

China's red aristocracy

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China's newly appointed anti-corruption head, Vice Premier Wang Qishan, recently called on party officials to read the classic book by French historian Alexis de Tocqueville, *The Old Regime and French Revolution*. The message was clear. The Chinese Communist Party (CCP) regime, which is widely detested as the representative of China's super-rich, is in danger of sharing the fate of the French aristocracy.

The extent of the red aristocracy in China was underscored last week in a lengthy *Bloomberg* article, entitled "Heirs of Mao's Comrades Rise as New Capitalist Nobility." It detailed the emergence of 103 children of the "eight immortals," and their spouses, as the most powerful businesspeople in China. The "immortals" were the top bureaucrats and military figures, led by Deng Xiaoping, who came to power after Mao Zedong's death and set the agenda of capitalist restoration.

The *Bloomberg* article explained: "They entrusted some of the key assets of the state to their children, many of whom became wealthy. It was the beginning of a new elite class, now known as princelings. This is fueling public anger over unequal accumulation of wealth, unfair access to opportunity and exploitation of privilege—all at odds with the original aims of the communist revolution."

The 1949 revolution did result in a far-reaching social transformation in China, including the expropriation of bourgeois property, but the political domination of the Stalinist CCP led to the emergence of a *deformed* workers' state. The Maoist leadership modelled itself on the Stalinist bureaucracy in the Soviet Union and suppressed any form of workers' democracy. By the 1970s, its anti-Marxist perspective of "building socialism in a single country" had produced economic stagnation and a deepening political and social crisis. Having renounced the perspective of world socialist revolution, the CCP sought to resolve its difficulties by

integrating China back into global capitalism. The result has been the looting of state property on a vast scale and the transformation of the country into a giant cheap labour platform for multinational corporations.

The *Bloomberg* article noted that academic articles had pointed out that economic and political power was now concentrated in the hands of a tiny super-rich elite, estimated to number from 14 families to a few hundred. Twenty-six children of the "eight immortals" held top positions in China's largest state-owned enterprises. "Three children alone—General Wang [Zhen]'s son, Wang Jun; Deng's son-in-law, He Ping; and Chen Yuan, the son of Mao's economic tsar [Chen Yun]—headed or still run state-owned companies with combined assets of about \$1.6 trillion in 2011," *Bloomberg* reported. "That is equivalent to more than a fifth of China's annual economic output." Many had used their control over state enterprises to amass private wealth—43 of the 103 children ran their own businesses or were top executives in private firms.

One of the "eight immortals," General Wang, notoriously called for the army to kill 200,000 people if necessary to suppress the 1989 Tiananmen Square protests by workers and students. His two sons are both billionaires. "Wang Jun, helped build two of the country's biggest state-owned empires: Citic Group Corp., the state-run investment behemoth that was the first company to sell bonds abroad since the revolution; and China Poly Group Corp., once an arm of the military, that sold weapons and drilled for oil in Africa." Wang Jun is also the chairman of a Hong Kong-listed company that included pawnshop businesses—a symbol of the return of pre-revolution social evils—and a corporation supplying office technology to Chinese police, customs and banks.

"Princelings" like Wang Jun have a lifestyle that matches their counterparts in the West. The *Bloomberg* article noted that one of Deng's granddaughters,

33-year-old Zhou Yue, held a “philanthropy” event in Beijing in November. “Dignitaries were shuttled in white BMW sedans with the words ‘BMW VIP Service’ stenciled on the door. Swiss-made Hublot watches priced at \$16,000 were on sale in the lobby outside the conference hall. Warren Buffett’s son, Peter, and former British Prime Minister Tony Blair were among the guests.”

The “red” oligarchy’s extravagant life-style is ultimately based on the impoverishment of millions of workers. The princelings dominate the commanding heights of the Chinese economy, enforce sweatshop conditions in export enterprises and take a slice of the surplus value extracted by transnational corporations from Chinese workers. While they rub shoulders with the world’s corporate and political elite, hundreds of millions of people live in poverty on a few dollars a day.

China has dramatically changed from being one of the world’s most equal countries to one of the least equal. Its Gini coefficient (0 represents absolute equality and 1 means absolute inequality) is now in the same league as South Africa. Last month, a survey by the Southwestern University of Finance and Economics found that China’s Gini coefficient had increased from 0.4 in 2000 to 0.61 in 2010—a figure that was “rare in the world.”

China has the world’s second largest group of dollar billionaires, after the US. They grew in number from none in 2002 to at least 251 in 2012. The wealth of “invisible” billionaires—that is, the children of CCP leaders—is not documented. As *Bloomberg* noted, many of the “invisibles” hide their businesses “in offshore locations with strict privacy rules.” Tipped off by his factional opponents, the *New York Times* recently detailed the hidden fortune of the family of Premier Wen Jiabao, which amounted to some \$2.7 billion.

Over the past two decades, the mass of ordinary working people were able to survive because the economy expanded annually at about 10 percent and created jobs. But the worst global economic breakdown since the 1930s is now translating into slowing growth, rising unemployment and greater social hardship in China. The barely disguised hatred of workers and youth toward the new Chinese bourgeoisie led by the “red” aristocracy will inevitably erupt in revolutionary

struggles.

The main task for the working class is to assimilate the political lessons from the struggle of the world Trotskyist movement against Stalinism and Maoism. That means building a Chinese section of the International Committee of the Fourth International. Only in that way can the necessary revolutionary leadership of the working class be prepared to overthrow the “red” aristocracy and establish a genuine workers’ state as part of the broader fight for socialism internationally.



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