

Deng Xiao-ping's Modern Industrial Boondoggles

The grandiose plans of Deng Xiao-ping, Hua and Co. for developing China into a "modern and advanced" country with the able "assistance" of western imperialism have suffered yet another round of major embarrassment recently, as the pipe dreams of these revisionists continue to go up in smoke. And these revisionist dreams are becoming a growing nightmare of dependency, chaos and what can only be described as a typical pattern of capitalist boondoggery. Recently, *People's Daily* was forced to reluctantly announce that the very first factory in China built under the "trade compensation system" worked out under the tutelage of Deng—a landmark effort in the revisionists' schemes to "attract" imperialism—has failed, forced to close down due, they report, to "poor management" and "inefficient labor."

Under this system, in which China's rulers hoped to take in new technology and expand their industrial base in exchange for permitting the exploitation of Chinese labor, a foreign company supplies the plant machinery and raw materials and is paid back with the processed goods which they are then free to sell abroad at a tidy profit. All in all, it has been a quite profitable little deal for the imperialist investors, not much different from their sweatshop operations in dozens of other underdeveloped countries. While they have no equity in a compensation trade factory, the foreign partners are allowed to choose the location, establish their own production norms, and are paid back in a specified time for their original investment by the remission of fees the plant charges for turning out the finished products. In the past two years several hundred such factories have been built in China as the revisionists have gone in for lopsided expansion of "get rich quick" industries like textiles and electronics—with companies from Hong Kong, Japan, the U.S. and western Europe rushing to get in on the action.

Shining model for this new type venture was a wool spinning mill, built with much fanfare in Zhuhai in 1978 on the border of the Portuguese colony of Macao near Hong Kong. The machinery and raw materials along with a number of technicians and supervisors, were provided by two companies owned by overseas Chinese, Novel Enterprises, Ltd. of Hong Kong and Macao Textile Ltd. But the problems began almost immediately—after a peak production of 76,000 pounds last January, production fell sharply in each succeeding month and for some mysterious reason the quality of yarn was not up to standard. Since the foreign investors were having trouble selling their product abroad, this September they announced that they were terminating their supply of wool to the factory, prompting the closing.

What had happened? The revisionists began desperately searching for explanations. *People's Daily* cried that the basic cause of the troubles was that "the management level of the leading members was too low and the workers lacked specialized knowledge and skills." But what emerged was a picture of the problems that plague any typical capitalist enterprise. *People's Daily* summed up that because supervision was not tight enough, packs of raw material which should have been added during the wool mixing and matching operation were simply "forgotten" by the workers (explaining the problem with the quality of the yarn). Machines were "badly damaged due to lack of maintenance and repair and improper handling." 40% of the factory's lights did not work and management never bothered to replace them. Obviously the workers at this factory were less than thrilled at slaving away in this dark and dingy revisionist sweatshop under

the oppressive rules and regulations that are necessary to enforce labor discipline in any capitalist-run enterprise or with being subject once again to the dictates of foreign capitalist overlords. Indeed, *People's Daily* was forced to admit that many of the workers became "desultory in work and refused to follow instructions."

Not surprisingly, these complaints by the revisionists sound not one bit different than those of a typical American factory owner scratching his head and trying to figure out how to motivate "his" workers! *People's Daily* whined that the factory management did not have enough power to discipline or dismiss the workers and became "complacent" when they should have "attached more importance" to the suggestions of the foreign investors on how to improve production (indeed, these capitalists have a lot of valuable know-how when it comes to squeezing work out of people!). Teams from China's National Textiles Import and Export Corporation as well as the Zhuhai city government are presently being sent in to "reorganize" the factory—which obviously means instituting even more repressive work rules along with much tighter supervision, figuring ways to speed up production to "expected levels," and tightening up on discipline and firings.

Trade Center Boondoggle

That China's rulers have set loose uncontrollable forces since they began restoring capitalism with a vengeance with the coup in 1976, and that these forces are roping them into an increasing state of paralysis is also illustrated by another recent development—the abandonment of a \$250 million trade center in Peking after it had already been half built by American companies at the cost of millions to the Chinese. The official reason for this given at the recent National People's Congress was that the project had proved to be too expensive and wasteful at a time when the government has fallen over \$11 billion in debt—and this is certainly part of it. But Chinese sources revealed the major reason for the cancellation was a vicious dispute between the Ministry of Foreign Trade and the Peking city government, which controls all land and construction in the capital.

It seems that when the Trade Ministry went to the city with a request for land, water, electricity and other services, the city demanded a large cut in the profits as well as construction of a department store near the center as another way to share in the bucks. When the Trade Ministry refused to let them in on the deal and proposed a price of \$1400 an acre for the land, the Peking city government in turn declined. Then, after the Trade Ministry reluctantly doubled its offer, the city produced an inferior site near the airport only one third as big as the ministry requested and claimed that all of its experienced construction teams were "busy" on other (undoubtedly more profitable) projects. Pretty soon the whole deal had fallen through and government was additionally faced with the prospect of having to make a severance payment to the American companies.

There you have it in a nutshell—a classic capitalist boondoggle fully at the "advanced" levels of say, New York City flowing from its anarchy inherent in its sacred drive for profit as China's rulers are more and more reduced to squabbling like vultures over which of them will get the biggest piece of meat off the carcass of China's rotting economy. Just as happened in the Soviet Union, government ministries are turned into competing state capitalist organizations. Quite a stark contrast to revolutionary China where

the relations between enterprises and their relationship to the state were based not on profit in command but on mutual assistance and cooperation in the interest of all-around development to meet the needs of the masses.

More and more, the revisionists' puffed-up fantasies of "using the imperialists" "beating them at their own game" are being dashed upon the rocks of capitalist reality. Oil exports, for example, were widely touted at the time of the coup as the big way in which China was going to make a bundle to pay for expensive purchases of advanced foreign technology and entire plants. But the wild rush to develop this sector has only resulted in a series of laughable failures like the building of a second refinery near the Karamai oilfields to the tune of \$140 million—only to find that the field does not produce enough crude to supply it. Today it sits idle. Far from using the imperialists, China's rulers have found that the result of this wildly spreading "export fever" has only been the increasing domination of imperialism, including at all levels of "China's ace-in-the-hole"—the oil industry. As the *New York Times* dryly remarked November 5, "... a series of difficulties have led Peking to seek foreign help in everything from seismic surveys to drilling wells, laying pipelines and snuffing well blowouts." China's oil exports are stagnating and the *Times* says, "Chinese officials say privately that production may drop next year. . . . Peking had been counting on rapidly growing exports of oil to help pay for its expensive purchases." Desperate for results, next year China is expected to auction off leases on offshore as well as some domestic sites to no less than 46 foreign companies.

Meanwhile, in their frantic search for hard cash to cough up in return for even greater imperialist "development," China's rulers have increasingly turned to offering up another "special" commodity for export. *Newsweek* recently reported that Peking has now signed over 40 contracts with foreign companies in which thousands of Chinese workers will be shipped out to work as modern day "coolies" for American and other giant imperialist firms on construction projects in the Middle East and elsewhere. Though China's rulers are facing some stiff competition from such established slave-labor brokers as the U.S. dependencies of South Korea, Taiwan, Pakistan and the Philippines, *Newsweek* enthusiastically drooled that "Chinese officials maintain that their workers are up to almost any task. . . . China's best selling point for its newest export may not be quality, but quantity: the biggest pool of cheap labor anywhere in the world."!

All this is of course a far cry from China under socialism—led by Mao Tsetung and the Four—where the country's relative economic backwardness was not viewed as some insurmountable

obstacle demanding reliance on imperialism. During the Cultural Revolution in particular, by putting revolutionary politics in command people's enthusiasm was unleashed not only to master such things as technology and management but to consciously transform every sphere of society—science, education, culture, etc.—and develop new socialist relations while constantly restricting the remnants left over from capitalism that were holding things back. As part of this, in the realm of production, the masses were able to accomplish important advances by relying on their own efforts—10,000-ton freighters on 5,000-ton docks, feats far more impressive than putting up a prefabricated trade center or conducting a simple wool spinning operation with the imperialists "help." (For more on the difference between China's economy under socialism as opposed to now see "The Destruction of China's Socialist Economy," *Revolution*, May, 1979)

The supreme irony is that the more chaotic the attempts by China's rulers to emulate the methods of the foreign imperialists become, the more wary are the imperialists themselves of committing the kind of investment and advanced technology these revisionists are so desperate for—unless of course it is more directly under their command. According to the *New York Times* the abandonment of the trade center "is expected to dampen the enthusiasm that some American companies have for doing business in China." Likewise, they remark that "The record of the factory is likely to raise fresh doubts among foreign businessmen about investing in China. It tends to confirm the complaints of some businessmen about the lack of modern, technically competent Chinese factory managers and the low productivity of the Chinese workers."

For the revisionists this can only mean taking the hint and moving more quickly in the direction of giving foreign investors complete control of these operations. A prominent Chinese economist recently announced that Peking was considering a system of preferential treatment (including lowering the 33% income tax) in order to attract more of what is known as "joint ventures"—a more direct form of imperialist investment in which foreigners actually own part of the enterprise and exercise considerably more authority over matters of production—which have been somewhat limited up till now. In opening up the Pandora's Box of capitalism, the two-bit exploiters who run China have unleashed forces which are more than perhaps even they bargained for. For all their grandiose dreams of developing China into a "modern and advanced country by the year 2000," they can only opt for ever increasing reliance on and capitulation to imperialism. □

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