

# The Processes of Capitalist Development of the Chinese Economy

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**In the economic, as in all the other fields, the Chinese revisionists have been spreading for many years now reformist, opportunist and revisionist views, and implementing the same practices either invented by them or borrowed from the old and new bourgeois and revisionist enemies, which are in open contradiction to the teachings of Marxism-Leninism, the experience of the great October Socialist Revolution and the practice of socialist construction.**

In order to transform China into a superpower, the heads of Chinese revisionism draw extensively from the pragmatic and profoundly anti-socialist economic policy they have worked out and continue to follow persistently. At present this policy is centred round the “four modernizations” which, in the field of economy, aim to rush the implementation in practice of a series of reforms and reorganizations in order to put the Chinese economy definitively on the rails of the market economy, to open the doors to imperialist capital.

The Chinese revisionists have set their economy into the road of capitalist development more and more with each passing day. Their propaganda now is quite openly advertising bourgeois and revisionist views. They claim that “the concepts of a planned economy and a market economy do not in the least contradict each other”, that “the law of value should be utilized as a regulator, since it stands above all the other economic laws”, that “production should change in step with market changes”, that “unified distribution of the means of production and unified purchase of consumer goods by the state are not good”, etc.. etc. On this basis, the Chinese corporations now have been given the right to make direct contact with foreign monopolies and to keep, according to the Yugoslav model, part of the profits for themselves. Most advantageous conditions have been and are being created for the further inflow of foreign monopoly capital into China, moreover the recent session of China’s National Assembly passed a new law which came immediately into force, under which investments of foreign capital in China are encouraged and the rights of foreign investors protected. This law permits the setting up of the so-called “joint enterprises” on foreign and Chinese capital in various branches of the economy, guarantees foreign investors the right of sharing in the profit according to the amount of invested capital, as well as the right to take this profit outside China; it even accords them the privilege of being exempted from taxation on profits. Still according to the above law, foreign investors will also have the right to appoint directors and vice-directors to the “joint enterprises”, through whom they will be able to dictate both the plans of production and sale, and the recruitment or dismissal of workers, and the level of their wages. Hence, the readiness of the business circles of the capitalist world to express their enthusiasm over this new law of the Chinese revisionists, declaring that it was “extremely liberal” and that “it would be followed by an influx of foreign businessmen eager to invest in this country”.

These anti-Marxist views and practices are neither casual aberrations of the Chinese revisionists nor something detached from the whole policy and ideology they have been following and implementing. Nevertheless, their coming out so openly in this direction the more readily exposes the whole processes of the Chinese economy on the road of capitalism.

In essence, the whole processes and all the metamorphoses the Chinese economy has undergone on its road of capitalist development show that both in theory and practice, the Chinese revisionists have opposed the opportunist thesis of “gradual integration of the capitalist economy into the socialist economy”, to the principle of the absolute need for the expropriation of the bourgeoisie by the proletariat and the socialization of the means of production, they have opposed spontaneous, anarchic development and capitalist competition, disguised under the slogan of “the development of the economy by leaps”, to the law of planned proportional development of the economy, they have opposed the revisionist thesis on the “advantage of credits, loans and advanced technology” taken from the big monopolies of the developed capitalist countries to the socialist principle of self-reliance, etc. In this way, as Comrade Enver Hoxha points out, the Chinese revisionists never, at no historical stage, put their economy on the road of socialist development. The noise they have made and are continuing to make about the “great” results they have allegedly achieved in the field of the construction of socialism is nothing other but part of their cunning propaganda to pose as revolutionaries in order to carry put their treacherous work more easily to the detriment of the vital interests of the proletariat and the working masses of China, as the zealous servants of the capitalist bourgeoisie they are.

**“Mao Tsetung thought” has been and remains the ideological basis of capitalist metamorphoses in the Chinese economy.**

The economic policy followed by the Chinese revisionists has always been based on “Mao Tsetung thought”, which, as Comrade Enver Hoxha points out, is nothing but “an amalgam of views in which ideas and theses borrowed from Marxists are mingled with other idealist, pragmatic and revisionist philosophical principles” (E. Hoxha, “Imperialism and the Revolution”, p. 388).

An important place in “Mao Tsetung thought” is occupied by revisionist distortions of a series of essential problems of Marxism-Leninism related to the economy. Proceeding from Mao Tsetung’s idea that the development of capitalism is allegedly in the interest of the people, that the contradictions between the working class and the big bourgeoisie in the Chinese conditions are allegedly “contradictions amongst the people” and that allegedly they must be resolved through democratic methods, they have promulgated and continue to promulgate many decrees and laws which do not affect the interests of the big bourgeoisie, the kulaks and foreign monopolies, which made and continue to make them many concessions to the detriment of the interests of the working masses.

A considerably long time passed before the land reform was implemented, a considerable number of private enterprises were not nationalized and those nationalizations that were made had a capitalist character, because they were carried out against compensation, with their owners being paid the full value of the property. In the field of organization and management of production, the distribution of material blessings, investments, utilization of accumulated funds, development of internal and foreign trade, according to “Mao Tsetung thought”, anti-Marxist forms and ways which defend the interests of the bourgeoisie, which ensure the development of the economy on the capitalist road, were used and are still used. At the same time, not unlike the revisionists of other countries and times, the Chinese revisionists have tried to coat their treacherous actions with revolutionary phrases and to present them as creative implementation of Marxism-Leninism in the conditions of China.

When Mao Tsetung had not yet come to the head of the Communist Party of China, he was the author of many revisionist formulations, theses and slogans which advocated the conciliation of the interests of the

working class and labouring peasantry, on the other hand, with the interests of the big bourgeoisie landowners and kulaks, on the other. He instructed that “As far as relations of work are concerned this two-sided policy is aimed, on the one hand, to help, possibilities allowing, improve the living of workers and, on the other hand, not to impede the development of the capitalist economy within reasonable limits. In the agrarian field, this two-sided policy, on the one hand, lays down the condition that the landowner should reduce the rent and the interest on loans and, on the other, exacts the payment by peasant of this reduced rent and interest” (Mao Tsetung, Selected Works, vol. 4, p. 13, Alb. ed.). Or in 1934 he pointed out: “Not only we do not hinder the private economic activity, but on the contrary we encourage and stimulate it, if the owners of private enterprises do not violate the laws promulgated by the government, because the development of the private economy now is necessary, it is in the interests of the state and the people” (Mao Tsetung, Selected Works, vol. 1, p. 180, Alb. ed.). And, raising this question to principle, he stressed that “The labour legislation of the People’s Republic defends the interests of the workers, but it is not directed against the enrichment of the national bourgeoisie... for this development is not in the interest of imperialism, but in the interest of the Chinese people” (Mao Tsetung, Selected works, vol. 1, p. 209, Alb. ed.).

To accept that the development of the capitalist economy furthers the interests of the people means to renounce the revolutionary road, to become servant and defender of the big bourgeoisie which works for the perpetuation of the capitalist exploitation of the working masses.

After the proclamation of the PR of China, in 1949, the Chinese revisionists with Mao Tsetung at the head, carried on their anti-Marxist course both in theory and in practice. But the internal and external conditions which existed at that time forced them to honour some of the promises they had made to the working masses during the civil war, though even these did not go beyond the tasks of the bourgeois-democratic revolution. These measures were received with joy by the working people in China and also hailed by the revolutionary forces of the world. But, as their later activity showed, the Chinese revisionists did not intend to deepen them further and to set the Chinese economy on the road of socialist development. After Stalin’s death and the advent of Khrushchevite revisionism to power in particular, Mao Tsetung and his collaborators not only supported the revisionist course in the Soviet Union and the other countries, but at the same time came out openly with their anti-Marxist theses on the dying out of the class struggle, the integration of capitalism into socialism, the definition of state capitalism as a form of socialist construction, etc. These anti-Marxist theses which were included in “Mao Tsetung thought” underlie practical actions in the field of the economy. It is obvious from this that the Chinese economy has developed and continues to develop on the capitalist road, because it is known that without the leadership of the Marxist-Leninist party, without establishing the dictatorship of the proletariat, without waging the class struggle, without affecting the economic interests of the big bourgeoisie, socialist relations of production cannot be established and developed.

While acting as servants of the Chinese and international big bourgeoisie, the Chinese revisionists never cease in make a big noise about their building socialism in the “conditions” and with the “peculiarities” of China. They distort the teachings of Marxism-Leninism in the most despicable manner. Thus, for example, in their efforts to present state capitalism or state-private capitalism as a socialist form of the economy, they try to justify it with the policy of NEP which was implemented as a temporary withdrawal in the Soviet Union, but they pass in silence the extremely short period of this withdrawal and the lessons that were drawn from it, fail to mention the whole experience of the October Socialist Revolution in the direction of the socialization of the means of production without compensation, of the establishment of

the dictatorship of the proletariat against the exploiting classes, the planned development of the economy according to the directives laid down by a Marxist-Leninist party.

It is known that Marx, Engels, Lenin and Stalin gave the proletariat and the oppressed masses scientific socialism, discovered the general laws of the construction of socialism, such as the carrying out of the revolution through violence, the establishment and ceaseless strengthening of the dictatorship of the proletariat, the socialization of the means of production, the enhancement of the leading role of the Marxist-Leninist party, etc. They have argued that the class struggle and the proletarian revolution are not aims in themselves, but through them the emancipation of the oppressed classes is realized, conditions for their general development and the raising of their standard of living and general well-being are created. However, contrary to these teachings, the Chinese revisionists have gone so far as to declare that Marx's theory does not define the ways of the construction of socialism and communism and that allegedly the Chinese have discovered them. The newspaper "Guanmin Zhibao" of January 29, 1959 states that Marx, Engels and Lenin "have not indicated the forms of transition", that "we found the best organizational form of the construction of socialism and the gradual transition to communism".

The sophisms and the eclectic, pragmatic formulations, the anti-socialist ideological platform, as well as the pro-bourgeois, pro-imperialist stands of the Chinese revisionists have always been at the basis of all their actions in the field of the economy, too. This has caused China serious damage and created a gloomy outlook for it.

### **Some of the main roads of capitalist development of the Chinese industry and agriculture**

The revisionist course of the Chinese leadership in the economy is materialized in the long-standing utilization of various capitalist ways and forms. Thus, with the property confiscated from the main war criminals and the nationalized enterprises that belonged to the monopolies of the fascist coalition, as well as the capital which belonged to the bureaucratic apparatuses, as early as 1949, the state sector of the economy was set up. However, this sector never assumed socialist features, because, while the means of production of this sector were proclaimed state property, distribution of goods was still left in the hands of capitalists who, through trade commissions, handled the sale of goods produced in the state sector, and in return for this enjoyed the right of appropriating the profit that was created through the differential between wholesale and retail prices. For example, in 1957 the Tiamen State Coal Enterprise sold its production through 1,400 private units, which, under the contracts, took 15 per cent of the income from the sale; the Fats and Oil Enterprise carried out its sales through 1,200 private units, which had the right to share 14-16 per cent of the income, etc. The old and new capitalist elements, being the true lords in the field of distribution of goods of the state sector, not only met their own needs and those of private enterprises, but, through their market transactions, also participated directly in the exploitation of the working class engaged in the state sector. In this way, instead of developing as a socialist sector of the economy, right from the first years of its existence, the state sector of production developed as a capitalist sector.

About the other capitalist enterprises, the Chinese revisionists declared that, after studying the situation, they would take measures to transform them into socialist property. But this remained a promise, because the measures that were taken later did not affect in the least the capitalist mode of production and distribution. It is a fact that from 1949 to 1951 commissions for the recording of the assets of capitalists, landlords and kulaks were set up and operated throughout China. State and capitalist representatives

participated in these commissions. This being the first concession. The task of these commissions was to assess the assets, to study the situation of financial transactions, to record the property of capitalist enterprises and the capital invested by every capitalist in shareholders' companies. This measure was intended to create the illusion among the Chinese working people that the new rulers were preparing for revolutionary measures, that they would nationalize the means of production in the city and the countryside. But in fact nothing of the sort happened. Though the Chinese leadership declared that private capital was estimated at 3 billion and 800 million yuan, however the state, with due regard for the "patriotic" character of the Chinese big bourgeoisie and with a desire to strengthen "unity" would not nationalize the assets immediately or within 20 years, paying them an annual 5 per cent of the value of their capital (From the book, "Socialist Transformations of Capitalist Industry and Commerce in China", Peking, 1962, p. 55). Both the Chinese big bourgeoisie and the international big bourgeoisie rejoiced over this stand.

To achieve the so-called "integration of the capitalist economy into socialism" the Chinese revisionists utilize some forms which, with their content, ensure the road of capitalist development of the economy. Some enterprises of heavy industry, of rail and sea transport were bought over by the state with immediate compensation, and their owners were kept as directors and given fat salaries. The income accruing from the sale of these enterprises were deposited by the capitalists in the National Bank of China, which began immediately to pay them an interest rate equal to the average profit when the enterprises were their property. In this manner, the promise about the nationalization of the means of production was partially, though only formally and for demagogic reason, honoured, but the relations of exploitation were maintained, except that now the exploitation of the working masses by the bourgeoisie was achieved through finance capital.

The Chinese revisionists went into partnership with another section of capitalists by making investments from state funds in the capitalist enterprises, or by setting up new enterprises with joint funds of the state and the capitalists, In both categories of enterprises, the capitalists were recognized the right of sharing in the profits with the state to the extent of capital invested, of remaining in the more important leading posts and receiving wages from two to five times higher than those of high state functionaries for equal work. From this practice, until 1970 the Chinese big bourgeoisie made a profit of 6 billion 150 million yuan (2 billion 350 million yuan more than its estimated capital in the first years after liberation), of which 2 billion 800 million yuan from the sharing of profits and the rest from bonuses, from the 5 per cent interest rate and high salaries. This process continues up to this day. As the revisionist chiefs themselves have admitted, this practice includes also the Chinese capitalists who have assumed American citizenship, most of whom have emigrated for the crimes they have committed against the Chinese people and their close collaboration with the Chiang Kai-shek regime (From the newspaper "Wenhuibau", May 1968).

Many other existing capitalist enterprises were left free to carry out their activity, while a number of capitalist enterprises were set up. In 1952, as against 1949, their number in the sector of industry grew 1.4 per cent and in trade – 7 per cent.

These data prove the fact that the capitalist sector, both in industry and trade, not only was not limited, but on the contrary, the conditions were created for it to develop further at rapid rates. This also for the fact that taxation on income was low and the private sector was assisted by the state through orders, raw materials, transport means and bank credits.

Under the slogan on the “valuable private initiative”, the Chinese revisionists encouraged the merchants and other elements bent on enrichment to set up enterprises for the production of broad consumer goods, spare parts and tools. Officially, these enterprises were called artisans’ collectives. They purchased the means of work from private owners with cash from the financial resources created through the contribution of their participants. The state exercised no control on them. Production assortments, working regime, prices, markets of sale, sources of raw materials and wages were laid down by the leading groups of these collectives. The incomes from the sale of goods were mostly appropriated by the new owners, for they were shared not only according to the work done, but also according to the contributions of each in the common fund, and it was but natural for the capitalist to come first. The Chinese publicised the setting up of these capitalist enterprises as an implementation of the principle of self-reliance and a means for reducing unemployment, while in reality they were used to assist the capitalist elements ruined by competition, as well as to increase the income of the new bureaucratic bourgeoisie from taxation on licences.

When the People’s Republic of China was proclaimed, there was one commercial bank with 50,000 employees, as well as 900 private banks. State control was established on capital as the National Bank, but the interests of its shareholders were not affected, whereas the other banks lost the right of exporting capital abroad, but were left free to such extent as they could even grant credits to capitalist elements. After 9 years the national bank “absorbed” the activity of private banks, but did not touch the interests of its shareholders. It recognized them the right of compensation with a 5 per cent interest rate as well as payment of bank interest. It continued to accord credits to private enterprises and to protect them against bankruptcy (Chen Lin and Nan Lei “Monetary Circulation in the PR of China”, 1959).

Both when they came to power and later the Chinese revisionists did not carry out the nationalization of the enterprises and capital belonging to the monopolies and various companies of the United States of America, Britain, France and other capitalist countries which carried on their activity in China. They justified this with their alleged desire to preserve “friendship” with the former countries of the anti-fascist coalition. This stand proves that the Chinese revisionists had been working for a long time to maintain good relations with the big imperialist monopolies and the powerful imperialist states. On the other hand, they wanted to use these enterprises as examples of the capitalist mode of production and as a basis of building their links with the big capitalist monopolies.

The setting up of new enterprises jointly-owned by the state and the capitalists, the participation of the state in the existing capitalist enterprises with investments, and the presentation of these enterprises as a socialist sector, was a flagrant distortion of the teachings of Marxism-Leninism, which led to the consolidation of private ownership in various forms. Thus, at present, three forms of capitalist ownership prevail in industry, trade and the other branches of the Chinese economy, namely **state capitalist ownership** resulting from the nationalized property of the bureaucratic bourgeoisie that was overthrown in 1949, and the confiscated property of the great war criminals and the monopolies of the countries of the fascist coalition; **joint state and private capitalist ownership**, comprising all the private enterprises in which the state makes investments, the new enterprises created with joint investments by the state and the capitalists, or through the merger of groups of state capitalist enterprises with private capitalist enterprises: alongside or them there also exists **direct private ownership**.

Both state capitalist ownership and joint state and private capitalist ownership have nothing in common with socialist ownership, because private ownership is preserved in various ways, in production and

circulation, individual appropriation of the surplus value and exploitation of the workers by the bourgeoisie still exist there. This is proved by the fact that only in the period 1949-1970 the Chinese bourgeoisie has made a profit of 2,800 million yuan. There have been cases of such capitalist as Chun Yi-cheng, who in 1957 owned a capital of 18 million yuan and took a monthly profit equal to the total of the wages of 1,500 Chinese workers. (This year, this came capitalist headed the delegation of the Chinese industrialists to the GFR.) On a whole, average profit has steadily increased. Thus, in the period 1951-1955 it had grown to 20-30 per cent, from 13.7 per cent, which was the ceiling for the period before 1949 (Fram the bank “Modem History of Chinese Industry”, vol. 1. 1957).

The Chinese revisionist leadership has always tried to protect the national bourgeoisie and ensure the capitalist development of the economy. This has been apparent both in the field of propaganda and legislation. This has led to the actual expansion of private ownership, which otherwise should have been limited or altogether eliminated. Thus, in 1955 private property in Shanghai was estimated at 2 billion yuan as against 1,700 million yuan in 1950 (Wu Xian-the, “Questions of the Transformation of Capitalist Industry and Trade in the PR of China”, 1960).

Not only have the old Chinese capitalists made economic profits, but through the political rights they enjoy, they have also been allowed to occupy important posts in the economy and the legislative and state power organs. Thus, old capitalist elements occupied 50 per cent of the seats of the manager’s board of a dairy factory in the suburbs of Peking. In state capitalist enterprises and private enterprises prices are fixed by the capitalist, with the state representatives and the workers examining them only formally and returning them to the capitalist for approval. The capitalist has the right to share in the profits to an amount not less than 10 per cent and not more than 30 per cent. This formal restriction does not in the least worry the Chinese capitalists, because the margin of profit is very advantageous to them.

The Chinese revisionists have created a number of other privileges and facilities for the bourgeoisie as a class. They have guaranteed it the right to inherit means of production, bank deposits, to donate or transfer legacies, have given their heirs or any other people of their choice the right of drawing 5.5 per cent from the capital, and so on. This has caused that the number of capitalists in China has steadily increased with the passing years.

In the question or the land, too, the Chinese revisionists have followed the capitalist road of development. The land reform was implemented in the context of the measures taken during the bourgeois-democratic revolution. However, apart from the inherent weaknesses of the law on land reform a number of instructions were also issued with the aim of defending the interests of landowners and kulaks, In this manner, land reform was carried out contrary to the teachings of Marxism-Leninism. The law on land reform openly defended capitalist property in the countryside. Article 6 of the law on land reform has it that ...“all the land which belongs to the rich peasants and which is cultivated by them or through hired labour, as well as any other property of the rich peasants is protected by the law and inviolable. This is the only way to defend the economy of rich peasants... all the not-too-large plots of land which the rich peasants have given out on rent, are protected and inviolable.”

Just as in industry, in agriculture, too, the land was estimated at a guaranteed price of 240 yuan for one **mu** (1/5 hectare). Encouraged by the promise that the plots of land purchased from the landowners and kulaks would remain property of the buyer, thousands of middle and poor peasants rushed to buy the most fertile plots from the landowners and became heavily indebted, This caused land prices to go up to nearly

5,000 yuan per *mu*. As for the plots of land which were not sold but distributed to the peasants under the law on land reform, the landowners and kulaks were entitled to an annual 5 per cent of compensation for the total value of the plot. In this manner, land reform was implemented through compensation, though in a disguised and indirect manner, not by the peasants, but by the state, which made up for this expenditure through a system of heavy taxation on land, income, etc.

Likewise, up till 1952 purchase and sale of land was permitted, and up till 1958 income in agricultural collectives was distributed according both to the amount of work done and the acreage of land and other agricultural tools put in the collectivized farm by each or its members. Forms of capitalist development are apparent in Chinese agriculture even after the setting up of people's communes. Proceeding further on this road, under the slogan of encouraging private initiative, the Chinese revisionists in power allow incentives to be paid for piece-work; the member of the commune may engage in production and trade activities on his own after putting in a given number of work-days in the commune, and, moreover, in order to create the necessary conditions for him to do this, the personal plot has been increased.

Chinese revisionist propaganda has made shameless efforts to present the Chinese bourgeoisie as allegedly not having made its wealth through the exploitation of others but through its own frugality, and having allegedly accepted the road of the construction of socialism after the educative work which has been done with it. "Under crackling fireworks, with drums, songs and dance," the Chinese propaganda boasted in 1951, "the Chinese bourgeoisie is setting out on the broad road of socialism." "We have been generous towards bourgeois right elements," Chou En-lai emphasized, "and helped those who wanted to be re-educated. We did not divest them of their civil rights, guaranteed their jobs and their standard of living." Chou En-lai, "Report on the Activity of the Government at the First Sitting of the Second Legislature", Peking, 1959, p. 51). In 1964, one of the revisionist chiefs of the time admitted: "The Chinese bourgeoisie goes with the Party, makes the revolution, builds socialism. This is the most wonderful bourgeoisie of the world" (!).

The Chinese revisionists have maintained close contact with the Chinese capitalists abroad. Implementing in practice Mao Tsetung's assumption of the "patriotic spirit" of the big bourgeoisie, the government repeatedly called on the Chinese capitalists in different countries of the world to transfer part of their capital to Chinese state banks, guaranteeing them a high interest rate and refunding of capital whenever they wanted. And, in this way, under the guise of Chinese origin, not only the capital of Chinese capitalist emigrants, but also the capital of the monopolies of the developed capitalist countries poured into China. This capital grew from year to year till, in the end, it took the form of open credits and loans.

In order to strengthen their links with capitalist emigrants and the monopolies of capitalist countries, with the direct interest of the Chinese revisionist leaders, several capitalist companies have long before been created in Hong Kong, like the "Overseas Chinese Corporation" and others. These companies deal with the sale of shares to Chinese emigrants and other foreigners; with the accumulation of money and with capitalist investment and its administration in mainland China. Income from these transactions is used to set up several enterprises in China. Besides, a series of privileges have been created for Chinese capitalist emigrants and their relatives and parents in China. They are given land to make investments in and to exploit for a term of 20-50 years, are given an 8 per cent interest rate on capital invested in China, are permitted to build gaudy private villas, clubs and special schools for their children, etc. In this way, since 1964 the inflow of hard currency from capitalist emigrants is not less than 200 million dollars a year (from data of the review "South China Morning Post", October 29, 1966), Whereas from open capitalist

trade and bank activities in Hong Kong the Chinese revisionists have secured a net profit of about 27 billion dollars in 1967 through their banks, trade enterprises, cinemas and theatres, film studios and the sale of water, without mentioning profits from drug traffic (“Neue Züricher Zeitung”, July 3, 1967).

The collaboration of the Chinese revisionists with capitalist emigrants, as well as the further strengthening of these links, is making itself felt not only in the economic field, but also in the political, ideological, social and cultural fields.

Contrary to the teachings of the classics of Marxism-Leninism on the necessity for the planned and centralized development of economic activities, although as early as 1953 they have formally been drafting their 5-year-plans, the Chinese revisionists have employed various forms and means to encourage competition, anarchy and market speculations. As early as 1956 Mao Tsetung himself advanced the slogan: “We must pull down the limits of the plan”. To the law on the planned and proportionate development of the socialist economy they have always opposed their so-called method of development of the economy through leaps. V.I. Lenin, combating the views of Trotsky on development through leaps, has stressed that the leap is a priority, and all priority unforeseen under the plans of development of the economy is nothing other than spontaneity, a phenomenon characteristic of the capitalist economy.

Capitalist relations of production not only make it impossible for the Chinese economy to develop according to plan, but also prevent its centralized management. In 1970 about 80 per cent of the industrial enterprises which belonged to the state sector of the economy, and many state-private enterprises were transferred to local organs. This decentralization encouraged the directors of enterprises to divert production, investments, the structure of cost and prices from their final destination. In these conditions spontaneity, hankering after profits and competition flourished, self-administrative tendencies also developed. The chief of the Chinese revisionists, Hua Kuo-feng, expressed his open admiration for the capitalist system of “self-administration” during his visit in Yugoslavia last year. And now the capitalist “self-administrative” form is more and more extensively being implemented in China. In the name of “The Four Modernizations”, they have set up “production councils”, “workers committees”, and other such organisms which will operate like those of the “self-administrative” enterprises in Yugoslavia.

Decentralization became the cause for the creation of scores of thousands of small capitalist enterprises, which have become a source for swelling the bourgeois class with new elements, for further eliminating check-up on production and distributions. Speculations and other illegal activities have assumed broad extension, and cases of abuse and theft of primary materials, spare parts, etc. have increased.

Availing itself of the facilities created for it by the state, especially after the advent to power of Hua Kuo-feng and Teng Hsiao-ping, the bourgeoisie has tried to find new ways of profiteering, among which that of dodging taxes on goods production. In this context, secret companies have been created, among which a ship-yard for 500 ton ships, and the “cartel of 11 factories” operating in China’s major cities and controlling, on a cooperation basis, the production and wholesale of goods, etc. This group of the bourgeoisie declared: “In broad daylight we build socialism, in the dark of night we build capitalism”. But in fact, capitalism in China is being built both in broad daylight and in the dark of night, and this is the result of the preservation of the capitalist forms of the economy, of the ever greater degeneration of the bureaucratic bourgeoisie, of the negation of the class struggle and the dictatorship of the proletariat. The Chinese revisionist chiefs have recently adopted a number of measures for going further and deeper down the road of capitalist development, such as the restoration of all the rights and privileges of the capitalists,

who will have all their capital in money, gold, or silver, as well as other assets, deposited in banks or confiscated during the cultural revolution, returned. Similarly, capitalist administrators have had their salaries and bonuses increases, so that they “could improve their living conditions”. By special decision of the State Council, in December 1978, remunerations for “inventions and technical modernisations” were approved. These remunerations attain 2,000 to 10,000 yuan per month, at a time when the average pay of the worker is 30-40 yuan a month. At the same time China has promised to give the American capitalists a compensation of about 200 million dollars for the assets which they once had in China.

### **Connections of the Chinese economy with capital of the big capitalist monopolies**

In the field of economic relations with abroad, the Chinese revisionists have followed and continue to follow a reactionary policy which is fraught with dangerous consequences for the economy and the destinies of the Chinese people. In order to extricate themselves from their difficult economic situation, in order to step up the armaments race, which absorbs about 40 per cent of their state budget, they have come out quite openly in search of loans and credits from the monopolies and the developed capitalist countries. The facts about the connections which are being established and the agreements which are being entered into, are numerous. In comparison with the highest level of the period before 1949, foreign investments in China have increased five-fold with forecasts saying that they will increase much more in the future. The Chinese revisionists are cooperating closely with British Steel for the production of special steels, with Rolls-Royce for the construction of SHS-146 aircraft, the French company Pramatome, the West-German company KWU, and the American General Electric for the construction in China of four nuclear stations with a capacity of 600 MW each (according to the French review “Problèmes économiques”, No. 1617, April 1979).

The Chinese revisionists have great hopes in the Sino-Japanese relations. Up till today they have signed long-term agreements, extending up to the year 1990, about collaboration in the field of coal, copper, titanium, and wolfram and tin extraction, the development of non-ferrous metallurgy, etc. Japan has undertaken that till 1982 it will supply China with machinery and equipment estimated at 10 billion dollars and that it will buy from China oil and coal to the same value (from the Japanese review “Chensi Electronics”, No. 11, year 1978). China’s trade balance is more in favour of Japan, with the export of Japan to China being larger than the export of China to Japan. Thus China has begun to incur the first debts.

The Chinese economy is ever more every day into the claws of the big American monopolies. The Ministry of Trade of the USA has declared that trade exchanges between the USA and China for the year 1978 increased to 900 million dollars. Apart from this, the doors of China have been opened to large-scale American investments. Thus, Kayser Engineers are receiving numerous orders for the equipment to the iron mine of Nan Fein, east of Peking; Hotels Corporation has signed an agreement about the investment of 500 million dollars for hotel building in China; the General Motors Corporation and Ford Motor Company are investing for the construction of a powerful car industry in Simhum region, in the vicinity of Hong Kong.

The big capitalist monopolies know well the economic and political situation in China, its reserves of primary materials, the difficulties which the Chinese economy is passing through, etc. The information which they get from foreign intelligence services, especially the CIA, and which is also published from time to time in the press of the capitalist countries, serve the Western and the Japanese monopolies to

enter those agreements in which they see greater advantages for themselves. The Chinese revisionists are participating in the intrigues of the imperialist powers to seize oil markets, to monopolize the technology of oil prospecting and processing and to control oil prices. It is known that China accounts for nearly 3 per cent of world oil production. Nevertheless, even with this little in its possession it tries to disorientate the oil market, by announcing the discovery of non-existent sources, and selling its oil at prices lower than those fixed by the OPEC. Hence, the oil monopolies of the big capitalist countries, which keep a sharp eye on the oil of the Middle East and the African continent, are ready to supply China with geophysical apparatuses, floating rigs for off-shore prospecting, to send their specialists to assess China's oil reserves with a view to exploiting them in the future (from the review "Le Courier des pays de l'Est", No. 197, year 1976).

The Chinese revisionists with Hua Kuo-feng, Teng Hsiao-ping and others at the head, are trying to present their collaboration with the big monopolies and the developed capitalist countries, the loans awarded and the investments made by foreign capitalists as a new and "profitable" road they have discovered for the construction of socialism. But they cannot conceal the fact that even before there were opportunists, who preached this sort of collaboration with the monopolies. And all this, as history has proved, is nothing other than imperialist occupation, carried out not with arms, but with credits and loans. "The capitalist," Comrade Enver Hoxha points out, "does not give anyone aid without first considering his own economic, political and ideological interests". Therefore, "the American, West-German, Japanese and other credits and investments in China cannot fail to affect its independence and sovereignty to one degree or another" (E. Hoxha, "Imperialism and the Revolution", pp. 349-350, Engl. ed.).

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The capitalist road which the Chinese revisionists are following in all fields, and especially in the economic field, has caused serious damage to the development of the forces of production in China. With a population which makes up 22 per cent of world population, in 30 years of rule of the Chinese revisionists, China has managed to produce only about 1.4 per cent of world electric power, 5 per cent of pig-iron, 3.6 per cent of steel. For years on end, Chinese agriculture has not been able to meet the needs of the country for bread grain, and only during the period 1970-1978 China had to import 33 million tons of grain, paying over 4 billion dollars for it.

The "Four Modernizations", which the Chinese revisionists have proclaimed they will realize with the aid of the big capitalist monopolies, are putting the Chinese economy ever more into the grip of economic crises of the capitalist and revisionist world, which is making itself felt in rising unemployment, increasing parasitism of the society, ever more rapid rate of labour export, etc. The reorganizations which are being made in the Chinese economy are intended to give a further impulse to the capitalist relations of production.

The views propagated by the Chinese revisionists and their capitalist practices in all fields and, especially, in the economic field, have been and remain anti-Marxist and reactionary. They show that the Chinese revisionists have never been led by the teachings of Marxism-Leninism, but by "Mao Tsetung thought", which is in the service of the old and new Chinese bourgeoisie. The Party of Labour of Albania and Comrade Enver Hoxha as well as the genuine Marxist-Leninists of the world, have continuously exposed the anti-Marxist, counter-revolutionary and reactionary essence of this ideology and the practices of the Chinese revisionists based on "Mao Tsetung thought".

