

“Black Economic Empowerment” = Attacks on Workers, Poor

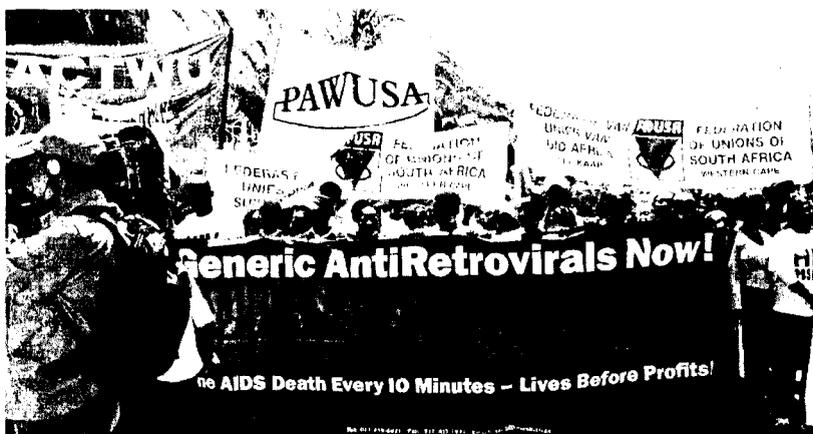
Capitalism, AIDS and ANC’s “Rollout” Scam

The bourgeois nationalist African National Congress (ANC)-led Tripartite Alliance is celebrating “10 years of democracy” and heralding a rollout of anti-retroviral (ARV) drugs to people with AIDS. Behind the hype is the same criminal obstruction of treatment and rejection of science that has plagued official HIV/AIDS policy from the outset. The brutal

reality of South Africa is the convergence of HIV-denial with the capitalist profit system. Still, whatever ARV drugs are distributed is welcome because some lives will be saved, prolonged and improved in quality—no small thing to those living with HIV/AIDS.

The development of ARV treatments has transformed lives across the globe. Yet Mbeki and the ANC tops have led a cruel and ideologically reactionary campaign against these treatments that has crippled the implementation of ARV therapy such as would be possible even within a capitalist framework. This has meant an *acceleration* of the epidemic in South Africa. The deaths of at least a thousand people a day can be laid at the feet of the ANC mass murderers.

Fighting the HIV/AIDS pandemic requires a mobilisation of society and all of its scientific and medical resources. But extreme social inequality and unequal access to medical care are the reality under capitalism. Uganda, India or Brazil are all countries of massive destitution where diseases that are routinely treated in advanced industrial countries are



TAC Photo

Union contingents join Treatment Action Campaign protest march on 14 February 2003. To effectively fight this neo-apartheid government, workers must break with the ANC.

still fatal. Even the most “rational” AIDS policy in such circumstances still entails a death sentence for untold numbers of people. In South Africa, the Milpark Hospital casualty unit in a wealthy Johannesburg suburb and the same facility in Baragwanath hospital near Soweto are in two entirely different worlds. We say:

Open the private hospitals! For free quality health care for all!

The powerful South African working class must take up the fight against this neo-apartheid government for ARVs. COSATU, NACTU, FEDUSA and other union federations should agitate on behalf of their members and all of the afflicted for lifesaving therapies to be made available to all, to tear up the intellectual property rights documents, and demand the immediate procurement and production of the necessary ARVs! The working class should take up the fight for the *expropriation without compensation* of the pharmaceutical companies as a vital public health measure. But the COSATU union bureaucrats and the South African Communist Party (SACP) are the foremost obstacle to working class struggle in this country, and play a key role in the government, administering capitalist austerity. This drives home the urgent need for a class struggle leadership in the unions to break the working class from the Tripartite Alliance.

continued on page 3

Free ARVs for All!

Protest Detention, Abuse of Trotskyist Militant at Wits Campus!

The following statement was distributed at the University of the Witwatersrand.

On Thursday the 5th of August a prominent supporter of Spartacist South Africa, known to many on campus as an outspoken political *opponent* of ANC neo-apartheid capitalism and Zionist state terror against the Palestinian people, was subjected to gross physical harassment by 8 Wits security guards. He was handcuffed and forcibly detained on Jorissen Street near Senate House. When he was confronted, he was sitting on the low wall reading the selected works of Frederick Engels and security forcibly took his bag and searched it, finding only a copy of *Workers Vanguard*, publication of the American section of the International Communist League (ICL). The ICL is a revolutionary internationalist organisation whose avowed purpose is to promote new October Revolutions against capitalism and imperialism; it stands for the unconditional military defense of those remaining deformed workers states—China, Cuba, North Korea and Vietnam—that have been ripped out of the grasp of capitalist exploitation.

Security insisted he was a "suspect" and that he accompany them to their office on campus, lamely claiming that an *unnamed* person, *not then in their company*, allegedly saw him walking toward an *unspecified* car in order to "tamper" with it! This "story" went through a new version with each telling of it. He was hauled into a security van and driven onto campus where he was off-loaded in front of hundreds of students at the steps of Great Hall. Someone from the crowd of students yelled, "what's going on here?" One prominent campus activist demanded of security an explanation and unhesitatingly stayed with him throughout the ordeal in outrage and solidarity.

The Spartacist supporter insisted he be allowed to call his attorney, which he was finally able to do only after being in detention for a little over an hour. Without explanation the cuffs were removed and he was told he was free to go because the owner of the car he was

alleged to be in the process of "tampering" had left campus. *At no point did the campus authorities ask his name or ask to see his identity papers or enter an official docket of the incident.*

The *ultimate purpose* of this gross provocation by Wits security and administration is not just to intimidate a small communist group, but is meant to be a warning to *anyone* who might want to criticise the racist Randlords and their black frontmen. This is consistent with the purpose of Wits, which is an academic mill to train the next generation of ideologues and managers to maintain racist capitalist exploitation and oppression.

Make no mistake that this incident is related to broader ANC attacks on the oppressed and exploited. In April cops arrested Wits students protesting ANC cutbacks on stipends. More recently at Diepsloot the regime put over 100 000 people in lockdown after resident protests against forced removals erupted. The police have prevented the Anti-Privatisation Forum (APF) from protesting the ANC government and arrested its members en masse while youth opposed to evictions in Katlehong were gunned down. Members of the Landless Peoples Movement (LPM) were arrested on Election Day and *tortured*.

Leading members of the ANC/SACP alliance have for some time now been calling supporters of the APF "thugs." This criminalisation of dissent and the strong-state measures of the ANC and its instruments at Wits must be opposed at every turn. For those with illusions in the neutrality of the Wits administration consider that when a prominent Israeli official spoke on campus over a year ago Zionist agents literally prevented "dark-skinned" students from entering the campus!

All opponents of capitalist repression and defenders of democratic rights must demand: ***Hands off Spartacist South Africa! Stop the persecution of the APF and LPM! Defend the left and workers movement! An injury to one is an injury to all!***

Contact Us:

Spartacist, PostNet Suite 248, Private Bag x2226

Johannesburg 2000, South Africa

Voicemail: 088-130-1035

AIDS...

(continued from page 1)

As communists with an internationalist proletarian vision, we know that only the expropriation of the bourgeoisie can eliminate the vast social inequalities of capitalism. This fight for revolutionary socialism must be consciously undertaken through the struggle for the complete political independence of the working class from all capitalist parties. The critical and urgent task is the construction of a Leninist-Trotskyist party.

ANC Criminal Obstruction Continues

On 19 November 2003, the Cabinet approved a plan calling for "at least one service point in every health district" in a year and "one service point in every local municipality" in five years. They promised anti-retroviral treatment for those with a CD4 count below 200 and/or who have AIDS symptomatic illnesses, requiring the upgrading of the healthcare system and the recruitment and training of "thousands of health professionals." Substantial monies have been allocated, although only a portion will go directly to the purchase and distribution of drugs.

The government's plan is a measure to dampen unrest at home and market the "new South Africa" abroad, not a fundamental change of heart. After his February state of the nation address, Mbeki *denied* the HIV/AIDS death toll saying there are not proper mortality figures to know "what are the things that kill South Africans." In March, Minister of Finance Trevor Manuel said that it was a waste to spend money on ARVs, which he termed "a lot of voodoo." Meanwhile, the Health Minister has intensified her campaign pushing the African potato, suggesting that traditional medicine may replace ARVs. Any implementation by the Mbeki government will be grudging and access to ARV drugs will be "akin to a lottery and will depend on where you live" (*Mail & Guardian*, 27 February-4 March).

In fact, except for the highlighting of the "role of traditional healers," most features of this plan will be honored in the breach. (With this pandemic, any concession to the "legitimate" role of traditional medicine runs counter to scientific necessity.) The government specifically projected over 53 000 people would be on ARVs by the end of March 2004. As of June, only 3 667 were receiving ARVs through the national plan and four provinces had not even started distribution. This is a tragically small number when considered against the estimated **5.3 million people** in South Africa who are infected with HIV. The central government only began the procurement of ARVs in February, exacerbating an acute crisis in distribution. One Health Department official justified these delays by explaining that they resulted from a trade deal with India and Brazil that would allow South Africa to become a major AIDS drugs *exporter* according to the "broader principles of black economic empowerment"

(*This Day*, 3 March). The ANC is more than willing to crucify infected South Africans of all colours on the cross of domestic pharmaceutical profits.

The government's promise to upgrade medical delivery is hollow. The public healthcare system is collapsing. The Health Department has been plagued by critical vacancies for most of last year. The ANC has failed to implement even the modestly scaled post-exposure prophylaxis (PEP) program providing ARV to rape survivors. Commenting last year on a mother-to-child prevention program started in 2001, a *Mail & Guardian* article proclaimed: "Shambles at AIDS baby treatment sites" (27 June-3 July 2003). At a 25 January AIDS forum organised by the Treatment Action Campaign (TAC), a health care worker vividly described overcrowding, shortage of nurses, and the absence of refrigeration or medicine for TB, diabetes or blood pressure. If your baby is sick, you may get some panado syrup and are told to figure out the rest yourself. In rural areas, magnify this 100 times. Even according to the Health Department, "public health care has been chronically under-funded for the past five years" (*Mail & Guardian*, 20-26 February).

A report previously suppressed by the government reveals that 46 per cent of all hospital patients in the country are HIV positive. **16 per cent of health workers are likely to die from AIDS between 2002 and 2007 if they don't get ARV.** A compelling course of action would mandate that ARVs be immediately procured to save lives now to sustain the key health sector. But profit, not social necessity, drives the calculations of the ANC government.

Ruling as black frontmen for the white capitalists, the ANC regime has laid off thousands of workers (with unemployment among Africans running at 50 per cent), kept education as a privilege for the children of a few ANC cronies and the white racist ruling class, and shut down hospitals. They've made their calculations that all lives are not of equal value, that only the unskilled, unemployed and subsistence farmers and women will be hit. They have decided that the casualties of HIV/AIDS can continue to mount, with the grim reaper cutting down any movement demanding treatment.

This calculating hostility to the poor and defenseless is not only criminal, it is tragically wrong. This disease strikes at society's productive population, especially the working class. At least 100 000 students are without teachers because of HIV/AIDS. And yet another long-suppressed government study reveals the devastation of workers in public service. A staggering 46 per cent of adult deaths are AIDS related. The utter devaluation of human life by the ANC further underscores the brutality and inherent irrationality of the capitalist system.

South Africa Torn Apart by AIDS Crisis

Protests in South Africa have cast an intense spotlight, including internationally, on the ruling party's perfidy. The "new" stance of the ANC government is partially a

concession designed to head off further struggle against its reactionary policies, especially by the working class. It's significant that unions like the National Union of Metal Workers of South Africa (NUMSA) and the National Union of Mineworkers (NUM) worked out agreements with the bosses to get ARVs to strategic layers of the proletariat (in auto, gold and platinum mining) that will keep capitalism churning out profits. While these are piecemeal efforts derived from the strategic interests of the capitalists, they also reflect searing anger and resentment at the base of society.

The divisions on HIV/AIDS within the ruling ANC and South Africa as a whole run deep. A University of Cape Town economist wrote: "The cabinet was probably forced into announcing a treatment programme by the sheer weight of public pressure and by concerns to defuse the issue before the 2004 elections" (Nicoli Natrass, *The Moral Economy of AIDS in South Africa*, 2004). In September 2003, Mbeki told the *Washington Post* he had no personal knowledge of anyone who had the virus or had died of AIDS. In a reply that resonated widely, the Afrikaner satirist Pieter-Dirk Uys said: "He lies and so condemns his nation to death....Like when Steve Biko died the then-apartheid minister of 'Justice' Jimmy Kruger famously said: 'It leaves me cold.' South Africa leaves Thabo Mbeki cold." That October the TAC, which had earlier launched and then suspended civil disobedience that had infuriated the regime, received the Nelson Mandela Award for Health and Human Rights for struggle in the "best traditions of the anti-apartheid movement." The chairman of Anglo-America, the mining giant, chimed in lauding the TAC's leadership.

Africa and Imperialist Hypocrisy

For their own reasons, a number of South African and foreign capitalist interests prefer Mbeki adopt an official policy *formally* consistent with medical science. Indeed, relieving the opprobrium in which AIDS policy was viewed by the Anglo-American imperialists and the United Nations was a factor influencing the decision to announce ARV distribution. But if the imperialist powers embrace this seeming change, it is because the regionally powerful South Africa is their preferred instrument for intervention on what they call the "hopeless" continent. The ANC's extending asylum to U.S.-deposed Haitian president Aristide, opposing the war in Iraq, and supporting the Palestinian leader Arafat cannot mask the fact that the ANC is a junior partner to the bloody Bush gang. Under their rule, the South African capitalists have sharply increased investment in sub-Saharan Africa and provided troops for imperialist "peacekeeping" schemes. After the Iraq war, U.S. President Bush visited South Africa and declared that Mbeki is his point man on Zimbabwe.

The recent period has seen intensified jockeying between imperialist powers over the control of Africa. The

U.S. is setting up "anti-terrorist command centers" in the eastern African countries of Djibouti, Ethiopia, Kenya and Uganda. According to journalist Pierre Abramovici, U.S. forces have also recently been involved in a series of military operations in the Sahel, the buffer zone between the oil fields in North Africa and those of the Gulf of Guinea (*Le Monde Diplomatique*, July 2004). Using the "war on terror" as a pretext, the U.S. imperialists have strengthened their ties to African officer corps and are moving in to protect sources and supply lines for important primary resources like manganese, cobalt, chrome, gold, industrial diamonds and (especially) oil. Over the next ten years, Africa is projected to become the U.S.'s second-most important supplier of oil after the Near East, and the imperialists are greedily eyeing reserves from western and central Africa, especially Nigeria, Gabon, Equatorial Guinea and Angola. In response, France and other European countries have moved to reassert their "influence" in former colonies, like the Ivory Coast.

Along these lines, a Pentagon official made clear that a key ingredient in regional African security "is national militaries that are capable and competent and not dying of AIDS." The forging of a special relationship with the South African military and restoring its combat readiness is a priority of the American imperialists. Recently, results of soldiers coming forward for one HIV test showed an astounding 87 per cent rate of positives, and estimates for overall infection rates range from 23 to 40 per cent. It was thus mutually satisfactory then that the U.S.'s National Institute of Health (NIH) gave \$35 million (mainly for ARVs) to the South African National Defense Force.

The U.S., Britain and other imperialist governments, despite hypocritical criticisms of Mbeki, act as enforcers for the extortionate drug monopolies. The Bush administration has waged an international campaign against generic ARVs and condoms, and manipulated *billions* in aid money to promote U.S. pharmaceutical interests and a reactionary Christian agenda of opposition to abortion and preaching abstinence. Since the patents for each component are held by different companies, only the generic ARVs provide necessary medication in one pill (2 or 3 in 1). This is a qualitative enhancement in economically backward countries, where access to medical treatment and transport is limited.

Cheap drugs to treat AIDS don't get to Africa because the capitalist bloodsuckers on Wall Street and in the City of London don't want them to. This doesn't stop the same pharmaceutical giants from dumping all sorts of drugs not yet approved for the West on African countries. Or worse, in the late 1990s, 15 studies on mother to infant transmission funded by the U.S. and the UN used a placebo instead of AZT—this, when AZT was known to effectively block this type of HIV-

transmission. 1 502 infants were expected to die, echoing (if not replicating!) the infamous, racist U.S.-funded Tuskegee experiment where poor blacks in the rural south were denied the known treatment for syphilis. It's within this context that Mbeki's rants about using Africans as "guinea pigs" can get a hearing from Africans outraged by the suffering they've endured.

Because they perpetuate the conditions of economic impoverishment and cultural backwardness, the imperialist powers are ultimately responsible for the horrific scope of the AIDS epidemic in sub-Saharan Africa. The 1980s saw a mounting economic crisis throughout most of the continent, which was compounded by IMF and World Bank structural adjustment programs carried out at the behest of the imperialist bankers. The wholesale economic devastation of the continent has been deepened further by the destruction of the Soviet Union, which had acted as a counterweight to American imperialism. During the Cold War, many "Third World" regimes were able to garner economic and military aid by playing off Moscow and Washington. Driven by economic desperation and the manifest bankruptcy of African nationalism, there has been a resurgence of national, tribal and clan rivalries, leading to almost continuous warfare throughout the continent, supplemented by tribal and clan massacres. In turn, these have been cynically manipulated by the imperialists and African politicians for their own ends. The UN, the IMF, and French imperialism bear significant responsibility for the 1994 Rwandan Genocide, and intervention by the UN into Darfur, Sudan is not a solution. From HIV/AIDS to "humanitarian" relief for Sudan, the crocodile tears of concern for the plight of Africa is imperialist hypocrisy: ***All US/UN/British and French troops out of Africa! UN/South African troops out of Burundi and the DRC! Hands off Sudan!***

Women's Oppression and the Pandemic

In South Africa the face of HIV/AIDS is the African woman. As we said in *Spartacist South Africa* No. 1, devoted entirely to AIDS, the woman question is *the* burning social question here today:

"More than with any other disease in modern history, every step in the search to control and cure HIV/AIDS has been hampered by the profit-driven capitalist system and all the backward, repressive, racist and anti-woman ideological crap that comes with it....And because it is a sexually transmitted disease, the special oppression that women suffer under capitalism creates a major obstacle to a cure. All the guilt, shame and repressive taboos about sex that are designed to subjugate women via bourgeois morality also play a major role in sabotaging a scientific response to AIDS."

African women between the ages 15 to 24 are two-and-a-half times as likely to be HIV-infected as their male counterparts. This disparity is partially the result of the biological fact that HIV is more easily transmitted from men to women. Sexual activity also generally starts much earlier for women, typically with partners five to seven years older (increasing their chances of infection), and often as "survival sex" for groceries, transport or school fees. This is only made worse by the widespread male insistence on *nyama enyameni* (flesh on flesh) and the common belief that AIDS is a "woman's disease."

The horrific gang rape and murder of TAC AIDS activist Lorna Mlofana in a shebeen toilet is emblematic of the degradation and oppression of women and its intersection with HIV/AIDS. She was beaten and killed after telling her attackers she was HIV-positive. Her doctor at the Khayelitsha clinic said Mlofana, a 21-year-old mother of a 3-year-old boy, had been taking anti-retroviral drugs for the past two years and was a healthy woman who courageously talked about the disease to educate and counter the stigma associated with it. We solidarise with the TAC's vigorous protest of this atrocity.

There are some 50 000 *reported* cases of rape per year in South Africa. Just under a third of high school girls indicate they are victims of rape, and 70 per cent say they have been coerced into having sexual intercourse. The myth that sex with a virgin can cure AIDS has become a further catalyst in escalating incidents of rape of young girls. One South African journalist who was raped and fought bureaucratic obstacles to get AZT to prevent HIV infection said: "We won't end this epidemic until we understand the role of tradition and religion—and of a culture in which rape is endemic and has become a prime means of transmitting the disease to young women as well as children." Mbeki labelled the journalist "racist" for this observation. In fact, traditional views are frequently co-mingled and overlap with the religious doctrines of the Christian church and missionaries wherein sex is made a "moral" issue, thereby reinforcing the stigma of AIDS. The control of this pandemic is inconceivable without a profound struggle against this retrograde social backwardness.

The oppression of women and children is bound up with the role of the bourgeois monogamous family under capitalism, where women are treated as property of men, slated to raise the next generation of wage slaves. The oppression of women may take an even more extreme form in the traditional African family, especially when polygamy is still sanctioned. The only solution is the destruction of the capitalist system by the working class, expropriating the capitalist class through victorious socialist revolution, and preparing the way for a classless society. Then the material basis would exist for replacing the family through collectivising household drudgery and child rearing.

continued on page 10

No Vote to the Neo-Apartheid Capitalist ANC! Forge a Leninist-Trotskyist Revolutionary Party! For the Dictatorship of the Proletariat!

The ruling African National Congress (ANC) won more than a two-thirds majority in the April elections and for the first time all the provinces of the country, including Western Cape and Natal. But what is generally not mentioned is that 44 per cent of eligible voters didn't even bother to show up to the polls. The oppressed classes who have experienced ten years of ANC neo-apartheid rule are starting to see through the hypocrisy of the Randlord's black frontmen—especially as the 1994 election promises are, after ten years, postponed for yet another decade to 2015. The election-day arrest of 62 members of the Landless Peoples Movement (LPM) and the torture of three of its female members was a message intended for all working people and the left.

We reprint below our 6 April 2004 statement on the elections. There is, however, an erroneous formulation in the fourth paragraph under the subhead "Forge a Bolshevik Leninist-Trotskyist Party." We write: "The future workers government will have as its foundations genuine universal suffrage..." This is wrong. While we defend democratic rights like universal suffrage and the freedom of assembly from attacks by rightwing forces and the capitalist rulers, Marxists recognise that the state is an instrument of oppression in the hands of a single class. There is no "class neutral" democracy. As our election statement makes clear, the central question for us is which class rules: the bourgeoisie or the workers?

Every state is a special repressive force, an organ of violence centrally based on armed bodies of men—cops, army, courts, prisons. As Frederick Engels writes: "In reality the state is nothing but the machine for the oppression of one class by another, and indeed in the democratic republic no less than in the monarchy" (preface to Karl Marx, The Civil War in France). Today in South Africa, just replace "democratic republic" with ANC-led popular front, and "monarchy" with apartheid. On August 30th, riot police opened fire with birdshot at a crowd of 4 000 high school students near Harrismith, protesting poverty and the ANC's failure to provide basic services. 17-year-old Teboho Mkhonza died from a gun shot wound after being punched and kicked in the police van before he was taken to the hospital. Whether Soweto in 1976 or Diepsloot and Harrismith today, the cops protect the same white capitalist rulers. The liberation of the oppressed is not possible without dismantling this state apparatus.

Engels calls capitalist democracy a paradise for the rich, but a snare and deceit for the oppressed masses. Universal suffrage is part of bourgeois rule and the

deception of the working class and poor. As V.I. Lenin writes: "To decide once every few years which member of the ruling class is to repress and oppress the people through parliament—this is the real essence of bourgeois parliamentarism..."

At the center of our program for socialist revolution is the dictatorship of the proletariat. This means that workers rule arms in hand against the inevitable resistance of their former capitalist masters. Workers state power will be organised in Soviets or workers councils, elected by the oppressed masses, like in the Russian Revolution of 1917, and delegates will be recallable on demand. Suffrage under workers rule will be class suffrage for the toilers—i.e., workers democracy. As the growth of productive forces under socialism leads to the elimination of class divisions, a special repressive apparatus will no longer serve any social function, and the state will wither away.

A clear example of how not to approach the question of the state is the militant reformism of the Anti-Privatisation Forum (APF). In their Platform on National Elections, they ask "Where is the power in the vote if the needs of the rich always come first?" and complain that there is "NO freedom to control government." This implies that workers somehow could "control" the capitalist state. While formally rejecting parliamentarism (at least for now), the APF's call for "rebuilding fighting organisations on the ground" is an effort to "control" the government through working-class pressure from below. In a February 2004 internet posting of its Platform, the APF demands "Free quality basic services to meet needs and not for profit." But capitalism is based on profit, and reforms won through class struggle are always conditional and reversible under capitalism. Yet the APF builds illusions that a capitalist government will tax the rich: "All services are starved of national funding from the government, government should finance them and the rich should pay." We say the capitalists must be expropriated through workers revolution!

While the APF did call in the recent election "NOT TO VOTE FOR THE ANC" and "NOT TO VOTE FOR OTHER BOURGEOIS POLITICAL PARTIES," the prospect of a principled and consistent stand against electoral support to capitalist parties apparently created some dissent in their ranks. So they added: "BUT IT IS UP TO INDIVIDUAL APF AFFILIATES TO DECIDE WHAT THEY DO ON THE DAY OF THE ELECTIONS." The Keep Left! affiliates of the APF, belonging to the same tendency as the British Socialist Workers Party of the late Tony Cliff, did in fact advocate voting for the ANC.

Evidently unity with reformist "socialists" who continue to demand "Mbeki, End the Wealth Gap!" (Keep Left!, June-July 2004) is clearly more important than upholding basic class principles.

Elsewhere in their platform, the APF writes, "Loyalty to the ANC is wasted because there is no longer space inside the party to shape its policies." But from its inception in 1912 through the 1955 Freedom Charter to assuming power in 1994, the ANC has **always** stood in favour of capitalism. Thus the APF leaves open the possibility of working within capitalist parties and political formations if they are only given a little room to maneuver. With this reformist escape clause, the repeated calls for mass action are in the end only meant to pressure the government. And sure enough, while their statement talks about a "future alternative of socialism," there is not a word about the need for **workers revolution** or building the revolutionary party which will lead the working class and oppressed to power.

Our 6 April election statement below is based on a presentation, edited for publication, by Spartacist South Africa speaker Zamani Ngozo at a Spartacist forum in Johannesburg given on 20 March 2004.

* * *

Since the election of Nelson Mandela in 1994 as the first black president, the African National Congress (ANC) became the primary agent for white capitalism. They, being the historic party of the privileged black elite, assumed state power with the sole purpose to stabilise, uphold and administer South African capitalism. Their primary aim was, and till up to this day, is using governmental power to create a layer of black future capitalist exploiters. They have used the last ten years in power to confirm their credentials as true custodians of the system of private property beyond any reasonable doubt. The only significantly new thing about the "new" South Africa is that now you have the ANC/SACP/COSATU black frontmen running capitalism on behalf of the white South African capitalist class and their masters in Wall Street and City of London. We call this *neo-apartheid*—i.e., the co-optation of the leadership of the black liberation struggle and workers movement by the white capitalist class through the ANC's nationalist popular front. Meanwhile, the ANC continues its *criminal genocidal policy* against people with HIV/AIDS whose number of deaths reach at least a thousand a day. This explains why the ANC-led nationalist movement cannot achieve any semblance of liberation for the African masses since it is committed to maintaining South African capitalism which has always been based on the brutal exploitation of the black toilers. This is the economic bedrock of white supremacy, and the fundamental reason why neo-apartheid cannot be reformed away through negotiations and elections. We, revolutionary Trotskyists of Spartacist South Africa, section of the International

Communist League, Fourth Internationalist, counterpose the fight for a workers party fighting for a workers government to voting for the ANC, rulers of the capitalist "new" South Africa.

For the Class Independence of the Proletariat from the Capitalist ANC Government

Despite popular denunciations of the "gravy train," black African workers and other toilers remain tied to their exploiters and would-be exploiters by their traditional and continuing support to the ANC abetted by its longtime allies, the reformist SACP and COSATU pro-capitalist bureaucracy. To break the chains of neo-apartheid and achieve genuine national and social liberation, the working class must transcend the ideology of nationalism, the false belief that the black African people, brutally oppressed by the white rulers of South Africa, all have common interests which stand higher than class divisions.

In the 1994 elections the ICL gave critical support to the Workers List Party (WLP) in which Workers Organisation for Socialist Action (WOSA) was the main player. Their platform can be summarised by its opening sentence:

"The WLP enters the elections in order to promote the formation of a 'Mass Workers Party' (MWP). We believe that only such a Workers' Party will be able to carry forward the struggle of the exploited and oppressed masses of South Africa. We do not believe that any of the white or black nationalist parties can solve the crisis of unemployment, homelessness, disease, illiteracy and poverty that afflict the urban and rural poor; those who live in the crime-ridden townships and squatter settlements of our cities, in the rural slums in the Bantustans and in the slave-like conditions on the white farms and in the dorps [small farming towns]. These parties cannot do so because they accept the capitalist system."

--"Manifesto of the Workers' List Party of South Africa," reprinted in *Socialist Organiser* [London], 17 March 1994

We emphasised the importance of running a working-class party in opposition to the ANC:

"The question of political organization of the proletariat, independent from and in opposition to the nationalist ANC, is a key strategic question for South Africa today. In this regard, the WLP does draw a crude class line and a vote for it will be seen in South Africa as a vote for a workers party rather than the ANC."

However, we also spelled out our criticisms of the WLP election manifesto:

"*Never once* does it define itself in reference to the ANC, nor even mention it, which takes some doing in South Africa today. Nor does it raise the need for

socialist revolution against the neo-apartheid ANC/NP capitalist regime. While calling for 'self-defence and a workers' militia,' the WLP platform does not call for smashing and replacing the existing capitalist state machine which is the direct continuity of the apartheid state....

"While the WLP speaks of 'a socialist democracy' and 'democratic planning process,' this is in the spirit of European social democracy rather than the kind of revolutionary regime based on workers councils (soviets) that would be needed in order to expropriate the wealth of the Randlords and crush the bitter-end resistance of the apartheid racists backed by international imperialism."

--"ANC/De Klerk Deal Is Betrayal of Black Freedom," WV No. 599, 29 April 1994

In subsequent years members of WOSA were very hostile to our reminding them of the above critical support as they reneged from the position of working-class independence and ultimately their leader-supremo Neville Alexander participated in the ANC governmental apparatus as head of the commission on language policy.

But what we are faced with in the coming 14 April elections is totally different from the above scenario, because in this year's elections it is our informed opinion that *there is no proletarian class opposition to the bourgeois nationalism of the ANC*. And this derives from the role that the rest of the South African left has chosen for themselves, i.e. to be part of the syphilitic chain of South African nationalism. They are left tails of bourgeois nationalism and see their role as being that of left pressure on the ANC-led nationalist popular front for structural adjustments within the confines of capitalism. Common to most of these fake left groups is that they share a history of class collaboration with the ANC at one stage or another and belong to the Anti-Privatisation Forum (APF) left sandbox led by an expelled ANC councillor, Trevor Ngwane. They have taken the position of "boycotting" the elections, a cheaper price than a principled class opposition to ANC neo-apartheid capitalism. The APF and others constituted themselves as an anti-war coalition (AWC) during the Iraq invasion and shared a platform with the ANC bigwigs. When Spartacist South Africa members criticised them for class collaboration with the capitalist ANC, they accused us of being "sectarians" and disagreed with our call for class struggle against capitalist rulers at home.

The other leading player in the APF/AWC is the Democratic Socialist Movement (DSM) formerly the Marxist Workers Tendency (MWT) who spent more than two decades in the ANC. They only quit the ANC in 1996 claiming the adoption of the GEAR neo-liberal policies by the latter made it "capitalist." In 1994 they called for voting for the ANC. "Kick out the Nats!" they headlined, proclaiming: "The elections give us the

chance to crush the party of apartheid and dictatorship. Every vote must be used to close the door on the old South Africa" (*Congress Militant*, February-March 1994). In 1995 the ANC government under Mandela unleashed police and dogs against Pick 'n Pay mainly women strikers, fired 6 000 striking nurses in the Eastern Cape while castigating those in Baragwanath and other Gauteng hospitals as "counterrevolutionaries." The MWT sat tight in the ANC. Another component of the APF is the Keep Left! affiliated to the British Socialist Workers Party of the late Tony Cliff who in their December 2003 issue of their self-named newspaper call for a "...vote for the ANC in the upcoming elections."

The other fake left face is that of the misnamed, PAGAD-loving Workers International Vanguard League (WIVL) also a member of the anti-eviction campaign (AEC) which is the Cape Town counterpart of the Gauteng-based APF. In their undated leaflet entitled "The Campaign of Deception" they are preaching illusions in the ANC capitalist regime demanding: "Thus instead of a forty-five hour week the state should compel the employers to adopt a 30-hour week without a reduction in wages." No one in South Africa believes Mbeki & Co. would ever consider such a policy. Expressing the economist side of their program they proclaim the following: "The spontaneous development of the Anti-Eviction Campaign as a social movement poses serious challenges, to the capitalist class and the state, about fundamental private property relations in the capitalist system." What rhetorical nonsense! Their demands on the bourgeois state are in line with their anti-Marxist view of the state as a neutral force and up to this day they still defend their policy of suing the trade unions in bourgeois courts.

The oppositional pretences by these groups have nothing to do with program or principles but reflect the adaptation to the disillusionment and anger against the ANC as it continues to grow at the base of society. The explosive anger by the SATAWU airport strikers calling for "No vote to the ANC" and TAC activists overstepping the constraints of their pro-ANC misleadership are fine examples. The "socialist group" within the APF calls for the "mass working class party" in the spirit of the old British Labour Party or Brazilian Workers Party, which is today administering capitalism on behalf of the Brazilian ruling capitalist class. They have a stagist conception that the South African working class needs to go through a mass reformist party first before a revolutionary working class party can be built.

Forge a Bolshevik Leninist-Trotskyist Party

The colonial-derived South African state consists of different national, racial and ethnic groups, with the whites on top, now supplemented by their black state bureaucrats (gravy trainers) and black economic empowerment lapdogs, the black Africans on the bottom

and coloureds and Indians occupying an intermediate position. The goal of communists is not to forge "one nation" in the borders of the 1910 Union of South Africa but to achieve political and social equality for *all* South Africa's diverse peoples. This requires a racially integrated Leninist Party like the one that led the October 1917 Russian Revolution. We call for a socialist federation of southern Africa.

We stand for the Trotskyist concept and program of permanent revolution in opposition to various and intertwined currents of nationalism and reformism prevailing in the South African left. The theory of permanent revolution holds that the national bourgeoisie in backward countries is so weak, backward and imperialist-dependent that it can no longer play any progressive role. National liberation and social and economic modernisation in "Third World" countries can be achieved only under the leadership of the working class, through proletarian revolution and its extension to the imperialist centres of Europe, North America and Japan.

The party of a Bolshevik type, built in struggle to forge a democratic centralist Fourth International—world party of socialist revolution—is necessary for the South African masses, like the workers of all countries, to make a successful socialist revolution. A revolutionary party can come only through the intervention of a Marxist nucleus committed to sweeping away every vestige of neo-apartheid capitalism through the expropriation of the Randlords and dedicated to the cause of international socialism. There can be no justice in South Africa until the

oppressed majority has power in the revolutionary workers state which would unite Xhosa and Zulu, Coloured and Indian, with ample room and full democratic rights for those whites who would join in building a society based on genuine equality.

The future workers government will have as its foundations genuine universal suffrage—without minority veto powers—equality of all the peoples of South Africa, full citizenship rights (including the right to vote) for the hundreds of thousands of migrant workers drawn from neighbouring countries and their families, equal pay for equal work, the right of the rural black population (particularly in the barren bantustans) to land stolen over centuries, first by Afrikaner colonial settlers and then by the British imperialists. There will be genuine equality for women. And most importantly access to free anti-retroviral drugs and free quality health care for all. South Africa requires a workers government, not the installation of aspiring black exploiters in the antechambers of the *verligte* (enlightened) neo-apartheid power—which is what the ANC offers and desires. Organisational separation and political independence from the nationalists are the bedrock of a working class revolutionary party.

Break the Tripartite Alliance with the ANC capitalist government! Free anti-retroviral drugs for all now! Full citizenship rights for all immigrants! For a workers republic! For a socialist federation of Southern Africa! Those who labour must rule!

Subscribe Now!

Spartacist South Africa

Marxist journal of Spartacist South Africa
(includes English-language *Spartacist*)

R10.00 for 4 issues (in South Africa)
R20.00 for 4 issues (Overseas)

Workers Vanguard

Marxist working-class biweekly of the Spartacist League/U.S.
(includes English-language *Spartacist* and *Black History and the Class Struggle*)

R30.00 for 22 issues (in South Africa)
R50.00 for 22 issues (Rest of Africa)

Name _____

Address _____

Post Code _____

Phone _____ E-mail _____

Mail cheques/postal money orders payable to: **Spartacist, PostNet Suite 248, Private Bag X2226, Johannesburg 2000, South Africa**

AIDS...

(continued from page 5)

The oppression and abuse of women is reinforced by the anti-working class, anti-woman, anti-poor practices of the regime. There is a huge gulf between official policy as embodied in the “most progressive constitution in the world” and reality. Only 45 per cent of the 309 designated abortion clinics actually provide this vital procedure. Women stuck without employment outside the home care for the sick and dying, while the swelling ranks of AIDS orphans battle for survival. The ANC has never taken a public stand against the prevalent *lobola* (bride price) in which women’s status is reduced to property or female genital mutilation, still practiced openly in rural areas and secretly in the townships.

Bourgeois Nationalism Is the Main Obstacle to Revolutionary Consciousness

The Western-educated Mbeki and many ANC bourgeois nationalists embrace conspiracy theories and AIDS denial. Mbeki and his ministers employ sinister race baiting in their attacks on proponents of ARVs. In one public incident, the Minister of Health labelled the combative TAC leader Mark Heywood as a “white man” who tells “our Africans” that “you must toyi toyi here.” In a speech at Fort Hare University in 2001, Mbeki slanderously ascribed the view to AIDS scientists that Africans are “germ carriers, and human beings of a lower order” who must “adopt strange options, to save a depraved and diseased people from perishing from self-inflicted disease.” Likewise, the ANC expounds on the “African Renaissance” and energetically promotes the authority of “tribal leaders” and “traditional healers.”

The ANC government’s cynical refusal to recognise the crisis around AIDS is also underpinned by its elemental hostility on the gay question. It is common to hear that homosexual sex is not “African.” The association of AIDS with homosexuals, drug users, or any other particular group has always been the ideological cover for the concrete failure to fight it. There is no such thing as a “homosexual disease” or a “heterosexual disease.” HIV is a *virus*. We fight for **full democratic rights for gays and lesbians**.

Likewise, the ANC-led government orchestrates and manipulates an anti-immigrant backlash. Today, it is immigrants and asylum seekers at whose feet the scourge of AIDS is falsely laid. These migrant workers, including “illegal” immigrants, are a living link between the South African proletariat and the workers throughout the region. **Full citizenship rights for all immigrants!**

Mbeki et al.’s “Africanist” denunciations of Western science, race-baiting and touting of “African solutions” are intended to disguise the fact that *the bourgeois-*

nationalist ANC regime is the main political agent of world imperialism and the South African capitalist class. The ANC’s nationalism is a wellspring for retrograde consciousness on HIV/AIDS and women’s oppression. To break the chains of neo-apartheid capitalism, and achieve genuine national and social liberation, the working class must transcend the ideology of nationalism, the false belief that the black African people—brutally oppressed by the white rulers of South Africa—all have a common interest which stands higher than class divisions. All working people in this country—Zulu or Xhosa, Indian or Coloured, immigrant or native born, African or white—have a common interest in fighting against ANC capitalist austerity and neo-apartheid.

Break With the ANC-led Tripartite Alliance!

The Tripartite Alliance between the misnamed SACP, COSATU and the ANC is a *nationalist popular front* through which the African working class and dispossessed are chained to their exploiters. The SACP and COSATU have acted as a medium for pressure at the base of society that low cost ARVs be made available. They have utilised differences over the epidemic in the ruling party to push for a formal change in the government’s position on ARV distribution. But simultaneously, they are part of a division of labour that marshals support for the ANC and keeps any expression of disgruntlement with the HIV-denialist Mbeki regime confined to “safe” limits. They thus seek to shackle the oppressed to their literal executioners.

At last year’s COSATU conference, the SACP/COSATU tops dismissed the idea of a split in the Tripartite Alliance and announced a long-term (to 2015) program of cooperation. Opponents of the Alliance were told that their identities were known and they should get out. The COSATU tops and SACP quite consciously *did not* use the national stage to galvanize South African society on HIV/AIDS. Any display of indignation was buried as the Minister of Health and other ANC luminaries were in attendance. Instead Blade Nzimande, SACP general secretary, addressed COSATU on the need to renew the ANC by a massive workers infusion into it for the upcoming elections. An obligatory resolution called on the government to dispense ARVs was passed. But the truth was captured by a reader of *Spartacist South Africa* and COSATU member, who explained to us that within COSATU itself there are inadequate structures to deal with the epidemic even as its members are dying daily.

The SACP is integral to the administration of the capitalist state, which is an instrument for the suppression of the interests of the working class and oppressed. The chairman of the SACP is Minister of Safety and Security with direct control over the police, and Ronnie Kasrils is the minister in charge of the National Intelligence Agency that has been in the van-

guard of intimidation and worse of the "social movements." The SACP's role in covering the ANC's flank on HIV/AIDS will prove to be one of the singular betrayals in the sordid history of class-collaborationist (popular front) politics.

Acting as a political auxiliary to the ANC is the Treatment Action Campaign (TAC), a militant single-issue pressure group arising out of the mass desperation of the situation. The ANC regime has employed repression against the Anti-Privatisation Forum (APF) and detention and torture against the Landless Peoples Movement (LPM). TAC, another one of the "social movements," is seen to be more acceptable because of its craven political support for the ANC. (Although this didn't stop COSATU tops from warning the TAC that their short-lived civil disobedience better not challenge the "authority" of the state.) Given the unprecedented destructive scope of the epidemic, a denialist regime that withholds medicine that could save the lives of thousands, and the intransigence of the drug companies on pricing and cheaper generics, "rampant, militant protest would seem a given." But, as even the bourgeois press notes in the course of praising this group's tactics, they are merely a "whisper" on the "sliding scale of a people's revolutionary cause" (*The Sunday Independent*, 7 December 2003).

On January 25th, the TAC held a "People's AIDS Forum" at Johannesburg City Hall to build a "real partnership for implementation" with the government. At this event, the leadership policed the audience to stifle militant expressions of outrage. A person with AIDS spoke and, pointing her finger at ANC Gauteng Premier Mbhazima Shilowa, said: "We are bleeding and the government is doing nothing." When she finished a group of youth converged to the front of the hall *toyi toying* and chanting "Manto and Mbeki are selling us out. We are going to give them one minute to get out." This prompted the TAC to say that the woman's sickness was the source of her words, so for the TAC the government was not the enemy. When Shilowa got up to speak, the chanting and *toyi toying* began again: "The Black Elite is causing this suffering." Shilowa's speech was an insult and youth in the back of the hall started making placards: "African potato, olive oil, she must taste it first" and "Phansi nge Beet Root." Another read "If you want votes go to the nearest cemetery." TAC members roamed the hall collecting the offending placards.

The TAC's whole strategy exemplifies the limits of keeping the struggle for decent healthcare and living conditions within the confines of capitalism, especially when the vast majority of the world's population lives in poverty. Politically loyal to the ANC, their "watchdog" strategy of pressuring the regime has turned them into political cops suppressing the immense and justifiable rage against the government. Disenchanted TAC activists must break with single-issue activism and *with*

the ANC and struggle against the capitalist profit system of exploitation, poverty and war.

A "Left" Opponent of Revolutionary Marxism

Posturing to the left of the ANC/SACP is the Democratic Socialist Movement (DSM), affiliated with the Committee for a Workers International of Peter Taaffe. The DSM has opposed Mbeki's HIV/AIDS denial and criticised the TAC for, among other things, defending the profits of drug companies. They say "the battle against AIDS cannot be won in the Courts, but in the struggle against capitalism itself" (*Izwi Labasebenzi*, June 2002). They criticise TAC leader Zackie Achmat's public posture as a "loyal ANC member bewildered by the apparently inexplicable position of his leader, Mbeki..." This might lead some to give credence to the DSM as bona fide defenders of the downtrodden. Nothing could be further from the truth. For a group that spent some 20 years (!) inside the ANC as the so-called Marxist Workers Tendency (MWT), to attack Achmat for his slavish loyalty to the same ANC takes some truly self-serving memory loss. Ignoring the clear print of the Freedom Charter, they repeatedly state the ANC's capitalist program began in 1996 with the imposition of GEAR. But the ANC did not just recently go bad. It has always been explicitly capitalist. The MWT stayed inside the ANC when it negotiated the historic betrayal of the African masses in 1994. They were in the ANC when the Mandela government unleashed repression against the national nurses' strike and fired 6 000 in the Eastern Cape in 1995. Their current opposition to the ANC, including on HIV/AIDS, does not diminish the responsibility they bear for the crimes of the ANC, which *they helped put into power*.

Forge a Leninist-Trotskyist Party!

South Africa is an example of what Marxists call combined and uneven development. The technologies to build nuclear reactors and chronic outbreaks of cholera have an uneasy co-existence. On the streets of Durban, purveyors of *muthi* (traditional medicines) offering mystery powders and ground bones as cures for the ravages of AIDS are found side by side with the advanced technology necessary to operate one of the world's most-active industrial ports. Modern industrial and mining complexes were built through the super exploitation of the black toilers by the white capitalist class. The privileged white minority enjoys living standards comparable to the wealthiest enclaves in North America and West Europe, including having access to the best medical care money can buy. But a powerful working class exists that will be the gravedigger of the neo-apartheid social order.

In South Africa, with its significant economic development in the crucial urban centres and its *relatively* advanced medical care, ARVs could be dis-

tributed on a massive scale. Less developed Botswana is distributing ARVs free to 17 400 people, which is, however, only a fraction of its 260 000 strong HIV-positive population (the government estimates that 100 000 people are in immediate need of ARVs). But even the most rational and humane policy under neo-apartheid capitalism may well not be enough to save the lives of millions of people in this country, including entire sections of the South African proletariat. Poverty, homophobia, women's oppression and "traditional institutions" will continue to plague any approach to this disease, strongly affecting who is treated. The availability of drugs and the rational utilisation of technology are hamstrung by private medical services and profiteering pharmaceutical companies. In rural areas, the absence of infrastructure, transport and refrigeration presents additional obstacles to be overcome.

South Africa has the most powerful proletariat on the continent. There are in its ranks many adherents of a socialist vision of society. This proletariat has not been defeated in battle, although its liberation was "negotiated" away at least temporarily. The powerful strikes against privatisation over the past three years have not raised the basic call for *free ARVs for everybody now!* This would destabilise the ANC and South Africa in a profound way, so deeply is the country fractured by this crisis.

Massive unemployment and land hunger, the displacement of the African population in townships,

the migrant labour system with its single-sex hostels—the entire edifice of social inequality—these are the core characteristics of neo-apartheid capitalism *today*. If it is to fight for its own liberation against capitalist exploitation, the South African working class must lead the battle against the obstruction of the Alliance on AIDS. It must oppose the brutal oppression of women, immigrants and the rural poor. It must take up the cause of the millions who languish in the country's impoverished shantytowns.

Spartacist South Africa is dedicated to the task of building a revolutionary internationalist vanguard party as the critical step in unchaining the power of the South African proletariat. It will struggle against every manifestation of social oppression and police tyranny. It will be, in Lenin's words, a "tribune of the people." The South African working class must be an instrument of its own emancipation and all the oppressed by sweeping away capitalism in sub-Saharan Africa. However, the scourge of HIV/AIDS cannot be eliminated within the colonial-derived boundaries of the South African state. The survival of socialist revolution on the subcontinent requires its international extension to the metropolitan bastions of imperialism in the West and Japan. This is the task to which the International Communist League is dedicated. Then and only then will the necessary social resources and the most advanced medical and scientific techniques be employed in the service of all humanity to truly tackle the plague of HIV/AIDS.

Recent pamphlets available from Spartacist South Africa



Fourth ICL International Conference, Autumn 2003
**The Fight for Revolutionary
 Continuity in the Post-Soviet World**
 PAGE 2

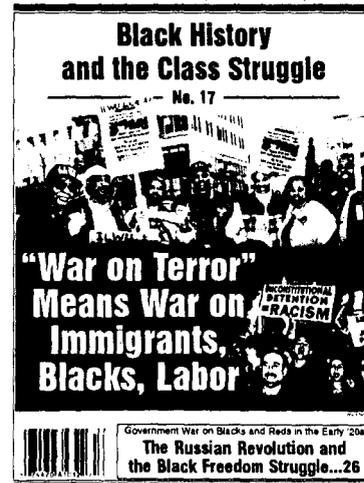
Forty Years of Spartacist
 "Toward Rebirth of the Fourth International"
 PAGE 16

**The Origins of Japanese Communism,
 Debate over "Two-Stage Revolution"
 and the American Occupation**
**The Meiji Restoration: A Bourgeois
 Non-Democratic Revolution**
 Appendix: Historical Documents
 • Manifesto by the Preparatory Committee for the Japanese Communist Party (1921)
 • Program of the Communist Party of Japan (1922)
 • Report on Differences at the Special Congress of the Japanese Communist Party (1923)
 PAGE 20

**Anti-Immigrant, Anti-Woman, Anti-Sex:
 U.S./UN Crusade Against "Sex Trafficking"**
 PAGE 40

Spartacist (English Edition)
No. 58, Spring 2004
R3 (60 pages)

A Spartacist Pamphlet \$1



**Black History and
 the Class Struggle No. 17**
R3 (48 pages)

China ...

(continued from page 24)

revolution to place political power in the hands of workers and peasants councils. The urgent task facing the Chinese proletariat is to build a Leninist-Trotskyist party as part of a reformed Fourth International to prepare and lead this political revolution, standing at the head of the toiling masses and directing the spontaneous and localised struggles of the workers toward the seizure of political power.

Is the CCP Restoring Capitalism in China?

Ever since the Deng regime introduced market-oriented economic “reforms” in the early 1980s, an increasingly influential current of Western bourgeois opinion has maintained that the Communist Party itself is gradually restoring capitalism in China while keeping a tight grip on political power. This position was widely and loudly trumpeted late last year when the 16th Congress of the CCP legitimised party membership for capitalist entrepreneurs. “China Turns Its Back on Communism to Join Long March of the Capitalists” was a typical headline in the Western press, in this case that of the London *Guardian* (9 November 2002).

In fact, this congress did not introduce a significant change in either the social composition of the CCP, which after all has 66 million members, or its functional ideology. According to an official survey, of China’s two million private business owners 600 000 are party members and have been for some time. The overwhelming majority of these were longtime CCP managerial cadre who took over the small state-owned enterprises they were running when these were privatised over the past several years.

Some groups that falsely claim to be Trotskyist have embraced the now-conventional wisdom in Western bourgeois circles that “capitalist roadism” has decisively triumphed among those governing China. Commenting on the 16th CCP Congress, the British-centered tendency led by Peter Taaffe wrote: “China is on the road to complete capitalist restoration, but the ruling clique are attempting to do this gradually and by maintaining their repressive authoritarian grip” (*Socialist*, 22 November 2002). By labelling China’s government an “authoritarian” capitalist-restorationist regime, the Taaffeites and their ilk can justify supporting imperialist-backed anti-Communist forces in China in the name of promoting “democracy,” just as they supported Boris Yeltsin’s “democratic” counter-revolution in the USSR in 1991.

In maintaining that China continues to be a bureaucratically deformed expression of proletarian state power, we do not deny or minimise the growing social weight in China of both the newly fledged capitalist entrepreneurs on the mainland and the old, established offshore Chinese bourgeoisie in Taiwan and Hong Kong. Many a top government and/or party official has a son, younger brother, nephew—or, as in the case of

Chinese president Hu Jintao, son-in-law—who’s a private businessman.

Nonetheless, the political power of the main body of the Beijing Stalinist bureaucracy continues to be based on the core collectivised elements of China’s economy. Furthermore, the economic policies of the CCP regime are still constrained by fear of social—especially working-class—unrest which could topple it. This came close to happening in 1989 when student-centered protests for political liberalisation and against corruption triggered a spontaneous workers revolt that was then suppressed with great bloodshed by regime-loyal army units. (For an extensive account of this incipient proletarian political revolution, see “Ten Years After Tiananmen—China: Fight Capitalist Restoration! For Workers Political Revolution!” *WV* Nos. 714 and 715, 28 May and 11 June 1999.)

A capitalist counterrevolution in China (as in East Europe and the former USSR) would be accompanied by the collapse of Stalinist bonapartism and the political fracturing of the ruling Communist Party. The economic policies of the Beijing Stalinist regime that encourage capitalist enterprise (and the corresponding rightward shifts in the bureaucracy’s formal ideological posture) have increasingly strengthened those social forces that will give rise to imperialist-backed, openly counter-revolutionary factions and parties when the CCP can no longer maintain its present monopoly of political power. This can be clearly seen today in the capitalist enclave of Hong Kong, the one part of the PRC where bourgeois oppositional parties exist. Last summer, Hong Kong’s Democratic Party organised mass, anti-Communist mobilisations openly supported by the Bush administration in Washington and its junior partners in London (see “Hong Kong: Expropriate the Bourgeoisie!”, *WV* No. 814, 21 November 2003).

Sujian Guo, a right-wing Chinese émigré intellectual in the U.S., published an interesting article in the *Journal of Contemporary China* (August 2003) dissenting from the view that China has already become or is fast becoming capitalist (“The Ownership Reform in China: What Direction and How Far?”). According to a brief biographical sketch, Guo was a “former policy analyst at the Party Central Committee in China.” Given his present ideological bias, Guo minimises the growth of capitalist elements in China’s economy and ascribes to the top CCP leaders a continuing belief in socialism, at any rate in the historical long run. But this anti-Communist advocate of “free market” capitalism understands a basic truth which most leftists, including self-described Marxists, do not:

“How to privatize such a huge estate of state ownership *within the framework of the existing political system and structure* is really problematic and technically unworkable. The experience of other former communist countries has shown that there is no single case of making privatization successful with the communist

party remaining in power and its political system intact.”
[emphasis in original]

The leaders of the CCP, too, looked at what had happened in the East European “People’s Democracies” and the former USSR in the late 1980s and early 1990s, drew their own lessons and acted accordingly. They also drew some lessons from the 1989 Tiananmen revolt that threatened their own downfall. They were determined there would be no political liberalisation even at the academic/ intellectual level. The regime of Jiang Zemin, who succeeded Deng when the latter died in 1997, was able to prevent any organised factional opposition in what historically has been a quite fractious ruling Stalinist party. There appears to be no significant dissident movement or milieu on the mainland either to the right or left of the central CCP leadership.

The Latest Illusion of Chinese Stalinism

China’s high rate of economic growth in recent years—moreover, amid a generalised world capitalist recession—has produced a certain triumphalist mood among the CCP leadership and cadre and affiliated intelligentsia. One would certainly encounter a very different mood among the millions of workers laid off from state-owned enterprises, impoverished migrants from the countryside and poor peasants barely eking out a living toiling on tiny plots with rudimentary equipment. But among Chinese intellectuals of mainstream political views one increasingly hears the notion that their country has somehow found a middle way between the anarchy of “free market” capitalism and the rigidities of the old-style Stalinist “command economy.”

In their younger days, Jiang Zemin, Hu Jintao et al. doubtless subscribed to the Maoist-Stalinist doctrine that China was “building socialism” with its own unaided efforts. They now view that as a product of “dogmatic thinking” and see themselves as hard-headed realists confronting and dealing with the rest of the world as it actually is. Yet Jiang, Hu and their cohorts are driven by delusions of grandeur exceeding the wildest imaginings of Chairman Mao.

The present CCP leaders believe that they can modernise China, transforming it into a great world power—indeed, the global superpower of the 21st century—through ever greater integration into the world capitalist economy. They truly believe they can control and manipulate Citibank, the Deutsche Bank and the Bank of Tokyo-Mitsubishi to help build up China so that in a generation or two it will surpass the United States, Germany and Japan. Believing they are transforming China into a global superpower, they are actually clearing the path for returning China to the pre-revolutionary era of untrammelled imperialist subjugation.

The growth of imperialist belligerence toward China

since the collapse of the Soviet Union is evidence enough that the world’s bourgeoisies will not countenance the Beijing bureaucracy’s great power ambitions. Over the past decade, the Pentagon has redeployed a significant proportion of its military forces to the Pacific Rim region, while pushing ahead with plans for a “theater missile defense.” As a result of its incursion into Afghanistan and Central Asia, as well as a renewed military presence in the Philippines and elsewhere, the U.S. has significantly strengthened its military vise around China. In signing on to the U.S.-led “war on terror,” Beijing has only encouraged U.S. imperialism in its counterrevolutionary drive. The Chinese leadership has also joined the crusade against North Korea’s nuclear weapons program. This is a nationalist betrayal that undermines the Chinese deformed workers state itself; capitalist counter-revolution in North Korea would only embolden the forces of capitalist restoration targeting China.

To be sure, the ruling Chinese Stalinists are not simply supine in the face of U.S. military encirclement: witness their vigorous response to Washington’s spy plane provocation two years ago. The CCP regime has also resisted American demands to impose an economic embargo against the North Korean deformed workers state. But the Stalinists’ pipe dream that there can be “peaceful coexistence” with imperialism can only lull the vigilance of the Chinese masses and undermine the defense of their workers state.

The alternative to a bloody, imperialist-backed counterrevolution is proletarian political revolution. For the past several years, there have been large-scale and widespread popular protests and labour struggles, especially over the massive layoffs in state-owned industrial enterprises. To date, through a combination of repression and concessions, the regime has managed to contain these at the level of localised economic actions. Nonetheless, at its base China is a *profoundly unstable society*. Sooner or later, the explosive social tensions will shatter the political structure of the ruling bureaucratic caste. And when that happens, the fate of the most populous country on earth will be starkly posed: proletarian political revolution to open the road to socialism or capitalist enslavement and imperialist subjugation.

The outcome of that momentous battle will be of decisive significance for the working masses not only of China but of the entire world. As with the counter-revolutionary destruction of the Soviet Union, the restoration of capitalism in China would further embolden the imperialists to lash out against their own workers and against the semicolonial peoples everywhere. It would also heighten rivalries between the imperialists over who would exploit China, bringing the planet that much closer to a new inter-imperialist world war. This underscores the obligation of the international proletariat to stand in defense of the gains of the Chinese Revolution. On the other hand, a political revo-

lution carried out under the banner of proletarian internationalism would truly shake the world.

A government of workers and peasants councils would expropriate without compensation the hundreds of billions of dollars in productive wealth owned by Chinese capitalists—mainland and off-shore—and by Western and Japanese investors. It would re-establish a centrally planned and managed economy—including a state monopoly of foreign trade—governed not according to the arbitrary “commandism” of a closed-in bureaucratic caste (which produced such disasters as Mao’s “Great Leap Forward”) but by the widest proletarian democracy.

Such measures would provoke intense imperialist hostility, both militarily and economically (e.g., an economic embargo). But among the workers and oppressed internationally, including in the imperialist heartlands, they would meet with huge sympathy and solidarity.

Imbued with Stalinist preachings of “socialism in one country,” even the most leftist Chinese workers may view the prospect for socialist revolution in the advanced capitalist countries as remote or utopian. But a proletarian political revolution in China would shatter the “death of communism” ideological climate propagated by the bourgeoisie since the destruction of the Soviet Union. It would radicalise the proletariat of Japan, the industrial powerhouse of East Asia. It would spark a fight for the revolutionary reunification of Korea—through political revolution in the beleaguered North and socialist revolution in the South—and reverberate among the masses of South Asia, Indonesia and the Philippines bled white by imperialist austerity. It would revive the working people of Russia who have been ground down by a decade of capitalist immiseration.

Only through the overthrow of capitalist class rule internationally, particularly in the imperialist centers of North America, West Europe and Japan, can the all-round modernisation of China be achieved as part of a socialist Asia. It is to provide the necessary leadership for the proletariat in these struggles that the ICL seeks to reforge Trotsky’s Fourth International—world party of socialist revolution.

The Core Collectivist Elements of China’s Economy

The CCP leadership officially describes China as a “socialist market economy.” It is the “socialist” (i.e., collectivist) aspects which are responsible for the *positive* economic developments in China in recent years: the vast expansion of investment in infrastructure (e.g., urban construction, canals, railroads and the giant Three Gorges Dam project), the ability of China to have navigated successfully through the 1997-98 East Asian financial/economic crisis and then a generalised world capitalist recession. And it is the market aspects of China’s economy which are responsible for the *negative*

developments—the ever-widening gap between rich and poor, the immiseration of a large and growing fraction of the populace, tens of millions of workers laid off from state-owned enterprises, the army of impoverished migrants in the cities who can no longer make a living in the countryside.

In China today, it is the core collectivised elements of the economy which continue to be dominant, though not in a stable, coherent manner due to an ever-shifting interaction between contradictory institutional arrangements and government policies. In 2001, state-owned and partly state-owned enterprises (shareholding corporations) accounted for 57 per cent of the gross value of China’s industrial output (*China Statistical Yearbook* [2002]). But this simple statistical figure obscures the *strategic centrality* of state-owned industry. The private (including foreign-owned) sector consists for the most part of factories producing light manufactures by labour-intensive methods. Heavy industry, the high-tech sectors, modern armaments production are overwhelmingly concentrated in state-owned enterprises. It is these enterprises that have enabled China to put a man in space. Far more importantly, it is state-owned industry that has enabled China to build an arsenal of nuclear weapons and long-range missiles to ward off the American imperialists’ threat of a nuclear first strike.

All major banks in China are state-owned. Almost the entirety of household savings—estimated at *one trillion dollars*—is deposited in the four main state-owned commercial banks. Government control of the financial system has been key to maintaining and expanding production in state-owned industry and to the overall expansion of the state sector.

Between 1998 and 2001, government spending in China increased from *12 to 20 per cent* of the country’s gross domestic product. The largest and fastest-growing component of government expenditure has been investment in infrastructure, which increased by *81 per cent* over these three years. Moreover, this has been happening at a time when the entire capitalist world—including the wealthiest countries in North America and West Europe—has been pursuing *fiscal austerity*. Total planned expenditure to construct a network of canals for irrigation purposes from the Yangtze River to the Yellow River in the north is \$59 billion. Another \$42 billion is to be spent on expanding the lines of China’s state-owned railroad system. By comparison, last year direct foreign investment in China from all sources totalled \$53 billion.

Continued state ownership of the financial system has enabled the Beijing regime up to now to effectively (though not totally) control the flow of money-capital in and out of mainland China. China’s currency, the yuan (also called the renminbi) is not freely convertible; it is not traded (legally) in international currency markets. The restricted convertibility of the yuan has kept China insulated from the volatile movements of short-term

capital (“hot money”) which periodically wreak havoc on the economies of Third World neocolonial countries from Latin America to East Asia.

Furthermore, over the past year the Beijing regime has maintained an increasing undervaluation of the yuan (in “free market” terms), much to the displeasure of American, European and Japanese capitalists. A second-level capitalist-imperialist country like Britain could not have controlled the exchange rate of its currency in world markets as China has done. Within months if not weeks, speculative money-capital would have flooded into the City of London, forcing an upward revaluation of the pound regardless of what the Blair government wanted or did.

It is precisely the core collectivist elements of China’s economy described above which the forces of world imperialism want to eliminate and dismantle. Their ultimate goal is to reduce China to a giant sweatshop under neocolonial subjugation. Jonathan Anderson, the China “expert” for the Wall Street investment bank Goldman Sachs, asserts: “The bottom line is that China is becoming a manufacturing hub for the rest of the world in low-end, labour-intensive goods. Contrary to current fears, the rest of the world is becoming a manufacturing hub for China in high-end, capital-intensive goods” (*London Financial Times*, 25 February 2003). The man from Goldman Sachs is here projecting onto China’s present economic reality Wall Street’s plans for that country’s future.

The Beijing bureaucracy’s abandonment of the strict state monopoly of foreign trade serves, however, to facilitate Wall Street’s plans. Despite its rapid growth in recent years, the Chinese economy is backward relative to even the lesser capitalist-imperialist powers. There is a dramatic amount of new construction currently underway in Beijing, with cranes visible virtually everywhere. But as a comrade who recently visited China told *Workers Vanguard*: “The construction crews are always very large, with not much in the way of earth-moving equipment other than wheelbarrows and picks. Once at the edge of Beijing, I saw about 30 guys working to put up a three-foot brick wall with two horse-drawn carts full of bricks.”

While China’s exports to the U.S. and other Western countries continue to increase at record levels, these largely consist of low-wage, low-value light manufacture and consumer goods like clothing, toys and household appliances. As Jonathan Anderson points out, China’s increase in gross industrial output between 1993 and 2002—from \$480 billion to \$1 300 billion—was nearly completely offset by the increase in its gross purchases of industrial products, i.e., machinery and capital equipment.

Against the economies of the U.S., Japan and West Europe, Chinese industry, with its relatively low productivity of labour, cannot compete on the world market. What Trotsky wrote in refuting the Stalinist

Union applies with full force to China today:

“The capitalist world shows us by its export and import figures that it has other instruments of persuasion than those of military intervention. To the extent that productivity of labour and the productivity of a social system as a whole are measured on the market by the correlation of prices, it is not so much military intervention as the intervention of cheaper capitalist commodities that constitutes perhaps the greatest immediate menace to Soviet economy.”

— *The Third International After Lenin* (1928)

The main weapon available to a nationally isolated and relatively economically backward workers state against the intervention of cheaper goods is the state monopoly of foreign trade—i.e., the strict control of imports and exports by the government (for a fuller treatment of this question, see “Workers Protests Shake China,” Part Two, *WV* No. 782, 31 May 2002). But the ultimate answer to China’s economic backwardness and the only road to a socialist—i.e., classless, egalitarian—society lies in world socialist revolution and China’s integration into an *internationally planned economy*.

Imperialists’ Economic Strategy for Capitalist Restoration

Let us look at the program of further economic “reforms” in China put forward by the representatives and spokesmen for world, centrally American, imperialism. That program was summed up in a report on China a few years ago by the Washington-based World Bank: “The most important recommendation is a change in the role of government from controller and producer to architect of a more self-regulating and self-adjusting type of system.”

First and foremost is the “recommendation” that the state-owned banks cut off credit to loss-making state-owned enterprises and impose higher interest rates and stiffer repayment terms on profit-making enterprises. Such a “tight money” policy on the part of China’s banks would throw millions more workers onto the streets. And it would permanently dismantle a large part of China’s modern, capital-intensive producer goods industry (e.g., machine tools, heavy electrical equipment, agricultural machinery, construction equipment).

At a more fundamental level, Western and Japanese capitalists want to replace China’s state-owned banks with their own. Opening up China’s financial system to foreign banks would lead to a massive outflow of funds since China’s banks cannot offer the higher rates of return available in international money markets. A large fraction of the economic surplus generated in China would be rechanneled into the banks of Wall Street, the City of London, Frankfurt and Tokyo. This money would then be used to purchase corporate and also government securities in the American, European and Japanese imperialist states. The savings of China’s workers and rural toilers would literally help to pay for

the treacherous Beijing Stalinist bureaucracy—and this is a real crime against the Chinese people—is now purchasing U.S. Treasury bills with its large foreign-exchange reserves and has promised to purchase more.

In the past few years, the agencies of imperialist finance capital such as the International Monetary Fund have “advised” the Chinese government to reduce its budget deficit by cutting back especially on investment in infrastructure. Such a move toward fiscal austerity would destroy the livelihood of many of the poorest, most downtrodden of China’s toilers. Urban construction in Shanghai, Beijing, etc. mainly employs migrants from the countryside. The big interior projects (canal building, laying railway track) employ impoverished peasants and rural villagers. Furthermore, cutting back such projects would *retard and reverse* China’s economic development. The extension of the railway system, for example, is absolutely essential to economically link the wealthier coastal provinces with the more backward regions of central and western China.

In recent months the main economic demand made by American, European and Japanese ruling circles on the Chinese government has been to revalue the yuan upward. By increasing the price of China’s manufactured goods in world markets, such a move would sharply reduce China’s export earnings and volume. Many private as well as state-owned enterprises would be forced to lay off workers, reduce production and in some cases suffer bankruptcy.

Behind the current pressure from the American, West European and Japanese bourgeoisies is a more basic assault on China’s state-owned financial system. The imperialists want to force the Beijing regime to make the yuan fully convertible in order to open China to unrestricted financial penetration by the banks of Wall Street, Frankfurt and Tokyo.

Privatisation: Appearance and Reality

Over the past two decades a large fraction of state-owned industry—whether measured by number of enterprises, labour force or volume of production—has been privatised. Most small enterprises were simply sold off to individuals, typically the managers who had been running them. The larger enterprises, however, were “privatised” through a shareholding scheme. When, a decade or so ago, China opened its first stock market, much of the Western bourgeois media hailed this as proof positive that “Communist” China had taken a decisive step on the road to capitalism. But what has actually happened?

Of the 1 240 companies listed on China’s two main stock exchanges, in some cases the government holds a majority of shares, in others a substantial minority. But even the latter remain effectively government-controlled because the CCP has retained a monopoly of political power. There is no workers democracy in China—but neither is there shareholders’ democracy. A disgruntled

shareholder brash enough to organise a revolt to oust the incumbent management, typically politically well-connected CCP cadre, would likely find himself in a very bad place very rapidly.

Shareholders in China’s corporations do *not* have ownership rights in the Western capitalist sense. They have the right to income from their financial assets and they can sell their shares, if they are smart or lucky enough, for a net gain over the purchase price. But they cannot determine or even influence the management and corporate policies. These are determined by various and often conflicting political as well as economic pressures.

A clear example of this is Golden Summit, a cement-making enterprise in Leshan in the far western province of Sichuan. Formed in the late 1980s, Golden Summit was listed on the Shanghai stock exchange in the early 1990s. It turned out to be quite a profitable operation. In 1997, the company’s general manager, Gu Song, also served (in a fairly common arrangement) as deputy secretary of the Leshan CCP. In that dual capacity he arranged for Golden Summit to take over Dadu River Steel, a state-owned enterprise in the city which, however, was losing money. Obviously, this acquisition made no economic sense. Why then was it done? Because the workers at Dadu River Steel had staged violent protests over unpaid wages. So the local CCP leadership utilised the ample cash reserves of Golden Summit to damp down labour unrest in its bailiwick. Thus a managerial decision affecting the company’s financial condition was made on political, not economic grounds.

A recent book on China’s financial structure by two academic economists in Australia describes the real character of the shareholding corporations:

“The key problem in the case of China’s stock markets is that the high ownership concentration actually reflects the continuing dominance of state ownership in many listed companies.... Thus, a market for corporate control is nonexistent for the overwhelming majority of listed companies and it can be concluded that managers face only a limited threat of punishment for poor decision making from either ‘insiders’ or ‘outsiders.’ It should also be noted that the influence of the state runs even deeper than their dominant ownership position.”

— James Laurenceson and Joseph C. H. Chai, *Financial Reform and Economic Development in China* (2003)

The authors then cite a study showing that “the state’s representation on the board of directors of many listed companies far outweighed that which could be justified even on the basis of their sizeable ownership stake.”

Furthermore, China’s stock and also corporate bond markets still account for a very small fraction of total financial assets, which remain overwhelmingly concentrated in the state-owned banks. Thus shareholding corporations depend on bank loans for the bulk of their external financing. In short, the companies listed on the two major stock exchanges typically have the same management and similar financial arrangements as

they did when they were wholly state-owned enterprises.

Someone might reasonably ask: that may be true today, but will it still be true tomorrow? The answer to that question will be determined by *political conflict*, not a change in this or that regulation governing China's stock market.

Last summer foreign investors were allowed for the first time to purchase (within strict limits) the main class of shares (denominated in yuan) in China's stock markets. A single foreign investor can own no more than 10 per cent of the market capital of a company, all foreign investors combined no more than 20 per cent. The first financial outfit to take advantage of this opportunity was the big Swiss investment bank UBS which bought, among other companies, shares in Baoshan Iron and Steel, China's largest steel maker.

What would happen if UBS and other foreign banks were disappointed with the return on their investment in Baoshan? They probably would simply sell their shares, perhaps at a loss. But let us say that instead a group of Western banks bribed Chinese economic officials to support the ouster of Baoshan's incumbent management and replace them with new managers favoured by these banks. Such an attempt by Western financiers to effectively take over China's largest steel maker would be a direct challenge to the political authority of the CCP regime. To maintain its authority, the Chinese government would have to prosecute the corrupted officials and take some kind of punitive measures against the foreign banks. If not, many managers of state-owned enterprises and banks would become paid agents of imperialist financiers and industrialists, the government would begin to lose its ability to carry out its own economic policies and the CCP would begin to disintegrate into an orgy of factionalism such as took place in the Soviet Communist Party during the Gorbachev era (1985-91).

But the factional disintegration of the Chinese Stalinist bureaucracy would also open up the political situation to the intervention of social forces *from below*, centrally the working class. One would likely see the formation of independent trade unions and factory committees, of left-wing groups and parties. In the end, Western, Japanese and offshore Chinese capitalists could find their present foothold in the People's Republic of China destroyed by a proletarian political revolution.

China's Financial System

The main structural change that has taken place in China's economy over the past two decades is the way in which state-owned enterprises are financed. Under the old centralised planning system, enterprises whose costs for whatever reason exceeded their normal revenue received non-repayable grants from the industrial ministry overseeing them. Likewise, non-repayable grants were used to finance the expansion of

enterprise production through retooling, the construction of a new department, etc.

When "market socialism" was introduced in the early 1980s, enterprises were supposed to become profit-maximising and financially self-sufficient. External financing would be provided by loans from state-owned commercial banks, which were supposed to be repaid with interest. We do not know if Deng and the other initial architects of the "reform" program actually expected the system to work according to the new economic doctrine and corresponding policy guidelines. Predictably, the system did *not* work. Had all enterprises which did not and could not repay their bank loans been closed down, China would long since have become a complete economic disaster area. But that was not allowed to happen. Instead, in a totally unplanned, inadequate and haphazard way, "non-performing" bank loans were substituted for direct government financing. Bank loans to loss-making as well as profit-making enterprises are routinely rolled over or even increased without any realistic expectation of repayment. Consequently, all major Chinese banks are technically "insolvent," with "non-performing loans" exceeding income-generating assets. This situation has persisted for many years, since the government finances the banks which, in turn, finance the enterprises.

Thus in 1998-99 the central bank gave \$200 billion to the main commercial banks in exchange for an equivalent amount of their "non-performing loans." This enterprise debt was then shifted to government-owned Asset Management Companies (AMCs), which were supposed to collect a portion of them and/or sell off the delinquent enterprises to private buyers. Since then the AMCs have done little of the one or the other. The relative stability of China's financial system has rested on two main factors. One, everyone knows the government stands behind the banks. And two, private and especially foreign banks have not (yet) been allowed to compete with them. A report last year by Moody's, the big American financial credit-rating agency, concluded: "While China's banking system may technically be insolvent, abundant levels of liquidity act as a cushion against stress. The strong deposit levels further reflect public trust in the state banks."

Knowledgeable spokesmen for Western imperialism recognise that the privatisation and especially internationalisation of the financial system is a necessary step in breaking the economic power of the Chinese Communist Party (CCP) regime. Earlier this year the *London Economist* (8 March 2003)—a semi-official organ of British and American bankers—wrote:

"All Chinese banks are, directly or indirectly, state-run, and the government, local or central, interferes both in the appointment of managers and in lending. There is, therefore, no such thing as a market-driven, meritocratic Chinese bank. Without control, foreign investors will find it difficult to create one.

“The Chinese, however, have no intention of yielding control.”

As the *Economist's* complaint indicates, foreign banks have to date been limited to the margins of China's financial system, mainly in the foreign-trade sector. Needless to say, international finance capital has been pushing hard against those limits. For example, earlier this year the Wall Street giant Citibank was allowed to purchase 5 per cent of China's ninth-largest commercial bank. A joint credit card operation was then launched geared to China's newly wealthy elite—capitalist entrepreneurs, top party and government officials, affluent petty-bourgeois types (engineers, academics). For Citibank, this is just the opening wedge in its campaign to penetrate ever more deeply into China's financial system. “China is one of the last great frontiers in finance,” proclaimed Richard Stanley, head of Citibank's operation in Hong Kong (*Wall Street Journal*, 15 September 2003).

Jiang Zemin and his cohorts recognised that opening China's financial system to foreign banks would likely have disastrous economic consequences, not least crippling the government's ability to finance its own expenditures. Thus the agreement by which China joined the World Trade Organization (WTO) two years ago postponed “liberalisation” of the financial sector until 2006. Only then is China supposed to allow foreign banks to compete on an equal footing with state banks. But what will actually happen three years hence will not be automatically determined by the schedule stipulated in the WTO agreement. It will be determined by social conflict within China and between China and the forces of capitalist imperialism. In recent months, economic conflicts between especially American imperialism and the Chinese bureaucratically deformed workers state have come to the fore.

The Battle over the Yuan

China's currency, the yuan (or the renminbi), is not convertible on what bourgeois economists call the capital account of international transactions. Capitalist entrepreneurs in China as well as managers of state-owned enterprises can acquire foreign currency in exchange for yuan (after prior approval from the central bank) only to pay for imports and other trade-related expenses. Foreign currency acquired by main-land Chinese nationals is required to be transferred to the central bank in exchange for yuan.

In recent years, there has predictably been an increasing volume of illegal currency movements in and out of China, mainly by and through Hong Kong financiers. There is no accurate estimate of the magnitude of these illegal monetary flows, but they have not yet reached the point of seriously affecting the Chinese economy or the regime's economic policies.

For a decade or so, China has pegged the yuan to the dollar. Since the dollar depreciated this year against the euro, the Japanese yen and most other currencies, the

price of China's manufactured exports fell sharply on the world market. Most experts in the field estimate that if the yuan were freely traded, it would appreciate from 20 to 40 per cent against the dollar.

Some big American (as well as European and Japanese) capitalist outfits also benefit from the current undervaluation of the yuan. Over half of Chinese manufactured exports are produced in foreign-owned factories or joint ventures. Dell computer and Motorola are among the top ten exporting companies in China. On the other side of the Pacific, the giant discount retailer Wal-Mart absorbs 10 per cent of China's commodity exports to the U.S.

However, the main body of American manufacturing capitalists believe (and not without good cause) that they are being damaged by China's “unfair” trade practices. Last spring Franklin Vargo, vice president of the National Association of Manufacturers, told a Congressional committee: “We must press China to end the manipulation of its currency and allow the yuan-dollar exchange rate to be determined by the market” (*Business Week*, 7 July 2003). A bloc of mainly Democratic and some Republican Senators and Congressmen is pushing legislation to impose additional tariffs on Chinese imports to “offset” the undervaluation of the yuan. Moreover, all of the heavy guns of international finance capital—the heads of the U.S. and European Union central banks, the directors of the International Monetary Fund—have pummeled the Beijing regime to revalue its currency.

But on this issue the Chinese leadership has given no ground. Last month, Chinese president Hu Jintao declared: “Keeping the exchange rate of the renminbi stable serves China's economic performance and conforms to the requirements of the economic development in the Asia Pacific region and the whole world.”

As a diplomatic sop to the imperialists, Hu promised to set up a group to “study” making China's currency convertible in the future. How far in the future? The *Far Eastern Economic Review* (29 May 2003), a well-informed journal based in Hong Kong, wrote in this regard: “The renminbi is not freely convertible on the capital account, and most analysts don't expect this to change for some years. The fear is that opening the country's capital account too soon will lead to huge outflows because of a lack of confidence in the banking system.”

But even if Beijing policymakers project maintaining the existing exchange rate and international monetary arrangements for some years, they may *not* be able to do so. The capitalist enclave of Hong Kong is an ever-widening breach through which illegal currency transactions flow in both directions. The expropriation of Hong Kong's financiers and other sections of its bourgeoisie is vitally necessary to protect China's economy from the destructive onslaught of the Wall Street, Frankfurt and Tokyo banks.

The Agrarian Question Comes to the Fore, Again

Discussions of China's economy and its supposed "transition to capitalism" in the Western bourgeois media and academia usually focus on industry and finance. However, 700 million of China's 1.3 billion people are still engaged in agriculture. The main social motor force for the 1949 Revolution was a massive peasant uprising against the landlord class, many of whose members received their just deserts at the hands of those whom they had brutally oppressed and exploited. All agricultural land was nationalised.

One of the first economic "reforms" of the Deng regime was the decollectivisation of agriculture, with peasant families being given their own small plots on the basis of long-term leases. However, land was not reprivatised and restrictions were imposed on the transfer of leaseholds. Even so, competition among peasant smallholders necessarily resulted in ever-widening economic differentiation in the rural villages. A class of rich farmers emerged who, through semi-legal or illegal arrangements, have been able to exploit the labour of their poorer neighbours. Nonetheless, the basic structure of China's agrarian economy is fundamentally and manifestly different from that of India, for example, where over a hundred million landless agricultural labourers toil on the large estates of wealthy landlords.

However, the current structure of China's agrarian economy cannot long be maintained given its membership in the WTO. State-owned industrial enterprises can to a degree be buffered from increased import competition by additional government financing via the banks. But there is no way that China's peasant smallholders can compete with the capital-intensive, scientifically managed agribusiness of the U.S. and other major food-exporting countries. While the Beijing regime has duly reduced tariffs and quotas on agricultural produce, it has also resorted to ad hoc protectionist devices. Last year, new "safety regulations" were applied to imports of genetically modified grain. This year, shipments of soybeans from the U.S., Brazil and Argentina were halted on the grounds that they were "contaminated" by a fungus (one which, however, is also common to soybeans grown in China).

Nonetheless, the basic line of the regime's agrarian policy is *not* to protect the multitude of peasant smallholders. It is rather to move toward large-scale, de facto *privately owned* farms. Thus a CCP Central Committee plenum held in October adopted a resolution further easing restrictions on the transfer of agricultural land. An American journalist covering the meeting reported: "China is worried about competition in the World Trade Organization from foreign foodstuffs, and the emergence of big farms would increase agricultural efficiency, an agronomist said" (*Washington Post*, 15 October 2003).

However, the resolutions and intentions of the CCP leadership in this regard, as in others, will not automatically and necessarily be translated into economic reality. The 1949 Revolution remains a living memory in the Chinese countryside. Poor peasants know that their grandparents meted out a rough plebeian justice to the brutal landlords and grasping village moneylenders. China's would-be landlords of today could well suffer a similar fate. In fact, over the last decade China has seen many large-scale peasant protests and riots, especially against increased taxation and corruption.

Yet China does have to move from peasant smallholding to modern, large-scale mechanised farming. The question is how. A government based on workers and peasants councils would not only prohibit or restrict the hiring of labour and leasing of additional land by rich farmers but would also promote the re-collectivisation of agriculture. This does not mean reverting to the agricultural communes of the Mao era, which were basically an aggregate of backward peasant holdings. For the mass of Chinese peasants to give up their own holdings in favour of collective farms, they must be convinced that this will result in a higher standard of living for themselves and their families. Thus a government based on workers and peasants councils would offer reduced taxes and cheaper credits to peasants who joined collectives.

A rational collectivisation and modernisation of Chinese agriculture would signify a profound transformation of the society. The introduction of modern technology in the countryside—from combines to chemical fertilizers to the whole complex of scientific farming—would require a qualitatively higher industrial base than now exists. In turn, an increase in agricultural productivity would raise the need for a huge expansion of industrial jobs in urban areas to absorb the vast surplus of labour no longer needed in the countryside. Clearly, this would involve a lengthy process, particularly given the limited size and relatively low level of productivity of China's industrial base. Both the tempo and, in the final analysis, the very realisability of this perspective hinge on the aid that China would receive from a socialist Japan or a socialist America, underlining again the need for international proletarian revolution.

The Spectre of a Workers Revolt

In early 2000, a large state-owned molybdenum mine in Yangjiazhangzi—a town in the depressed old industrial region of northeast China—was closed down. A few parts of the mine which were deemed profitable were privatised, mainly taken over by cronies of the incumbent managers. A protest at the enterprise headquarters by the laid-off miners over the paltry severance pay quickly escalated into a full-fledged workers revolt. Some 20 000 miners and their families took to the streets, setting up barricades, burning cars,

smashing the windows of government offices and setting oil drums ablaze.

The authorities moved cautiously, for fear the workers might use the stock of dynamite in the mine to defend themselves. For two days, the workers battled the People's Armed Police, a paramilitary force created in the mid 1980s specifically to put down growing social unrest. Finally, army units were brought in, firing live ammunition over the protesters' heads, and quelled the rebellion. Two years later, workers also in northeast China unleashed the country's largest revolt since the 1989 Tiananmen upheaval that marked an incipient political revolution.

In its own way, the Beijing Stalinist bureaucracy recognises that it is sitting atop a volcano of social unrest. Last year, Jiang Zemin declared that "expanding employment and promoting re-employment isn't only a major economic problem, it's also a major political problem." Yet Jiang and his cohorts have failed—and failed miserably—in achieving their own stated policy goal.

Labour minister Zhang Zuoji reported last year that of the 26 million workers laid off from state-owned enterprises since 1998, only 17 million have been re-employed. And the situation in this regard is rapidly deteriorating. According to government statistics, during the first half of 2002 only 9 per cent of laid-off workers were re-employed compared to 50 per cent in 1998. In many cities in China, workers line the roadsides seeking employment with signs around their necks indicating their job skills: electrician, carpenter, plumber.

The main means by which the Beijing regime has sought to slow the growth of unemployment has been a huge expansion of public works projects internally financed through an ever-higher level of government deficit spending. But in the not-so-distant future, the Beijing Stalinist regime is going to have to make some hard choices. To substantially increase the proportion of social product collected in taxes will entail cutting into the profits and incomes of the capitalist entrepreneurs and also those of the more affluent petty bourgeoisie. The *Far Eastern Economic Review* (10 October 2002), which is far from anti-capitalist in its outlook, observed: "The vibrant private sectors of the coastal economy are notoriously lax at paying taxes." Alternatively, to substantially reduce government expenditure would entail throwing many more millions of workers into the street and cutting their meager social benefits (e.g., pensions). At that point policy differences within the CCP leadership, intersecting growing social tensions, could begin to fracture the bureaucracy.

During the past year, the Jiang regime has been succeeded by a so-called "fourth generation" of CCP leaders represented by Hu Jintao as president and Wen Jiabao as prime minister. Like Deng before him, Jiang has retained ultimate authority by remaining head of the CCP's Central Military Commission, that is, de facto

commander of China's armed forces. The ideological stance of the "fourth generation" leaders indicates the conflicting social pressures upon them. On the one hand, they have been more openly pro-capitalist (legitimising party membership for entrepreneurs, proposing to enshrine "property rights" in the constitution).

At the same time, the new CCP leadership has adopted a more "populist" political style than the gray, technocratic Jiang regime. Thus, shortly before becoming premier, Wen Jiabao went down a coal mine shaft in bitter cold to celebrate the Lunar New Year with the miners working there. More recently, *China Daily* (30 October 2003) trumpeted Wen's personal intervention to help a migrant construction worker collect unpaid back wages, commenting that this "attests to the fact that the new, in-touch-with-people leadership has taken hold when it comes to dealing with the underprivileged in the country."

These "populist" gestures have been accompanied by promises to narrow the gap between rich and poor and between the relatively wealthy coastal provinces and the more impoverished regions of central and western China. If this is not just empty rhetoric but signals differences in the regime over economic policies and priorities, resulting factionalism could open up the political situation. In that event the decisive factors will be the political consciousness of the Chinese working class and other toilers and the ability of revolutionary Marxists (i.e., Leninist-Trotskyists) to intervene to change and elevate that consciousness.

For Workers Democracy!

In East Europe and the former Soviet Union in the 1980s and early '90s, many workers as well as most of the intelligentsia succumbed to the illusion that the introduction of Western-style capitalism would rapidly produce Western-style living standards. But Chinese workers and the urban poor have already experienced a large dose of Western (and Japanese) capitalism in the form of hundreds of billions of dollars in foreign investment and joint ventures. They've also experienced the growing presence of Chinese capitalist exploiters, both mainland-derived and offshore. And what those experiences amount to is a massive increase in unemployment, economic insecurity, social inequality and income differentials.

All evidence indicates there is deep and widespread popular hostility to those capitalist elements that currently exist in China. A public opinion survey conducted early this year by People's University found that only 5 per cent of respondents thought that the newly rich had acquired their wealth by legitimate means. The proposal floated at the CCP's 16th Congress last year to incorporate "property rights" in the constitution has provoked something of a popular backlash. In the past few years, there has been a rash of murders of wealthy tycoons.

If Chinese workers are unlikely to have illusions in Western-style capitalism, the question of Western-style "democracy" is another matter. When the political situation in China opens up, anti-Communist counter-revolutionary groups and parties will doubtless hide their advocacy of "free market" economics while pushing for "democracy," i.e., a parliamentary government elected on the basis of one man, one vote. Typical of such types is Han Dongfang, a pro-imperialist "dissident" who publishes the journal *China Labour Bulletin* in Hong Kong and is a darling of right-wing Congressmen and the anti-Communist AFL-CIO bureaucracy in the U.S.

Parliamentary government is in fact a political form of the dictatorship of the bourgeoisie. In such a system the working class is politically reduced to atomised individuals. The bourgeoisie can effectively manipulate the electorate—in which the vote of a factory worker counts the same as that of a factory manager or technocrat—through its control of the media, the education system and the other institutions shaping public opinion. In all capitalist "democracies," government officials, elected and unelected, are bought and paid for by the banks and large corporations.

As Lenin explained in his classic polemic against social democracy, *The Proletarian Revolution and the Renegade Kautsky* (November 1918):

"Even in the most democratic bourgeois state the oppressed people at every step encounter the crying contradiction between the *formal* equality proclaimed by the 'democracy' of the capitalists and the thousands of *real* limitations and subterfuges which turn the proletarians into *wage-slaves*...."

"Under bourgeois democracy the capitalists, by thousands of tricks—which are the more artful and effective the more 'pure' democracy is developed—*drive* the people away from administrative work, from freedom of the press, freedom of assembly, etc.... The working people are *barred* from participation in bourgeois parliaments (they *never decide* important questions under bourgeois democracy, which are decided by the stock exchange and the banks) by thousands of obstacles, and the workers know and feel, see and realise perfectly well that the bourgeois parliaments are institutions alien to them." [emphasis in original]

Under bourgeois democracy, workers merely have the illusion of some control or power over the government. But under a workers state, the question of workers democracy is not one of abstraction or illusion, but at bottom a question of *power*. In a workers state like China, the dictatorship of the proletariat is deformed by Stalinist misrule—the proletariat as a class is deprived of political power, which is instead monopolised by an anti-working-class bureaucratic caste whose policies ultimately threaten the very existence of the workers state. The working class and rural toilers can exercise real political power only through a dictatorship of the proletariat ruled by their *own* class-based governing

institutions, the soviets (the Russian term for councils), which would be open to all parties defending the collectivised foundations of the workers state. In the same work quoted above, Lenin explained:

"The Soviets are the direct organisation of the working and exploited people themselves, which *helps* them to organise and administer their own state in every possible way. And in this it is the vanguard of the working and exploited people, the urban proletariat, that enjoys the advantage of being best united by the large enterprises; it is easier for it than for all others to elect and exercise control over those elected. The Soviet form of organisation automatically *helps* to unite all the working and exploited people around their vanguard, the proletariat. The old bourgeois apparatus—the bureaucracy, the privileges of wealth, of bourgeois education, of social connections, etc. (these real privileges are the more varied the more highly bourgeois democracy is developed)—all this disappears under the Soviet form of organisation...."

"Proletarian democracy is a *million times* more democratic than any bourgeois democracy; Soviet power is a million times more democratic than the most democratic bourgeois republic." [emphasis in original]

The alternatives facing China are proletarian political revolution or bloody capitalist counterrevolution. It must be noted that under no circumstance will capitalist restoration produce any form of bourgeois democracy. The counter-revolutionary destruction of the Soviet degenerated workers state and the deformed workers states of East Europe offer a glimpse of what capitalism has in store for China's workers—fratricidal warfare, poverty and unemployment, all-around social devastation (see "Why We Fought to Defend the Soviet Union," *WV* Nos. 809 and 810, 12 and 26 September 2003).

It is no accident that, around the time of Yeltsin's counterrevolutionary coup in 1991, many Yeltsinite "democrats" argued that a "Russian Pinochet" would be needed to administer nascent capitalist rule in the former Soviet Union. Economist Gavriil Popov, a key Yeltsin ally and chief ideologue of the "Democratic Platform" of the Soviet CP, who was elected mayor of Moscow in 1991, frankly acknowledged that the introduction of capitalism would not be compatible with bourgeois democracy:

"Now we must create a society with a variety of different forms of ownership, including private property; and this will be a society of economic inequality. There will be contradictions between the policies leading to denationalization, privatization, and inequality on the one hand and, on the other, the populist character of the forces that were set in motion in order to achieve those aims. The masses long for fairness and economic equality. And the further the process of transformation goes, the more acute and more glaring will be the gap between those aspirations and economic realities."

— "Dangers for Democracy," *New York Review of Books*, 16 August 1990

Even in the former USSR, which was a global industrial and military power, the capitalist political regimes in the various constituent republics range from semi-bonapartist "parliamentary" rule to outright dictatorship. A capitalist China would subject its masses to even more immense social dislocation and far greater poverty.

Moreover, where the old Russian bourgeoisie was destroyed as a class, the Chinese bourgeoisie was simply driven offshore by the revolution and today remains ready to reclaim its lost holdings and wreak revenge, above all against the combative proletariat. Capitalist restoration could bring with it a revival of the imperialist-sponsored warlordism that marked pre-revolutionary China, leading to the subjugation and dismemberment of the country at the hands of Western and Japanese imperialism while inflicting massive destruction on North Korea and Vietnam.

To achieve soviet democracy in capitalist countries requires a proletarian social revolution that expropriates the bourgeoisie and overturns the capitalist profit system. In contrast, in China it requires a proletarian political revolution to oust the ruling bureaucracy and to place political power in the hands of workers, soldiers and peasants councils. Such a political revolution is premised on the unconditional defense of the collectivised economy which is the social foundation of the workers state. Its program was encapsulated by Trotsky in his classic analysis of Stalin's Russia, *The Revolution Betrayed* (1936):

"It is not a question of substituting one ruling clique for another, but of changing the very methods of administering the economy and guiding the culture of the country. Bureaucratic autocracy must give place to Soviet democracy. A restoration of the right of criticism,

genuine freedom of elections, are necessary conditions for the further development of the country. This assumes a revival of freedom of Soviet parties, beginning with the party of Bolsheviks, and a resurrection of the trade unions. The bringing of democracy into industry means a radical revision of plans in the interests of the toilers.... 'Bourgeois norms of and a distribution' will be confined within the limits of strict necessity, and, in step with the growth of social wealth, will give way to socialist equality.... The youth will receive the opportunity to breathe freely, criticize, make mistakes, and grow up. Science and art will be freed of their chains. And, finally, foreign policy will return to the traditions of revolutionary internationalism."

The fight for workers democracy is intimately linked to the struggle for the extension of revolution. Karl Marx once wrote that with scarcity, want is generalised, "and with want the struggle for necessities begins again, and that means that all the old crap must revive." The material basis for bureaucratism lies with scarcity—the bureaucracy deems itself the arbiter of how scarce resources are used and distributed. Historical necessity once again forces the question of revolutionary internationalism. Without a socialist America, a socialist Europe, a socialist Japan, the working people of China will not be able to eliminate scarcity and want. Indeed, the fate of the Chinese proletariat—the fate of working people and the oppressed throughout the world—will be decided in the struggle for international socialist revolution.

The International Communist League is committed to bringing this revolutionary Marxist program—the only program which can defend China against the powerful forces of imperialist-backed counterrevolution—to the workers and rural toilers of China today.

International Communist League (Fourth Internationalist)

International Center: Box 7429 GPO, New York, NY 10116, USA Web site: www.icl-fi.org

Spartacist League of Australia

Spartacist ANZ Publishing Co.
GPO Box 3473, Sydney, NSW 2001, Australia

Spartacist League/Britain

Spartacist Publications
PO Box 1041, London NW5 3EU, England

**Trotskyist League of Canada/
Ligue trotskyste du Canada**

Spartacist Canada Publishing Association
Box 6867, Station A, Toronto, Ontario M5W 1X6, Canada

Spartakist-Arbeiterpartei Deutschlands

SpAD, c/o Verlag Avantgarde
Postfach 2 35 55, 10127 Berlin, Germany

Spartacist Group Ireland

PO Box 2944, Dublin 1, Ireland

Ligue trotskyste de France

Le Bolchévik
BP 135-10, 75463 Paris Cedex 10, France

Spartacist Group India/Lanka

Write to International Communist League, New York, USA

Lega trotskista d'Italia

Walter Fidacaro, C.P. 1591, 20101 Milano, Italy

Spartacist Group Japan

PO Box 49, Akabane Yubinkyoku
Kita-ku Tokyo 115-0091, Japan

Grupo Espartaquista de México

Roberto Garcia, Apdo. Postal No. 1251
Admón. Palacio Postal 1, C.P. 06002, México, D.F.

Spartacist/Moscow

Write to Le Bolchévik, Paris, France

Spartakusowska Grupa Polski

Write to Spartakist-Arbeiterpartei Deutschlands, Berlin

Spartacist League/U.S.

Box 1377 GPO, New York, NY 10116, USA



China

**Defend, Extend Gains of 1949 Revolution!
For Workers Political Revolution to Oust Stalinist Bureaucracy!**

Defeat Imperialist Drive for Counterrevolution!

The following article is reprinted from Australasian Spartacist (No: 185, Summer 2003/04), newspaper of the Spartacist League/Australia.

The People's Republic of China (PRC) was born of the 1949 Revolution which, despite profound bureaucratic deformations, was a social revolution of world-historic significance. Hundreds of millions of peasants rose up and seized the land on which their forebears had been cruelly exploited from time immemorial. The rule of the murderous warlords and bloodsucking money-lenders, of the rapacious landlords and wretched bourgeoisie was destroyed.

The creation of a centrally planned, collectivised economy laid the basis for an enormous leap in social progress and China's advance from abject peasant backwardness. The revolution enabled women to advance by magnitudes over their previous miserable status, symbolised by the barbaric practice of foot-binding. A nation which had been ravaged and divided by foreign powers for a century was unified and freed from imperialist subjugation.

However, the 1949 Revolution was deformed from its inception under the rule of Mao Zedong's Chinese Communist Party (CCP) regime, which represented a nationalist bureaucratic caste resting atop a collectivised economy. Unlike the Russian October Revolution of 1917, which was carried out by a class-conscious proletariat guided by the Bolshevik internationalism of Lenin and Trotsky, the Chinese Revolution was the result of peasant guerrilla war led by Mao's Stalinist-nationalist forces. Patterned after the Stalinist bureaucracy that had usurped political power from the proletariat in the USSR, Mao's regime preached the profoundly anti-Marxist notion that socialism—a classless, egalitarian society based on material abundance—could be built in a single country. In practice, "socialism in one country" in China, as in the USSR of Stalin and his heirs, meant opposition to the perspective of workers revolution internationally and accommodation to world imperialism.



Apo Leong

Women workers toil in Shenzhen Special Economic Zone

In particular, China's alliance with American imperialism against the Soviet Union, begun under Mao in the early 1970s and continued by his successor, Deng Xiaoping, contributed to the eventual destruction of the USSR through capitalist counterrevolution in 1991-92. This was a historic defeat for the international working class and oppressed peoples throughout the world. The post-Soviet period has seen the increased pressure of world, especially American, imperialism—economic, political and military—on China. Thus the Pentagon has been actively pursuing plans for an effective nuclear first-strike capacity against China's small nuclear arsenal, a strategy openly proclaimed by the Bush gang in Washington.

The International Communist League stands for the unconditional military defense of the Chinese deformed workers state against imperialist attack and capitalist counterrevolution. The Chinese working class must sweep away the Stalinist bureaucracy, which has gravely weakened the system of nationalised property internally while conciliating imperialism at the international level. We stand for a **proletarian political**

continued on page 13