

China's NPC installs new leadership

John Chan
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China's National Peoples Congress (NPC) concluded yesterday after completing the once-in-a-decade leadership transition that began with last year's Chinese Communist Party congress. CCP general secretary Xi Jinping was formally endorsed as the president of China, replacing Hu Jintao, and Li Keqiang was installed as Chinese premier, replacing Wen Jiabao.

The two top leaders indicated, in broad terms, the policy agenda of the new leadership, which confronts a slowing economy and deepening social crisis at home, and increasingly aggressive diplomatic, trade and strategic moves by the US and its allies abroad.

The openly pro-market Li outlined the economic policy. He had collaborated with the World Bank to produce last year's *China 2030* report—a blueprint for vast economic restructuring to expand the role of private capital, sharply reduce the role of the state in the economy and demand higher productivity from workers.

At his first press conference yesterday, Li talked of a “hand” mistakenly attached to the state that needed to be returned to the market. “It’s about cutting power, it’s a self-imposed revolution,” he declared. “It will be very painful and even feel like cutting one’s wrist.”

Knowing that a new wave of market “reform” will provoke opposition, particularly from the working class, Li admitted that the government was heading into “unchartered waters”. He warned: “We may also have to confront some protracted problems. This is because we will have to shake up vested interests.”

While Xi and Li are at one on the economic restructuring, Li represents sections of the bureaucracy and business elite who are more closely connected to, and dependent upon, American markets and corporations. He urged Washington to recognise that the two countries had more “common interests” than rivalry. “Conflicts between big powers are not

inevitable,” Li argued.

Nevertheless, Xi, as president and military commander-in-chief, is in charge of foreign policy and has set a more aggressive tone. In his first speech at the NPC, Xi immediately made an appeal to Chinese nationalism, calling for “arduous efforts for the continued realisation of the great renaissance of the Chinese nation and the Chinese dream.”

“Chinese Dream” was the title of a book by a military academic, Colonel Liu Mingfu, who called for the building of a defence force to match that of the US. The book was withdrawn over three years ago due to a fear of damaging relations with the US. However, since Xi was installed at last November’s 18th party congress, “Chinese Dream” has become his main political slogan, and the book has been re-released. During the NPC, Xi twice called for the armed forces to be prepared for “winning any war”.

Xi’s foreign policy orientation was expressed by the fact that he chose Russia as the destination for his first major visit. He has reportedly told Russian President Vladimir Putin that his presidency would make the development of a “comprehensive strategic partnership with Russia” a “priority”. Both countries are facing strategic encirclement by the US, ranging from threats to topple the Syrian regime to the expansion of the US “missile shield” to undermine China’s and Russia’s nuclear deterrence.

Xi has also directed a more confrontational policy toward Japan in the heated dispute over the Diaoyu islands (known as Senkaku in Japan) in the East China Sea. In recent months, Chinese maritime policing vessels and aircraft have been dispatched to challenge Japanese control of the rocky outposts.

The “Chinese Dream” slogan also echoes the well-known “American Dream” catch phrase in the heartland of world capitalism. Xi is appealing for the support of the emerging middle classes who view their

interests as bound up with the continuing expansion of Chinese capitalism and its transformation into a supposed land of unlimited opportunity.

Xi and Li both belong to a generation of CCP leaders whose adult life has been shaped entirely by the past 30 years of capitalist restoration, begun under Deng Xiaoping in 1978.

Xi's father, Xi Zhongxung, was a major figure in Deng's so-called "capitalist roader" faction. After Mao's death and the coming to power of Deng, Xi senior was allocated the task of launching the first "Special Economic Zone" in Shenzhen during 1980, opening up the region as a cheap labour platform for foreign investment.

Because of his background, Xi is regarded as a "princeling", the most hated social type in China today. Many children of former senior CCP leaders have accumulated huge fortunes by using their political connections to collude corruptly with the business world. Last year, an investigative report by *Bloomberg* found that Xi's extended family owned at least \$376 million in corporate assets.

The richest 90 NPC delegates are reportedly each worth an average of \$US1.1 billion—making the NPC by the far the wealthiest "parliament" in the world. These billionaires backed Xi's rise to power, including those who owed their fortunes to his free market policy in several coastal provinces during the 1990s and 2000s when he was a provincial party secretary. They are clearly confident that Xi will use his position as head of the military and the police state apparatus to defend their interests and suppress any opposition from the working class.

Xi's foreign policy also represents the corporate interests of this social layer. Behind the criticisms by Chinese officials in recent years of the "unfair" global order led by the US are the desires of this new elite to take a greater slice of the wealth owned by the Western bourgeoisie, rather than receive only small profit margins as cheap labour providers.

The "Chinese Dream" will quickly turn into a nightmare for the Chinese workers and small farmers. Xi's more assertive diplomacy will only heighten the danger of war with Japan, and above all, the US. At home, pro-market restructuring will seek to make the wages of Chinese workers "competitive" with those in other cheap labour platforms, such as India and

Vietnam, thus deepening their already unbearable poverty.



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