

China Today

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At present, it is common place to praise China's economic achievements. One generation ago, China was also praised, but from a different angle and by another set of people. The Chinese success in providing basic education and health to the people and eliminating unemployment, and reducing inequality was lauded. Her ability to do without any foreign capital was also thought remarkable. In India, the diehard anti-Chinese too had to admit this success, albeit grudgingly. But they talked incessantly of lack of democracy in China. For example, Mrs Indira Gandhi, after the exposure of the drama of *Garibi Hatao*, was in the habit of saying that whatever success China had achieved had been at the cost of people's right. Her fraudulent championship of democracy was however ruthlessly exposed when she, in the wake of the nationwide movement against her rule, declared the *Emergency*. The praise of Chinese success, however, sometimes took an exaggerated form. Today's praise is of a somewhat different kind, and the admirers of China are a different set of people, people to whom reduction of inequality and provision of basic needs do not need any separate attention. To them the category imperialism is also a thing of the past. What is important is the rate of growth of GDP, the rate of investment and at most the level of per capita income. After the East Asian crisis that reduced the tigers to cats, attention has shifted to China. It is interesting that the official Marxists of India are now frequently citing the Chinese example in defense of their own policies.

So what is needed is an objective view of the Chinese economy today. The principal question is whether the economy is promoting human development with a minimum of social tensions. This is because many of those who do not accept that China is a socialist country go on arguing that it is an example worthy of emulation. A judgment on this issue involves a study of the movement of the contradictions lying in the economy. This *monograph, written by Martin Hart-Landberg and Paul Burkett, is important reading in this sense. Those who have read William Hinton's *The Great Reversal* the outcome of the author's direct experience of the developments in China, should not fail to note that the study made by these two economists has largely vindicated the observations made by their non-economist agriculturist predecessor.

The first chapter of the book- it may be called the introductory chapter—is interesting in the sense that it points out the confusion arising out of a remarkable coalescence of views between one section of neo-liberals and some professed socialists on China. It may be remarked that those who still try to defend China as socialist are generally of two kinds. One is of the dogmatic type, refusing to take into account the qualitative changes taking place in the post-Mao period. Their opinions having little theoretical and factual basis, they lack enough

bones and muscles to fight those who cite the Chinese example to declare that socialist and communist thoughts and experiments are mere aberrations of history. The second type of socialists is entirely hypocritical. They openly support the forces of globalization and practice the policy of wooing big private capitalists to the maximum possible degree in the name of 'development', at the same time referring to China in order to project their line of action as nothing other than socialist. The left wing neo-liberals, of whom Joseph Stiglitz is one of the best examples, on the other hand praise China's road to marketization because it is gradualist. In all these views, the elements of crisis in China's present economic transformation are neglected. It is perhaps the greatest merit of the present monograph that it has tried to deal with these elements.

The reform processes placing greater reliance on the market have been described comprehensively, although briefly, The discussion of the historical background should perhaps have been more cautious, however. The author refers to an incident (vide p-36) in which the Government, precipitating a confrontation with workers, allegedly removed wreaths placed at the Tiananmen Square in honour of the deceased Prime Minister Zhou En Lie. One finds this report, taken by the author from an article in 2001 in the *China Labour Bulletin*, difficult to reconcile with the fact that it was Zhou who presented the report of the Tenth Congress of the Communist Party of China. The discussion on the township and village enterprises is illuminating. These TVEs grew in number with the passage of time. They were seen as alternative and more effective collective forms in relation to the earlier allegedly highly centralized and bureaucratic forms of organization, but in reality they became private enterprises in disguise, with the management having the power to hire and fire at will. The authors have argued, possibly correctly, that there were big gains in agricultural output during 1978-1984, but has contradicted the official Chinese view that these gains were due to privatization and marketization. These gains have come to a halt thereafter. In this respect, the authors' comments are pertinent, 'Grain production declined, and farmers, finding it difficult to support themselves and their families, began abandoning the land for rural and urban industrial work.' (p-46)

Decentralization in place of excessive central control might seem a welcome step, and this is where the rationale of the clamour for federalism in India lies. But when decentralization seems to imply the grant of freedom to rely more on the market and to dismantle gradually the social security measures that had been introduced on a nationwide scale and monitored by the central government, this is less agreeable. When labour power increasingly becomes a commodity under the process of so-called decentralization, all the contradictions of less developed capitalism are bound to come to the surface. The weakening of central planning was followed first by the privileging of market over planning and then by the privileging of private enterprises over state enterprises. One point should have been discussed. This is whether and how far the privileging of market over planning facilitated accumulation of capital by the private entrepreneurs. In India, the market was privileged over planning ever since the start of the planning process, and the Indian big bourgeoisie could take the advantage of the

market to accumulate enough capital to intervene as a big participant in the process of privatization. Yet the authors' main propositions are not difficult to accept, and extremely pertinent is their comment: 'China's reform program has underlined the viability of state planning and direction of economic activity, thereby encouraging the adoption of a growth model increasingly dependent on foreign capital and exports—the same kind of growth model whose contradictions were revealed by the 1997-98 East Asian crisis.' (p-61) One contradiction is revealed in the growing income inequality. The authors have presented figures of worsening income inequality, which are not incredible in view of the reports on Chinese market reforms and the visible impact of globalization on income distribution in other countries including India. This has been accompanied by increasing gender inequality, widening town-country disparity, declining employment and China's integration with the world capitalist system at a high cost to the domestic economy. This implies that gradualism in privatization and globalization is not a viable solution to China's economic problems.

The authors have correctly and forcefully argued in favour of a planned socially oriented economy, pointing out that such an economic planning need not reduce the country to a position of autarchy. There is a disinformation campaign about the attitude of workers and peasants regarding the present state of affairs in China. The authors have cited considerable evidence suggesting that workers and peasants are increasingly restive about the relative, and in many cases absolute, fall in their living standards, and they have begun conscious struggles against the alliance of the bourgeoisie and the state. It is very interesting that, although firms of other countries, notably those of Japan and South Korea, are shifting their production to China, for the lower labour costs prevailing in the latter, China's manufacturing employment is on the decline over the last decade. So, the crisis covers a wider area. All these have been demonstrated with elegance.

With all praise for the merits of this study, which is a strong antidote to the advocates of neoliberalism as the suitable development ideology for less developed economies, a few comments may be ventured upon. Mao Ze-dong had some ideas on economic construction in post-revolutionary China. A part of them was laid down in his "On Ten Great Relationships". Mao was a virulent critique of the Soviet model of growth. It is necessary to analyze and appraise his thought, namely how far they were applicable to Chinese conditions, and to what extent they were applied at all. The authors inform that during the Cultural Revolution decade industrial production grew at an annual average rate of over 10 percent. It follows that the slogan 'grasp revolution and promote production' was not altogether without content. A thorough appraisal of the Cultural Revolution and its defeat is possibly relevant for studying the subject. All said and done, publication of the book in an Indian edition at a modest price is very much welcome. 🌿🌿🌿🌿

*CHINA AND SOCIALISM—Market Reforms and Class Struggle : by Martin Hart-Landberg and Paul Burkett, Aakar Books, Delhi 2006, pp-155, Price-150