

CHINA'S COMMUNIST CAPITALISM: THE REAL WORLD OF MARKET SOCIALISM

Gerard Greenfield and Apo Leong

It seems that we have entered an era of silence and forgetting. The silence involves the uncritical acceptance of the logic of capitalism, despite the economic violence and social and cultural destruction wrought by its neoliberal vanguard; while forgetting that 'actually existing socialism' never was socialism. The collapse of authoritarian Communist regimes should have reinvigorated our commitment to revolutionary socialism rather than have served 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 Left is not only retreating in the face of the onslaught of neoliberalism, but is transforming itself through 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 to believe that there is no alternative to capitalism or that any alternative we dare to imagine should use capitalism – not overthrow it.

Market socialism is precisely this alternative. In China, when the 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 legitimisation 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

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cities' which would act as 'windows' on the global economy, by attracting foreign capital to a disciplined and 'competitive' labour **force**.² Indeed, 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? 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.⁴ 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**.'⁵

Both before and after the 1989 events there were widespread public demonstrations, self-organising among workers leading to the creation of autonomous unions and genuine workers' associations, and 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 organized public campaigns around a few victims, labour activists and **organisers** who remain committed to marxism and socialism are not among them. 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 moderate their strategy. Yet however moderated, the violence of the market cannot be hidden amidst the dismissal of some 50 million workers from their jobs. This is epitomised by the observation that 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.⁶ Yet, mass protests, such as the demonstration by 40,000 miners and their families in November 1996,⁷ as well as strikes and the activities of independent workers' movements continue to challenge both the

neoliberal capitalist agenda and the privilege and power of the Party-state bureaucracy – the two elements of what constitutes actually existing market socialism in China.

Constructing Market Socialism: The (Re)Commodification of Labour

High among the promises of wealth and progress in the transition to a socialist market economy, is the claim that workers will be 'liberated' from the bureaucratic allocation and control of employment and excessive egalitarianism in wages perceived to have hindered productivity and undermined the incentive to work. It is taken for granted that this new 'freedom' to work for individual material rewards is guaranteed in a free labour market: '[T]he labour force will enjoy a free-flowing in the market [sic] according to the demands of enterprises and individual preferences. This means that the labour force will also become subjective and objective factors in the market.'⁹ According to this neoclassical discourse on the free labour market, the prospects for greater individual material rewards would coincide with greater individual freedom. As Du Haiyan, a leading proponent of the free market in China, has claimed, by 'giving people a completely free hand in choosing their own jobs, an environment of equal opportunity and fair competition will be created, with labourers bearing the economic risks for their own decisions on labour inputs.'⁹

In constructing this new environment, the responsiveness of labour to free market forces can only be ensured if the systems of job security (the iron rice bowl) and egalitarian wages ('eating from one big pot') are dismantled. In the early reform period this impacted on the wages system, with an increasing proportion of wages and bonuses designated as 'floating wages' directly tied to individual performance.¹⁰ While basic wages were combined with 'over-quota' bonuses, this was rapidly overtaken by the reduction of basic wages and the introduction of piece-rate wages. Although bonuses were intended to act as individual incentives, workers continued to demand an equal distribution of bonuses which blunted their effect. Piece-rate wages, on the other hand, would impose a regime of time-work discipline, encourage competition between workers, and undermine workers' sense of security by establishing an uncertain and fluctuating system of remuneration. In 1983, proponents of market reform called for the generalisation of the piece-rate wages system in all sectors and industries to raise productivity and overcome the rigidities of administrative allocation of employment and wages. In fact – as with most official discourse on reform – this shift in policy was an *ex post* recognition of the introduction of piece-rate wages in 1979-80 by state and collective sector managers – a transformation of the relationship between wages and work which economists such as Feng Lanrui and Zhao Lukuan praised for

achieving a breakthrough in productivity: 'Each piece of work in the section was contracted to each individual worker and wages are calculated on the basis of actual fulfilment of the work contracted. The result was a 20 per cent increase in efficiency.'" Of course this achievement was contingent on the destruction of guaranteed wages as well as job security, with the latter collapsing in the shift from lifetime employment to a system of labour contracts. Under the new system workers must sign and renew their contracts with the management annually on an *individual* basis. There was strong resistance by workers to the labour contract system, though in official discourse the failure to implement the Labour Contract Law of 1986 in state-owned and collective enterprises was attributed to **bureaucratism** and poor understanding of why or how it was to be done. Although managers acquired even greater powers in 1988 with official recognition of their power of dismissal, they did not overcome resistance to the labour contract system on the shop floor. In 1986 only six percent of state-owned enterprise (SOE) workers were placed under the contract system, increasing to a quarter of all SOE workers in 1994.¹² By 1995 market socialist economists still lamented that among the 'lingering problems' of the reform process was that the 'so-called practice of "eating from the same big pot" still exists for employees in a number of enterprises.'" For a decade these changes were resisted, and only in 1996 have the **institutionalised** rights of workers finally been abolished, with a final shift towards the privatisation or liquidation of state and collective enterprises, the predominance of foreign capital in shaping the labour process, and unemployment reaching tens of millions.

Workers had also strongly resisted the **neoliberal** privatisation programme, though this resistance too was widely interpreted in terms of institutional constraints and the combined resistance of state sector officials, managers and workers. Many narratives on the impediments to privatisation ignored the profound conflict in interests between managers and workers, instead subsuming workers' interests into that of the 'enterprise' – which is then personified by the manager. For managers the linkage between political power and capital accumulation is such that direct connections to political authority and political modes of coercion in the social relations of production are necessary to retain power over workers and ensure the transfer of wealth and power to the private sphere through the systematic exclusion of workers. Workers, on the other hand, have asserted their desire for greater control of the production process, resistant not to decentralisation and enterprise autonomy as such, but to the particular form that this decentralisation and (managerial) autonomy has taken. Thus workers have struggled to increase the power of the workers' congress within the enterprise, and to acquire autonomy from the Party and trade union bureaucracy. However, while workers in SOEs

have continued to resist privatisation, they have been unable to resist *de facto* privatisations which have been carried out through subcontracting, out-sourcing or the formation of partnerships with local and foreign capital. In foreign-invested factories and joint ventures a strict regime of discipline is encoded in workers' contracts and notices are posted in factories listing fines and physical punishments for speaking or drinking water during working hours, being late, wearing name tags incorrectly, sitting or resting, going to the toilet too often, and so on.¹⁴ In a factory where there is a complex system of 46 rules and regulations, 80 per cent of the workers are fined *monthly*.¹⁵ This system is policed by private security guards and officers of the Public Security Bureau and local militias within a wider system of surveillance that relies on 'bird-cage management systems' (where workers are locked in factories and dormitories) and other forms of physical control and isolation both during and after working hours.¹⁶

Workers' resistance to these reforms is also undermined by the massive migration of displaced peasants and rural workers to industrial districts and Special Economic Zones in search of work, which has created a floating workforce of 80 to 100 million 'blind' migrant workers without contracts or welfare rights. Undocumented migrant workers are paid less and are under constant threat of being turned over to officials by employers. Even those migrant workers who are working 'legally' are forced to hand over their ID cards, residency documents and entry permits to their employers, which prevents them from being able to leave of their own accord." Strict control over migrant workers was further institutionalised in 1996 when laws were introduced requiring that migrant workers be registered under family planning centres. Proof of sterilisation cards issued by family planning centres must be held by migrant women workers when they apply for jobs in the 'economic miracle' province of **Fujian**.¹⁸

In official discourse this migration in search of work is testimony to the effectiveness of labour market reforms. Following massive lay-offs from SOEs in 1993 it was announced that retrenched workers would be 'directed to the market.'" In effect this massive increase in unemployment contradicts claims by the ruling political elite that market reforms were intended to reduce unemployment, instead proving unequivocally that the overriding objective was to raise productivity and profit at any cost. As Howard and Howard have noted, in this new neoliberal economic discourse the 'elimination of redundant labour' in itself would raise productivity levels, leading to the immediate retrenchment of over eight million workers from SOEs and the designation of another 20 million workers as 'surplus labour' to be laid off under state enterprise restructuring (now estimated at 50 million workers).²⁰ The fate of these workers is reflected in the results of a survey in the north-eastern province of **Jilin** which showed that two thirds

of workers retrenched under this programme have not been able to find jobs.²¹ The majority of workers who are able to find new jobs, particularly women workers, end up earning less than half the minimum wage. According to a survey of 2,727 women workers laid off from 23 state-owned and collective enterprises, all of them earned less than the minimum wage, with half earning half the minimum wage and a quarter earning nothing at all.²²

The capitalist dynamic of these changes is based on the reconfiguration of authoritarian factory regimes (for they were never genuinely democratic), consolidating the power of managers and their exclusionary control over production. Direct modes of labour repression and control are underpinned not only by the freedom of managers to hire and fire workers, but also by the enforcement of new systems of discipline and punishment and the close alignment of Party and trade union officials with management. As a worker wrote in a letter to the underground workers' newspaper, *Zhongguo Laogong Tongxun*, recently:

All this concentration of power and responsibility in the hands of party members means that the long arm of party influence stretches even further into the lives of workers at the plant. The 'three visits, one chat' system is a way of ensuring that absolutely nothing interferes with production at the factory. A party representative will visit the home of an employee when: 1. He or she is ill (to check that they are really ill); 2. If they show signs of not being 'satisfied' at work (to make sure that any dissatisfaction doesn't spill over into a collective dispute); and 3. If there are domestic problems at home (thus removing any vestiges of privacy). The 'one chat' is simple and covers all three visits: any problems or contradictions that may affect productivity must be discussed with **management**.²³

There are important continuities in this changing regime of production. As Arif Dirlik has argued, the objectives of 'change and progress' as national goals had already led state-socialist regimes from their very beginning 'to mimic the economic achievements of capitalism, goals that not only distorted socialism but, because capitalism is obviously much better equipped than socialism to achieve capitalist goals, undermined the legitimacy of the system as well.'²⁴ The economic criteria of efficiency and cumulative growth in earlier decades were inspired largely by the centrality of the national economy in the construction of Chinese marxism and the adoption of what Steve Smith labelled in the Soviet case 'technicist Bolshevism' – a version of Taylorism which underpins the regime of labour control in the Stalinist model of **industrialisation**.²⁵ **Technicist-Bolshevism** demanded greater control over the organisation of production and the labour process by a managerial and technical elite presiding over a 'backward' and 'undisciplined' proletariat which had yet to achieve a higher stage of class consciousness. The bargaining process which developed at the point of production involved a mixture of coercion and consent – with a decisive shift to coercion in the pursuit of Taylorist productivity. Combined with the bureaucratic intervention of the **Party**-

state and trade union apparatus to enforce discipline, this regime of production alienated workers and generated quotidian forms of resistance which found expression in laziness, indiscipline, theft, absenteeism - 'irrational' acts interpreted as proof of the need to give managers absolute power to break workers' resistance to the ever-increasing pace and intensity of work. It is precisely the consolidation of this **managerial-technicism** and the reassertion of control over labour that underlies market reforms. In this sense, as Dirlík is right to conclude, there is an important continuity in the post-Mao era of 'using capitalism to develop **socialism**'.³⁶ Moreover, as Pat Devine has argued, insofar as 'market socialism seeks to replace the coercion of administrative command planning by the coercion of market forces', this coercion precludes any possibility of a labour process that is genuinely socialist: 'No less than Soviet-style command planning, the coercion of market forces, whether capitalist or market socialist, reinforces and reproduces alienation. In both cases, workers in enterprises experience powerlessness and non-involvement in relation to crucial decisions that affect **them**.'³⁷

Legitimizing Market Socialism: The Contortion of Marxism

In the post-Mao era of market reform there remained a need for the market socialist project to establish its theoretical and ideological legitimacy. Central to reconciling a market economy with socialism was the question of the commodification of labour and the social antagonisms implicit in it. As market socialist theorists for the Chinese Communist regime have indicated, the commodification of labour power in practice required a rethinking of socialist theory if reforms were to continue: 'The development of China's labour market is faced with an important theoretical obstacle - the theory that under the socialist system labour is not a **commodity**.'³⁸ This obstacle was dealt with in a vast literature on market socialism. Lin Zili, one of the leading theorists of Chinese economic reforms, justified the creation of a free labour market and the dismantling of egalitarian wage policies and restrictions on wage differentials (the same 'labour market rigidities' identified in Hu Zu-liu's report for the **IMF**²⁹) by doing away with the very notion of exploitation:

[T]he exchange of equal amounts of labour is complex. It includes the exchange of unequal amounts of labour, with producers who have relatively advanced material production conditions still able to obtain a certain differential income, and the suppliers of capital able to obtain interest. These things are both unequal exchange of labour, involving the 'possession' of other people's labour, though they generally do not occupy an important position. If at a certain time their role expands, then we can regulate and control them through macro-economic measures, so that polarisation and class antagonism do not result. Therefore, we consider it inappropriate to speak of unequal exchange of labour in the socialist commodity economy as 'class exploitation'. Rather, it is more

appropriately termed 'non-labour income'."

As such the socialist commodity economy has 'broken through the traditional doctrine of only being able to have exchange of equal amounts of labour via the direct exchange of labour' and 'has enabled the abstract principle of exchange of equal amounts of labour to become united with reality.'³¹ In Lin's reading of Marx, 'socialism is unity among the workers, and exchange of equal amounts of labour', and for Lenin, 'socialism meant equal pay for equal work, which is also the meaning of exchange of equal amounts of labour.' Having equated socialism with equal exchange, Lin cites the shortcomings of Marx's notion of 'natural labour time' as a means for measuring this equal exchange, arguing that with the complexity of the quality and social division of labour in modern economic systems only through the market can this exchange be carried out. Therefore 'the exchange of equal amounts of labour must be characterized by the exchange of commodities of equal value, becoming a new form of equal exchange of value relationship: this is the socialist commodity economy.'³² Without any explanation of what compels workers to sell their labour power and the social relations determining this, Lin achieves a link between Marx and Lenin's conceptions of socialism (as constructed in the official narratives of the Chinese Communist Party) and the rational economic necessity of the market. Thus the *inequality* and *polarisation* generated by the divergence between earners of non-labour income and sellers of labour-power reflects the *fairness* and *equality* in exchange envisaged by Marx: 'The principle of exchange of equal amounts of labour involves equality in buying and selling different amounts of labour and in exchanging different average values. This causes people's economic benefits to depend on the amount and efficiency of their labour so that this kind of equality encourages efficiency.'"

In this market socialist mode of 'equal exchange' which claims to be different from capitalism; equality is subordinated to the imperatives of efficiency and workers are subordinated to the threat of impoverishment and unemployment. While Marx understood the equal exchange of labour power as being complex, the solution did not lie in fostering existing inequalities, but in recognising its primary determinant – the structures and systems of power which shape the social relations of production and distribution. Furthermore, Marx's conceptualisation of the equal exchange of labour is premised on the social working day, where the social division of labour, the length of the working day and productivity (intensity of labour power) is collectively decided and regulated by workers' councils. The rationale of the Chinese socialist market, on the other hand, is premised on the commodification of labour power and the distribution of power in favour of managers and technicians to increase labour productivity. The social regulation of the working day gives way to the intensification of the

pace of work and the extension of the working day, with only the decisions of managers and supervisors and the physical limits of human endurance to bring it to an **end**.¹⁴

Implicit in Lin's assertion that the macro-regulation and control of a nascent capitalist class by the state will prevent polarisation and class antagonism is the assumption that the political regime will not become enmeshed in the accumulation of 'non-labour income', and that the state itself is not the source of this emerging class of 'possessors of other people's labour'. Yet the state apparatus which exercises policies of regulation or containment is precisely the same social power base from within which the new capitalist class and partners of global capital are emerging. Mayors of cities, city and provincial officials, military and police officers, are also managers of state-owned and private businesses, as well as being joint venture partners in the foreign-invested factories in the regions or industrial sectors in which they exercise political authority.

The legitimisation of the accumulation of non-labour income (which includes interest and 'risk income') is central to Lin's conceptualisation of market socialism. The accumulation of non-labour income (that is, profit) is merely a form of 'complex labour', a fact not understood since '[s]ome comrades do not acknowledge that business is a form of **labour**.'¹⁵ By treating capital in the neoclassical sense of accumulated material wealth or money rather than a social relation, capital becomes income, then a form of complex labour. Through this device, exploitation and class antagonism is dissolved in theory at the very moment at which it has become more and more a reality in state and collective enterprises. As Apo **Leong** has observed elsewhere, the theoretical legitimisation of exploitation coincides with the reconfiguration of the relationship between labour and capital from antagonism to partnership: 'Class struggle is no longer a byword within the ruling Communist Party and the official trade union. "Stability and harmonious relationship" between the employer and the employee has become the new catch phrase in the country's "historical mission of building a socialist market **economy**".'¹⁶ Given the monopoly on Marxism-Leninism and the production of official knowledge exercised by the Party elite and their entourage of officially sanctioned intellectuals, the **marxist** rationale of market socialism formed the basis of a new political economy of truth – the basic principles of which would be beyond debate. This is epitomised by Lui Guoguang's pronouncement that socialism and egalitarianism are incompatible: '[S]ocialism promotes the development of the productive forces, whereas egalitarianism hinders them. Therefore socialism and egalitarianism are not compatible. This is not a new form in theory, but merely a reversal of the reversed Marxist truth.'¹⁷ Whether or not this statement makes sense is less important than the power with which the proposal to abandon all state

policies directed at ensuring social equality achieves immunity from criticism by claiming to embody a 'Marxist truth.' As Yan Sun has argued, the rethinking of socialism within official discourse in China 'deliberately makes use of selected parts of **Marx's** works, in particular **Marx's** later works that emphasise historical materialism, without considering Engels' mechanistic interpretation of them or early Soviet influences in Chinese absorption of Marxism.'"⁴³

Wang Ruoshui's famous essay, 'In defense of humanism', written in 1983, had such powerful resonance precisely because of the way in which **Marx's** later works were used to indirectly challenge the logic of market reforms. Wang indicated that many of the elements of early or young Marx that the Party had rejected could be found in later works, particularly the notion of the alienation of labour. This stood in direct conflict with theorists such as Lin who had appropriated 'late Marx' to justify the **commodification** of labour. Wang pointed out that 'the mature **Marx's Communist Manifesto** criticises "transforming the dignity of human beings into exchange value" and "leaving no bond between human beings other than naked interest and unfeeling cash transactions"', leading to the conclusion that 'Marx all along connected proletarian revolution and communism with questions of human value, dignity, emancipation, and **freedom**.'"⁴⁴ The official response was not a debate of these issues, but Wang's dismissal as deputy editor of the *People's Daily* in a campaign against 'spiritual pollution'. "This closure of alternative ways of understanding and resolving the social and economic crisis in China is aptly described by Howard and Howard as the 'epistemological violence of reductionist economics'. They argue: 'Instead of a discussion of options, there is the suggestion that there is one best way to optimize the utilization of labour power. That one best way, it is repeatedly asserted, is the self-regulating market mechanism. Again and again the market's capacity for automatic adjustment is exaggerated and fetishised. This notion of automaticity is reinforced by the constant reference to "**mechanisms**".'⁴⁵ It is the assumed automaticity and neutrality of the market (a concept associated with Deng's theorisation of economic reforms) which does **away** with any sense that socialism and the market are mutually exclusive. Ultimately market socialist theorists such as Lin see new forms of inequality and the unequal distribution of profit as part of a socialist system where 'these differentials must be arrived at through the market, i.e., through social evaluation an objective, realistic outcome is arrived at.' For labour in particular, the 'market objectively appraises differentials in labour quality, leading to widening differentials in labour income.'"⁴⁶ Since this **process** is understood only within the sphere of distribution, it is concluded that the outcome is 'equal'. As with all market socialist perspectives, there is no sense here of the systems of power and social relations of production which determine this 'objective' appraisal by

the market. The material interests of nascent capitalists and political power-holders is further euphemised as a type of 'complex labour' and hence differences in the material rewards received by capitalists and workers is understood not as exploitation, but as a manifestation of an objectively determined wage differential.

A similar observation is made by John E. Roemer, one of the leading proponents of market socialism, who asserts that since 'people are differently skilled and educated, wage income will be quite unequal in the population' and so 'labour must be allocated largely by the market'.⁴³ This reflects the wider convergence of the proponents of market socialism in advanced capitalist societies with the market socialists of the authoritarian Communist regime in China in conceptualising the 'problem' of labour productivity and excessive egalitarianism and advocating the solution of a 'free' labour market. A global discourse on market socialism has both informed and been informed by China's political and economic elites. In these convergent discourses the explanation of how this is *not capitalism* remains unclear. Lin Zili offers the following distinction between China's market socialism and capitalism: 'The essence of the capitalist market economy is the capitalist commodity economy. The form assumed by the socialist commodity economy is the socialist market economy.'"

Actually Existing Market Socialism: Township and Village Enterprises

It is significant that in one of the most important works on market socialism in recent years, Roemer's *A Future for Socialism*, China's Township and Village Enterprises (TVEs) are exemplified as 'the first indigenous and competitive form of socialist enterprise' the world has seen, the experience of which provides a model for the future of socialism.⁴⁴ Alongside modern corporations in advanced capitalist societies, TVEs in China 'allow us to begin to understand that aspects of economic development which the received theory has attributed to the right to the unfettered accumulation of private property may in fact be due to competition and markets instead.'⁴⁵ Using the market-socialist paradigm of Bardhan and Roemer, Paul Bowles and Xiao-yuan Dong have argued that China's 'remarkable economic success' is contingent not on privatisation, but on 'local state activism' and social ownership which has produced 'a decentralized, developmental market-socialist system'.⁴⁷ Local state activism is understood as a combination of 'classic entrepreneurial skills' and 'social ownership of the means of production' under which 'these governments have exhibited considerable entrepreneurial skills defined as the ability to seize new opportunities and take advantage of disequilibrium market situations', allowing them to 'enter into previously monopolized markets and capture a share of the monopoly profits.'⁴⁸ Like Roemer,

Bowles and Dong have understood this 'classic entrepreneurship' by the local state as a genuine form of 'socialist entrepreneurship'⁷ which 'has led the local state to behave in ways which are different from, and more economically beneficial than, a capitalist alternative.'"⁸

Township and Village Enterprises (*xiangzhen qiye*) originated in the commune brigade enterprises (*shedui qiye*) of the 1950s, although they only became known as such when the market reform policies of 1984 recognised their *de facto* profit-making activities and encouraged the pursuit of profit and unrestrained accumulation. This led to a proliferation of these enterprises, increasing from one and a half million in 1978 to 25 million in 1993, employing over 123 million workers.⁹ There can be no doubt that the rapid expansion of TVEs has played a critical role in generating new employment and contributing to the growth of national industrial output. However, the extent to which this is based on the proliferation of *socialist* enterprises depends largely on the question of ownership and control. This is partly answered by Bowles and Dong themselves who allude to 'the fact that TVEs are not worker-owned firms operating on democratic principles'.¹⁰ Furthermore there is 'a discernible hierarchy of claims of the profits of enterprises', though no attempt is made to explain the power relations which determine this hierarchy.¹¹ Even where they explicitly recognise that it is local officials 'who in practice control property rights of TVEs' this is assumed to be a manifestation of local state power and not the power of local political elites.¹² What are referred to euphemistically as 'local connections' are in fact the linkages between the power and authority of the local Party-state and the accumulation of wealth by TVE directors and their agents.¹³ Such linkages allow the legal-institutional representation of TVEs as a form of 'collective ownership', which enables TVE managers to avoid taxes and maintain access to state resources, including state loans and contracts, while at the same time exercising effective private control over the accumulation and distribution of profit. But concerned as market socialists are with refuting the neoliberal position on the need for a system of private property rights, Bowles and Dong exercise the same institutional fetishism they are criticising. The possibility of effective private possession and control of production in the absence of declared private ownership or its articulation in legal-institutional arrangements is not considered. Nonetheless they conclude that TVEs 'behave differently from capitalist firms' which is sufficient reason to declare them socialist.

Roemer himself only suggests that there are several possibilities in this new form of social ownership: 'Who owns TVEs? The answer is vague – ownership forms probably cover the gamut of possibilities, from the disguised private firm in the hands of a few partners to ventures that are genuinely owned by local governments.'¹⁴ But it seems that the answer is

only vague because the reality – that the vast majority of TVEs are in fact privately owned, with only an estimated seven percent under the collective ownership of townships and villages – cannot be reconciled with socialism of any type.⁵⁶ In addition, these local officials who are assumed to exercise the **property** rights of TVEs are in fact closely aligned to – and sometimes appointed by – local capitalists who have accumulated enough wealth to lend money to the local state to pay the salaries of the staff of the local state and Party bureaucracy.

What also cannot be reconciled with socialism is the 'fusion of local and foreign capital interests' in the relationship between TVEs and foreign **capital**.⁵⁷ Treated unproblematically by market socialists, it is assumed that the interests of foreign capital cannot determine the conditions of production and distribution. Yet even in legal-institutional terms, most joint ventures between TVEs and foreign capital (mostly with Hong Kong-based capital) involve boards of directors in which foreign joint venture partners are dominant, or agreements in which strategic control of the enterprise is held by foreign capital. In addition to this, local political authorities including the local Party secretary often derive a direct income from these foreign **joint** ventures, thereby **guaranteeing** the partnership of interests between the local state and foreign capital.⁵⁸ Ironically having admitted to the 'fusion of local and foreign capital interests', and praising the success of China's integration into the global economy, Roemer, Bowles and Dong fail to situate TVEs within this global context, instead treating them as if their socialist dynamic works in isolation, affected only by the local political economy. Yet the local state itself has been significantly transformed by the drive to attract foreign capital. This involves direct linkages with foreign capital through joint ventures and subcontracting, as well as a restructuring of the state to facilitate the influx and expansion of foreign capital. As Dirlik has suggested, for the Chinese communist **regime** 'the-recognition of the **local** in marketing strategy does not mean any serious acknowledgement of the autonomy of the local but is intended only to incorporate localities into the imperatives of the **global**'.⁵⁹ This is exemplified by the local state's 'restructuring' of 13,000 enterprises in the Guangxi Zhuang Autonomous Region over the next three years based on 'entire or part of the assets and workforces of the local enterprises in the form of buying or even holding of the stock by foreign investors or selling of the **property** rights in **part** or in whole to foreign investors'.⁶⁰

In Chang Chun and Wang **Yijiang's** study of TVEs, framed within a liberal view of capitalism, it is concluded that 'the TVE is controlled by the township-village government (TVG), not by its nominal owners, the local citizens.' They point out that while workers 'sometimes do have a nominal right of voting to approve or disapprove' the manager appointed by local

authorities, 'this right seems to be largely **cosmetic**.'⁶⁴ In the first instance a vote must be initiated by the local **political** leadership, which means there will be no vote as long as the township or village leaders support the manager. Therefore, 'the manager can thus remain in office indefinitely.' In practice the authoritarian arrangement of political power ensures that the legal-institutional ownership rights of local citizens can never be translated into effective control over TVEs. In addition, the local state 'controls many other aspects of a local citizen's life ... including who can work in the TVE', and so workers in TVEs 'would rarely want a confrontational relationship with the **TVE**.'⁶⁵ Wages too are beyond the control of workers, 'even **collectively**.'⁶⁶ As such there is even less scope for workers' control over TVEs, particularly since the alignment of the interests of the local Party-state to TVE managers in creating the conditions for the **maximisation** of profit continues to prevent the emergence of any radical democratic practices necessary to exercise genuine workers' control.

In his contribution to *Market Socialism* published in 1993, Roemer overcomes this problem by redefining socialism altogether: 'Why not define socialism more radically, as a system in which the entire national income, rather than just profits, is divided equally among the population, or is divided according to criteria that society might democratically specify – for example, according to **need**?'⁶⁷ Consequently socialists should support any set of property relations that deliver 'a kind of **egalitarianism**.'⁶⁸ Whereas there is an extensive market-socialist literature on the capitalist practices of 'incentives' and 'competition', the socialist content of this is reduced to a vague egalitarianism. Having sidestepped the issue of ownership, Roemer finds the socialist character of TVEs in the distribution of profit. But even here there is little certainty: 'If it is **correct** that the profits of the TVEs go primarily into financing local public goods, such as schools and roads, then a large part of the transformation of the Chinese economy since 1979, only partially indicated by a real GNP growth rate averaging 9 per cent per year since then, will have been due to a new form of property appropriately described as **market-socialist**.'⁶⁹ Roemer also fails to explain how a community or society can 'democratically specify' the division and use of this collective or national income. This is no small matter in a context where, as Bowles and Dong recognise, 'the Chinese township or village is by no means democratic',⁷⁰ let alone in the broader context of the authoritarian system of 'democratic centralism' maintained by the Communist regime. While Western market socialists may have different approaches to the question of democracy than the market socialist theorists of the Chinese Communist regime, by leaving the process of democratically specifying collective needs undefined we can see that these differences are clearly tangential to their concerns.

In keeping with Bardhan and Roemer's reduction of socialist aspirations

to a system which 'would have a more egalitarian income distribution, and would be more sensitive to social needs, such as education, health care and environmental protection',⁶⁶ Bowles and Dong argue that profit **maximisation** is not the only objective of local governments and that 'local preferences, especially for employment, do seem to play an important role in determining the behaviour of TVEs.' While admitting that bankruptcy and closure leading to the loss of jobs does occur, 'TVEs engage in distinct employment practices and their profits are regarded as a source for funding welfare programmes for the whole **community**.'⁶⁷ Not only does the assumption of the existence of a cohesive, homogenous community exclude 'outside' workers employed in TVEs, but the concern for full employment in official discourse becomes the basis of their socialist vision. While full employment is an important goal – and a particularly critical issue given the massive unemployment crisis in China – it is not necessarily motivated by a socialist agenda. Rather than being consciously chosen by local leaders in response to a socialist process of articulating workers' needs and interests, policies aimed at full employment are an element of the hegemonic strategy of the local ruling elite to maintain its hold on power in a period of economic crisis.

It can also be argued that the threat of social instability and perceived political crisis caused by massive migration to coastal and urban-industrial areas has led the central state to encourage the development of TVEs as a means of stemming the tide of migration and re-establishing control by generating new forms of employment. The fact is, most of this employment is temporary. In a case study of a garment TVE which formed a joint venture with a Hong Kong-based company in 1988, the neoconservative economist Liu Xiao Meng indicates that nearly 40 per cent of the workers are temporary and that despite the need for approval by the Township Industrial Office before firing permanent workers, their contracts allow them to be easily terminated for 'incompetence.'⁶⁸ In other cases the director is free to hire and fire workers and the only employee who cannot be dismissed by the director without the approval of the Township Industrial Office is the chief **accountant**.⁷¹ At the same time workers must pay security deposits when they begin work at TVEs, sometimes paying the equivalent of two months' wages which is only refundable after a couple of years or, more commonly, only if the director permits them to resign. In a similar study of a TVE paint factory, only eight of the 78 workers have permanent employment, and the rest are contract and temporary workers who are '**available** on the labour market.'⁶⁹

As a study of actually existing socialism, and a proposal for a working alternative to capitalism, there is a remarkable omission: the labour process. Whether or not TVEs 'behave differently from capitalist firms'⁷⁰ can only be determined by the nature of the labour **process**, the extent to

which workers exercise control over the conditions under which they labour, and the structure of power and authority at the point of production. Part of the problem stems from a tendency in the literature on the political economy of 'transition' to treat the 'enterprise' as the basic unit of analysis; a social actor in its own right. This collapses the material interests and the distinct social identity of workers with that of managers into a single, homogenous entity of 'the enterprise', implying the absence of social conflict and relations of domination and subordination within the enterprise. Consequently, for market socialists it is the behaviour of the homogenous enterprise which determines whether it is a manifestation of capitalism or socialism, and not the social relations of production within it. In fact the only insight into the experience of workers in Bowles and Dong's study (gleaned from an article in *Business Week*) is negative. In coastal areas: '... TVEs have hired both local and non-local labour with the latter often being hired as wage labourers on terms less advantageous than the local "insiders". These developments may rob the TVEs of any progressive and meaningful role as agents of socially-desirable development.'" Having alluded to the subordinate position of 'non-local labour' and their apparent exclusion from certain benefits, Bowles and Dong fail to examine the implications of this for their thesis that TVEs are fundamentally socialist in character. The extent to which migrant workers are in fact excluded from the social welfare functions of the state and from participation in the operation and redistribution of profit of TVEs is revealed by Han Dongfang's explanation that the experience of exclusion and marginalisation is inherent in the identity of migrant workers: 'Migrant workers from the poor rural areas have become known as *mingong* (literally peasant worker) which is an abbreviation of the category 'worker with peasant status' i.e. an employee without an urban residence permit. Although these workers are often employed in big cities, they are there solely on the understanding that they sell their labour power and otherwise count for nothing.'⁷ In the conclusion to their study on TVEs, Chang and Wang mention *mingong* in passing, observing that, 'wages paid to a worker who is a local citizen will have a higher value than the wages paid to a worker who is an outsider', while assuming that they are employed because local full employment has been achieved.⁸ Yet in recent protests over unemployment and low living standards, local peasants have complained that *mingong* are brought in to work in TVEs, even though unemployment in the townships and villages is already high.⁹ The use of *mingong* is so extensive that many of the TVEs praised as 'small economic miracles' have built dormitories to house migrant workers. While this falls within the category of expenditure on social welfare, there is a contradiction here between 'satisfying local needs' and bringing in migrant workers to replace local workers, which directly challenges the logic of 'community'

and localism in market socialist perspectives.

In their criticism of Richard Smith's claim that TVEs are capitalist enterprises, Bowles and Dong argue that bonuses and wages were higher for workers in TVEs in the late 1980s, (based on knowledge constructed by the World Bank).⁷⁴ However, case studies of TVEs and reports in local newspapers show that on average TVE workers earn basic wages which are lower than the minimum wage and must earn the rest through overtime and piece-rate quota bonuses. Even the basic wage is not guaranteed since the minimum wage is set by local township authorities whose material interests – both institutionally and privately – are tied up in the maximisation of profit. It is also common practice for TVE management to keep separate records for 'book profits' (*zhangmian*) and 'accounting profits' (*jiesuan* lirun) to lower the taxes they pay to the local state. The power of the director and chief accountant to decide this, and the exclusion of workers from having access to this information, is another example of the 'lack of democratic principles' which Bowles and Dong recognise, but fail to see as significantly affecting the socialist nature of TVEs.

According to Bowles and Dong 'the wage-productivity link is stronger in TVEs', having 'successfully addressed the monitoring problem (i.e. how workers and managers have been induced to work efficiently)'.⁷⁵ In identifying the relationship between workers and efficiency as a 'monitoring problem' (and as 'labour monitoring'), Bowles and Dong fail to break from the productivist goals of capitalism. The implications of this are epitomised by a case reported in Hunan Workers' News in which the manager of a TVE in Hunan carried handcuffs and an electric truncheon in the factory to deal with 'dissenting workers'. Since 1993 the manager has kept a guard dog which is used to threaten and attack workers. While the workers' monthly wages were reduced to 50 rmb (less than half the legal minimum wage of 125 rmb), the factory pays 120 rmb in monthly expenses for the dog. One of the workers lamented that: 'Our lives cannot compare to that of a dog!'⁷⁶ While this is an extreme case of the managerial despotism in TVEs, it illustrates the fundamental character of these market-socialist sites of production: the excessive power of managers, the centrality of discipline and punishment in controlling workers, and the physical and social violence embodied in the inducements and incentives (threats and coercion) praised by market socialists as the engine of productivity. It is precisely this unconditional drive for maximising labour productivity that has created hazardous working conditions and a high rate of industrial accidents and occupational diseases in TVEs.⁷⁷ According to *China Women's Daily* over a third of all TVEs violate official standards on health and safety.⁷⁸ When a TVE lighter factory in Guangdong province burned down in September 1995, 23 workers were killed and over 60 were injured. All of them were women

workers with the youngest only 15 years old.⁸³

In addition to their omission of **any** discussion of the labour process, Roemer, Bowles and Dong neglect issues of gender and power in the social relations of production in TVEs and in the wider political economy. As Elisabeth Croll has **noted**: 'One of most striking impressions of any **official** visitor to China continues in the 1980s and 1990s to be the predominance of men in the leadership committees at all administrative levels of the government and the **Party**.'⁸⁴ These patriarchal power structures have been consolidated by the feminisation of factory **labour** throughout China, driven by a low-wage strategy of national accumulation and both new and old gender ideologies which undervalue the labour-power of women. Many TVEs in fact only hire unmarried women under 20 years of age, who are dismissed when they reach 25 or **marry**.⁸⁵ The experience of women workers in TVEs is described by Croll in the following way: 'Where the labour process is fast, fragmented and repetitive, the payment calculated according to piece-work, there is evidence to suggest that women work longer lower-paid hours, conditions of work are cramped and there are few provisions for the implementation of new and improved labour-protection regulations.' She cites a survey of TVEs in 1989 which revealed that half had not implemented laws **protecting** women workers and 44 per cent 'did not reduce the heavy work of pregnant women or take them off night-shift.' Though the majority of women on maternity leave were being paid their wages in full, 'their bonuses and other benefits were not guaranteed, leading to a decrease in income by one **third**.'⁸⁶ More recent studies show that the average wage of women workers is only three quarters that of men, and, more significantly, the percentage of women earning less than 100 rmb per month is three times higher." So for women workers the future of socialism envisaged by market socialists such as Roemer promises to be bleak. Along with other capitalist practices market socialists have appropriated for this socialist project, it seems they will also retain the patriarchal systems of **power** and domination that have become integral to the capitalist system.

In Roemer's glorification of TVEs in China, he cites an article in *The Economist* to elucidate the success of competition and hard budget constraints in facilitating liquidations and mass closures. The 'amazing growth' so important to this capitalist productivism is coupled with the collapse of three million TVEs in 1989 under the government's austerity **programme** – a natural outcome of market competition. In fact, despite the supposed local-communal benefits generated by these TVEs and the promise of full employment, Roemer welcomes the demise of these **uncompetitive TVEs** as good for actually existing socialist **enterprises**.⁸⁸ The fate of workers in these three million liquidated TVEs is not mentioned in Roemer's account, nor is the process by which they were

disbanded explained. Did workers collectively decide that liquidation was necessary? Were alternatives discussed? Were productive materials and equipment divided among the workers? Were outstanding debts inherited by the local state? Were the factories and workshops purchased by private interests, and if so was payment distributed among workers? Did workers have the option of staying on? Consideration of such questions requires reflection on the extent to which workers and the local community actually made decisions about the operation of these TVEs. Finally, we must ask whether the promise of social welfare for the local community is a sufficient reason for supporting the new political economy of the local state and TVEs, particularly if the prioritisation of efficiency over all else leads to a destructive process of liquidation and mass dismissals. Bardhan and Roemer reassure us that: 'Most small firms, as under capitalism, either die after some time or are bought by large firms, and the same trajectory could be expected under market socialism, where large corporations would purchase successful private firms.'⁸⁹ Having already subsumed workers into the homogenous entity of the enterprise, they neglect to tell us whether, with the death of enterprises, workers are expected to follow suit. In fact workers only figure in this scenario as a potential problem since 'the major constituency opposed to liquidation or scaling down of unprofitable enterprises is the workforce.' To overcome workers' resistance to being laid off they propose that profit sharing arrangements outweigh the 'attraction of clinging to the job'.⁹⁰ There is no understanding here of working class identity and resistance, or the social and cultural construction of job security, work and wages in the lives of working people. This reinforces Ernest Mandel's criticism of the market-socialist alternative:

The fact that no market economy has been able to avoid the ills of periodic economic catastrophes like mass bankruptcies (mass destruction/devalorization of capital/productive equipment), mass unemployment, periodically declining living standards and periodically increasing moral misery for millions, is of course not accidental. It is related to the very nature of that economic system?'

Now let us think this through. Here we have TVEs which, we are told, are socialist. At the same time we are told that workers exercise only nominal ownership over the means of production and even then only as local citizens. In effect they exercise no control over the conditions under which they are exploited. In addition, there is hyper-exploitation of women workers and displaced migrant workers, as well as closures and mass lay-offs in response to the vagaries of the market. Thrown in with this there is corruption and bare self-interest among those who do exercise ownership and control, and there is no democracy on the shopfloor, in the local political setting or in the national context. There is even evidence of protest and resistance by workers and peasants. We are then expected to

believe that this is socialism, this is the alternative to capitalism! The distinction between this vision of socialism and the 'faint hoofbeats of barbarism' is difficult to discern.⁹³ In defending this paradigm, Roemer claims that 'the theory of capitalism has made concessions to socialist critiques in the realm of economic theory', leaving one to wonder how much the theory of socialism has conceded to the logic of capitalism in the realm of practice.⁹⁴

Workers under China's Market Socialism: Another Road to Barbarism

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, in TVEs, 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. In 1994 there were 135,000 reported labour disputes, and another 150,000 in the first six months of 1995. In addition to this 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.⁹⁴

The predominance of the issue of workers' rights in these collective actions is exemplified by the strike by workers in the Japanese-invested Panasonic Corporation factory in Zuhai in 1995, where 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 SOEs strikes have been undertaken in protest against unpaid or late payment of wages, and not higher wages.⁹⁵ The response of the new capitalists and state sector managers has been based on attempts to fragment the workforce and break down the collective social and cultural identity of 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 have continued to carry out many of their functions of 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 redeployed 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**.⁹⁸ These incidents and moments 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'.^{*} Thus 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 indirect linkages to capital (maintaining labour discipline and industrial peace for the sake of national economic growth) and direct linkages (involvement in profit-making business activities with domestic and foreign capital). Although there are isolated cases of local trade union officials actively supporting workers' demands once they have gone on strike, trade union officials have generally sought to bring an end to spontaneous strikes as quickly as **possible**. In fact 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!**'⁹⁸ The implications of this for workers' self-organising activities should not be underestimated. As we write, two independent labour organisers are 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. Finally 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'.

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. In their praise of 'socialist state-led development' in China, Bowles and Dong assert that the same kind of 'national development ideology' which underpinned state-interventionist strategies in the East Asian NICs is evident in China where 'the provinces and lower-level governments are similarly endowed with a developmentalist ideology which has led them to intervene in the development process by actively sponsoring growth in their regions.'" Within China neoliberal 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 indiscipline. Giving tacit support for the 'neo-authoritarian solution', market socialists such as Paul Thompson have argued that in the current stage of 'disorganised socialism', China requires '[d]ecisive political leadership.'" Roemer is more explicit in his support for the authoritarian political regimes of the East Asian NICs, arguing that not only have these regimes 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: 'Authoritarian developing capitalist countries with high rates of growth (such as South Korea and Taiwan) are more likely to become democratic capitalist countries in the near future, for those economies have succeeded in dramatically raising the standard of living for almost everyone during the last generation.'¹⁰¹ 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**.¹⁰²

By invoking the liberal teleology which charts an inevitable trajectory from economic development to political pluralism (which then justifies political authoritarianism in the interim period of rapid industrialisation), Roemer obscures the remaking of authoritarian political elites as hegemonic ruling classes exercising new strategies of domination and control in the transition to bourgeois democracy. What is also obscured is the history of violent repression of the labour movements and other social movements in these countries in the period of rapid growth, and the current crisis of wage cuts and job losses which have followed the relocation of industrial **production** to countries such as China and Vietnam, and the **casualisation** of work in the service industries. Regardless of this, Roemer sees the experience of the East Asian NICs as sufficient justification for the authoritarian political regimes within which **TVEs** operate in China since – as microcosms of the East Asian NICs – democratic transition will be an inevitable outcome of economic growth generated by the local state. Again, their vision threatens more than it promises.

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.

NOTES

1. Yang Zhuhua (ed.), *Liening: Lun Jicheng, Jiejian Liyong Ziban Zhuyi (Lenin: On Inheriting, Adapting and Using Capitalism)* (Zhengzhou, Henan People's Publishing House, 1994).
2. See Wu Jie, *On Deng Xiaoping Thought* (Beijing, Foreign Language Press, 1996).
3. 'Zone workers', *Asian Labour Update*, 18 (May-July 1995), pp. 5-7.

4. It is important to distinguish this market socialist perspective, which sees a democratic process emerging in the political economy of towns and villages at a local level, and continued support for the **centralised** Chinese Party-state from those elements of the left more closely aligned to Stalinist forms of Marxism-Leninism. While the violent repression of the student and workers' movements in Tiananmen Square in 1989 confirmed the belief held by most socialists that the Chinese Communist regime was not socialist at all, it was this latter element of the left which continued to support the Chinese Communist Party. An example of this is the support for the Chinese state's actions in Tiananmen Square by the Communist-aligned trade union, Kilusang **Mayo** Uno (KMU) in the Philippines. Although their statement of support was claimed to have been an error, it was quite clear that KMU was entrenched in its support for the Chinese Communist regime, regardless of its actions. For a discussion see Kim Scipes, *KMU: Building Genuine Trade Unionism in the Philippines, 1980-1994* (Quezon, New Day Publishers, 1996), pp. 68, 186, 190.
5. '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.
6. 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.
7. Jasper Becker, 'Layoffs trigger rise in protests', *South China Morning Post*, 28 November 1996.
8. Sun Xiuping, Zhu Huayou and Yao Tiejun, *Theory and Reality of Transition to a Market Economy* (Beijing, Foreign Language Press, 1995), p. 161.
9. Du Haiyan, 'Interim Report on Research Project Entitled "The Question of Staff and Workers in Reforming State-Owned Enterprises"', *Jingji Yanjiu*, 1, 20 January 1983 pp. 58-65; cited in Pat and Roger Howard, 'The campaign to eliminate job security in China', *Journal of Contemporary Asia*, 25, 3 (1995), p. 348.
10. Feng Lanrui and Zhao Lukuan, 'Urban unemployment and wages', in Yu Guangyuan (ed.) *China's Socialist Modernization* (Beijing, Foreign Language Press, 1984), pp. 569-618.
11. *Ibid.*, pp. 616-17.
12. Shek Ping Kwan, 'The new poor in Chinese cities', *Change* (August 1996). Translated by Chan Ka Wai.
13. Sun Xiuping *et al.*, *The Theory and Reality of Transition to a Market Economy*, p. 164.
14. 'Notice to all workers of the Enterprise Company Limited', *Asian Labour Update*, 21 (April-July 1996), p. 24; *The Flip-side of Success: The Situation of Workers and Organising in Foreign-invested Electronics Enterprises in Guangdong* (Hong Kong, China Labour Education and Information Centre, 1996), p. 7.
15. Asia Monitor Resource Center, *Labour Rights in the Pearl River Delta* (Hong Kong, Asia Monitor Resource Center, 1996).
16. *The Flip-side of Success*, p. 11.
17. Apo Leong, 'Beasts of burden', *Asian Labour Update*, 16 (July-September 1994), pp. 5-8.
18. *South China Morning Post*, 4 July 1996.
19. *China Daily*, 22 March 1993 p. 2. Cited in Howard and Howard, 'The campaign to eliminate job security in China', p. 342.
20. *Ibid.*, p. 343.
21. *China Women's Daily*, 13 March 1996. Translated in *China Labour Bulletin*, 28 (July 1996), p. 9.
22. *Hunan Workers' News*, 8 March 1996. Translated in *China Labour Bulletin*, 28 (July 1996), p. 9.
23. Translated in *China Labour Bulletin* (October 1996), p. 4.

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24. Arif Dirlik, *After the Revolution: Waking to Global Capitalism* (Hanover, Wesleyan University Press, 1994), p. 44.
25. Steve Smith, 'Taylorism rules OK? Bolshevism, Taylorism and the technical intelligentsia in the Soviet Union, 1917-41', *Radical Science Journal*, 13 (1983), pp. 3-27.
26. Dirlik, *op. cit.*, p. 34.
27. Pat Devine, 'Beyond market socialism', *New Politics*, 2, 4 (Winter 1990), p. 112.
28. Sun Xiuping *et al. op. cit.*, p. 178.
29. Zu-liu Hu, *Social Protection, Labour Market Rigidity, and Enterprise Restructuring in China* (Chicago, International Monetary Fund, 1994).
30. Lin Zili, 'Privatization, marketization and polarization', in Peter Nolan and Dong Fureng (eds.) *Market Forces in China: Competition and Small Business – The Wenzhou Debate* (London, Zed Books, 1990), p. 167.
31. *Ibid.*, p. 166.
32. *Ibid.*, p. 166.
33. *Ibid.*, p. 170.
34. Our discussion of Marx's own writings is limited to the argument presented by Lin Zili. For a critical discussion of the contradictions between market socialism and Marx's work, see David McNally, *Against the Market: Political Economy, Market Socialism and the Marxist Critique* (London, Verso, 1993).
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37. Lui Guoguang, 'Socialism is not egalitarianism', *Beijing Review*, 28 September-4 October 1987).
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39. Wang Ruoshui, 'In defense of humanism', in Benton and Hunter (eds.), *Wild Lily, Prairie Fire*, pp. 515-16.
40. Benton and Hunter, *op. cit.*, p. 312.
41. Howard and Howard, *op. cit.*, pp. 338-55.
42. Lin, *op. cit.*, p. 168.
43. John E. Roemer, 'Can there be socialism after communism?', in Pranab K. Bardhan and John E. Roemer (eds.), *Market Socialism: The Current Debate* (Oxford, Oxford University Press, 1993), p. 90.
44. Lin, *op. cit.*, p. 174.
45. John E. Roemer, *A Future for Socialism* (London, Verso, 1994), p. 127.
46. *Ibid.*, p. 126.
47. Paul Bowles and Xiao-yuan Dong, 'Current successes and future challenges in China's economic reforms', *New Left Review*, 208 (November-December 1994), p. 62.
48. *Ibid.*, p. 55.
49. *Ibid.*, pp. 51, 60.
50. *China Statistical Yearbook 1995* (Beijing, China Statistical Publishing House, 1995), pp. 363-64.
51. Bowles and Dong, *op. cit.*, p. 58.
52. Bowles and Dong, *op. cit.*, p. 57.
53. Bowles and Dong, *op. cit.*, p. 74.
54. Bowles and Dong, *op. cit.*, p. 58. They also conflate the local state and local government, reducing the systems of power and institutions embodied in the state to one particular set of institutional arrangements, that of government. As a result they are exclusively concerned with one dimension of state power – authority – and fail to recognise the constellation of interests and social forces acting upon the state. Only through this conceptual framework can the role and power of the local Party apparatus be ignored so completely.
55. Roemer, *A Future for Socialism*, p. 128.

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