



REVOLUTIONARY COMMUNISM

Theoretical Review of the Revolutionary Communist International Tendency



www.thecommunists.net

New Series Issue Nr.110

October 2024

China: “Communist” Party, Capitalist Class and Marxist State Theory

by Michael Pröbsting

English-Language Theoretical Review of the Revolutionary Communist International Tendency (RCIT), New Series No.110, October 2024

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Picture on the cover: Shanghai, the financial center of China (Source: https://en.wikipedia.org/wiki/Economy_of_China)

Revolutionary Communism is the monthly English-language theoretical review published by the *Revolutionary Communist International Tendency* (RCIT). The RCIT has sections and activists in Argentina, Brazil, Mexico, South Korea, Israel / Occupied Palestine, Russia, Ukraine, Nigeria, Britain, and Austria.

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China: On the Relationship between the “Communist” Party and the Capitalists

Notes on the specific class character of China’s ruling bureaucracy and its transformation in the past decades

An Essay (with 5 Tables) by Michael Pröbsting, Revolutionary Communist International Tendency (RCIT), 8 September 2024

Introduction

The rapid process of capitalist development in China and its rise as an imperialist power is one of the most important questions for Marxists today. Hence, the RCIT has elaborated a number of detailed studies in which we dealt with this issue from a theoretical and analytical perspective and discussed its implication for the program of the liberation struggle.¹

We did show that the Stalinist regime initiated the restoration of capitalism in the early 1990s – after it had brutally crushed the workers and student uprising on the Tiananmen Square in June 1989. By imposing a series of pro-market reforms in the 1990s, it succeeded in introducing the capitalist law of value in large sectors of China’s economy. As a result of this process, a powerful domestic bourgeoisie, a sizeable middle class and a labour aristocracy were created. At the same time, China massively expanded its production capacities which, on one hand, offered Western capitalists profitable opportunities for foreign investments and, on the other hand, resulted in the formation of huge domestic monopolies which increasingly competed with their rivals for their share on the world market. At the end of the 2000s, after having managed relatively successfully the consequences of the Great Recession of the capitalist world economy in 2008/09, China became an imperialist power and began to challenge increasingly the hegemonic role of the U.S.

The following essay is the first of a series of articles in which we will discuss specific issues related to the development of Chinese capitalism. The first contribution will deal with the question of the relationship between the “Communist Party of China” (CPC) and the Chinese bourgeoisie and its consequences for the nature of the ruling bureaucracy. We will survey how this relationship evolved in the course of the past three decades and how it transformed the class character of the Stalinist bureaucracy and its role in the state.

Some notes on the road to capitalist restoration

At this place it is not our intention to repeat our analysis of the capitalist restoration process in China and we refer readers to the relevant works.² We shall rather limit ourselves to point to some features which are important to understand the relationship between the party and the emerging bourgeoisie.

China’s road to capitalism has always differed remarkably from that of the USSR resp. most Eastern European countries. While in latter countries, the process of capitalist restoration went hand in hand with a collapse of the political regime, the CPC managed to retain its rule. However, in this it was no exception. We have seen a similar process in Vietnam, Laos and Cuba. Furthermore, in several Central

Asian countries, the Stalinist party just renamed itself but kept power with the same personal at the top.

Why did the process of capitalist restoration evolve so differently in China, compared with the USSR? There are several reasons. First, while all the Stalinist states were based on the same post-capitalist mode of production (bureaucratic planning based on a nationalised economy), they started from different levels of development of the productive forces. Basically, China’s economy was much more backward and had a substantially larger sector of agriculture than that of the Soviet Union. When Beijing started its market reforms in 1978, more than 82% of the population, almost 800 million people, was rural, while agriculture employed 70.5% of the labour force.³

In contrast, only 20% of the Soviet labour force worked in the agricultural sector in 1984 and nearly all of these peasants had been employed in kolkhoz or sovkhoz, i.e. in collectivised farms, for their whole lifetime.⁴ As a result, there existed a much larger class of petty-bourgeois peasants in China which created a more favourable environment for the restoration of capitalism.

Related to this is the fact that the CPC had retained a larger historic legitimacy by the time of capitalist restoration because significant sectors of the population personally experienced in their lifetime the revolution in 1949-52 – a profound event which ended foreign imperialist domination, decades of civil war and rule of brutal war lords, greedy land barons and corrupted bureaucrats.⁵ In contrast, there was hardly anyone living at the end of the existence of the Soviet Union who had personally experienced the October Revolution in 1917.

Furthermore, for specific historic reasons, there existed a sizeable Chinese diaspora with a sizeable capitalist class in Hong Kong, Macao, Taiwan and other countries. These elements were also an advantageous factor for the restoration of capitalism in China.

These objective factors were the basis for a very different policy of the regime. Gorbachev tried to introduce several market reforms in the second half of the 1980s which were not intended to introduce capitalism but rather as a kind of Neo-NEP (i.e. a radical version of Bukharin pro-kulak policy in the 1920s). Hence, Gorbachev aimed at the revitalisation of a private market without abolishing the key elements of the post-capitalist mode of production (nationalisation of the key sectors of the economy, foreign trade monopoly, planning). However, these reforms failed because, as mentioned above, there existed no social preconditions and because the Stalinist regime was already moribund.⁶

In contrast, the market reforms which the post-Maoist regime of Deng Xiaoping began to introduce in 1978 could relate to the interests of sectors of the petty-bourgeois peasantry. Similar to Gorbachev, Deng did not intend to restore capitalism but rather thought that the regime could

combine such a Neo-NEP with the existing post-capitalist production relations. Hence, while some orthodox Maoists denounced Deng as a “*capitalist roader*”, we rather consider Deng’s pro-market policy as an (illusionary) attempt to combine a pro-market Neo-NEP with Stalinist “socialism”.

However, while these reforms resulted in economic growth and succeeded to create a kind of private market, they also exacerbated the social and political contradictions and finally provoked the workers and student uprising in April-June 1989. In order to avoid its overthrow, the regime brutally crushed the revolutionary upheaval. After it succeeded in this, the Stalinist regime had to reconsider its policy. It was doing so not only because of the deep crisis in 1989 but also in light of the collapse of the regimes in the USSR and Eastern Europe – surely, a fate which it was determined to avoid. The result of this process of internal debate and faction struggle at the top of the CPC was Deng’s famous *Southern Tour* in 1992. It showed that the regime had decided to combine strict preservation of the party’s total political control with a decisive push to restore capitalism.

This became very evident in the following years as we analysed in our above-mentioned studies. Large sectors of the economy were privatised, state-owned enterprises were restructured according to the capitalist law of value and millions of workers sacked, the famous *iron rice bowl* was abolished, foreign capital was welcomed, etc.

The emergence of the Chinese bourgeoisie

Naturally, this development of capitalist restoration went hand in hand with the emergence of a huge class of millions of entrepreneurs and numerous large corporations. As a result, the share of small and large capitalists (including the self-employed) among China’s urban population increased from less than 1% of the population in 1988 to 12.3% in 2013.⁷

Consequently, the social composition of the urban elite (defined here as the top 5% of in terms of income) underwent a qualitative change. In 1988, i.e. in the final phase of China as a degenerated workers state, this elite was still dominated by members of the state apparatus (i.e. the bureaucracy) and the labour aristocracy. 25 years later, the dominant groups were the capitalists and the professionals. (See Table 1)

Related to this development, the source of the elite’s in-

come has changed. In 1988, the elite income used to come predominantly from the state sector. Almost four-fifth of elite income was derived from state and collective sectors while the role of private sector was minimal (6% of elite income). By 2013, the private sector had already overtaken the state sector as the dominant sector from which the elite draws its income.⁹

The creation and expansion of the Chinese bourgeoisie is also reflected in massive growth of social inequality and concentration of income and wealth in the hands of the ruling class and the upper middle layer.

Before the beginning of the reform process in 1978, the share of national income going to the top 10% of the population was 27%, equal to the share going to the bottom 50%. This changed massively in the following decades and by 2015, the income share of the bottom half was just below 15% while the share of the top decile had increased to 41%.¹⁰ The elite’s share of national wealth has increased even more. The top 10% own 67.8% and the top 1% own 30.5%! (See Table 2)

As a research team around Thomas Piketty has demonstrated in a recently published book, the level of private wealth in China is now at nearly the same level as in India and similar to that in North America and Western Europe. “China has had the largest increase in private wealth in recent decades. At the time of the “opening-up” reforms in 1978, private wealth in China amounted to just over 120% of national income; by 2020, it had reached 530%. Most of this increase was due to housing (which went from 50% private ownership to near 100% in that period), and corporate ownership (from 0% privately owned in 1978 to 30% today). These increases bring the overall level of private wealth in China, relative to national income, to levels similar to those found in the US and France.”¹²

Likewise, concentration of private wealth in China – as shown above, the top 1% own 30.5% - is similar to major capitalist countries. In India, the top 1% own about 33% of private wealth, in the U.S. the share is 35% and in Western Europe it is about 22%.¹³ Likewise, as Piketty, Yang and Zucman note in another paper, the Chinese top decile have a wealth share (67% in 2015) which is getting close to that of the United States (72%) and is much higher than in a country like France (50%).¹⁴

It is therefore hardly surprising that China’s capitalist class has become strong enough to play a global role. Consequently, as we did show in our works, by now it is able to challenge the hegemonic position of its American rivals. (See Tables 3-5)

Table 1. Social Composition of the Urban Top 5% of Income (Percentage of Individuals)⁸

	1988	2013
Workers	37%	21%
Clericals	27%	20%
Government Officials	12%	6%
Professionals	20%	33%
Self-Employed	3%	15%
Large Business Owners	0%	5%

Table 2. Income and Wealth Distribution in China, 2021 ¹¹

	<i>Income</i>		<i>Wealth</i>	
	<i>Avg. Income</i> (PPP €)	<i>Share</i> <i>of total (%)</i>	<i>Avg. Income</i> (PPP €)	<i>Share</i> <i>of total (%)</i>
Full population	17,600	100%	86,100	100%
Bottom 50%	5,100	14.4%	11,000	6.4%
Middle 40%	19,400	44.0%	55,600	25.8%
Top 10%	73,400	41.7%	583,400	67.8%
Top 1%	246,600	14.0%	2,621,300	30.5%

Table 3. Top 10 Countries with the Ranking of *Fortune Global 500 Companies* (2023) ¹⁵

<i>Rank</i>	<i>Country</i>	<i>Companies</i>	<i>Share (in%)</i>
1	United States	136	27.2%
2	China (excl. Taiwan)	135	27.0%
3	Japan	41	8.2%
4	Germany	30	6.0%
5	France	23	4.6%
6	South Korea	18	3.6%
7	United Kingdom	15	3.0%
8	Canada	14	2.8%
9	Switzerland	11	2.2%
10	Netherlands	10	2.0%

Table 4. Top 5 Countries of the *Forbes Billionaires 2023 List* ¹⁶

<i>Rank</i>	<i>Country</i>	<i>Number of billionaires</i>
1	United States	735
2	China (incl. Hong Kong)	561
3	India	169
4	Germany	126
5	Russia	105

Table 5. Top 10 Countries of the *Hurun Global Rich List 2024* ¹⁷

<i>Rank</i>	<i>Country</i>	<i>Number of billionaires</i>
1	China (incl. Hong Kong)	814
2	U.S.	800
3	India	271
4	United Kingdom	146
5	Germany	140
6.	Switzerland	106
7.	Russia	76
8.	Italy	69
9.	France	68
10.	Brazil	64

How the CPC created a capitalist class and merged with it

From early on, the creation of a domestic capitalist class was closely related to the CPC bureaucracy and its policy. This was the inevitable result of two processes. First, the central leadership in Beijing had decided to cut down the overblown bureaucracy – from the state level down to the regional and local level. Hence, many bureaucrats had to find an alternative employment. The solution was the creation of state-owned, semi-public or private enterprises. According to an economist, in some areas of China as many as 70% of state and party departments had set up such businesses.¹⁸

*“In the 1990s, departments within the state administration in China have been setting up profit-seeking businesses to earn income for themselves and to employ their officials. These new state businesses differ from the state enterprises that existed under the command economy in terms of both their organization and their sources of investment, and they have been neither planned as part of the market reform program nor anticipated by central government policy makers. Rather, they are a spontaneous response by individual departments to the needs and opportunities that have emerged in the process of economic liberalization.”*¹⁹

Secondly, and related to this, it was crucial for new entrepreneurs to build close relations with the bureaucracy in order to get help from the latter. A group of economists summarised this process in 2007 in the following:

“Almost non-existent in the late 1970s, China’s private sector has experienced rapid development. As a result, China’s economic system is gradually outgrowing state ownership. China’s private sector development can be divided into three phases. During the first phase from 1978 until 1984 private enterprises were restricted to small-scale private firms with no more than eight employees, the getihu. The private sector was merely tolerated as an experiment and only allowed to exist in sectors where large state firms had no presence. During the second phase lasting from 1984 until 1992, private enterprises grew in size and actual private firms (siying qiye) were sanctioned in 1988. However, even after official regulations on private firms were issued, many private entrepreneurs shied away from this ownership form. Private firms continued to face political uncertainty, discrimination and heavy restrictions, some of which were reinforced after the Tiananmen Incident in 1989. Consequently, entrepreneurs formed alliances with local governments and government-owned firms, creating a multitude of organizational forms. For example, many private entrepreneurs preferred to register their firms as collective enterprises, giving rise to the term “fake collectives.” In early 1992 Deng Xiaoping’s southern tour (nanxun) ushered in a renewed push towards market reforms, which generated over time a more tolerant environment for the private sector. One important legal move came with the promulgation of the Chinese Company Law in 1994. The implementation of this law generated the conditions for convergence among the governance structures of private and state-owned firms in China. Depending on their location and size, private firms started to switch from corporate structures with murky ownership to limited liability corporations. In this process stakeholders converted their informal ownership into shareholding capital. As limited liability corporations, private firms could acquire a stronger organizational identity with respect to their political and social environment. In fact, many of the “fake collectives” opted to openly convert into private limited liability companies. New initiatives

*starting in the mid-1990s under the policy of zhuada fangxiao (“to grasp the big and let go of the small”) and state enterprise gaizhi (“transformation”) also opened the door for private entrepreneurs to buy shares in state firms. Consequently, by the year 2001 most small scale state firms owned by county governments or below had been privatized.”*²⁰

As a result, so-called *political guanxi networks* emerged which are built *“around private entrepreneurs, local government officials, party cadres, and political representatives”*. These networks *“enable firms to influence policy making, gain timely information on policy changes, access bank credit, and create greater certainty in their business environments.”*²¹

This process resulted in a sharp increase in the number of party members among entrepreneurs. During the late 1990s and early 2000s, the proportion of private entrepreneurs with party membership was within the range of 17–20%. When the leadership amended the party constitution to officially allow private entrepreneurs to join the CPC, this share doubled to 34%.

What is particularly interesting for our study is the fact that actually only very few private entrepreneurs did join the CPC. The vast majority of these capitalists, about 90% according to a survey, rather had joined the party before starting their business. *“The sharp increase in the number of “red capitalists” was more the result of movement of party members towards business than the result the party recruiting private entrepreneurs.”*²² This strongly reflects the close relationship between the bureaucracy and the capitalist class.

Consequently, the share of such capitalists in leading institutions did also increase. According to another study, the proportion of entrepreneurs who were deputies to the National People’s Congress increased from 10.3% to 18.2% during 1997–2004 and that of entrepreneurs who were members of the Chinese People’s Political Consultative Conference rose from 22% to 30.6%. Likewise, more and more private entrepreneurs took up positions at local party-related and government bodies. The proportion stood at 2.3% in 1997 and had increased to 3.3% by 2002.²³

Business leaders in the state-capitalist sectors are nearly always party members. *“In contrast to entrepreneurs from the private sector, a significant number of the business leaders from the state sector are represented in important Party fora such as the Central Committee. In 2002 they were for the first time admitted to the Central Committee as a distinct group sitting alongside representatives from central government and Party institutions, the provinces, the military and the academic world. Thus, 18 were elected, including two full members and 16 alternate members.”*²⁴

The “Immortals” and the “Princelings”

However, it would be mistaken to imagine that this process of fusion of bureaucrats and capitalists is rather a peripheral phenomenon which would not have changed the character of the party and the state leadership. The opposite is the case: all layers of the bureaucracy – from the local to the top level – have been directly and massively involved in this transformation process from the very beginning. In fact, the central leadership of the CPC has always been part of this bourgeoisification process, and they were even among the very first ones!

The central core of the CPC leadership – a group around Deng Xiaoping which took power after the death of Mao

in 1976 and the removal of the so-called “Gang of Four” – was often called the *Eight Elders*, also often called the *Eight Immortals* as an allusion to the popular Chinese mythology. Naturally, since then these old leaders have died, and new central leaders have emerged. The descendants of such top bureaucrats are often called “*Princelings*” as they are known to utilise their family connections for their personal advantage.

Detailed research of the role of these “*Immortals*” and “*Princelings*” shows that they have been very successful in exploiting the market reforms from early on and accumulated enormous wealth and major business stakes. The family of Deng Xiaoping, the central leader during the first period of market reforms, is an example for this. His daughter, Deng Rong, and his son, Deng Zhifang, were among the first to enter real estate, even before new rules in 1998 commercialised the mainland’s mass housing market. In 1994, Deng Rong became head of a development in Shenzhen, with apartments at that time valued at up to US-Dollar 240,000 each. Deng’s son-in-law Wu Jianchang, an executive in a state-owned metals company, went on to become vice minister of metallurgy and head of the Chinese Iron and Steel Company. He and another of Deng’s sons-in-law, Zhang Hong, ran companies that teamed up to buy up one of the key producers of material for rare-earth magnets from General Motors Co.²⁵

The family of another one of the Eight Immortals, the former military leader Wang Zhen, has also been very successful in business. According to Bloomberg, two of the sons have interests in tourism business in a valley in north-west China. Wang Jun was a senior leader of the Citic Group Corporation, a major state-owned enterprise, and China Poly Group, a commercial entity linked to the military. Later, he became active as a golf course developer in China, and his daughter Jingjing owner of a USD 7 million house in Hong Kong.

These are just two very prominent examples but there are many more. In 2012, Bloomberg published an analysis of the wealth of the “*Eight Immortals*” network. According to this study, out of the 103 descendants of these top eight leaders, 43 had their own companies, or significant stakes in others, and 26 had a role in major Chinese state-owned enterprises.

The generations of leaders who came after the “*Immortals*” followed the same model. Jiang Mianheng, son of Jiang Zemin – the paramount leader of China from 1989 to 2002 – became a major player in telecommunication business. The family of Li Peng, another key leader in this period, have significant interest in the energy sector. The family of Zhu Rongji – Prime Minister in the years 1998-2003, are highly active in the finance sector. In the above-mentioned literature, one can find many more examples about the capitalist business interests of the top CPC leaders and their families.

According to a report issued by the Chinese Academy of Social Sciences in 2008, the 2,900 sons and daughters of high-level officials have a collective wealth of RMB 2 trillion. In Guangdong, all of the 12 major property companies were led by or had links with children of high-level officials – usually officials who were members of the local political Standing Committees, or deputies of the national or local people’s congresses, or the local Chinese People’s Political Consultative Conference.

Hong Kong’s Zheng Ming Magazine reported in 2016 that, according to data from the Research Offices of the State Council, the Central Committee’s Party School, and the Academy of Social Sciences, 78% of the second-generation princelings and their families and 83% of the third-generation princelings and families are in business. 80% of the second and third generations of CCP leaders have become billionaires through business.

In summary, we see that the fusion of bureaucrats and capitalists are not isolated examples but rather the general model how the bureaucracy has become bourgeois in its social character. By such, it has transformed from a Stalinist bureaucracy, dominating a degenerated workers state, into a Stalinist-capitalist bureaucracy at the top of a capitalist state.

What is the meaning of Xi Jianping’s policy of disciplining “unruly” and “corrupt” elements?

Since Xi Jianping took power in 2012, the Stalinist-capitalist regime has undergone a process of strengthening its bonapartist character. Xi is now the sole und undisputed leader while in the decades before (since the death of Mao), the central leadership was rather a small group of leaders (like the above-mentioned “*Eight Immortals*” around Deng). Likewise, Xi abolished the term limit for Presidents and Prime Ministers which was two periods (i.e. eight years) so that he can rule as long as he wishes.

As we did show in previous chapters, there has been a massive process of bourgeoisification of the party and state bureaucracy. Most elite families have connections to private or state-capitalist businesses. Naturally, this has enormous centrifugal consequences since every capitalist (or elite) family first looks for their own fortunes. The result of this has been a series of corruption scandals which have caused public outcry and discredited the ruling party even more.

Hence, a key feature of the Xi regime is his attempt to re-establish discipline among the ruling elite. This has resulted in repeated purges of unruly elements and several trials against corrupt bureaucrats. Supporter of the Chinese regime refer to these purges as examples that Xi wants to contain or even suppress the monopoly capitalists. This is, however, a completely mistaken interpretation.

It is in the self-interest of the ruling class – which includes both the top bureaucracy as well as the monopoly capitalists – to ensure a stable existence of the regime. China’s society is riven with social tensions and lack of political trust in the regime. The only way for China’s bourgeoisie to contain the explosive class contradictions and to continue its global expansion is the strengthening of a bonapartist regime which suppresses the popular classes. Such a policy includes the public condemnation and persecution of “disloyal” or “too greedy” elements.

However, contrary to the believes of the friends of the Chinese regime, this is a typical approach for bonapartist regimes and does not contain an inch of anti-capitalism! The regime in a given state represents the interests of the ruling class as a whole (respectively of its dominant groupings) and not of that of some individuals. This has been the case throughout the whole history of class societies. This is why kings and emperors (including in China) killed their rivals – including those from their own family.

Likewise, fascist regimes persecuted certain groups of capitalists – either because they did belong to a discriminated minority (e.g. Jews) or because they opposed the regime for political reasons.

We have seen similar developments in the last decades, usually in countries ruled by bonapartist regimes. Putin persecuted several “disloyal” oligarchs (e.g. Vladimir Gusinsky, Boris Berezovsky, Mikhail Khodorkovsky) and there are regular arrests of corrupt top bureaucrats (in fact, they all are corrupt but those who fall out of political favour can easily replace their luxury mansion with a prison cell).

Likewise, Crown Prince Mohammed bin Salman in Saudi Arabia has a record of persecuting rivals in his extended family. In Thailand, the military dictatorship overthrew and persecuted the billionaire (and Prime Minister) Thaksin Shinawatra, in 2006 and they did the same against his sister in 2014 when she was Prime Minister.

In short, the persecution of individual capitalists or bureaucrats does not mean that a given bonapartist regime has become anti-capitalist. It only means that it has to discipline unruly elements of the ruling class in order to defend the collective interests of this class. Furthermore, such purges also reflect ongoing faction struggles within the ruling class.

However, it is impossible that the CPC regime could turn against the capitalist class as such. Such a possibility is excluded simply because it would mean that the party and state bureaucracy would turn against itself and their families! No ruling class commits suicide!

Conclusions

Let us finally summarise the main findings of our study and lay out some conclusions.

1. After suppressing the revolutionary uprising of the workers and students in June 1989 and after observing the implosion of the Stalinist regimes in the USSR and Eastern Europe, the CPC leadership decided in the early 1990s to combine the capitalist transformation of the economy with maintaining the political super structure, i.e. the Stalinist dictatorship. By aiming at the abolition of the social foundation of the degenerated workers state (nationalisation of the key sectors of the economy, foreign trade monopoly, planning), the regime transformed its character from a Stalinist one which bureaucratically defends the post-capitalist mode of production to a pro-capitalist and bourgeois-restorationist one.

2. In the following years, the CPC leadership imposed a series of reforms, including the liberalisation of the economy, the privatisation of large sectors of the economy, restructuring of state-owned enterprises according to the capitalist law of value, dismissal of millions of workers from these enterprises, the abolition of the famous *iron rice bowl*, the opening of the country to foreign investment, etc. These reforms successfully established a capitalist economy.

3. Naturally, this process went hand-in-hand with the creation of a new capitalist class. This class – consisting both of private entrepreneurs as well as leading managers of state-owned corporations – dominates China’s economy today. It has also expanded globally and plays a leading role in the world market. Related to this is the rise of

China as an imperialist Great Power.

4. From the very beginning, the emergence of such a capitalist class was linked with the party and state bureaucracy. Many capitalists were former bureaucrats, and their business was often depending on good relations with officials. As a result, a number of *political guanxi networks* emerged – from the top to the local level – in which capitalists and party and state bureaucrats closely work together for mutual benefits. The descendants of many bureaucrats became capitalists and many families of CPC bureaucrats on all levels integrate both party and state positions as well as business interests. Such a process of social bourgeoisification of the Stalinist bureaucracy has also been reflected in the increasing representation of entrepreneurs in leading state institutions. The RCIT therefore speaks about a *Stalinist-capitalist regime* because both their political as well as their social function are capitalist.

5. Hence, we can characterise the party and state bureaucracy as a *bourgeois bureaucracy* not only in a political sense but also in a social sense. It is bourgeois not only because it has implemented a policy of restoring capitalism and building China as an imperialist Great Power but also because its social character has been transformed. In the period of the degenerated workers state, its rule was based on political power resting on a post-capitalist economy, i.e. it lived from the privileges which it obtained from such a leadership position. Since capitalism had been restored, the bureaucracy increasingly went into business and the families of many bureaucrats live from a combination of material privileges, derived from leading party and state position, as well as from profits derived from their capitalist business stakes. This becomes evident from an analysis of the families of the “Immortals” and the careers of the numerous “Princelings”.

6. The leadership of Xi Jinping, who did take over in 2012 and created a more bonapartist regime and consolidated it. Xi succeeded in this by:

- * increasing state support for China’s capitalists,
- * integrating the capitalist’s desire for expansion on the world market with centralised geo-political projects (e.g. the “*Belt & Road Initiative*”),
- * strengthening repression against workers and youth struggles (e.g. various local strikes and peasant protests, the uprising in Hong Kong 2019/20) as well as against domestic critics,
- * disciplining of “unruly” and “corrupt” elements among the capitalists and bureaucrats.

7. However, such a policy of disciplining of “unruly” and “too greedy” elements is not anti-capitalist in any way. It rather reflects the policy of a capitalist-bonapartist regime which represents the interests of the ruling class as a whole (respectively of its dominant groupings) and not of that of some individuals.

8. The RCIT considers it as the key task of the working class and the oppressed in China to prepare for a social as well as political revolution, i.e. a revolution which overthrows the bonapartist dictatorship and expropriates the capitalist class in order to open the road to an authentic socialist future based on workers democracy.

Footnotes

1 The RCIT has published numerous documents about capitalism in China and its transformation into a Great Power. The most important ones are the following: Michael Pröbsting: Anti-Imperialism in the Age of Great Power Rivalry. The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan. A Critique of the Left's Analysis and an Outline of the Marxist Perspective, RCIT Books, Vienna 2019, <https://www.thecommunists.net/theory/anti-imperialism-in-the-age-of-great-power-rivalry/>; see also by the same author: "Chinese Imperialism and the World Economy", an essay published in the second edition of "The Palgrave Encyclopedia of Imperialism and Anti-Imperialism" (edited by Immanuel Ness and Zak Cope), Palgrave Macmillan, Cham, 2020, https://link.springer.com/referenceworkentry/10.1007/978-3-319-91206-6_179-1; China: An Imperialist Power ... Or Not Yet? A Theoretical Question with Very Practical Consequences! Continuing the Debate with Esteban Mercatante and the PTS/FT on China's class character and consequences for the revolutionary strategy, 22 January 2022, <https://www.thecommunists.net/theory/china-imperialist-power-or-not-yet/>; China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power (2012), in: Revolutionary Communism No. 4, https://www.thecommunists.net/publications/revcom-1-10/#anker_4; How is it possible that some Marxists still Doubt that China has Become Capitalist? An analysis of the capitalist character of China's State-Owned Enterprises and its political consequences, 18 September 2020, <https://www.thecommunists.net/theory/pts-ft-and-chinese-imperialism-2/>; Unable to See the Wood for the Trees. Eclectic empiricism and the failure of the PTS/FT to recognize the imperialist character of China, 13 August 2020, <https://www.thecommunists.net/theory/pts-ft-and-chinese-imperialism/>; China's Emergence as an Imperialist Power (Article in the US Journal 'New Politics'), in: "New Politics", Summer 2014 (Vol:XV-1, Whole #: 57). See many more RCIT documents at a special subpage on the RCIT's website: <https://www.thecommunists.net/theory/china-russia-as-imperialist-powers/>.

2 The author of these lines has analysed the process of capitalist restoration in two essays which are mentioned in a previous footnote. ("China's transformation into an imperialist power" and "How is it possible that some Marxists still Doubt that China has Become Capitalist?") Our analysis is based on the works elaborated in our predecessor organization which was usually written by our former comrade Peter Main: China: 'socialism' with capitalist characteristics" (in: Trotskyist International No. 11, 1993); China: Stalinists draw near their capitalist goal" (in: Trotskyist International No. 22, 1997); Restoring capitalism in China" (2000), <http://www.fifthinternational.org/content/restoring-capitalism-china>; China: From Mao to the market" (in: Fifth International, Vol. 2, No.4, 2007); China and International Perspectives" (2006), <http://www.fifthinternational.org/content/china-and-international-perspectives>.

3 Thomas Vendryes: Land Rights in Rural China since 1978: Reforms, Successes, and Shortcomings, in: China Perspectives, 2010/4, p. 87

4 William A. Dando and James D. Schlichting: Soviet Agriculture Today: Insights, Analyses, and Commentary, University of North Dakota, March 1988, p. 101

5 For an analysis of the Stalinist-led social revolution in 1949-52 see: Workers Power: The Degenerated Revolution. The origins and nature of the Stalinist states, Chapter: The Chinese Revolution 1982, pp. 54-59.

6 For our analysis of the final years of Stalinism in the USSR and the process of capitalist restoration we refer to various articles of our predecessor organisation. See e.g. LRCI: The death agony of Stalinism: The Crisis of the USSR and the Degenerate Workers' States, 4 March 1990, <https://fifthinternational.org/death-agony-stalinism-crisis-ussr-and-degenerate-workers-states/>; Keith Harvey: Russia's fast track to ruin, 30 March 1992, <https://fifthinternational.org/russias-fast-track-ruin/>; Russia: The death agony of a workers' state, 30 June 1997, <https://fifthinternational.org/russia-death-agony-workers-state/>. See also: Michael Pröbsting: Russia as a Great Imperialist Power. The formation of Russian Monopoly Capital and its Empire – A Re-

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7 Li Yang, Filip Novokmet and Branko Milanovic: From workers to capitalists in less than two generations: A study of Chinese urban elite transformation between 1988 and 2013, July 2019, WID.world Working Paper N° 2019/10, World Inequality Lab, p. 6

8 Li Yang, Filip Novokmet and Branko Milanovic: From workers to capitalists in less than two generations, p. 23. To be precisely, the authors of the study, to which we refer, define the elite as the top 5% of the urban population in terms of their per capita disposable (after-tax) income.

9 Li Yang, Filip Novokmet and Branko Milanovic: From workers to capitalists in less than two generations, p. 21

10 Facundo Alvarado, Lucas Chancel, Thomas Piketty, Emmanuel Saez, Gabriel Zucman: World Inequality Report 2018, pp. 107-108

11 Chancel, L., Piketty, T., Saez, E., Zucman, G. et al.: World Inequality Report 2022, World Inequality Lab., p. 191

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14 Thomas Piketty, Li Yang, and Gabriel Zucman: Capital Accumulation, Private Property, and Rising Inequality in China, 1978–2015, in: American Economic Review 2019, 109(7), p. 2489, <https://doi.org/10.1257/aer.20170973>

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China: On Stalinism, Capitalist Restoration and the Marxist State Theory

Notes on the transformation of social property relations under one and the same party regime

An Essay by Michael Pröbsting, Revolutionary Communist International Tendency (RCIT), 15 September 2024

Introduction

In the first part of our series of articles we analysed the relationship between the Communist Party of China (CPC) and the Chinese bourgeoisie since the early 1990s and its consequences for the class character of the ruling bureaucracy. We did show how the Stalinist bureaucracy increasingly fused with sections of the new capitalist class.¹

In the second part, we shall approach this issue from a theoretical point of view. We will show how China's transformation from a Stalinist degenerated workers state into a capitalist state – taking place under the conditions of continuing rule of the same “Communist” party – can be explained within the framework of the Marxist state theory.

This is all the more important since many Marxists are confused by the fact that one and the same political regime can oversee first one mode of production and later facilitate the transformation to another one. We will show that this is not only possible but also that China is by no means a unique case for such.

I. The CPC in the process of revolution and counter-revolution in 20th century

We shall start with a brief summary of the history of the CPC. It was founded as a revolutionary organisation in 1921. While small at the beginning, it grew massively in the period of the Second Chinese Revolution 1925-27 and developed important links among the working class and the poor peasantry.

However, the Kremlin imposed the party's subordination to the bourgeois Kuomintang party which made the CPC unprepared and helpless when Chiang Kai-shek waged a bloody counterrevolution against the party and the vanguard of the working class in 1927.

With the defeat in 1927, the now Stalinist CPC became totally bureaucratized, lost most of its links to the urban proletariat and retreated to the countryside. It transformed towards a party mostly composed by peasants. According to Peng Shu-Tse, a CPC leader who was expelled for his support for Trotskyism, workers made only less than 1% of the party's membership in the early 1930s. However, the party organised a rural guerilla struggle against the Kuomintang party and played a leading role in the resistance against the Japanese invasion. Through all those years, it remained closely aligned to the Stalinist bureaucracy of the Soviet Union.²

After the defeat of Japanese imperialism at the end of World War II, the CPC successfully overthrew the corrupted Kuomintang regime in 1949 (which was forced to retreat to Taiwan). Initially, the Mao leadership tried to build the Stalinist utopia of a “New Democracy” together with

the capitalists. However, this project collapsed because of a) the pressure of the masses which wanted to go further, b) the sabotage of the landowners and capitalists, and c) the Cold War with the U.S. Hence, the Mao leadership was obliged – against their original intentions – to carry out a social revolution, i.e. it abolished capitalist relations of production and established a workers state based on a nationalised and planned economy.

However, the CPC leadership carried out this transformation with bureaucratic methods and brutal oppression against rebellious workers and peasants (including the supporters of the Revolutionary Communist Party, the Chinese section of the Fourth International). Hence, from the very beginning, the new workers state was bureaucratically degenerated, and the working class had been politically expropriated.³

The following decades saw both social and economic progress as well as vicious factions struggles within the bureaucracy. The country was shattered by devastating campaigns like the “Great Leap Forward” from 1958 to 1962 (which caused horrible famine with millions of deaths) or the “Great Proletarian Cultural Revolution” from 1966 to 1976.

From 1978 onwards, the CPC, now lead by a group around Deng Xiaoping, introduced a number of market reforms which enabled economic growth but, at the same time, also resulted in acceleration of political and social contradictions. Finally, these tensions provoked a workers and student uprising in April-June 1989 which was brutally smashed by the CPC bureaucracy.

In the following years, the party leadership drew a balance sheet of these events and also took into account the lessons of the collapse of Stalinist rule in the USSR and Eastern Europe. The result was that the bureaucracy opted, on one hand, to accelerate the market reforms and to restore capitalism and, on the other hand, to maintain its absolute political monopoly, i.e. the one-party dictatorship. The starting point of this new course was Deng's famous *Southern Tour* in 1992. As the RCIT has shown in various works, these developments resulted in the emergence of a new capitalist class and China's transformation into a new imperialist power.⁴

All these developments were undertaken, formally, by one and the same party and its dictatorship. How can this be explained from the point of view of Marxist theory?

II. Character and role of the state in Marxist Theory

In order to understand the contradictory role of the Stalinist regime in China, we need to recapitulate the Marxist teachings about the character and the role of the state. Basically, the state is a product of social contradictions within a society. It emerges with the division of the society in owners and non-owners of means of production. Rising from the class divisions in the society, the state necessarily places itself above the society and becomes an institution which is both organically linked with and, at the same time, antagonistically opposed to the society.

As Friedrich Engels noted: „*The state is, therefore, by no means a power forced on society from without; just as little is it “the reality of the ethical idea”, “the image and reality of reason”, as Hegel maintains. Rather, it is a product of society at a certain stage of development; it is the admission that this society has become entangled in an insoluble contradiction with itself, that it has split into irreconcilable antagonisms which it is powerless to dispel. But in order that these antagonisms, classes with conflicting economic interests, might not consume themselves and society in fruitless struggle, it became necessary to have a power seemingly standing above society that would alleviate the conflict and keep it within the bounds of “order”; and this power, arisen out of society but placing itself above it, and alienating itself more and more from it, is the state.*“⁵

Lenin, in the same spirit, said in his 1919 lecture on the state: “*History shows that the state as a special apparatus for coercing people arose wherever and whenever there appeared a division of society into classes, that is, a division into groups of people some of which were permanently in a position to appropriate the labour of others, where some people exploited others.*“⁶

Furthermore, the state is not an instrument of the society but rather an instrument of the ruling class to suppress the lower classes and to control and administer the society in their interests. Therefore, the state must necessarily possess various means of coercion. In their famous *Communist Manifesto*, Marx and Engels stated: „*The executive of the modern State is but a committee for managing the common affairs of the whole bourgeoisie.*“⁷ And Lenin noted in his book *State and Revolution*: „*The state is a special organisation of force: it is an organisation of violence for the suppression of some class.*“⁸

We said above that the state is organically linked with the class society above which it resides. What does this mean? It means that the character of the state usually reflects the character of the economic fundament of the society. While there can be periods – albeit only of temporary nature – where the character of the economy and that of the state are not identical, in general they are of the same nature. The reason for this is obvious. The class of property owner is the ruling class. Hence, it usually also dominates the political sphere of the society, i.e. the state apparatus.

Such we arrive at the next important conclusion in determining the nature of the exploiter state: the class character of the state – slave-holder, oriental despotic, feudal, capitalist, etc. – is derived from the specific class character of the economy. China’s Empire – be it under the Tang dynasty, the Yuan dynasty or the Ming dynasty – was not dominated by a class of slave holders since slavery did not play a large role in the economic process of production and reproduction. It was rather a class dominating a

despotic state machine based on the revenue which was extracted from the surplus labour of peasantry working on private or state land. Likewise, the European states in the Middle Ages were dominated by the class which possessed the land – the feudal aristocracy.

Marx emphasized this point on numerous occasions. For example, in *Capital* Vol. III he wrote: “*The specific economic form, in which unpaid surplus labour is pumped out of direct producers, determines the relationship of rulers and ruled, as it grows directly out of production itself and, in turn, reacts upon it as a determining element. Upon this, however, is founded the entire formation of the economic community which grows up out of the production relations themselves, thereby simultaneously its specific political form. It is always the direct relationship of the owners of the conditions of production to the direct producers – a relation always naturally corresponding to a definite stage in the development of the methods of labour and thereby its social productivity – which reveals the innermost secret, the hidden basis of the entire social structure, and with it the political form of the relation of sovereignty and dependence, in short, the corresponding specific form of the state.*“⁹

State in general, state form and “bureaucratic-military state machine”

At this point, it is crucial to clarify the category “state”, respectively to be aware of its different meanings.¹⁰ Marxists (and non-Marxists) often use this category to *signify the whole social formation*, i.e. the political superstructure as well as the means of production and social classes that live within a definite territory. So, for example, when we speak of the Roman Empire as a slave-holder state, of France as a “capitalist state” or of the USSR as a “degenerated workers’ state”, we have such a totality of the socio-economic formation in mind. Here, we speak about the class character of the *state in general* (or the *state type*).

When we use the term state in this way and seek to define its fundamental class character, we do so according to the property relations that are predominant and are actually protected by the political superstructure, no matter what class character this specific superstructure might have if analysed in isolation from this economic base. Hence, the USSR under Stalin remained a workers’ state despite the monstrous totalitarian character of its apparatus of repression.

However, when we speak about the state as an institution separated from the economy and the “civil society”, we mean the specific *political superstructure*, i.e. the *state apparatus*. Such a political superstructure can have various forms – from dictatorship to democracy, from monarchy to republic. Here, we speak about the class character of the *state form*. Hence, one and the same type of state can have different state forms. The slave-holder state in Greece or Rome, for example, saw different forms of regime like democracy, republic or monarchy. Likewise, a capitalist state can be bourgeois-democratic, bonapartist, fascist, military dictatorship, etc.

Such different forms of the state apparatus, however important they may be, are not “the essence” of the state. Thus, even the most representative of these institutions, subject to periodic elections under a system of universal suffrage, come and go, rise and fall, without anything fundamental changing about the essence of the “state”.

This is because the core of such a state apparatus is its means of coercion to oppress the lower classes. In modern history, this means the repression apparatus (police, standing army, justice) and the state bureaucracy. This constitutes the essence of what Marx and Lenin called the “bureaucratic-military state machine” – a machine which every working-class revolution must smash. *“If you look up the last chapter of my Eighteenth Brumaire, you will find that I declare that the next attempt of the French Revolution will be no longer, as before, to transfer the bureaucratic-military machine from one hand to another, but to smash it, and this is the precondition for every real people’s revolution on the Continent.”*¹¹

In the course of the historic process of social development, the role of the state becomes more and more important. This has been the case because societies have become larger, the division of labour more complex, the relations between the classes more and more entangled – and, as a result, the contradictions have become sharper and explosive. Hence, the bureaucratic-military state machine core becomes more hypertrophied and powerful vis-a-vis other components of the state.

Identity of political superstructure and the economic basis?

However, it would be mistaken to imagine that the character of the political superstructure and of the economic basis is always and fully identical. One of the most important laws of history is the uneven and combined development, as Trotsky explained, which basically means that different historical developments in societies with different social characteristics influence and shape each other.¹² A particular important factor for such unevenness is the struggle between classes since, as Marx and Engels emphasized in the *Communist Manifesto*, the history of all class societies is a history of class struggle.

Hence, it is important to recognize that temporary contradictions between the character of the political superstructure and the economic basis can exist and have repeatedly done so in history. (More on this below). Likewise, history has also seen various cases, where the economy was characterized not by only one but by two or more different relations of productions. The late Roman Empire in the 3rd to the 5th century or the Byzantine Empire in the 6th to the 9th century saw the parallel existence of ancient as well as of early feudal forms of property. Europe in the 16th to the 19th century and, later, numerous countries in Latin America, Asia and Africa saw the parallel, and often combined, existence of feudal, semi-feudal and capitalist property forms. As a result, the ruling class could have a contradictory and combined character in such cases.

Likewise, it can be the case that the political superstructure has a mixed character, combining for example semi-feudal as well as bourgeois elements. This is particularly possible in periods of transition between two different socio-economic formations.

In short, the relationship between the economic basis and the political superstructure knows all forms of dialectical contradictions and forms of transition and shades.

On the relative autonomy of the state

Bourgeois critiques have accused Marxism that it would preach a simplistic schema of one-sided determinism according to which the economic basis determines everything and the superstructure is merely a passive reflection of the former. While it is true that some “Marxist” revisionists have supported such ideas, neither Marx and Engels nor Lenin, Luxemburg and Trotsky did ever share such conceptions. They rather emphasized that the superstructure, including the state, is of course determined by the economic basis but only in the last instance. At the same time, they explained that the different parts possess a relative autonomy within the totality of a given social formation.

Such wrote Engels in a letter to Joseph Bloch in 1890: *„According to the materialistic conception of history, the production and reproduction of real life constitutes in the last instance the determining factor of history. Neither Marx nor I ever maintained more. Now when someone comes along and distorts this to mean that the economic factor is the sole determining factor, he is converting the former proposition into a meaningless, abstract and absurd phrase. The economic situation is the basis but the various factors of the superstructure – the political forms of the class struggles and its results – constitutions, etc., established by victorious classes after hard-won battles – legal forms, and even the reflexes of all these real struggles in the brain of the participants, political, juristic, philosophical theories, religious conceptions and their further development into systematic dogmas – all these exercise an influence upon the course of historical struggles, and in many cases determine for the most part their form. There is a reciprocity between all these factors in which, finally, through the endless array of contingencies (i.e., of things and events whose inner connection with one another is so remote, or so incapable of proof, that we may neglect it, regarding it as nonexistent) the economic movement asserts itself as necessary. Were this not the case, the application of the history to any given historical period would be easier than the solution of a simple equation of the first degree. We ourselves make our own history, but, first of all, under very definite presuppositions and conditions. Among these are the economic, which are finally decisive. But there are also the political, etc.”*¹³

Such a relative autonomy is based on the fact that a) the ruling class is usually divided in different factions, b) it is under pressure from other ruling classes of rivaling states, and c) it is under pressure from the oppressed classes, i.e. the class struggle from below.

In summary, we can state that the exploiter state is a machinery which historically evolved at a certain stage of development of human society in connection with the emergence of classes. It is a centralized instrument of the ruling class – a machinery of coercion, bureaucratic administration and manipulation – guaranteeing the exploitation of surplus labour of the oppressed classes. The type of state changes with the nature of the dominant mode of production resp. the kind of property relations which a given state defends. There can be various state forms within a given type of state. However, the relationship between the political superstructure and the economic basis is not necessarily an identical one but can rather be contradictory and uneven – at least for certain periods.

III. Stalinism and character of the state apparatus in degenerated workers state

When the masses in Russia took power in October 1917, they created the first workers state in history. Led by the Bolshevik party, this new state was based on councils of workers, peasants and soldiers. These institutions did regularly meet and elect delegates who were recallable. Such a pyramid-shaped system from below to the top ensured the democratic participation of the masses.

It was such a type of soviet state which broke up the old bureaucratic-military state machine of the exploiter state and smashed the police, standing army and bureaucracy. Instead, officials were elected from below and could be recalled at any time. No official did receive a higher wage than a skilled worker. Police and standing army were replaced by armed red guards (and, later, a new Red Army)

Comparing such a type of state with the Paris Commune – the first attempt of the working class to create its own state power – Lenin wrote in 1917:

*“The fundamental characteristics of this type are: (1) the source of power is not a law previously discussed and enacted by parliament, but the direct initiative of the people from below, in their local areas – direct “seizure”, to use a current expression; (2) the replacement of the police and the army, which are institutions divorced from the people and set against the people, by the direct arming of the whole people; order in the state under such a power is maintained by the armed workers and peasants themselves, by the armed people themselves; (3) officialdom, the bureaucracy, are either similarly replaced by the direct rule of the people themselves or at least placed under special control; they not only become elected officials, but are also subject to recall at the people’s first demand; they are reduced to the position of simple agents; from a privileged group holding “jobs” remunerated on a high, bourgeois scale, they become workers of a special “arm of the service”, whose remuneration does not exceed the ordinary pay of a competent worker. This, and this alone, constitutes the essence of the Paris Commune as a special type of state.”*¹⁴

The new workers state, based on the support of the masses, managed to overcome the vicious counterrevolutionary forces in 1917-21 – including both the coalition of monarchists, bourgeois “democrats” and reformists as well as invading forces from 16 foreign armies. However, the first workers state remained isolated – mainly because of the combined efforts of all imperialist powers to contain the revolutionary wave but also because of the lack of experience of the new Communist Parties in Europe.

As a result, the USSR, where a new socialist economy and social order had to be built on the basis of a backward semi-feudal and bourgeois society, faced increasing difficulties and a process of bureaucratization began. In order to counter such a development, Trotsky and the Left Opposition proposed to focus on the internationalization of the revolution, the revitalization of party and soviet democracy as well as the creation of planned economy with an expanding industrial basis. However, the majority of the party leadership rejected such a strategy and increasingly merged with the new bureaucracy. By 1927, the Left Opposition was expelled from the party and thousands of authentic communists were imprisoned and later killed.¹⁵

Trotsky and his supporters called this process the “Thermidor” of the October Revolution where soviet democracy

had been destroyed and the working class politically expropriated. The Stalinist bureaucracy created an absolutist and bonapartist dictatorship which brutally suppressed the masses. At the same time, it could not abolish the socio-economic foundation of the workers state (nationalisation of the key sectors of the economy, foreign trade monopoly, planning) on which its power – and hence its privileges – did rest.

The contradictory nature of the Stalinist bureaucracy in a degenerated workers state

It is clear that such a state was a highly contradictory phenomenon. It was neither a healthy workers state nor a capitalist state. Trotsky called it degenerated workers state, i.e. a state dominated by a petty-bourgeois bureaucracy whose power rested economically on post-capitalist, proletarian property relations and politically on a bourgeois-bureaucratic state machinery.¹⁶

Was the Stalinist bureaucracy a new class? No, Trotsky insisted. The bureaucracy was not a class but rather a caste. It did not, as a class does, own the means of production, since the bureaucracy ruled on the basis of *proletarian*, and not capitalist, relations of production. Under such proletarian relations of production, the law of value – which is the basis of capitalism – does not dominate the economy. Hence, in contrast to the capitalist class, the Stalinist bureaucracy is not an exploiting class which appropriates surplus value. Rather, it constitutes a *caste* which plays no necessary role in the running of the economy and the society as a whole. Thus, it parasitically appropriates numerous privileges because of its commanding position in the state.

*“Embezzlement and theft, the bureaucracy’s main sources of income, do not constitute a system of exploitation in the scientific sense of the term. But from the standpoint of the interests and position of the popular masses it is infinitely worse than any “organic” exploitation. The bureaucracy is not a possessing class, in the scientific sense of the term. But it contains within itself to a tenfold degree all the vices of a possessing class. It is precisely the absence of crystallized class relations and their very impossibility on the social foundation of the October revolution that invest the workings of the state machine with such a convulsive character. To perpetuate the systematic theft of the bureaucracy, its apparatus is compelled to resort to systematic acts of banditry. The sum total of all these things constitutes the system of Bonapartist gangsterism.”*¹⁷

From this it follows that the ruling bureaucracy in a degenerated workers’ state is neither part of the proletariat (which the bureaucracy oppresses and robs), nor does it constitute a capitalist class – it rather possesses a petty-bourgeois character. Because of its parasitism and its conservative, anti-revolutionary role – both in the fields of international as well as domestic policy – it serves the world bourgeoisie. However, as long as it stands at the top of a workers state and administers and defends the proletarian property relations, the bureaucracy does not constitute a capitalist ruling class but rather a petty-bourgeois, counter-revolutionary caste defending the workers state in order to safeguard their privileges.

This is why these Stalinist countries remained (degenerated) workers states *despite* their domination by an anti-proletarian bureaucratic caste. It is the economic basis which

a given political regime administers and defends which defines the class character of a state. „The class nature of the state is, consequently, determined not by its political forms but by its social content; i.e., by the character of the forms of property and productive relations which the given state guards and defends.“¹⁸

In making analogies, Trotsky compared the ruling bureaucracy in a Stalinist workers' state with the bureaucracy of a trade union:

“The class character of the state is determined by its relation to the forms of property in the means of production. The character of a workers' organization such as a trade union is determined by its relation to the distribution of national income. The fact that Green and Company defend private property in the means of production characterizes them as bourgeois. Should these gentlemen in addition defend the income of the bourgeoisie from attacks on the part of the workers; should they conduct a struggle against strikes, against the raising of wages, against help to the unemployed; then we would have an organization of scabs, and not a trade union. However, Green and Company, in order not to lose their base, must within certain limits lead the struggle of the workers for an increase – or at least against a diminution – of their share of the national income. (...)

The function of Stalin, like the function of Green, has a dual character. Stalin serves the bureaucracy and thus the world bourgeoisie; but he cannot serve the bureaucracy without defending that social foundation which the bureaucracy exploits in its own interests. To that extent does Stalin defend nationalized property from imperialist attacks and from the too impatient and avaricious layers of the bureaucracy itself. However, he carries through this defense with methods that prepare the general destruction of Soviet society. It is exactly because of this that the Stalinist clique must be overthrown. The proletariat cannot subcontract this work to the imperialists. In spite of Stalin, the proletariat defends the USSR from imperialist attacks. (...)

The assertion that the bureaucracy of a workers' state has a bourgeois character must appear not only unintelligible but completely senseless to people stamped with a formal cast of mind. However, chemically pure types of state never existed, and do not exist in general. The semifeudal Prussian monarchy executed the most important tasks of the bourgeoisie, but executed them in its own manner, i.e., in a feudal, not a Jacobin style. In Japan we observe even today an analogous correlation between the bourgeois character of the state and the semifeudal character of the ruling caste. But all this does not hinder us from clearly differentiating between a feudal and a bourgeois society. True, one can raise the objection that the collaboration of feudal and bourgeois forces is immeasurably more easily realized than the collaboration of bourgeois and proletarian forces, inasmuch as the first instance presents a case of two forms of class exploitation. This is completely correct. But a workers' state does not create a new society in one day. Marx wrote that in the first period of a workers' state the bourgeois norms of distribution are still preserved. (...) One has to weigh well and think this thought out to the end. The workers' state itself, as a state, is necessary exactly because the bourgeois norms of distribution still remain in force.

This means that even the most revolutionary bureaucracy is to a certain degree a bourgeois organ in the workers' state. Of course, the degree of this bourgeoisification and the general tendency of development bear decisive significance. If the workers' state loses its bureaucratization and gradually falls away, this means that its development marches along the road to socialism. On

the contrary, if the bureaucracy becomes ever more powerful, authoritative, privileged, and conservative, this means that in the workers' state the bourgeois tendencies grow at the expense of the socialist; in other words, that inner contradiction which to a certain degree is lodged in the workers' state from the first days of its rise does not diminish, as the “norm” demands, but increases. However, so long as that contradiction has not passed from the sphere of distribution into the sphere of production, and has not blown up nationalized property and planned economy, the state remains a workers' state.”¹⁹

Hence, the degenerated workers states were characterized by a contradiction which has confused many Marxists. The working class was socially, economically the ruling class but, at the same time, it was politically oppressed by the bureaucracy. While this might look strange to people who don't go beyond mechanic thinking, it is in fact not unique in history. In the late period of Tsarist Russia, the capitalist class did already dominate the country's economy. However, they could not participate in the political leadership of the country as it was still run by the imperial dynasty and the nobility. (This issue, by the way, was also controversially debated between Trotsky and the Marxist historian M. N. Pokrovsky in the 1920s.²⁰) We saw similar developments in other long-standing feudal empires.

The bourgeois-bureaucratic and Bonapartist state machine of Stalinism

It is clear that a fundamental antagonism exists between the economic basis of the workers state – the proletarian relations of production – and its anti-proletarian, petty-bourgeois bureaucracy which rules the political super-structure of this state. This showed that the political conquests of the October Revolution – workers democracy based on Soviets, a state apparatus which was under control of the masses and with officials who did not possess vast privileges, no standing army but armed forces under control of the working class – that these historic conquests had been smashed by the Stalinist bureaucracy.

To maintain its rule, the Stalinist bureaucracy necessitates a state apparatus which is immune from control by the working class and the popular masses, and which can be utilized against the masses to defend the bureaucracy's privileges. Such a state apparatus, which is totally alienated from the working class, has therefore a bourgeois character. In other words, Stalinism implemented a political counterrevolution in the 1920s and 1930s which replaced the “proletarian semi-state” (Lenin) with an anti-proletarian, bourgeoisified state machine. Trotsky called this process a *pre-emptive civil war* of the Stalinists against the workers vanguard.

When *Le Temps*, the leading paper of the French bourgeoisie, commented on the reinstatement of symbols of ranks in the Red Army, that this move reflects a wider process in the Soviet Union and concluded “*The Soviets are getting more and more bourgeois*”, Trotsky wrote:

“We encounter such statements by the thousand. They incontrovertibly demonstrate that the process of bourgeois degeneration among the leaders of Soviet society has gone a long way. At the same time they show that the further development of Soviet society is unthinkable without freeing that society's socialist base from its bourgeois-bureaucratic and Bonapartist super-structure”²¹

Trotsky explained that such class contradictions between the economy and the state are not only possible but had indeed already existed several times in history. In a debate with Burnham and Carter, two leaders of the Socialist Workers Party (US), in 1937 Trotsky wrote:

*“But does not history really know of cases of class conflict between the economy and the state? It does! After the “third estate” seized power, society for a period of several years still remained feudal. In the first months of Soviet rule the proletariat reigned on the basis of a bourgeois economy. In the field of agriculture the dictatorship of the proletariat operated for a number of years on the basis of a petty-bourgeois economy (to a considerable degree it does so even now).”*²²

One could take several other examples. In many European countries in the epoch of early capitalism, a bourgeoisie, which established capitalist property relations in large sectors of the economy, coexisted with a feudal and absolutist monarchy and its state apparatus. Likewise, the Roman Empire, which was based on the slave-holder economy, did not try to impose their relations of production in several new provinces which it had conquered in Western Asia but were rather content with collecting tribute. Or, to give another example, the state of the Yuan dynasty in China (1271–1368) was a highly contradictory combination of the traditional Chinese Han society, with its elements of the Asiatic mode of production and feudalism, on one hand, and the political-military superstructure of the Mongolian conquerors, with its primitive militarized state form of organisation as a steppe people, on the other hand.

The Stalinist bureaucracy in the face of revolution and counterrevolution

The debate about the appropriate categories for the Stalinist state was not an abstract discussion or a theoretical play of words. It had profound consequences for the perspectives and the tasks of the proletarian liberation struggle. If the Stalinists had smashed the “proletarian semi-state” and replaced it with an anti-proletarian, bourgeoisified state machine, the task of working class was not to hope for peaceful reform of this machine but rather to orientate towards an armed insurrection against the bureaucracy – a political revolution.

In the *Transitional Program* – the founding document of the Fourth International – Trotsky wrote that “the chief political task in the USSR still remains the overthrow of this same Thermidorian bureaucracy.”²³ Such an overthrow was the only way to open the road to socialism: “Only the victorious revolutionary uprising of the oppressed masses can revive the Soviet regime and guarantee its further development toward socialism.” In order to prepare for this task, Marxists had to build a new revolutionary party under illegal conditions.

Trotsky elaborated the tasks of the political revolution in his major work on Stalinism – *The Revolution Betrayed*:

“In order better to understand the character of the present Soviet Union, let us make two different hypotheses about its future. Let us assume first that the Soviet bureaucracy is overthrown by a revolutionary party having all the attributes of the old Bolshevism, enriched moreover by the world experience of the recent period. Such a party would begin with the restoration of democracy in the trade unions and the Soviets. It would be able to, and would have to, restore freedom of Soviet parties. Together

*with the masses, and at their head, it would carry out a ruthless purgation of the state apparatus. It would abolish ranks and decorations, all kinds of privileges, and would limit inequality in the payment of labor to the life necessities of the economy and the state apparatus. It would give the youth free opportunity to think independently, learn, criticize and grow. It would introduce profound changes in the distribution of the national income in correspondence with the interests and will of the worker and peasant masses. But so far as concerns property relations, the new power would not have to resort to revolutionary measures. It would retain and further develop the experiment of planned economy. After the political revolution – that is, the deposing of the bureaucracy – the proletariat would have to introduce in the economy a series of very important reforms, but not another social revolution.”*²⁴

While Trotsky did not formulate it explicitly, it is clear from his writings that he expected the working-class revolution against the Stalinist bureaucracy to be much more violent than a possible capitalist restoration overthrowing the proletarian property relations. The reason for this is that the “bourgeois-bureaucratic” state machine (i.e., police, standing army, bureaucracy) is not a proletarian instrument, but one of the petty-bourgeois Stalinist bureaucracy which is much closer to the bourgeoisie than the working class. Therefore, the political revolution required not the reform but the smashing of the Stalinist-Bonapartist state apparatus.²⁵

In one of his final articles on the Stalinist bureaucracy, Trotsky wrote in 1939:

*“The Bonapartist apparatus of the state is thus an organ for defending the bureaucratic thieves and plunderers of national wealth. (...) To believe that this state is capable of peacefully “withering away” is to live in a world of theoretical delirium. The Bonapartist caste must be smashed, the Soviet state must be regenerated. Only then will the prospects of the withering away of the state open up.”*²⁶

In this he foresaw that any serious attempt of the working class to topple the bureaucracy would meet the brutal armed force of the Stalinist apparatus. This is what happened in the proletarian uprisings in Eastern Germany in 1953, in Hungary in 1956, in Czechoslovakia in 1968, in Poland in 1980/81, in Kosova in 1981, and in China in 1989. On the other hand, when the capitalist restoration took place in Eastern Europe, the USSR or in China in 1989-92, this was hardly met with violent resistance by any faction of the Stalinist bureaucracy. The only possible exception was the three-day operetta of a few drunken generals in Moscow in August 1991 and, given its pathetic character, it is rather a confirmation of our thesis.

At the same time, Trotsky considered the Stalinist caste – given the bourgeoisified character of the bureaucracy and its state machine – as closer to capitalism than to socialism. Hence, he stated in *The Revolution Betrayed* – following the above-mentioned quote – that the capitalist restoration would find much more support amongst the Stalinist bureaucracy than a working-class political revolution:

“If – to adopt a second hypothesis – a bourgeois party were to overthrow the ruling Soviet caste, it would find no small number of ready servants among the present bureaucrats, administrators, technicians, directors, party secretaries and privileged upper circles in general. A purgation of the state apparatus would, of course, be necessary in this case too. But a bourgeois restoration would probably have to clean out fewer people than a

revolutionary party. The chief task of the new power would be to restore private property in the means of production.”²⁷

If it is not overthrown before, Trotsky expected that the inherent tendency of the Stalinist bureaucracy to become a property-owning class would at some point break through and open the road to capitalist restoration.

*“Let us assume – to take a third variant – that neither a revolutionary nor a counterrevolutionary party seizes power. The bureaucracy continues at the head of the state. Even under these conditions social relations will not jell. We cannot count upon the bureaucracy’s peacefully and voluntarily renouncing itself on behalf of socialist equality. If at the present time, notwithstanding the too obvious inconveniences of such an operation, it has considered it possible to introduce ranks and decorations, it must inevitably in future stages seek supports for itself in property relations. One may argue that the big bureaucrat cares little what are the prevailing forms of property, provided only they guarantee him the necessary income. This argument ignores not only the instability of the bureaucrat’s own rights, but also the question of his descendants. The new cult of the family has not fallen out of the clouds. Privileges have only half their worth, if they cannot be transmitted to one’s children. But the right of testament is inseparable from the right of property. It is not enough to be the director of a trust; it is necessary to be a stockholder. The victory of the bureaucracy in this decisive sphere would mean its conversion into a new possessing class. On the other hand, the victory of the proletariat over the bureaucracy would insure a revival of the socialist revolution. The third variant consequently brings us back to the two first, with which, in the interests of clarity and simplicity, we set out.”*²⁸

It is certainly true that this process did take longer than Trotsky expected. World War II and the gigantic mass mobilization in the USSR to defend the country against Nazi-Germany, then the revolutionary and counterrevolutionary developments after the war (particularly in Europe and Asia) and the onset of the Cold War with Western imperialism (a process which resulted in the creation of new bureaucratically degenerated workers states – against the initial intentions of Stalin), and finally the continuation of the Cold War in combination with a relative stabilization of international relations in the 1950s and 1960s – all these factors lengthened the lifetime of the Stalinist bureaucracy for a few decades.

However, while such an extension of the period of Stalinism in power was an important factor in world politics in the second half of the 20th century (something which caused a lot of confusion amongst Marxists!), from a historical point of view the period of the degenerated workers states represented only a short episode – much shorter than the epochs of the slaveholder society, the Asiatic Mode of Production, feudalism or capitalism which lasted for centuries or millenniums. This fact, by the way, also confirms Trotsky’s thesis that the bureaucracy did not constitute a new class but rather a parasitic caste which didn’t play any necessary role on the production process.

IV. The role of the Stalinist regime in der process of capitalist restoration

The process of revolution and counterrevolution in 1989-92 was a vindication of the Marxist analysis of the anti-proletarian and bourgeoisified character of the Stalinist bureaucracy. If we leave aside the drunken operetta in August 1991, the Stalinist bureaucracy did not put up any resistance against the restoration of capitalist property relations.

Not only this, factions of the bureaucracy or even the vast majority actively promoted capitalist restoration and became part of the new bourgeoisie. In Eastern Europe, numerous bustling bureaucrats formed companies and used their connections and insider knowledge. The former Communist Parties usually transformed themselves into pro-capitalist social democratic parties.

In Russia, Boris Yeltsin – the former First Secretary of the Moscow City Committee of the Communist Party – became the first President of capitalist Russia. The bureaucratic-military state machine remained largely intact. Sure, some leading figures at the top of the police, military and justice were purged and the institutions were renamed (e.g. from KGB to FSB). The official Soviet institutions were formally dissolved and replaced by parliaments. However, these “Soviets” had nothing in common with the soviets of the October Revolution and were in fact pseudo-parliamentary institutions with “elections” every four years (with only the Stalinist party plus allies standing candidates). But in its essence, the state machinery with its key institutions of police, standing army, justice and the bureaucracy did not undergo substantial changes.

In other countries, the process of capitalist restoration proceeding under the leadership of the Stalinist bureaucracy was even more visible. In several Central Asian countries, the ruling party merely renamed itself (e.g. from *Communist Party of Uzbekistan* to *People’s Democratic Party of Uzbekistan* or from *Communist Party of Kazakhstan* to *Socialist Party*). However, essentially the same parties with the same bureaucracy and the same leaders remained in power for many more years. The leaders simply mutated from “First Secretary” of the regional Communist Parties into “President” of the newly independent republics. (e.g. Nursultan Nazarbayev in Kazakhstan, Saparmurat Niyazov in Turkmenistan and Islam Karimov in Uzbekistan).

Similarly, Slobodan Milošević – leader of the Stalinist party in Serbia – renamed his party in 1990 and continued to rule the country, now based on capitalist property relations, until his overthrow in 2000. The same with Momir Bulatović in Montenegro who renamed the ruling party into Democratic Party of Socialists and continued to rule as President.

In Azerbaijan, long time Stalinist leader Heydar Aliyev – he was the First Secretary of the Communist Party of Azerbaijan from 1969 to 1982 and then the First Deputy Premier of the Soviet Union from 1982 to 1987 – carried out a military coup in 1993. He ruled the country until his death in 2003, to be succeeded by his son Ilham Aliyev. A similar example is Alexander Lukashenko, a former Soviet bureaucrat who rules Belarus since 1994.

In China, Vietnam, Laos, North Korea²⁹ and Cuba³⁰ the Communist Parties did not even rename themselves but carried out a series of market reforms resulting in the restoration of capitalism.

While the capitalist restoration could proceed under the leadership of the same Stalinist parties (sometimes with a different name, sometimes with the same name) and under the same leaders, it is impossible that a political revolution against these Stalinist regimes could have taken place with the same parties and leaders at the head! Because all the workers uprisings took place exactly against these parties and leaders! This is a powerful confirmation of our thesis that the petty-bourgeois Stalinist bureaucracy was much closer to the bourgeoisie than the working class and that the social counterrevolution could take place without the smashing of the Stalinist-Bonapartist state apparatus (in contrast to a successful political revolution).

In short, we see that the Stalinist bureaucracy, faced with the impasse of the system of the degenerated workers state on which its power had rested, basically followed three different paths. It either disintegrated as a political force with sections transforming into capitalists; it formally renamed its party and the leading institutions but basically the same forces continued to rule the country; or it continued its rule under the same name and the same leaders. However, in all cases, it implemented the restoration of capitalism and transformed itself into or fused with the new bourgeoisie.

In this context, it is worth reminding a warning Trotsky made already in 1930, i.e. at a time when he still considered the bureaucratic degeneration of the USSR as not that advanced so that the state could be purged from the Stalinist rule by the way of reform under the pressure of the masses (and not via a new political revolution – a conclusion he drew only in 1936).

“When the Opposition spoke of the danger of Thermidor, it had in mind primarily a very significant and widespread process within the party: the growth of a stratum of Bolsheviks who had separated themselves from the masses, felt secure, connected themselves with nonproletarian circles, and were satisfied with their social status, analogous to the strata of bloated Jacobins who became, in part, the support and prime executive apparatus of the Thermidorean overturn in 1794, thus paving the road for Bonapartism. In this analysis of the processes of Thermidorean degeneration in the party, the Opposition was far from saying that the counterrevolutionary overturn, were it to occur, would necessarily have to assume the form of Thermidor, that is, of a more or less lasting domination by the bourgeoisified Bolsheviks with the formal retention of the Soviet system, similar to the retention of the Convention by the Thermidoreans. History never repeats itself, particularly when there is such a profound difference in the class base. (...)

The state form that a counterrevolutionary overthrow in Russia would assume were it to succeed—and that is far from simple depends upon the combination of a number of concrete factors: firstly, on the degree of acuteness of the economic contradictions at the moment, the relation between the capitalist and socialist elements in the economy; secondly, on the relation between the proletarian Bolsheviks and the bourgeois “Bolsheviks” and on the relation of forces in the army; and finally, on the specific gravity and character of foreign intervention. In any event, it would be the height of absurdity to think that a counterrevolutionary regime must necessarily go through the stages of the Directorate, the Consulate, and the Empire in order to be capped by a restoration of czarism. Whatever form the counterrevolutionary regime might take, Thermidorean and Bonapartist elements would find their place in it, a larger or smaller role would be

*played by the Bolshevik-Soviet bureaucracy, civil and military, and the regime itself would be the dictatorship of the sword over society in the interests of the bourgeoisie and against the people. This is why it is so important today to trace the formation of these elements and tendencies within the official party, which, under all conditions, remains the laboratory of the future: under the condition of uninterrupted socialist development or under the condition of a counterrevolutionary break.”*³¹

We see that Trotsky recognized the process of bourgeoisification of the Stalinist bureaucrats already as early as in 1930. Obviously, this process became much more advanced in the next 20, 40, and 60 years! It is hardly surprising that in the late 1980s the bureaucracy did not show any resistance against the capitalist restoration but rather pushed for it by itself.

Excuse: On the role of the state in socio-economic transformations

We have explained in this essay that the very same Stalinist bureaucracy did first – in the period of the degenerated workers states – administer and defend proletarian property relations and then, in 1989-92, it implemented the restoration of capitalism by itself. This might appear contradictory to people who think in a mechanic, undialectical way. However, history has shown a number of examples where one and the same regime, one and the same state apparatus can first, administer and defend one set of relations of production and later introduce another one. In other words, the form of the regimes remains the same while the character of the economy on which it is based has changed.

The Byzantine Empire which lasted from the fourth century until 1453 was initially based on the slave-holder economy as it initially formed the Eastern part of the Roman Empire. However, between the 6th and 9th century the ruling imperial dynasties oversaw the development of feudal property relations.

Likewise did imperial dynasties like the Hohenzollern in Prussia/Germany, the Habsburgs in Austria-Hungary or the Romanovs in Russia rule their empires for centuries. Their state apparatus, based on the nobility and linked with large landowners, ruled and administered these territories first in the period of feudalism. However, in the course of the 19th century, they - in varying degrees - encouraged the creation of a bourgeoisie and capitalist property relations, opened the country for foreign investors, etc. In short, the old regime – initially based on feudalism – introduced new capitalist relations of production. They first served the class of the feudal landowner and, later, they served the bourgeoisie.

The Chinese Qing dynasty and the sultanate of the Ottoman Empire are additional examples. These regimes also lasted for centuries and where initially based on specific property relations which Marx called the Asiatic Mode of Production (with varying elements of feudalism). However, because of the economic decline and domestic turmoil, these regimes were forced to open their territories to foreign powers which, in turn, resulted in the expansion of capitalist relations of production. Here too, we can see one and the same regime which, first, serves the despotic bureaucracy and nobility and, later, also serves the class of foreign capitalists.

V. Conclusions

Let us finally summarise the main findings of our study and draw some conclusions relevant for the RCIT's analysis of capitalist restoration and the role of the Stalinist bureaucracy.

1. The oppression of the working class in the USSR and the annihilation of its vanguard resulted in a political counterrevolution. While the bureaucracy could not and did not abolish the post-capitalist, planned property relations at that time, it destroyed the organs of working-class power like democratic Soviets and armed forces under popular control. By this, it recreated a bureaucratic-military state machine – similar in its form to those of capitalist states. While the bureaucracy, for a certain period, administered and defended with this machine the social foundations of the workers state, it had built a state machine which would become a huge (and in the end insurmountable) obstacle for the liberation struggle of the masses.

2. The Stalinist caste and its bureaucratic-military state machine had an anti-proletarian character from the very beginning. The bureaucracy was a petty-bourgeois force whose political power and privileges rested on the resources of the state machinery which it had imposed on the socio-economic foundation of the workers state. As a social base for its rule, it had created a social layer of labour aristocracy. Hence, the Stalinist bureaucracy and its state machine were alien class forces which usurped and utilised the workers state for their own social interests.

3. As long and insofar as the workers state – whose socio-economic basis the Stalinists distorted and misused – could provide sufficient privileges for the bureaucracy, it was prepared to defend this state by its own non-revolutionary methods. At the same time, the bureaucratic caste permanently oppressed the working class because only an atomised state of the masses allowed the Stalinists to utilise the state resources for their own advantage.

4. In its form, the Stalinist state machine had a bourgeois character, i.e. it was similar to the key institutions of the capitalist state (police, standing army, justice and the bureaucracy) which were separated from and without any control by the masses. This machine, first and foremost, was an instrument to control and suppress the working class and the popular masses.

5. Hence, the task of the proletarian revolution in the Stalinists states was to smash this bureaucratic-military state machine. This is why a peaceful transformation was not possible as could be seen in the brutal oppressions of workers uprisings against the Stalinists (1953 in Eastern Germany, 1956 in Hungary, 1968 in Czechoslovakia, 1980/81 in Poland, 1981 in Kosova, or 1989 in China).

6. Revolutionaries could advocate a temporary united front tactic with the Stalinist bureaucracy only when and insofar as it was defending the degenerated workers state against imperialist counterrevolution (e.g. in the Korea War, in campaigns for disarmament in imperialist countries, in Anti-NATO mobilisations in the 1980s). However, the strategic and ever-present task of revolutionaries was to defend the working class and the oppressed peoples against the totalitarian rule of the bureaucratic caste.

7. In contrast, a capitalist restoration was possible in a peaceful way because the Stalinist bureaucracy was already much closer to capitalism and could transform itself

into a new capitalist bureaucracy respectively into new entrepreneurs. The similarity of the Stalinist and bourgeois state institutions allowed such a process of capitalist restoration without major upheavals in the state apparatus. The capitalist counterrevolution did not require the smashing of the Stalinist bureaucratic-military state machine. In a number of cases, the ruling Stalinist party and its leaders carried out the capitalist restoration themselves (in some cases they did rename their parties and their positions, in other cases this was done under the same banner of “socialism”).

8. Hence, the restoration of capitalism in China by the “Communist” Party is not a unique case. There have been very similar developments in Vietnam, Laos, North Korea and Cuba and, albeit in a different form, in several countries in Central Asia, Caucasus, Eastern Europe and the Balkans.

Footnotes

1 Michael Pröbsting: China: On the Relationship between the “Communist” Party and the Capitalists. Notes on the specific class character of China's ruling bureaucracy and its transformation in the past decades, <https://www.thecommunists.net/theory/china-on-the-relationship-between-communist-party-and-capitalists/>

2 See on this e.g. the Trotskyist classic by Harold R. Isaacs: *The Tragedy of the Chinese Revolution* (1938), Haymarket Books, Chicago 2009

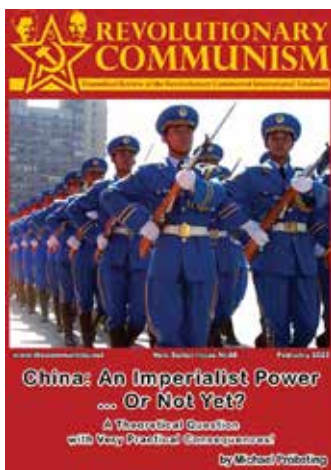
3 For an analysis of the Stalinist-led social revolution in 1949-52 see: *Workers Power: The Degenerated Revolution. The origins and nature of the Stalinist states*, Chapter: *The Chinese Revolution*, London 1982, pp. 54-59. See also Peng Shu-Tse: *The Chinese Communist Party in Power*, Monad Press, New York 1980, pp. 49-170

4 The RCIT has published numerous documents about capitalism in China and its transformation into a Great Power. The most important ones are the following: Michael Pröbsting: *Anti-Imperialism in the Age of Great Power Rivalry. The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan. A Critique of the Left's Analysis and an Outline of the Marxist Perspective*, RCIT Books, Vienna 2019, <https://www.thecommunists.net/theory/anti-imperialism-in-the-age-of-great-power-rivalry/>; see also by the same author: “Chinese Imperialism and the World Economy”, an essay published in the second edition of “*The Palgrave Encyclopedia of Imperialism and Anti-Imperialism*” (edited by Immanuel Ness and Zak Cope), Palgrave Macmillan, Cham, 2020, https://link.springer.com/referenceworkentry/10.1007%2F978-3-319-91206-6_179-1; China: An Imperialist Power ... Or Not Yet? A Theoretical Question with Very Practical Consequences! Continuing the Debate with Esteban Mercatante and the PTS/FT on China's class character and consequences for the revolutionary strategy, 22 January 2022, <https://www.thecommunists.net/theory/china-imperialist-power-or-not-yet/>; China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power (2012), in: *Revolutionary Communism* No. 4, https://www.thecommunists.net/publications/revcom-1-10/#anker_4; How is it possible that some Marxists still Doubt that China has Become Capitalist? An analysis of the capitalist character of China's State-Owned Enterprises and its political consequences, 18 September 2020, <https://www.thecommunists.net/theory/pts-ft-and-chinese-imperialism-2/>; Unable to See the Wood for the Trees. Eclectic empiricism and the failure of the PTS/FT to recognize the imperialist character of China, 13 August 2020, <https://www.thecommunists.net/theory/pts-ft-and-chinese-imperialism/>; China's Emergence as an Imperialist Power (Article in the US journal ‘New Politics’), in: “New Politics”, Summer 2014 (Vol:XV-1, Whole #: 57). See many more RCIT documents at a special sub-page on the RCIT's website: <https://www.thecommunists.net/theory/china-russia-as-imperialist-powers/>.

5 Friedrich Engels: *The Origin of the Family, Private Property and State*, in: MECW Vol. 26, p. 269

6 V. I. Lenin: *The State* (1919), in: LCW Vol. 29, p. 475

- 7 Karl Marx and Friedrich Engels: Manifesto of the Communist Party, in: MECW Vol. 6, p. 486
- 8 V. I. Lenin: The State and Revolution. The Marxist Theory of the State and the Tasks of the Proletariat in the Revolution; in: CW Vol. 25, p. 407
- 9 Karl Marx: Capital Vol. III, in: MECW 37, pp. 777-778
- 10 See on this League for a Revolutionary Communist International: Marxism, Stalinism and the theory of the state, in: Trotskyist International No. 23 (1998), pp. 33-43 (written by Mark Abram and Clare Watson)
- 11 Karl Marx: Letter to Ludwig Kugelmann (12. April 1871); in: MECW 44, S. 131
- 12 See on this e.g. Michael Pröbsting: Capitalism Today and the Law of Uneven Development: The Marxist Tradition and its Application in the Present Historic Period, in: Critique, Journal of Socialist Theory, Vol. 44, 2016, pp. 381-418
- 13 Friedrich Engels: Letter to Joseph Bloch (1890); in: MECW 49, pp. 34-35
- 14 V. I. Lenin: The Dual Power (1917), in LCW Vol. 24, pp. 38-39
- 15 See on this e.g. Workers Power: The Degenerated Revolution. The origins and nature of the Stalinist states, Chapter: From soviet power to soviet Bonapartism – the degeneration of the Russian Revolution. See also Wadim S. Rogowin: Trotzkiismus. Gab es eine Alternative? Vol. 1, Mehring Verlag, 2010
- 16 This and the next two sub-chapters are largely based on excerpts from our book by Michael Pröbsting: Cuba's Revolution Sold Out? The Road from Revolution to the Restoration of Capitalism, August 2013, RCIT Books, pp. 43-55
- 17 Leon Trotsky: The Bonapartist Philosophy of the State; in: Trotsky Writings, 1938-39, Pathfinder, New York 1974, p. 325
- 18 Leon Trotsky: Not a Workers' and not a Bourgeois State? (1937); in: Trotsky Writings, 1937-38, p. 61
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- 24 Leon Trotsky: The Revolution Betrayed (1936), Pathfinder Press 1972, pp. 252-253
- 25 See on this also our elaborations of the Marxist theory of the state in the context of the beginning and end of the Stalinist states: League for a Revolutionary Communist International: Marxism, Stalinism and the theory of the state, in: Trotskyist International No. 23 (1998), pp. 33-43. This article, written by Mark Abram and Clare Watson, is largely based on a resolution which our predecessor organization – the League for a Revolutionary Communist International – adopted at its IV Congress in summer 1997.
- 26 Leon Trotsky: The Bonapartist Philosophy of the State (1939); in: Trotsky Writings, 1938-39, New York 1974, pp. 324-325 (emphasis in original)
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- 29 On the issue of capitalist restoration in North Korea we refer readers to several essays which we have published recently: Michael Pröbsting: Has Capitalist Restoration in North Korea Crossed the Rubicon or Not? Reply to a Polemic of Władza Rad (Poland), 15 July 2018, <https://www.thecommunists.net/theory/has-capitalist-restoration-in-north-korea-crossed-the-rubicon-or-not/>; Michael Pröbsting: In What Sense Can One Speak of Capitalist Restoration in North Korea? Reply to Several Objections Raised by the Polish Comrades of "Władza Rad", 21 June 2018, <https://www.thecommunists.net/theory/north-korea-and-the-marxist-theory-of-capitalist-restoration/>; Michael Pröbsting: Again on Capitalist Restoration in North Korea, 12 June 2018, <https://www.thecommunists.net/worldwide/asia/again-on-capitalist-restoration-in-north-korea/>; Michael Pröbsting: World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings, pp. 95-105
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on China's class character and consequences for the revolutionary strategy*

By Michael Pröbsting, January 2022

Introduction * I. The importance of the dialectical method * II. A summary of our characterization of China as an imperialist Great Power * III. On China's unevenness and vulnerability * IV. The Taiwan question in its historical and geostrategic context * V. Is China a Great Power without imperialist features? * VI. Can China's development as an imperialist power be aborted? * VII. China, imperialist wars, and revolutionary tactics * Footnotes

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