

Abstract
Understanding Modern China
April 1, 2005

By Sidney J. Gluck

There are two distinctly different ways of looking at China; one is from the ideological precepts underlying two distinct economic revolutions, 1949 and 1978, and the other is to see where China's development and modernization differ while adopting many economic mechanisms which have been honed in the West.

For the average person in our country brought up on Cold War anticommunism, it becomes counterproductive were one to engage in the ins and outs of economic and political theories to assess whether China is moving in a socialist or capitalist direction. An understanding of existing policies, programs, regulations and contradictions afford insight into a new national development which has interrelated with the world economy, reaching a new level of international interdependence among nations with different histories and points of view.

To begin with, the present regime in China is culturally attuned to its five thousand year history during which in the 19th and half of the 20th century, its very culture was being destroyed by foreign invaders. The success of Mao lies in combining the historical Marxist approach in a pragmatic way, which found strength in expressing traditional Chinese nationalism. Whether one labels this ideologically one way or another could mislead so we are concerned with how China has adapted to modern times within the context of a world that had been split between two social systems, a condition still extent in this era of distorted globalization.

Beginning with a democratic revolution under Sun Yat Sen in 1911 and the inclusion in the Kuomintang of the communists together with the comprador capitalists, which split in 1927. From that moment a dichotomy in Chinese political affairs resulted in the growth of a communist-lead Western sector and a Kuomintang-lead Eastern sector by the time of the Japanese invasion. During the Japanese occupation, little unity developed between the two sides. On the contrary, though the communists had captures Shiang Kai Chek during the war, a compromise under which they freed him to unify their efforts against the invaders resulted actually in a civil war between the two sides. The communists had two armies supported by workers and peasants. The Kuomintang, a single army not well trained. The Kuomintang abandoned the Mainland and fled to Taiwan by 1947. The communist armies were victorious in the Chinese civil war with the single exception of Taiwan occupied by the remnants of the Kuomintang and supported by the West.

The 1949 establishment of the Peoples Republic of China modeled on the Soviet style with assistance from the USSR, however that alliance was broken in 1957 with the Chinese accusing the USSR of treating them as a second rate socialist partner because of Russia's unwillingness to share high tech development and particularly nuclear know-how. From that point on, there ensued the disastrous Great Leap Forward followed by the ideologically based Cultural Revolution, both of which set China back economically to a point of equal existence for all from a meager rice bowl.

In 1945 a section of the communist leadership that had been preserved under the protection of Chou En Lai succeeded in “a democratic onslaught against the Maoist Gang of Four to topple that regime.”

In 1945 Chou En Lai proposed modernization of means of production to feed, clothe, educate and develop the county and Opening to the West. (This followed the 1972 recognition by the USA in Nixon’s visit of the Chinese communist lead regime and recognition of the One China Principle (that includes Taiwan). After three years of consideration of a new approach to social development which would take into account what was learned by Marxist historical materialism, in a practical way to open the gates to private interests and foreign capital to hasten the development of the forces of production and in particular the means of production for building a solid basis to sustain its population in a physical and hopefully in an ideological sense.

1978 will mark a historic turning point not alone in Chinese history but in the history of the world since it was the year that China inaugurated its modernization and efforts to integrate itself into the world economy. It was actually a second political/economic revolution. This certainly was a departure from the Marxism preached in the Soviet Union; it was however distinctly based on national experience and needs. From that point on, private initiatives and entrepreneurship was released in China’s growth process and constitutionally approved with the opening of economic relations there was a further opening of demands for democratic political forms of expression. In fact, Deng Xiaoping told the party and many from overseas that China had no history or understanding of democracy and he gave the party twenty years (four congresses) to begin teaching the children democracy and to establish its own forms without aping the West. Of course Tiananmin was a source of great confusion in this area, yet to be fully analyzed and acknowledged.

By 1992, the pace of development was slowing up, not reaching many areas in the country. At that point, the party called on its Shanghai leaders who had a greater knowledge of Western financial operations to come into the central leadership with Zemin and Ronghi. The phenomenal economic development, which has brought China to world leadership in many areas like steel, cement, building, infrastructure and immense trade and became the number one haven for capital investment. True, the development in China has been uneven, both for historical reasons and for differences among ideology in the leaders. Many contradictions have developed between those whose activity are based on private interests and the collectivist mentality culturally developed, and particularly in the Maoist period, with Confucianism being an amalgam that keeps the different segments of the population in their stable positions, even though there are many objections on the part of peasants in particular with a relatively slow development of the Western regions.

2002 and 2003 were a watershed in internal and external development. The Hu/Wen regime has moved the country ideologically to a renewal of commitments to workers and peasants who were basically responsible for the first revolution. One, however, must take note of the fact that incomes gap second only the United States, which is a vortex of political and economic relations. The regime has vowed to continue with its interpretation of Marxism, recognizing that they are in the primary stage of socialist

transformation, which will require a number of stages before the country can support its population in a modern advanced standard of living. After all, if socialism is anything it would have to be the ability to take care of the whole population and nobody knows exactly what it will look like. It is an ideal but the stages to achieve that ideal are concrete and require consistent application of regulations and controls of the flow of capital and the distribution of the social product. This is the context of China's internal policy.

China's foreign policy, on the other hand, is primarily based on maintaining peaceful and stable international relationships. Military adventure outside of China is out (Taiwan is considered an internal affair). On the other hand, the flow of capital and trade has no limits with the exception of regulations on where and what foreign investments can participate in China's development. Having been threatened by a recessionary economic bubble in 2003 and resolving the problem by intervening in the flow of capital into a number of sectors of the economy that have overblown, they succeeded in stemming a recessionary drop. Historically this represents an advance over the New Deal and Keynesism in the West in which the redistribution of social product or the mechanism for creating the demand side in the economy, whereas the state capability of China to intervene in the flow of investment capital as distinct from commodities and entitlements marks an important change that will help lead to a higher phase of social development.

Today China's strength as a workshop for the world is truly competitive; but this competition is not based on cheap labor (there's plenty of cheap labor outside of China) but it is based also on developing high tech productivity in its labor process which gives it strength in the competitive markets. They regulate capital flow in fixed assets to improve the high tech quality of their means of production and the productivity of their labor with the objective of a total forces of production capable of sustaining itself and being a world player. Let alone that the USA owes China 165 billion dollars because of the imbalance of trade; but then again the magnitude of this number is due to the fact that the USA has refused the sale of high tech and heavy industrial equipment to China which is prepared to spend a considerable part of their advantageous balance of trade in this country.

Lastly, China has developed economic relations with the South. In January of 2003 they forgave 31 African countries all past debts, starting new relations for trade and investment with an opportunity for the African countries self development and China as a big customer. China has made at least fifteen contracts with Brazil, not only building steel factories, mining uranium, but also the purchase of land for the production of grains to be exported to China as a Brazilian product. Venezuela found its strength against US attempted to defeat the Chavez government by making contracts with China especially for the sale of oil at high world prices and is now considering building a pipeline to the Western outlet of Panama. Venezuela is also commandeering uncultivated land to put it under production of export commodities with china, as well as other countries as a destination (including their own people). Argentina, Mexico, Chile, etc., etc. are in negotiations. We can go on to other areas, but clearly China's development has been phenomenal with all its political complexities and we view the year 2008 as another turning point in the world psyche when all the television sets in

every country show the magnificence of the next Olympics being planned in Beijing. It can only have a positive effect for world peace and understanding.

Our problem in the USA is to keep the Right Wing from pressing the administration into hostile military actions vis a vis, China. As they had already passed a resolution in 1999 demanding the US ship expensive military equipment to Taiwan to engage in a shooting war for separation. Understanding that many in the administration including the Bush's and Kissinger have profited considerably from relations with China, our task is to keep the pressure on the administration to avoid military conflict. The common people in our country have nothing to lose by the success of China and a world at peace to gain.