

WSWS International Editorial Board meeting

The implications of China for world socialism

Part Two

John Chan
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Published below is the second part of a three-part report on China delivered by World Socialist Web Site correspondent John Chan to an expanded meeting of the World Socialist Web Site International Editorial Board (IEB) held in Sydney from January 22 to 27, 2006. Part one was posted on March 9.

WSWS IEB chairman David North's report was posted on 27 February. SEP (Australia) national secretary Nick Beams' report was posted in three parts: Part one on February 28, Part two on March 1 and Part three on March 2. James Cogan's report on Iraq was posted on March 3. Barry Grey's report was published in two parts: Part one on March 4 and Part two on March 6. Patrick Martin's report was published in two parts: Part one on March 7 and Part two on March 8.

Can China become a new force to bring equilibrium to the world capitalist order? It is highly unlikely.

Let us look at the promises made by the Chinese regime. At the beginning of “market reform” in the early 1980s, the late Chinese leader Deng Xiaoping outlined three basic conceptions that would underpin Beijing’s foreign and domestic policy.

Firstly, international relations in the coming decades would bring “peace and development” that was crucial to China’s economic modernisation. Secondly, Beijing would reunify Hong Kong and Taiwan, as part of the project of building Greater Chinese capitalism. Thirdly, Deng’s slogan, “let some people get rich first”, would be a temporary phenomenon. Everyone, he argued, would eventually become rich because of the opportunities offered by the market.

What has happened to these forecasts and promises?

Since Hong Kong was returned to China in 1997, Beijing has not been able to create a stable political environment in the former British colony. Sections of the local elite continue to reject Beijing’s excessive interference in the city’s affairs. Beijing has yet to resolve the ongoing political deadlock in Hong Kong after the demand for democratic rights by masses of ordinary people forced the first chief executive, Tung Chee-hwa, to resign and leave his successor, Donald Tsang, with the same stalemate. Beijing’s concern was that any concessions given to Hong Kong would stimulate demands for democratic rights in China, where the issue remains an explosive one.

As for Taiwan, tens of billions of dollars in Taiwanese investment on the mainland has not translated into political unification. Sections of the Taiwanese bourgeoisie are still looking to declare formal independence from China in order to advance their interests on the international stage. They were bitterly disappointed again by the last year’s East Asian Summit in Malaysia: Taiwan, which has an economy bigger than any South East Asian nation, was simply excluded. Under the internationally accepted “One China” principle, the island is formally treated as a

“province” of the People’s Republic.

Beijing is struggling to shore up the administration in Hong Kong and has repeatedly threatened to invade Taiwan if it declares independence. In order to terrorise the Taiwanese population, Beijing has deployed more than 700 ballistic missiles just across the strait. This is hardly a sign of Beijing’s confidence in the “peaceful” reunification of its “renegade province”.

Within the Asia-Pacific region, China’s strategy of using its economic clout to establish a Beijing-centric trade bloc based on the Association of South East Asian Nations along with Japan, China and South Korea (ASEAN+3) has been strongly opposed by Japan. The project of creating an East Asian Community, analogous to the European Union, has no political basis because of the growing tension between China and Japan, the two main competing powers in the region.

Behind China’s problems with Taiwan, Japan and Asia as whole, stands the United States. The US regards China a potential “strategic competitor” and has exerted enormous political and military pressure on it since the 1990s. One flashpoint with the US and other major powers is China’s growing demands for resources, particularly oil. According to the International Energy Agency, between 2002 and 2005, China accounted for 28 percent of the world’s incremental demand for oil, more than the 25.3 percent for all of North America.

Like the European powers, Japan and India, China saw the US invasion of Iraq as a bid to control the world’s largest oil reserves in the Middle East, and thus to gain strategic superiority over its rivals. China’s state-owned oil companies have been very active in recent years in securing supplies of oil and gas from Angola, Indonesia and Australia to Venezuela. The Chinese government’s strategy is to establish alternative sources of oil in areas other than the US-dominated Middle East.

Following the failure of China’s bid for the major US oil company Unocal last year, China’s biggest oil firm, the China National Petroleum Corporation (CNPC), paid \$4.2 billion for Kazakhstan’s largest oil company, PetroKazakhstan. On December 15, the new 962-kilometre Kazakh-China pipeline was opened—a project that has been regarded as a rival to the Washington-backed Baku-Tbilisi-Ceyhan (BTC) pipeline to the Caspian region. Russia has backed close China-Kazakh cooperation in exploiting Central Asian oil. It is part of a developing strategic partnership between Beijing and Moscow, through the Shanghai Cooperation Organisation, to counter US influence in Central Asia.

In the Middle East, the potential for conflict with the US is even greater as China has invested heavily in Iran’s oil and gas exploration. Iran is China’s third largest oil supplier, providing nearly 14 percent of its oil. At the end of 2004, Beijing signed \$70 billion worth of energy agreements with Tehran. These included buying 350 million tonnes of LNG over 30 years; developing Iran’s massive Yadavaran oil field; and building a

386-kilometre pipeline to the Caspian Sea to link up with the network in Kazakhstan that will ultimately flow into China.

China's trade with Africa is rapidly rising, especially its raw material imports from the continent. The state-owned Chinese National Offshore Oil Corporation (CNOOC), for instance, paid \$2.3 billion on January 9 to buy a 45 percent stake in a Nigerian oilfield that would boost the company's oil production by a fifth. Similar Chinese projects in Latin America have also alarmed Washington.

The January/February issue of *Foreign Affairs* warned that Latin America, once the US "backyard," has become an important base of raw materials for China. In the past six years, Chinese imports from Latin America have grown more than six-fold. In addition, Beijing considers this region a focus for its diplomacy because 12 of the 26 countries that recognise Taiwan are in the region. China is interested in reducing this number by building close political, economic and even military relationships with these states.

Three decades ago, China's economy was largely self-sufficient. Now Beijing has extensive overseas interests. Its foreign trade reached over \$1.4 trillion last year—the third largest in the world. In this sense, China is more vulnerable to external military threat than it was in 1960s. In order to protect its energy supplies, to prevent Taiwan from declaring formal independence, and above all to defend against a military attack from the US, Beijing has built up its military forces, both conventional and nuclear. Although China still lags far behind the US militarily, its growing influence in East Asia has disrupted the balance of power formerly maintained by the US and Japan.

Unlike during the Cold War when the two hostile blocs were largely cut off from each other economically, the US and its allies in Europe and Asia have been heavily involved in trade with, and investment in, China. Beijing has sought to use these relations to outmanoeuvre the US.

China's growing trade relations with Europe have compounded rising EU tensions with the US. By playing the card of growing EU economic interests in China, Beijing has pressed Brussels to lift an arms embargo imposed on China after the Tiananmen Square massacre in 1989. The European powers have backed away from the move, largely due to the threat of US political retaliation.

China shares common ground with South Korea in opposing Japan's falsification of the history of its wartime aggression in Asia. The two countries also have a common interest in peacefully ending the confrontation between the US and North Korea over its nuclear programs, putting them at odds with Washington which is determined to maintain its influence in North East Asia.

An article published by the British defence thinktank, the Royal United Service Institute, pointed out last month that US policy toward China involves both "economic engagement" and "strategic containment" and is increasingly becoming a complex and unstable operation.

The article explained: "For the US to maintain this equilibrium, it must lean on Taiwan to prevent any de jure secession whilst letting China know that it would be serious about intervening in a cross-straits war. The United States needs also to reassure allies such as Japan that it is serious about the alliance. A loss of confidence in Japan would not only endanger the core of the United States' Pacific alliance system, but could see the states of North East Asia scramble to replace the American nuclear umbrella with their own. By maintaining the strategic pressure on China, the US demonstrates to Japan that it will not have to fend for itself against a potentially hostile China."

US efforts to encircle China have created instabilities. By incorporating India into the US network of alliances, Washington is encouraging a nuclear-armed power to be China's regional competitor. Japan has become a keen subscriber to Washington's "China threat" doctrine and is taking a more assertive role in the North East Asian region.

Tokyo is particularly sensitive to Beijing's involvement in the region's

oil and gas and is currently engaged in a series of disputes with China over resources in the East China Sea. Let us not forget, Japan attacked Pearl Harbour in 1941 and fought a devastating war with the US in the Pacific after Washington imposed an oil embargo. What would happen if China captured Taiwan and threatened to use its navy to cut the sea-lanes transporting oil from the Middle East to Japan?

Domestically, faced with growing social inequality and a decade and half of economic stagnation, the Japanese ruling elite is turning back to Japanese nationalism and militarism. This right-wing program necessarily involves the whitewashing of Japan's wartime atrocities in Asia and China, and has set it at loggerheads with Beijing, which is also whipping up nationalism and anti-Japanese sentiments.

It is no exaggeration to state that North East Asia has become a powder keg and the danger of war cannot be underestimated.

Chinese general Zhu Chenghu last July declared in front of foreign journalists in Beijing that in any conflict over Taiwan, "if the Americans draw their missiles and precision-guided ammunition onto the target zone on China's territory, I think we will have to respond with nuclear weapons... we will prepare ourselves for the destruction of all of the cities east of Xian. Of course, the Americans will have to be prepared that hundreds of cities will be destroyed by the Chinese."

Although the Chinese government later dismissed the statement as the general's "personal opinion," it certainly reflects the outlook among sections of the Chinese leadership that nuclear war is not a problem, even if it means the deaths of hundreds of millions of Chinese and Americans.

Beijing's ideological dependency on Chinese nationalism is the consequence of the deepening social and economic crisis at home. With a widening gap between rich and poor, Beijing is seeking to establish a new basis of political support among sections of the emerging middle class.

Late last year, Lin Zhibo, a deputy director of the commentary department of the official *People's Daily*, explained in *China and World Affairs*, why Beijing needs Chinese nationalism particularly targeted at Japan. The journal is directed at China's top policymakers.

"Our one-sided efforts at friendship [with Japan] have been totally useless. Chinese-Japanese relations will be better handled only if China's stance is tougher than now. It's not a totally bad thing to have an enemy country. Mencius [the ancient Chinese philosopher] said, 'Without foes and external threats, a state will surely perish'. Having an enemy country and external peril forces us to strengthen ourselves," Lin wrote.

Lin then pointed to the reasons for promoting nationalism. On the one hand, there is growing social inequality, on the other, the ruling Communist Party can no longer claim to be socialist. "Today in China an ideological vacuum is emerging. What can China rely on for cohesion? I believe that apart from nationalism, there is no other recourse," he stated.

The reactionary character of Chinese nationalism was demonstrated in the anti-Japanese protests last April; in particular, the racist attacks on Japanese by layers of largely middle-class Chinese youth. While Tokyo is undoubtedly responsible for provoking tensions with China by falsifying the record of Japan's wartime atrocities, Beijing has its own falsified history of the twentieth century, especially of the Chinese Revolution, that is the basis for its own brand of nationalism.

Through school textbooks, the state-controlled media and other channels, the Stalinist bureaucracy proclaims that the Chinese Revolution and the founding of the Communist Party was not a product of the international upsurge of the working class following the Russian Revolution. Rather, Beijing insists that the Chinese Revolution was a national enterprise for China's "rejuvenation" and liberation from foreign domination. Beijing is seeking to establish its political legitimacy on the basis of its historic mission to restore the imperial glory of the Middle Kingdom.

As the tragic experiences of Sri Lanka demonstrate, the promotion of nationalist and communalist politics is disastrous for the working class. In

Sri Lanka, there have been two decades of civil war. In China, the consequences will be far more devastating, leading toward military conflict with Japan and the other major powers.

A movement of the working class in China against the Stalinist bureaucracy is inseparable from a struggle against Chinese nationalism and Beijing's falsification of the history of the Chinese Revolution and the international socialist movement.

To be continued



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