunately we have no figures to make a comparative estimate of the relative success of the drives to mobilize the proletariat on one hand, and the bourgeoisie and petty-bourgeoisie on the other, but if past experience is any basis for judgement, the CCP has always been able to generate greater response from the latter group than from the former.

As far as the Wu fan movement itself is concerned, it was launched at the beginning of 1952, and had run its course by the middle of that year. What it produced in addition to warnings and additional tax money is hard to determine. We know that the closing phase of the Wu fan coincided with preparations for forming an All-China Federation of Industrial and Commercial Circles, and with the government offering increased contracts and a guaranteed rate of profit. The theoretical party journal Hsueh-Hsi (Study), which had been in the forefront of the paper revolution against the capitalists, was suspended in April 1952, reappearing in August with a series of self-criticisms of its dogmatic and one-sided attitudes with regard to the bourgeoisie. (Thompson, *ibid*, p.116).

At the risk of seeming facetious, we wish to indicate that this reversal of attitude on the part of the theoretical journal does not seem to us to be indicative of counter-revolution, any more than its attacks heralded the mobilization of the proletariat.

Chien Chia-chu has a much more modest evaluation. He says: "After the largescale San fan and Wu fan movements, a great many capitalists expressed willingness to accept socialist transformation." (*op cit*, p.15) This statement again, has the familiar ring of the Fabians, and not the sound of the working class on the move in any fashion. To bring us further up to date on this aspect of the question, we quote from a dispatch to the N.Y. Times, Aug 22, 1956 dealing with an interview with the capitalists in Shanghai:

"..... It is surprising what unanimity there is in their (the capitalists) declarations that they get fair treatment from state representatives in joint enterprises, that their suggestions are seldom rejected and that their complaints, even at the national level, are dealt with promptly and almost always effectively." We are certain that an interview conducted as freely as this one was, with the working class of Shanghai, would have had somewhat different responses.

The state apparatus on its part, went through this "revolution" with quite remarkable stability. The Standing Committee, the leading government arm elected by the National People's Congress in September of 1954 had 13

vice-chairmen, only five of them members of the CCP. Considering the nature of the CCP, this fact itself is not decisive, but is an interesting surface indication of a relatively unchanged relationship between the nationalist bourgeoisie and the CCP. Among the vice chairmen were Soong-ling (Madame Sun Yat Sen), Li Chi sheh, and Chang-Lang, all of whom had been among the previous vice-chairmen, plus the Sinkiang representative, Saifudin and the Dalai Lama of Tibet. Of the Committee's seventy-nine member total, forty are members of the CCP, a majority of one.

As for the new national defense council, here too the "transition" to a workers state left hardly a ripple. Of its ninety-six members under Chairman Mao, only sixty-five are members of the CCP, with the remainder made up principally of former Kuomintang generals. Of the fifteen vice-chairmen, eleven are of the CCP, the others being Fu Tso-yi, Cheng Chien, Lung Yung, and Chang Chih-chung, all of whom held high rank under the Kuomintang. (ibid, pps 147-148)

The only apparently significant indication of change is in the purge of Kao Kang, and the demotion of Li Li-san from his former post as Minister of Labor. These are hardly signs of a proletarian upsurge.

The Position of the Fourth International

Our movement is educated in the general Trotskyist tradition; that is, it views all questions from the point of view of the revolutionary proletariat. In that it is unique. The movement, therefore, up to a point, had no difficulty in recognizing the class nature of the forces in China.

An enlarged conference of the central committee of our Chinese co-thinkers, for example, affirmed on January 17, 1950, that "the rule of the Chinese CP is a sheer Bonapartist military dictatorship based on the compromise between the bourgeoisie and the petty-bourgeoisie, and relying on the peasant armed force." To the best of our knowledge, the majority of our Chinese co-thinkers have not changed their views.

In the International Information Bulletin of June 1949, we were informed of the position taken by the 7th Plenum of the IEC of the Fourth International, from which we quote pertinent paragraphs:

"...9. The Armies of Mao Tse-tung have their origin in the peasant organizations which arose during the decline and after the defeat of the Chinese Revolution of 25-27. During the last years, the Mao Tse-tung movement has remained what it was at its origin, a peasant army led by the Stalinists. Even now, at the moment of victory over the completely disintegrated nationalist armies, the armies of Mao Tse-tung display extreme caution in approaching the large cities ...

The victory of Lao Tse-tung over Chiang Kai-shek is a military victory of peasant uprisings over a regime in complete dis-integration." (Emphasis in the original) "...11. The Third Chinese revolution will be doomed to failure unless the working class succeeds in freeing itself from the shackles of Stalinism and finding a new revolutionary leadership, which, through all the vicissitudes of the struggle, will place its confidence solely in the forces of the working class and the poor peasants."

The working class did not succeed in "freeing itself from the shackles of Stalinism and finding a new revolutionary leadership" and yet, according to the comrades of the majority, a workers state was nevertheless established. What caused this not inconsiderable change in analysis? Is it possible to attribute it to anything but the fact that the Stalinists extended the already considerable nationalizations?

Up to this point, the movement had clearly recognized the nature of the class forces at work. But the fact that our movement does not accept the orthodox Marxist viewpoint on state capitalism, i.e. that the bourgeoisie can and does nationalize and that the character of the state power determines the character of the nationalizations, has led it into increasingly difficult theoretical problems.

On the one hand, the development of the buffer countries in Eastern Europe caused a theoretical crisis: on the other, the revolutionary initiative displayed in East Berlin, Vorkuta and Poznan was contrary to the party's perspective for the immediate period: i.e. the party's theory led it to believe that the support which workers could be expected to give to their workers' states would keep them relatively quiet for a period, and that the initiative would come from the working class of the "capitalist" countries.

Even after the "exceptional" situations in East Europe in which, according to the majority, a workers' state was achieved "from above," the nationalizations undertaken by the CCP in China were ruled out of court. The majority still refused to believe that nationalizations could take place without the intervention of the proletarian revolution.

In the same bulletin from which we have just quoted, we find the IS asserting: "...14. But may not the Chinese Stalinists 'succeed' in China in the way of the Stalinists in the European buffer countries? That is to say, may they not for various reasons be led to shift their objectives, to attack their bourgeois allies of yesterday, and proceed with structural assimilation through a series of bureaucratic measures in which the workers and peasant masses would be mobilized when necessary, simply as an element of support? To pose the question in this way is to forget all the differences between China and the buffer countries...."

The CCP did not shift its objectives, nor did it "attack" its bourgeois allies of yesterday. Structural assimilation is taking place, but it is taking place in the direction away from where the comrades had their eyes. The structural assimilation is taking place between the nationalist bourgeoisie and the CCP in the organic growth of the bourgeoisie of state capitalism. That is why the Stalinists, contrary to confident predictions, had the strength and ability to carry through the nationalizations. An incorrect theory led to incorrect expectations.

And today for China, the majority seems to be making the same error of perspective which led it to being surprised by the suddenness of the outburst within the Stalinist orbit. There seems to be only a long range, rather than an immediate, perspective for mass uprising against the regime of the CCP. The draft resolution of the majority, for example, speaks of a "permanent conflict or the regime and the workers that will in the end bring about its downfall." (Added emphasis)

The theoretical arsenal of the movement is indeed in need of a certain revision. In this task, the party is still confronted with two roads: one leads to the abandonment of the nationalized property fetishism which equates workers' states with nationalized property, and to the adoption of the orthodox Marxist theory of state capitalism, which alone of all theories maintains the necessity for the working class and its party in the socialist revolution, the other road leads, as it has already done in China, to the destruction of the role of the revolutionary party and of the workingclass itself in the struggle for socialism. But in the last analysis, to give up this is to give up the struggle for socialism.

The theory of state capitalism, on the other hand, is the only explanation of the events in China and elsewhere which is consistent both with the facts, and with revolutionary Marxist theory. In the last analysis, it is the only theory which, different from both the theory of degenerated workers' states and of bureaucratic collectivism, affords an objective explanation of the necessity for a workers' revolution against the Stalinist ruling "caste." By the same token, it is the only way in which the revolutionary perspective of the movement can obtain an objective social basis and explanation.