

Socialism in the Era of Globalisation*

Sitaram Yechury

I

I am, indeed, honoured to be invited to deliver this lecture in memory of Com. P. Kandiah. The task, however, is so demanding (and, rightly so) that I am not entirely confident of rising to the occasion. Much of Com. P. Kandiah's contributions to the Communist movement in Sri Lanka was in the period before I was born! When he left us in 1960, I was barely beginning to go to school!

Such separation by time, however, does not and cannot prevent an evaluation. However, the vastly different objective material conditions of these time zones, so to speak, imposes severe restrictions on objective analysis. I, therefore, rely on the evaluation made by Com. P. Kandiah's contemporaries. Com. Peter Kueneman (with whom I had both the privilege and pleasure to discuss and interact on many occasions in the 1980s) describes Com. P. Kandiah as one of the co-founders of the Communist movement in Sri Lanka.

Com. Raja Collure informs us, in a recent article, that the obituary published in "*Forward*" on September 16, 1960 (probably written by Com. Kueneman) sums up Com. Kandiah's contributions as, "a hero of a hundred fights, doughty fighter in the cause of freedom, communal harmony and socialism, active worker in the nationalist cause and pioneer of the Communist movement".

Com. P. Kandiah belongs to that generation, whose best minds had the opportunity to carry on higher studies in England, our then common colonial master. However, Com. P. Kandiah, like his contemporary Indian Communist legends such as Hiren Mukherjee, Bhupesh Gupta, Indrajit Gupta, Jyoti Basu, did not return to their countries to consolidate and advance the colonial rule. They returned to struggle not only for freedom from colonialism, but for transforming this hard-won freedom into a new social order, that is free from exploitation of man by man - socialism.

This was the generation that pioneered the Communist movement in our region. This was the generation that shunned the pleasures and

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privileges of the elite to plunge into people's struggle. They had both a vision and a dream.

It is the contributions of Com. P. Kandiah and his generation that brought many of us, of later generations, to share their dreams and carry forward those visions.

In memory of that generation and as my humble homage to Com. P. Kandiah, I have embarked on an ambitious theme for this memorial lecture (fully conscious of my limitations) that in my opinion needs to be addressed by all Communists. That is: how do we advance towards socialism in the era of globalisation.

This would necessary entail a discussion on the sustainability of capitalist globalisation; the experience and lessons to be learnt from socialism in the 20th century; an attempted evaluation of the Chinese experience of socialist construction and the direction of the tactical line to be adopted by the Communists at the present juncture.

II

Globalisation, as the present phase of world capitalist development is known as, is a development that can be understood mainly on the basis of the internal laws and the dynamics of the functioning of the capitalist economic system. Karl Marx, in his seminal work *Das Kapital*, had shown us that as capitalism develops, it leads to the concentration and centralisation of capital in a few hands. As a result of this law, huge amounts of capital get accumulated. This, in turn, needs to be deployed to earn profits which is the *raison d'etre* of the system.

Towards the end of the 20th century, more specifically in the decade of the eighties, this process of centralization led to gigantic levels of accumulation of capital. The beginning of the nineties saw the internationalisation of finance capital which had grown in colossal leaps. In 1993, the global stock of principle derivatives was estimated to be over \$20 trillion. Subsequently, this globally mobile finance capital had acquired unprecedented dimensions. At the turn of the 21st century, the turnover in the global financial transactions was estimated to be over \$400 trillion, or, nearly 60 times the annual global trade in goods and services estimated to be around \$ 7 trillion.

This huge accumulated finance capital requires a world order that places absolutely no restrictions on its global movement in search of predatory speculative profits.

Simultaneously, the huge accumulation of capital taking place with the multinational corporations, the assets of some of whom outstrip the combined GDPs of many developing countries, also created conditions

which required the removal of all restrictions on the movement of this industrial capital in search of super profits. Similar pressures also developed for the removal of all trade barriers and tariff protection.

Thus, the laws of capitalist development by themselves created the objective conditions for the current phase of globalisation whose essential purpose is to break down all barriers for the movement of capital and to dovetail the economies of the developing countries to the super profit earning drive of multinational corporations. This is sought to be achieved by the global *trimoorti*, viz, IMF, the World Bank and the WTO. The objective that clearly emerges is one of seeking the economic recolonisation of the developing countries or the third world.

As this process of globalisation was underway came the collapse of the former Soviet Union and some of the socialist countries in Eastern Europe. While it is a matter of a separate discussion to examine whether the process of globalisation and the collapse of the Soviet Union were merely coincidental, or, are related in some manner, it is sufficient for us to note here that this convergence at the beginning of the decade of 1990s set in motion a renewed aggressiveness by the remaining superpower, USA.

The visions of a "new world order" under the US leadership unfolded. The efforts to impose a comprehensive US hegemony on all global matters was unleashed. The natural tendency in the post-Cold War bipolar international situation was the movement towards multipolarity. This is sought to be short-circuited by USA and in its place create a world of uni-polarity under its tutelage.

These efforts have been intensified further following the September 11, 2001 terrorist attacks in the United States. The "war against terrorism" has today replaced with Cold War imperialist slogan of "war against Communism" as the excuse and pretext to militarily intervene in sovereign independent countries to advance US hegemonic interests. The war against Iraq and its occupation by the USA is the most brazen expression of this trend.

Thus, under globalisation, what we are witnessing today is an effort towards the economic recolonisation of the third world and simultaneously a world that is sought to be dictated and ruled upon by US-led imperialism.

While these are the objectives that imperialism seeks to achieve, certain other features of globalisation need to be noted. These are important to underline the fact that for the bulk of humanity, globalisation means nothing else, but greater misery and exploitation.

First, globalisation is accompanied by the utilisation of vastly growing scientific and technological advances not for the benefit of the vast masses of humanity but for strengthening the rapacious plunder for greater profits. The nature of capitalist development increasingly is based on such advances which permit constant replacement of human beings by machines. The net result is, while moderate growth is achieved, it is done without generating employment and, in fact, reducing its future potential. This is the phenomenon of "jobless growth".

According to the International Labour Organisation, while 12 crore people were officially registered as unemployed at the turn of the century, there were an additional 70 crore who were underemployed. In addition, 130 crore people live in absolute poverty earning less than \$1 a day. While 300 crore people, in addition, live on less than \$2 a day.

Secondly, this phase of globalisation is accompanied by sharp widening of inequalities. This is true for both between the developed and the developing countries and between the rich and the poor in all countries. This is starkly illustrated by the fact that the combined assets of 358 billionaires in the world is greater than the combined annual GDP of countries constituting 45 per cent of the world's population, or, 230 crore people. The share of the poorest 20 per cent in the world's population is less than one per cent down from 1.4 per cent in 1991.

Such large-scale impoverishment of the vast majority of the world's people means the shrinkage of their capacity to be consumers of the products that this globalised economy produces. This renders the entire process of globalisation to be simply unsustainable. This is the third feature.

The enormous growth of mobility of international finance capital had created illusions that this was a balloon that could be inflated to infinity. Burst it did, shattering many illusions created by this "virtual wealth". All the stock markets in the world, including the fancied Nasdaq, suffered major collapses by the middle of 2001. This was before September 11th, and hence, it would be only a deliberate effort to try and link the current global recession to the terrorist attacks. If anything, the "war against terrorism", has to some extent bolstered public investment, particularly in the armament industry given the aggressive US hegemonic drive. (Signs of recovery, led by the war against Iraq, are now visible. This, however, does not appear sustainable.)

The only way imperialism seeks to sustain this unsustainable exploitative order is by intensifying its political and military hegemony. The burdens of the economic crisis will surely be shifted to the people who are already groaning under the globalisation onslaught. In this context, it is pertinent to recollect what Marx has said in the *Das Kapital*. "With adequate profit, capital is very bold. A certain 10 per cent will ensure its employment anywhere; 20 per cent certain will produce eagerness; 50 per cent positive audacity; 100 per cent will make it ready to trample on all human laws; and 300 per cent and there is not a crime at which it will scruple, nor a risk it will not run, even to the chance of its owner being hanged."

Thus, what awaits humanity is a fresh wave of assaults and onslaughts. Unless of course, the people's movement against globalisation, which has been rapidly growing in recent years, attains levels that can halt and reverse this process. But that can be possible only if an alternative to the capitalist system emerges as the objective to achieve freedom and liberty. History has repeatedly shown that no amount of reform within the capitalist system can eliminate exploitation which is inherent in the very production process of the system. An alternative socio-economic political system has to be put in place and that can only be socialism. Humanity, thus, has a choice. As Rosa Luxembourg many decades ago and Fidel Castro today put it: this choice is between socialism or barbarism.

Thus, notwithstanding the ideological offensive that continues to parrot the so-called invincibility and eternity of capitalism, (the Francis Fukuyama variety) its global economy is in a serious crisis and imperialism has embarked on a hegemonic drive to enslave the majority in the world's people.

III

However, the success of the struggle for socialism while depending mainly on the strength of the popular mass movements will also have to learn lessons from the past experiences and adapt to the changing situations. It is necessary, therefore, in order to strengthen this struggle to make a brief analysis of the experiences of 70 years of socialism in the USSR and to evaluate the current experiences of socialist China.

Socialism in the 20th century

The creation of the Soviet Union marked the first advance in human history of the establishment of a society free from class exploitation. The rapid strides made by socialism, the transformation of a once backward economy into a mighty economic and military bulwark

confronting imperialism had confirmed the superiority of the socialist system. The building of socialism in the Soviet Union is an epic saga of human endeavour.

This remains a source of inspiration to all peoples of the world who are in the midst of struggle for social emancipation. The decisive role played by the USSR in the defeat of fascism and the consequent emergence of the East European socialist countries had a profound impact on world developments. The victory over fascism provided the decisive impetus to the process of decolonialisation that saw the liberation of countries from colonial exploitation. The historical triumph for the Chinese revolution, the heroic Vietnamese people's struggle, the Korean people's struggle and the triumph of the Cuban revolution made a tremendous influence on world developments.

The achievements of the socialist countries -- the eradication of poverty and illiteracy, the elimination of unemployment, the vast network of social security in the fields of education, health, housing, etc. -- provided a powerful impetus to the working people all over the world in their struggles.

World capitalism met this challenge to its order, partly by adopting welfare measures and granting rights that it never conceded to the working people before. The entire conception of a welfare state and the social security network created in the post-second world war capitalist countries was a result of the struggles of the working people in these countries inspired by the achievements of socialism. The democratic rights that are today considered as inalienable from human civilisation are also the product of the people's struggle for social transformation and not the charity of bourgeois class rule.

These revolutionary transformations brought about qualitative leaps in human civilisation and left an indelible imprint on modern civilisation. This was reflected in all fields of culture, aesthetics, science, etc. While Eisenstein revolutionised cinematography, the sputnik expanded the frontiers of modern science to outer space. The panicky American response to Yuri Gagarin's flight into space in 1959, came in the form of President Kennedy's assurance to the US Senate that within a decade they would put man on the moon. The US succeeded in doing this only in 1969 working overtime for a full decade. In the meanwhile, the USSR carried out many a space mission, including sending the dog Lyka.

Reverses to Socialism

Yet, despite such tremendous advances, that too under the most exacting of circumstances and hostile environment, why is it that the mighty USSR could not consolidate and sustain the socialist order?

There were, generally speaking, two areas where wrong understanding and consequent errors were committed. The first pertains to the nature of assessments of contemporary world realities and about the very concept of socialism. The second concerns the practical problems confronted during the period of socialist construction.

Incorrect Estimations

Despite the unprecedented and path-breaking advances made by socialism in the 20th century, it must be borne in mind that all socialist revolutions barring the few (not all) in East Europe took place in relatively backward capitalistically developed countries. While this vindicated the Leninist understanding of breaking the imperialist chain at its weakest link, it nevertheless permitted world capitalism to retain its hold over the developed productive forces and, hence, also the potential for its future development. The socialist countries removed one-third of the world market from capitalism. This, however, did not directly affect either the levels of advances already made by world capitalism in developing the productive forces, or in capitalism's capacity to further develop the productive forces on the basis of scientific and technological advances. This permitted world capitalism to overcome the setbacks caused by socialist revolutions to develop the productive forces and further expand the capitalist market. Given the existing correlation of class forces internationally, imperialism achieved the expansion of the capitalist market through neo-colonialism.

On the other hand, given the pace and qualitatively higher advances made by socialism in a relatively short span (recall that the Soviet Union came to match the might of the fascist military machine in less than a decade -- what took capitalism 300 years was accomplished by socialism in 30!) led to a belief that such advances were irreversible. The Leninist warning that the vanquished bourgeoisie will hit back with a force a hundred times stronger was not fully taken into account.

The inevitability of capitalism's collapse is not an automatic process. Capitalism has to be overthrown. An erroneous estimation of its strength only blunts the need to constantly sharpen and strengthen the revolutionary ideological struggle of the working class and its decisive intervention under the leadership of a party wedded to Marxism-Leninism -- the subjective factor without which no revolutionary transformation is possible.

Thus, the overestimation of the strength of socialism and the underestimation of the strength of capitalism did not permit an objective analysis and consequently the proper assessment of the emerging world situation.

Further, socialism was perceived as a linear progression. Once socialism was achieved, it was erroneously thought that the future course was a straight line without any obstacles till the attainment of a classless, Communist society. Experience has also confirmed that socialism is the period of transition or, as Marx said, the first stage of the Communism -- the period between a class-divided exploitative capitalist order and the classless Communist order. This period of transition, therefore, by definition implies, not the elimination of class conflicts but its intensification, with world capitalism trying to regain its lost territory. This period, therefore, was bound to be a protracted and complex one with many a twist and turn and many a zigzag. This was particularly so in these countries which were capitalistically backward at the time of the revolution. (Some theoretical aspects of the protracted nature of this transition period are discussed later when we take up the reforms in China.)

The success or failure of the forces of world socialism in this struggle, at any point of time, is determined both by the success achieved in socialist construction and the international and internal correlation of class forces and their correct estimation. Incorrect estimations leading to an underestimation of the enemy both without and within the socialist countries and the overestimation of socialism had created a situation where the problems confronting the socialist countries were ignored as well as the advances and consolidation of world capitalism.

Lenin had always reminded us that the living essence of dialectics is the concrete analysis of concrete conditions. If the analysis falters or the true appreciation of the actual situation is faulty, then erroneous understandings and distortions surface.

It is such distortions and, importantly, deviations from the revolutionary content of Marxism-Leninism in later years of the USSR, particularly after the 20th Congress of the CPSU alongwith the unresolved problems in the process of socialist construction that led to these reverses.

Major shortcomings in socialist construction

In the process of socialist construction, there were essentially four areas where major shortcomings occurred. Before discussing these, it needs to be underlined, once again, that socialism was embarking on an unchartered path of human advance. There were no blueprints or any specific formulae. This reality also contributed in a large measure towards these shortcomings.

Class character of the state : The first of these areas is regarding the class character of the state under socialism. The dictatorship of the overwhelming majority over a minority of former exploiting classes,

i.e., the dictatorship of the proletariat as opposed to the dictatorship of the bourgeoisie, which is that of a minority over the overwhelming majority, is the character of the state under socialism.

However, the forms of this class rule need to keep developing as socialism advances through various phases. The form necessary, say in a period of capitalist encirclement, or civil war, need not be the form, say in a period of post-second world war socialist consolidation in the Soviet Union. The theoretical elaboration of the different phases of the dictatorship of the proletariat and different forms of the socialist state, is made for the first time in the political report of the 18th Congress of the CPSU in 1939. Stalin deals in length on this issue in a section titled, "Questions of theory". However, when such transformation of forms, whose changes represent the movement towards greater and larger participation of the people in the activities of the state, are not made at the appropriate time, the growing aspirations of people under socialism get stifled and this leads to alienation and discontent. Further, the same form need not be applicable uniformly to all socialist countries. The form will be determined by the historical background and the concrete socio-economic conditions in those countries.

Lenin had clearly stated in the *State and Revolution* that as the forms of bourgeois states are varied, the period of transition from capitalism to Communism "certainly cannot but yield a great abundance and variety of political forms". But he goes on to underline that the forms may be different but the essence will inevitably be the dictatorship of the proletariat. "The forms of bourgeois states are extremely varied, but their essence is the same: all these states, whatever their form, in the final analysis are inevitably the dictatorship of the bourgeoisie. The transition from capitalism to communism certainly cannot but yield *a great abundance and variety of political forms*, but the essence will inevitably be the same: the dictatorship of the proletariat" (emphasis added).

The adoption of the Soviet form of state in the post-second world war socialist countries of East Europe, hence, was a development that ignored the concrete socio-economic conditions and the historical background of these countries. For instance, Czechoslovakia had Communists elected to its Parliament in multi party system before the revolution. The prohibition of multi-party system under socialism was seen by many as a regression. This contributed, as well, to the alienation of the people and growing discontent.

Socialist democracy: The second area where there were major shortcomings was that concerning socialist democracy. Democracy under socialism needs to be deeper and richer than under capitalism. While capitalism gives the formal democratic right, it does not provide

to the vast majority of people the capacity to exercise it (under capitalism, everyone has a right to buy anything that is available but the majority do not have the capacity to exercise this right), socialism must provide both the right and the capacity to the people to exercise that right.

However, in the process of socialist construction in many countries, two types of shortcomings occurred. First, the dictatorship of the class over a period of time was replaced by the dictatorship of the vanguard of the class, i.e., the Party. This over time was replaced by the leadership of the Party. The socialist state which represents the entire class and working people got substituted by a small section in the Party. This led to a strange situation with the decisions, say, of the Party Polit Bureau, becoming enforceable on all citizens.

This was done through a *fiat* instead of convincing the majority of the people who are not members of the Party through democratically decided state bodies like the Soviets. The Leninist principle of a Party decision being articulated in democratic people's forums and Party's leadership established through a democratic process with maximum people's participation was replaced, unfortunately, by diktats. This, naturally, strengthened the sense of alienation amongst the people.

Secondly, in the process of implementation of democratic centralism, inner-Party democracy, often, became a casualty while centralism became strengthened, as certain periods in the history of the USSR shows. This led to the growth of bureaucratism which is the very antithesis of democracy. Tendencies alien to socialism, such as, corruption and nepotism also surfaced. An example of this was the institutionalisation of privileges to large sections of the leadership of the CPSU and other ruling Communist parties. In this process, the vitality of this revolutionary principle is robbed, alienating the Party from the masses and the Party ranks from the leadership.

It must be noted that instead of correcting these distortions both in the area of the class character of the state under socialism and socialist democracy, the Gorbachev leadership set about a course of abandoning both the concept of the leading role of the working class and democratic centralism. In the process, it disarmed the revolutionary party, prevented it from undertaking the necessary corrections which finally led to the dismantling of socialism.

Socialist economic construction: The third area where some shortcomings took place were in the process of socialist economic construction. As productive forces rapidly developed under the social ownership of the means of production and centralised state planning, the methods of economic management that arise precisely due to this

rapid economic development need to constantly change. The inability to transit to new levels by introducing such changes can lead to the stagnation of the economy. For instance, once all available land for agricultural production is utilised, then any further increases in production can happen only through increases in productivity. If such change is not affected in time, then problems arise. This is precisely what happened in the USSR in the seventies and the eighties.

Once again, instead of effecting such changes, the Gorbachev leadership set about a course of abandoning the socialist economic foundations of social ownership of means of production and planning. Under the influence of the "bourgeois god of market economy", the systematic dismantling of the socialist economic foundations took place which contributed to the dismantling of socialism itself.

Gorbachev and the liquidationist leadership of the CPSU thus emerged as the children of the illegitimate relationship between revisionism and imperialism.

Neglect of ideological consciousness: The fourth area where major shortcomings occurred was in the field of strengthening the collective ideological consciousness of the people under socialism. Socialism can be sustained and developed only by the growing collective consciousness of the people which, in turn, cannot be reared without the ideological steadfastness of the ruling Communist Party.

Due to these shortcomings, a situation arose where counter revolutionary forces, both external and internal, acted in concert to dismantle socialism.

These reverses to socialism, therefore, have occurred not because of any inadequacies in the basic postulates of Marxism-Leninism. On the contrary, they have occurred primarily due to departures from the scientific and revolutionary content of Marxism-Leninism; incorrect estimations of the relative strengths of world capitalism and socialism; a dogmatic and mechanical interpretation of the creative science of Marxism; and also due to major shortcomings during the course of socialist construction.

IV

While facing the current challenges, the socialist countries have embarked on a reform process, specific to the concrete situation of their countries. Particularly in the present situation where the international correlation favours imperialism with its virtual monopoly over capital and technology, the socialist countries are engaged in serious efforts at developing productive forces to consolidate socialism. These have generated concern and debate amongst well-

wishers of socialism the world over. While these reforms have led to rapid economic growth in some countries, like in China, new problems have also arisen. Let us discuss some theoretical and political issues with specific reference to China.

The triumph of the socialist revolution in Russia (and subsequently, following the defeat of fascism in the second world war, in the relatively less developed Eastern Europe; semi-feudal semi-colonial China; northern Korea; Vietnam and Cuba) did not and could never have meant the automatic transformation of the backward economies and low levels of productive forces into high levels (higher than that of capitalism) of socialised means of production.

For the purpose of our discussion, however, it needs to be noted that every socialist revolution, based on a concrete analysis of concrete conditions, worked out its approach towards developing rapidly the productive forces. How this can be done is specific to the concrete realities faced by the specific revolutions, both domestically and internationally.

Lenin, himself, noted on the 4th anniversary of the October Revolution: "Borne along on the crest of the wave of enthusiasm, rousing first the political enthusiasm and then the military enthusiasm of the people, we expected to accomplish economic tasks just as great as the political and military tasks we had accomplished by relying directly on this enthusiasm. We expected -- or perhaps it would be truer to say that we presumed without having given it adequate consideration -- to be able to organise the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state. Experience has proved that we were wrong. It appears that a number of transitional stages were necessary -- state capitalism and socialism -- in order to *prepare* -- to prepare by many years of effort -- for the transition to Communism. Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this small-peasant country *to build solid gangways to socialism by way of state capitalism*. Otherwise we shall never get to Communism, we shall never bring scores of millions of people to Communism. That is what experience, the objective course of the development of the revolution, has taught us." (*Lenin, Collected Works*, Vol. 33, pp.58 emphasis added)

Further, he proceeds to state: "Capitalism is a bane compared with socialism. Capitalism is a boon compared with medievalism, small production, and the evils of bureaucracy which spring from the dispersal of the small producers. In as much as we are as yet unable to

pass directly from small production to socialism, some capitalism is inevitable as the elemental product of small production and exchange; so that we must utilise capitalism (particularly by directing it into the channels of state capitalism) as the intermediary link between small production and socialism, as a means, a path, and a method of increasing the productive forces." (*Lenin, Collected Works, Vol. 32, pp. 350*)

But, does this mean the restoration of capitalism? To this Lenin answers quite candidly during the period of the NEP (new economic policy) that: "It means that, to a certain extent, we are re-creating capitalism. We are doing this quite openly. It is state capitalism. But state capitalism in a society where power belongs to capital, and state capitalism in a proletarian state, are two different concepts. In a capitalist state, state capitalism means that it is recognised by the state and controlled by it for the benefit of the bourgeoisie, and to the detriment of the proletariat. In the proletarian state, the same thing is done for the benefit of the working class, for the purpose of withstanding the as yet strong bourgeoisie, and of fighting it. It goes without saying that we must grant concessions to the foreign bourgeoisie, to foreign capital. Without the slightest denationalisation, we shall lease mines, forests and oilfields to foreign capitalists, and receive in exchange manufactured goods, machinery etc., and thus restore our own industry." (*Lenin, Collected Works, Vol. 32, pp. 491*)

Post Reform Socialist China

To a certain extent, what we find in the post-reform socialist China is, a reflection of the theoretical positions Lenin had taken regarding state capitalism during the NEP period. The main question involved is that of increasing the productive forces in a backward economy to a level that can sustain large-scale socialist construction. Lenin, during his time, on the basis of the concrete international and domestic situation, consistently endeavoured to rapidly bridge the gap between backward productive forces and advanced socialist production relations. The course of this Soviet history of socialist construction, however, took place under different historical circumstances. Encirclement of the Soviet Union, the civil war, the preparations for the second world war by the fascist forces did not allow the Soviet Union a peaceful period necessary for a protracted period of transition towards the consolidation of socialist productive forces. The pace of the socialisation of the means of production had to be hastened for the very survival of the socialism itself. The fact that it did succeed in socialising the means of production through 'collectivisation', bore the brunt of fascist assaults during the second world war and decisively

defeated them will go down as one of the most remarkable and liberating experiences of the 20th century.

In China today, what is being sought is to attain the conformity between the levels of productive forces and the relations of production under socialism. The advanced socialist production relations cannot be sustainable at lower levels of productive forces. A prolonged period of low levels of productive forces would give rise to a major contradiction between the daily expanding material and cultural needs of the people under socialism and backward productive forces. The Chinese Communist Party (CPC) has concluded that if this contradiction remains unresolved, then socialism itself in China would be under threat.

Following the political turmoil that took place during the cultural revolution and after the dethroning of the 'Gang of Four' a serious introspection was begun by the CPC on political and economic issues. In 1978, clearing confusion and incorrect understanding on many political issues and practices, the CPC adopted a comprehensive ideological line that culminated in what they call 'one central task and two basic points'. 'One central task' is economic development, the 'two basic points' are adherence to the four cardinal principles (Marxism-Leninism and Mao Zedong; socialist road; people's democratic dictatorship; and leadership of the Communist Party) and the implementation of reforms and open door policy.

Soon after the initiation of the reform process, in a conversation with Kim Il Sung in 1982, Deng Xiaoping says: "In a country as big and as poor as ours, if we don't try to increase production, how can we survive? How is socialism superior, when our people have so many difficulties in their lives? The Gang of Four clamoured for 'poor socialism' and 'poor communism', declaring that communism was mainly a spiritual thing. That is sheer nonsense! We say that socialism is the first stage of communism. When a backward country is trying to build socialism, it is natural that during the long initial period its productive forces will not be up to the level of those in developed capitalist countries and that it will not be able to eliminate poverty completely. Accordingly, in building socialism we must do all we can to develop the productive forces and gradually eliminate poverty, constantly raising the people's living standards. Otherwise, how will socialism be able to triumph over capitalism? In the second stage, or the advanced stage of communism, when the economy is highly developed and there is overwhelming material abundance, we shall be able to apply the principle of from each according to his ability, to each according to his needs. If we don't do everything possible to increase production, how can we expand the economy? How can we demonstrate the superiority of socialism and communism?"

We have been making revolution for several decades and have been building socialism for more than three. Nevertheless, by 1978 the average monthly salary for our workers was still only 45 yuan, and most of our rural areas were still mired in poverty. Can this be called the superiority of socialism? That is why I insisted that the focus of our work should be rapidly shifted to economic development. A decision to this effect was made at the Third Plenary Session of the Eleventh Central Committee, (1978. Ed.) and it represented an important turning point. Our practice since then has shown that this line is correct, as the whole country has taken on an entirely new look." (*Selected Works of Deng Xiaoping*, Vol. 3, pp. 21-22)

It is essentially such an understanding that led to a theoretical conceptualisation of the primary stage of socialism. This in fact conforms to what Marx and Engels themselves had stated and what is accepted by all subsequent Marxists: that socialism is the transitory stage between capitalism and communism and hence constitutes the first stage of a communist society. The CPC however has gone a step further to formulate that within this transitory stage, there will be stages depending on the levels of productive forces at the time of the revolution. This was systematically elucidated in the 13th Congress of the CPC. Basically, what it meant was that China, being a backward semi-feudal, semi-colonial country at the time of the revolution, was at a stage where the socialist transformation of its economy will have to be conducted from very low levels. The World Bank, in 1980 sent an investigation team to China which estimated that the per capita GNP in 1952 was US \$ 50, even lower than that in India and only slightly more than one-fifth of that in the Soviet Union in 1928. In a country with the largest population in the world, the effort for a transformation into a modern socialist economy is, indeed, a stupendous task. The CPC estimated that this process would take at least a hundred years from the time of the revolution to reach the stage of a modern socialist economy. It is this process which they call 'the building of socialism with Chinese characteristics'.

In order to achieve such a transformation, the CPC put forward another theoretical formulation that of building a socialist market economy. By now, it is clear that as long as commodity production exists, there would be a need for a market to exchange these commodities. The CPI(M) at its 14th Congress noted in its Ideological Resolution: "It would be erroneous to conclude that under socialism the market will cease to exist. So long as commodities are produced, the market exists. The crucial question is not planning versus market but which dominates. Under socialism, market is one of the means for the distribution of the social product. Centralised planning, utilising the market forces and the market indicators, will be able to efficiently develop the productive

forces and meet the welfare demands of the people. Therefore, ignoring market indicators leads to greater irrational use of resources which will adversely affect the plan process itself".

What is sought to be created in China is a commodity market economy under the control of the socialist state where public ownership of the means of production will remain the mainstay; by which the CPC means "firstly that public capital predominates in total social capital; secondly, the state economy controls the economic lifeline and plays a dominant role in the national economy". Through this, they seek to prevent the economic polarisation and growing inequalities created by private market economy and ensure the common prosperity of the working people.

As a result of these reforms, China over the last two decades has achieved tremendous successes. Material standards of living have grown by leaps and bounds. Poverty levels have come down sharply. In health, higher education, scientific research and technology development, China has moved ahead at a commendable rate. All these have been possible not because China 'broke from the Maoist past' but because it developed on the solid foundations laid by the People's Republic of China during the first three decades of centralised planning.

However, new problems are also cropping up as a result of these developments. They are mainly the growing inequalities, unemployment and corruption. The CPC, cognizant of these dangers, is taking measures to tackle these problems. But the fact remains that with the current transformation of the State owned enterprises, there is a net accretion to the unemployed every year. While the State maintains a minimum subsistence allowance and offers re-training programmes for retrenched workers, unemployment is a serious problem.

The main question that emerges is whether these growing inequalities will take the form of the formation of an incipient capitalist class? Lenin, while talking of State capitalism and emphasising the need to rapidly expand the productive forces, also warned of the risks to the socialist State that such a period of transition will bring about. Characterising the process of building state capitalism as a war, Lenin says: "the issue in the present war is -- who will win, who will first take advantage of the situation: the capitalist, whom we are allowing to come in by the door, and even by several doors (and by many doors we are not aware of, and which open without us, and in spite of us) or proletarian State power?" (*Lenin, Collected Works*, Vol. 33, pp 65) He proceeds further to state: "We must face this issue squarely -- who will come out on top? Either the capitalists succeed in organising first -- in

which case they will drive out the Communists and that will be the end of it. Or the proletarian state power, with the support of the peasantry, will prove capable of keeping a proper rein on those gentlemen, the capitalists, so as to direct capitalism along state channels and to create a capitalism that will be subordinate to the state and serve the state." (*Lenin, Collected Works*, Vol. 33, pp 66)

Similarly, Deng Xiaoping in a talk during his visit to southern China says: "The crux of the matter is whether the road is capitalist or socialist. The chief criterion for making that judgement should be whether it helps promote the growth of the productive forces in a socialist society, helps increase the overall strength of the socialist state and helps raise living standards." (*Social Sciences in China*, Vol. XX, No. 2, pp. 29)

Further, in 1985, addressing some of the apprehensions of growing inequalities Deng Xiaoping says: "As to the requirement that there must be no polarisation (read growing economic inequalities), we have given much thought to this question in the course of formulating and implementing our policies. If there is polarisation, the reform will have been a failure. Is it possible that a new bourgeoisie will emerge? A handful of bourgeois elements may appear, but they will not form a class.

"In short, our reform requires that we keep public ownership predominant and guard against polarisation. In the last four years we have been proceeding along these lines. That is, we have been keeping to socialism." (*Selected Works of Deng Xiaoping*, Vol. 3, pp. 142-143)

Clearly, the CPC is in the midst of a serious effort of building socialism with Chinese characteristics. The CPC is endeavouring to rapidly expand the productive forces and, thus, consolidate and strengthen socialism in China through these reforms. On the other hand, as noted above, this very process engenders certain tendencies which seek to weaken or even destroy socialism. As a result, ideas and values alien to socialism may also surface. Imperialist finance capital is there in China not to strengthen socialism but to earn profits and to create conditions of adversity to socialism. They would certainly seek the weakening of socialism or its dismantling in order to earn greater profits. This is the current struggle between imperialism and socialism that is taking place in the theatre of China. And, in this struggle, the efforts to strengthen and consolidate socialism will receive solidarity from us and the Communists the world over.

V

Future is Socialism

As humanity moves into the third millennium, the situation confronting us is one where imperialism is preparing to unleash a renewed offensive against the majority of the world's population. As a result of these efforts of imperialism, all the main world social contradictions -- between imperialism and socialism; between imperialism and the third world countries; between imperialist countries themselves; and between labour and capital in the capitalist world -- are intensifying.

Of these, the contradiction between imperialism and socialism occupies the central space, as the only alternative to imperialism and capitalism is socialism. No amount of reform of capitalism can make it an exploitation free system. The only way of liberation from this exploitation is the establishment of a socialist system.

However, in the immediate context, with imperialism bracing itself for a new offensive, the contradiction between imperialism and the third world countries is bound to intensify rapidly and come to the forefront.

The recent years have seen growing global protest against globalisation as well as against US military interventions in pursuit of its efforts to strengthen its global hegemony. The global protests ranging from Seattle to Genoa; the international calls by trade union organisations for anti-WTO protest; the increasing participation in the World Social Forum (WSF); the struggles and joint resistance in many third world countries etc have characterised this period. Newer forms of struggles are also emerging.

This period has also seen the strengthening of the process of the regrouping of Communist forces in various parts of the world. Various regional groupings of Communist, Left and progressive forces such as the Sao Paulo Forum which brings together the Left forces in the Americas are also being strengthened. This period also saw growing interaction amongst the Communist parties and a larger number of occasions for international Communist gatherings.

Much of this, however, is defensive in nature. Defending the rights that are being rapidly eroded. The struggle against capital's rule has to intensify and develop. This however, is not to suggest that the advance of the Communist forces would be automatic. But the objective conditions open up possibilities which the Communists can utilise in strengthening the popular movement for ending a system based on exploitation of man by man. The responsibility of strengthening the subjective factor -- the revolutionary ideological struggle led by the working class, uniting other exploited classes and its decisive

intervention under the leadership of a party wedded to Marxism-Leninism -- falls on our shoulders. It is imperative to utilise the objective situation and intervene to advance the movement for social emancipation. This advance in the immediate context will have to work for the convergence of the global anti-war protest and world wide anti-globalisation movements into a mighty anti-imperialist people's movement.

This is the only course available to humanity to save itself from being engulfed by the slide to barbarism. To those who argue that there is no alternative to globalisation (the famous TINA factor), our answer is that the alternative to TINA is SITA (socialism is the alternative).
