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# Labour under 'market socialism'

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## **Description:**

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**Labour resistance is growing in China's savage market economy. Those foreign Marxists with any illusions in "actually existing market socialism" should take a hard look at the facts.**

We have entered an era of silence and forgetting. Silence and uncritical acceptance of the logic of capitalism, despite the economic violence and social and cultural destruction wrought by its neo-liberal vanguard; and forgetting that 'actually existing socialism' never was real socialism.

The collapse of authoritarian Communist regimes should have reinvigorated our commitment to revolutionary socialism, rather serve as a justification for compromise and retreat. Rather than 'overcoming subalternity', state socialist societies under Stalinist regimes (re)created new experiences of subordination and alienation, which were intensified and expanded in the capitalist transformations of the 1990s.

Instead the large sections of the Left have not only retreated in the face of the onslaught of neo-liberalism, but are undertaking a series of long-term compromises which dispel both the project of overcoming subalternity and the very notion that subalternity is a problem in the first place. Overcoming alienation, exploitation, subordination - this is stuff of times past. Under the compulsion of pragmatism, engagement, or plain common sense, we are supposed to believe that there is no alternative to capitalism or that any alternative we dare to imagine should use capitalism - not overthrow it.

Foremost among these proposed alternatives is so-called 'market socialism', particularly in its 'actually existing' Chinese and Vietnamese forms. When China's Four Modernisations programme was launched in 1978, it was announced that rapid development and growth would be achieved by 'using capitalism to develop socialism', necessitating the development of what would later be called 'market socialism with Chinese characteristics'.

The ideological legitimacy of 'Deng Xiaoping thought' in the post-Mao era of market reforms relied in part on Lenin's New Economic Policy, which, it was claimed, proved that under certain conditions it was both necessary and desirable to facilitate capitalism in order to further the socialist project. Most important of all, 'Deng Xiaoping thought' declared that exploitation would be tolerated, especially in the Special Economic Zones and 'open cities' which would act as 'windows' on the global economy, by attracting foreign capital to a disciplined and 'competitive' labour force.

There was a great deal of such tolerance, with over 30 million workers employed in these zones under the systematic repression of labour rights and unrestrained capitalist accumulation. [1] Those "market socialists" in the advanced capitalist countries who glorified the success of China's economic reforms all-too-often overlooked this, even after the massacre of students and workers in Tiananmen Square.

## Chinese labour resistance

This tolerance for exploitation was not shared by the workers whose involvement in the mass protest was driven largely by the sentiment expressed in a worker's letter to the students in Tiananmen Square: that 'the wealth created by the sweat and blood of hundreds of millions of compatriots is squandered by the bureaucrats, China's biggest capitalists.' [2]

Both before and after the 1989 events there were widespread public demonstrations. Self-organising among workers led to the creation of autonomous unions and genuine workers' associations. And there were riots and protests by hundreds of thousands of peasants across the country against corruption, excessive taxes, and the continued abuse of privilege and power by the Party-state bureaucracy.

Violent repression by the Party-state, including mass arrests and the imprisonment of so-called 'subversives' occurred alongside ever-increasing tolerance for the displacement of peasants from their land and the unregulated exploitation of workers in a free labour market. While liberal human rights campaigners in the West have organised public campaigns around a few victims, labour activists and organisers who remain committed to Marxism and socialism are not among them.

## Hidden violence

Market socialists and the liberal left, who have praised the reform process in China for its 'gradualism' and the ability of the Communist regime to prevent the economic decline and political chaos witnessed in parts of Eastern Europe and the former Soviet Union, ignore the widespread resistance and protest by China's subordinate classes. They fail to understand that the very same 'gradualism' that the progressive Left has praised as a conscious decision on the part of China's policy-makers to ensure that the transition to a market economy is not a violent and socially destructive process is itself a product of that protest and resistance forcing the political elite and the emerging capitalist class to modulate their strategy.

But however modulated, the violence of the market cannot be hidden amidst the dismissal of some 50 million workers from their jobs. The old three irons - the iron rice bowl, iron armchair and iron wage (representing job and wage security and lifetime employment) - have been replaced by the "iron heart, iron face and iron fist". [\[3\]](#)

Mass protests, such as the demonstration by 40,000 miners and their families in November 1996, [\[4\]](#) as well as strikes and the activities of independent workers' movements continue to challenge both the neo-liberal capitalist agenda and the privilege and power of the Party-state bureaucracy - the two elements of what constitutes 'actually existing market socialism' in China.

Although depicted as a gradual process of reform and readjustment, the 'market socialist' system has met with considerable resistance from below. Throughout the state and collective sectors, private enterprises and foreign joint ventures, growing resistance to new modes of coercion and exploitation has emerged to challenge the very logic of the capitalist regime of production.

## Strikes increasingly common

In 1994 there were 135,000 reported labour disputes, and another 150,000 in the first six months of 1995. The All China Federation of Trade Unions (ACFTU) admitted that there were 25,000 strikes involving 450,000 workers in 1995. Although presented in the dominant development discourse as a manifestation of demands for higher wages under conditions of rapid economic growth, the vast majority of strikes in foreign-invested factories, private enterprises and TVEs are due to serious violations of workers' rights, including forced overtime, beatings, and physical and sexual harassment. [\[5\]](#)

The predominance of the issue of workers' rights in these collective actions is exemplified by the 1995 strike by

workers in the Japanese-invested Panasonic Corporation factory in Zuhai. They demanded that copies of the new national labour law (introduced a year earlier) be made available to them. A demand which led the official trade union to attack the striking workers.

In the Special Economic Areas, strikes have been undertaken in protest against unpaid or late payment of wages, not higher wages. [6] The response of the new capitalists and state sector managers has been based on attempts to fragment the workforce and break down their collective social and cultural identity as workers. In the Special Economic Zones and open cities, migrant workers were initially hired from the same provinces, which enabled them to (re)establish a collective identity within factories based on their common dialect and notional kinship ties. This formed the basis of a powerful sense of common interests and a tendency toward collective action which often challenged the power of managers and supervisors. In response, managers have implemented policies of segregation, ensuring that workers from the same province are broken up into different sections in the factory.

While the strikes reflect a resurgence in workers' collective resistance to domination and exploitation by the Party-state and capital, the possibility that these sporadic collective actions will form the basis of an organised working class movement is severely limited by counter-mobilisation strategies aimed at displacing any forms of self-organisation. State power continues to be exercised through the centralised trade union apparatus, with violent repression of labour movements organised outside of these structures.

## Official trade unions

Official trade unions have continued to carry out many of their functions from the pre-reform era: mobilising workers to raise productivity and output, enforcing labour discipline and consolidating managerial control over labour, in accordance with the productivist goals of Stalinist industrialisation. In the transition to capitalism these functions have been re-deployed to enforce capitalist discipline, and consolidate the power of the capitalist entrepreneurs aligned with or emerging from within the Party-state.

Hence the demand by the Secretary General of the ACFTU, Xiao Zhen-bang, in 1994 that 'unions must try all means to eliminate instability' and ensure that 'unexpected incidents' be prevented by working with the Party and state to consolidate control from above. [7] These "incidents" of instability refer to the strikes and other self-organising activities of workers.

While the role of the trade union in defending workers' rights and interests was reiterated at the Twelfth National Congress of the ACFTU, it was also stated that trade union activities should not conflict with the 'legitimate rights of investors'. [8] Official trade unions seek to manage workers' responses to the capitalist labour process, claiming to be protecting workers' rights and interests on the one hand, while having direct and indirect linkages to capital. The indirect links focus on maintaining labour discipline and industrial peace for the sake of national economic growth, while the direct linkages is through involvement in profit-making business activities with domestic and foreign capital.

There are isolated cases of local trade union officials actively supporting workers' demands once they have gone on strike. But trade union officials have generally sought to bring an end to spontaneous strikes as quickly as possible. State enterprise managers continue to be members of trade union committees and are seen by the ACFTU as a legitimate segment of its constituency. The ridiculousness of this situation is reflected in a labour dispute in late 1995 in which: "[A] young worker at the Hao Wang Dajiu restaurant in Shanghai decided to take her case to the local Labour Disputes and Arbitration Committee (LDAC), only to find that the chairman of her local ACFTU branch was representing the employer at the hearing!" [9]

## Independent organisation

The implications of this for workers' self-organising activities should not be underestimated. Two independent labour organisers are currently standing trial for 'subversion', and if convicted will be sentenced to 10 years in prison. Li Wenming's crime was to have organised (along with Kuang Lezhuang and Liao Hetang) a workers' night school to teach literacy and to raise workers' awareness of labour laws and their rights. Though legal, the school was closed by the Public Security Bureau. Later they founded the Workers' Federation and Workers' Friendship Association and published a journal called Workers' Forum. It was in this journal that the poem of one of the workers who survived the Zhili toy factory fire in 1993 (in which 87 workers were killed) was published. All three were arrested in May 1994 along with another activist, Guo Baosheng. Li and Guo are now standing trial, while Kuang and Liao have been sentenced to "re-education through labour".

## "Neo-authoritarianism"

This system of state authoritarian trade unionism is reinforced by a global discourse on the political economy of development which sees the experience of the East Asian Newly-Industrialising Countries (NICs) as a model for economic growth and development. That is, rapid industrialisation overseen by authoritarian political regimes, and the exercise of state power to repress and displace working class struggle, creating conditions for the expansion of state capital and large agglomerations of domestic and foreign capital in partnership with the state.

Within China neo-liberal and market socialist economists alike are attracted to the East Asian NIC model because it legitimates the systematic state repression and coercion required to impose their agenda. Even dissident Chinese intellectuals in exile have begun to speak of the need for a 'new authoritarianism' to maintain stability during the period of 'shock therapy' and to break down the entrenched power of workers and overcome their lack of discipline.

Giving tacit support for the 'neo-authoritarian solution', Western market socialists such as John E. Roemer argue that not only have the authoritarian political regimes of the East Asian NICs exercised the sort of state management of the market economy proposed in the market socialist paradigm, but have successfully achieved the conditions for a transition to bourgeois democracy. [\[10\]](#)

In effect this argument converges with the demands of China's political and economic elite for even greater collective social and economic sacrifice by the mass of the working people in this period of market socialist 'transition'. For the subordinate classes this promises to be a permanent transition, and the market socialist vision of Western Marxists differs little from Deng's promise of wealth for all - eventually.

Western market socialists may still claim that unlike the incumbent Chinese Communist regime they promise an end to authoritarianism, since the wealth generated by market socialism will give rise to democratic processes. But the notion of democratic processes - like the labour process - is borrowed from capitalist experience.

As with 'liberal Marxist' opponents of the Chinese Communist regime such as Su Shaozhi, the forms of democratic participation envisaged by market socialists are derived from the institutional forms which exist in capitalist societies, and presumes a separation of the political and the economic that mimics the ideologies of capitalism. [\[11\]](#)

The proponents of 'actually existing market socialism' in China offer us less a coherent conception of a feasible socialism, than they do a political strategy and intellectual paradigm that obscures the social violence and exploitation inherent in capitalism, and gives it another name. For a socialist alternative to be imagined and realised a ruthless,

sustained critique of capitalism in all its variants is as important now as it has always been.

*A longer version of this paper was published as, "China's Communist Capitalism: The Real World of Market Socialism", in Leo Panitch (ed.), Ruthless Criticism of All That Exists: Socialist Register 1997. London: Merlin Press, 1997, pp.96-122.*

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[1] 'Zone workers', Asian Labour Update, 18 (May-July 1995), pp.5-7.

[2] 'A worker's letter to the students', Gregor Benton and Alan Hunter (eds.) Wild Lily, Prairie Fire: China's Road to Democracy, Yan'an to Tian'anmen, 1942-1989 (Princeton, Princeton University Press, 1995), p.270.

[3] Changkai (ed.) Laodong Guanxi, Laodongzhe, Laoquan: Dangdai Zhongguo de Laodong Wenti (Labour Relations, Labourers and Labour Rights: Contemporary Chinese Labour Issues) (Beijing, Chinese Labour Publishing House, 1996), p.111.

[4] Jasper Becker, 'Layoffs trigger rise in protests', South China Morning Post (November 28, 1996).

[5] Guangdong Labour News (December 3, 1995); Workers' Daily (July 29, 1995). (Trans. Tim Pringle.)

[6] Shek Ping Kwan, 'Labour disputes in China', Change (October 1996).

[7] 'Repression of independent unions by the ACFTU', China Labour Bulletin (November 1995), p.10.

[8] Apo Leong, 'Masters no more', Asian Labour Update, 14, January-March, 1994, p.1.

[9] Original emphasis. Han Dongfang, "Workers: The Great Losers in China's Reform Process" (Hong Kong, unpublished mimeo, November 1996), p.5. (Trans. Tim Pringle.)

[10] John E. Roemer, A Future for Socialism (London: Verso, 1994), p.129.

[11] Su Shaozhi, Democratisation and Reform (Nottingham, Spokesman, 1988). See also Su Shaozhi, Shinian Fengyu (Ten Years of Wind and Rain) (Taipei, Times Cultural Publishing House, 1995).