

China's leadership change

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As with the US presidential election tomorrow, the world's governments, media and corporate boardrooms understand that this week's 18th national congress of the Chinese Communist Party (CCP), which will unveil a new leadership for the next decade, has profound implications for global capitalism.

Huge interests are at stake. Not only is the Chinese economy now the world's second biggest, but the largest section of the international working class is in China. Global corporations are heavily dependent on the 400 million Chinese workers for cheap labour and profits. Whether the CCP can maintain its rule has become a life-and-death issue for world imperialism.

Two inter-related factors are driving a deep crisis inside the CCP—the impact of the worsening global economic crisis on the Chinese economy and the Obama administration's aggressive “pivot” to Asia that is aimed at undercutting China's economic and strategic position throughout the region and internationally.

The bureaucracy in Beijing is riven by factional conflicts—a major source of political instability. Behind the scenes, struggles are raging between the Young Communist League faction headed by President Hu Jintao and Premier Wen Jiabao, the “Shanghai gang” of former President Jiang Zemin, and smaller groupings like that of former Chongqing party secretary Bo Xilai. All the factions support capitalism and the market, but there are important tactical differences over the direction of economic and foreign policy.

The factional warfare takes the form of tit-for-tat corruption scandals. Bo led a supposedly “left” tendency before being purged for alleged murder and corruption involving a vast family business network.

His chief opponent, Wen, who is promoted as a leading voice of the party's “liberal” wing, has also been caught up in a scandal. The *New York Times* published a lengthy report on October 26 detailing his family's \$2.7 billion fortune and extensive business interests.

The exposure of the extraordinary power and wealth of such top leaders has laid bare the oligarchic and corrupt character of the entire “communist” leadership. The ruthlessness of the inner-party struggle is a sharp warning to the working class that the ruling CCP elites will stop at nothing to defend their privileged existence. Whichever factions prevail, their mandate, driven by the greatest world economic breakdown since the 1930s, is to carry out an onslaught on the living standards of the Chinese working class.

Bo was not removed because of his corrupt practices, but because he postured as a defender of workers, calling for a reduction of the income gap between rich and poor and a return to the CCP's “socialist” origins. His opponents were deeply concerned that his “left” rhetoric would raise popular expectations and undermine the CCP's agenda of restructuring, job cuts and speedup, combined with deepening inroads into the government's social spending.

It is not for nothing that Bo's backers have accused Wen of being the No.1 comprador, serving the interests of Western finance capital. Premier Wen's State Council has ordered China's leading think tanks to come up with concrete proposals to privatise the remaining 100,000 state enterprises, open up key sectors to foreign ownership and end the state control of credit and land supply. All of this is in line with a key World Bank report produced in February.

The “Shanghai faction” has opposed Wen's plans,

but from the standpoint of protectionism and economic nationalism. Like Bo, it calls for the transformation of China's 120 largest state-owned enterprises into "national champions"—like Hyundai and Samsung in South Korea—through a ruthless intensification of the exploitation of workers. This perspective has nothing to do with socialism. While the government is the largest shareholder, these corporate giants are profit-making enterprises subject to the dictates of the capitalist market.

All the CCP factions supported the restoration of capitalism in China begun in 1978 under Deng Xiaoping and are deeply hostile to any independent movement of the working class. Sharp divisions opened up inside the CCP over how to deal with the mass protests by students and workers that were brutally crushed by the army in 1989. But the CCP reunified under Jiang and his patron Deng and initiated a program of sweeping pro-market restructuring in the 1990s. A wave of privatisations resulted in the laying off of 60 million workers. Residual state-owned enterprises were transformed into joint-stock companies. The working class was stripped of long-established guarantees to a job, childcare, education, housing, health care and pensions.

Despite militant strikes against the destruction of state property, the CCP under Jiang was able to avert a social explosion due to the expansion of jobs in the private sector that was geared to exports to America and Europe. Those markets continued to expand in the 2000s through a vast expansion of credit that fuelled spiralling speculation in shares and property. In China, huge fortunes were made, often by those closely connected to top CCP leaders. When Hu was installed as president in 2002, China had no dollar billionaires. Now it has the largest number outside the US.

The current factional warfare inside the CCP is rooted in the ongoing global economic crisis that erupted in 2008. The regime initiated a massive stimulus program in the hope that Europe and America would recover quickly. The economic stagnation and recession in those economies are now leading to slowing growth in China. Moreover, the vast sums of cheap credit made available fuelled a speculative property bubble that is

now collapsing.

Sharp tactical differences over economic policy have only been compounded by the Obama administration's aggressive diplomatic offensive and military build-up against China throughout Asia. The economic strategy advocated by Wen is also aimed at appeasing Washington. This is opposed by sections of the CCP and the military leadership, who insist on a more forceful defence of Chinese national interests.

Whatever the outcome of the CCP congress, the leadership as a whole agrees that the working class must be made to bear new burdens. The only alternative for Chinese workers is to build a political movement independent of all CCP factions to expropriate the billionaires and multi-millionaires and reorganise the economy along socialist lines rather than as a giant sweatshop for global capitalism. The entire history of China since the 1949 revolution is testimony to the failure of the reactionary Stalinist perspective of "socialism in one country" on which the CCP was based. Chinese workers must turn to their international class brothers and sisters, in particular those in the advanced capitalist countries, in a joint struggle to abolish capitalism and create a world planned socialist economy.

This means drawing the necessary lessons from the protracted struggle of the international Trotskyist movement against Stalinism and Maoism, and building a Chinese section of the International Committee of Fourth International to lead the revolutionary struggles ahead.

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