

China's new leadership—a regime of crisis

John Chan**19 November 2012**

The new Chinese Communist Party (CCP) leadership installed last week at the party's 18th national congress will be one of deepening crisis. The economy is markedly slowing amid the historic breakdown of global capitalism and the US is waging a diplomatic and strategic offensive to block China's rise as a potential rival in Asia and internationally.

The incoming general secretary Xi Jinping and the seven-man Politburo Standing Committee were selected entirely behind the back of the country's 1.3 billion people. While this is nothing new for the CCP, the "fifth" generation of leaders cannot claim any link to the revolutionary upheavals of 1949 and its associated social gains.

Xi represents a generation of CCP bureaucrats whose outlook was entirely shaped by the restoration of capitalism initiated in the 1970s, particularly by Deng Xiaoping after 1978. Over the past decade, Xi headed the CCP apparatus in several coastal provinces and cities, and, like his CCP counterparts, operated under the slogan of "attracting business and introducing capital" that led to the emergence of a super-wealthy elite.

Xi is known as a "princeling", an especially despised layer whose only political capital is family ties in the "red aristocracy"—their parents were former senior CCP leaders. Xi's father, Xi Zhongxun, was appointed by Deng to establish the first "special economic zone" in Shenzhen in the late 1970s. The princelings form a powerful section of China's new bourgeoisie, notorious for their ruthless accumulation of wealth through the plunder of state assets, often in collusion with Western corporations and banks.

Xi's first public speech as the new CCP general

secretary was notable for the absence of virtually any, even perfunctory, references to Marxism or socialism, and its exultation of the greatness of the Chinese nation. The resort to Chinese nationalism, which has increasingly become the dominant theme in CCP propaganda, is a desperate attempt to create a base of support for the party as it prepares a brutal further assault on the social conditions of the working class.

The regime is at a turning point. The past decade has been marked by China's apparently unstoppable economic rise, with average annual growth of about 10 percent. When Xi's predecessor Hu Jintao was installed in 2002, China's gross domestic product was \$1.5 trillion, making it the world's sixth largest economy. Today it is \$7.3 trillion and the second largest. China had no dollar billionaires in 2002. Now it has the greatest number after the US.

This vast economic expansion was completely dependent on the global economy. China became the world's premier cheap labour platform, reliant on Western investment, technology and markets. The eruption of the global financial crisis in 2008 immediately exposed China's economic vulnerability as exports slumped and 23 million jobs were lost.

The CCP leadership under Hu staved off an economic slowdown and social unrest through a massive stimulus package and a flood of cheap credit, hoping for an international economic revival. But Europe is embroiled in an intractable debt crisis and recession, and there is an ongoing slump in the US and Japan. As a result, Beijing faces an economic slowdown and the prospect of financial instability caused by frenzied property speculation and huge local government debts.

The 18th congress set the stage for a renewed

restructuring of the Chinese economy, in line with the demands of international finance capital, including the privatisation of thousands of the remaining state enterprises and a drive to boost productivity. Class tensions will inevitably rise as jobs and working conditions are destroyed and the top bureaucrats enrich themselves by converting state enterprises into their private property.

The Xi leadership also confronts relentless pressure from the US, which is undermining Chinese influence and building up strategic ties throughout Asia. Over the past decade, Beijing's foreign policy was guided by Hu's formula of the "peaceful rise"—that China could become a great power without coming into conflict with the existing powers.

That approach appeared to work when the Bush administration was preoccupied with the wars in Afghanistan and Iraq. But the deepening global economic crisis has exacerbated tensions internationally. US imperialism depends on China as a source of cheap labour but cannot tolerate a potential rival to its global dominance. The Obama administration's "pivot" to Asia is a pre-emptive campaign aimed at strategically encircling China and ensuring that it accepts a global order dictated from Washington.

Like governments in other countries, the CCP regime has no other solution to the crisis it confronts than to launch a class war against the working class, on the one hand, and prepare for conflict and war against its rivals, on the other. It does so under conditions of weakness and political isolation. The economic growth of the past decade has greatly expanded the Chinese working class, as indicated by the urban population's rise from 38 percent to more than 50 percent of the country's 1.3 billion people.

Chinese workers can fight the social devastation being prepared and the dangers of war only through a political offensive aimed at toppling the CCP regime, as an integral part of the struggle of the working class internationally to abolish the bankrupt profit system. Above all, that means drawing the necessary lessons from the political fight waged by the international

Trotskyist movement against Stalinism and Maoism, and building a section of the International Committee of Fourth International in China.

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