**State-owned Enterprises as an Important Political Foundation of the Party and the State ——Analysis of the Ideas of China’s Neoliberalism**

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The Guiding Opinions on Deepening the Reform of State-owned Enterprises issued by the CPC Central Committee and the State Council ( August 24 , 2015 , hereinafter referred to as the Guiding Opinions) clearly stated: "State-owned enterprises belong to the whole people, are an important force in promoting national modernization and safeguarding the common interests of the people, and are an important material and political foundation for the development of our party and state." This is the first time that it is clearly stated that state-owned enterprises are not only an important economic foundation of the Communist Party of China and the socialist state, but also an important political foundation.

As an important "political foundation", it requires us to view the reform and development of state-owned enterprises from the perspective of economic and political unity and from a political perspective. At this time, China's neoliberal representatives also put forward their political program: in the next 10-20 years, "China may become a market economy based on private ownership" , and repeatedly proposed that the "Three Peoples" (owned by the people, operated by the people, and enjoyed by the people) are the ruling foundation of the Communist Party, and then realize the "democratic constitutionalism" of "non-party power". They also mislead the "reform" of state-owned enterprises from the perspective of economic and political unity, and in fact they also want to lay their economic and political foundations. The sharp opposition between these two viewpoints and goals has deepened the theoretical game: we must seriously overcome the tendency to downplay politics, prevent and stop the impact of privatization, and while clarifying the economic significance of state-owned enterprises, we must further reveal their important political status and political functions to ensure the correct political direction of state-owned enterprise reform.

**The economic foundation that directly supports the regime**

Xi Jinping has an important point, which is to adhere to the unity of economy and politics: "The socialist system with Chinese characteristics insists on organically combining the fundamental political system, the basic political system with the basic economic system and various institutional mechanisms and other specific systems."②

The reform of state-owned enterprises must also follow this principle, which is determined by the nature of state-owned enterprises. Dialectics tells us that the most important thing to understand the nature of things is to grasp its particularity. State-owned enterprises or state-owned economy are a very special economic form. It has a direct connection with politics, regimes, and political parties. We can understand its particularity at three levels.

The first level is the relationship between politics and economy during social changes.

Generally speaking, the economy is the foundation and the political regime is the superstructure. The economic foundation determines the superstructure and the superstructure reacts to the economic foundation, or the economy is "primary" and the superstructure is "secondary". However, during the period of drastic changes in the social system, a special situation occurred: politics played a decisive role and the economic foundation required the regime to protect and develop it. This is what Lenin said, "Politics is the concentrated expression of the economy" and "Politics must take the first place compared to the economy". ③

When we look at the period of socialist consolidation and development, especially the period when international capitalist forces are still dominant, we must adhere to this view to understand the relationship between the public economy, especially the state-owned economy, and politics, the regime, and the ruling party, and recognize that it is the pillar of the socialist economic foundation and political system. In this sense, it can also be understood as the political foundation at the same time.

The second level is the direct relationship between the state-owned economy and the state power. Except for primitive society, almost all societies and countries have state-owned economy. Slave society has state-owned manors and factories; feudal society has royal factories, manors, money houses, etc.; capitalist countries have a considerable number of state-monopoly capitalist enterprises in various forms, state banks, etc.; China's semi-colonial and semi-feudal society has a bureaucratic capitalist economy represented by the four major families (including large state-owned private enterprises); socialist countries have a huge state-owned economy. Their common characteristics are that they are owned by the state power, controlled by it, entrusted to officials for operation and management, and directly provide certain funds and materials for the state. This is the economic foundation that directly supports the superstructure, and determines the nature and fate of the two. That is to say, the attributes of the state-owned economy are determined by the class attributes of the state. Feudal state ownership is feudal, capitalist state ownership is capitalist, and socialist state ownership is socialist. When the nature of the regime changes, the nature of the state-owned economy will also change (such as the changes after the disintegration of the Soviet Union). It can be seen that the state-owned economy itself is the most political economy, and it has a stronger political function than the non-state-owned economy. It is precisely for this reason that we cannot confuse the socialist state-owned economy with the capitalist state-owned economy, and this confusion is often a tactic of neoliberalism. In fact, more than 100 years ago, Engels criticized this method of confusing the nature of different state-owned enterprises (for example, the state-owned enterprises of Napoleon in France and Bismarck in Germany were also regarded as socialism), "sometimes even degenerating into a certain servility." ④ Now the servility of China's neoliberals has reached an unprecedented level.

On the third level, socialist state ownership has a stronger and more intense political character. Because the socialist state economy is owned by the whole people, it was created by the power of the state power to confiscate and transform the old state economy (China's bureaucratic capital), part of the private economy and a new economic component created with the help of state power, directly serving the government's politics. ( 1 ) Socialist state-owned enterprises are directly linked to the people's state power.

Even after the separation of government and enterprise during the Reform and Opening period (which belongs to the management system), the state still appoints agents of asset owners and appoints and removes key cadres to implement the state's basic policies, sometimes sacrificing some interests when the state needs them.

( 2 ) The state relies first and foremost on the working class, and the backbone of the industrial working class mainly lives in state-owned enterprises, which are the base of the class that the state relies on.

( 3 ) The main economic foundation of a socialist state is public ownership, and the backbone of public ownership is the state-owned economy. Therefore, its proportion in the national economy is much larger than that of state ownership in capitalist countries, and it controls the economic lifeline of the entire country. This determines the nature of the entire socialist system and its political regime. If state-owned enterprises are weakened or abolished, the people's regime will become a tree without roots and water without a source.

( 4 ) State-owned enterprises are directly led by the Communist Party.

From a basic level, the party commands state-owned enterprises just as the party commands the gun. Generally speaking, the people's democratic dictatorship has two most powerful pillars: the people's army commanded by the Party in the military and the state-owned economy that controls the lifeline of the national economy in the economy. Although the latter and the former adopt different leadership and operation methods in different fields (commercial state-owned enterprises also have dual characteristics, that is, the national economic force operated in the form of enterprises), neither is dispensable. Moreover, national defense is mainly supported by the state-owned economy.

( 5 ) In the international arena, an important part of the socialist economic strength and economic strategy is China's state-owned economy. It is a competitor to international capital in the world market, a major economic carrier for winning the people of all countries, and a display of the strength and image of the socialist state on the international stage.

In 2014 , China accounted for 96 of the world's top 500 companies , of which state-owned enterprises accounted for 91.6% . The most important thing that can compete with large Western multinational corporations is state-owned enterprises, which are the backbone of safeguarding the economic security of socialist China.

( 6 ) The existence and strength of state-owned enterprises reflect the essence of socialism, that is, the ultimate realization of common prosperity. State-owned enterprises are owned by the whole people. The basic distribution method is distribution according to work. State-owned enterprises bear social responsibilities to the greatest extent possible. They are the foundation of equality and justice and the leading force in achieving common prosperity. At the same time, they play the role of "universal illuminator" as mentioned by Marx, serve as a model and guide for other economic components (mainly private enterprises), and guiding the general trend of the rich leading the common prosperity. It can be said that without state-owned enterprises, there will be no common prosperity, and the essence of socialism will definitely change. This is the biggest politics.

The analysis of the particularities of the above three levels can reveal the political function of socialist state-owned enterprises. Here, we should deepen our understanding of Engels' important assertion: the state power "is also an economic force" . ⑤

The state power can not only maintain and control the economic foundation, but also directly create a unique economic foundation; conversely, this economic foundation directly supports the state power. There is no doubt that it is both the material foundation of the socialist system with Chinese characteristics and the political foundation of this system. These two foundations are inseparable. If this solid foundation is removed, socialism will have no place to stand. Therefore, it is no surprise that the focus of the debate between Marxism and neoliberalism is on state-owned enterprises.

**The political roadmap of the neoliberal attack on state-owned enterprises**

It is precisely because state-owned enterprises are the most important economic and political foundation of socialism in China that neoliberalism has seized on this key point and launched wave after wave of attacks. Now that they have revealed their program and implemented a market economy based on privatization, they have also torn off the mask of "diluting ideology" and "diluting politics."

Below we will peel off their theoretical roadmap from economics to politics layer by layer:

Their starting point of logic: replace the socialist basic economic system with the market, the market is above everything.

They never talk about socialism, but take the market as the core of economic life, and the foundation of the market is private ownership, and then erase the socialist system. In fact, this is an old trick of bourgeois economics. More than a hundred years ago, Marx exposed the hypocrisy of scholars at that time who used commodity circulation to cover up the essence of capitalism. Marx pointed out: They "attempted to reduce the relationship between the parties of capitalist production to the simple relationship generated by commodity circulation, thereby denying the contradictions of the capitalist production process. But commodity production and commodity circulation are phenomena that exist in very different modes of production, although they are different in scope and function. Therefore, only knowing the abstract category of commodity circulation shared by these modes of production is still fundamentally unable to understand the essential differences between these modes of production, nor can it make judgments on these modes of production. No science is like political economy, where the trend of boasting about simple common sense is popular." This is the case with economist Say from France. ⑥ (1767-1832)

There is no doubt that the market is important in economic life, but it is not the root of determining the nature of the social system. The root lies in the production relationship, that is, ownership. The nature of the market as a mode of exchange depends on the ownership relationship in which it is rooted. The foundation of the capitalist market economy depends not only on general private ownership, but most importantly on the highest form of private ownership, namely capitalist ownership, especially the large capital ownership that can control the market, which has become a financial oligarchy today. The market economy is not something that exists in isolation, so it also has a certain political direction.

Lenin pointed out at the beginning of the last century that the private ownership-based nature of the market is "the power of capital that leads the commodity economy", ⑦ "the basis of China's economic system is the commodity economy, and the leader of the commodity economy, in China as in any other place, is the bourgeoisie". ⑧

Now the US market economy is dominated by big financial capitalists in its political direction. As US Senator Burl Sanders said: "Some people think that Congress controls Wall Street, but the truth is that Wall Street controls the US Congress." ⑨

The foundation of the socialist market economy is first of all based on public ownership, and the powerful state-owned economy is its first subject. It is this "first subject" and its political representative, the Communist Party, that determine the political direction of the socialist market economy, adhere to the four basic principles, and serve the interests of the people and the people's regime. Therefore, the neoliberals concentrate their efforts on digging the foundation of the people's democratic dictatorship to achieve their economic and political goals.

**Logical node: The state-owned economy hinders economic development, and the quantity should be reduced and the quality should be lowered (no longer controlling the lifeline of the national economy).**

This is called "anti-monopoly". They do everything they can to discredit state-owned enterprises, portraying the reform of state-owned enterprises as increasingly failing and becoming a stumbling block to economic development. This is a distortion of history. First, the rapid development of more than 30 years after the reform and opening up is based on the previous 30 years. In those difficult years, it was relying on state-owned enterprises to establish a relatively complete industrial system, especially the basic industries mainly relying on state-owned enterprises. Secondly, during the reform and opening up, state-owned enterprises supported half of the overall economy while reforming. It was because they controlled the economic lifeline that they created a good environment and the most important raw materials (steel, energy, chemical materials, machinery, modern transportation, etc.) for the development of private enterprises, resisted economic risks (including the Southeast Asian financial crisis in the 1990s and the international financial crisis from 2008 to 2013 ), and paved the way for opening up to the outside world with their competitiveness in the international market. Private enterprises (including private enterprises, joint-stock enterprises, foreign-funded enterprises and some collective enterprises) would not have a good domestic and international environment for development without the support of large state-owned enterprises.

It can be said that "the sky is about to fall, but it relies on the pillars in between", "large enterprises stand tall and small and medium-sized enterprises cover the sky". Thirdly, state-owned enterprises are still a strong pillar of the national economy. They serve the national strategic goals and bear the heavy responsibility of safeguarding economic security. In addition to the "two bombs and one satellite" and nuclear submarines supporting national defense security, a series of major projects, such as the Three Gorges Water Conservancy Project, the Qinghai-Tibet Railway, the West-to-East Power Transmission, the West-to-East Gas Transmission, the South-to-North Water Diversion, the crisscrossing high-speed railways and highways, etc., mainly rely on the strength of state-owned enterprises. Now the high-tech high-speed railways, nuclear industry, water conservancy facilities, etc., which occupy a leading position in the world, are mainly carried by state-owned enterprises. Externally, they are the backbone of the development of the "Belt and Road". It can be said that without state-owned enterprises, there will be no national economic security, political security and national defense security. Moreover, state-owned enterprises have stronger risk resistance in comparison, and the risks of international economic fluctuations are also mainly borne by state-owned enterprises (due to the decline in profits caused by different industrial structures). Its supply of national property, contribution to social security, and support for agriculture and infrastructure are far higher than private enterprises in terms of GDP units. It has overcome many difficulties and its assets are value-added. Over the past 30 years of reform and opening up , the value of enterprises has increased 70 times, and their tax contribution accounts for 50% of the total tax revenue, which is 2.8 times that of private enterprises . At the same time, as the political foundation of the people's regime, state-owned enterprises have paid huge political costs and obtained political benefits that support national security and social stability. Neoliberals have completely concealed these fundamental facts. It can be expected that in the future development of socialism with Chinese characteristics, the state-owned economy will still be the most important locomotive.

The logical end point: changing the ruling basis of the Communist Party and implementing the Western "democratic constitutionalism" of "non-partyization". The party leaders have clearly pointed out that state-owned enterprises are the basis of the Communist Party's rule. They say no, the ruling basis of the Communist Party is the private capital they proposed. This completely changes the nature of China's political regime. The Communist Party should become a bourgeois party, and the people's democratic regime should become the protector of private capital. We should have a sense of political crisis: once the big capital owners are fully grown, they will use various means to usurp the leadership, and they will be supported by foreign big capital forces.

The reason why Western hostile forces encourage the neoliberals who support China to attack state-owned enterprises is that their minimum goal is to weaken their opponents in the international market (only large state-owned enterprises can compete with them) and then turn China into their vassal state. This is not sensational, but the biggest risk that actually exists. The great changes in the Soviet Union are empirical evidence. This is exactly the ultimate goal of neoliberalism, which obviously has the nature of class struggle, and the neoliberals are most afraid of exposing their political evil intentions.

The above three points are the three steps of the roadmap for China's neoliberalism to change the socialist system with Chinese characteristics. It can be seen that they are not simply talking about the economy, but using the abolition of state-owned enterprises as a starting point for political severance. They do look at the problem from a political perspective.

Strengthening the function of "political foundation" in deepening reform

Faced with the economic, political and historical responsibilities of China's state-owned enterprises, the objective need for self-improvement, and the economic and political agenda of neoliberalism, we must follow the requirements of the Opinions and learn to look at the deepening reform of state-owned enterprises from a political perspective. This reform is a major systematic project involving all aspects. Here we focus on how to be good at giving full play to and enhancing its "political foundation" function in deepening reform.

First, while improving its economic basic functions, we should strengthen political awareness and clarify the concept of strengthening its political basic functions. In the past, when discussing the reform of state-owned enterprises, people often thought that it was a matter of the economic field, focusing on economic measures and not paying much attention to political content. According to the spirit of the Central Committee's "Opinions", we should deepen our understanding: state-owned enterprises are also a powerful political factor. They adhere to the path of socialism with Chinese characteristics, play a leading role in China's basic system, embody the socialist direction, consciously and comprehensively support the basic policies of the Party and the government, and embody the dialectical unity of politics and economy, which is the greatest politics. In this sense, state-owned enterprises are also named "Party", obey the Party's command, embody the Party's leadership role in the socialist market economic system, adhere to the "Four Basic Principles", and are economic groups that undertake national political tasks. In the early days of the founding of the People's Republic of China, our party emphasized that state-owned enterprises are the leading component of the entire economy and serve as a model and demonstration for other components. At present, we are in the primary stage of socialism, and we are still the leading component among various components. We do not enjoy special rights, but bear special tasks. We should understand and perform the function of leading the economy from a political perspective, take the lead in maintaining market order, protecting national security, and assuming social responsibilities, and have the courage to sacrifice individual interests for the overall interests to complete the tasks assigned by the Party (such as stabilizing prices, ensuring supply, supporting disaster relief and national defense security, etc.). We should give full play to political advantages within enterprises, enhance the political responsibility and political consciousness of enterprises and all employees, and form a profound political atmosphere (such as treating economic tasks and scientific and technological research and development as political tasks). In principle, we should learn from the experience of building the People's Army (just in a different form). In recent years, due to the prevalence of neoliberal thoughts and the tendency of "one hand hard and one hand soft", the tendency of state-owned enterprises to ignore politics is also a problem worthy of attention and correction. On this issue, we should see that the West is not just talking about the economy, but has clear political goals. For example, the recent construction of TPP is ostensibly an economic issue, but Obama clearly said it was aimed at China. We should get negative inspiration from this.

Secondly, we should recognize the particularity of SOE reform in theory and pay attention to handling several relationships in practice. ( 1 ) The relationship between the economic and political attributes of SOEs. As an enterprise, its main task is to be an economic entity. It should handle a series of complex issues with the concept of economic and political unity, enhance its political sense and ability, and complete the task of developing the economy. As a "political foundation", it must consciously link economic tasks with political tasks and the overall interests of society. It should not simply pursue profit maximization and damage the overall interests of the state, society, ecology, etc., but should be good at taking into account both, operate in accordance with the law, and lead others.

( 2 )The relationship between "dancing with wolves" and maintaining "humanity" in terms of business methods. As market players, state-owned enterprises should, without a doubt, actively participate in market competition, occupy the market by all legal means, and become strong players. They should not give up or weaken their competitiveness, let alone allow state-owned assets to be lost. However, they should never engage in unfair competition, but should maintain a "civilized business" style and a cooperative style, demonstrate the temperament of socialist enterprises, become a model of equal competition and friendly cooperation internally, and become an entity that embodies the demeanor of a great power in China externally, unite friends at home and abroad, and not destroy themselves for small profits. ( 3 ) The relationship between developing mixed ownership and maintaining the basic characteristics of state-owned enterprises. On the issue of state-owned enterprises adopting mixed economic forms, neoliberalism has made a big fuss, thinking that this can dissolve the nature of state-owned enterprises and turn public ownership into private ownership. In fact, the "Opinions" clearly stipulates that the main purpose is to "promote the transformation of state-owned enterprises' operating mechanisms, expand the functions of state-owned capital, and improve the operational efficiency of state-owned capital allocation", making them stronger, better and bigger. It also distinguishes different types of absolute holdings, relative holdings, and various forms of equity participation, as well as employee shareholding, and prohibits the loss of state-owned assets. In most mixed economies, state-owned capital still occupies a dominant position, and the attributes, rules, tasks and management system of state-owned capital are maintained. These issues involve political attributes, and the "political foundation" of the state-owned economy cannot be changed, and they must not be "mixed" with privatization. It can be expected that game-playing is inevitable and the form is complex. In this regard, we should keep a clear mind. ( 4 ) The relationship between the state's liberalization and supervision of state-owned enterprises. The "Opinions" have made clear provisions on this. As far as the enterprises themselves are concerned, they should be recognized from a political perspective. Liberalization is a means, and completing economic and political tasks is the goal. They should consciously accept supervision, and major actions must be reported to the state for approval. They cannot be hypocritical, do their own thing, let things go, or violate political discipline. ( 5 ) The relationship between the enterprise's governance structure and the party group (expanded below).

Thirdly, the Party's leadership over state-owned enterprises should be strengthened in the process of deepening reform. In the past, when discussing SOE reform, the emphasis was mainly placed on governance structure, and the Party organization was relatively weak. It should be noted that deepening reform is not only about improving the economic system, but also about further exerting political advantages. Otherwise, the direction of reform will be deviated. The Opinions specifically emphasize the cross-relationship between the two, and the need to strengthen the organizational guarantee of the Party's leadership. Improving the governance structure is a need for business management, but for state-owned enterprises, the Party's leadership role must also be guaranteed in the organization. This is just like the military, where the organizational structure of each branch of the military is adapted to the needs of combat, while the Party organization and its status are political guarantees. State-owned enterprises must also establish a complete Party organization system from top to bottom to ensure political work and play the role of a combat fortress. The SASAC should establish a political department to be responsible for the Party's political work. The Opinions stipulate the main political tasks of the Party organizations in state-owned enterprises, especially the Party's management of cadres and strict Party governance, firm anti-corruption struggle, and legal governance of enterprises. This is of decisive significance for ensuring the socialist nature of state-owned enterprises and their leading role in the national economy. We should understand the great significance of strengthening the Party's leadership in the Opinions just as we learned the spirit of the Gutian Conference, fundamentally highlight the essential difference between state-owned enterprises and other enterprises, especially capitalist enterprises, and make them truly market entities for the Party to fulfill its political tasks in the economic field - the first entity of the socialist market economy. This is also a basic requirement for deepening reform.

Finally, we should strengthen our ability to resist the erosion of the neoliberal privatization wave. Just as the Party must accept the test of the market economy, state-owned enterprises must also accept the test of the market economy, reform and opening up, and "dances with wolves", and their particularity makes it more difficult. This major issue must be solved by leveraging political advantages, and we should actively explore specific forms of strengthening politics. It is most important to rely on strengthening the leadership of the Party and improving the political quality of entrepreneurs and employees of state-owned enterprises. The state has changed its management of state-owned enterprises from business and assets to capital, so how to realize the personalization of state-owned capital is a brand-new historical issue, and the most important of these is the political quality of managers and workers. A state-owned enterprise is a big family and a big school. We should vigorously restore and carry forward the Daqing spirit and actively explore ways to strengthen political and ideological education in enterprises. For the backbone of management, we must effectively carry out theoretical education so that they can always clarify their political direction and consciously resist all kinds of erroneous thoughts, especially the influence of Westernization. We should learn from the experience of the Gutian Conference in combination with reality and create new ways and forms. If adhering to the public nature and the dominant position in the socialist market economy is the economic watershed between Marxism and the neoliberal privatization program, then adhering to the "political foundation" status and role of state-owned enterprises is the ultimate focus of the struggle between Marxism and neoliberalism in the attempt to change the nature of China's political regime, and is a fundamental political difference. In short, if state-owned enterprises want to adhere to the reform direction of the socialist market economy, they must reflect that "the leadership of the Party is the most essential feature of socialism with Chinese characteristics" and must reflect the unity of economy and politics.

Notes:

① Zhang Weiying: “Why SOE Reform Is Necessary”, Sina.com, September 14 , 2015 .

② "Xi Jinping: The Governance of China", page 9 .

③Selected Works of Lenin , Volume 4 , page 407 .

④ "Selected Works of Marx and Engels", Volume 4 , page 752 .

⑤ "Selected Works of Marx and Engels", Volume 4 , People's Publishing House , 1995 edition, page 705 .

⑥Marx: Capital, Volume 1 , People’s Publishing House, 2004 , p. 136 .

7. The Collected Works of Lenin, Volume 2 , p. 328 .

⑧"Selected Works of Lenin" , Volume 1 , page 215 .

⑨People’s Daily , July 26 , 2015 .