

A Pauperism of 'Concepts and Methods'

**K. Murali's "Theory" of Bureaucrat Capitalism,
Comprador and Bureaucratic Bourgeoisie,
Semi-feudalism Semi-colonialism,
and Neo-colonialism**

Part - 1

Abhinav Sinha

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Foreword

The question of program of Indian revolution has long remained an issue of controversy and debate in the Indian communist movement. In fact, the issue has remained an unresolved one in almost all relatively-backward post-colonial capitalist countries of Asia, Africa and Latin America. At the centre of the debate is the question of characterization of the Indian state and ruling class and the character of the production-relations, particularly in agriculture. A considerable part of the revolutionary communist movement clings to the old programmatic framework of new democratic revolution, asserting that the Indian bourgeoisie is comprador-bureaucratic and the character of Indian agriculture is semi-feudal, though the whole paradigm is in serious crisis for years now. It attempts to copy the program and path of the Chinese revolution, though with unmistakably visible and clear changes in the Indian society, especially in the last four decades, it has attempted repeatedly to adjust these changes in its old framework. However, this makes the whole affair even worse for them.

There is another part which has existed in the Indian revolutionary communist movement from the late-1970s itself, which argues that India is a capitalist country, the character of the Indian bourgeoisie is that of junior partner of the imperialism in general and it is a politically-independent and economically partially-dependent bourgeoisie, and the character of production-relations in Indian agriculture is, mainly and essentially, capitalist. With various inner differences, this part of the movement is steadily growing.

The present book is first part of critique of one of the principal representatives of the semi-feudal semi-colonial orthodoxy and programmatic dogmatists, K. Murali (Ajith) by Abhinav Sinha. It critiques an essay of Murali where he puts forth his basic arguments about bureaucrat capital and bureaucrat capitalism, comprador-bureaucrat bourgeoisie and semi-feudalism in Indian agriculture. In

the first part, Abhinav deals mainly with the question of the character of the Indian bourgeoisie and Indian capitalist state. Relying on the sources of the Communist Party of China, Abhinav shows Murali's understanding of comprador and bureaucratic bourgeoisie and bureaucrat capitalism, semi-feudal semi-colonial formation and neo-colonialism, among other concepts, has nothing whatsoever to do with Maoism and the understanding of the Communist Party of China, in general. The book quotes copiously from Mao, Chen Po-Ta, Wang Yanan and certain documents of the CPC, among others to show what the concepts of comprador bourgeoisie, bureaucrat capitalism and bureaucrat bourgeoisie are and how these Maoist concepts are firmly rooted in the Marxist political economy and how any attempt to misuse and abuse them in a subjective and dogmatist fashion are doomed to fail.

It is a must-read for any revolutionary communist who is interested in the question of the program of the Indian revolution. It clears various doubts regarding the yardsticks of characterization of a state and the bourgeoisie and in the process presents a devastating critique of the programmatic dogmatists among the Indian revolutionary communists, who have remained trapped in a time-and-space capsule. The results of this dogmatism are becoming increasingly clear with every passing day. For the past six decades it has been exacting a heavy price by preventing the movement from undertaking a creative application of the philosophy and science of Marxism-Leninism-Maoism in the concrete conditions of the Indian society.

This critique is a welcome contribution to the ongoing debate on the question of the program, as it dismantles all the theoretical grounds of programmatic dogmatism. The second part of the critique shall be available within a couple of months in book-form. The second part deals with the orthodoxies of the programmatic dogmatists on the agrarian question, betraying a total ignorance of the basic concepts of capitalist ground-rent, feudal ground-rent, questions of forms of tenancy, existence of myriad forms of unfree labor among others.

This first part deals with the question of the characterization of the state and the ruling class.

Murali's "Theory" of Bureaucrat Capitalism, Comprador and Bureaucratic Bourgeoisie, Semi- feudalism Semi-colonialism, Neo-colonialism, Agrarian Question and the Ground-Rent A Pauperism of 'Concepts and Methods'

(PART-1)

(In the first part, we deal with K. Murali's concept of bureaucrat capitalism and bureaucratic bourgeoisie. In the process, we discuss the general yardsticks to determine the character of a capitalist class and therefore discuss the concepts of comprador-bureaucratic bourgeoisie, national bourgeoisie, imperialist bourgeoisie and 'junior partner' or what Mao termed as 'reactionary national bourgeoisie' in the light of writings of Mao Tse-tung and other comrades from the Chinese Communist Party. We also discuss Murali's reading of the history of Indian capitalism and Indian bourgeoisie in the light of some authoritative historical works. In the second part, we will deal with Murali's concept of semi-feudal relations in agriculture, in general, including the questions of feudal ground-rent, absolute and differential capitalist ground-rent, lease-price, forms of tenancy and the role of usury.)

'Contra principia negantem non est disputandum'

'Against one who denies the principles, there can be no debate'

Murali (Ajith) is a well-known figure and intellectual among Marxist-Leninist-Maoists in the country and beyond. One expects an understanding of the fundamental concepts of Marxist philosophy and science from a person of that stature. We have had the opportunity to interact with him in a seminar on fascism in December

2024-January 2025 in Hyderabad. One of the papers had a detailed critique of Murali's positions on fascism. However, instead of responding to those criticisms, Murali accused the paper presenter for "ambushing" him and "catching him off-guard" and therefore he was obliged to "duck and run"! However, the truth is that in matters of theory, you can never be "ambushed" or "caught off-guard" as theoretical positions evolve logically and represent one's convictions. The organizers pointed out that it was a pity that he felt like that. However, the argument was off the mark. If someone has strong convictions regarding their political positions, he/she is and can never be subjected to an "ambush", as we pointed out. One might encounter questions regarding their positions anywhere anytime, even from strangers who know about it and even while, for instance, traveling in a train or walking on a street. They cannot say that "you can't ambush me like that! Give me a couple of days to prepare a defence of what I believe in, then I will respond". Anyhow, the interaction in the above-mentioned seminar did not develop into a proper debate due to the reasons stated above.

However, our comrades from *New Socialist Praxis (NSP)* recently had the opportunity to engage in a debate with Murali on a different question: the question of program of Indian revolution and the character of Indian social formation. The occasion was the seminar on mode of production in India organized by comrades of *Nuthana Keratam, Communist Collective* in Vijayawada in August 2025. NSP presented its own paper which can be read here (<https://newsocialistpraxis.wordpress.com/wp-content/uploads/2025/08/mop-nsp-paper.pdf>) and Murali, too, presented a paper titled 'On Bureaucrat Capitalism'. There was a brief debate on Murali's paper in the seminar, too. However, in the debate during the seminar, due to the paucity of time, we could not present a comprehensive and detailed critique of the 'concepts and methods' of Murali, especially in the context of the question of determination of character of the state, the ruling class and the character of the Indian society and its dominant mode of production.

Consequently, we decided to respond to Murali's paper in relatively greater detail. The above-mentioned paper of K. Murali betrays an incorrigibly muddled understanding on the very basic questions of Marxist political economy, class analysis, agrarian question, the determination of the program of revolution, the concepts of comprador and bureaucratic bourgeoisie, bureaucrat capital, semi-feudal semi-colonial social formations and neo-colonialism and displays an utter ignorance of theory as well as history. It is precisely due to these reasons, we found ourselves obliged to present a detailed critique.

In this paper, we will proceed by, first, presenting the positions held by Murali on the central issues of contention by quoting from his paper and then present our critique of the same. These issues of contention include various questions from the Maoist theory of bureaucrat capitalism, comprador and bureaucratic bourgeoisie, semi-feudalism semi-colonialism, neo-colonialism as well as some elementary concepts of Marxist political economy from absolute and differential ground-rent, lease-price, forms of tenancy, usury and commercial capital. The questions are linked as they are situated at different nodal points in Murali's concept of 'bureaucrat capitalism'. In the process of this critique, we will demonstrate with theoretical and historical references that:

- 1. Murali's theory of 'bureaucrat capitalism' has nothing whatsoever to do with Mao's and Communist Party of China's (CPC's) concept of bureaucrat capitalism; rather, it is a poor replica of Gonzalo's utterly bankrupt theory of 'bureaucrat capitalism'; most importantly, Murali has failed altogether in understanding CPC's conception of bureaucrat capitalism;*
- 2. Murali's concept of comprador and bureaucratic bourgeoisie has nothing to do with Mao's and CPC's concept of comprador and bureaucratic bourgeoisie; here, too, he has simply failed to understand the Maoist position, as we shall see;*
- 3. Murali's concept of semi-feudalism semi-colonialism, neo-colonialism, and the relation between the comprador*

bourgeoisie and imperialism is an amalgamation of various semi-baked, semi-thought and semi-formed vague and incorrect concepts;

4. *Murali's understanding of the question of the characterization of ground-rent shows total ignorance of Marx's theory of ground-rent; Murali surprisingly confuses lease-price in a capitalist society with capitalist ground-rent to reach highly erroneous conclusions;*
5. *Murali's understanding of the forms of tenancy is incorrigibly muddled and sloppy with no rigor or consistency; he fails to make a distinction between small tenant peasants and capitalist tenant farmers in a capitalist society;*
6. *Murali's presentation of the agrarian question in Kerala is completely baseless, with no evidence and reveals an attempt to practice a type of exceptionalism regarding his own "knowledge" about Kerala; we will reveal with authoritative studies of agrarian relations in Kerala that as far as his knowledge about agrarian relations are concerned, it is like Aesop's fable;*
7. *Murali's narrative of the trajectory of capitalist development in India is conjured up in a dogmatic bubble and has nothing to do with facts of Indian history and betrays a complete ignorance of the most basic questions like import-substitution industrialization (ISI), protective tariffs, role of state-sector in private capitalist accumulation, etc.*

Since the task at hand is lengthy, if not complicated, we request the readers to be patient with us. What is amusing about peddling ignorance is that it can be done in a dozen pages, but its refutation takes much more than that. Therefore, we apologize beforehand for the length of this critique, because the task at hand requires us to quote at length from Marxist classics from Marx, Lenin, Mao and the documents of the Communist Party of China, to the authoritative Marxist and serious historians of modern and contemporary India, a

couple of which have been misquoted or quoted out of context by Murali himself.

In the first subhead, we will restrict ourselves to presenting Murali's basic positions and will make brief critical comments. In the second subhead, we will demonstrate in detail that these positions have nothing in common with the scientific positions of Mao and the CPC.

Murali's Concept of 'Bureaucrat Capitalism': *A Travesty of Theory and History*

Murali begins with quoting from the political resolution of the CPI (ML) from 1969 which identified feudalism and comprador-bureaucrat capitalism as the two main props of imperialism in India, the ruling classes were termed as big comprador-bureaucrat bourgeoisie and big landlords and the public sector was analyzed as state-monopoly capitalism, another name for bureaucrat capitalism, for the afore-mentioned resolution. Then Murali, quoting himself from one of his essays, argues:

“This clarity on the character of the big bourgeoisie and the nature of the capitalism underlying it, fostered by and serving the interests of imperialism, was a decisive rupture from the confusion created by various brands of revisionists. It was guided by the breakthrough achieved by Mao Zedong, through his class analysis of China, in understanding the nature of the bourgeoisie in oppressed countries.” (Murali, K. 2025. 'On Bureaucrat Capitalism')

A couple of things have to be marked here.

First, *Murali, with a sleight of hand, makes the question of program of revolution as the question of ideological and political line.* Thus, any Marxist-Leninist or Maoist who does not identify the Indian bourgeoisie as a comprador-bureaucratic bourgeoisie automatically becomes revisionist! The line of demarcation between revolutionary Marxism and revisionism is not the question of program but the question of ideological and political line. For instance, if the revisionists in Russia, that is, the Mensheviks, believed in the stage of democratic revolution, it was not this programmatic position itself that made them revisionists. Because Bolsheviks, too, held the program of democratic revolution in Russia. Both were opposed to Trotsky, who, due to his neo-Lassalleian line borrowed from Alexander Parvus, believed in the bankrupt theory of 'permanent

revolution'. Thus, on the question of stage of revolution, the Bolsheviks as well as the Mensheviks believed in the stage of democratic revolution in Russia from the last years of the 19th century till the February Revolution in 1917. What separated the Bolsheviks from the Mensheviks was the question of ideology, that is, the dialectical materialist worldview, and more importantly the question of political line, that is to say, the general approach of the revolutionary communists towards the questions of class, power and state in the contemporary political situation in Russia. In other words, who will lead the democratic revolution in Russia? The bourgeoisie or the proletariat? What kind of democratic revolution will it be? A bourgeois-democratic revolution led by the bourgeoisie followed by the masses of people including the proletariat, or, a people's democratic revolution led by the proletariat, based on worker-peasant alliance, or what Lenin called 'smytchka'? What kind of democratic state will it establish? A bourgeois-democratic state or a people's democratic state?

Secondly, Murali takes as given, what he was supposed to prove! India, at the very outset, is considered a country nationally-oppressed by imperialism! One is reminded of what Marx said about the classical political economists. Marx had commented about them that they were supposed to explain the existence of private property, but they proceed from the fact of private property. However, there is a difference. Classical political economists, especially Smith and Ricardo, made this mistake unintentionally as representatives of rising and still revolutionary bourgeoisie; but Murali does this knowingly which only betrays his opportunism and dogmatism.

It is an old cheap trick in the arsenal of dogmatic "Maoists" in India to malign any Marxist-Leninist-Maoist as either "revisionist" or "Trotskyite", who does not see the Indian society as a semi-feudal semi-colonial society or a neo-colonial society and the Indian bourgeoisie as a comprador-bureaucratic bourgeoisie and believes that the dominant mode of production in India is capitalist mode of production and the ruling bourgeoisie is a politically-independent bourgeoisie! The dogmatic "Maoists" have been using this trick for

many decades now. However, as they say, the same trick cannot serve twice.

Murali invokes the authority of Mao to claim that his theory of bureaucrat capitalism and his analysis of classes in China provide a framework for analysis of contemporary India. We will shortly see that Mao's and CPC's theory of bureaucrat capitalism, bureaucratic and comprador bourgeoisie has nothing to do with Murali's understanding of the same and he, in vain, imposes his own erroneous understanding of these concepts on Mao and others like Chen Po-ta. The identifying mark of Murali's 'concepts and methods' are utter ignorance of political economy, theory and history. Mao's and CPC's concepts are firmly rooted in the political economy of the classes. Without this political economy basis it becomes virtually impossible to make a distinction between the comprador-bureaucratic bourgeoisie and the national bourgeoisie and this characterization becomes completely subjective and arbitrary. It is precisely this theoretical tragedy that has befallen Murali and his ilk. We will see the truth of these assertions with proper historical and theoretical references in a short while.

Murali points out that various people have used the epithet of 'distorted capitalism' or 'crony capitalism' to identify the contemporary capitalism of India and some have treated the former as a synonym of bureaucrat capitalism. This, according to Murali, is incorrect and Murali, in fact, is correct here as these are vague descriptive terms lacking any analytical and theoretical rigor. Murali points out that the term 'distorted capitalism' points to the dependent character of capitalist development in India but misses the link of this capitalism with the feudal landlordism and also misses its link with the state. We would add that 'distorted capitalism' term is incorrect because it assumes, *a priori*, an ideal version of capitalism and any aberration from that would invite the application of this pejorative epithet. According to Murali, the term 'crony capitalism' alludes to the relation of the comprador bourgeoisie and its state with the particular capitalist interests, but the link with imperialism is overlooked here. Again, we would add that the term 'crony capitalism' is an oxymoron

because if the link of bourgeois political blocs or the bourgeois state with particular capitalist interests is the foundation of formation of this term, then we must conclude that history has not known any other kind. Again, the error lies in the imagination of an ideal bourgeois executive which relies on the ideal bourgeois laws of economic exploitation and never deviates from it. It is true that both these terms are descriptive rather than analytical and therefore lack the analytical rigor, even though Murali fails to see the real problem with these terms as he weighs every term on the scale of his theory of 'bureaucrat capitalism'. Anyhow, Murali argues:

“Therefore neither of these terms can replace the comprehensive, scientific rigor provided by Mao’s formulation “bureaucrat capitalism” and its definition. This needs to be asserted. The nature of capitalism in a semi-feudal, semi-colonial country like ours is comprador as well as bureaucratic. It is comprador because it serves the interest of imperialism and develops under its tutelage. It is bureaucratic because it survives and develops on the basis of the state patronage.” (*ibid.*)

It is a pity that Murali imputes his erroneous formulations on Mao. Thus, bureaucratic capitalism and bureaucratic bourgeoisie is bureaucratic because it develops on the basis of state patronage from a state held by the bureaucratic bourgeoisie! Wonderful! Moreover, comprador bourgeoisie is a bourgeoisie that is comprador! Brilliant! There is no political economy basis of the characterization of the comprador bourgeoisie. Just any bourgeoisie, industrial or commercial, can be comprador, if it behaves as a comprador, that is, if it serves imperialism. But then why one bourgeoisie behaves as comprador and another does not? We do not know at least from Murali’s arguments. CPC and Mao had a very clear understanding of this question, as we shall see.

Then, Murali comes to Gonzalo’s concept of 'bureaucrat capitalism' and pretends that it is only an extension of Mao’s concept of 'bureaucrat capitalism'. We shall see that the two are not even

distantly related but belong to different genus. Murali quotes this definition of 'bureaucrat capitalism' as provided by Gonzalo:

...bureaucrat capitalism is the capitalism that imperialism generates in the backward countries, which is linked to a decrepit feudalism and in submission to imperialism which is the last phase of capitalism. This system does not serve the majority of the people but rather the imperialists, the big bourgeoisie, and the landowners... bureaucrat capitalism is no more than the path of imperialism in a semi-feudal and semi-colonial country and without semi-feudal and semi-colonial conditions there would be no bureaucrat capitalism... Bureaucrat capitalism develops three lines within its process: a landlord line in the countryside, a bureaucratic one in industry, and a third, also bureaucratic, in the ideological sphere. (*ibid.*)

This is the understanding of Gonzalo that Murali cites as a justification for his theory of 'bureaucrat capitalism'! First of all, imperialism is not the last *phase* of capitalism, it is the last *stage* of capitalism, stage understood in the Marxist sense as representing a *particular system of contradictions*. The stage itself can be divided into many phases. For instance, the stage of imperialism itself can be divided into several phases from the late-19th century to the present times. Such inaccuracies and inarticulateness abound in almost all programmatic dogmatists around the world. Rest of the excerpt does not say anything analytical as such. It is just an assertion and remarkably banal one at that. We will soon present a detailed critique of Gonzalo's bankrupt theory of "bureaucrat capitalism" and also show that it has the least to do with Mao's and CPC's understanding of bureaucrat capitalism and comprador-bureaucratic bourgeoisie. For now, we will limit ourselves to Murali's understanding of the same, which is only a poorer version of Gonzalo's theory itself.

Murali argues that after 1947, *under neo-colonialism*, the development of bureaucrat capitalism has been mainly undertaken by the comprador-bureaucratic bourgeoisie in India. This has led to an intermeshing of feudalism with capitalism, without the

suppression of feudalism. In Indian situation, the bureaucrat capitalism is marked by *caste-feudalism*, while in industry and ideological as well as political superstructure, too, is marked by bureaucrat capitalism. The question is this: if we contend that after 1947, bureaucrat capitalism developed in India under the tutelage of imperialism, then why did it implement the policies of strict protectionism and import-substitution industrialization (ISI)? We shall shortly see from references from the writings of the CPC that one of the defining features of comprador-bureaucratic bourgeoisie is *removal of all tariffs and a kind of export-substitution* to clear the domestic market for foreign goods. Then how is the Indian ruling bourgeoisie after 1947 characterized as bureaucratic and comprador bourgeoisie? Are such policies, namely, of ISI and strict protectionism, mark of bureaucrat capitalism? Also, is India a neo-colony or a semi-feudal semi-colonial country? For Murali uses both these characterizations interchangeably! We will later explain in detail that these two terms are different in their meaning and history, two different forms that colonial domination assumed at different points in history. However, first we shall continue to elaborate Murali's own innovation, his own theory of "bureaucrat capitalism".

Murali argues that the development of bureaucrat capitalism started in India during the colonial period with imperialism transforming old caste-feudalism and attaching it to the network of world imperialism. A part of the surplus of the feudal landlords, kings and princes was used for the formation of bureaucrat capital, even though this surplus was extracted through "caste-feudal" mode (whatever that means!). These classes were directly involved in setting up industries, railways and plantations. Murali gives example of Thiruvithamkoor monarchy which invested in 16 big enterprises, collaborating with capital from various imperialist countries. This, again, is a misarticulation of history, to which we will come later. In the history of capitalist transformation of many countries during their colonial period as well as post-colonial period, various feudal landlords, princes and kings transitioned into industrial capitalist families in more-or-less considerable period and in a gradual fashion, and in

various different ways. In fact, it happened in China as well. Had Murali paid attention to what Mao and Chen Po-ta wrote on this question, he would have known that this happened in China as well and had he read about the origins of Indian industrial capitalists, he would have known that it happened in India as well in a number of cases. However, Murali assumes that since the *social origins* of these capitalists could be traced back to some feudal aristocratic class, they continued to be feudal and bureaucrat capitalist. This is a gross misreading of history. We will come to this later.

In passing one can ask Murali how does he characterize Shahu Ji Maharaj? He was a royal, even trained in administration by colonial masters, invested in industry, founded textile mill, and developed irrigation systems, not to speak of certain progressive educational and cultural reforms. According to Murali, investment by kings and princes in colonial and semi-colonial India was the main source of formation of bureaucrat capital and bureaucratic bourgeoisie. If that is true, Shahu Ji Maharaj, despite belonging to the “avarna” stream (!), was a bureaucrat capitalist! However, Murali does not talk about him. Moreover, does that make Dr. Ambedkar, too, a political representative of bureaucrat-comprador bourgeoisie? Murali is silent on this, too. Going by his own theory, answers to the above questions would be in the affirmative!

Subsequently, Murali asserts that the British handed over power to a ruling class alliance led by bureaucrat capitalists in 1947. This again is a travesty of history. The bourgeois ruling class that assumed power in 1947 was mainly of private capitalist character; the social origins of these capitalists included mainly merchants, usurers, and secondarily kings and princes who had undergone or had been undergoing bourgeois transformation. Hardly any faction of this class could be termed as bureaucrat capitalist. Later in this critique we will substantiate this claim with facts and arguments, quoting from a few authoritative historians, some of whom Murali, too, has quoted out of the context and distorted their positions for meeting his own ends. Murali continues that the leading role of this class of bureaucrat capitalists was consolidated in the 1960s and the 1970s, which saw

a spurt in the growth of bureaucrat capitalism. The state building irrigation networks, transportation and other infrastructure, too, has been cited as examples of bureaucrat capitalism! It goes without saying that if that is the yardstick, all the countries of the world would become semi-feudal semi-colonial or neo-colonial countries ruled by a comprador-bureaucratic bourgeoisie! But then the question would be: whose comprador?!

The entire period of state-led industrialization based on ISI and strict protectionism has been assumed by Murali to be a period of rule of comprador-bureaucratic bourgeoisie and bureaucrat capitalism! Murali opines that bureaucrat capitalism gained ascendance over caste-feudalism only with the help and patronage of imperialism, which transformed caste-feudalism during the colonial period. Bureaucrat capitalism was thus created by imperialism. Here, Murali presents bureaucrat capitalism completely as the handiwork of imperialism. Thus, everything was conjured up by imperialism and external factor was the determining factor. The Indian society itself lacked any internal dynamics. We shall see that at another place Murali contradicts himself and accepts that even before the advent of British colonial power, there was development of money economy, monetary rent, wage-labor, etc. and thus growth of proto-capitalism and when colonialism arrived it simply articulated these relations and developed bureaucrat capitalism!

Murali says that bureaucrat capitalism can have contradictions with this or that imperialist country but it cannot be 'independent' of imperialism as a whole. For him contradictions with imperialism on protective tariffs or import of foreign goods and control of domestic market are merely peripheral contingent issues, on which the comprador and bureaucrat bourgeoisie can develop contradictions with imperialism! Evidently, despite mentioning the book of Chen Po-ta on the four great comprador-bureaucrat families of China, he does not know that, according to Chen Po-ta, one of the defining and determining features of a bureaucratic-comprador bourgeoisie is doing away with all protectionism and implementing a policy of 'export-substitution' at the behest and direct command of

imperialism. Moreover, if India was a neo-colony, as Murali says (along with saying that it is also semi-feudal semi-colonial!) then it *does* and *should* have one imperialist master! That is precisely what defines a neo-colony and distinguishes it from a semi-feudal semi-colonial country. However, Murali is oblivious to these scientific and historical distinctions.

Clearly enough, if the very distinction between political independence and economic dependence in various measures is obliterated, then except a few countries countable on fingers, all other countries will become semi-feudal semi-colonial or neo-colonial dominated by this or that variety of bureaucrat capitalism! Murali reiterates that imperialism needs bureaucrat capitalism as well as caste-feudalism, both, as its main props. Thus, every effort to develop bureaucrat capitalism also leads to creation of space for caste-feudal relations and elements in “transformed” form. We are never told *what is* transformed, except “replacement of old landlords by new landlords” and “replacement of old traders by new traders”! We are never told which the dominant factor is in the so-called “enmeshing of feudalism and capitalism” which results from the transformation of caste-feudalism into semi-feudalism by bureaucrat capitalism at the behest of imperialism! We are directed to be content with a vague formulation about “enmeshing”! Clearly enough, Murali does not understand what Mao and the CPC meant by a semi-feudal semi-colonial social formation. Again, we will come to this point as well. However, in order to comprehend our critique better, it is imperative first to put all the elements of Murali’s theory of “bureaucrat capitalism” on the table.

Murali then once again plays the old cheap trick used by all programmatic dogmatists and neo-Narodniks in the ML movement of India masquerading as “Maoists”: he argues that all the revisionists in India rejected the characterization of comprador-bureaucrat character of the Indian bourgeoisie because, like CPM, they argue that the Indian bourgeoisie is not comprador and bureaucrat as it had started industrial production during the colonial period itself. Then, Murali compares *our* position with this, alluding that we, too,

are revisionists, because we have quoted Mao “selectively” to show that an industrial bourgeoisie can never be comprador-bureaucratic and only a commercial bourgeoisie can be comprador-bureaucratic. It appears that Murali took our critique of his ignorant understanding about caste, Brahmanism and fascism in the Hyderabad Seminar on fascism a bit too much to the heart! That is why he has descended to the level of mud-slinging by arguing that we, too, are revisionists just because we do not consider India a semi-feudal semi-colonial or neo-colonial country and do not see Indian bourgeoisie as a comprador-bureaucratic bourgeoisie! At another place, he argues that our position on program is a mixture of the positions of SUCI and CPM! He does not care to prove it. Just because we hold that Indian society is *a relatively backward post-colonial capitalist society* in the stage of new socialist revolution, that Indian bourgeoisie is not a comprador-bureaucrat bourgeoisie but *a politically-independent bourgeoisie* that is *‘junior partner’ of imperialism*, or what Mao termed as ‘reactionary national bourgeois’, and that capitalism has become the dominant mode of production in the Indian social formation, we are abused as “revisionists”. One wonders what the yardstick is for Murali to determine whether someone is revolutionary Marxist or revisionist! Is it the ideological and political line? Or is it the program? As we can see, just like many programmatic dogmatists in the ML movement of India, Murali is again using the same old stale trick to argue that whoever believes that India is not a semi-feudal semi-colonial/neo-colonial country but a capitalist country, is revisionist! Thus, the judgment has already passed, even before the debate commences. It appears that despite writing a book by the name ‘Of Concepts and Methods’, Murali is unbelievably impoverished in the matters of the concepts and methods.

Consequently, Murali presents a quote of Mao where he talks about the state-monopoly capital of the four great families of China to prove that comprador bourgeoisie can be industrial as well! In support, he refers to the book of Chen Po-Ta (*China’s Four Great Families*) to prove that a comprador-bureaucrat bourgeoisie can be industrial, too! We shall see that Murali has shamefully failed to

make a distinction between private capitalist industrialists on the one hand and the four great families of China (all having social origins in the class of merchants, speculators, usurers and traders rather than private capitalist industrialists and all continued to be commercial, usurer, speculator bourgeoisie even after they gained the control of state-owned industries, as Chen shows in his work!), who in possession of the state-power in China, also ran state-owned industries, mainly infrastructural and heavy industries and took over some of the private capitalist industries of national bourgeoisie during the war through speculation and swindling, but only to close them down to clear the Chinese market for American and other foreign goods. In fact, in the quote presented by Murali Mao categorically talks about the amassing of wealth by these four big families under the leadership of Chiang, which, along with military methods, enabled them to take hold of the state and therefore state-monopoly industries. Chen Po-ta clearly shows that these families amassed this wealth by commerce, usury, speculation, military and political methods and they never had any industry of their own, always remained commercial, usurer and speculator bourgeoisie, even when they took control of the state-monopoly industries.

Had he read Mao's writings carefully and Chen Po-ta's book from cover to cover properly, he would have known that the four great families were *not industrial capitalists* and they took hold of infrastructural and few other industries only when they controlled the state-power at the behest of imperialist powers. They were comprador commercial bourgeoisie which also assumed the character of bureaucrat bourgeoisie as well in possession of the state-power. We will quote Mao and Chen Po-ta at length to reveal the complete misreading, misunderstanding and opportunistic misappropriation of their texts by Murali, assuming that he has really read them. *It turns out that it is Murali who has quoted selectively from Mao and that too without understanding what he is saying!* More, Murali even misquotes us! He quotes from our theoretical journal *Disha Sandhaan* and attributes the quotation to Revolutionary Workers' Party of India! Mixing up things like that only

shows that he lacks a revolutionary communist political culture. Anyhow, that is not the central point and we will focus on the issues of controversy, theoretically and politically.

Murali fails to understand that even in the semi-feudal semi-colonial or neo-colonial countries, the state will run certain heavy and infrastructural industries. The four big families controlling commerce, trade, finance, transport and infrastructure were not industrial to begin with. Once they gained control of the state, they also ran these industries besides taking over certain industries of the national bourgeoisie. This did not make them industrial bourgeoisie, as Chen Po-ta shows in his book on the four great families and Wang Yanan shows in his celebrated work *Principles of Chinese Economics*. The aim of this enterprise on part of the bureaucratic capitalists in China under the leadership of Chiang Kai-shek was clear: clearing the Chinese market for foreign goods and capital from imperialist countries by doing away with all protective tariffs and imposing a de-industrialization through the policies of 'export substitution', as Chen Po-ta correctly points out. We shall see this with quotations and references in a while. However, let us first elaborate all the arguments of Murali.

Finally, Murali comes to the common "savior" of all programmatic dogmatists and neo-Narodniks in the ML movement of India, namely, Suniti Kumar Ghosh and quotes him to argue that comprador bourgeoisie in India *transitioned from trade to industry*. Thus, the character of the bourgeoisie has been fixed and assumed beforehand with complete obliviousness to the *political economy basis* of characterization of a class. In other words, the basics of Marxist class analysis are trashed at the doorstep itself! Ghosh is quoted by Murali to argue that industrial capitalism did not develop in India in an "independent" fashion and as a result of internal class dynamics of the Indian society. It developed only when the colonial state had to give leeway to the capitalists. In no colonial country industrial capitalism ever developed in complete independence and that is obvious! The industrial bourgeoisie in all colonial and semi-colonial countries strove to find spaces of manoeuvre during the

sharpening of the internal contradictions of the imperialists and exploiting these spaces, developed their industrial base. In fact, this happened in China as well, as we shall see. This does not make that industrial bourgeoisie any less national or any less independent in the political sense or any less industrial in the economic sense. Moreover, the economic policies and political behaviour of the Indian bourgeoisie after the independence, too, proves that it is not a comprador-bureaucratic bourgeoisie.

Here, too, there is deafening silence on the question of the policies of ISI and protectionism, hallmarks of a politically-independent bourgeoisie. Thus, for Suniti Ghosh “the transition of comprador bourgeoisie from trade to industry” led to creation of some industrial enclaves in the sea of semi-feudalism, developed under the tutelage of imperialism. Murali refers to Ghosh to argue that there can be friendly and non-antagonistic contradictions between the colonial power and the Indian bourgeoisie. These contradictions do not show its national character. Contradictions on tariff and import of foreign goods (that is, export-substitution and control of domestic market) are enumerated as such contradictions by Murali, in complete ignorance of the issue at stake from the perspective of political economy! Moreover, comprador-bureaucratic bourgeoisie is a complete lackey of imperialism by definition. When it has some contradictions with any particular imperialist country, it is only a manifestation of the inter-imperialist rivalry, rather than a contradiction between comprador bourgeoisie and any imperialist country.

Moreover, if the contradictions were friendly and non-antagonistic, then why, at all, was there the need for even “transfer of power”? The comprador bourgeoisie for Mao is identified with the complete lack of independent political character and by the fact that it is a “complete lackey” of imperialism. If that was the case with the Indian bourgeoisie, why did it have contradictions over textile imports and tariffs with the British colonial power? Here again, Murali compares CPM’s position with our position, which has least in common with CPM’s positions. It is noteworthy that CPM still clings to the line of

democratic revolution and characterizes the Indian bourgeoisie as capitulationist bourgeoisie which compromised with imperialism and feudal landlordism and it is Murali who just like social-democratic parties like CPM wants the working class of India to tailend the rich farmers on the issue of anti-people MSP! *Thus, it is Murali and other programmatic dogmatists masquerading as "Maoists" in India, who, in terms of program and operative part, have more to share with the CPM, rather than us as both of them believe that India is still in the stage of democratic revolution.* Had Murali read and understood our programmatic position, he would have refrained from making this outrageous comparison. However, he has read as little about our position, as equally about the positions of Mao and Chen Po-ta regarding the yardsticks to determine the character of the bourgeoisie, which we shall see with quotes and concrete references.

Then Murali quotes certain scholars like Rajnarayan Chandavarkar, Nasir Tyabji and Chirashree Dasgupta to support his and Ghosh's argument. We shall quote some of these scholars at length to show that their position regarding the character of the Indian bourgeoisie has the least to do with the dogmatist positions of Murali and Ghosh and other neo-Narodniks dissimulating as "Maoists". Here, too, Murali has quoted these scholars out of the context, doing injustice to their scholarship whether one agrees with their positions or not. We expect this bare minimum honesty from those who claim to be Maoists to, at least, read the authors they are quoting, *in toto*, and in the proper context. That Murali has not done that, reveals a lot about this doyen of 'semi-feudal semi-colonial' orthodoxy.

Murali then quotes me where I argue that the Indian bourgeoisie can neither be characterized as a comprador bourgeoisie, nor as national bourgeoisie and even less as an imperialist bourgeoisie, but as a junior partner of, not one or few particular imperialist countries, but imperialism in general. Murali claims that I have not determined any particular character of the bourgeoisie and my assertion reminds him of the Vedic chant 'not that, not that, not that...' (*neti neti*). For Murali, our determination is vague and resembles an amalgam of the

positions of CPM and SUCI! Well, what can we say! We have clearly defined the Indian bourgeoisie as a *junior partner* of imperialism in general. However, if Murali does not see the term 'comprador-bureaucrat' in the characterization of the Indian bourgeoisie, he becomes deaf to everything that is being said! It appears that Murali does not read anything comprehensively. Mao characterized the Indian bourgeoisie and Nehru as '*reactionary national bourgeois*' in 1962. Murali must be convinced that Mao is equally guilty of mugging up the above-mentioned Upanisadic chant! That is the problem with the dogmatic orthodoxy of the 'semi-feudal semi-colonial' school in India. Anything that they are unable to fit in their dogmatic conceptual shells, they reject, just like Vedic Brahmins, as heresy and are ready to burn alive all those who are 'seeking truth from facts', rather than descending from the pulpit of abstract subjective notions to force-fit the reality into them. Murali's *motto* is Adi Sankara's dictum:

brahma satyam jagat mithya,

jivo brahmaiva naparah

(brahman alone is real, the world is all illusion, and the individual self is not different from brahman).

Just replace the word 'brahman' with 'comprador-bureaucrat' and there you have it! The guiding *motto* of K. Murali (Ajith)!

As we mentioned above, after calling bureaucrat capitalism a total handiwork of imperialism, Murali is obliged to accept that proto-capitalism developed in pre-colonial period, diversion of surplus from trade to cloth manufacture happened during the late-17th century itself. Colonization and colonial trade gave a boost to it. Murali argues that the development of proto-capitalism into capitalism was thwarted by colonization as the colonial power subordinated the economic development to its own needs. It was precisely these conditions which led to the development of bureaucrat capitalism. Thus, it was not purely a creation of colonialism, but transformation of the existing relations by colonialism. Murali writes:

Colonial surplus extraction through trade and land revenue demands further accelerated and promoted the monetization of local economies. Caste-feudalism was transformed into semi-feudalism. This transformation had a dual nature. While many of its earlier features were eroded or even eliminated, some of them were strengthened. New ones emerged. This was accompanied most often by the demise of the old landlords and emergence of new ones. Similarly, the earlier traders were displaced by a new crop, wholly dependent on the colonialist power. Throughout all this, caste remained as a decisive socio-economic-cultural determinant. Hence, Brahmanism, adapted to new circumstances, was at the core of the world outlook of the emergent comprador class from its very beginnings. (*ibid.*)

We are not told what features of old caste-feudalism were transformed, negated, or consolidated. We are only told that due to these changes the caste-feudalism was transformed into semi-feudalism. Here it is worthy to note that semi-feudalism semi-

colonialism in itself is *not a mode of production*. It refers more to a *mode of articulation* which explains the *articulation* of modes of production, with the dominance of feudal and other pre-capitalist modes, as well as capitalist mode in a subordinate position, in the conditions of colonial rule, for the purpose of colonial loot, plunder, primitive accumulation and under-development. This becomes clear as soon as we ask questions regarding concrete things, like *the mode of surplus-extraction* (by the way there is no such thing as 'colonial' mode of surplus-extraction as Murali thinks; in essence, colonialism only co-opts the feudal modes of surplus-extraction but orients it to the benefit of colonial power and introduces certain elements of limited and regulated capitalist development), the character of ground-rent, etc. What is the mode of surplus-extraction and the character of ground-rent in a semi-feudal semi-colonial formation? It is, in essence and in the main, feudal. We will later quote Chen Po-ta's study of character of ground-rent in pre-liberation China to demonstrate this fact. Monetary rent in itself is not capitalist in character. *In normal circumstances*, it is symptomatic of the *potential* beginning of the transition to capitalist mode of production in agriculture as it gives impetus to commodity production and circulation. However, *under colonial circumstances*, this transition is always regulated and stunted because of the alliance of colonial power with feudal landlordism, its main social prop in a colony or semi-colony. We shall also see later that Murali's concept of semi-feudalism has nothing to do with Mao's concept of semi-feudalism.

Consequently, Murali points out how certain feudal lords, kings and princes transformed themselves by investing in industry. For Murali, it was intertwining of feudalism and capitalism under colonial setup and bureaucrat capitalism. He gives the example of Hyderabad Allwyn and the Crown Property Bureau of Thailand. Murali argues that this is one of the sources of emergence of bureaucrat capitalism. He writes:

In our country too, the feudal wealth of erstwhile royalty and its landed property continue as active participants in comprador-bureaucrat industry, plantations and service enterprises. The

plantations of erstwhile Kochi and Travancore royalty are one example (*ibid.*)

What Murali is completely oblivious about is the fact that monarchies are not always feudal or bureaucrat capitalists. The history of various countries show that during transition from feudalism to capitalism, a number of royal families underwent a more-or-less long and gradual capitalist transition, several countries had what Marx and Marxists called as 'bourgeois monarchies'. The case of Thailand mentioned by Murali is precisely a case of capitalist monarchy. Had Murali read in detail about what the Crown Property Bureau actually is and what is the character of monarchy in Thailand, he would have refrained from arguing that the character of these royal families or monarchies was feudal, bureaucrat capitalist or an "intertwining" of capitalism and feudalism. We will quote from some authoritative scholars on the history of Thailand to reveal the misunderstanding of Murali. Regarding Hyderabad Allwyn, we have the case of a company instituted by a famous entrepreneurial family (Alladin and Sons) with the patronage of a monarch in the late colonial period, which was later, after the independence, nationalized and functioned as a public sector company. It had nothing to do with comprador-bureaucrat capitalism.

Murali argues further that bureaucrat capitalism led to the spread of capitalist relations in agriculture through the direct intervention of imperialism and the bureaucratic capitalist state. It was unlike the earlier state interventions in capitalist development in agriculture, like the Enclosure Acts in England. Murali writes:

But, the role of the state in promoting bureaucrat capitalism in the agrarian sector of an oppressed country is qualitatively different. In the former case, the state's role was limited to creating favorable conditions, through regulations and laws, for the growth of agrarian capitalism. In the latter, the colonial state directly implanted and grew bureaucrat capitalist relations, transforming feudalism into semi-feudalism. The neocolonial state continues to play this role through direct and indirect means. (*ibid.*)

These means for Murali are the canal systems built by the British Raj, provision of agricultural inputs and capital, etc. Thus, building of irrigation systems by the state, or provision of agricultural inputs and capital are signs of bureaucrat capitalism for Murali! Well, this has happened and still happens in almost every capitalist country from the US to the UK and from Germany and France to Japan and Australia. The reasons are obvious. First of all, certain functions like building irrigation networks, canal system, etc. are never undertaken by private capitalists but only by the capitalist state. Moreover, provision of subsidies and protection to capitalist farmers is the policy of almost every capitalist state, because it is necessary for capitalist agriculture. Murali thinks if something is done by the state, it must be bureaucrat capitalism's state-monopoly capitalism! This is rubbish!

Further, Murali says some "minimal land reforms" were carried out. Productivity increased leading to emergence of a class of rich farmers along with landlords. Thus, it was development of productive forces by external intervention of imperialism and bureaucrat capitalism which led to the differentiation of peasantry! A very poor version of the theory of productive forces! It appears that of his 'concepts and methods', Murali has learnt a lot from the likes of Khrushchev and Deng, besides the Narodniks! Moreover, all these agrarian changes had been happening, according to Murali, due to external agency in the main; in other words, it was imperialism all the while! So, imperialism was doing it through its lackey bureaucratic bourgeoisie! The class of capitalist entrepreneurs which has emerged in the rural areas due to the above 'divine' intervention of imperialism is of "hybrid"-type according to Murali. Why? Is this class of capitalist entrepreneurs any less exploiter of the wage-labor? Is it extracting feudal rent from the direct producers? No! Because it is bound up with bureaucrat capitalism and imperialism through its dependence in matters of finance, resources and markets! Moreover, this class is tied up with caste-feudal "relations and values", according to Murali. It appears that the capitalist farmers in India are indeed capitalist farmers, and the hybridity exists more in the

'concepts and methods' of K. Murali who like a true 'Young Hegelian' super-imposes this hybridity upon the unsuspecting capitalist farmers of India!

Such are Murali's fantasies about the agrarian transformation of India: it was done from without by imperialism through bureaucrat capitalism; it led to increase in productivity leading in turn to class differentiation in peasantry; the class of rich farmers and landlords that came into being due to it was of "hybrid" type because it depended on the state of the bureaucrat bourgeoisie for finance, resources and markets. And what are the demands of all political groups or organizations who believe in the stage of new democratic revolution? The bureaucrat capitalist state should increase its support in terms of finance, resources, remunerative prices, guaranteed purchase and markets, given to the farmers! So, these "hybrid" farmers should become even more dependent on the bureaucratic capitalist state, as per the demands of the likes of Murali! Superb! Any serious student of the history of agrarian transformation can only laugh at such frivolous and ridiculous claims.

The agrarian transformation in India began during the colonial period due to the combination of two elements: first, the differentiation and development that was going on due to the internal dynamic and second, due to the changes brought about by the colonial state through its land settlements and commercialization of agriculture to a certain extent. By the time of independence, there was already a class of upward mobile wealthy tenants, owner peasants as well as landlords undergoing *junker*-type transformation, besides the class of agricultural workers. These classes underwent further transformation after the independence in a gradual process. In this process, the peasant revolts immediately before the independence and immediately after the independence played an important role. That is to say, *the class struggle by the peasantry played an important role in obliging the ruling bourgeoisie and its state to expedite the process of implementation of certain land reforms.*

Moreover, the bourgeoisie itself needed a home market, self-dependence in food and therefore the capitalist transformation of agriculture. However, it was scared of unleashing of the popular potential and also the resistance of the landlord class if radical bourgeois democratic land reforms were implemented evenly across the country. Consequently, it resorted to a particular version of *junker*-type transformation with considerable regional variations across India. The class of capitalist tenant farmers as well as capitalist owner farmers that became consolidated through the 1960s, 1970s and 1980s was, conceptually, not a “hybrid” class! Hybrid means an entity showing characteristic features of two or more than two different things. It clearly showed the signs and symptoms of the classes of capitalist tenant and owner farmer. It invested capital to exploit wage-labor of the agricultural workers, appropriated surplus value; in the case of tenant farmers, handed over the surplus-profit over and above the average rate of profit to the landlord, who was transformed into a capitalist landlord through the very insertion of the class of entrepreneurial capitalist between the direct producers and himself. Moreover, in almost all capitalist countries, it is precisely the capitalist state which builds large-scale irrigation systems, canal networks, system of institutional credit, and the structure for providing agricultural inputs at subsidized rates, as we pointed out above. There is nothing bureaucratic capitalist about it! It seems that the hybridity exists not in the capitalist farmers of India, but in the minds of the likes of Murali who super-impose it on the concrete reality! Just like the Young Hegelians, our neo-Narodniks want to see a world after their own mental image. Later in the essay, we shall quote some notable studies of agrarian relations in contemporary India and also in Kerala to show the falsity of the claims of Murali. For Murali, the class struggle and internal class dynamics of the Indian society, is non-existent; the external agency of imperialism and its construction, the bureaucrat capitalism, are the master-discourse, while, everything that happened, everything that changed in the Indian society, polity and economy are derivative discourse! Such are the theorizations of our “Maoist” ideologue!

Moreover, the persistence of caste and Brahmanical ideology is presented by Murali as signs of persistence of feudalism. Murali writes:

It (the class of the capitalist entrepreneurs in agriculture) is also tied up with persisting caste-feudal relations and values. This is seen in their economic activities, whether in agriculture, industry or services. Caste and Brahmanism remain key media of their sustenance and reproduction. Such is the inevitable outcome of the growth of bureaucrat capitalism. (*ibid.*)

The whole *relationality* has been made to stand upside down by Murali. Which of the economic activities of this capitalist entrepreneurial class shows feudal character? Is it usury? We will show that usury continues to exist in various forms even in capitalist mode of production. Is it various forms of unfree labor? Again, we shall show that forms of unfree labor exist in the most advanced capitalist countries. Then what? We do not know. Secondly, it is not Brahmanism and caste which reproduce the class relations; *on the contrary, it is the class relations which have reproduced the Brahmanism and caste system in their sublated, rearticulated forms.* Each new social formation and mode of production has co-opted, sublated, articulated and remolded the caste system and Brahmanical ideology according to its own laws of dynamics. Tragically, in his false hope and poor attempt at appeasing Ambedkarite pragmatists and identitarians in order to win over Dalit masses, for saving a sinking ship, Murali has forgotten the fundamental principles of Marxism.

Murali makes an interesting claim in his essay and says that capitalist transformation of a society necessarily leads to a “fundamental” and “comprehensive” transformation of the ideological superstructure (values, culture, etc.). Such a claim can be made only by someone who is completely ignorant of basics of historical materialism, the science of Marxism. Murali writes:

The emergence and development of capitalism, whether through a radical revolution or gradual evolution, was always accompanied by

a fundamental and comprehensive transformation of existent value systems, culture, and social norms, of the whole ideological realm. Unlike this, the persisting, living presence of the old in the new, distinguishes bureaucrat capitalism. (*ibid.*)

Even a beginner in Marxist science knows that (1) the superstructure always maintains a relative autonomy from the economic base; (2) ideological superstructure has even greater relative autonomy than the political superstructure (the State); (3) various elements of the ideological superstructure continue long after the economic base has, mainly and essentially, been transformed; (4) some of the elements of the older ideological superstructure are not eliminated but co-opted, sublated and adjusted into the complex of the new ideological superstructure. The persistence of caste and Brahmanism are not pre-capitalist or feudal by nature and secondly caste does not simply belong to ideological superstructure. The assumptions of Murali are erroneous and therefore lead to incorrect arguments and conclusions. If that is the modality of existence of “old in the new”, then the *differentia specifica* of bureaucrat capitalism is gone, because in all capitalist countries elements of past ideological superstructure exist in varying degrees. This has nothing to do with bureaucrat capitalism and its scientific conception as put forth by Mao and the CPC. The above excerpt is one of the representative examples of the ignorance of the likes of Murali in the matters of Marxist science.

About bureaucrat capitalism, Murali says in the end that the entry of comprador bourgeoisie into industry, the entry of the bureaucratic capitalist state into industry and the transformation of feudalism assumes different forms in different countries. In India, it began with royal families investing in industry and trade and fuelling the emergence of bureaucrat capitalism during the colonial period. We have already mentioned how various kings, princes and feudal aristocrats underwent bourgeois transformation in various countries during their capitalist transition and later in the essay we will deal with the particular examples given by Murali. However, for Murali,

just like caste system, the social origins of an entrepreneur decides their permanent fate as a comprador!

Secondly, even in the colonial period, royal families were not the principal investors in trade and industry. Instead, it was, firstly, the merchant and trader class which underwent this transformation and, secondly, it was the class of master artisans and craftsmen who in certain parts of South India, emerged as entrepreneurial capitalist class. We will come to this point when we discuss the social origins of the capitalist class in India.

Does Murali's Theory of 'Bureaucrat Capitalism' Have Anything to Do with Maoism? An Examination through the Writings of Mao and Others from the CPC

Thus, in short, what are the claims of Murali regarding the character of bureaucrat capitalism and bureaucrat-comprador bourgeoisie? Most importantly, any bourgeoisie irrespective of its industrial or commercial character can be comprador-bureaucratic! *Thus, we are deprived of any concrete material basis to determine the character of the bourgeoisie.* There is no political economy of the class, which distinguishes it from other classes. Just any bourgeoisie, with Murali and his ilk willing, can be comprador and bureaucratic. It becomes an arbitrary subjective determination. If the industrial or commercial character is not the basis to determine the political behavior of the bourgeoisie, then how do we determine the historical and socio-economic causes of the particular political behavior of any particular bourgeoisie?

Such is the subjectivist theory of Murali regarding bureaucrat capitalism, comprador and bureaucratic bourgeoisie. Did Mao and the CPC have any such theory? In order to understand this, now, we shall see what Mao and the CPC thought and wrote on this question.

What is a Comprador Bourgeoisie?

First, we would like to present the views of Mao and the CPC on the question of the character of the comprador bourgeoisie, since Murali claims that we have quoted Mao selectively. First of all, therefore, we shall see the views of Mao on this question and then we will move on to the views of Chen Po-ta and Wang Yanan and others.

Mao writes:

The imperialist powers have established a network of **comprador and merchant-usurer exploitation** right across China, from the trading ports to the remote hinterland, and have **created a comprador and merchant-usurer class** in their service, so as to facilitate their exploitation of the masses of the Chinese peasantry and other sections of the people. (Mao Tse-tung. 1965. 'Chinese Revolution and the Chinese Communist Party', *Selected Works, Vol. 2*, Foreign Languages Press, Peking, p. 311, *emphasis ours*)

Again in the same work, he points out:

The imperialist powers have made the feudal landlord class as well as the comprador class the main props of their rule in China. **Imperialism "first allies itself with the ruling strata of the previous social structure, with the feudal lords and the trading and moneylending bourgeoisie**, against the majority of the people. Everywhere imperialism attempts to preserve and to perpetuate all those pre-capitalist forms of exploitation (especially in the villages) which serve as the basis for the existence of its reactionary allies." (*ibid.*, p. 312, *emphasis ours*)

In the same essay, Mao argues:

The foundations of the self-sufficient natural economy of feudal times have been destroyed, but the exploitation of the peasantry by the landlord class, which is the basis of the system of feudal exploitation, not only remains intact but, linked as it is with exploitation by **comprador and usurer capital**, clearly dominates China's social and economic life. (*ibid.*, p. 312-13, *emphasis ours*)

In 1926 itself, in his essay, 'Analysis of Classes in Chinese Society', Mao pointed out that the comprador bourgeoisie does not have any independent political character, is *wholly an appendage of imperialism and depends on imperialism totally for its survival and growth*. Thus, there are no "friendly contradictions" with imperialism in case of comprador bourgeoisie, especially on the issues of protective tariffs and import of foreign goods, because it is not an

industrial bourgeoisie. If and when a comprador-bureaucrat bourgeoisie displays certain apparent contradictions with a particular imperialist country, it is a derivative of inter-imperialist contradiction between two imperialist countries or camps, rather than the contradiction between the comprador-bureaucrat bourgeoisie on the one hand and imperialism on the other. Mao points out:

The Chinese big bourgeoisie, which is *comprador* in character, is a class **which directly serves imperialism and is fostered by it**. Hence the *comprador* Chinese big bourgeoisie has always been a target of the revolution. **However, different groups within this big bourgeoisie are backed by different imperialist powers, so that when contradictions among these powers become sharper and when the edge of the revolution is mainly directed against a particular power, the big bourgeois groups dependent upon the other powers may join the struggle against that particular imperialist power to a certain extent and for a certain time.** (Mao Tse-tung. 2004. 'Introducing 'the Communist'', *Selected Writings of Mao Tse-tung*, Rahul Foundation, p. 132-133)

Politically-speaking, comprador bourgeoisie is, by nature, completely dependent upon imperialism, a complete lackey of imperialism and does not have any contradictions of its own with imperialism and only as a puppet of an imperialist power or imperialist axis might appear to join the struggle against another imperialist power. However, the likes of Ghosh and Murali go on their own trip and argue that comprador bourgeoisie can have friendly contradictions with imperialism on issues of tariffs and imports. This is gross distortion of history and theory.

In the above-mentioned essay itself, that is, 'Chinese Revolution and Chinese Communist Party', Mao points out that comprador bourgeoisie hinders the development of the productive forces (that is, capitalist industry). We shall see in a while that the identification of comprador with commercial bourgeoisie was so clear and firmly rooted in the understanding of the CPC, that the texts of Mao and

the Chinese party repeatedly use the term 'comprador' as a synonym of the commercial bourgeoisie in China. Mao writes:

The landlord class and the comprador class. In economically backward and semi-colonial China the landlord class and the comprador class are **wholly appendages of the international bourgeoisie, depending upon imperialism for their survival and growth.** These classes represent the most backward and most reactionary relations of production in China and hinder the development of the productive forces. Their existence is utterly incompatible with the aims of the Chinese revolution. The big landlord and big comprador classes in particular **always side with imperialism** and constitute an extreme counter revolutionary group. Their political representatives are the *Étatistes* and the right-wing of the Kuomintang. (Mao Tse-tung. 1965. 'Analysis of Classes in Chinese Society', *Selected Works, Vol. 1*, Foreign Languages Press, Peking, p. 13-14, *emphasis ours*)

In the footnote on the term 'comprador', the first volume of the *Selected Works* of Mao, edited by an editorial team of the party led by Mao himself, says this:

A comprador, in the original sense of the word, was **the Chinese manager or the senior Chinese employee in a foreign commercial establishment.** The compradors served foreign economic interests and had close connection with imperialism and foreign capital. (*ibid.*, p. 19, *emphasis ours*)

This meaning of comprador was well-established in all the writings of CPC and Mao used the word interchangeably with merchants, usurers, speculators in most of the places. We will quote from Chen Po-ta and Wang Yanan later to show the established meaning of the word 'comprador' for the CPC.

During the Japanese aggression, writing about the Kuomintang ruling clique, Mao argues:

They talk about developing China's economy, but in fact they build up their own **bureaucrat-capital, i.e., the capital of the big**

landlords, bankers and compradors, and monopolize the lifelines of China's economy, ruthlessly oppressing the peasants, the workers, the petty bourgeoisie and the non-monopoly bourgeoisie... They say they will establish a "modern state", yet they work desperately to maintain the feudal-fascist dictatorship of the big landlords, bankers and compradors. (Mao Tse-tung. 1965. 'On Coalition Government', *Selected Works, Vol. 3*, Foreign Languages Press, Peking, p. 270-71)

To make things clearer, let us see what Mao means by the term 'comprador' from the writings of other leaders of the CPC, who undertook the task of popularizing the basic political positions developed by Mao. It will become clear in the process of this analysis that the term 'comprador' was used by Mao here, as in other sources from the CPC, precisely in the sense of comprador commercial capitalist class.

Chen Po-ta before his fall from grace in the Tenth Party Congress due to ultra-left deviation, was the main popularizer of Mao's thought and also played the role of main educator of the party. This period of Chen Po-ta saw some very important writings from Maoist perspective on the issues of the history of the Chinese Revolution, the relation of Stalin with Chinese Revolution, the character of ground-rent in the pre-liberation China, the nature of comprador-bureaucratic bourgeoisie in China. His works were published and popularized by the official press of the CPC for obvious reasons. We will quote some of these important works in this essay, because they are particularly important in revealing the utterly ignorant understanding of the Indian "Maoists" on all of the above-mentioned issues.

Now let us see what Chen Po-ta says about the character of comprador bourgeoisie. In his famous work *A Study of Land Rent in Pre-liberation China*, Chen points out:

It can be seen from the foregoing that land rent in China has the following characteristics:

1. Landlordism is interwoven with comprador economy. (Under the Kuomintang rule **the mainstay of China's merchant capital is comprador capital**. Many kinds of cash crops such as cotton, tobacco and soya beans are grown for export.) **Monopoly of land is intertwined with monopoly of market**. Many landlords who monopolize land are also comprador-capitalists controlling commodity markets. For these reasons, the direct producers, especially in cash-crop-growing areas, suffer from double oppression — **the primitive feudal oppression as appendages to the land and the semi-colonial oppression as appendages to the speculator's market controlled by compradors**. (Chen Po-ta. 1958. *A Study of Land Rent in Pre-liberation China*, Foreign Languages Press, Peking, p. 63, *emphasis ours*)

As we mentioned above, comprador in Chinese communist literature was repeatedly used as a synonym of commercial and usurer capitalist class working directly and indirectly for the imperialist capital. Talking about the characteristic feature of the comprador and feudal exploitation in the semi-feudal semi-colonial China, Chen argues:

One aspect of this combined oppression is the steady increase in rent; another aspect of it is the **joint pressure of merchant and usurer's capital** put on the peasants to grow certain types of crops or to sell their produce below market price. (*ibid.*, p. 63-64, *emphasis ours*)

Further, Chen writes:

The landlords and their fellow blood-suckers — **the merchant capitalists and the compradors**— are, in fact, the monopolists of farm produce in the market, and the rise of the price of farm produce is usually tied up with their price monopoly. It has nothing to do with the poor tenants. Yet rent rises as the price of farm produce rises. Such is one of the characteristics of rent in semi-colonial and semi-feudal China. (*ibid.*, p. 82-83, *emphasis ours*)

Chen Po-ta points out that the bureaucrats were often from military-feudal class or from the merchants themselves. The merchants, officials and landlords joined hands to plunder the peasants through rents as well as commercial profit. *It is this way in which the bureaucrat-comprador bourgeoisie is linked with the feudal landlordism, not in the way in which Murali imagines.* There is a *causal link* in terms of the political economy of these classes. In fact, the role of extraction of surplus through feudal rent was closely associated with the control of prices and commodity markets by the merchants, usurers (often the same person) and the officials, especially after the rise of money-rent. Thus, on the one hand, the extraction of surplus through feudal rent and, on the other, plunder of peasants by unequal exchange imposed by the merchants. This was the causal link between merchant and bureaucrat compradors on the one hand and the feudal and semi-feudal landlordism on the other. For Murali, there is some kind of ethereal romantic link between the two! Just like all other issues, here, too, Murali is a mere idealist jargonist. Chen argues:

The investment in land mentioned by this bourgeois economist was not capitalist investment in production made by the big landlords, compradors and officials. What actually happened was: after turning the rent they squeezed out of the peasants into money through their — **monopoly control of the market**, the big landlords, compradors and officials used the money to buy large amount of land, in order to squeeze still more rent.

When the big landlords, compradors and officials turned the rent into money, their assets consisted of rent plus large amounts of merchant's profit. The latter, as we know, was **not the normal capitalist merchant's profit but speculation profit of the feudal or semi-feudal, colonial or semi-colonial character.** This process reached a pitch in the Kuomintang-controlled areas during the war. The amount of rent being directly proportional to the profit, the big landlords, compradors and officials became more frenzied in their quest for land than before the war — **relying not on money**

alone but also on direct political coercion. Higher and higher they thus forced up the price of land. (*ibid.*, p. 88, *emphasis ours*)

As we can see, at some places Chen clearly mentions that the comprador bourgeoisie is nothing but the commercial-usurer bourgeoisie and at others, once he has established this fact, he uses 'compradors' interchangeably with 'merchant-usurer' bourgeoisie. At another place, Chen says:

And this low price was set in the midst of high food-prices in a **market monopolized by the landlords and comprador officials.** At the high price, the landlords and comprador officials were sellers, while the poor-peasants and the city people were buyers; at the low price the peasants were compulsory sellers and the landlords and comprador officials buyers. The peasants had to sell their produce at low prices to pay heavy deposit. The landlords and comprador officials bought the produce at low prices as well as obtaining high rent. **This was the true landlord-comprador concept of justice and benevolence!** (*ibid.*, p. 77, *emphasis ours*)

Merchant-capitalists can be comprador under certain conditions, because as merchants they are concerned only with the circulation of commodities, not the production of the commodities. That is why it concerns them the least as to whose commodities they are selling, those of the indigenous capitalists or the foreign imperialist capitalists. *And it is precisely for this reason that the industrial capitalist class can never be comprador, because the production of commodities, the realization of value and surplus-value embodied in their commodities, and therefore protection from foreign capital and control over their home market is the most cardinal issue for them.* This is like ABC of Marxist political economy. However, the so-called "Maoists" of India are bothered the least about it! Why leave the dogma of semi-feudal semi-colonial orthodoxy for trivial things like principles of Marxist political economy! However, Chen and other comrades of the CPC thought different and stuck to these principles. That is why he points out:

The landlords and their fellow blood-suckers — **the merchant capitalists and the compradors**— are, in fact, the monopolists of farm produce in the market, and the rise of the price of farm produce is usually tied up with their price monopoly. (*ibid.*, p. 82, *emphasis ours*)

Chen later makes it categorically and manifestly clear that comprador literally means merchant capitalists. He points out:

It follows that the landlords, **compradors (or merchant capitalists)**, and officials, in selling on their monopoly market the dry crops they had collected as rent, squeezed still more profit from the poor people who lived on coarse food. (*ibid.*, p. 91, *emphasis ours*)

At another place, Chen writes, explaining the speculative and swindling activities of the comprador commercial-bureaucratic bourgeoisie:

Here is a description by the Hsinhua Daily dated February 2, 1943: “Idle capital flooded into the countryside. **Bureaucrat-commercial capital** was used for speculation in land. According to an investigation in the vicinity of Chengtu, a certain piece of land changed hands eight times within one month. The speculators often left the land uncultivated because this did not prevent them from gambling with it.” (*ibid.*, p. 65, *emphasis ours*)

We will quote this work of Chen at length again in the essay when we come to the surprising ignorance of the basics of Marxist political economy, especially on the question of rent and agrarian relations, on part of K. Murali. However, first we should discuss some other sources from revolutionary communism which clearly point out that the comprador bourgeoisie, *as a matter of rule*, is always commercial-bureaucratic and never industrial.

Now let us see what Wang Yanan wrote about comprador bourgeoisie in his famous work *Principles of Chinese Economics*. Discussing the characteristic features of a semi-feudal semi-colonial social formation and the character of the comprador bourgeoisie, Wang Yanan writes:

Imperialists also operated many light and a section of heavy industry enterprises in China in order to directly utilize China's raw materials and cheap labor force, and compete directly with China's national industry.

Imperialists have monopolized China's financial and fiscal system by lending to the Chinese government and opening banks in China, and have seized the lifeline and throat of the Chinese economy.

Imperialists have created an exploitation network of compradors and commercial usurers from China's commercial cities to remote areas, **creating a comprador class and commercial usurer class that serve imperialism** in order to facilitate their exploitation of the vast population of Chinese peasants. (Yanan, Wang. 1950. *Principles of Chinese Economics*, *emphasis ours*)

Yanan, departing from the basics of Marxist political economy, points out that by nature, commercial capital concerns itself only with the circulation of commodities and it does not matter to it whether the commodities belong to indigenous industrial capitalists or foreign imperialist capitalists. They are not "constrained by the production process" which oblige the industrial bourgeoisie to fight for control over the home market. Yanan points out further:

To investigate the first reason for their lack of understanding of this economic reality we need to understand that it lies in their attempt to isolate China's current commerce from its existing social foundations and its past historical traditions. **They fail to understand that this form of commerce, unconstrained by the constraints of the production process and not serving production, was already, even before the war, hindering modernization and industrialization in all aspects of society through its comprador function of "collecting domestic products and managing global products."** Furthermore, its "assimilation" or corrupt influence on government offices, public and private credit institutions, and land, among other political and economic aspects, is precisely an expansion and continuation of its past traditional spirit. Therefore,

the more we examine current commercial phenomena, the less we will understand. **For this reason, if we understand China's unique commercial form under the feudal system and examine the extent to which it has changed since it assumed the comprador label,** it will become easier to understand the true reason for its current ability to exhibit great magical power. From this we know that to thoroughly and clearly understand the nature and role of China's commercial capital, we not only need to compare it with the commerce in capitalist society, but also need to look at it from the perspective of its relationship with the entire social economy and its connection with past historical traditions. (*ibid.*)

Yanan argues that the very nature of commercial capital makes it prone to evolve into a comprador, contrary to the industrial capital. He points out:

Chinese commerce, having a flesh and blood relations with international capital, and Chinese merchants occupying a dominant socio-economic position exploit various forms of backward traditional methods of exploitation. They stand *outside* the production sphere to control and seize the producers by force, thereby sealing the prospects of industry. From the War of Resistance to the present, the daily-increasing severe inflation has further exacerbated the already detrimental position of industry, while enhancing the already advantageous position of commerce (**commerce which has become comprador-bureaucratized**)... **Furthermore, recent foreign trade policies, which rely on foreign supplies and cheaply-priced foreign goods to suppress domestic prices, have added oil to the fire, and tantamount to not letting them raise their head, making the large and small industries unable to breath.** The outcome is that "supporting industry through commerce" or "transforming industry into commerce" has become an effective method for general industrialists to escape the fate of extermination. (*ibid.*)

Yanan points out that before the Opium War, when the commercial capitalist class had not yet transformed into the comprador of the

imperialist capital, it relied on unequal exchange with peasants and artisans and alienated their products at low prices to sell at higher prices. With the transformation of China's feudal economy into a semi-feudal and semi-colonial economy, the commercial capital was compradorized. He argues:

We have previously discussed the connection between Chinese commerce and land rights. If we understand land rights as the cornerstone of feudal political power, then our commercial operators are more likely to deceive and plunder compared to European merchants who are in opposition to feudal power. After coming into contact with European capitalism, our commerce undoubtedly gradually dissolved its connection to land rights, but in that process, it found new support, supported by international capital or imperialism; it left the old privilege and parasitized in the new privilege. It seems to be able to continue its old practice of taking whatever it wants and expanding its gains arbitrarily. But such a transformation, in the meantime, has finally created some prerequisites that limit its profits.

Firstly, in the stage where there is a close connection between commerce and land rights, commerce mainly transforms surplus products in the hands of independent producers into commodities. At this point, the targets of deception and plunder are farmers and artisans who are easy to deceive or may plunder at will. **At the stage where it (commercial capital) has acquired comprador characteristics, many products in urban areas have already been produced as commodities, that is, in rural areas, in order to meet the requirements of the international market, many places and categories of agriculture have been specialized and commodified.** (*ibid.*, *emphasis ours*)

Yanan clearly demonstrates that it is only the commercial capital that can play the role of a comprador, and not the industrial capital. In unequivocal terms, Yanan contends:

The comprador nature of modern Chinese commerce in its essence excludes industries. Under the influence of

international capital, it has taken on the task of serving foreign industries, so it does not need and cannot serve Chinese industries more. This is the fundamental obstacle that makes it difficult for Chinese industries to transform commerce into their service providers. The large profits earned by relying on foreign privileges have further fueled the arrogant and naive attitude of **comprador commerce towards national industries.** (*ibid.*, *emphasis ours*)

Things cannot be clearer for the likes of Murali and his increasingly shrinking tribe! Yanan also points out that landed wealth and usurious capital cannot be considered in isolation from commercial capital in a semi-feudal semi-colonial country. They act as an unholy trinity, in which the place of commercial capital is paramount. He points out:

The flow of commercial capital into and out of land was undoubtedly assisted by the usury capital that had itself transformed into usury capital from commercial capital. However, the transfer of capital from commerce and usury enterprises to landed property was not the center of commercial capital's activities, but rather its further expansion, because income from land and even usury could be alternately converted into capital for commercial activities. Some say that commercial capital, usury capital, and landed capital are a "trinity," and this is quite appropriate. **In any backward society, they manifest themselves in different ways as three functions of a single entity.** (*ibid.*)

After the Opium War, the commercial capital transformed into comprador capital and the merchant capitalist class transformed into comprador bourgeoisie. It is precisely in its role as a comprador merchant that this class controlled and eventually destroyed indigenous industry. The forms through which commerce controlled the small and medium capitalist industries were backward forms such as control of supply of raw materials and control of commodity markets and procurement of commodities. It never was engaged

directly in industrial production. The same was true of the four great families, about whom Murali is under the illusion that since they took control of state-monopoly industries, they became industrial! Here, too, Murali betrays utter ignorance of the basics. Yanan describes the ways of commercial capital and shows that comprador bourgeoisie was precisely this commercial bourgeoisie and it could only be commercial bourgeoisie:

...the nature of commercial activity has undergone a significant change. Before the invasion of modern foreign capital into China, Chinese commercial capital was independent, operating largely within the limits permitted by China's socio-economic realities and unfolding along its own inevitable paths. **But from this point on, its activities were drawn, willingly or unwillingly, into the vortex of international capital, increasingly becoming its tail.** While its activities, regardless of the form of intrusion employed by international capital, were essentially to sell manufactured goods and procure raw materials, this task was, however, not directly undertaken by so-called national commercial capital. By 1930, foreign firms, large and small, numbering over 8,000, more or less acted as masters or supervisors, utilizing every available privilege to drive the activities of China's entire distribution system. **In fact, the commercial activities conducted by these foreign firms, in coordination with Chinese compradors, had long since transcended the distribution process, intruding into the production process. That is, they not only sold manufactured goods and procured raw materials, but also, through political and financial power, seized control of both manufactured goods and raw materials.** Quasi-capitalist domestic industries in and around large cities, and even agricultural products produced for specialized uses, were almost entirely controlled by merchants.

In short, during the long period from the Opium War to the current War of Resistance Against Japanese Aggression, **China's commercial capital, with its subordinate, comprador characteristics, deepened and expanded its domestic activities and changed its traditional posture.** (*ibid.*, *emphasis ours*)

Yanan clearly points out here that the take-over of certain private industries was *not* the transformation of commercial capital into industrial capital, but the pre-capitalist and backward control of these small private industries by commercial capital, which still plundered it through unequal exchange. Further:

Thus, we know that over the past century, Chinese commercial capital has undoubtedly adopted a new guise over its classical form. But this new guise is more of a disguise. **It has not established a modern relationship with industry. It does not serve Chinese industry, instead, under conditions detrimental to its own industry, it serves foreign industry.** Under such circumstances, we cannot expect a normal circulation of capital between our commerce and industry. (*ibid.*)

At another place, Yanan again underlines the commercial character of the comprador bourgeoisie:

Perhaps it can be said that international capital within China and indigenous Chinese capital are, in fact, very difficult to clearly distinguish from one another. Many researchers of Chinese economic problems have emphasized this point. However, regardless of how close the relations are between them, **no matter how Chinese comprador merchants earn a sum of money through foreign investment, this money is then deposited in foreign banks.** (*ibid., emphasis ours*)

Yanan points out that the role of comprador commercial capital was to buy commodities (basically, raw materials) from peasants and artisans as well as certain private capitalist enterprises at very low price, sell it to the foreign merchants and capitalists at the ports, on the one hand, and also buy foreign commodities at these treaty ports from foreign capitalists and then sell it in the Chinese market at prices that ruined national industries. Here, too, he underlines the comprador character of this operation of the commercial capital. Yanan points out:

For example, export trade dominated by raw materials is majorly conducted by Chinese nationals, but only up to the treaty ports; beyond these points, it is dependent upon foreigners. Conversely, import trade dominated by manufactured goods is mainly managed by foreigners, but generally only up to the treaty ports; beyond these points, it is entrusted to Chinese nationals. **This compradoristic commerce, under conditions of foreign control over China's public finance and banking system, is more easily fostered.** The various social conditions accompanying the development of this commercial capital further require complementary social conditions, creating a mutually reinforcing structure. Under ordinary circumstances, and especially in circumstances where an overpowering and superior external force takes leadership over the entire economy, it is highly likely to produce a situation that restricts the full movement or the process of complete development of Chinese capital. This is a crucial point that must be preliminarily understood when studying the movement of Chinese capital. (*ibid.*, *emphasis ours*)

Yanan argues that the capital accumulation in semi-feudal semi-colonial China mainly assumed the primitive form, that is, mainly through political force, usurious and commercial methods and colonial plunder. Therefore, the scale of accumulation is difficult to estimate through the scale of industrial production. However, it is reflected in the operations of commercial capital to a certain extent, which by nature is comprador in China. Yanan points out:

Precisely because our capital accumulation is primarily primitive, the degree and scale of accumulation cannot, nor is it easy to, manifest directly through the scale of production. **Instead, it is indirectly reflected in comprador commercial capital,** the new form of usurious capital, and the correspondingly abnormal public finance capital scale. (*ibid.*, *emphasis ours*)

Yanan argues further:

When a country's production is in decline, yet its commerce appears to prosper in disguised forms, this already indicates

that such commerce is primarily engaged in the distribution and trafficking/transportation of foreign goods. In the present time, commerce is engaged with goods from the United States. **This form of commerce serves foreign industries and displays a very clear comprador character.** (*ibid.*, *emphasis ours*)

Yanan contends further that the imports mainly composed of means of production are not symptomatic of a semi-feudal semi-colonial economy because it alludes to flourishing industrial production inside the country. However, if the bulk of imports are consumer-goods for direct individual consumption, it reveals the comprador character of the commerce and merchant capitalist class. He points out:

There is no need for us to consult the publications of official customs statistics on good categories and quantities, one only needs to walk any market to be shockingly confronted by the abundance of goods provided to us by foreigners, especially Americans: tobacco, alcohol, cosmetics, watches, fountain pens, and other “non-essential” daily-use items and conveniences. **The more imports lack means of production, the more it is constituted of goods or luxury items, this mutually influence the creation of a trend in our society toward the dominance of comprador commercial capital and other associated forms of capital that cooperate with it...The collusion between bureaucrats and comprador elements has only facilitated such escape.** (*ibid.*, *emphasis ours*)

It is noteworthy that this book of Yanan is in line with the understanding of the CPC and was considered one of the most authoritative textbooks on political economy and the economic history of China. While reading this book, we were pleasantly surprised to see the scientific clarity and articulation. It is a book that must be published in India, as it would reveal the complete ideological and political bankruptcy of the Indian “Maoists”. The same could be said about the works of Chen Po-ta, especially on the four great comprador commercial bureaucrat families and character of ground-rent in the pre-liberation China. Yanan’s book is

particularly remarkable as it deals with the economic history of China from a classical Marxist political economy perspective.

Yanan, in this work, makes this crystal-clear that it is only commercial capital that can assume the character of comprador capital and lead to the transformation of the class of merchant capitalists into comprador bourgeoisie. The book does not mention even once the term “comprador industrial capital” for obvious reasons. As a reader of Marx’s *Capital* and classical political economy, Yanan knew fairly well that there are political economy bases of a particular class behaving in a particular way. For Murali, comprador bourgeoisie is the bourgeoisie which is comprador! It can be commercial or industrial, does not matter! This is an idiotically hilarious trick: now you are allowed to call any bourgeoisie as comprador, because the bourgeoisie is comprador! That itself is the explanation! The same trick is used by all programmatic dogmatist “Maoists” of India to term the Indian bourgeoisie as “bureaucratic bourgeoisie”! However, we will have a separate detailed discussion on the question of bureaucratic bourgeoisie.

Yanan’s book is inundated with so many of such quotations that it is not possible to present all of them here. However, the quotes that we have presented very clearly enumerate the basic features of Chinese commercial capital and clarifies how and why only this kind of capital and capitalist class could assume the character of comprador and why industrial capital and industrial capitalist class cannot assume this character.

Now let us move to some other revolutionary communist sources, especially the Comintern, whose conception played an important role in the formation of CPC’s concept of comprador and national bourgeoisie. In fact, Mao quotes the Comintern resolution on the colonies and semi-colonies in his 1939 writing regarding the Chinese Communist Party and the Chinese Revolution that we have already quoted. We will also cast a cursory glance at some Soviet sources from the period of Stalin, which present an understanding completely

in line with CPC's understanding on the comprador bourgeoisie and national bourgeoisie.

Even in Comintern, the obvious idea that only a commercial-bureaucratic bourgeoisie can be comprador, because the industrial bourgeoisie needs markets for its goods, was fairly well-established. Let us see:

The national bourgeoisie in these colonial countries does not adopt a uniform attitude in relation to imperialism. **A part of this bourgeoisie, more especially the trading bourgeoisie, directly serves the interests of imperialist capital (the so-called comprador* bourgeoisie).** In general, it more or less consistently defends the anti-national imperialist point of view directed against the whole nationalist movement, in common with the **feudal allies of imperialism and the more highly-paid native officials.** The remaining portions of the native bourgeoisie, especially the portion reflecting the interests of native industry, support the national movement and represent a special vacillating compromising tendency which may be designated as national reformism (or, in the terminology of the theses of the Second Congress of the Communist International, a 'bourgeois-democratic' tendency). This intermediate position of the national bourgeoisie between the revolutionary and imperialist camps is no longer to be observed, it is true, in China after 1925; there the greater part of the national bourgeoisie from the beginning, owing to the special situation, took the leadership in the national-emancipatory war; later on it passed over finally into the camp of counterrevolution. [...]

***[Footnote:] Native merchants, engaged in trade with imperialist centers, whose interest are in continuation of imperialist exploitation.** They act as agents for exploiting the masses in the colonial countries. (*Sixth Congress of the Comintern, 'Theses on the Revolutionary Movement in the Colonies and Semi-Colonies', 1928, emphasis ours*)

It is the same theses which Mao quotes in 1939 to explain what a comprador bourgeoisie is. Any person with even a basic and

elementary understanding of Marxist political economy would understand this basic concept. The above Comintern documents points out further:

The progressive results of capitalism, on the other hand, are, for the most part, completely lacking in the colonies. **Where in the colonies the ruling imperialism is in need of social support, it first of all allies itself with the ruling strata of the previous social structure, with the feudal lords and with the trading and money-lending bourgeoisie, against the majority of the people.** Everywhere imperialism attempts to preserve and to perpetuate all those pre-capitalist forms of exploiting (especially in the villages) which serve as the basis for the existence of its reactionary allies. The mass of the people in these countries are compelled to payout enormous sums for the upkeep of the military, police and administrative apparatus of the colonial regime. The growth of famines and epidemics, particularly among the pauperized peasantry, the mass expropriation of the land of the native population, the inhuman conditions of labor (on the plantations and mines of the white capitalists, and so on), which at times are worse than open slavery – all this exerts its devastating effect on the colonial population and not infrequently leads to the dying out of whole nationalities. The ‘cultural role’ of the imperialist states in the colonies is in reality expressed in the role of an executioner. (*ibid.*, *emphasis ours*)

The essence of the character of the comprador bourgeoisie being mainly and essentially a commercial-usurer-bureaucratic bourgeoisie was a fairly established point as it has a solid grounding in the science of Marxist political economy. This began to be corrupted only when various programmatic dogmatists masquerading as “Maoists” around the world began to obliterate this solid grounding of this concept and turn the concept of ‘comprador-bureaucratic bourgeoisie’ into an arbitrary subjective idea, which could be imputed on any type of capitalist class, irrespective of its industrial or commercial character. Thus, all so-called “Maoists” were now free to cling stubbornly to the idea of consummating ‘Chinese revolution’ in

their respective countries. To illustrate the fact how the correct understanding of what a comprador bourgeoisie is, and was firmly established in the international communist movement, we can refer to a textbook written during Stalin's time in the Soviet Union. This textbook points out:

The ruling classes in the colonies and semi-colonies are the feudal landlords and the capitalists, both urban and rural (kulaks). **The capitalist class is divided into the comprador bourgeoisie and the national bourgeoisie. The compradors are native middlemen between the foreign monopolies and the colonial markets, both for selling and for buying raw materials. The feudal landlords and the comprador bourgeoisie are vassals of foreign finance capital, direct mercenary agents of international imperialism, which holds the colonies and semi-colonies in thrall. As the colonies develop their own industries the national bourgeoisie grows in importance.** It finds itself in a position facing two ways: on the one hand, oppression by foreign imperialism and feudal survivals bars its path to economic and political power, while on the other hand it shares, together with the foreign monopolies, in the exploitation of the working class and the peasantry. In the largest colonial and semi-colonial countries monopolistic associations of local bourgeois exist, which are dependent on the foreign monopolists. In so far as the national liberation struggle is directed towards the overthrow of imperialist rule, the winning of national independence for the country and the abolition of the feudal survivals which hinder the development of capitalism, the national bourgeoisie at a certain stage takes part in this struggle and plays a progressive role. (K.V. Ostrovityanov, K. V. et al. 1954. *Political Economy*, Moscow, *emphasis ours*)

At another place this textbook writes about the industrial character of the national bourgeoisie:

Another section of the bourgeoisie consisted of the national (chiefly middle) bourgeoisie. As the foreign imperialists prevented **the development of native industry by every possible means, the**

national bourgeoisie displayed opposition to the foreign imperialists and the comprador bourgeoisie. (*ibid.*, *emphasis ours*)

Stalin himself pointed out clearly in his work on the national question that it is precisely the question of markets on which any industrial bourgeoisie of any country clashes with the imperialists or industrial capitalists of other countries. It stems from the very nature of industrial bourgeoisie as capitalist producers of commodities, rather than simply sellers and buyers (circulators) of commodities. Stalin points out:

The chief problem for the young bourgeoisie is the problem of the market. Its aim is to sell its goods and to emerge victorious from competition with the bourgeoisie of a different nationality. **Hence its desire to secure its “own”, its “home” market. The market is the first school in which the bourgeoisie learns its nationalism.** (Stalin, J. 2021. *Marxism and National and Colonial Question*, Foreign Languages Press, Paris, p. 14, *emphasis ours*)

We shall see that Mao makes the same point about national bourgeoisie. Mao points out:

The national bourgeoisie are a vacillating class — they also approve of “land to the tiller” **because they need markets...** (Mao Tse-tung. 1965. ‘On Coalition Government’, *Selected Works*, Vol. 3, Foreign Languages Press, Peking, p. 297-98)

It should be but obvious for any beginner student of Marxist political economy that industrial bourgeoisie cannot be a comprador, as it needs its own home market and that it precisely this issue that determines its relation, not only with imperialism, but the bourgeoisie of all other countries. The issues of tariff protection remains one of the most important issues of contention today in the world politics for these obvious reasons themselves.

It is noteworthy that Stalin had become convinced with Mao’s analysis of classes, the strategy, general tactics and the path of New Democratic Revolution in the conditions of China and it is precisely

due to this that the above-quoted Soviet textbook quotes heavily from Mao and CPC sources on the nature of the Chinese Revolution. It copies the definitions of comprador bourgeoisie and national bourgeoisie *verbatim* from the CPC sources. Similarly, a volume of the *Great Soviet Encyclopedia* published in 1938 points out:

COMPRADORS (Spanish – “purchaser”), **trade intermediaries between foreign capital and the local markets in colonial and dependent countries.** The origins of compradorism date back to the 16th and 17th centuries, when the first European trading posts and bases were founded in the Indian Ocean countries and in China. In 1729, Chinese merchants created their own trade intermediary organization, the so-called Kohong, in Canton, the only port open at that time to foreign ships. This comprador organization received from the Chinese government a monopoly on trade operations with foreigners (primarily with the British). Only in 1842, after the defeat of China in the Opium War, the Kohong monopoly, which was embarrassing for European capital, was destroyed. However, the comprador continued to retain its importance in the economic life of China. Of no less importance were the compradors in Turkey, where trade intermediary operations were concentrated, mainly, in the hands of Greeks, Armenians, Jews, and Levantines, although Turkish merchants were also increasingly involved in foreign trade from the beginning of the 19th century. By the end of the 19th century, the comprador bourgeoisie in all colonial and dependent countries had grown into a significant and influential force and often put forward moderately-liberal political demands, seeking a certain modernization of the feudal system of the eastern countries. Thus, the Tanzimat reforms and the Young Turk movement in Turkey, the reforms of Kang Youwei in China, etc. enjoyed the support of the comprador bourgeoisie. However, the compradors, closely connected with foreign capital, were hostile to the national liberation anti-imperialist movement, which particularly grew following the victory of the great October Socialist Revolution in the USSR. In Turkey, during the years of the Kemalist revolution, the comprador bourgeoisie of Istanbul, Smyrna, and other ports acted as a united

front with the feudal landlords, the Sultan clique, the Muslim clergy, and foreign interventionists against the national liberation movement headed by Kemal Ataturk. In 1924, armed detachments of compradors, the so-called paper tigers, led by the major comprador of the Hong Kong-Shanghai Bank Chen Lianbo, rebelled against Sun Yat-sen with the direct support of British imperialism. The counterrevolutionary role of the compradors in China, India, and other colonial and semi-colonial countries has been repeatedly noted in the decisions of the plenums of the ECCI and the congresses of the Comintern. In the overwhelming majority of cases, the compradors oppose the united people's anti-imperialist front in the colonial and dependent countries.

After making the concept of comprador bourgeoisie clear, it is imperative to look at the concept of bureaucratic bourgeoisie, bureaucrat capital and bureaucrat capitalism as well, because it is precisely these Maoist concepts that bear the worst of the empty-headed onslaught of the programmatic dogmatists like Murali, especially since the "inventions" of Gonzalo. Therefore, we will dwell for some time on this concept and see what CPC's understanding was and how that understanding was rooted in the understanding of comprador bourgeoisie as commercial-usurer bourgeoisie itself, because politically-speaking 'bureaucrat capitalism' or 'bureaucratic bourgeoisie' as separate from its political character, that is, comprador character, becomes an unknown variable and can be made to assume any value by any vagabond "Maoist".

What is Bureaucrat Capital? What is Bureaucratic Bourgeoisie? Beyond the Tautologies of K. Murali

First of all, we need to understand what exactly and precisely the concept of bureaucratic bourgeoisie and bureaucrat capital is. Is it the capital possessed by the bureaucrats, or state-officials, or the ruling bloc which controls the state? Then what is the difference between the state-capitalist sector in the politically-independent

capitalist countries and a semi-feudal semi-colonial, neo-colonial or colonial country? To answer that bureaucrat capital is capital owned by bureaucrats is as ridiculous as saying that the comprador bourgeoisie is the bourgeoisie that is comprador! Murali has precisely such tautological answers. And most importantly, he imposes these stupid answers upon Mao and the CPC! Therefore, we need to understand in a little detail what bureaucratic bourgeoisie is and what bureaucrat capital is based on the sources of the Chinese Communist Party.

First of all, separate from the concept of comprador bourgeoisie and commercial-usurious capital, the term and concept of bureaucratic bourgeoisie becomes an empty container and loses its *differentia specifica*; as a consequence, any person can apply it to any state-industry and state as a big capitalist (which exist, as matter of rule, in all capitalist countries), based on their whims and fancies. *It is the commercial-usurer comprador bourgeoisie itself which becomes bureaucratic bourgeoisie under certain conditions. In other words, as far as the political character of the bureaucratic bourgeoisie and its capital is concerned, it is comprador.* We have already discussed what a comprador bourgeoisie is and why it is only commercial and usurer capital that can assume the character of comprador bourgeoisie in certain historical conditions and political situation.

Second, the bureaucrat capitalist class also might take over certain national private industries run by the national bourgeoisie (for instance, under the conditions of war), *but not to run them, but to ruin them.* We will see with references from Chen Po-ta and Wang Yanan how this process materialized in China. *The studies by these CPC comrades also show that even in possession of these industries, the bureaucrat capital behaved precisely in the merchant's and usurer's way and it was precisely these pre-capitalist ways of profiteering that led to the ruin of various private capitalist enterprises in China.* The bottom-line: the ownership of certain industries by the bureaucratic bourgeoisie does not make them 'industrial capitalists' and they continue to remain commercial-usurer comprador bourgeoisie.

Third, the industries of certain national capitalists, too, had been taken over by the bureaucrat bourgeoisie by pre-capitalist methods, not by the capitalist industrial competition where the big fish eats the small fish due to their higher rates of profit, labor productivity and greater scale of production. Chen Po-ta and Wang Yanan show that the methods used by the comprador bourgeoisie to take hold of these industries were, first, the political-military methods (that is, extra-economic coercion), second, financial oligopoly and speculation, and, third, commercial-usurer profiteering.

Thus, it was the function of the comprador activities of the comprador commercial-usurer bourgeoisie itself that led to their emergence as comprador-bureaucratic bourgeoisie and the emergence of what came to be known as 'bureaucrat capital' and 'bureaucrat capitalism'. It had nothing to do with what Murali means by these terms. *Moreover, the case of Indian state-sector capitalism and state-led industrialization after independence has nothing whatsoever to do with it, as it did not hinder private capital accumulation by the industrial capitalists and did not ruin the private capitalist industries; on the contrary, the state-capitalism in India after independence was systematically designed to facilitate private capital accumulation by private industrial capitalists.*

In this section, we will focus more on Wang Yanan because he has most succinctly presented Mao's theory of bureaucrat capital and bureaucratic bourgeoisie in his book *Principles of Chinese Economics*. Wang Yanan starts by problematizing the vagueness associated with the concept of bureaucrat capital and all the misconceptions that arise thereof. Yanan argues:

At present, there seem to be two nearly opposing understandings of bureaucratic capital: **one is to grasp the static aspect of bureaucratic capital, as if bureaucrat capital is "bureaucrats' capital". This repetitive and rigid expression of synonyms will certainly hinder our scientific analysis of bureaucratic capital;** another aspect is to grasp the dynamics of bureaucratic capital and overly emphasize its fluidity. In the end, bureaucratic capital became

something indeterminable and difficult to grasp (Yanan, *op.cit.*, *emphasis ours*)

Subsequently, Yanan mentions the three *formal* aspects of the bureaucrat capital, which in and by themselves do not tell anything about the *essence* of the concept. He points out:

Bureaucratic capital has three specific *forms*: bureaucratic-owned capital, bureaucratic-controlled capital, and bureaucratic-utilized capital. The interdependence and interpenetration of these three forms constitute the specific content and conditions that shape bureaucratic capital. In some cases, they exist independently, in others, intermingled. However, without one, the others cannot be fully understood. (*ibid.*)

About the first form, Yanan says that the lack of concreteness in the terms becomes apparent at the outset itself and unless and until we explain what lies behind, we arrive at a very literal or tautological concept. Yanan contends:

Bureaucratic-owned capital forms must be owned by bureaucrats who, while engaging in political activities as civil servants, simultaneously engage in economic activities as private legal entities. In this situation, regardless of whether his economic activities are prohibited or permitted, and regardless of whether he engages in business directly or outsources it, the capital upon which his economic activities are based *appears to have* acquired the characteristics of bureaucratic capital. **However, this assertion is immediately refuted by the following facts.** Modern society is what is known as a commercial and industrial civil society. **The transition from commercial and industrial operators to bureaucrats is extremely common. If a businessman, industrialist, or banker successfully becomes an official or bureaucrat, does he have to cease all his previous enterprises?** In other words, does he have to withdraw from the economic circles as soon as he enters politics? **Or, if he does not withdraw from the economic circles, will the capital upon which his previous economic activities were based transform into bureaucratic**

capital as a result of his entry into politics? If the answers to these questions cannot be unequivocally affirmative, we have reason to believe that the so-called bureaucratic capital, even in all its forms, cannot be assessed solely based on the fact that it is owned by officials, but rather on the circumstances under which it becomes so. (*ibid.*, *emphasis ours*)

Then Yanan comes to the second form and points out:

Secondly, alongside the bureaucratic form of capital, there exists the form of bureaucratic capital used or employed. All enterprises operated by the “public,” whether by the state, province, city, other party, government, military, or even social and cultural organizations, are actually run by various forms of officials. Bureaucrats do not have ownership over this type of capital, but they do have the right to utilize it. **In fact, all modern states have “publicly owned” enterprises, large and small, and most of them are run by civil servants or “officials.” But can the capital they manage be classified as bureaucratic capital?** First, one can argue that there is no intrinsic connection between public capital and the bureaucrat or capital personally operated by bureaucrats. Second, it can be argued that those who manage public enterprises, even if appointed by government departments and even if they are officials, once they arrive at these management institutions, they no longer operate with the “status” and “functions” of officials. It is precisely this second reason that reinforces the first. **From this, we understand that it is not capital utilized by the public and operated by the government that becomes bureaucratic capital; rather, it is the state-owned enterprise that is controlled by the bureaucracy, disposed of at will by the bureaucracy, and internally linked, either explicitly or implicitly, to all the aforementioned forms of bureaucratic capital that becomes the object of public loath and curse.** This form of capital utilized by bureaucratic capital is called the second form of bureaucratic capital. (*ibid.*, *emphasis ours*)

And then, the third form, about which Yanan writes:

Once again, we need to discuss the form of capital controlled by the bureaucracy. Originally, the capital personally owned by the bureaucrats and the public capital utilized by the bureaucrats could generally be said to be under their control. However, here we have a different meaning, referring to private enterprise capital that is neither directly owned nor directly utilized by the bureaucrats, but is clearly controlled and dominated by the bureaucracy in many ways. In situations where the economy and politics are closely linked but lack clear legal boundaries to demarcate capital, and especially where private capital requires various forms of government support to survive, almost all private enterprises or their capital inevitably become, to varying degrees and through various means, the “captives” of the bureaucracy, becoming vast pools in which bureaucrats may usurp and swim freely at will, and serve as yet another source for the expansion and accumulation of their ownership form of capital. We call this form of capital the third form of bureaucratic capital. (*ibid.*)

Till here Yanan is only talking about the *phenomenal forms* assumed by bureaucratic capital, even though these forms themselves do not tell us anything about how these forms are different from the state-capital owned, run or controlled by the bureaucrats, as these forms exist in almost all countries in the modern period, including the capitalist and imperialist ones. That is why, up till this point, Wang Yanan says, we have developed only a general concept and that is certainly not satisfactory to understand the essence of the phenomena of bureaucrat capital. Yanan opines:

Based on the above individual explanations, **we should have a *general concept of bureaucratic capital***: bureaucratic capital should be understood as the organic integration of various forms of capital that are owned, utilized, and controlled by the bureaucracy under specific social conditions.

...

At this point, **you may still feel that *my general concept of bureaucratic capital is not comprehensive enough***. (*ibid.*)

Yanan goes on to discuss some derivative forms which emerge from the above three main forms themselves, for instance, government enterprises in which private businessmen participate and vice-versa. Consequently, Yanan comes to the basic question:

China has had a bureaucratic system or bureaucracy for thousands of years, so why has bureaucratic capital only begun to emerge now? China may have had a history of bureaucratic capital for decades or even a century, so why has it only recently attracted attention and attached importance to by the people? (*ibid.*)

Wang Yanan points out that the pre-modern period of Chinese bureaucracy mainly relied on land for their wealth through exploitation of peasants and secondarily on the looting of the artisans. Their modes of surplus-extraction were actually commercial and usurious and this remained true throughout the feudal period of Chinese history. In the modern period, industrial activities of the capitalist type began to be developed. Along with that, the government-controlled and merchant-operated non-agricultural production was also developing. The latter began before the development of private capitalist development. The period of government-run merchant-controlled industrial production collapsed. Thus, it hindered the development of state-owned, state-run and state-controlled capital. Then Yanan comes to the period from the second half of the 19th century to the First World War. He points out that on the one hand development of a certain level of industries is necessary for the emergence of bureaucratic capital, yet, on the other, the latter exists precisely to limit it and ruin it. *The reason is that bureaucrat capital itself is not industrial by nature. It is commercial, usurer and speculator by nature and is amassed through such means along with extra-economic coercion.* Yanan points out:

From the Sino-Japanese War to World War I, while private enterprises expanded rapidly, internal and external conditions that hindered the growth of industrial capital prevented our industry from completing the normal process of modernization. **Bureaucratic**

capital, on the one hand, requires a considerable development of industrial capital, but excessive industrial capital becomes its own negation. Therefore, to a certain extent, the difficulties of industrial modernization can be said to be a prerequisite for the existence of bureaucratic capital. For this reason, unless there are fortuitous external conditions of absorption (such as the absorption of enemy and puppet industries after the victory of the War of Resistance Against Japanese Aggression), **bureaucratic capital can only have capital content other than industrial capital. If such external conditions of absorption exist, and it appears in the form of industrial capital, it will quickly transform into a non-industrial nature.** (*ibid.*, *emphasis ours*)

Yanan points out that apparently the bureaucratic capital assumed the appearance of industrial character only because it controlled bank capital. However, Yanan swiftly makes a distinction between the bank capital that results from modern industry, accumulation, concentration and centralization of capital, and the bank capital as it emerged in semi-feudal semi-colonial China. The latter was product of taxation through bonds (fiscal and speculative), usury and merchant's profit. Yanan writes:

This inherent limitation of bureaucratic capital meant that its development before the Anti-Japanese War could not be that of industrial capital, but rather that of bank capital. It is true that modern bank capital originally grew alongside modern industrial capital, or to meet the credit requirements of industrial capital. The development of industrial capital suffered setback, and the so-called development of bank capital here is obviously not normal, but rather abnormal. **Chinese bank capital has three special characteristics: fiscal, usurious, and commercial.** Regarding its fiscal characteristic, which is particularly relevant here, it can be said that: "In discussing the accumulation process of bank capital, which has expanded most significantly in the past 30 years, we should not ignore the special favors granted to it by the government. **The government lends to banks in the form of government bonds. There is a huge discrepancy between the face value of**

government bonds and the actual government revenue. In addition to the profit from this discrepancy, there is also a higher interest rate, and government bonds may be used as reserves for issuing banknotes. Leaving aside the profits from other business activities, this lending relationship affords it a fourfold benefit, and this is how bank capital accumulates. This reminds us of a classic explanation: “The creditor of a national debt actually gives nothing, because the sum of money he lends is converted into easily transferable government bonds, which, in his hands, function like coins of the same denomination. **Thus arises a class of idle rentiers, and thus financial operators, acting as intermediaries between the government and the people, quickly become wealthy; and thus tax-farmers, merchants, and private manufacturers utilize a large portion of the national debt as capital that has appeared unexpectedly.**” However, this development of bank capital is precisely the process of increasing the mutual dependence of banks and governments (over half of the total investment of banks is directly or indirectly lent to the government, and a large portion of the total government expenditure is paid for by the government bonds purchased by banks). At the same time, **it is also the process of the bureaucratization of bank capital.** Before the war, those with political and military power were almost already financially powerful. From local tyrants to central government dignitaries, all were involved in financial activities, either covertly or overtly. The widespread social unrest and instability at the time, which saw capital from the hinterland get concentrated in cities, particularly large cities, further intensified this trend of abnormal banking development.

Thus, since long ago people could amply smell the bureaucratic odor which had gradually flourished in the decade or so before the outbreak of the Anti-Japanese War. The mention of the so-called political connection between Jiangsu and Zhejiang financial capital, and the clamor for “controlling industries” and supporting industries, all hinted at the “booming” prospects of bureaucratic capital. **However, it was only after the outbreak of the Anti-Japanese**

War that bureaucratic capital surfaced, and its presence and threat became apparent to the general public. (*ibid.*, *emphasis ours*)

Subsequently, Yanan comes to the conditions under which the bureaucratic capital was virtually obliged to take over various industries: the conditions of war. He points out that in general during the periods of war the economics and politics coincides, as Yanan says, “wherever there is economics, there is also politics”. *In these conditions, the bureaucrat capital, essentially commercial, usurious and swindling capital, was compelled to take over various industries and run them to meet the war requirements, as they represented the US-axis in the war and acted as compradors of the US and British capital.* On the diktats of their imperialist masters, the bureaucrats did run these industries (not without a lot of difficulties) and also the private capitalist industry flourished for some time because due to war, the imperialists and their running dogs, the bureaucrat capitalists, needed the cooperation of these national industries. However, as these conditions came to an end, the industries fell into ruin as the commercial-bureaucratic bourgeoisie, by nature, cannot run industries. Yanan writes:

After the outbreak of the Anti-Japanese War, even the national economy, which was ill-equipped and underdeveloped, was forced to alter its usual posture, partly by coercion and partly by imitation, in order to meet the extremely urgent needs of the war. The scope of the so-called state-controlled economy was expanded to its maximum extent: from production to rationing, from transportation to finance, wherever the economy was, politics was also present, and at the same time, the bureaucracy’s clutches were everywhere. We have already discussed that the expansion or development of the forms of capital employed and controlled by the bureaucracy signified the growth of the forms of capital owned by the bureaucracy. In the brief years between 1939 and 1942, the economy operated under the so-called public name experienced some progress. At the same time, due to the fall of coastal industrial cities and the urgent needs of the rear areas, various small and

medium-sized private enterprises also experienced a brief period of prosperity. **However, once “public” and private capital management fell into the hands of the bureaucracy, they quickly met their doom. While this doom, in some respects, seemed to symbolize the expansion of the forms of bureaucratic capital, within the limits of bureaucratic capital’s ownership, which derived from its forms of application and control, bureaucratic capital as a whole would soon discover the limits of its expansion.** (*ibid.*, *emphasis ours*)

What happened to the private industries as well as public industries under the control of the bureaucratic bourgeoisie was not surprising, Yanan stipulates. Being a commercial-usurious bourgeoisie by nature, they subordinated industry and production to commerce for their private profiteering, through legal as well as illegal means. Yanan says:

First, production-oriented enterprises at all levels and departments may have initially been aimed at meeting immediate pressing needs. However, soon afterwards with the exception of a very small number of enterprises, most came to treat production undertakings as enterprises akin to cooperative supply-and-deposit firms for hoarding resources. Moreover, **existing production organizations were also largely transformed into commercial organizations under the guise of “supporting industry through commerce”.**

Second, the commercialization of enterprises paved the way for “using public resources for private gain” and even “transforming public resources into private enterprises.” Various secrets and techniques of corruption and abuse of power were largely demonstrated here. (*ibid.*, *emphasis ours*)

The result was this, according to Wang Yanan:

I believe, and there is evidence everywhere, **that during the war many private enterprises were eliminated, merged, or infiltrated into by government shares or bureaucrats’ private shares, thus**

changing from bureaucrat-controlled capital to bureaucrat-owned capital.

At the Second National Congress of the Kuomintang, a prominent figure made the following “general statement”: **“All state-owned enterprises have failed, private enterprises are sluggish, yet bureaucratic capital has expanded.”** (*ibid.*, *emphasis ours*)

Why and how bureaucratic capital expanded when the industries declined if the bureaucrat capital was industrial capital by nature, as Murali wants us to believe? And can this be compared with the Indian state-monopoly capitalist industries? Did they lead to the ruin of private industrial capitalism of India? How did bureaucratic bourgeoisie amass even more wealth when the public as well as private industries owned or controlled by them had declined, if its nature was that of industrial bourgeoisie as well? These are some difficult questions that the likes of Murali cannot dare to answer. However, Yanan answers. He reveals that they grew wealthier even though all the industries controlled by them declined, because even when they became the *de jure* owner of the state industries and regulator of various private industries, they knew only one way of profiteering: commercial profiteering, usury and financial swindling through bonds and taxation. Yanan points out:

If bureaucratic capital can still expand under these circumstances, it simply means that (1) amidst the dilapidation and destruction of “public” and private enterprises, the fact of converting “public” into private, and even private into official, indeed exists. Compared with the “public” and ordinary private sectors, the capital owned by many bureaucrats has expanded, but **(2) such expansion, without the basis of real industrial development, can only be the expansion of fictitious capital, the increase of national debt and bank equity, or at most the increase of the monetary value of various forms of wealth that have been completely or partially stopped.** (*ibid.*, *emphasis ours*)

Finally, Yanan comes to the sources and *modus operandi* of bureaucrat capital. Yanan says that first source of bureaucrat capital

is the mercantile-usurious financial speculation (as opposed to the modern bank capital which develops as a consequence of industrial production and its unprecedented socialization). Yanan has already described in the book that usury in semi-feudal semi-colonial China was an extension of commercial capital itself, which, became linked with land ownership and feudal rent as well with the rise of money-rent and commodity-economy. That is why, often the land-owner, usurer and merchant was the same person! Yanan points out that the usurious and commercial profiteering was the first basis of bureaucrat capital:

How Bureaucratic Capital functions in its actual activities and applications? **Bureaucratic capital has always been closely linked to loan capital.** We have already pointed out this key issue in the aforementioned process of the formation of modern bureaucratic capital. Tracing its origins, China's original form of bureaucratic capital—that is, **the bureaucratic assets that existed before the modern era—was always accumulated through various forms of usury. Pawn-broking, credit sales, and countless other forms of pre-modern lending, while common among the people, a brief analysis reveals that they were primarily operated by incumbent officials, both large and small, and by those on leave—incumbent officials themselves and their relatives and friends.** Because they held social and political power, their loan capital not only provided a source and guarantee, but also became a highly coercive means of annexing land. (*ibid.*, *emphasis ours*)

Yanan argues that one cannot separate the commercial capital (comprador capital) from bureaucrat capital. The latter develops through political methods using the financial institutions and political access of the bureaucrats. However, the bureaucrats are enabled to develop bureaucrat capital precisely through the methods of commercial capital, usury and speculation. Yanan points out:

I must point out here that the transformation of bureaucratic capital into monopolistic capital and political capital is undoubtedly an inevitable process of development. As for the tendency toward

comprador capitalization, while in some cases it evolved from its political capitalization, in reality, from the very beginning of its operations, from the very beginning of its emergence as a prominent economic form, **our bureaucratic capital has been inextricably linked to comprador capital.** We can even say that **comprador capital and bureaucratic capital first appeared in the form of the Li brothers, and they are both inevitable products of a Chinese society under the impact of international capital.** (*ibid., emphasis ours*)

Yanan continues:

...once bureaucratic capital becomes a means to achieve political goals and a form of political capital, it must, both positively and negatively, possess the characteristics of comprador capital. In order to maintain political power through bureaucratic capital, powerful foreign capital is incorporated into its capital activities, effectively securing powerful foreign support. This is a fact that everyone can see. At the same time, negatively, in order to maintain bureaucratic capital in the event of a loss of political power and thus guarantee the possibility of regaining political power, it must also incorporate the external influence of foreign capital into its capital activities. The projects and organizations of the so-called Sino-American Company that have appeared in the newspapers recently are clearly related to the subjective and wishful calculations of individual bureaucrats. (*ibid., emphasis ours*)

Yanan points out that due to its inherent commercial, usurer, speculative nature the bureaucrat capital will lead to the destruction of industries and their subordination to commercial and usurer capital:

...bureaucratic capital, through its various monopolies, hinders the development of general private industry and impedes the improvement of general management techniques. Furthermore, bureaucratic capital, through its various monopolies, is used as a political tool, periodically causing chaos and dislocation throughout the economy. **Consequently, the nation's industry increasingly**

becomes paralyzed and dysfunctional, further forcing those engaged in production to stagnate and rely on the circulation economy of finance, trade, transportation, and market speculation as their only possible outlet. (*ibid.*)

Yanan argues that it was precisely the lack of industrial development and semi-feudal semi-colonial conditions that led to the development of bureaucratic capitalism. Bureaucracy in itself is not the source of bureaucratic capitalism and bureaucratic bourgeoisie and any state-monopoly industry itself is not an example of bureaucrat state-monopoly capital. Yanan points out:

Previously, I have already clearly pointed out that so-called bureaucratic capital refers to the economic activities carried out by bureaucrats leveraging their political power. They acted not simply out of selfish desires, but rather because of the objective circumstances that made it “possible” for them to “realize” those selfish desires. Their activities of abusing public power for personal gain were carried out within a certain political system, which, in turn, presupposed certain social production relations as its fundamental premise. The semi-feudal and semi-colonial nature of our society has always harbored the conditions for the formation of our bureaucratic capital... We point out that this type of bureaucratic capital, like ours, is not entirely unheard of in other modern countries that have transitioned from feudalism. Especially, because of our long historical tradition of bureaucracy and our extremely long period of transitional society, the scale and depth of its existence are unmatched in any other country.

...

...When the internal and external favorable conditions for a country’s modern industrial development have yet to unfold, and the political situation based on that economic foundation not only permits but even encourages those engaged in political activity to exploit their political power to further their economic gains... (*ibid.*, *emphasis ours*)

Yanan points out that in countries where the transition to capitalism has, mainly and essentially, taken place, the meaning of bureaucracy itself changes. Even bureaucrats can be entrepreneurs. *However, they indulge in proper capital accumulation through production and extraction of surplus value, rather than using extra-economic means, that is, political means to impose their loot and plunder on the private entrepreneurs, peasants and artisans through tax, government bonds, financial speculation, feudal ground-rent, commercial profiteering and usurious activities. It is precisely these activities which hinder the development of industrial capitalism and industrial capitalist class. Thus, bureaucrat capital is not capital held by bureaucrats! It is capital appropriated through extra-economic means, that is, political power, pre-capitalist economic means like commercial profiteering and usury, to the detriment of capitalist industry.* When such bureaucratic capitalist class takes hold of industry, it only leads to the ruin of industries and de-industrialization, as it happened in the semi-feudal semi-colonial China ruled by the big comprador-bureaucratic bourgeoisie. Au contraire, the big bourgeoisie in India is primarily and principally industrial and financial (in the modern sense of finance capital) and it uses modern capitalist industrial methods for production and appropriation of surplus value by exploitation of wage labor in productive process, swallows smaller capitals by way of competition in the market based on its higher profit rates and higher organic composition of capital; their monopoly is product of the basic competitive logic of capital, not extra-economic methods and political power. Moreover, the state-monopoly industry in India has never been involved in the destruction of private capitalist industry. On the contrary, the state-sector has always supplemented, complemented and facilitated capital accumulation by private capitalists, by incurring all the infrastructural costs and allowing private capital to reap profits by investing in industries with shorter turn-over period under protection from foreign capital. The case of China, as we can see from Yanan's detailed study, has nothing distantly comparable with the case of India. Yanan points out:

Conversely, if a society smoothly completes its transitional stage—that is, if its feudal production relations have been transcended—its political nature and political institutions will become conducive to the activities of emerging industrial capitalists. *The social and legal order demanded by the emerging industrial capitalists, and the spirit of the rule of law embodied in that order, will constrain bureaucratic capitalism, particularly hindering the bureaucratic capitalism of politicians who exploit political power to further their own private interests.* However, this is still a negative argument. **In reality, if a society's various institutions and general conditions facilitate industrial activity, and if industry clearly has a promising future and is profitable, then whether a politician or an entrepreneur, there is no need to exploit or rely on any political power.** In this way, **the concept of bureaucracy will have a different meaning, and so-called public or private enterprises will not be transformed into bureaucratic capital.** This is a historical fact that every modern nation has experienced. (*ibid.*)

Yanan explains:

...the so-called state-capitalist economic form dominated by the financial oligarchy in pre-war Germany, Italy, and today's Britain and the United States have become powerful pretexts for our learning and imitation of "progress," believing that the global trend of "state-owned" and "publicly-owned" enterprises "should" and has "already" become important factors in China's national economic life. **The result is that the ugliest form is disguised in a very beautiful guise. This adds a layer of difficulty to our understanding.** (*ibid., emphasis ours*)

It is precisely this difficulty faced by Murali in an inverted form because he is standing on his head. Yanan points to those people who thought that state-capitalism is good and a way for effective economic development and capitalist industrialization because state-monopoly capitalism has indeed been such in capitalist countries like Germany, Italy, Britain and even the US, but such people did not understand that bureaucrat capital and bureaucratic capitalism and

bourgeoisie are not simply identified by state-monopoly ownership of economic enterprises from commerce to industry! Because such state-monopoly exists in a certain stage of capitalist development in almost every capitalist country in different ways. *The point is to understand the sources of the formation of bureaucrat capital by commercial capital, usury and feudal rent and when the class which accumulates wealth through these pre-capitalist methods takes hold of the state power, it also assumes the form of bureaucratic bourgeoisie, which in political essence is comprador and in economic essence is commercial-usurer bourgeoisie.*

Chen Po-ta's description of what bureaucratic bourgeoisie and bureaucratic capitalism are, are equally remarkable and important. Chen's views have been discussed in the subhead 'd' on the four great families of semi-feudal semi-colonial China. So, we will not discuss them here.

We must remember that in CPC's literature, the term 'comprador capital' is used as a synonym of merchants' and usurers' capital subordinated to imperialist capital, *and never as industrial capital.* That is why, Mao often uses the terms 'comprador and bureaucrat capital' together, without defining what is comprador capital. The reason is that in the principal writings of Mao and the CPC the definition of comprador capital and comprador bourgeoisie had already been established as commercial capital and merchant capitalists. We have already presented those quotes from Mao, Chen Po-ta and Wang Yanan in the previous subhead itself. With that in mind, let us see how Mao defines 'bureaucrat capital':

They talk about developing China's economy, but in fact they build up their own **bureaucrat-capital, i.e., the capital of the big landlords, bankers and compradors**, and monopolize the lifelines of China's economy, ruthlessly oppressing the peasants, the workers, the petty bourgeoisie and the non-monopoly bourgeoisie... They say they will establish a "modern state", yet they work desperately to maintain the feudal-fascist dictatorship of the big landlords, bankers and compradors. (Mao Tse-tung. 1965. 'On

Coalition Government', *Selected Works, Vol. 3*, Foreign Languages Press, Peking, p. 270-71, *emphasis ours*)

The quote of Mao that Murali presents to “prove” that comprador-bureaucratic bourgeoisie can be industrial bourgeoisie as well (!) actually proves the opposite. Mao is precisely talking about bureaucrat capital whose source itself is feudal rent, commercial profit and usury, because the comprador bourgeoisie which also assumes the form of bureaucrat bourgeoisie comes in possession of industries only through political power, which itself was attained based on the comprador commercial capital, and it comes in possession of the industries (mainly, state-owned but some private capitalist industries, too, especially under the conditions of war) only to destroy it, rather than facilitating private capital accumulation by the industrial capitalist class. *Here lies the difference between state-monopoly capitalist enterprises in capitalist countries like India since independence, and the case of semi-feudal semi-colonial countries ruled by bureaucrat-comprador bourgeoisie, such as pre-liberation China.* Murali is still stuck in grammatology and etymology and is naively rhapsodical with the literal meaning of ‘bureaucrat capital’: ‘capital held by bureaucrats’!

However, no such illusions were harboured by the CPC leadership. Chou En-Lai clearly explained that bureaucrat-capital monopolizes the economy only to encourage commercial profiteering, speculation and disrupt industrial production and also plunder the people through taxation and government bonds. He says that the comprador-bureaucrat bourgeoisie:

Rely on bureaucrat-capital to monopolize the economy, **encourage commercial speculation and disrupt industrial production; issue unlimited amounts of paper currency;**

raise prices of commodities, monopolize the people’s means of livelihood and exploit labour power;

Concentrate the ownership of land at the expense of the people’s food supply and press-gang able-bodied men for military service at

the expense of the labour force. (Chou En-Lai. 1981. 'On Chinese Fascism, the New Autocracy', *Selected Works, Vol. 1*, Foreign Languages Press, p. 172)

Similarly, Yu Huai pointed out that the bureaucratic capitalist class is never industrial by nature because it never develops its own industries and always takes over the state-industries as the ruling class and the private capitalist industries to ruin them. Huai points out:

The process by which this unique bureaucratic capitalism was expanding under the reactionary Kuomintang regime was the same process by which the Chinese national bourgeoisie was being oppressed and its private enterprises crippled. **The bureaucratic capitalists, as represented by the Four Big Families of Chiang, Soong, Kung, and Chen, never developed any industry of their own. They appropriated the property of the labouring people, and in part of the national bourgeoisie, to swell up their ill-gotten capital, chiefly by means of their traitorous collaboration with foreign imperialists, by means of the state apparatus under their control, especially their extensive network of financial organisations, and also by means of an openly predatory policy.** (Yu Huai. 1950. 'The National Bourgeoisie in the Chinese Revolution', *People's China*, Peking, *emphasis ours*)

As is clear from the excerpts presented from the sources of the CPC, we can see that Murali lacks even a basic understanding of the concepts of comprador and bureaucratic bourgeoisie as well as bureaucrat capital. Had he even read the above-quoted basics, he would have known that it is only commercial bourgeoisie which can assume the role of a comprador bourgeoisie under certain historical conditions and political situation; second, under certain conditions, the comprador bourgeoisie itself emerges as bureaucratic bourgeoisie and develops bureaucrat capital; third, the bureaucrat bourgeoisie, even in possession of the state-monopoly industries and certain taken-over private industries, does not become industrial capitalist class; fourth, since it remains a commercial comprador

bourgeoisie, it leads to the ruin of these industries eventually as it knows only the commercial and usurious ways of profiteering to the detriment of private capitalist industries; and fifth, the case of China clearly shows that it cannot, at all, be compared with the case of India, where the state-monopoly capitalism prepared the general support context for the capital accumulation by the private capitalist class, helped them emerge as monopoly capitalists, provided them the safety net of ISI and strict protectionism till they became powerful enough to compete in the world market. However, Murali is equally ignorant of the economic history of the colonial India and post-independent India, as he is oblivious of history of the feudal and semi-feudal semi-colonial China. We will come to Murali's fables regarding Indian economic history later. First we shall discuss the concept of national bourgeoisie, how it is industrial by nature and how possession of state-monopoly industries does not make the bureaucrat-comprador bourgeoisie as industrial bourgeoisie.

What is National Bourgeoisie and National Industry? Does the State-Monopoly Industry Run by Commercial-Bureaucratic Comprador Bourgeoisie Make It Industrial Bourgeoisie?

Now, let us have a brief discussion regarding why an industrial bourgeoisie can never be comprador. Due to its dual nature, it can, at times make compromises with imperialism, under pressure from imperialists, certain parts of it might capitulate and even join the reactionary camp in a colony, semi-colony or neo-colony, especially when it is threatened with the unleashing of the revolutionary potential of workers and peasants. However, as soon as, it finds any opportunity due to the internal contradictions of the reactionary camp (imperialism, bureaucrat-comprador capitalism and feudalism), it asserts itself, develops its industrial base, fights for protection and at least a certain section of it sometimes joins the revolutionary camp actively. We will come to the distinction between private capitalist

industry and the state-monopoly industry in a semi-feudal semi-colonial country a bit later, because Murali fails miserably to understand this very important distinction to prove that even industrial bourgeoisie can be comprador. However, first let us see what Mao and CPC have to say regarding industrial bourgeoisie owning *private capitalist industries* as qualitatively different from the state-monopoly industry run by the comprador bourgeoisie, which is by nature commercial.

First of all, let us turn to Mao's views regarding the national bourgeoisie and its economic base. Mao says:

To serve the needs of its aggression, imperialism created the comprador system and bureaucrat-capital in China. Imperialist aggression stimulated China's social economy, brought about changes in it and created the **opposites of imperialism — the national industry and national bourgeoisie of China**, and especially the Chinese proletariat working in enterprises run directly by the imperialists, those run by bureaucrat-capital and those run by the national bourgeoisie. (Mao Tse-tung. 1961. 'Cast Away Illusions, Prepare for Struggle', *Selected Works, Vol. 4*, Foreign Languages Press, Peking, p. 426, *emphasis ours*)

Here Mao makes a distinction between the industries run directly by the imperialists and those run by the bureaucratic capitalist class (the state-monopoly industries) on the one hand and the private capitalist industries run by the capitalist class of China, politically speaking, the national bourgeoisie, on the other. The national bourgeoisie is causally related to *national industry* as opposed to the state-monopoly industry controlled by the comprador-bureaucrat bourgeoisie, which continues to be commercial-usurer in essence. It is the private free capitalist enterprise of the capitalist entrepreneurs. The basic need of this class is control over the domestic markets and protection from imperialist capital. Mao's following quote has been presented above as well. However, we present it here again as the context demands:

The national bourgeoisie are a vacillating class — they also approve of “land to the tiller” **because they need markets...** (Mao Tse-tung. 1965. ‘On Coalition Government’, *Selected Works, Vol. 3*, Foreign Languages Press, Peking, p. 297-98, *emphasis ours*)

As we pointed out above, the commercial bourgeoisie can be comprador because it is concerned only with *the circulation of the commodities* and it does not matter to it whether the commodities to be circulated belong to the foreign imperialist companies or the indigenous industrial capitalist class. It is only concerned with the *commercial profit and commission* that it gets by circulating the commodities. Now, in general, due to higher productivity of labor, the foreign companies can certainly give a greater commercial profit to them because they have a much higher profit margin, as compared to the indigenous small and medium industrial bourgeoisie of a colonial or semi-colonial country. *It is precisely for this reason, under definite conditions, the commercial bourgeoisie can be subordinated completely to imperialism and assume the political character of a comprador bourgeoisie, but, the industrial capitalist class can, under no conditions, become a comprador bourgeoisie.* Due to its linkages with imperialism, a certain part of this capitalist class can capitulate and compromise and join the reactionary camp in the stage of democratic revolution, as it did during a particular stage of Chinese new democratic revolution; however, as a *class*, it can never be a comprador.

Mao, even before the revolution, pointed out that the industrial and commercial enterprises of the national bourgeoisie will not be confiscated after the democratic revolution and establishment of the people’s republic. We have already seen that the comprador bourgeoisie is always commercial-usurer-bureaucratic in nature, *but commercial bourgeoisie is not necessarily comprador*; it can play a national role, under certain conditions. Stalin said:

A Kemalist revolution is a revolution of the top stratum, a revolution of **the national merchant bourgeoisie**, arising in a struggle against the foreign imperialists, and whose subsequent development is

essentially directed against the peasants and workers, against the very possibility of an agrarian revolution. (Stalin, J. 1954. 'Talk with Students of the Sun Yat-sen University', *Works, Vol. 9*, Foreign Languages Publishing House, Moscow, 1954, Vol. IX, p. 261, *emphasis ours*)

Anyhow, here, Mao talks about, mainly the industrial, as well as the commercial enterprises of the national bourgeoisie:

In the period of the bourgeois-democratic revolution, the people's republic will not expropriate private property other than imperialist and feudal private property, and so far from confiscating **the national bourgeoisie's industrial and commercial enterprises**, it will encourage their development. We shall protect every national capitalist who does not support the imperialists or the Chinese traitors. In the stage of democratic revolution there are limits to the struggle between labour and capital. The labour laws of the people's republic will protect the interests of the workers, but will not prevent the national bourgeoisie from making profits or developing their industrial and commercial enterprises, because such development is bad for imperialism and good for the Chinese people. Thus it is clear that the people's republic will represent the interests of all strata opposed to imperialism and the feudal forces. (Mao Tse-tung. 1965. 'On Tactics Against Japanese Imperialism', *Selected Works, Vol. 1*, Foreign Languages Press, Peking, p. 168-69, *emphasis ours*)

Mao clearly pointed out that the private capitalist industry must be distinguished from the state-monopoly industry of the bureaucrat-comprador capitalist class, which is essentially the class of merchant, usurer, speculator and military-feudal class. Mao points out:

China's **private capitalist industry**, which occupies second place in her modern industry, is a force which must not be ignored. Because they have been oppressed or hemmed in by imperialism, feudalism and bureaucrat-capitalism, **the national bourgeoisie of China and its representatives** have often taken part in the people's democratic revolutionary struggles or maintained a neutral stand. For this reason

and because China's economy is still backward, there will be need, for a fairly long period after the victory of the revolution, to make use of the positive qualities of urban and rural private capitalism as far as possible, in the interest of developing the national economy. (Mao, Tse-tung. 1961. 'Report to the Second Plenary Session of the Seventh Central Committee', *Selected Works, Vol. 4*, Foreign Languages Press, Peking, p. 367, *emphasis ours*)

Mao again draws a clear line of demarcation between private industry and the state-monopoly industry:

Imperialist ownership was the first skin, feudal ownership the second and bureaucrat-capitalist ownership the third. Wasn't the purpose of the democratic revolution to topple the three big mountains of imperialism, feudalism and bureaucrat-capitalism? **National capitalist ownership was the fourth skin**, and the fifth was ownership by small producers, that is, individual ownership by the peasants and handicraftsmen. In the past the intellectuals attached themselves either to the first three skins or to the latter two and depended on them for a living. Do these five skins still exist? "The skins are gone." Imperialism is gone and its property has been taken over. Feudal ownership was liquidated and the land restored to the peasants, and now there is agricultural co-operation. Bureaucrat-capitalist enterprises were nationalized. **National capitalist industry and commerce have been transformed into joint state-private enterprises and have by and large become socialist enterprises, though not entirely.** (Mao Tse-tung. 1977. 'Beat Back Attacks of Bourgeois Rightists', *Selected Works, Vol. 5*, Foreign Languages Press, Peking, p. 469, *emphasis ours*)

Mao is very clear that the control of the state-monopoly industries does not make the comprador-bureaucratic bourgeoisie as industrial bourgeoisie. It is still in terms of political class character a comprador-bureaucratic commercial-usurer-speculator bourgeoisie. It was the firm position of the CPC in general as will become clear when we discuss Chen Po-ta's famous book on China's four great comprador-bureaucratic and feudal-military families in detail,

because K. Murali mentions this book, but he has, we shall see, certainly not read the book.

The industrial character of the national bourgeoisie comes into relief in the following excerpt as well, where Mao argues that the alliance with the national bourgeoisie is beneficial and indispensable because *it will bring more manufactured goods* to be exchanged for the agriculture products, during the period of the people's republic:

We now have two alliances, one with the peasants and the other with the national bourgeoisie. Both are indispensable to us, and Comrade Chou En-Lai has also spoken of this. What advantage is there in our alliance with the bourgeoisie? **It enables us to obtain more manufactured goods to exchange for farm produce.** (*ibid.*, p. 213, *emphasis ours*)

We can reproduce many such quotations from Mao which clearly show that, one, industrial bourgeoisie (owning private free capitalist industry) can never be comprador because it needs markets for its commodities; two, there is a qualitative difference between the state-monopoly industry under the possession of the comprador-bureaucrat bourgeoisie which is essentially *not industrial at all*, but originates in the class of merchants, usurers, speculators, military-feudal classes, and bureaucrats and continues to be commercial and bureaucratic. In other words, the wild imaginations of Murali regarding the 'industrial' character of the comprador-bureaucrat bourgeoisie only reveals his utter ignorance of the writings of Mao and various other leaders of the CPC.

Moreover, the national bourgeoisie and national industry under colonial setting always develops only when the strings of colonial loot and plunder are relaxed due to the internal contradictions of imperialism. Murali takes this fact as the negation of the national character of the industrial bourgeoisie. However, this line of thinking has nothing to do with the thinking of Mao. Mao points out:

About forty years ago, at the turn of the century, China's national capitalism took its first steps forward. **Then about twenty years**

ago, during the first imperialist world war, China's national industry expanded, chiefly in textiles and flour milling, because the imperialist countries in Europe and America were preoccupied with the war and temporarily relaxed their oppression of China. (Mao Tse-tung. 1965. 'The Chinese Revolution and the Chinese Communist Party', *Selected Works, Vol.2*, Foreign Languages Press, Peking, p. 310, *emphasis ours*)

Wang Yanan, too, points out in the above-quoted book:

During the last imperialist war, when the pressure on China's industrial capital eased slightly, it made considerable progress in a number of sectors in light industry. However, as soon as the war ended, the pressure intensified again, and the weak industrial base of the previously somewhat developed sectors again shrank. (Yanan, *op.cit.*, *emphasis ours*)

On the same issue, Yanan elaborates:

Up to the year of Xinhai Revolution 1911, there were only eight banks. After World War I until 1925, there were 141 odd banks in China. **Of course, the reason for this can be grasped by the vigorous development of China's national capital, especially light industrial capital, during World War I and the following years**, so we can infer the relationship between the development of banks and the development of industry. However, this is at most a mere formulation, and it will not be effective when it is applied to subsequent periods. From 1925 until the beginning of the July 7th Anti-Japanese War, China's industry was in a difficult period. The spinning and weaving, match, and flour industries – which had flourished before – almost all contracted, closed down, or were transferred to foreigners. However, during this period, China's banking sector did not collapse. On the contrary, not only did they increase in number, but also the size of banks and their capital strength grew more substantial and larger. [...] In fact, 1929, 1930, and 1931 were the years when the Bank of China was booming, and at the same time government bonds were increasing. (*ibid.*, *emphasis ours*)

Here Yanan points to the comprador nature of the Chinese banking which grew due to speculation, usury and commercial profiting by the bureaucratic bourgeoisie, despite the shrinking of the industrial base. Again, Yanan says:

Chinese industrial capital had developed considerably during the last imperialist war, when pressure was a little slack, in some sectors of light industry. However, as soon as the war was over, that pressure intensified again, and the weak industrial base of some of the previously-developed sectors again fell into decline. In certain respects, industries with foreign investment have shown abnormal prosperity on the ruins of Chinese national industries or on the basis of their annexation, but as we previously explained, this is ultimately limited. **Moreover, this limited capitalist form of accumulation still relied on extra-economic privileges and by methods of primitive accumulation.** This is true not only of foreign capital, but also of the restricted capital accumulation in some national industries, which still depends on the assistance of primitive methods. (*ibid.*, *emphasis ours*)

Totally ignorant of the historical processes through which the national industry and national bourgeoisie develop under colonial or semi-colonial conditions, K. Murali imagines that since the national industry and industrial bourgeoisie in India developed only when the imperialist pressure was comparatively relaxed and the imperialists were obliged to grant certain concessions due to their need of cooperation from the industrial capitalist class of India, owing to their own sharpening contradictions, the national industry of India cannot be deemed as national industry and the national bourgeoisie of India cannot be deemed as national bourgeoisie, howsoever reactionary or capitulationist it was. This only demonstrates the complete ignorance of Murali regarding the Maoist conceptions.

China's Four Great Families and K. Murali's Countless Great Misconceptions

Now, let us briefly analyse the views of Chen Po-ta in this regard because his expositions regarding the political characterizations of the different types of bourgeoisie in China are the clearest, which is understandable, as till the Tenth Congress of the CPC, he was the principal propagator, popularizer and educator in the context of the basic positions of the CPC. Chen points out:

Following the Japanese surrender, the bureaucratic-capitalist group headed by Chiang Kai-shek, acted as the lackey of U.S. imperialism, openly betrayed the people and wantonly declared war against the people. **The national bourgeoisie, who realized that the national industry under the pressure of U.S. imperialism and its lackeys—the Four Big Families was being reduced to a disastrous state,** saw also the fact that Chiang Kai-shek's rule would inevitably collapse. (Chen Po-ta. 1953. *Stalin and the Chinese Revolution*, Foreign Languages Press, p. 45, *emphasis ours*)

However, the most important study on the comprador commercial character of the four great families is *China's Four Great Families* by Chen. It is this work which Wang Yanan, too, quotes in approval while developing his views on the four great families. First, we shall consider Chen's work and then move to Yanan's arguments on the same issue.

Chen Po-ta's Brilliant Study of the Four Great Families

The most important book in this regard is Chen's book on the comprador-bureaucratic bourgeoisie of China. Chen Po-ta in his book on four big families of China argues:

Actual facts prove that the Four Guilty Families are parasites rotten to the core and cannot survive. **On the other hand, the free enterprises,** though at present they are being persecuted by the American imperialists and by the four Families, will always survive because, by their very nature, they are progressive. (Chen Po-ta. 1946. *China's Four Great Families*, Chang Chiang Publishing

Agency, p. 63 [page numbers in the case of this book are the page numbers of the pdf document downloaded from the internet])

In the same book, Chen makes the distinction between the state-monopoly industry and the free private capitalist enterprises again and points out:

From this comparison of the production capacities of the government and private enterprises, it can be safely inferred that the Four Families, in the course of events, shall become extinct. But until then there will be a bitter struggle. The Four Great Families, with the assistance of the American imperialists, will stop at nothing to annihilate the free enterprises. **If the free enterprises are to avoid this fate, the free industrialists must join hands with the farmers. They must present a united front, fighting for industrial freedom and for the farmers' emancipation.** In this way they can insure the emancipation of the people and the development of the nation's production capacity. This is the one and only way out for the free enterprises. There can be no other way. (*ibid.*, p. 63, *emphasis ours*)

It is clear from the above excerpts that Murali has scavenged the books he has mentioned, through the index to find quotations that might supposedly support his argument that the bureaucratic bourgeoisie can be industrial as well in order to negate the well-established fact among the genuine and well-read Marxist-Leninist-Maoists that comprador bourgeoisie is, as a matter of rule, commercial in nature. Still, he has not been able to search any quote, except one quote from Mao, which actually says opposite to what Murali assumes about it. He has presented the following excerpt of Mao:

During their twenty-year rule, the four big families, Chiang, Soong, Kung and Chen, **have piled up enormous fortunes valued at ten to twenty thousand million U.S. dollars and monopolized the economic lifelines of the whole country.** This monopoly capital, combined with state power, has become state monopoly capitalism. This monopoly capitalism, closely tied up with foreign imperialism,

the domestic landlord class and the old-type rich peasants, has become comprador, feudal, state-monopoly capitalism. Such is the economic base of Chiang Kai-shek's reactionary regime. This state-monopoly capitalism oppresses not only the workers and peasants but also the urban petty bourgeoisie, and it injures the middle bourgeoisie. This state-monopoly capitalism reached the peak of its development during the War of Resistance and after the Japanese surrender; it has prepared ample material conditions for the new democratic revolution. **This capital is popularly known in China as bureaucrat-capital. This capitalist class, known as the bureaucrat capitalist class, is the big bourgeoisie of China.** Besides doing away with the special privileges of imperialism in China, the task of the new-democratic revolution at home is to abolish exploitation and oppression by the landlord class and by the bureaucrat-capitalist class (the big bourgeoisie), change the comprador, feudal relations of production and **unfetter the productive forces.** (Mao Tse-Tung. 1961. 'Present Situation and Our Tasks', *Selected Works, Vol. 4*, Foreign Languages Press, p. 167, *emphasis ours*)

What is Mao saying here? Is he saying that the bureaucratic bourgeoisie became industrial bourgeoisie? Is he saying that, therefore, the industrial bourgeoisie can be comprador-bureaucratic bourgeoisie? Only a person stubbornly clinging to the idea of seeing what he wants to see can claim that. Read the first line of the excerpt. The four big families amassed enormous wealth and then monopolized the infrastructural and heavy industries under the state, as they were in control of the state. Murali has referred to the book of Chen Po-ta on the four great families. However, we are sure that he has not read the book. Why? Because had he read the book he would have known the following things:

one, the four great families were all from the class of merchants, speculators, military-feudals, usurers and traders;

two, these families had amassed enormous wealth through commercial and financial speculation and swindling and directly from

the imperialists;

three, they followed the policy of removing all tariffs for the foreign, especially American goods, contrary to the policy of the Indian bourgeoisie, namely strict protectionism and ISI;

four, they followed the policy of taking over private capitalist enterprises of the national bourgeoisie and destroy them to clear the domestic market for foreign goods, that is, the policy of de-industrialization and destruction of national private capitalist enterprise of the national bourgeoisie, contrary to the policy of the Indian bourgeoisie after the independence, namely, import-substitution industrialization;

five, the bureaucrat-comprador bourgeoisie had merchant-usurer-speculator character, rather than industrial and it was only in the capacity of the masters of the state at the behest of imperialism, that they controlled the state industries because even in colonial, semi-colonial and neo-colonial countries, certain industries are run by the state only because no private capitalist in any country can run these industries, namely, the infrastructural and heavy industries;

six, bureaucrat-capitalists also took over some national private capitalist enterprises, but only to ruin them and it was precisely this that they did.

Now we will show by quoting copiously from Chen Po-ta's work that Murali has not read the entire book, nor has he understood what Mao meant by bureaucrat capital, bureaucratic capitalist class and comprador bourgeoisie. We will also show that Chen clearly demonstrates the above six points, as they materialized in the history of semi-feudal semi-colonial China.

First, let us see what the source of the wealth of the four great families was. Chen writes:

The outstanding characteristic in the rule of the four Feudal Comprador Banks and the four Feudal Comprador Families is that they directly combine their economic and political controls into one,

making use of their political power to obtain economic control. Moreover, they continue to use their political power openly and maintain it through force, so as to increase their overall power. The four banks have direct political control over the Kuomintang, and as “national banks” of the Kuomintang regime, directly control the economy of semi-colonial and semi-feudal old China...

The so-called “Mandarin capital” of modern China represents the profits of imperialism and feudalism. Thus the “Mandarin capital” is none other than *the capital accumulated by those persons with political power, who used their power to rob the farmers and the small-scale producers, and to suppress the free enterprise of the people.* The four banks and the four families are examples of the most concentrated form of such “Mandarin capital”. **The “Mandarin capital” is therefore the financial capital of the semi-colonial and semi-feudal modern China. It differs completely in its formative process and fundamental nature from the financial capital monopolized by the imperialistic nations.** As the “Mandarin capital” is supported by foreign imperialism, it can only be subsidiary to the monopolized financial capital of the foreign imperialistic nations. **Thus the “Mandarin capital” is just another name for the “comprador capital”. It is the “mixed-blood child” of the comprador and feudal systems.** It is the product of the economic union between the *compradors and the landlords.* The four banks and the four families are its last and most important champions. (Chen Po-ta. 1946. *China’s Four Great Families*, Chang Chiang Publishing Agency, p. 5, *emphasis ours*)

We would remind here in passing that the term ‘comprador’, as a matter of rule, has been used for the class of merchants and usurers by Chen, as will become clear. Chen Po-ta points out that the source of the wealth monopolized by the four great families was feudal exploitation through feudal ground-rent, the merchant and usurer exploitation through unequal exchange and the direct capital of the imperialists pumped into the national banks of China for exploitation of the Chinese people through financial devices like government bonds. Moreover, here the four great national banks do not represent

modern finance capital which develops as a result of concentration and centralization of industrial capital and the resultant socialization of production, as Wang Yanan also pointed out. Instead, here the banks were an instrument of primitive accumulation and plunder of the people through speculation and taxation. We will see more excerpts from Chen's work where he elaborates these things. Chen makes it very clear that the four great families do not belong to the class of industrial bourgeoisie that runs the independent private capitalist enterprises.

To make things clearer, Chen reveals the origin of the four great families as comprador merchant, usurer, speculator and trading classes. They controlled state and therefore controlled the state-industries, and not the other way round! Murali fails to understand this basic distinction. Anyhow, Chen points out:

Chiang Kai-shek comes from a salt-merchant family, and he himself was, at one time, a broker in the Shanghai Stock Exchange...there are statements as follows (about Chiang): "He is very good as a speculator..." H. H. KUNG's family controlled **a small banking "native" bank** in Shansi...T.V. SOONG and CHEN Kuo-fu have also been in **the Stock Exchange business**, CHEN Kuo-fu working together with CHIANG Kai-shek during the boom years **in the Shanghai Stock Exchange**. Their wealth then, when compared with what they have now, was so small as not to be worth mentioning. At present they are so wealthy that there is not a single Chinese militarist nor official that can hold a candle to them, as far as private fortunes are concerned and never in all Chinese history has there been an emperor as wealthy as they are. (*ibid.*, p. 4, *emphasis ours*)

Chen points out that one of the ways through which these four big families amassed wealth was getting funds from the imperialists through war against the people and especially against the communists. He describes how Chiang's family suddenly became extremely wealthy. This happened after the split between the communists and nationalists in 1927, when Chiang emerged as the

new political representative of the comprador bourgeoisie and took insane amount of money from the imperialists for butchering the communists (the 12th April Incident). He argues that this was the feudal and military method to amass wealth on part of the four great families. Chen writes:

This described clearly how the four families built up their family fortunes. The heads of the four families are **all military and political figures in China**. Right up to 1927, before the split between the nationalists and the communists, the wealth of the four families was not very large. It was not until the bloody incident of 12th April...that the four families became really wealthy. This bloody incident was the result of the request made of Chiang Kai-shek by the imperialists, the landlords, the compradors and the bankers. (*ibid.*, p. 5, *emphasis ours*)

Chen goes on to show how the imperialists gave mind-boggling amount of money to Chiang for this treachery against the Chinese people. Chen also points out that the wealth of the four great families was never created by capitalist accumulation in the industry, as these families were never engaged in industrial enterprise. Besides speculation, merchant and usurer profits and rent, there was also an extra-economic factor that enabled them to concentrate economic power in their hands: military and political methods. Chen writes:

The wealth of the Four Families was created as a result of the military might of Chiang Kai-shek. In short, the Four Families are “robbers” with “a pair of bloody hands”. Without the military might of Chiang Kai-shek, the Four Great Families would not be in existence. Wherever the military might of Chiang Kai-shek extended, there the monopolistic and financial power of the Four Great Families was also felt. Therefore, there is a **feudal, comprador and military concentration of capital** which is generally known as the “Mandarin capital”. (*ibid.*, p. 5, *emphasis ours*)

Chen Po-ta shows through detailed analysis of the comprador banking led by the four families that this banking was not modern capitalist banking and it rested on the government borrowing from

these banks, issuing government bonds and then paying back the debt of their own banks through arbitrarily exploitative taxation, which ruined the peasants and the small producers. Thus, banking here did not represent the outcome of concentration and centralization of capital (industrial) and the socialization of production. In fact, it was the opposite: it represented a predatory method of robbing the people of their savings, ruining the small producers in the rural and urban areas and enriching the comprador-bureaucrat bourgeoisie. Chen points out:

In order to wage civil war, the Four Great Families, representing the National Government, borrowed from the banks which they themselves controlled; then again representing the Government, they spent the money on their own families. After this, once again representing the Government, they paid the debt back to themselves. Thus the Four Great Families profited tremendously from the borrowing of money for the Government, in the spending of the money, and in the payment of the debt to the four Great Banks. **In such manner, the Four Great Families and their satellites made immense profits from the issuance of government bonds and thus accumulated more and more “Mandarin capital”.** Government bonds must be backed up by money derived **from taxation**; therefore, **the more Government bonds issued the higher would be the taxes and, consequently, the heavier would be the burden to be borne by the people.** In China, the burden of taxation rests mainly on the shoulders of the farmers. Thus, the more Government bonds issued, the wider would become the chasm between the rich and the poor. The issuance of bonds would therefore have the effect of robbing the poor and making the rich richer; for the poor people, the issuance of bonds has not the slightest advantage. “Even in a reactionary book published in 1934 it was stated that various banks made immense profits from the issuance of government bonds. Though it might be said that these profits came directly from the Government, indirectly they came from the rural districts”. The actual purpose, then, for the issuance of the government bonds was to transfer speedily the wealth of the people

(mostly that of the farmers) into the hands of the Four Great Families and their satellites. **Such robbery was founded on the semi-feudal and semi-colonial system of suppression of the farmers, the common people, and free enterprise.** (*ibid.*, p. 7, *emphasis ours*)

Thus, the money accumulated through these means was not lent to the private capitalists for the development of capitalist industry, nor was it invested back into any productive activity. It was simply the robbing of the people by the comprador commercial-usurer bourgeoisie, which, with the state-power in its possession and with the patronage of the imperialist capital, was assuming the role of bureaucrat capitalist class as well. After a detailed discussion of the comprador (commercial and usurer) and semi-feudal semi-colonial character of the banking system of China, Chen summarizes:

All these facts prove that the nature of the business of the Central Bank of China and the other so-called “national banks” does not differ from that of all the other comprador and feudalistic banks. **They are not capitalistic in nature but extremely comprador and feudalistic. Their expansion does not reflect a corresponding expansion of the national economy or of capitalism but rather the collapse of the national economy and the impossibility of the expansion of capitalism.** (*ibid.*, p. 18, *emphasis ours*)

Chen Po-ta describes the comprador commercial character of the Four Great Families in detail. Murali should have read at least the first few chapters of the book. He would not have even mentioned the name of Chen’s book, had he known what it contained. Let us see how Chen reveals the purely commercial, usurer, speculator and feudal-military character of the four great families of China. Chen points out that following the characteristic path of a commercial comprador bourgeoisie, the four great families under Chiang’s military dictatorial rule, set one task for themselves: *clearing the Chinese market for American and other foreign goods, at the directive of their imperialist masters.* How did they do it? Through establishing comprador commercial firms with the imperialists,

managing the affairs of these foreign commercial firms, by taking over and destroying private capitalist enterprises of China, *by removing all tariff barriers and by fixing low foreign exchange rate.* Let us see what Chen writes:

The **sole rights of sale of American goods in China** follow the following three patterns:

(1) The first pattern is that of the American firms opening their business in China in conformity with the “New Company Laws” of the Chiang government. According to newspaper dispatches in July of this year “many American firms have opened branch offices and companies in Shanghai and according to an investigation, 115 branches have already been opened; 40 of them are the branch companies of firms in America and the other 75 are authorized sole agents. The majority of them deal in exports and imports”. “Some of them have connection either with the Chinese government or with Chinese firms”

(2) The second pattern is that of **the Americans cooperating with the members of the Four Families or other compradors in establishing commercial firms.** These firms are principally under the management of the Americans. The “Sino-American Industrial Company” which is being organized by the so-called “Flying Tigers” – General Chennault is a good example. We all know that Madame Ching is the head of the National Aeronautical Commission of the Chiang Government, and that General Chennault’s “Flying Tigers” were backed by Madame Ching; so actually the so-called “Sino-American Company” is nothing but private firm being organized jointly by Madame Ching and General Chennault. (*ibid.*, p. 42, *emphasis ours*)

Then Chen explains why these companies are not simply an ordinary collaboration of the foreign companies and national companies (state or private), which is possible in the context of any politically independent capitalist country as well. *These were comprador collaborations aimed at the destruction of the Chinese private capitalist industry, the national industry and the national*

bourgeoisie. The very aim of these companies was de-industrialization of China and clearing the Chinese domestic market for American goods. He writes further:

These “Comprador Companies” of the four families have the following special facilities:

1. They have **a large amount of foreign exchange deposited in the United States**. Therefore they can transact any business by simply sending a radiogram to the States.
2. They can obtain a large amount of foreign exchange from the Central Bank of China at any time.
3. They have the privilege of utilizing all government means of transportation, such as the utilization of the China Merchants’ Steamship Company by the Soong Family, as well as the recently founded shipping group **...to transport American goods to the interior of China to be sold in large quantities**.
4. Because they always order goods in large quantities, most of the American firms prefer to do business with them.

The above-mentioned three business patterns all characterized by the desire of the American imperialist to monopolize the Chinese market with the help of the Four Families. The Four Families have many ways and means of opening the door of China to American goods. The first way is by armed smuggling, the second, **by the abolition of tariff protection**, the third, **by low foreign exchange rates** and the fourth, **by selling the inland navigation rights**. Through these various ways the American goods are pouring into China and its interior in tremendous quantities. (*ibid.*, p. 43, *emphasis ours*)

Now we would ask the readers to *compare these policies of the comprador-bureaucrat capitalism and the comprador-bureaucratic bourgeoisie in China, with the policies adopted by the ruling bourgeoisie in India after the independence. The difference becomes clear*. Murali never talks about the policies of strict protectionism and

import-substitution because it goes totally against the claim that the Indian bourgeoisie was comprador-bureaucratic. *Chen demonstrates in the most lucid fashion that the very task of such a bourgeoisie is to de-industrialize the country by destroying private enterprise and removing all tariff barriers and through export-substitution.* Chen elaborates further how the comprador bourgeoisie in China, instead of protecting the Chinese national industry through tariffs and import substitution, destroyed it by removing tariffs and importing even those goods which were produced by Chinese industry:

In the above-mentioned manner **the Four Families have flooded the Chinese market with the American goods. They are not only importing goods which China does not have, but also those that China already has.** For instance, we know that China is a large producer of cotton and yet, under the control of the Four Families, American cotton has become one of the chief imports. American oranges are on sale all over Shanghai, and even our producers of Szechwan oranges are finding the competition too keen. Even at “an official tea party, American peanuts were served”. What of the industrial products? Naturally, “We have our own domestic products of which large quantities are in stock. Yet the Four Families are still buying them from America” (*ibid.*, p. 44, *emphasis ours*)

And finally:

In addition to this, the Four families have, moreover, facilitated in all ways the importing of American goods into China. Under such circumstances it is no wonder that China has become a wholesale market for American products. The American capitalists could make extra profits from goods sold to China by increasing their prices for the goods which would still be much cheaper than the Chinese products. For the same reason, the Four Families could still further increase the price of their goods imported from America and make a “tremendous profit”. **Thus our own industrial and agricultural products would naturally disappear because of the flood of the American products.**

A certain well know economist stated that the life line of China's national industries is supported by the importing of goods. If an investigation of the records of the Customs office is made and if it is found that large quantities of a certain foreign product have been imported recently, then it can safely be said that the death sentence of Chinese factories manufacturing that certain product has already been pronounced. **As for instance, since the importing of large quantities of chemical products in March of this year (1946), our chemical industry has received a great blow and some of the chemical factories even had to close down”...In fact, many of our national industries, because of the presence of American goods on the market, have already closed down and others are breathing their last.** A number of our agricultural products are suffering the same fate.” (*ibid.*, p. 44-45, *emphasis ours*)

Now let us see how Chen describes the process through which the comprador commercial-bureaucratic bourgeoisie destroyed the national private capitalist industry and hindered the development of the productive forces of China, because Murali is under the impression that the ownership, through the state, of the state-industries makes the four great families industrial bourgeoisie! Even though there should be no need for clarification on this account for any intelligent observer, but we are obliged to elaborate it due to the imprisonment of Indian dogmatist “Maoists” in a time-capsule and space-capsule.

First Chen points out that the accumulation of wealth by the four families happened through military and political methods and through commerce and speculation and not through industrial production because these families were never industrial bourgeois families. Then he points out that once they emerged as powerful bureaucrat capitalists in possession of the state economy, they proceeded to take over certain private capitalist industries, not to develop them, but to eliminate them so that Chinese national capital poses no competition whatsoever to foreign imperialist capital. Chen writes:

From the financial and commercial transactions of the Four Great Families we can readily understand how their wealth was amassed through their unbridled economic and political robbery of the people and through their treacherous speculations. From 1935 to 1936 they completed their financial control; then, when a new crisis arose in the national industries, they immediately attempted, **by means of their political power,** to gain control also of all industries. **Their motive was not to further the development of free enterprise, but, on the contrary, to prevent its development.** From the beginning of 1936, the Chiang regime was already formulating its plan for the control of industry... Actually they were plans of the Four Families to gain exclusive control of national industries. (*ibid.*, p. 48, *emphasis ours*)

Now, compare this political behaviour with the policies of the Indian bourgeoisie. It implemented strict protectionism through very high tariffs and import-substitution. Rather than taking over the private industries, it provided them with a protective cover to accumulate capital with relative insulation from the international competition. The state intervention in economy through infrastructural and heavy industries was to ensure that the private capitalist class is given free-hand in the sectors producing consumer goods, which have shorter turn-over period, while the state takes care of heavy capital-goods and infrastructural sectors, which have much longer turn-over period. *Thus, contrary to the case of Chiang Kai-shek's regime, the Indian bourgeois state was promoting capital accumulation and industrialization by private capitalist houses through strict protectionism, ISI policies, and the economic intervention of the state.* K. Murali is equally ignorant about the political economy and history of China as well as the political economy and history of India.

The protective cover provided by the Indian bourgeois state to the private capital was gradually weakened (even though India is still, even today, a country with one of the highest tariffs in the world!) as the Indian capitalist class stood on its feet and slowly became capable of competing in the world market and today some Indian corporates are involved in predatory take-overs in Europe, Australia

and the US. Murali has his own fable about the trajectory of economic development after the independence. Merely the presence of a large state sector does not imply that it is bureaucrat capitalism with the political rule of comprador-bureaucratic bourgeoisie at the behest of imperialism! Murali betrays a complete ignorance of history as well as political economy.

Let us come back to Chen's account of how national private capitalist industries were weakened by the bureaucrat capitalism and the comprador-bureaucratic bourgeoisie (it is noteworthy here that bureaucratic bourgeoisie in a semi-feudal semi-colonial country is always comprador; *comprador bourgeoisie* is a political characterization, whereas *bureaucrat bourgeoisie* refers to a technical division of labour within this comprador bourgeoisie which includes, besides the comprador bureaucrats, the commercial and usurer bourgeoisie, which is not playing the role of a functionary of the state directly).

Chen Po-ta refers to the formally "privately operated industries" of the four great families and points out that the "private" nature here is only the superficial reality because actually the trusts formed by the four great families were run by imperialist capital designed to take over and then destroy the private capitalist industry of China. He points out:

This barbarous method of doing away with the free enterprises for the benefit of their own, this feudal comprador and military monopoly of the four families in industry was, as has already been explained, attained through **the utilization of force and foreign capital.** (*ibid.*, p. 53, *emphasis ours*)

Thus, the take-over of the private industries was not done in a capitalist manner through beating the smaller players in competition (because the four families were not even present in this competition as they were not industrial capitalists), but through the help of imperialist capital and military-political coercion. Moreover, the take-over did not have the capitalist aim of centralization of capital in order to increase the concentration of capital, but, rather, to destroy

these industries. Chen now comes to the issue of systematic suppression of private capitalist industries of the national bourgeoisie.

Chen points out:

Although this letter is a short one, it described clearly the attitude of the four families towards the **private industrialists** as being similar to that of the feudal landlords to their tenant farmers and slaves. This method of “control” which results in **‘low-price’ buying and ‘high-price’ selling as already mentioned in the preceding chapter on commercial monopoly**, is also an important factor in seizure of the private enterprises by the four families, and in their acquisition of great wealth. (*ibid.*, p. 52, *emphasis ours*)

Chen Po-ta points out that behaving as a typical commercial bourgeoisie, the four great families employed *the tried and tested method of the merchants, namely, buying cheaper and selling dearer and thus imposing something resembling the system of ‘profit by alienation’ through unequal exchange to destroy the private industries*, mostly run by small and middle industrial bourgeoisie. As evident, Murali fails to understand the distinction between the method of commercial bourgeoisie in a semi-feudal semi-colonial setting, and the method of the industrial bourgeoisie, which is not based on ‘profit by alienation’ through unequal exchange, but by production of surplus-value and its capitalization, whenever the conditions of profitability allows for it. It is our general observation that Murali is oblivious to the fundamental ‘concepts and methods’ of Marxist political economy, as we shall see later, too, in this essay.

For instance, he does not understand the difference between lease-price and capitalist ground-rent under capitalism and in his essay talks about the poor tenant peasants and the lease-price given by them to the landlord and asks: ‘how can we consider this rent as capitalist ground-rent!’ Of course, we cannot because it is not capitalist ground-rent, but lease-price, which in all capitalist countries exists side-by-side with capitalist rent! This is ABC of Marxism and we are surprised to see that Murali is completely unaware of this

difference. We will quote at length from the third volume of *Capital* to show what Murali has utterly failed to understand. However, for now, we return once again to Chen's discussion of the state-monopoly industry under the bureaucratic bourgeoisie of China before liberation.

Chen points out:

Simultaneously with the "taking-over" of all Japanese and puppet companies which rightly belong to the Chinese people, the Four Families transformed these companies into the subsidiary, comprador property of large American companies. At present almost all of the Four Families' important heavy and light industrial companies are partly or entirely financed with American capital, and all installations and techniques are supervised by American technicians. In short, capital, techniques, personnel, supervision, training.....etc. **all must be "American compradorized"**, all must be "American styled". (*ibid.*, p. 56, *emphasis ours*)

Chen then explains that this, too, was used to destroy national private capitalist industry of the national industrial bourgeoisie. Chen points out further:

But the Four Families' making of China into the industrial frontier of the United States by cooperating with the United States in the building of factories, etc. is only one side of the actual situation. The other side is the four families' opening of China's doors to welcome the American capitalists to set up factories in China. The so-called "new company laws", as conceived by the Four Families, are designed merely to give the American capitalists more privileges in China...This is a grave mistake, for, according to the new company laws, the branch company of a foreign company in China need not submit to the Chinese government the amount of its capital. Therefore it can at any time increase its capital and thus avoid payment of income taxes to the Chinese government. On the other hand, the head office can claim to its own government that as it is not yet in business in that country, naturally its share-holders need not pay any income tax to the government. Similarly, they can also

avoid the payment of all other miscellaneous taxes. **Under such circumstances, how can the Chinese industrial and commercial companies compete with the foreign companies?** (*ibid.*, p. 56, *emphasis ours*)

Compare this with the behaviour of the Indian bourgeoisie after independence. It resorted to policies of protection and import-substitution and took care of developing the heavy and infrastructural industries which have long turn-over period, for facilitating the private capital accumulation by the industrial capitalist class of India under full support and protection from foreign capital. Moreover, it even took over many companies held previously by foreign capital after independence. Besides, it slowly shifted to the policy of neoliberal globalization (unlike the Latin American countries) with its own interests in command. As a consequence, in the nearly 40 years of neoliberal policies, the main winner that has emerged from this process, is the Indian big capital. The Indian case can in no way be compared to the semi-feudal semi-colonial China ruled by commercial-usurer comprador-bureaucratic bourgeoisie, howsoever Murali and his ilk try to prove it by various “intellectual” somersaults. Any serious student of the economic history of India in the modern and contemporary period would find it obvious.

Further, Chen argues:

The cross-fire of the “Mandarin capital” of the Four Families and the financial capital of the foreign imperialists in China’s industries is tragically **eliminating the free enterprises of the people.** (*ibid.*, p. 57, *emphasis ours*)

Chen goes on to show how instead of import-substitution, the bureaucratic-comprador bourgeoisie of China, being true to its nature and character, introduced the policy of *export-substitution*. Those Chinese private capitalist industries were systematically destroyed which posed any challenge or competition to American goods and market was cleared for the latter. The bureaucrat bourgeois state not only closed private factories but state-run factories as well! He argues that the aim of the bureaucratic

bourgeoisie in China was clear: behaving as **commercial comprador** of the US imperialism. Chen writes:

Naturally the profit-hungry Four Families and their satellites not only ruined those private factories which had rendered meritorious service during the war but also they **abandoned their own “government-operated” and “privately-operated” factories**, whenever there were greater profits to be gained by doing so. Thus, if they find that the importing of a certain American product (which is cheaper and of better quality than the domestic factories product) would bring a bigger profit, **then they unhesitatingly close their own factories which are manufacturing that particular product**. An example of this is the closing down and auctioning of the Four Families' government-operated paper mills. In other words, the Four Families are fully prepared to become stated: **commercial compradors of United States products**. (*ibid.*, p. 60, *emphasis ours*)

As one can see, the behavior of the Chinese bureaucrat-comprador bourgeoisie cannot, at all, be compared with that of the Indian bourgeoisie. The entire point of its policies since independence was to replace the foreign commodities with Indian ones, protect Indian manufacturers with one of the highest tariff walls in the world, support private capital accumulation especially in the consumer goods industry through state's heavy investments in infrastructural, chemical, engineering and other heavy industries as well as in mining and metallurgy. Is that even remotely comparable with the policies of comprador-bureaucratic bourgeoisie in the pre-liberation semi-feudal semi-colonial China? Only prisoners of their own old dogma can make such outrageous comparisons!

Chen points out further regarding the systematic destruction of free capitalist enterprises of the national bourgeoisie:

Actually, **all productive enterprises taken-over by the Four Families in the “recovered areas” are being destroyed by the latter. The majority of the factories have not yet resumed operation, and huge quantities of equipment and raw materials**

are rotting away. The above-mentioned type of management in the government enterprises has greatly reduced their production capacities. (*ibid.*, p. 60, *emphasis ours*)

However, Chen argues, the national industry of the private capitalists will survive because they represent the forces of progress, advanced forces of production (that is, the capitalist industry) whereas the four great families and their state-monopoly industry represent reaction, loot and plunder through commercial, speculative and extra-economic methods. He writes:

Actual facts prove that the Four Guilty Families are parasites rotten to the core and cannot survive. On the other hand, the free enterprises, though at present they are being persecuted by the American imperialists and by the four Families, will always survive because, by their very nature, they are progressive. (*ibid.*, p. 62)

We would remind the readers again that the term ‘comprador’ has been used throughout this book of Chen just like other CPC sources, as analogous to commercial-usurer capital. After he has established the meaning of the term in the beginning itself, he has used it as a synonym of commercial-usurer capital throughout. The conclusion of Chen is worthy of quoting here as it explains the crux of the argument:

As a summary of what has been stated in this book, we shall mention once again the following characteristics of the economic monopoly of the Four Families:

1. The “Mandarin capital” of modern China is, at the same time, **the feudal and comprador capital.** It is **the economic joint product of all the great landlords and the great compradors;** and the economic monopoly of the Four Families and the Four Banks (The Central Bank of China, The Bank of China, The Bank of Communications, and The Farmer Bank of China) represents the highest and most centralized development of such a capital. Moreover, it is the final product of the semi-colonial or colonial, the semi-feudal or feudal system of China.

2. The economic monopoly of the Four Families is resulting in the most concentrated and large-scaled **plundering of the farmers, small producers, and the free industrialists** in the semi-feudal or feudal and semi-colonial or colonial system of agricultural economy in China.

3. The economic monopoly of the Four Families was created and developed amidst the anti-people and anti-revolutionary military activities. **The method by which the Four Families are robbing the people is a military and super-economic method, that is to say, an extremely barbarous and backward method.**

4. The sphere of the economic monopoly of the Four Families is very wide ranging from financial, commercial, industrial, agricultural... **Their monopoly has for its aim not the increasing of the productive power of the nation, but rather its destruction.** It is thus a corrupt and parasitic monopoly.

5. The economic monopoly of the Four Families is **purely a monopoly of foreign capital – the subsidiary of foreign imperialism – and is subservient to the foreign firms in China.** (*ibid.*, p. 79-80, *emphasis ours*)

Most importantly, in the end, Chen, once again, categorically mentions the removal of protective tariffs for the national private capitalist industry of the national bourgeoisie as one of the most important factors leading to their destruction, and therefore as one of the defining and determining feature of a comprador-bureaucratic bourgeoisie:

The right of free enterprise: The abandonment of protective tariffs has resulted in the elimination of free enterprise in China.

The control of China's markets and economy: The drawing-up of new company laws enabled the foreign capitalists to control China's markets and, together with their Chinese "slaves", to control China's economy in Chinese territory. (*ibid.*, p. 81, *emphasis ours*)

Thus, Chen Po-ta's book makes the following points crystal-clear:

1. The national bourgeoisie and the national industry refer to the private free capitalist enterprises of the Chinese industrial bourgeoisie and the state-monopoly capitalism under the commercial-bureaucratic bourgeoisie has nothing to do with it, nor does it make the latter 'industrial' in character in anyway.
2. The four great families that Murali, too, has mentioned by completely misunderstanding an excerpt from Mao, are NOT INDUSTRIAL BOURGEOISIE. **They are merchants, usurers, speculators and military feudalists, who came in possession of the state and by the virtue of this fact also came in the control of the state industries, which in any case and in any country always belong to the state because no private capitalist ever wants to invest in them due to the huge scale of investment and long turnover period.** However, even when they controlled the state-monopoly capitalism of the Chinese comprador state, they did not magically turn them into industrial bourgeoisie. They continued to be commercial, usurer and financial bourgeoisie accumulating wealth not through industrial capitalist production but through loot and plunder of the Chinese people through commercial monopoly, unequal exchange, government bonds and excessive taxation, as Chen described in detailed fashion in his above-quoted book. They, as comprador bourgeoisie, did also assume the mantle of bureaucratic bourgeoisie, but did not become industrial owing to that, but continued to be commercial-usurer-speculative swindling and comprador bourgeoisie.
3. This bureaucratic-comprador bourgeoisie under the leadership of Chiang Kai-shek did take over many private capitalist enterprises through extra-economic coercion and military methods. However, *this was done only to destroy these industries and close them down and not to facilitate accumulation of capital by these industries.* Chen shows this was precisely what was done.

4. The private free capitalist industries of the national bourgeoisie which had not been taken over by the comprador-bureaucratic state were destroyed by another method and this is most important as the characteristic feature of a comprador-bureaucratic bourgeoisie: *complete removal of protective tariffs for the American and other foreign imperialist commodities and capital and flooding the Chinese markets with foreign goods which were much cheaper and out-competed the Chinese goods by implementing a policy of de-industrialization through export-substitution.*

Thus, we see that Murali just knows the name of Chen Po-ta's book and moreover, does not know the historical context of Mao's excerpt on state-monopoly capital that he presents. Had he read Chen's book from beginning till the end, he would have refrained from making the utterly non-sensical claim that the four great families of China and under them the bureaucratic-comprador capitalist class and state had assumed an industrial character and therefore it is possible for an industrial bourgeoisie to be comprador and bureaucrat-capitalist! This is what we call cutting the feet according to the size of the shoes! This reveals the complete intellectual bankruptcy and utter non-sense of the tiny tribe of semi-feudal semi-colonial orthodoxy of the so-called "Maoists" of India.

The Character of the Four Great Families According to the Path-breaking Work of Wang Yanan

Now let us come to Wang Yanan's work that we have already quoted above and see what he says about the character of the four great families and how they were simply and purely commercial and usurious, despite establishing their control of the state-monopoly industry and despite taking over and then ruining a part of the national industry of the private capitalist class, that is, the national bourgeoisie.

Wang Yanan starts by appreciating the work of Chen Po-ta on the four great families and points out that the methods used by the four

great families to amass wealth were these: *one*, usurious banking (as opposed to capitalist banking which signifies the development of industrial capital and its fusion with bank capital with the concentration and centralization of capital, giving rise to modern finance capital), issue of government bonds and exorbitant taxation; *two*, commercial profiteering and speculation; *three*, rent from land; and *four*, plunder through extra-economic coercion. Yanan elaborates very clearly that the ownership of state-monopoly industry *does not make* the bureaucratic bourgeoisie as industrial, something very elementary, which Murali fails to understand in the fog of dogma.

Let us see what Yanan has written about the four great families and their commercial, usurer and speculator character. Yanan, first of all, gives the details of the ways in which the four great families as merchants, usurers, speculators and military-feudals accumulated obscene amount of wealth. He writes:

Intensified accumulation, increased paper money issuance, the issuance of government bonds, and the borrowing of foreign debt were the most straightforward methods for this traitorous and people-oppressing regime to maintain its military finances.

However, the chaotic currency system inevitably limited the effectiveness of these efforts. The abolition of the liang yuan (two-yuan) and the introduction of the yuan in 1931, and especially the implementation of the new currency system in 1935, were not intended to facilitate the circulation of a general commodity-money economy, but rather to centralize the issuance and unified management of currency. This in turn allowed for unlimited increases in the issuance of paper money, the flow of silver to the United States, the massive issuance of highly profitable government bonds, and, through the shady scheme of increasing commercial shares in the national bank and government shares in private banks, the subordination of all private banks, large and small, to the four big banks (Bank of China, Bank of Communications, Central Bank, and Farmers Bank), and thus into the private treasuries of the four big families. As a result, the entire comprador-bureaucratic financial

system of the country, whether the so-called Southern Four Banks system or the Northern Four Banks system, was drawn into the financial and fiscal organization of the Four Great (Big) Families... (Yanan, Wang. 1950. *Principles of Chinese Economics*)

Yanan goes on to describe the ways in which the pre-capitalist banking and finance system of China was centralized in the hands of the four big families under the leadership of Chiang Kai-shek. Yanan points out that even though a “comprador-fascist dictatorship” has resulted from this, this “comprador-fascism” is a totally different creature from the Nazi or Fascist dictatorships in Germany and Italy, respectively. We can certainly disagree on the careless use of the term “fascist” for the comprador-bureaucratic dictatorship here, but the content of this “comprador-fascism” was completely different for Wang Yanan and it had nothing to do with the classical fascism in Germany or Italy, except that it had a dictatorial and militaristic character, something which almost all authoritarian regimes share, though they are not fascists. This careless use eliminates the peculiarity of fascism and obliterates its difference from all other forms of extreme right-wing regimes. This *differentia specifica* of fascism consists in the fact that unlike other forms of right-wing militaristic and dictatorial regime, it is a *reactionary social movement of the petty-bourgeoisie serving the interest of big monopoly finance capital in particular and capitalist class in general*. What Yanan and others in CPC called “comprador-fascism” was no such reactionary social movement of the petty-bourgeoisie (because most of the echelons of the petty-bourgeoisie gravitated towards the national liberation movement under the colonial conditions), nor did it serve the big monopoly finance capital, because China had no modern financial monopoly capital. Therefore, here, we need to overlook the careless and incorrect use of the term “fascism” which pervaded the Marxist literature of that period, not only in the context of Chinese Communist Party but also other communist parties of the period, barring a few exceptions; it was an error which was correctly rectified later by the majority of revolutionary communists around the world; instead, here, we should look at what Yanan says about the financial

oligopoly in China and why and how it had nothing industrial about it and was totally a child of commercial and usurer capital, along with the political power of the military-feudals. Yanan points out:

This comprehensive control of politics, military affairs, and finance created the perfect conditions for an all-powerful and omnipotent fascist dictatorship. **However, I must point out that while modern fascist dictatorship is the political reflection of the financial oligarchy, that financial oligarchy is, after all, a highly developed industrial and technological system with a continuously rising organic composition of capital, and therefore increasingly dependent on bank investment. This resulted in a unique manifestation of the integration of industry and banks, or industry's control over banks.** Precisely for this reason, fascist rule, which embodies the political and military power of the financial oligarchy, cannot mercilessly and recklessly destroy industry or even other enterprises that rely on bank support. On the contrary, to better serve the financial oligarchy, it must even carefully support and nurture the various industries that serve as the lifeline of finance. **In this regard, our financial oligarchy is very peculiar. From the very beginning, it has no connection with China's industry or other production enterprises or to the distribution of legitimate commercial business. On the contrary, it is better to say that it was established at the expense of all these and with the support of imperialism. Because of its characteristics of being separated from production and all legitimate social enterprises, the exercise of its authority can be carried out in accordance with the style of China's brutal and barbaric autocratic emperors, or adopt the rapacious and exploitative methods imperialists used on backward nations. (*ibid.*, *emphasis ours*)**

As we can see, Yanan clearly brings into relief the commercial, usurer and feudal character of the banking system of China under the four great families. He also points out that this financial system had nothing whatsoever to do with the industrial production; on the contrary, it was designed to destroy industrial production through

commercial profiteering, fiscal loot and plunder and usury, along with feudal modes of extraction of surplus. Any reader can compare this with the financial system which came into existence and evolved in India after the independence and how it facilitated the private capital accumulation by the industrial bourgeoisie. In fact, one can say that one aspect of post-independence industrialization of India was its state-led character, while the other, associated with it was the bank-led character. In fact, this trajectory was common to many late-industrializers, as many studies have shown. However, Murali is never bothered by such “trivial” details. He must create a world after his own mental image, a habit pervading the entire shrinking and crisis-ridden community of the so-called “Maoists” in India.

Yanan describes the process in which the four great families first exploited the state-industries through commercial methods and then were compelled to take them over during the war, under the requirements of imperialism itself, even though they were least interested in running these state-enterprises. Moreover, even when they ran these state-industries, they were mostly the sectors contributing raw materials and inter-mediate commodities for the imperialist war effort. Most importantly, Yanan points out that even in control of state-owned industries, the four great families continued to be commercial-bureaucratic families rather than families belonging to the industrial bourgeoisie. Yanan argues:

However, because the Four Big Families, led by Chiang Kai-shek, were forced to agree to the War of Resistance, *they were unwilling and afraid to mobilize the nation’s manpower and material resources to support the war.* Instead, they sought to use the nation’s manpower and material resources to increase their wealth under the name of war. Therefore, soon after arriving in the southwest, the rear areas, they quickly established financial control relying on military control, and further forcibly brought the entire country’s commerce, industry, mining, and agriculture into the clutches of the Four Big Families. **Their method was to exploit the price fluctuations and exchange rate fluctuations caused by the excessive printing of banknotes to engage in speculative manipulation between**

official prices and the black market for both commodities and foreign exchange. Gold trading was sometimes banned, then allowed again; foreign exchange was strictly controlled, then liberalized. **All of these measures were designed to create opportunities for those comprador bureaucrat-capitalists to make wealth.**

When prices fluctuated violently and commercial capital was unusually active, the banking system dependent on the four big banks not only hoarded goods in the name of its various subsidiaries but also exerted control over general commerce through usurious loans. In 1938, the Trade Adjustment Commission, under the Military Affairs Commission, was renamed the Trade Commission and placed under Kong Xiangxi's Ministry of Finance. **It purchased all exported local products, such as silk, tea, tung oil, and pig bristles, at low prices. Starting in 1942, under the guise of controlling cotton products, it exercised comprehensive control over the purchase and sale of cotton, cotton yarn, and cotton cloth through the Agricultural Bureau's Fusheng village. During the same period, salt, sugar, cigarettes, and matches were monopolized. Through these measures, and through the commercial organizations affiliated with the semi-governmental and semi-commercial enterprises established by the four big families in various provinces, they monopolized all domestic and foreign commerce.**

The monopoly of commerce must be guided towards the monopoly of industrial, mining, and transportation sectors in the process of regulating commodity production, transportation, and sales. As early as 1937, under the all-encompassing Military Commission, there was an Industrial and Mining Adjustment Committee. On the one hand, it supported the so-called state-owned factories and mines with insufficient capital, and on the other hand, it adopted the same method of merging banks by adding government shares to old and new factories and mines. **However, this comprador bureaucratic capitalist class had little interest in too many troublesome production undertakings. But in the rear area, prices fluctuated**

constantly. Without controlling production, it is impossible to control commerce; additionally, due to the urgent demand of the military supply industry and the special task of contributing rare metals to imperialism, the Natural Resource Commission and the military industry bureau, which belong to the four big families, almost completely controlled the important industrial and mining industries in the rear area. The methods and approaches they used were nothing but excuses for strengthening control and increasing capital assistance. For the destitute factories and mines at that time, there was no other way but to reluctantly accept it. In 1944, when the War of Resistance was coming to an end, the number of factories and mines under the Natural Resource Commission alone reached 105 units, with a total of 1,82,000 employees. (*ibid.*)

Further, regarding the banking capital in China and its true usurious and commercial character, rather than industrial character, Wang Yanan writes:

In capitalist countries, so-called bank capital originally emerged in response to the convenience of industrial capital. Banks and industry are inextricably linked. In backward countries, however, **it only serves as a usurious financial industry that undermines production, rather than bank capital that supports industry. If bank capital exists in name only, it can easily retain the characteristics of usury. As a result, it can easily become closely linked to commerce, and even easily transform itself into commerce by means of supporting industry.** It seems difficult to achieve the desired results by implementing a capital policy that supports industry and suppresses commerce through this type of bank capital. At this crucial point, the question of how to use bank capital to shrink commercial capital or expand industrial capital raises the question of how to deteriorate bank capital itself. (*ibid.*, *emphasis ours*)

It was precisely speculation, commercial and usurious profiteering of the four great families that turned them eventually from comprador

bourgeoisie in general into the comprador-bureaucratic bourgeoisie and their capital (owing to their possession of the state and their comprador character) was called the bureaucrat capital in China. It was bureaucrat capital not because it was in the hands of the bureaucrats! That will apply to each and every country of the world and will make the state-monopoly industries of all countries into bureaucrat capital. The utter absurdity of such conclusion is obvious to any serious student of Marxist theory and economic history. In certain Scandinavian countries, where the state sector is considerably big, the state has control over many heavy, chemical, engineering and infrastructural industries. Does that make the ruling bloc of these countries as bureaucratic capitalists? No! Murali wants to understand something grammatically, syntactically and etymologically, which can be understood only politically, historically and theoretically. However, we will see that it is precisely in the arena of politics, history and theory that Murali is destitute in matters of 'concepts and methods'.

What Does K. Murali Lack? Precisely, the Marxist-Leninist-Maoist 'Concepts and Methods'

Now let us talk a little about concepts and methods!

What is the yardstick to determine the character of a bourgeoisie? Murali might say that those bourgeois classes which are lackeys of imperialism are compradors. However, a counter-question might be asked: *why certain bourgeois classes behave as comprador-bureaucratic bourgeoisie, whereas others behave as politically-independent bourgeoisie (of national or reactionary-national type)?* Does that have anything to do with the political economy of a class? If not, then what is the *materialist basis* of the varied behaviors of different bourgeois classes? If we leave the political economy basis of the determination of the character of a bourgeoisie, then it becomes purely a matter of subjective and arbitrary decision which will vary from one person to another. This

method has nothing whatsoever to do with the Marxist method. That is why Murali particularly lacks in the matters 'of concepts and methods'.

The Marxist method requires us to probe the political economy of every class in order to determine their character. Based on a concrete analysis of the political economy of a bourgeois class, we can characterize a bourgeoisie as comprador, national, imperialist, or reactionary-national (or 'junior partner'). Now, why an industrial bourgeoisie can never be comprador? We quoted Mao, Stalin, Wang Yanan, Chen Po-ta and others in detail to show that the industrial bourgeoisie can never be comprador because it needs its own domestic market for the realization of the value and surplus-value embodied in its commodities. If it is not provided with the cover of protective tariffs and policies of import-substitution, especially in the countries which have been termed by Alexander Gerschenkron as 'late-comers' undergoing late-industrialization, or in countries which are colony, semi-colony or neo-colony, then they cannot compete with the imperialist capital which has much higher organic composition of capital and therefore can undersell them and destroy them. *That is why, the demand for protective tariffs and stopping the import of foreign goods are not peripheral contingent issues of contradiction between the comprador bourgeoisie of colonies, semi-colonies and neo-colonies on the one hand and imperialism on the other, as Murali thinks, following the likes of Suniti Kumar Ghosh.* In fact, as we saw above, comprador bourgeoisie does not have any contradiction of its own with imperialism and whenever there *appears* a contradiction between a comprador bourgeoisie and any particular imperialist country or axis, it is only a manifestation of the inter-imperialist rivalry. The reason is that as commercial, usurer, bureaucratic bourgeoisie, the comprador bourgeoisie does not have any independent political character. *Au contraire*, the contradiction of a bourgeoisie with imperialism on the issues of protective tariffs and import-substitution touches upon the crux or the essence of the contradiction between a politically-independent industrial bourgeoisie and imperialism. However, Murali is adamant to see what he wants

to see. If and when he cannot change the thing-in-itself, he changes the name of the thing-in-itself, just like other programmatic dogmatists and neo-Narodniks among Indian “Maoists”.

It is precisely this programmatic dogmatism of stubbornly clinging to the program of new democratic revolution in India, on the one hand, and the complete absence of revolutionary massline, which have led to their decline, as we see it today. It is precisely this intransigence to see the reality as it is and as it develops, which has proven to be their undoing. At least now, they should rethink their program, strategy and general tactics. However, our hopes are not on very strong foundations, given their history of incorrigible dogmatism.

Similarly, the bureaucratic bourgeoisie, too, is not bureaucratic bourgeoisie because it is bureaucrat! That would be a tautological explanation, as Wang Yanan pointed out. It is exactly like Murali's answer to what is comprador bourgeoisie! Murali answers: 'comprador bourgeoisie is the bourgeoisie which is comprador!' Fantastic! We have seen how Wang Yanan ridicules this method and argues that bureaucracy was there in China for so many centuries, even after the beginning of the modern period; why did bureaucrat capitalism and bureaucratic bourgeoisie originate only at a certain juncture in the history of semi-feudal semi-colonial China since the late-19th century? It is not the bureaucrats' control of the state and therefore the state-monopoly industries that makes these bureaucrats as bureaucratic bourgeoisie and the capital under their control as bureaucrat capital. It is precisely their *comprador commercial, speculator and usurer character* that makes these particular bureaucrats as bureaucrat capitalists and their capital as bureaucrat capital. In the case of bureaucratic bourgeoisie and the bureaucratic capital, too, Murali deftly demonstrates his utter ignorance of political economy, history and theory. So much for the 'concepts and methods' of Murali!

Now let us come to another muddle created by Murali.

Murali's Muddle: India, a Semi-feudal Semi-colonial Country or a Neo-colonial Country?

Murali muddles up the concepts of semi-feudal semi-colonial country with the concept of neo-colonialism. At one place he calls India a semi-feudal semi-colonial country, at another he calls it a neo-colony. It goes without saying that the two concepts cannot be used interchangeably, as historically, they belong to two different periods and categories and refer to two historically different forms that colonial exploitation assumed. However, as we shall see, Murali is least bothered about such "trifles"! Moreover, he brings in the term 'neo-colonialism' in the context of India, along with 'semi-feudal semi-colonial' characterization because the former includes certain countries where a bureaucratic-commercial bourgeoisie ruled on the behalf of American or French or Soviet Social Imperialist neo-colonial power, but in terms of mode of production, feudal and semi-feudal relations had become obsolete, with the rise of capitalist relations and transitional forms of relations (what Marx called transitional simple peasant economy, which was no longer feudal but was yet to become 'properly' capitalist). Since, Murali has hard time proving that the mode of production in India is, in the main, feudal, he mixes up and muddles the two characterizations, namely, 'semi-feudal semi-colonial' one and 'neo-colonial' one, even though India is neither.

Let us see what the stand of the CPC on this question was. It was a common knowledge in the international communist movement that 'neo-colonialism' referred to a form of colonial domination that emerged mainly after the Second World War, where certain countries that gained independence from the old colonial powers of Europe, were brought under a new form of colonial domination, by *one* imperialist country, but through indirect military and economic means, and the discussion had begun especially in the context of the US imperialism. These countries were often ex-colonies that came under the imperialist domination of their former colonial masters or

under the domination of the US imperialism. In the course of time, it became a general understanding of the revolutionary communists everywhere what 'neo-colonialism' referred to. Chou En-Lai and Chen Yi said in a report to the CC of the CPC:

[Many countries] only mentioned opposing colonialism, and were reluctant to mention opposing **neo-colonialism, and avoided alluding to the United States.** (Report from Chou En-Lai and Chen Yi to the CPC Central Committee and Mao Tse-tung, January 10, 1964)

Even before that, Chou En-Lai in 1955, during the Bandung Conference referred to the concept of 'neo-colonialism' and said:

At the Afro-Asian conference a minority of countries have mentioned **the idea of neo-colonialism.** They argue that the Soviet Union is a new colonizing country, and that Eastern European People's Democracies are new colonies; this is against common knowledge. Prime Minister Nehru said: People can disagree with Communism, but there is no reason to dub the Soviet Union [as a power of] colonialism.

Point out that this kind of absurd argument is exactly the American ruling bloc's method for furthering colonialism and opposing the Soviet Union.

Be aware that in analysis there is no need to use the term neo-colonialism to describe American colonialism, there is also no need to mention specific country nations to conduct criticism. There is no need to specifically note that the Afro-Asian conference countries are all in agreement on this question, but [we] can emphasize that the awakened peoples of Afro-Asian countries will not be tricked by this kind of absurd propaganda. (Chou En-Lai's instructions to Wen Tian on countering the "Soviet neo-colonialism" and "various forms of colonialism" argument from pro-American countries.)

It is clear that at that time the CPC opposed the use of the term 'neo-colonialism' in the context of the Soviet Union, in the beginning, and also the use of this term in general. Later, it began to use this term

specifically in the context of US imperialism subjugating certain formally free countries in Latin America, Asia and Africa. In 1961, at the sixth anniversary of the Bandung Conference, *Renmin Ribao* wrote:

The victory of the struggle of the Asian, African and Latin American people to win and safeguard national independence was not easily won. Facts have proved that in order to achieve a thorough victory in the national and democratic struggle, it is necessary not only to wage a resolute struggle against the old colonialists, but also, more importantly, to see through and smash the various conspiracies of **the neo-colonialists**. The Third All-African People's Conference held recently in Cairo and the Fourth Session of the Council of the Afro-Asian People's Solidarity Organization held in Bandung profoundly exposed the various crimes of **neo-colonialism** and solemnly called on the Asian and African people to strengthen unity and wage a resolute struggle against **neo-colonialism**.

After the Second World War, **U.S. imperialism has not only become the main pillar of old-fashioned colonialism, but it is also the most greedy, cunning and vicious neo-colonialist**. U.S. imperialism has not only further intensified its control and plunder of Latin America, but has also tried every means to extend its tentacles of aggression into Asia and Africa, and has **tried its best to exclude the old-fashioned colonialism of Britain, France, Belgium and Portugal, in an attempt to replace them**. **U.S. imperialism, through political conspiracy, economic infiltration and the organization of military groups everywhere**, has violated the territorial sovereignty of independent countries and undermined the national liberation movement of non-independent countries, in the vain hope of realizing its evil intention of enslaving the people of the world and preparing for a new war. However, these conspiracy activities of the United States have not been able to reverse the wheel of historical development and save the fate of the inevitable collapse of the imperialist colonial system. On the contrary, they have educated the people of the world from the opposite side, making them increasingly aware that **American neo-colonialism is**

a more vicious enemy than any old colonialism. The continuous rise of the storm of struggle against American imperialism in the world in the past two years and the failure of the war and aggression policy of American imperialism are the **direct results of the United States' promotion of neo-colonialism.** The Kennedy administration of the United States came to power when the national democratic movement swept across Asia, Africa and Latin America, **American neo-colonialism** hit a wall everywhere, and the domestic economic crisis in the United States was unprecedentedly serious. (*Renmin Ribao*, April 19, 1961, p. 5, *emphasis ours*)

By this time, the CPC was using this term in the particular context of the US imperialism and its indirect domination of certain ex-colonies. Moreover, it is noteworthy that the Chinese Party did not include India among such countries. In 1957, during the Suez Canal Controversy, Chou En-Lai said:

The heroic Egyptian people's great victory in repelling the British and French invasion and safeguarding the sovereignty of the Suez Canal marked a new upsurge in the anti-colonial struggle. This struggle is also a struggle to safeguard world peace. Over the past year, **the Afro-Asian nationalist countries of India, Burma, Indonesia, Ceylon, Egypt and Syria** have played an increasingly important role in the cause of safeguarding world peace. (Chou En-Lai at the 4th Session of the First National People's Congress, June 26, 1957, *emphasis ours*)

In passing, we should note here that India has been recognized as one of the nationalist countries in Asia. And, in passing, we should also recall how Mao described Nehru in 1962:

We want to unite with so many people. But they do not include the **reactionary national bourgeoisie like Nehru...** (Mao Tse-tung. 2020. 'Speech at the Tenth Plenum of the Eighth CPC Central Committee' (1962), in *Selected Works of Mao Tse-tung, Volume 8*, Foreign Languages Press, Paris, p. 437, *emphasis ours*)

It is clear that Mao is identifying Nehru, neither as a comprador bourgeoisie here, nor as a national bourgeoisie as it exists in a colony, semi-colony or neo-colony (which has something in common with the people against imperialism), but as a bourgeoisie which is neither comprador, nor national in the classical sense, nor imperialist, but 'reactionary national' or, what we call, 'junior partner' of imperialism in general which is independent in the political sense and partially dependent on imperialism in general in the economic sense. According to Murali's position, even Mao's quote should remind him of the Upanisadic chant of *neti, neti* ('not that, not that, not that...') and he should accuse Mao, too, of vague formulation that determines nothing! In fact, it is the dogmatic mind of our "Maoist" thinker which rejects any argument based on concrete facts which negates his fantastic notions about the economic, social and political reality of Indian society.

Moving on, let us come back to the above-mentioned address of Chou En-Lai. In his same address, Chou En-Lai also explains the meaning of neo-colonialism:

The Japanese people's struggle against the US military occupation, for independence and freedom and for world peace has also developed greatly. All of this is an important factor contributing to the easing of the international situation. **However, the United States took advantage of the weakened position of Britain and France and tried to seize their colonies and spheres of influence in the Middle East, North Africa and other parts of the world, intensifying the subjugation and oppression of the local people. This was the United States' neo-colonialist policy.** As this policy was even more deceptive, and as the people of some countries lacked experience in struggle, it was entirely possible that the schemes of the American colonialists succeeded for a time in some countries, such as Jordan, temporarily frustrating the struggle for national independence of the people of these countries. However, the movement for national independence and against colonialism, like any popular movement, cannot be suppressed indefinitely. The increasingly-blatant interference of the United States and the

increasingly-brutal subjugation and oppression will surely make the people of these countries more aware and more clearly understand the true face of American colonialism. This is evidenced by the growing calls in almost all countries controlled by the United States to break free from American control, adopt a policy of peace and neutrality, and oppose aggressive military blocs. The struggle for national independence and against colonialism is a long, complex, repeated, but ultimately victorious struggle. Every setback and every difficulty educates the people, raises their consciousness, and enables them to finally find the right path to lead the struggle to victory.

It is particularly noteworthy that even in Taiwan, a Chinese territory under the tight control of the US aggressor, there has been a large-scale anti-US movement among the people, and this anti-US movement came about precisely after the US established missile bases in Taiwan. Now the United States has unilaterally announced the abrogation of paragraph 13 (d) of the Korean Armistice Agreement and is preparing to send new weapons into South Korea. In doing so, the United States is, on the one hand, continuing to obstruct the peaceful reunification of Korea, threatening the Democratic People's Republic of Korea and exacerbating tensions in the Far East, and, on the other hand, suppressing the people of South Korea and strengthening its colonial rule in South Korea. **This shows that the United States is following in the footsteps of old colonialism and is having to rely more and more on the bayonet to maintain its neo-colonialism. It is certain that the new American colonialism will never have a better end than the old colonialism.** The Chinese government fully agrees with the proposal of the government of the Democratic People's Republic of Korea to convene an international conference with the broad participation of relevant countries, and strongly condemns the unilateral action of the United States to undermine the Korean Armistice Agreement. (*ibid.*, *emphasis ours*)

Another article from *Renmin Ribao* in April, 1961 says:

Xinhua News Agency reported on April 23 that the All-China Youth Federation and the All-China Students Federation wrote letters to various youth and student organizations in Asia, Africa and Latin America to commemorate the World Youth Anti-Colonialism Day on April 24, supporting their just struggles against imperialism and colonialism.

In the letters, the All-China Youth Federation and the All-China Students Federation exposed the fact that **the most vicious and cunning American neo-colonialism is more frantically extending its claws of aggression to various parts of Asia, Africa and Latin America.** The letter pointed out that the Kennedy administration, which has been in power for more than two months, is frantically planning new aggression plots and world wars under the cover of various lies, and is trying to extinguish the anti-imperialist anger of the people of various countries through so-called 'limited wars' and 'sub-limited wars'; it is sending its fifth column 'Peace Corps' to undermine the national democratic movements in Asia, Africa and Latin America. The letter pointed out that neo-colonialism is the greatest danger threatening African countries that have recently gained independence or countries close to such status. The people and youth of various countries have learned from their struggles that every progress in the just cause of striving for and maintaining national independence, democracy and freedom can only be achieved through a serious tit-for-tat struggle against the enemy. (*Renmin Ribao*, April 25, 1961, *emphasis ours*)

In November 1972, *Peking Review* wrote in an article:

Thus, the national-liberation movement faces the arduous militant task of opposing **the USSR and the US, the two overlords, and it cannot win complete victory without opposing the neo-colonialism of these two superpowers.**

The U.S. Government's undisguised support and encouragement to Israeli aggression is clear for all to see. However, while the U.S. Government is supporting the Israeli aggressors in their feverish expansion in the Middle East, the other superpower, masquerading

as a friend of the Arab people, is taking advantage of the temporary difficulties of the Arab countries to carry out large-scale infiltration and expansion in the Middle East under the signboard of 'help eliminate the consequences of aggression' and 'assist the Arab people.' It is more deceptive and more dangerous than old-line imperialism. It has resorted to every conceivable tactics, soft and hard, cajolery and intimidation. It says to the Arab people: I support you, but you must give me privileges, bases and strategic material. I will sell you weapons, but they must not be used for fighting, you should under no circumstances counter-attack Israel, or it will lead to U.S.-Soviet confrontation and to the outbreak of a world war, then the whole Arab nation will be exterminated. Only when you meet my requirements will your 'beautiful dream of the future' 'become reality.' Whoever shows any dissatisfaction or puts up any resistance is 'pro-imperialist reactionary force' and 'anti-Soviet,' and I shall be entitled to incite a *coup d'état* to subvert you! Well, the treacherous intention is exposed at last; words of honey have turned into cold-blooded murder. The facts are very clear: while talking about the 'dream' and 'reality,' those people want the Palestinian and other Arab peoples to fold their hands and wait for death before the Israeli Zionists; they want to realize the old tsar's long-cherished ambition for the control of the Mediterranean Sea and the establishment of hegemony in the Middle East; they want to be left undisturbed in their contention for hegemony and division of spheres of influence with the other superpower under the signboard of seeking 'a just and lasting peace in the Middle East.' Just recall what the superpower has done in recent years in the Middle East and other parts of the world, and one will know better what is internationalism in words but hegemonism in deeds, and what is socialism in words but imperialism in deeds. ('On Studying Some History of the National Liberation Movements', *Peking Review*, No. 45, November 10, 1972, *emphasis ours*)

Another article of *Renmin Ribao* from 1963 points out that it was often the former colonies that became the neo-colonies of the old colonial masters or sometimes the old colonial masters were elbowed out by the US imperialism, which assumed the mantle of

the neo-colonial master. Thus, in a way, neo-colonies were more of a direct descendants of the erstwhile colonies than the semi-feudal semi-colonial countries. The Editorial in *Renmin Ribao* points out:

Consider, first, the situation in Asia and Africa. There a whole group of countries have declared their independence. But many of these countries have not completely shaken off imperialist and colonial control and enslavement and remain objects of imperialist plunder and aggression as well as arenas of contention between the old and new colonialists. **In some, the old colonialists have changed into neo-colonialists and retain their colonial rule through their trained agents. In others, the wolf has left by the front door, but the tiger has entered through the back door, the old colonialism being replaced by the new, more powerful and more dangerous U. S. colonialism. The peoples of Asia and Africa are seriously menaced by the tentacles of neo-colonialism, represented by U. S. imperialism.** ('Apologists of Neo-colonialism', Editorial Departments of *Renmin Ribao* and *Hongqi*, October 22 1963, published in *Peking Review* 43, October 25, 1963, *emphasis ours*)

The Editorial argues further:

An important characteristic of such neo-colonialism is that the imperialists have been forced to change their old style of direct colonial rule in some areas and to adopt a new style of colonial rule and exploitation by relying on the agents they have selected and trained. **The imperialists headed by the United States enslave or control the colonial countries and countries which have already declared their independence by organizing military blocs, setting up military bases, establishing "federations" or "communities", and fostering puppet regimes.** (*ibid.*, *emphasis ours*)

More:

The United States is most energetic and cunning in promoting neo-colonialism. With this weapon, the U.S. imperialists are trying hard to grab the colonies and spheres of influence of

other imperialists and to establish world domination. (*ibid.*, *emphasis ours*)

The editorial goes on to point out that it is the US imperialism which is the harbinger of neo-colonialism:

Like “the disappearance of colonialism”, this theory of a “new stage” advocated by the leaders of the CPSU is clearly intended to whitewash the aggression against and plunder of Asia, Africa and Latin America **by neo-colonialism, as represented by the United States**, to cover up the sharp contradiction between imperialism and the oppressed nations and to paralyse the revolutionary struggle of the people of these continents. (*ibid.*, *emphasis ours*)

This Editorial briefly also talks about the French neo-colonialism imposed on the countries, especially in Africa, which were ex-colonies of France.

There are many such excerpts which can be reproduced here but there is no need. It is clear from the foregoing that neo-colonialism was a specific term used to denote certain countries of Asia, Africa and Latin America that came under the subjugation of the colonial domination of the US imperialism in the main, or, secondarily of the Soviet social imperialism, or, later French and certain other European imperialisms. These were ex-colonies of some imperialist country, which became the victim of imperialist domination in a new form, neo-colonialism, where one imperialist country (mainly, the above-mentioned ones) brought them under indirect *political* control through economic and military methods. On the contrary, semi-feudal semi-colonial country is not subjugated to one imperialist power, but is divided into spheres of influence of more than one imperialist power.

It is noteworthy that today certain ML groups/organizations in India, which have found it difficult to sustain the identification of the Indian society as semi-feudal semi-colonial have accepted that the feudal mode of production in Indian society has almost ended except a few remnants, but India is still in the stage of new democratic revolution,

because now it is a neo-colony. However, they, too, are stuck in this contradiction: they are unable or unwilling to name the imperialist country, whose neo-colony India has become! It is clear that India is neither a semi-feudal semi-colonial country nor a neo-colonial country. Such ML groups/organizations have failed to gather the courage to make the required radical change in their programmatic position and therefore they are standing halfway house. However, such positions, too, are not sustainable, as evident from the foregoing discussion.

As CPC sources had predicted, even this neo-colonial form, too, cannot continue for a long time. That prediction has come true. Today, the countries which are still under the neo-colonial domination of the US or French imperialism can be counted on fingers and they, too, are rapidly slipping out of their hands.

Now let us come to Murali's understanding of history of industrial capitalism and industrial bourgeoisie in India and his opportunistic misuse and abuse of various works by eminent economic and social historians, who have worked on this subject.

K. Murali on the Development of Industrial Capitalism and Industrial Bourgeoisie in India and its Social Origins: *A Fish Out of Water*

Now, let us briefly discuss K. Murali's views on the origins of industrial capitalism in India, which he uses to argue that the Indian industrial bourgeoisie was actually comprador and bureaucratic. There are two basic elements of his argument: *one*, the main source of the industrial capitalism in India was investment of capital by the kings, princes and feudal lords and therefore it was bureaucrat capital, though we have seen that this definition of bureaucrat capital itself is an invention of the mind of K. Murali; *two*, industrial capitalism developed only when allowed by colonial conditions; we have seen that in all colonial, semi-feudal semi-colonial countries, the industrial bourgeoisie developed precisely in these conditions and it does not negate their 'industrial' or 'national' character.

Regarding the first argument, there are two points: first, the argument is factually incorrect as the main source of industrial capitalism in India was not investment from feudal kings, princes and landlords, but from trading and mercantile bourgeoisie, usurers and in certain areas, master-craftsmen who emerged as industrial entrepreneurs; second, it is true that feudal kings, princes and landlords, too, began to invest in industry; however, this did not make them any less of an industrial capitalist; in fact, in many cases, it was a part of their transition from kings/princes into capitalists in a long gradual process and this process has happened in many other countries as well, as we shall see.

Regarding the second argument, it is not an *argument* at all! It is stating the obvious: under the colonial and semi-colonial conditions, indigenous industrial capitalism and industrial bourgeoisie develops

only when the conditions allow them to, due to the internal contradictions of imperialism, exigencies of the colonial rule, through compromise and manoeuvring. We have seen and will see that the national bourgeoisie in China developed precisely through this process. We will also see that in China, too, many of the merchants, feudal lords, usurers etc. turned into industrial capitalist class and used every opportunity created by the contradictions of colonialism to develop their industrial base.

In short, the two arguments presented by Murali to deny the politically-independent character of the industrial capitalist class and industrial capitalism of India, are a non-starter to begin with. They mean nothing and they prove nothing. They are stating the obvious to claim something which has no basis in the actual historical developments. Now, let us understand the mysterious ways in which K. Murali moves.

Social Origins of Industrial Bourgeoisie and the Conditions of its Development: Amusing Views of K. Murali and the Marxist Understanding

First of all, we must understand that the social origins of the national bourgeoisie and national capitalism in almost all colonies and semi-colonies can be traced back to the classes of feudal landlords, merchants and usurers and state-officials or bureaucrats, and partly to the class of master craftsmen/artisans. This does not make them any less 'national' or any less 'bourgeois'; this does not turn them into 'bureaucrat capitalist' as K. Murali thinks. Had Murali paid attention to what Mao, Chen and other leaders and scholars of CPC said and wrote, he would not have made such a preposterous claim. Let us see what Mao writes about the social origins of the private capitalist industry and the national bourgeoisie in China:

In fact, some merchants, landlords and bureaucrats began investing in modern industry as far back as sixty years ago, in

the latter part of the 19th century, under the stimulus of foreign capitalism and because of certain cracks in the feudal economic structure. About forty years ago, at the turn of the century, China's national capitalism took its first steps forward. Then about twenty years ago, during the first imperialist world war, China's national industry expanded, chiefly in textiles and flour milling, because the imperialist countries in Europe and America were preoccupied with the war and temporarily relaxed their oppression of China.

The history of the emergence and development of national capitalism is at the same time the history of the emergence and development of the Chinese bourgeoisie and proletariat. **Just as a section of the merchants, landlords and bureaucrats were precursors of the Chinese bourgeoisie, so a section of the peasants and handicraft workers were the precursors of the Chinese proletariat.** As distinct social classes, the Chinese bourgeoisie and proletariat are new-born and never existed before in Chinese history. They have evolved into new social classes from the womb of feudal society. They are twins born of China's old (feudal) society, at once linked to each other and antagonistic to each other. However, the Chinese proletariat emerged and grew simultaneously not only with the Chinese national bourgeoisie but also with the enterprises directly operated by the imperialists in China. Hence, a very large section of the Chinese proletariat is older and more experienced than the Chinese bourgeoisie, and is therefore a greater and more broadly based social force. (Mao Tse-tung. 1965. 'Chinese Revolution and the Chinese Communist Party', *Selected Works, Vol. 2*, Foreign Languages Press, Peking, p. 310, *emphasis ours*)

The above excerpt also points out that national capitalism of China developed only when the strings of colonial oppression were loosened due to the internal contradictions of imperialism, for instance, the period of imperialist wars. This is also because during this period, for their war efforts, the imperialists also required co-operation from the national industry of China for the manufacture of

various war materials and supplies. It was precisely during this period that national industry expanded.

Above, we have already quoted Wang Yanan at length to demonstrate the fact that industrial bourgeoisie and industrial capital in colonial or semi-colonial conditions develop only when the pressure of imperialist colonial exploitation and oppression are slackened due to conditions of war, etc. or the imperialists are obliged to grant certain concessions to the industrial capitalist class owing to their own urgent needs due to intensifying inter-imperialist rivalry.

However, K. Murali quoting the likes of Chirashree Dasgupta and Nasir Tyabji, claims that the fact that an industry developed only when the colonial oppression was relaxed, or when the colonial power gave the industrialists a leeway, shows that these industrialists were comprador. As we can see, this line of 'argument' has nothing in common with the theoretical and historical positions of Mao and the CPC. We will see that even scholars like Chandavarkar, Dasgupta and Tyabji, too, have been subjected to injustice by K. Murali because their position is not at all akin to Murali's. Murali has quoted them out of context.

Murali's Fixation with Monarchy as the Source of Capitalist Class in Pre-Colonial and Early Colonial India

Murali has claimed that the main source or social origin of the capitalist class in India (which according to Murali was bureaucratic capitalist class!) was the class of feudal monarchy, that is, kings, princes, etc. They invested in industry and it was precisely because of this that this kind of industry must be considered as the state-monopoly industry of the bureaucrat bourgeoisie. We have seen and we will see in this essay, first of all, that just because the social origins of certain investors in industry is royalty, does not at all make them bureaucrat capitalist, and secondly, that, in fact, such

investments, when and if they become the principal form of their investment, transforms these royal families into capitalist ones, even though the veneer of royalty might remain. One scholar, which Murali also quotes, Prasannan Parthasarathi points out:

The preceding survey of manufacturing in early nineteenth-century India, in combination with material given in previous chapters, leads to several observations about the potential for modern industry in the early colonial period. **First, Indian entrepreneurial ability was not in short supply. The knowledge and skill of Indian merchants was most evident in the Indian Ocean trading system, in the western part of which, according to Pedro Machado, Gujarati cloth merchants out-competed Portuguese and British traders because of their superior information and better connections to the sources of cloth.** (Parthasarathi, P. 2011. *Why Europe Grew Rich and Asia Did Not: Global Economic Divergence, 1600-1850*, Cambridge University Press, p. 239-40, *emphasis ours*)

Parthasarathi goes on to show how in different trades and occupations, these were the mercantile communities which first emerged as Indian capitalists. It is a little bizarre for us to explain this, as it is like a common knowledge among economic historians of India. Harish Damodaran in his meticulous factual research (whether one agrees with his theoretical standpoint or not) shows that the kings and princes played a role of a distant second to the mercantile communities as far as the first industrial capitalists of India are concerned. He argues:

Headquarters of the Federation of Indian Chambers of Commerce and Industry (FICCI), this sombre and stolid four-storeyed building epitomizes the country's old business establishment. As one ascends its narrow, neatly-tiled stairs leading to its offices and conference halls, there are black-and-white pictures of FICCI's presidents from 1927 onwards, down to the most recent incumbent. **Their profile says it all: four out of every five are from traditional merchant communities.** (Damodaran, H. 2008. *India's New*

Capitalists: Caste, Business and Industry in a Modern Nation, Palgrave-Macmillan, p. 8, *emphasis ours*)

He writes further:

When we say 'old' or 'traditional', **the reference is to mainstream trading castes with a reasonably national, and sometimes limited overseas presence going back to at least the nineteenth century.** Such castes include Gujarati Baniyas/Jains, Marwaris and other non-Gujarati Baniyas/ Jains, Parsis, Nattukottai Chettiars, and the Lohanas and Bhatias of the Kutch–Kathiawar–Sindh belt. (*ibid.*, p. 8, *emphasis ours*)

More:

The traditional business communities, on the other hand, form the crust of what is known in Marxian literature as the 'national bourgeoisie'. Through their long-distance networks of trade and finance, these groups have inherited over the ages a wondrous propensity to 'nestle everywhere, settle everywhere, establish connections everywhere'. FICCI, in a sense, was the product of this pan-Indian capitalist class that developed a self-conscious, independent identity in the post-World War I period. Its main drivers were Ghanshyam Das (G.D.) Birla, a Marwari settled in Kolkata; Purshotamdas Thakurdas, a Gujarati Bania and Mumbai's leading cotton merchant; and Lala Shri Ram, a Punjabi Agarwal Bania heading the Delhi Cotton Mills (DCM) group. FICCI's first president, in 1927, Dinshaw Petit, was a Parsi textile tycoon of Mumbai, whose daughter, Ruttenbai, married the founder of Pakistan, Mohammad Ali Jinnah. Two other prominent figures in FICCI's formation were Kasturbhai Lalbhai, a Gujarati Jain representing Ahmedabad's mill owners, and M.C.T. Muthiah Chettiar, a Chennai-based banker who controlled the United India Life Assurance Company. (*ibid.*, p. 9, *emphasis ours*)

Damodaran points out that the wealth accumulated through commerce, trade and money-lending was then diverted, at least in part, to industry by these mercantile communities:

Having built such formidable marketing and credit networks spanning the whole subcontinent and even overseas spaces, **the logical next step for the merchant communities was to channelize some of their surpluses accumulated from trade into manufacturing.** (*ibid.*, p. 19, *emphasis ours*)

With the First World War and in the period following the Great War, this new industrial capitalist class developed its industrial basis:

Things changed radically with the War and the Depression that followed, both of which tilted the balance decisively against foreign trade. **For the first time, production (in opposition to imports) for the domestic market (as against exports) became not simply feasible but a desired option.** G.D. Birla established cotton textile units in Delhi and Gwalior, while a fellow Marwari and speculator in opium and cotton, Sarupchand Hukumchand, started three mills in Indore. Kamlapat Singhania similarly launched mills in Kanpur and Lala Shri Ram's DCM rose to be the Delhi–Punjab region's premier textile concern. (*ibid.*, p. 20, *emphasis ours*)

Damodaran shows that with expansion of the Industrial base and power, this class become politically more assertive and won the privilege of what has been called 'discriminate protection' (meaning, protection against all foreign imports except the British imports, mainly designed against German and Japanese imports):

Growing assertiveness and awareness of their collective self-interest— in 1930, G.D. Birla declared that Kolkata's Marwari dealers in Manchester piece-goods were willing to discard the trade and henceforth purchase the 'whole production' of Mumbai and Ahmedabad mills— **enabled the pan-Indian business communities to wrest concessions from the colonial government, including a policy of 'discriminating protection' around 1925.** (*ibid.*, p. 21, *emphasis ours*)

We would urge the readers to refer to classic studies of the Indian capitalist class and Indian capitalism from Morris D. Morris, Sabyasachi Bhattacharya, A. Vaidyanathan, Rothermund and

Pavlov, to modern economic histories written by the likes of Tirthankar Roy, Vivek Chibber, Deepak Nayyar and many others. Even if we do not agree with the various theoretical and political judgments put forth by these scholars, their research and presentation of facts is revealing. We could have quoted from these studies as well to demonstrate the ignorance of our programmatic dogmatists. However, the critique has already become quite lengthy, so we would refrain and be content with referring the readers to these social scientists. This much is sufficient here to state: K. Murali has a very poor understanding of the historical development of the capitalist class of India.

Murali has to prove the “royal origins” of the “bureaucrat comprador class”, thus he overlooks the first two most important sources of the formation of the capitalist class in India and becomes besotted with kings and princes investing in industry, though, even in that case what we witness is transformation of a certain section of this class into industrial bourgeoisie rather than emergence of a bureaucrat capitalist class. We have already seen that bureaucrat capital is not simply the capital of the bureaucrats or the state-monopoly capital! There are so many examples of transformation of royal families into bourgeois families investing in industry and finance and undergoing a capitalist transformation from around the world that we cannot discuss all of them here. We will discuss only one more case in detail here, namely, the case of CPB and Thai Monarchy because Murali, out of total ignorance, cites it as an example of bureaucrat capitalism.

However, first things first. Let us now move to certain historians and scholars who have been wronged by Murali’s reckless scavenging for such quotes which supposedly support his dogmatic positions.

Shameless (Mis)use and (Ab)use of History: K. Murali (Mis)Reads Social Scientists

Murali presents this quote from eminent economic and labor historian Rajnarayan Chandavarkar:

The inception of the cotton-textile industry was neither the result of a structural transformation in the Indian economy nor the outcome of a logical progression from trade to industry. Rather, as we have seen, merchants who had been subordinated in the export trade in raw cotton sought an outlet in spinning and weaving to hedge against its fluctuations. This pattern of diversification to spread their risks and protect their capital was to characterise the subsequent development of the industry. (quoted in Murali, *op.cit.*)

We will present the entire excerpt from Prof. Chandavarkar's book in a while and show how Murali trims and truncates quotes from historians as well as Marxist authorities to support his dogmatic inanities. Moreover, we will present plenty of other excerpts from Prof. Chandavarkar's book to show how his position is diametrically opposed to Murali's programmatic dogma. However, let us first grasp a few basic things.

We know that the emergence of industry in colonies and semi-colonies, if it has not already happened before the colonization and subjugation of the country, happens by the impulse of imperialism itself, as Mao has pointed out in the above-quoted excerpt on the origins of national capitalism in China. Does that mean that the industrial bourgeoisie, emerged in such fashion, is not national or not industrial? Does that mean that bourgeoisie evolving through such processes is bound to be comprador and bureaucratic? If that is so, there can be no national bourgeoisie whatsoever in a colony or semi-colony! These kinds of 'methods and concepts' make the task 'already-performed' for the likes of Murali and his ilk! However, is Prof. Chandavarkar making any such argument? Let us see.

To understand Prof. Chandavarkar's position, we will present his views in detail so that the issue at stake is as clear as possible. First of all, he rejects the view that industrial capitalism in India must prove its existence on the standards of North-Western capitalism. Chandavarkar writes:

The development of capitalist enterprise and the strategies which its protagonists adopted must be situated within the context of the options available to the capitalist classes as a whole. It is frequently assumed that, because industrialization did not transform the economy, capitalism could have no part in the history of India. *Indian society in this view remained static, unchanging and traditional, except when its movement or development was fashioned by the 'impact' of the West.* Conversely, historians who have put together considerable evidence of a vigorous pre-colonial capitalism in India have tended to downplay its significance because the 'potentialities' for factory industrialization are perceived to be weak. (Chandavarkar, R. 1994. *The Origins of Industrial Capitalism in India: Business Strategies and the Working Classes in Bombay, 1900-1940*, Cambridge University Press, p. 45, *emphasis ours*)

Subsequently, Chandavarkar argues that the emergence of industrial capitalism in Bombay was not simply a construction or import of imperialism, but it was rooted firmly in the regional economy. It was, indeed, constrained by the limits posed by the colonial economy, as can be expected in a colonial country. This, too, is a given that it emerged within the context of the export trade subordinated to the interests of the colonial state. However, these foundations themselves did not determine, beforehand, the economic development of the capitalist class and its political representations and manifestations. Chandavarkar points out:

Once large-scale industries begin to appear, an almost unchallenged convention examines the history of the Indian capitalist class in terms of the emergence of industrial entrepreneurs. Following this convention, historians trace the evolution of the capitalist classes 'from traders to industrialists'. The most significant division in Bombay's mercantile community in the nineteenth century is found in their proximity to and participation in the export trade while in the early twentieth century this is superseded by the distinction between 'industrialists' and 'marketeers'. This distinction, too neatly effected and perhaps too

firmly maintained, obscures a broader view of the general influences upon the development of the capitalist classes as a whole. Bombay City is thus portrayed as a capitalist enclave, pulled out of its regional moorings, by its development within an international economy. **Industrialization is taken as a process of technological diffusion spreading slowly if unsteadily outwards from Western Europe; it is taken for granted that its dynamic was external, working ceaselessly upon a passive, traditional indigenous economy. This view of the development of the capitalist classes has often tended to mistake the tip of the iceberg for the solid mass beneath the water-line. If the choices made by industrial capital were shaped by the options before the capitalist classes as a whole, their development must be situated within the regional economy.** Necessarily, the treatment will be schematic rather than detailed or exhaustive. The emphasis rests on the suggestion that industrialization was the outcome of the narrowing options before the capitalist classes. It did not signify their transcendence of the inescapable constraints within which they operated. (*ibid.*, p. 45-46, *emphasis ours*)

Thus, Bombay became, despite these constraints and peculiarities of development of industrial capitalist class, a hotbed of nationalist politics in the 1920s and 1930s firmly rooted in anti-colonialism:

If nationalism had been, at least partially, the product of bourgeois frustration, it was also the case that as nationalist opposition mounted, the colonial state became increasingly concerned not to alienate the mill-owners and merchant princes whose collaboration it so highly valued. **In the 1920s and 1930s, Bombay City came to be regarded as ‘the Keep of Gandhism’, a seething base of nationalist agitation and anti-colonial politics, as well as the epicentre of working-class political action.** (*ibid.*, p. 7, *emphasis ours*)

He points out further that one of the principal demands of the rising industrial bourgeoisie, purely indigenous in character with private capitalist enterprises, was protective tariffs and lower exchange

rates. We have already noted with references to the writings of the CPC, that one of the hallmarks of politically-independent bourgeoisie is struggle for protectionism and lower exchange rates. Chandavarkar illustrates this with the case of Bombay textile industrial capitalists:

Bombay City provides an obvious site for the investigation of the industrial economy and its social context in India. By the late nineteenth century, it had become India's major port, a leading commercial and financial centre, the largest cotton market in Asia and a nodal point for the cotton piece goods trade. The first cotton mills were built in the city in the 1850s. **Significantly, the industry was pioneered and developed largely by Indian enterprise.** As the industry developed, so its location grew more dispersed; nonetheless, Bombay City remained, until the end of the period, the largest centre of India's most important industry, which alone employed over a quarter of the labour force working in perennial factories. The hinterland of this bastion of Indian capital extended beyond its neighbouring districts across the Indian sub-continent. Inevitably, the issues and conflicts that concerned the city readily acquired a national significance. **The sectional interests of its businessmen, its mill-owners and merchants, expressed, for instance, in their campaigns for higher tariffs, lower exchange rates or more generous budgets, quickly appeared as national concerns and became nationalist shibboleths.** Labour disputes in the city could scarcely be contained within its mill districts and swiftly gained a national prominence. (*ibid.*, p. 4-5, *emphasis ours*)

Chandavarkar argues that the same mill-owners of Bombay who were counted by the colonial power as their loyal friends in the beginning, now began to pose problems as their own industrial base expanded during and after the Great War. He points out:

In the 1920s and 1930s, Bombay witnessed a wide range of social and political conflicts. These conflicts informed and often developed the contradictions at the base of Britain's Indian Empire. 'The second city of the Empire' was the centre of India's largest industry in

Britain's most important, if turbulent, colony. Colonial rulers ranked the city's mill-owners among their best and most loyal collaborators. **Yet the growth of the textile industry posed a major threat to the decreasingly competitive cotton mills of Lancashire, the mainstay of British imperialism, in its most important foreign market. As the Bombay industry encountered a slump in its fortunes in the 1920s and 1930s, the mill-owners campaigned for tariff protection.** But keeping the Indian market open for Lancashire goods had ranked among the oldest and most abiding imperatives of colonial rule. (*ibid.*, p. 6, *emphasis ours*)

Alluding to the growing contradiction between the colonial state and the industrial capitalist class, Chandavarkar points out:

The relationship between the colonial state and Indian capital came under growing pressure in the 1920s and 1930s. On the one hand, Indian capital was invested in import-substitution industries; on the other, the shifting fiscal base of the colonial state necessitated its dependence on revenues derived from the taxation of trade and industry. Significantly, the fiscal, monetary and tariff policies of the colonial state continued to be determined by Britain's imperial needs rather than India's industrial interests. The Fiscal Autonomy Convention remained no more than an adornment of the statute books. Budgets were framed with the aim of ensuring that the Indian Empire cost the British taxpayer nothing. Monetary policies were driven by the concern to manage the Government of India's sterling obligations rather than India's foreign trade. (*ibid.*, p. 6, *emphasis ours*)

Chandavarkar points out that it was natural that the industrial capitalists had to manoeuvre within the limits posed by colonial system and imperialist ruling class and this remained the case till the independence of India. Chandavarkar points out that after the independence these constraints were, mainly and essentially, removed by the ruling bourgeoisie as the Indian industrial capitalism developed accordingly. Murali completely misunderstands or opportunistically quotes Chandavarkar selectively. To prove this fact,

we will present the entire section from which Murali quotes and show how, by a sleight of hand, Murali attempts to convert Chandavarkar into a member of programmatic dogmatist semi-feudal semi-colonial orthodoxy. Here is the entire argument of Chandavarkar, from which Murali misuses and abuses a certain selection:

Its development sometimes appeared to belie the notion that the colonial power manifested 'an implacable hostility to Indian competition.' But the inception of the cotton-textile industry was neither the result of a structural transformation in the Indian economy nor the outcome of a logical progression from trade to industry. Rather, as we have seen, merchants who had been subordinated in the export trade in raw cotton sought an outlet in spinning and weaving to hedge against its fluctuations. **This pattern of diversification to spread their risks and protect their capital was to characterize the subsequent development of the industry. It signified a common response to the structural constraints within which the industry developed.** (*ibid.*, p. 241, *emphasis ours*)

As we can see, Murali has left the portion of the above extract which goes against his thesis of Indian bourgeoisie as a comprador-bureaucratic bourgeoisie. Subsequently, Chandavarkar points out:

Throughout the colonial period, the industry was entirely dependent upon the import of machinery from overseas, primarily from Lancashire. Neither the supply of capital and raw materials nor the extent of domestic demand provided a sufficient basis for the development of a significant capital goods industry, **until the state adopted a more positive and interventionist approach in the 1950s and accepted the risks which Indian capitalists refused.** (*ibid.*, p.242, *emphasis ours*)

Chandavarkar argues that, even though capitalism developed when the colonial system allowed during the colonial period, owing to its own contradictions, yet, it does not mean that industrial capitalism lacked any internal dynamism to develop. It is true that under colonial set-up such dynamism could manifest itself only as making

good of opportunities and manoeuvring within the ambit of the constraints presented by colonial economy. However, the development of industries eventually posed a challenge to British capital. Chandavarkar writes:

It is within this context of the subordination of indigenous capital that the commercial and industrial growth of Bombay should be viewed. The commercial expansion of Bombay from the 1780s created fresh opportunities for merchant capital and, even in the midst of the depression of the late 1820s and 1830s, its export trade was characterized by growth and buoyancy. **Nevertheless, the growth of Bombay was not the gift of a benevolent and progressive colonialism. Its industrialization and its entrepreneurial class did not evolve naturally out of the export trade. We will not find here a heroic story of entrepreneurial genius, of great men of business who power their way through frontiers demarcated by custom and resources. Rather, the innovations in business method and commercial style often occurred as defensive measures taken by relatively disadvantaged or subordinate groups with less to risk and fewer alternatives to hand.** (*ibid.*, p. 55, *emphasis ours*)

Chandavarkar points out further:

Yet even a cursory glance at the economic development of Bombay suggests the perennial constraints upon the mobilization of capital and a closer examination suggests that these constraints arose less from an inherent aversion to risk than to **the effects of the subordination of indigenous capital under the impact of colonialism.** (*ibid.*, p. 66, *emphasis ours*)

In the very beginning of the book, Chandavarkar traces the basis of growing contradictions between the colonial state and imperialism on the one hand and the indigenous industrial capitalism on the other, which had, indeed, developed within the womb of colonial economy:

On the other hand, industrial development, as in the case of cotton textiles, created sources of competition, within limited

and increasingly impoverished markets, for metropolitan capitalists whose fortunes were on the wane even if their political influence remained intact. Furthermore, it was one thing to encourage the development of Indian resources but quite another to field the consequences of rapid social change. The rapid advance of capitalism might erode the basis of the agrarian social order and kick away the props upon which the panoplies of imperial rule rested. **The performance of the industrial economy and the effects of imperial rule upon it became a cornerstone of nationalist criticism.** (*ibid.*, p. 3-4, *emphasis ours*)

Chandavarkar depicts the increasing political assertiveness of the Indian industrial capitalist class in face of destructive competition from the foreign, especially British, capital and the colonial economic and fiscal policies that gave a vantage point to the British capital. It was precisely this issue that emerged as the most fiercely debated issue between imperialism and Indian bourgeoisie. He points out:

In the 1920s, therefore, the Bombay Millowners' Association argued that the root of their difficulties lay not in the organization and efficiency of their industry but in the baneful effects of government policy and the harsh political and economic environment created by the colonial state. Their contention was that the industry possessed sufficient vigour to handle its competitors so long as the excise duty was abolished, a favourable exchange policy instituted and, above all, **effective protection offered against imports**, especially from Japan. But the colonial state, concerned as far as possible to keep the Indian market open to Lancashire, preferred to lay the blame upon the inefficiency of the Bombay industry and, in particular, its high labour costs. (*ibid.*, p. 272-73, *emphasis ours*)

Further:

Faced with tight markets, severe foreign and growing internal competition and the unfavourable exchange, financial and especially tariff policies of the colonial state, most mill-owners were either unable or unwilling to entertain ambitions of these

heroic proportions. 'We have not been sitting idle whining over foreign competition', Homi Mody, the Chairman of the BMOA asserted in 1930.

"But, It should also be made perfectly plain that the problems of this magnitude cannot be tackled while the industry is subject to fierce competition which cripples its resources and seriously impairs its competitive ability."

Similarly, T.V. Baddeley, Vice Chairman of the Mill-owners' Association, explained in 1931, 'progress towards the adoption of many of the recommendations [of the Tariff Board and the Whitley Commission] must be slow'. Although tariffs were raised in the early 1930s, they did not provide the necessary shelter from competition to steel the entrepreneurs' nerve. (*ibid.*, p. 339-40, *emphasis ours*)

Now, are these voices that Prof. Chandavarkar cites, those of the comprador bourgeoisie? Are these demands those of the comprador bourgeoisie? Would a comprador bourgeoisie demand for tariff protection and fight for it? From the CPC writings that we have quoted above it is clear that these are precisely the demands of an industrial bourgeoisie which wants control over its own domestic markets, protection from foreign imperialist competition and import-substitution and which therefore is not a comprador bourgeoisie.

The protests of Indian bourgeoisie grew and found manifestation in the nationalist agitation in the 1920s, 1930s and the 1940s. Chandavarkar writes:

In the last decades of colonial rule, **Bombay became the scene of massive political unrest. In the 1920s and 1930s, Bombay City, whose politics had once appeared unerringly loyal, now ranked among the most important centres of nationalist agitations and anti-imperial politics.** (*ibid.*, p. 399, *emphasis ours*)

More:

To some extent, **the tendency for mill-owners to take concerted action for limited purposes also stemmed from their need to put**

pressure on the colonial state for the abolition of the excise duty, the raising of tariffs, the lowering of the rupee-sterling ratio and favourable financial policies. (*ibid.*, p. 408, *emphasis ours*)

Finally, Chandavarkar argues, citing the political nature of the Congress party:

In the 1920s and 1930s, the colonial state was subject to increasingly stringent political criticism. The rhetoric of the Congress became more explicitly anticolonial. It no longer spoke of the un-Britishness of British rule in India, but questioned the morality of the colonial state. It challenged the justice of its laws; it withheld its co-operation from the government; it elevated civil disobedience into an act of heroism. (*ibid.*, p. 419, *emphasis ours*)

So, this is the entire argument of Prof. Rajnarayan Chandavarkar in his above-cited book. *K. Murali either did not read the entire book from cover to cover, or, if he has indeed read the book, he is selectively and dishonestly quoting from it, out of the context to prove that Prof. Chandavarkar, too, was part of the semi-feudal semi-colonial orthodoxy.*

This is precisely the kind of trick that Suniti Ghosh, too, uses when he quotes Chinese American scholar Yen P'ing Hao to justify his baseless and subjective arguments, who himself was a pupil of J. K. Fairbank, a doyen of American bourgeois scholarship on China. In fact, Hao uses the term 'comprador' in a very different sense from the one in which the revolutionary communists have used it. He uses it as a technical term signifying those merchants who were *directly and formally* employees of foreign firms and played the role of a link as a middlemen between the western commerce and Chinese commerce. That is why, once the Chinese comprador merchant capitalists emerged separately from their former status of formal employees of Western companies, for him, compradorism declined! Thus, by the end of the Ch'ing rule in 1912, for Hao, compradors and compradorism declined in position and influence and comprador

bourgeoisie had come to a definitive end by 1943. Did Suniti Ghosh believe that? If yes, then his whole argument about the Chinese New Democratic Revolution overthrowing the rule of the comprador-bureaucratic bourgeoisie, imperialism and feudal lords goes to the gutter! See what Hao writes:

But a closer look shows that the anti-comprador movement was an anachronism, since the slogan “Down with the comprador class” was in vogue during the nationalistic movement in the 1920’s—a time when the comprador had already declined and was soon to disappear completely... Like so many people in history whose fame, or notoriety, begins only after death, the comprador’s presence in China’s national consciousness is vividly felt now that his importance has passed. This after-image will remain for years to come. (Hao, Yen P’ing. 1970. *The Comprador in Nineteenth Century China: Bridge between East and West*, Harvard University Press, p. 11, *emphasis ours*)

According to Hao, the compradors had declined by the First World War and their decisive end came in 1943 with the end of the treaty system:

The comprador thus survived the conditions that had brought him into existence and remained indispensable to foreign merchants for years to come. **By the turn of the century, however, when Chinese and foreign merchants had become more knowledgeable about one another, and when business patterns were changing, the position of the middleman-comprador began to decline. The First World War accelerated this decline, until in 1943, after a century’s existence, he symbolically disappeared when the so-called “treaty system” formally came to an end.** (*ibid.*, p. 44, *emphasis ours*)

We can reproduce many such quotations from Hao, who is an authority for Suniti Ghosh! However, wherever Hao talks about comprador even in the technical sense, *he is talking about it as merchant and manager mainly in foreign commercial firms, or middlemen.* Thus, either as a merchant or as a direct functionary of

imperialist capital. In one chapter, where Hao talks about the investments by the compradors in industry (the 6th chapter), Hao talks about these types: one, the comprador bourgeoisie that invested in foreign firms; two, the compradors who invested in the state companies, for instance, the steam navigation company of the Chinese state; three, the merchants and gentry members who invested in industry in the early period (that is, the mid- and late-19th century) who transitioned into proper industrial capitalists and ceased to be merchant-compradors. Moreover, we must remember that Hao is using the term 'comprador' only in the technical sense, those who originated as middlemen merchants employed by foreign firms. *He never uses the term in the political sense: the commercial bourgeoisie (whether directly employed by imperialist firms or not) serving the interests of imperialist capital.* That is why Hao has some precious words of appreciation for the compradors! He writes:

For better or for worse, Sino-Western contact during the past century significantly reoriented China, and one instrument of that contact was the comprador. He served as a bridge between China and the West. Although this figure has now vanished from the scene, he remains a controversial subject. **Usually he was condemned by his fellow-countrymen as a traitor, first for serving persons who were not Confucian, and later for assisting those who were not Chinese. Yet in many ways his versatile and important role in modern China has too often been slighted.** (*ibid.*, p. vii, *emphasis ours*)

Defining comprador, Hao writes:

The comprador (mai-pan) was the Chinese manager of a foreign firm in China, serving as middleman in the company's dealings with the Chinese.

...With the increase of China's foreign trade after 1842, the need for a commercial middleman became urgent. Yet the difficulty of the language and the complexity of the currency, coupled with China's great variety of commercial practices and social customs, proved major impediments to free and direct Sino-foreign transactions. The

comprador provided the necessary link between the foreign firms and Chinese commerce. Within the foreign firm, he recruited and supervised the Chinese staff, served as treasurer, supplied market intelligence, assumed responsibility for native bank orders, and generally assisted the foreign manager in transactions with the Chinese...

...The comprador differed from the broker in the sense that while a *ya-hang* was an independent commission agent, a comprador was in the main contractually employed by the foreign merchant. (*ibid.*, p. 1-2, *emphasis ours*)

It is precisely in this sense that Hao uses the term 'comprador' throughout the book: a merchant middleman formally employed by foreign firms. That is why, Hao points out that a part of this class of merchants also became industrial entrepreneurs, even though, due to their social origins (of merchant class, which acts as a practical synonym for comprador for Hao), Hao continues to use the word 'ex-comprador' even for them. **Thus, Suniti Ghosh, without understanding the ideological and political underpinnings of this work of Yen P'ing Hao, without understanding the point of departure of Yen P'ing Hao, carelessly (mis)uses him to prove that industrial bourgeoisie can be comprador in the political sense, whereas, for Hao the meaning of the word 'comprador', as we pointed out above, is totally different from its Marxist political usage and he is not at all saying that the compradors even in this technical sense could be industrial bourgeoisie.**

Murali follows his intellectual master Suniti Kumar Ghosh in the same kinds of machinations, tricks and intellectual sleight of hand, as well as, ignorance, misquoting and misreading, when he quotes the likes of Chandavarkar, Nasir Tyabji or Chirashree Dasgupta. We have discussed Prof. Chandavarkar's views. Now, we shall briefly discuss the views of Nasir Tyabji and Chirashree Dasgupta. It is not that we agree with everything that these scholars say; in fact, our disagreement with their narrative of the history of Indian capitalism are of substantial nature on certain points. However, the point here is

that Murali has used the works of these scholars in completely dishonest fashion, coercing and torturing them to say what he wants them to say, whereas their position is not at all similar to Murali's. *On the contrary, on most points, it is diametrically opposed to Murali's programmatic dogmatism and semi-feudal semi-colonial orthodoxy.*

Let us first discuss Nasir Tyabji. What is the entire line of argumentation of Tyabji? He argues that industrial capitalism did develop in India despite several structural problems posed by the origins of the class of industrialists as well as the colonial state. One of the structural problems was the prevalent system of managing agencies which diverted the funds from industry to other money-making activities like usury and mercantile activities; secondly, the class of industrialists itself had to be disciplined by the capitalist state after independence in order to undertake the industrial development of India; third, the role of the state was central and instrumental, not only in developing infrastructural and heavy industries, which is kind of a given in any circumstance, but also in creating the institutional framework and mind-set for industrial development. However, Murali, here too, fishes for quotes apparently amenable to his dogma and presents this excerpt from Tyabji:

Industrial enterprises arose only in fields which had the fortuitous leeway created by the exigencies of the overall colonial balance of payments system, made evident by the growth of cotton and jute textiles and the subsequent concession to sugar manufacture. (quoted in K. Murali, *op.cit.*)

First of all, we have already pointed out with sufficient references that industrial capitalism in a colony and semi-colony always develops within the frontiers of colonial economy itself and involves a lot of manoeuvring on part of the emerging industrial bourgeoisie. Secondly, this point would be clear from the outset, had Murali not quoted Tyabji out of context. Here is the context:

However, the essence of colonial policy lay in preventing the large-scale development of industrial capital from these merchant and usurer accumulations. This was evident in the

pursuit of fiscal and trade policies that were, in their most favourable interpretation, not conducive to encourage industrial ventures. Industrial enterprises arose only in fields which had the fortuitous leeway created by the exigencies of the overall colonial balance of payments system, made evident by the growth of cotton and jute textiles and the subsequent concession to sugar manufacture. (Tyabji, Nasir. 2015. *Forging Capitalism in Nehru's India*, Oxford University Press, p. 13-14, *emphasis ours*)

As evident from the excerpt, Tyabji is merely discussing the challenges that industrial capitalism and industrial capitalist class faced due to the economic and fiscal policies of the colonial state. However, what is the general argument of Tyabji? This will become clear from some representative quotes from his above-mentioned book. Tyabji writes:

The predominance of small peasant agriculture and household industries in the Indian economy was the key factor in explaining the development of Indian capitalist enterprise. **Compared to most colonial countries, where plantation agriculture was fully established, India was able to develop a large capitalist class, in fact the largest in the decolonized Third World.** This was because colonial rule could not replace peasant agriculture with plantations, nor entirely displace household industries with mills. To assemble, then, the produce from dispersed peasants and artisans, a substantial part of the economy had to be conceded to the bazaar. **It was this that provided an enduring basis for the growth, albeit slow and extended, of an indigenous industrial capitalist class out of the communities which dominated this system.** (*ibid.*, p. 9, *emphasis ours*)

Tyabji explains that there were some structural problems in the transition of the merchant and usurer class into industrial capitalist class. Certain elements of the Indian industrial capitalist class lacked the general mental make-up and approach to develop industrial production and when they did engage in industrial capitalist production, their commitment was not singular and they also

involved in various other money-making activities. A considerable section of the Indian mercantile class had this problem. When a significant part of this class transitioned into industrial capitalism, it continued to indulge in such practices. It was the Indian bourgeois state which disciplined it in the 1950s and the 1960s to commit to industrialism and give up the backward and fraudulent ways to make money. He argues:

To recapitulate, the thrust of the argument of this book is that the existence of a class of businessmen does not automatically mean the existence of a group of industrially oriented entrepreneurs, because the development of industries is not necessarily the only money-making activity available to them. Even acquiring the position of being in charge of industrial ventures does not automatically convert businessmen into industrialists because they could very well use their control to divert resources into other non-industrial activities. It therefore requires a historical process of a definite nature for a class of true industrialists to come into being. In the Indian case, colonialism and 'arrested development' formed the context within which emerged the group of businessmen responsible for managing industrial ventures after Independence. They were part of an imperfectly formed group of industrialists possessing characteristics that reflected their background of engagement in non-industrial activities – activities with which they continued to be involved, even as they acquired control over industrial companies... In 1949, the Bombay Shareholders' Association in a memorandum listed questionable practices by managing agencies owned by Birla Brothers, Dalmia-Jain, Karamchand Thapar, Jaipuria, Walchand, Surajmull Nagarmull, Sarupchand Hukumchand, Kamanis, and Bajoria amongst the more prominent business groups. **This made them all, as will be argued in this book, prone to a particular kind of fraud greatly inimical to the industrialization effort. It also meant that the State had to play a crucial part in transforming this group into a class of true industrialists. The 1950s and 1960s are naturally important in this regard being the**

critical early years of post-Independence industrialization. (*ibid.*, p. xxviii, *emphasis ours*)

Tyabji points out that despite the colonial impediments in the development of capitalist industry, which Murali selectively highlights and underlines in Tyabji's position segregating it from the entire argument of Tyabji, a sufficiently vibrant industrial capitalism did develop in India:

Thus, the large volume of internal trade in the country became substantially independent of foreign capital. Added to the colonial constraints on investment in industrial activities were the high returns from agrarian moneylending which made the movement of liquid resources, even from industrial surpluses, into the urban money market and, ultimately, into rural moneylending entirely a logical use of funds. **Thus, by the time of the Second World War, there was not only a greatly strengthened presence of industrial capital, but also the simultaneous presence of money capital within the same blocs of capital. (*ibid.*, p. 19-20, *emphasis ours*)**

After discussing the lack of industrial commitment in certain sections of capitalist industrialists, Tyabji describes how the Indian capitalist state disciplined such sections and obliged them to commit to the industrial capitalist development:

While detailed company-level analysis would be required to establish the case conclusively, from the extensive documentation over the forty-year period of financial irregularities made possible by the managing agency system, **it would seem reasonable to conclude that by the late-1960s, the most backward forms of capital had been removed from the control of industrial enterprises. The tenaciousness of the struggle waged by it is only an indication of the complexity of the process of development of industrial capital in colonial societies.** Equally glaring was the change of rankings of many of the big business groups, notorious from the days of Ashoka Mehta's pioneering pre-war pamphlets, and stable amongst the handful which were synonymous with the term 'big business' for the next thirty years. **Their relative, if not absolute,**

decline in the industrial arena was an indication that without the instrumentality of the managing agency system with which to sustain their financial manipulations, they had succumbed to the logic of an industrial economy.” (*ibid*, p. 151-52, *emphasis ours*)

In the beginning of the book itself, Tyabji elaborated the role that the capitalist state played and the role that no bureaucratic capitalist state run by comprador-bureaucratic state can ever play. Tyabji writes:

This book is based, however, on the proposition that **industrialization in India involved not only the establishment of new enterprises by individual businessmen, or even by the government, but also measures of social engineering by the State. It was not simply a question of the State entering the industrial field in areas of high risk or those involving long gestation periods and/or large volumes of capital, leaving other fields to private enterprise. State activity, whether in the area of industry proper or in complementary spheres, was essential to nurture the development of entrepreneurs with a truly ‘industrial’ frame of mind.** (*ibid.*, p. xv, *emphasis ours*)

For Tyabji, the end of the managing agency system was the definitive end of practices of the colonial period in industrial arena. The state played a decisive role, along with the ‘progressive’ sections of the industrial capital that wanted to do away with backward forms, who lent solid support to the modernizing agents in the state.

It is a pity that Murali quotes in such careless fashion without reading the complete research works. This creates an embarrassing position eventually, as we can see.

Now, let us come to another scholar and we will stop there on this particular issue and move to Murali’s understanding of Crown Property Bureau of Thailand. Subsequently, we will discuss the question of Murali’s understanding of agrarian question in totality,

including the questions of feudal ground-rent, capitalist ground-rent of the two kinds, lease-price, forms of tenancy, etc. The last scholar whose work Murali abuses and misuses is that of Chirashree Das Gupta.

Chirashree Das Gupta's entire argument traces the way in which industrial capitalism and industrial bourgeoisie developed despite the hurdles posed by colonialism and imperialism; the link of the emerging industrial capitalist class with the nationalist movement and anti-colonial agitations; the path of development of Indian capitalism from the period of state-led capitalist development based on ISI and strict protectionism to the period of neoliberalism; she argues that the role of state changed in this transition, but remains central to the accumulation of capital by the Indian bourgeoisie. She further alludes to the ways in which systematic depression of wages of the Indian working class and its over-exploitation through using forms of social oppression have become the main methods to increase the rates of accumulation by the Indian capitalist class, with wholesale support of the neoliberal state. Das Gupta also argues that Indian capitalism, in so far as labor regime is concerned, has retained certain forms of semi-feudal labor in certain industries like brick kilns, etc. She points to the various forms of unfree labor that pivot on gender, caste and patriarchy. However, these forms are articulated with capitalist forms. We do not agree in terming these forms of labor as semi-feudal, as it assumes that under capitalist mode of production, no forms of unfree labor exist, often using a variety of forms of social oppression. Under capitalism, these forms are sublated and articulated by the capitalist mode of surplus-extraction. The assumption itself would be untenable theoretically as well as historically. Therefore, terming them as semi-feudal misses the element of sublation and articulation. However, in no way, Das Gupta argues that Indian bourgeoisie is a comprador-bureaucratic bourgeoisie or India is a semi-feudal semi-colonial country, as we shall see from some representative quotes from her work. According to her description, these forms persist because of the lack of radical bourgeois land reforms, and persistence of caste and gender

oppression. The descriptive account is useful. However, the nomenclature is problematic. In any case, Murali cannot digest the work in totality, because Das Gupta, too, cannot be characterized as a programmatic dogmatist. Let us see some representative quotes from Das Gupta's work.

She argues:

Finally, a significant body of literature from a historical materialist perspective has traced changes in economic policies to **the contradictions evolving out of the anti-colonial struggle, with the growth of a subjugated but nevertheless emerging class of Indian capitalists and the modalities of their expansion and social power in the post-independence period.** In this approach, the capitalist class features as an active social agency in the decisions made within the structures of state power. These structures moulded the relations of private property and defined the linkage between the public and private spheres of the economy, the market and the state as mutually linked spheres of accumulation. The methodological framework of this book follows this analytical framework based on social relations. (Das Gupta, C. 2016. *State and Capital in Independent India: Institutions and Accumulation*, Cambridge University Press, p. 59-60, *emphasis ours*)

Das Gupta points to the rise of Indian industrial capitalism which found impetus from the internal contradictions of imperialism and alludes to the link between this emerging class of industrial capitalists and the nationalist leadership:

In the sub-continental context, **the rise of indigenous capitalism in the face of a crisis of Empire stemming from the rise of rival imperialist capital, and the direct and indirect link of the indigenous capitalists with the mainstream of the leadership of the national liberation struggle** in the last decade of colonialism have been located as the source of their political power. This book, starting from these premises, traces the contours of political development of the Indian capitalist class in the post-independence

period to establish the continuities and changes in its relationship with the state. (*ibid.*, p. 66-67, *emphasis ours*)

Das Gupta points out that the role of the state was central in enabling the private capitalist class in accumulation of capital and in this, *the role of protective tariffs, building of infrastructural and heavy industries and planning was central*, even though the industrial capitalist class had already started accumulation of capital after the independence. She argues

For the purpose of this analysis, the prospect that the magnitudes of the social process of accumulation and investment might be even greater than the published national accounts does not undermine our overall argument and in some aspects actually strengthens it. For example, we have observed that there was a **significant growth in gross domestic capital formation and net additions to stocks between the period 1950–1955 and the next period 1956–1965**. We have demonstrated that even before the state had worked out the detailed nature of support to capital formation **through planning and tariff support**, the capitalist class was being supported through the licensing policy and credit from national financial institutions in the first plan period. However, it was only after the intervention by the state through its planned strategies into the arena of public investment in the development of transport, communication, irrigation, education, research and development **that domestic capital formation showed a visible spurt**. (*ibid.*, p. 72, *emphasis ours*)

Further:

The findings presented above corroborate the argument that even before the state had worked out the detailed nature of **support to capital formation through planning and tariff support**, the capitalist class was being supported through the licensing policy and credit from national financial institutions in the first plan period. Thus, even before the Second Industrial Policy and the 'Period of Planned Development' from 1956 was ushered in, the capital deepening and

diversification process in the domestic economy had already started. (*ibid.*, p. 90, *emphasis ours*)

Prof. Das Gupta points out, as many other scholars, too, have argued, that the period in which the British imperialists were busy in their war effort, entangled in the sharpening inter-imperialist contradictions, the Indian capitalist class expanded its economic base. She opines:

The first development that is important for our analysis is that **the nascent Indian capitalist class profited and found avenues of economic expansion in the inter-war period in a number of ways. This was directly linked to the crisis of the British Empire in the inter-war period.** (*ibid.*, p. 81, *emphasis ours*)

In the following remarkable passage, Prof. Das Gupta has aptly described the policy of the Indian capitalist class and bourgeois state: *it was protecting indigenous industrial capital from foreign competition through protective tariffs and the policy of import-substitution, obliging the trading capital to invest in manufacturing through extremely high import-duties, and finally, when the top sections of Indian bourgeoisie had been feeling confident enough to go global through joint-ventures, the capitalist class continued to retain its protective cover and refused to go liberal in matters of trade.* These can be categorized as policies of a comprador bureaucratic bourgeoisie only by the small hysteric sect of the programmatic dogmatists and ne0-Narodniks masquerading as “Maoists” in the revolutionary communist movement of India, who have decided *beforehand* that no amount of evidence contrary to their dogma will induce them to change their mind and leave their rotting dogma. What is amusing about it is that Murali quotes Prof. Das Gupta in support of his programmatic dogma, despite the fact that she writes the following:

Domestic industrial interests remained secure within the import-substituting industrialization (ISI) policy and tariffs and import restrictions. The big trading houses in the face of reduced profit margins due to high import duties on final goods

shifted to manufacture under the license-subsidy schemes. A significant number of big trading houses entered the realm of production in this period relying on the promise of an expanding domestic market. The representatives of capitalists themselves argued that breaking into export markets was impossible (FICCI, 1956). The nature and direction of world trade based on a principle of comparative advantage calculated on the basis of factor endowments hardly seemed a convincing argument to any section of the capitalist class in that period (Agarwal, 1983). The fact that multinational companies had a level-playing field through holding companies added to the reluctance to build up competitiveness. **We shall see later in this chapter that there was a considered move by top sections of Indian capitalists to model themselves as transnationals through joint ventures abroad, but little evidence of any inclination for liberal trade to cut down trade barriers to allow production on the basis of conventional comparative advantage.** (*ibid.*, p. 93, *emphasis ours*)

Now compare this with the behavior of the Chinese comprador-bureaucratic bourgeoisie, as described by Chen Po-ta and Wang Yanan. In Indian case, the state's intervention was diametrically opposite to their Chinese counter-parts. Here, the state ensured through its direct involvement in industry, through tariff protection, through import-substitution and through policies of inducing commercial capital to go into manufacturing, that industrial capitalism develops swiftly in India and Indian bourgeoisie becomes capable of emerging as competitor in the world market. But, Murali likes to play his own tune and remain in a blissful euphoric state, on his own trip!

Prof. Das Gupta, once again, captures the dilemmas of the industrial capitalist class. She points out that on the one hand the Indian capitalist class wanted to retain the cover of ISI and strict protectionism, and on the other, it wanted freedom and ease of business once it had reached certain levels of accumulation, especially when the markets of newly-independent countries in Africa became available to it. She points out:

At the same time, the capitalist class was caught in a peculiar ambivalence towards the material needs of a **state-led process of capitalist transition**. In a context where many overseas markets were opening up **as national liberation struggles in Africa led to the formation of independent nation-states**, the prospect of state regulation and control appeared to big capitalists as a massive hindrance to the expansion of businesses into newer and more bountiful lines. G. D. Birla started opposing the consequences of controls and government regulation of industry, and demanding **greater freedom for private enterprise** (Chibber, 2003). **However, in spite of their public speeches, voicing their defence of free enterprise, the big capitalists always recognized the necessity of the state-led process in this period.** (*ibid.*, p. 101, *emphasis ours*)

She points to the attitude of Indian bourgeoisie towards the colonial state from supplicant (filing applications for their demands regarding tariffs, etc.) to politically-assertive and conservative economic nationalist, as the national liberation movement picked up momentum and as the Congress cleared all doubts as to its attitude to the question of private property. Thus, it behaved precisely in the ways in which national bourgeoisie in colonies and semi-colonies behaves, in a vacillating manner, having dual character. She argues further:

The Indian capitalist class on the whole remained an imperial supplicant in the late colonial period, but many of the mill-owners of Bombay and Ahmedabad also pledged their allegiance to Gandhi. **It was only with the rise in momentum of the national liberation struggle and the commitment of the Congress leadership to the sanctity of property that this supplicant attitude changed in favour of a socially conservative economic nationalism based on a leadership role for the state in developing capitalism after independence.** (*ibid.*, p. 117, *emphasis ours*)

Prof. Das Gupta shows how the industrial capitalist class had been developing its own vision and approach to the capitalist development

even before the independence, since the time of the National Planning Committee and the Congress-led provincial governments itself. It was the vision of a *regulation accumulation*, where the state was to play a central role of enabler, not only through building a large state-sector but also through ISI and tariff protection. She points out:

The development of capitalist enclaves in the late colonial period when the political power of the tiny Indian capitalist class was linked to the crisis of the British empire in the inter-war years due to the competition faced by British capital from other rising imperial powers. **However, big capitalists soon achieved much greater influence over the structure and parameters of 'development' and capital accumulation in the state-to-be through their strong representation in the National Planning Committee in the years prior to independence.** This change in the political power of capitalists had to do with political developments within the mainstream of the national liberation struggle, the marginalization of the Left within the Congress between the Haripura to Tripuri sessions (1938 and 1939) and Congress taking office in the Provincial Governments in 1937. **After independence, the majority of FICCI members representing 'big' Indian capitalists were in favour of regulated capitalist development as had been agreed in the National Planning Committee report so long as the parameters of the planned economy were defined in consultation with capitalists.** (*ibid.*, p. 257, *emphasis ours*)

Finally, Prof. Das Gupta points out that it was precisely the ostensibly inward-looking period of ISI and strict protectionism that allowed the Indian capitalist class to emerge as a global competitor and start exporting capital and technology abroad from the 1960s itself. She points out:

...the first three decades of the post-independence period not only led to a concentration of assets but also put the top business houses in a position of political and economic power that enabled them **to export capital and technology abroad from the 1960s.** This growth of capital was **directly a product of the seemingly inward-**

looking ISI policies of the period. However, this strengthening of monopoly capital through asset concentration bears resolute continuity across policy regimes up to present times. (*ibid.*, p. 259, *emphasis ours*)

Most importantly, Prof. Das Gupta underlines that the Indian capitalist development in the first stages was based on ISI and strict protectionism. As we saw above, Chen Po-ta correctly pointed out that one of the defining features of a comprador-bureaucratic bourgeoisie is doing away with all tariff protection in order to clear the home market for goods of the imperialist foreign capital. On the contrary, the nature of a politically-independent bourgeoisie, national or reactionary-national ('junior-partner'), is to impose a regime of accumulation based on ISI and strict protectionism. She points out:

The first twenty years of state policy had been geared towards **propping up an import substitution policy for industrialization with incentives in the form of state subsidies, protective tariffs and import quotas.** (*ibid.*, p. 179, *emphasis ours*)

Again:

The political interests of Indian capital therefore remained subservient to imperial interests till the end of the First World War. Indian business was cautious in its demands (Ray, 1979: 426) and was content with a framework of limited tariff protection even when tariff policy was blatantly racist in its identification of sectors of protection. **However, between the two World Wars, capitalist groups grew in strength. In spite of variations in attitudes and conflicts between short-term and long-term interest that asserted themselves in national politics in the 1930s and in constitutional discussions, the role of organized Indian capitalists in the nationalist movement gradually became more important. Tariff protection had been a single standing demand of Indian capitalists since the late colonial period that found fruition after independence and formed one of the planks of economic nationalism.** (*ibid.*, p. 82, *emphasis ours*)

We can present many such excerpts from Chirashree Das Gupta's book, but there is no need to do so. From the above discussion itself, it is clear that neither Rajnarayan Chandavarkar, nor Nasir Tyabji, nor Chirashree Das Gupta, are in any way part of the dwindling fanatic denomination of the programmatic dogmatists like K. Murali, a denomination which is shrinking rapidly due to its own internal crisis, induced by programmatic dogmatism and the intransigent assertion to cut their feet according to the size of the shoe, rather than any external factor. This sect is learning neither from the history of its practice since 1969, nor is it learning from Marxist theory. It is equally wanting in history as well as theory and consequently remains in the pit of programmatic dogma and "left" adventurism of the worst kind, fused with opportunism of the basest kind.

After discussing the views of K. Murali on "bureaucrat capitalism", comprador and bureaucratic bourgeoisie and semi-feudal semi-colonial social formation, we can embark upon a discussion on the amusing views of Murali on the Thai Monarchy, its character, as evident in the Crown Property Bureau (CPB).

Regarding the Crown Property Bureau (CPB) of Thailand: K. Murali's Display of Total Nescience

Murali has cited the example of Crown Property Bureau (CPB) of Thailand as an illustration of how comprador-bureaucrat capitalism functions in a semi-feudal semi-colonial country. It would have boded well for him to first study the character of the social formation of Thailand, the nature of its monarchy and the character of its bourgeoisie before reaching the conclusion that today Thailand and its institutions like the CPB demonstrate the characteristic features of bureaucrat capitalism. The presence of a sizeable state sector monopoly alone is not the sign of bureaucrat capitalism in the Maoist sense. First question to ask, instead, is regarding the economic and political character of the ruling bourgeoisie and its state. However, as on all other issues, here, too, K. Murali does not proceed from

investigation to the conclusion. The conclusions are always foregone for him. He decides beforehand what the results of the investigation will be and then proceeds to scavenge for quotes and references to support those results. Interestingly, that is the method employed by almost all programmatic dogmatist “Maoists”. The case of CPB and Thailand cited by Murali as evidence of bureaucrat capitalism are no exception.

To explain things, we will mainly quote Puangchon Unchanam, a well-known Marxist scholar who has worked on the history of Thai capitalism.

First of all, Unchanam challenges the conventional wisdom that monarchy is by nature pre-capitalist or feudal. In fact, this misconception prevails mainly among the programmatic dogmatist “Maoists”, not genuine Marxist-Leninist-Maoists. Marx has talked about bourgeois monarchies of different character. Unchanam argues in the very beginning:

This book...argues that **it is precisely under the conditions of capitalist development and expansion that a monarchy finds a way to not only survive but also thrive.** The most emblematic embodiment of this novel form of monarchy is the monarchy of Thailand. (Unchanam, Puangchon. 2020. *Royal Capitalism: Wealth, Class and Monarchy in Thailand*, University of Wisconsin Press, p. 4, *emphasis ours*)

Talking about the reign of the King Rama IX, Unchanam points to the capitalist transformation of Thailand and the transformation of the monarchy itself into a bourgeois monarchy. He argues:

Under this historic reign, the transformation of the Thai monarchy took place in concert with **Thailand’s transition to industrial capitalism.** That is, during this great transformation of the kingdom’s political economy, **the crown was transformed into what I call a “bourgeois monarchy”** – a monarchy that is composed of three bodies, each of which embodies new features that make the Thai monarchy today distinctive from a traditional form of monarchy and

emblematic of a new form of monarchy in the age of capitalism. (*ibid.*, p. 5, *emphasis ours*)

Prof. Unchanam contends that with this transformation, the monarchy no longer relied on extra-economic coercion, but sought mass legitimacy through the hegemonic mechanisms of bourgeois democracy and engaged in advanced capitalist accumulation. Its ideology is not simply based on royalty or religion, but mainly on the bourgeois ideology in its various forms. Moreover, the crown itself is not simply rentier capitalist but it is the biggest business conglomerate, industrialist, and partner of international capital. It is noteworthy that CPB, that Murali sees as an evidence of “bureaucrat capitalism”, is the biggest industrialist in the country and it is legally a private entity, but with safety-nets of state sector in terms of regulations and taxation. Unchanam points out:

The first body is grounded in the natural bodies of the Thai monarch and the royal family. Rather than representing only royal and religious values from the past, Thai royalty now embrace and embody the bourgeois ethic of hard work, frugality, and self-sufficiency. The second body is the political body of the Thai monarchy. **Rather than relying merely on the extra-economic coercion of the state apparatus, the crown also seeks and secures political legitimacy from bourgeois democracy and mass politics.** The last body is **the capitalist body** of the Thai monarchy. **Rather than simply obtaining wealth as a rentier, the crown also accumulates capital in the market economy as the biggest conglomerate** in the domestic market, as a broker who connects business elites and patronizes their industries, and as a business partner of giant corporations both inside and outside the kingdom. In response to these measures, the bourgeoisie in Thailand – **its industrialists, bankers, stock-holders, entrepreneurs, bureaucrats**, and other white-collar workers – has never restrained the monarchy. (*ibid.*, p. 5, *emphasis ours*)

The Thai monarchy has its most important social prop in the urban bourgeoisie including the industrialists. Moreover, the monarchy itself

has carved out its space within Thai capitalism by undergoing various qualitative changes. Unchanam argues:

Thanks to the distinctive features that it has recently embodied, **the Thai crown enjoys hegemonic status in the capitalist state, preeminent status in the market, and popular support from the urban bourgeoisie.** It shows the world that kings, queens, and royalty are not necessarily humbled by capitalism; **they still live long and large in cooperation with the bourgeoisie's politics, interests, and ideology.** It is an epitome of what a monarchy can become under capitalism in the twenty-first century. (*ibid.*, p. 5-6, *emphasis ours*)

Challenging the water-tight compartmentalization between monarchy and capitalism, Unchanam alludes to the history of the modern world and also refers to the current political system in Thailand to show that monarchy has no such incongruence with capitalism, as this *political form* itself is not static and given and it can articulate with different modes of production and social formations. This should be a given for a Marxist who has read Marx, Engels and Lenin, but Murali blinded by programmatic dogmatism, simply sees the “crown” in the name of CPB to claim that it is a state body owned by comprador bureaucrats with links to feudalism and therefore it is pre-capitalist. However, before making such a claim, a preliminary study about the political economy and political system prevalent in Thailand today would have been much better. Monarchy does not necessarily mean a pre-capitalist society and system and state monopoly ownership of industry does not automatically mean “bureaucrat capitalism”. What is absent in such ignorant claims is class analysis and political economy analysis. Unchanam writes:

First, there has been **an underestimation of the ability of a monarchy to adapt itself to capitalism.** Instead of an outmoded, static, and conservative institution, a monarchy can be the first institution that embraces socio-economic change and **transforms its mode of political control, surplus extraction, and class alliance in concert with a kingdom's transition to a capitalist state.** There

has also been an overestimation of the power of the bourgeoisie and an insufficient examination of the ideology of this capitalist class. Instead of a full-time progressive and revolutionary class, the bourgeoisie frequently turns out to be a reactionary class that seeks political, economic, and ideological sponsorships, all of which a new form of monarchy is able to supply. Moreover, if a monarchy is not necessarily the first victim of the so-called bourgeois revolution, as is so often assumed, it is necessary to rethink a theory of class-struggle in some **capitalist states where monarchies still reign, if not rule**. Instead of resisting the bourgeoisie alone, the lower classes in those states have to struggle with **two types of capitalists: first, the bourgeoisie proper; and, second, a bourgeois monarchy that has congealed into a capitalist state, the market economy, and bourgeois ideology...** Finally, a monarch who lives like a bourgeois billionaire in a capitalist kingdom is not a mad monarch but a **man who mirrors the sovereign in a capitalist republic**. In the land where the sovereign has never been crowned, a bourgeois billionaire can become a president, administer a country like a company, and live extravagantly like no one else but a king. They are the Siamese twins who loom large in our capitalist world today – a world in which a monarch and a mogul are virtually indistinguishable. (*ibid.*, p. 6, *emphasis ours*)

Unchanam points out that CPB, which is the main source of wealth of the capitalist monarchy, is the biggest capitalist enterprise in Thailand with big industrial, financial and commercial enterprises:

In the national economy, **the monarchy is simply the biggest capitalist enterprise in Thailand**. King Rama IX was ranked in 2008 the richest royal in the world thanks to his estimated fortune of US\$30 billion. Ascending the throne in 1946, during a nadir in the fortunes of the Thai monarchy, Rama IX and his royal family were able to regain their wealth a few decades later due to the business success of **the Crown Property Bureau (CPB)**. As the largest corporate group not only in Thailand but in all of Southeast Asia, **the CPB not only owns the largest and most valuable collection of commercial land in Thailand, but it is also the biggest**

stockholder in the Siam Commercial Bank (SCB) and the Siam Cement Group (SCG), respectively one of the country's four largest banks and its largest industrial conglomerate. (*ibid.*, p. 18, *emphasis ours*)

Unchanam points out that the modes of surplus-extraction by the Thai monarchy are not obsolete pre-capitalist methods, or simply rents from natural resources. Moreover, it does not simply partake in the foreign loot and plunder as a comprador bourgeoisie. It has its own industrial and financial enterprises, mostly affiliated with the CPB, which compete with foreign imperialist companies and also invest outside the country. He points out:

Yet the Thai crown possesses an advanced means of accumulating capital. While the wealth of the Arab monarchies is primarily based on the revenue that these monarchies obtain by allowing foreign investors to exploit the oil resources of the region, **the Thai monarchy does not act as what Mao Zedong called the local "comprador" seeking revenue from foreign investment.** In fact the Thai crown has built its own financial and industrial enterprises to both cooperate and compete with multinational corporations in the country, as well as to expand its capitalist ventures beyond the national borders. (*ibid.*, p. 21, *emphasis ours*)

All of this economic development has led to the transition of the Thai monarchy from a pre-capitalist, feudal institution to a capitalist institution embedded firmly in the bourgeois political system of Thailand. It has reinvented older traditions, articulated and sublated them to suit modern aims. However, the element of re-invention is dominant in these articulations. The essence of these traditions has metamorphosed into something else. Unchanam argues:

As a result, what has been left understudied is how the Thai monarchy – an ancient institution dating from the feudal era – **broke with the past, that is, how it transformed itself in the age of capitalism**, reinventing its old traditions to serve its new interests, and adapting itself to new social classes that emerged without

precedent as Thailand underwent its transition to becoming a newly industrialized country. (*ibid.*, p. 24, *emphasis ours*)

Commenting on the capitalist transformation of Thailand, Unchanam argues:

Especially after Thailand was transformed into a capitalist state, new social classes such as the urban middle class, the growing number of industrial workers, and capitalist peasants have become crucial actors sharing the national stage of Thai politics. In this new era of mass politics, the legitimacy of the monarchy in Thailand, therefore, cannot be based merely on the endorsement of the military and bureaucratic institutions; it also requires the wide support of these social classes. Rather than merely focusing on political institutions, factions, and elites, a new study of the Thai monarchy must take the social classes of newly industrialized Thailand and their relationships with the throne into consideration. (*ibid.*, p. 24, *emphasis ours*)

The popularity of the Thai monarchy among the urban bourgeoisie and petty-bourgeoisie is not simply rooted in their veneration for Buddhism or Hinduism or other religious traditions. In fact, it is rooted precisely in the transformation that the Thai monarchy was able to undergo in terms of its political economy, ideology, politics and culture. Prof. Unchanam contends:

Borrowing the concept of the “invention of tradition” from Eric Hobsbawm, this book challenges the overestimation of the historical continuity of the Thai monarchy and focuses instead on how royal rituals, images, and ideologies were revived, reinvented, and institutionalized during the reign of Rama IX. **The main reason for the crown’s popularity among many Thais, especially those in the urban bourgeoisie, is that this institution successfully rebranded itself by embracing ideological values and images that are well suited to the kingdom’s transition to capitalism.** What makes the bourgeoisie obsessed with the monarchy, therefore, is not simply the ancient beliefs of Buddhism, Hinduism, and animism, which present a monarch as a divine Hindu king, a virtuous

Buddhist king, and an ancient warrior-king. In fact in the early twenty first century the *nouveau riche* perceived Rama IX less as a divine and religious figure than as a beloved and ordinary father figure who embraced the bourgeois ethic of hard work, frugality, prudence, and self-reliance-the new ideology that this rising class was also promoting just as global capitalism was finally making a deep impact on Thailand. (*ibid.*, p. 25, *emphasis ours*)

Further:

During Rama IX's historic reign, **the Thai monarchy was transformed into a bourgeois monarchy – a novel form of monarchy that is deeply embedded in a capitalist state, the market economy, and bourgeois ideology.** Against all odds, the crown has weathered political instability, survived the demise of a popular monarch, and maintained its wealth and power under the newly crowned King Rama X. Showing how a monarchy can survive and thrive in the age of capitalism, the Thai case pushes us to rethink the relationship between the crown and capital in the twenty-first century, its role in a capitalist kingdom, its relationship with various social classes, and even its image mirrored in a capitalist republic. (*ibid.*, p. 28, *emphasis ours*)

About the purely capitalist mode of surplus-extraction by the CPB and the stakes of the Thai monarchy in the industrial capitalist transition of Thailand, Prof. Unchanam points out:

The crown, in reality, not only played a crucial part in but also massively benefited from Thailand's industrial development. Returned to palace control by the royalist government in 1948, **the CPB was driven by the accumulation of capital and maximization of profit in the market.** As Porphant Ouyyanont noted, **the CPB under the management of the People's Party was run as a state enterprise, and the creation of social well-being was its primary goal. Once it was returned to crown control, however, the CPB became a corporate body.** Unrestricted by government management and unchecked by parliamentary scrutiny,

it chiefly pursued the maximization of royal profits in the market. (*ibid.*, p. 73-74, *emphasis ours*)

As we can see, K. Murali is unaware that CPB under crown control (earlier it was a state-enterprise, during the rule of People's Party), is no more a state enterprise. It is a corporate body which acts as a private capitalist, albeit a privileged one, engaged in capitalist exploitation to reap profits as the biggest corporate house. Unchanam shows that this royal enterprise stands ahead of other capitalists. The CPB is a private capitalist house now which benefitted from the policy of import-substitution industrialization and once it accumulated sufficient capital, it shifted to export-oriented industrialization policy by exporting and investing abroad, besides expanding its industrial base through its company SCG:

Standing head and shoulders above national capitalists during the boom, the bust, and the recovery of the Thai economy was the monarchy. That is, royal enterprises had developed in parallel with Thailand's economic changes. **During the great boom, the CPB thrived thanks to its investments in manufacturing, banking, and real estate. After decades of success under the ISI policy, the SCG diversified its enterprises by investing in various ventures – petrochemicals, paper, construction materials, steel, and electronics – and stood out as the frontrunner among Thai conglomerates that went global under the EOI policy.** In addition to Southeast Asian countries, **the SCG rapidly expanded its capital investments to include the United States, Mexico, and Europe. In the late 1980s, the SCG was clearly the largest industrial conglomerate not only in Thailand but also in Southeast Asia.** (*ibid.*, p. 85-86, *emphasis ours*)

This is the CPB which Murali mistakes for “bureaucrat comprador capitalist”! It is true: if you have true *bhakti* in your heart, you see *Rama* everywhere. For programmatic dogmatist “Maoists” like Murali, this *motto* can be slightly changed to this: *if you have true dogma in your heart, you see comprador bureaucrat capitalism everywhere and in everything!* Unchanam points out further:

Armed with royal hegemony over bourgeois democracy, enormous wealth from the capitalist market, and the active consent of elite businessmen, bureaucrats, and the middle class, the crown during the late reign of Rama IX transformed itself into a new form of monarchy, one that not only survives but thrives in a kingdom where industrial capitalism prevails. **It is the “bourgeois monarchy” proper.** (*ibid.*, p. 104, *emphasis ours*)

Thailand, like a number of other South-East Asian countries, witnessed the process of industrialization under the ruling dispensation of military dictatorship, often allied with the royalty. Here it is important to note that the assumption that capitalism, especially in the neoliberal phase of imperialist stage, is always accompanied by bourgeois democracy, is historically and theoretically incorrect. The military dictatorship in these countries was also an *industrial dictatorship* of the bourgeoisie. Of course, the state did play a role in it. However, this role itself does not make the state a comprador-bureaucrat state. In many countries that witnessed late-industrialization, the role of the state and banks was central, as we have pointed out above. This was true not only for certain Asian countries in the post-Second World War period, but also for a European country like Germany, as Alexander Gerschenkron has pointed out. Explaining the industrial capitalist and private entrepreneur nature of CPB, Unchanam argues:

Unlike the Privy Purse in the old regime, the CPB did not accumulate wealth as a rentier by draining money from the kingdom’s treasury and squandering it on unproductive expenditures. Instead, as the military government pursued the national project of industrialization in the 1960s and 1970s, the CPB-actively participated in the expanding market by investing royal wealth in industry, finance, and property development. Thanks to the formation of the CPB as the capitalist body of the crown, the king and the royal family were able to get back on their feet. Instead of being at the mercy of the government, their financial security now rested on the crown’s growing success in the market. (*ibid.*, p. 221, *emphasis ours*)

Finally, Unchanam points out:

...this institution not only maintains its outmoded components but also embraces and embeds itself into the capitalist mode of production. **Instead of the dead arising from the feudal grave, this institution is a living corporate body that plays an active role in the capitalist kingdom, the market economy, and the culture industry.** Most important, the masses of the Thai bourgeoisie welcome, support, and even defend this novel form of monarchy. This institution is a double-headed leviathan – one monarchical, another bourgeois – that still reigns supreme in industrialized Thailand. (*ibid.*, p. 237, *emphasis ours*)

We have seen how ISI is a policy that is never adopted by a comprador-bureaucratic bourgeoisie, but an industrial and politically-independent bourgeoisie. The Thai capitalist development, too, stood on the firm ground of the policy of ISI in the first phase of its development and then moved on to the policy of what Vivek Chibber has called ELI (export-led industrialization), when it felt confident enough to compete in the global market. Unchanam and several other social scientists have pointed out this peculiarity of the Thai industrialization, a path which has been followed by a number of newly-independent countries in their own particular ways. Unchanam argues:

Import-substitution industrialization (ISI) was promoted by the military government with the idea that the local production of industrialized goods would become a major component of domestic capital, taking the place of agrarian goods. (*ibid.*, p. 72, *emphasis ours*)

Similarly, another well-known scholar, K. Hewison, who has worked on the Thai capitalist industrialization, points out:

How did Thailand arrive at this position? The driving force has been industrialisation. **Generally academics argue that the country's industrial path has gone through two broad, some might say 'loose', phases characterised by, first, import substitution**

industrialisation (ISI) and, second, export-oriented industrialisation (EOI) (Hewison, K. 1998. 'Thailand's Capitalism: The Impact of Economic Crisis', available online, *emphasis ours*)

Hewison writes further:

Despite its success, ISI came under attack from technocrats wanting a change to EOI. **However, there was resistance to dismantling ISI. In fact, under pressure from domestic capitalists, protection for import-substituting manufacturing increased through the 1970s and into the 1980s.** (*ibid.*)

Hewison, tracing the trajectory of Thai capitalist development, points out:

One result of this transformation was the emergence of a significant domestic capitalist class. By the mid-1990s, **Thailand had become an industrially oriented capitalist economy.** (*ibid.*, *emphasis ours*)

The timing of capitalist industrialization offered by different scholars of Thai economic history is different. However, there is a broad consensus regarding the overall trajectory. The salient features of this trajectory clearly show that Thai bourgeoisie, too, cannot be regarded as a comprador-bureaucratic bourgeoisie.

There is a plethora of research work on the trajectory of capitalist industrial development of Thailand based on import-substitution in the first phase and then a shift to EOI strategy and there is neither any need to quote more from them nor is it possible, given the paucity of space. The point here is to understand that Murali uses the examples like CPB as examples of the *petty object of his desire* (!), "bureaucrat capitalism" without any knowledge whatsoever about the political economy and history of Thailand and its transition to industrial capitalism, not to mention, his complete ignorance, as we saw above, as to what is a comprador and bureaucratic bourgeoisie, what is state-monopoly capitalism under bureaucrat capitalism, what is private capitalism, what is national bourgeoisie and national industry, etc.

In short, the entire paper of K. Murali on “bureaucrat capitalism” is based on a highly confused and muddled understanding of the most cardinal questions of history and theory. We have seen this in the context of his understanding of “bureaucrat capitalism” and its diametrically opposite character to the understanding of Mao and the CPC regarding bureaucrat-comprador bourgeoisie and bureaucrat capitalism. Neither the failure in practice, nor the failure in theory, has induced our dogmatist neo-Narodniks to rethink their ‘concepts and methods’.

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In the first part, we have dealt with the question of bureaucrat capitalism, bureaucrat capital, bureaucratic bourgeoisie, comprador bourgeoisie, national bourgeoisie and national industry, as well as, the character of commercial bourgeoisie and industrial bourgeoisie in such detail because it is precisely these questions on which the so-called “Maoists” of India are most ignorant, muddle-headed and confused. Moreover, they are not simply innocent victims of idiocy; within the bounds of this idiocy, they try their best to make use of worst kind of opportunism and dishonesty. Murali’s paper gave us an opportunity to clear the fog on these questions through referring to the writings of Mao, Chen Po-ta, Wang Yanan and other comrades of CPC as well as other Marxist authorities. The reason is that CPC under the leadership of Mao Tse-tung had a very scientific and historical understanding of these questions, which was firmly rooted in Marxist political economy, Marxist theory and history.

This is the first part of this long essay, where we basically deal with the question of the character of the state and the ruling bourgeoisie. In the next part, we will deal in fairly detailed fashion, with the misconceptions of K. Murali on the questions of feudal and capitalist ground-rent, lease-price, forms of tenancy as well as forms of unfree labor that co-exist with capitalist mode of production. In short, in the second part, we will deal with these ‘concepts and methods’ of K. Murali, the ideological-political teacher of the programmatic dogmatists and neo-Narodniks of India, dissimulating as “Maoists”.

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