Open letter demands Chinese premier's removal

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In a further sign of the continuing factional turmoil within the Chinese Communist Party (CCP), prior to its crucial 18th congress later this year, a long open letter was issued in late July demanding Premier Wen Jiabao's removal. The letter, which claimed to be backed by more than 1,600 officials, accused Wen of destroying the country's state-owned sector "in the service of a small number of bureaucratic compradors and the American ruling clique."

The letter represents a counterattack by sections of the Stalinist bureaucracy associated with former Chongqing party secretary Bo Xilai, who was removed from his post and detained in March over allegations of corruption. His wife was convicted this month of the murder of a British business associate. Behind the scandal are sharp divisions within the CCP bureaucracy over economic policy. Bo had been regarded as a likely candidate for the CCP's top body—the Politburo Standing Committee.

The open letter underlined the economic issues at stake. The leading signatory was a former vice minister of the metallurgical industry, Ma Bin, a retired 96-year-old official, who still wields a degree of influence in the top party leadership. His critics have generally dismissed him as an entrenched "defender of the old line and old system" for his opposition to the privatisation of state-owned enterprises.

While none of the letter's signatories holds any significant leadership post, they form part of an ideological tendency—the so-called New Left—that has broader influence within the CCP. Ma and 300 other officials submitted another letter in June demanding the reopening of some 30 web sites, including *Utopia* and *Maoflag*. Once mouthpieces for the New Left, the sites were shut down in April following Bo's removal.

The New Left is a heterogeneous grouping that includes social reformist academics, Mao-era bureaucrats and radical intellectuals seeking to revive Maoism. They share a common perspective of supposedly turning the Stalinist bureaucracy back to its "socialist" origins. In reality, all of them, including those who denounce their opponents as "capitalist roaders," are proposing protectionist measures to defend Chinese capitalism against foreign competition, particularly state-owned enterprises, along with social policies to ameliorate sharpening class tensions in China.

Leading business management professor Han Deqiang, who signed the open letter, was closely associated with Bo. Han founded the *Utopia* web site and is typical of the New Left trend. In an interview with British diplomat Giles Montagnon in May, Han explained his anti-globalisation stance, complaining that "because transnational corporations are in China, China's own enterprises can only labour for transnational corporations, being second-tiered, third-tiered and fourth-tiered bosses, not the big boss." In other words, China's capitalist class should no longer play a subordinate role to international banks and corporations.

Han's orientation is not to the Chinese working class but to the "bourgeoisie in the developing countries," which he declared was oppressed by the more powerful bourgeoisie in imperialist countries. In an open letter last year on the *Utopia* web site, Han and Ma Bin enthusiastically supported the "Occupy Wall Street" movement. Speaking to the British diplomat, Han declared that China's national capitalists—who include some of the world's wealthiest billionaires—were part of the world's "99 percent" in the struggle against the "1 percent" super-rich in the West.

At the same time, Han insisted in his comments to Montagnon that the *Utopia* web site represented no danger to the Chinese government or political stability. "This is because *Utopia* does not call for overthrowing the government, but for reform, a change of line from the top, an integration of the party with the masses, and a return to socialism," he said. "From the standpoint of more 'leftist' people, this is 'reformist'. So how could you call *Utopia* 'ultraleft'?"

The most significant aspect of the latest open letter is its demand for Wen's removal, not only as premier, but also from the party's powerful Politburo Standing Committee. While appeals to the central CCP leadership to protect the state sector have been made to previous congresses, it is rare to call for the removal of a top leader. The letter accused Wen of violating the Chinese constitution, destroying the state sector as the "basis of the socialist economy," and committing "crimes" by selling out the "core interests of the Chinese people."

Despite the letter's references to socialism as the basis for the economy, China is not socialist and never has been. What emerged from the huge upheavals of the 1949 revolution was a deformed

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workers' state based on nationalised industry and economic planning along Soviet lines, but in which there were no organs of workers' power. The bureaucratic apparatus headed by Mao was rooted in the reactionary theory of "socialism in one country" that led China into an economic impasse. In 1972, Mao reached a rapprochement with US imperialism for the establishment of full diplomatic ties. Diplomatic recognition was the political precondition for the opening up of the Chinese economy to foreign capital, pro-market restructuring and the restoration of capitalism in China.

The layers of the CCP bureaucracy represented by the open letter are no more "socialist" than their rivals. Rather, Han and Ma speak for sections of China's ruling elite, like Bo, whose wealth and privileges are bound up with their control over large state-owned enterprises. Amid a slowing economy, their opponents such as Wen insist that China has no choice but to open up even further to foreign investment. Wen is actively pushing for the removal of any protection for the remaining state-owned enterprises, which will go bankrupt with devastating consequences for the working class.

The open letter, entitled "An appeal to firmly stop the complete destruction of state-owned enterprises," opposed a major World Bank report "China 2030," jointly produced with Premier Wen's State Council. The World Bank paper, released in Beijing, called for the break-up of state monopolies in strategic sectors like energy and banking. It envisioned a massive reduction in the size of the state sector from 27 percent of gross domestic product in 2010 to just 10 percent by 2030.

The open letter condemned the weakening of the state sector in the past decade under Wen's government, declaring that "excessive dependence on foreign capital has undermined China's national independence and national economic security." In every industry already opened up to foreign investment, the top five corporations were foreign-owned, and of 28 key industries, foreign capital controlled the majority of assets in 21, the letter noted.

The open letter contrasted the performance of the 123 largest state enterprises that dominate key sectors such as energy, telecommunications, banking and chemical. Fifty nine had made the Fortune Global 500 list (the 500 highest-earning companies in the world) in 2011, it boasted, with total assets tripling in the past decade to 28 trillion yuan ($US3.15 trillion) and annual revenue increasing seven-fold to 20.2 trillion yuan. However, the letter did not point out that, like their private counterparts, these corporations are run as profit-making enterprises, exploiting the cheap labour of Chinese workers, and their "success," like the Chinese economy as a whole, relies on exports to the US, Europe and Japan.

The letter accused Wen of serving the "needs of US imperialism." He had committed six "crimes," including the massive purchase of US debt—$1.17 trillion in federal bonds and $376 billion of investments in the mortgage giants Fannie Mae and Freddie Mac—in order to "prop up the American economy." In the subsequent international "financial warfare," the letter declared, Wen had caved in to US pressure to revalue the yuan, causing huge losses and risking the plunder of China's foreign currency reserves invested in the US.

In reality, Wen's policy of "saving the US to save China" expressed the dependence of Chinese enterprises on the world economy, and, in particular, on America as the single largest export market. Moreover, the letter's claim that the state-owned enterprises are the "common property of all people" is totally false.

After 30 years of capitalist restoration, the remaining state-owned enterprises have undergone a profound transformation. Originally, they formed the property basis of the deformed workers' state, managed by the Stalinist regime on the basis of a bureaucratically imposed economic plan. Following the vast privatisation of the late 1990s, when tens of millions of workers were laid off, most of the remaining state enterprises were transformed into joint-stock corporations.

The social functions of these enterprises have also profoundly changed. Their employees no longer enjoy the benefits of the "iron rice bowl"—that guaranteed jobs, welfare, health, housing, child care and pensions. Rather, the management retains the profits. The CEOs, often the children of high-ranking CCP bureaucrats, enjoy salaries hundreds of times those of ordinary workers' wages and often have large share holdings in these joint-stock companies. The profits of these "red" businesses are guaranteed by their state-sanctioned monopoly position and access to cheap credit from state banks. While denouncing Wen as a "comprador" serving Western imperialism, the letter was silent on the close collaboration between state-owned enterprises and foreign corporations.

The New Left groups voice concern about social inequality. However, they are just as hostile to any independent movement of the working class as their factional rivals. Their calls for limited social reforms are aimed at stemming the rising anger of working people over unemployment and deteriorating living standards and preserving social stability and the CCP regime.

It is highly unlikely that the open letter's demands will be presented at the 18th CCP congress, but the publicity given to the letter points to a deeper factional struggle within the regime. As the Chinese economy slows, competing groups of CCP bureaucrats are seeking to shore up their power and privileges at the expense of their rivals.

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