

By John Jackson

Responding to nagging opposition within the Chinese Communist Party (CPC) to Deng Xiaoping's new economic reforms, the dominant pragmatist faction of the party fired an ideological salvo last month warning that longstanding Marxist economic theories do not pertain to current Chinese conditions. "If we continue to use certain Marxist principles, our historic development will surely be hampered," read the December 7, 1984 editorial in the communist party paper *People's Daily*.

The Western press has seized on such formulations—as well as a set of decisions approved at a central committee meeting in October to substantially weaken central planning in industry—to argue that

because they are a dramatic about-face from the disastrous economic course pursued under Mao ZeDong.

Mao had placed the primary emphasis in socialist construction on continuous ideological ferment and persecuted as "capitalist roaders" all elements within the CPC that advocated a serious and materialist effort to develop China's forces of production. This idealism was epitomized in the Cultural Revolution of 1966-76, which was characterized by violent mass upheavals and economic stagnation as workers and students were exhorted to put aside work and study to "wage class struggle." The results included thousands of needless deaths, idle productive capacity, a tremendous waste of intellectual and material resources and a profound demoralization and disillu-

This improvement can be attributed not only to the new material incentives offered to the peasants, whose incomes more than doubled between 1978 and 1983. Another factor is that the peasantry is finally reaping the fruit of capital investments (water works, farm machinery, etc.) made in previous years.

Leading Chinese economists are counting on further improvements in the agricultural means of production, and project a rise in labor productivity that will make some 200 million peasants super-

riorities. Deng's latest reforms provide for price decontrols on many basic items and more decisions at the level of individual enterprises over products, quantities, wages, hiring and firing. Taxes on enterprise profits will replace production allotments to the state. And probably most important, wholesale trading centers will be established outside the state distribution system at which enterprises can sell goods (including tools and machinery—the means of production themselves) at whatever price the market will bear.

Marxism at Discount Rates China Goes to Market



Advertising—the hallmark of capitalist competition—is once again appearing in China.

China is resurrecting capitalism at lightning speed. Such imperialist hopes are exaggerated. But by giving freer play to market relations and foreign capital within China while simultaneously weakening the party's theoretical awareness of their dangers, Deng is indeed unleashing forces his successors may not be able to control. Even the positive steps China is taking toward opening up new trade and diplomatic relations with the Soviet Union and other socialist countries do not presently outweigh these negative trends.

To be sure, Deng offers assurances that all he is after is "socialism with a Chinese face," that "some capitalism cannot hurt us," and that he intends to maintain "state control of the means of production." But the CPC's fundamental world outlook—Chinese nationalism—and its immediate practical objective—to build China into a world power through whatever policies offer the fastest results—are at bottom contradictory to the socialist project. This perspective has already led China into naked collaboration with imperialism on a host of fronts of the worldwide class struggle; there is no reason to expect any better results when it comes to constructing socialism in China itself.

In an immediate sense, Deng's policies—self-described as the "four modernizations" (industry, agriculture, science and technology, and defense)—are quite popular in China. In large part, this is

sionment with politics among the population. Against such a backdrop, it was not difficult for a CPC faction that maintained Mao's nationalist outlook but promised a more placid political life and immediate improvement in popular living standards to come to power after Mao's death.

RURAL REFORMS

The first steps in the Deng faction's new course came in the field of rural reforms. These reforms included decollectivization of agriculture, a return to the family (rather than the work brigade) as the basic economic unit in the countryside, and lifting controls to allow peasants to freely market surplus production. Besides an unrestrained market in agricultural goods, the main mechanism to accomplish this is the "responsibility system"—whereby land and equipment formally owned by the state are contracted out to work teams or individual households. In a telling indication of peasant consciousness even after 35 years of communist rule, in the most developed provinces close to 90% of the peasants have opted for household over work team contracts.

The results of this rural reform, at least in the short run, have been quite good. Agricultural output has jumped at an average annual rate of 7.9% between 1979 and 1983, as compared to an average increase of 3.2% between 1953 and 1978.



The new reforms have produced a significant, if temporary, rise in the living standards of most Chinese.

fluous to the agricultural labor force over the next 15-20 years. Harnessed by careful planning, such a release of human energy could be an incredible boost to economic and social development. But given China's present reliance on the "invisible hand" of the market, this massive transition is sure to be chaotic and fraught with peril. Those pushed off the land will be the peasants who failed in the competition to accumulate; those who remain, meanwhile, can be expected to contract for larger and larger amounts of land and press for ever-greater leeway in economic decisions, including the right to hire those who cannot "make it" by their own efforts. In effect, a powerful social force for agricultural development along capitalist lines is being created, with the CPC leadership waxing enthusiastic about its short-range benefits and failing

(Regulations governing the hiring and dismissal of Chinese workers remain in force and prevent the development of a market in labor power, although with more and larger enterprises competing in the trade market, pressure can be expected on these protections of the working class as well.)

GRADUAL IMPLEMENTATION

Because of fears of unexpected dislocations and price inflation—as well as opposition within the CPC and even differences within the Deng faction over how far and fast the new policies should go—the urban/industrial reforms are being implemented gradually rather than all at once. But at the October 1984 plenary session of the CPC central committee Deng was able to win unanimous approval for a major document expressing his full pro-

U.S., China Forge Closer Military Ties

China is not only accelerating its economic ties with the capitalist West; it is strengthening military connections as well. On January 12, U.S. Gen. John W. Vessey, Chairman of the Joint Chiefs of Staff, began a week of talks with Chinese military leaders in Beijing. Vessey is the first high-level U.S. military officer to visit the Chinese mainland since Gen. George C. Marshall went in 1947 in an attempt to mediate between the communists and the Koumintang.

Vessey has already announced that a formal agreement is in the works to sell modern U.S. anti-submarine devices to the Chinese. This deal, expected to be sealed with a visit of Assistant Secretary of the Navy Melvin R. Paisley later this month, would culminate a year of unprecedented military contacts between Washington and Beijing. This new round of cooperation was initiated by a September 1983 visit to China by Defense Secretary Caspar Weinberger. At this point, negotiations between China and the U.S. for the sale of a U.S. Army anti-tank system and a U.S. Air Force air defense system are also in progress.

Along with arms sales, Vessey's delegation is discussing a visit to Shanghai by three U.S. warships. This would be another first; no U.S. warship has visited China since the triumph of the revolution in 1949.

Behind this military rapprochement is the political alliance gradually forged over the last decade between the world's leading imperialist power and the most populous socialist nation on the globe on the basis of anti-Sovietism. Although China has put significant energy into modernizing its military capacity, and is able to produce nuclear weapons, much of its weapons technology remains badly out of date. The U.S., apparently confident that China is not about to return to anything resembling proletarian internationalism in the near future, is only too happy to help China with this facet of modernization. □

to develop any structural mechanisms to keep that force in check.

URBAN REFORMS

If anything, the Chinese party is weakening the bulwarks against the capitalist tendencies that are an inevitable part of early socialist society. The latest round of reforms involving urban areas, industry and the leeway given foreign capital undermine the working class's ability to carefully direct China's economy and allocate resources according to a consciously determined set of social pri-

gram.

Entitled "A Decision of the Communist Party of China on Reform of the Economic Structure," the document sharply criticizes previous failing of the economy and argues that a "mixed tripartite economy" must be the long range weapon for China's development. This brand of "socialism with Chinese characteristics" will combine mandatory planning and fixed prices for a very few select commodities and basic industries;

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Offensive Routs Kampuchean Counter-Revolutionaries

By Irwin Silber

Counter-revolutionary guerrillas operating along Kampuchea's western border have been dealt a major setback in a massive dry season offensive mounted by joint military units of Vietnam and the People's Republic of Kampuchea (PRK).

In the last 10 days, two of the most important guerrilla base camps—at Rithisen and Ampil—have been completely overrun. All told, four such staging areas for raids against the PRK have been demolished since the present offensive began.

Over and above the impressive military gains thus far registered, the present offensive is noteworthy on two counts.



Khieu Samphan, Son Sann and Norodom Sihanouk, leaders of the counter-revolutionary alliance attempting to overthrow the government of the People's Republic of Kampuchea.

First it appears to be aimed principally at forces of the Khmer People's National Liberation Front (KPNLF), one of the three constituent groups in the anticommunist coalition dominated by the remnants of the ousted Pol Pot regime. Second, the bulk of the fighting, according to an announcement made in New York last week by Vietnam's U.N. Ambassador Hoang Bich Son, is being carried out by Kampuchean troops of the PRK armed forces. "For the first time, they are in the frontlines of the battle against the enemy," said Hoang at a press conference at Vietnam's U.N. headquarters.

By focusing its attacks on the KPNLF, the joint Kampuchean-Vietnamese offensive seems to be aimed at not only weakening the counter-revolutionary forces militarily, but also at stripping away the faint cover of "legitimacy" which the coalition has provided for the discredited Pol Pot.

SON SANN

Headed by one-time Kampuchean prime minister Son Sann, the KPNLF's political base rests principally with forces associated with the government of Lon Nol which ruled in Phnom Penh under U.S. auspices from 1970 until 1975. The Lon Nol regime was overthrown by the Khmer Rouge at the time when Vietnamese liberation forces were mounting their final offensive of the Indochina War.

While China continues to supply, advise and give political and military support to Pol Pot, the U.S. and Thailand have concentrated their hopes on Son Sann. The KPNLF claims to have some 15-20,000 troops under its command—at least that was its assertion prior to the most recent offensive, which has apparently taken a significant toll. But most observers believe that these figures are highly overblown.

Besides the forces led by Son Sann and Pol Pot, a third counter-revolutionary

grouping is headed by former head of state Prince Norodom Sihanouk. But assertions that Sihanouk has 5,000 anticommunist rebels under his command are also highly dubious. These appear to be advanced more to justify a place for Sihanouk in the anticommunist coalition in order to attract support from countries who are uncomfortable with both Pol Pot and the U.S.-associated Son Sann forces.

All three groups are linked in an uneasy coalition which has taken over the name of Pol Pot's state apparatus, Democratic Kampuchea (DK). Sihanouk has been designated "president" of the DK, and Son Sann its "prime minister." Although Pol Pot himself has no official status in the new DK "government," Khieu Samphan represents the one-time Khmer Rouge as the DK's "vice presi-

development indicates that the PRK's own military capacity is rapidly growing.

According to Ambassador Hoang, the performance of the PRK's army has been such that the Vietnamese expect to be able to complete a total pullout of their military forces from Kampuchea in four or five years. Vietnam has already effected three substantial troop withdrawals since its armed forces helped topple the Pol Pot government six years ago.

REAGAN RESPONSE

In light of the U.S. record in Indochina for 20 years, the Reagan administration's response to the current offensive has been typically sanctimonious. The State Department is accusing Vietnam of "violations of the accepted norms of decent international behavior" and "unprovoked and hostile" incursions in Thailand.

While the U.S. press has by and large dutifully echoed these shameless denunciations, another picture has begun to emerge in certain news accounts. A number of battlefield reports have noted the fact that the so-called "refugee camps" under attack have been deliberately used in order to provide a cover for counter-revolutionary military forces. Taking this into account, the *Christian Science Monitor* declared (Dec. 28) that "when an organization intermingles soldiers and civilians, as the Kampuchians [the *contras*] have done in the border camps, it risks endangering the civilians."

As to charges of "unprovoked" incursions into Thai territory, the *New York Times* pointed out (Jan. 10), "when pressed by Vietnamese forces, the rebels frequently retreat into Thailand, which offers them sanctuary. Sometimes the pursuing Vietnamese forces clash with Thai forces."

According to news accounts, the few instances of direct confrontations between troops of the joint PRK-Vietnamese command and Thai soldiers have been quickly resolved without serious incident.

While carrying on the military campaign, Hanoi and Phnom Penh are also continuing to hold open the possibility of a peaceful resolution of the conflict. So far, however, the ASEAN countries—backed by Washington and Beijing—have insisted that the Heng Samrin government must be either replaced or "broadened" to include the DK forces as well. For their part, Hanoi has pledged the prompt removal of all Vietnamese troops from Kampuchea and Phnom Penh has pledged itself to a foreign policy of non-alignment once China, the U.S. and Thailand end their support to and sanctuary for the counter-revolutionary forces. □

dent." Samphan also heads up what remains of the Khmer Rouge's armed forces, approximately 25-30,000 soldiers. As a result, Pol Pot remains the dominant force in his refurbished DK.

If the current offensive succeeds in demolishing KPNLF claims to being a viable military force, the DK will lose much of its already tattered respectability. All that will be left is Pol Pot, thereby posing an insuperable dilemma for the U.S., Thailand and the governments of the ASEAN (Association of Southeast Asian Nations).

The enhanced role of PRK troops in the fighting is also an important political plus for Phnom Penh. It marks a new stage in the Heng Samrin government's consolidation of power. With responsibility for the PRK's internal security having long since been transferred from the Vietnamese to Kampuchean troops, this new de-

China . . .

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guidance via economic levers (taxes, credit policies, etc.) for a wide range of industrial and consumer goods whose prices will float; and free-market production of non-staple foodstuffs and other items. The document's approval was a major victory for arch-pragmatist Deng, who discounts Marxist theory's ability to identify underlying economic trends and argues that in modernizing China "It doesn't matter if the cat is black or white, as long as it catches mice."

Closely linked to Deng's "internal reforms" are the wider opportunities being opened up for foreign capital in China. Early last year the number of "special economic zones"—where foreign capitalists can set up wholly owned operations and have great latitude to hire and fire workers as well as determine their wages—was increased by 14.

CPC leaders particularly target a key role in China's development for capitalists of Chinese origin living abroad, and formal consultations between the party, and their associations take place on a regular basis. The "one country, two systems" formula for regaining Chinese sovereignty over Hong Kong (under which Hong Kong will be allowed to remain capitalist at least until the year 2047) is likewise regarded as a prime mechanism for gaining access to foreign capital, and the same formula has been offered to Taiwan.

China's drive to break out of isolation has also led to upgrading economic ties with the socialist camp. Economic exchanges with Eastern European countries and Cuba have been opened up and, even more important, a major trade and aid agreement was signed with the Soviet Union during the high-level visit of first Deputy Chairman of the USSR Council of Ministers and alternate CPSU Politburo member Ivan Arkhipov in December. So far, however, this seems to be more of a pragmatic attempt to gain assistance for China's economy than a substantive effort to revive socialist internationalism and rebuild ideological unity with the international communist movement. China's economic, political and military ties with the capitalist world are still accelerating at a far faster clip than links with the socialist camp.

OPPOSITION

In the political realm, there remains definite opposition to Deng's program despite his victory at the October central committee meeting. While the rural reforms seem almost universally popular, the relaxation in central planning for industry and the new openings to the West have aroused considerable controversy. It is this controversy that sparked the recent ideological pronouncements in the *People's Daily*.

Not leaving anything to chance, Deng has been laying the groundwork to crush all dissenters he can identify. The CPC is soon to begin a complete re-registration of its membership as a continuation of the rectification campaign begun last year, and any member deemed not in sufficient unity with the new reforms is to be removed from the party.

In effect, the purge has already begun. Many of Deng's staunchest ideological opponents have been in the People's Liberation Army (PLA) and Deng has worked persistently to remove them from positions of authority. Last month the military announced the retirement of forty military commanders, removing these men from any serious political influence.

Deng's ability to isolate these forces is due largely to the fact that their views—which in many cases are simply toned-down versions of Mao's idealism—are proven failures at developing China's economy. Practically speaking Deng's views are producing far better results—at least for the time being. Still—as is always the case with pragmatism—Deng's policies are putting all the ingredients in place for major economic dislocations, social turmoil and political conflicts somewhere down the road. □

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