

# California governor Brown travels to China

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6 May 2013

California's governor, Jerry Brown, a Democrat, returned from a visit to China in April. During his weeklong visit, he was accompanied by a retinue of about 90 staff as well as representatives of California's private business sector.

The group met with China's elite in the Communist Party bureaucracy and business community, including such individuals as new premier Li Keqiang, the commerce minister, and the heads of automaker BYD Co.

Beginning in Beijing, the governor traveled in style on the country's high-speed rail line between Shanghai, Nanjing, Guangzhou and Shenzhen, finishing with a brief stop in Hong Kong before coming back to California.

Upon leaving, he announced the founding of California's first Overseas Trade Office in a decade, which will be staffed by the Bay Area Council business group.

The purpose of Brown's trip abroad, a somewhat unconventional move for a state governor, is to attract Chinese capital to California.

After his meeting with the Chinese premier, Brown announced a \$1.5 billion Chinese investment in Oakland. Later, he announced four smaller investments in various industries, totaling around \$250 million.

Brown is particularly targeting state-owned enterprises and sovereign-wealth funds, which support the county's handful of internationally competitive private firms.

"Instead of buying T-bills in Washington," Brown said, "they should be investing in California." The US has an enormous trade deficit with China, made possible by the Chinese purchases of US government debt. But as China's public funds go from financing America's sovereign debt to direct investments, it will be further exposed to the volatility of the international market.

Speaking in Beijing, Brown said that potentially \$60 billion of investment might come to California in the next seven years from China. However, he has much bigger ambitions than that, as the *Economist* reports Brown reckoning that "Chinese investors have \$400 billion-\$500 billion burning a hole in their pockets."

The \$1.5 billion investment in Oakland relates to a "massive new Oakland waterfront housing project," according to the *Los Angeles Times*. Brown said the project will create 3,100 housing units and 200,000 square feet of retail and commercial space, and will supposedly employ 10,000.

Given that the Chinese investors behind the project apparently find California a more profitable location than China itself, there is every reason to suspect that these new jobs will pay poverty wages.

Brown's China trip is in line with President Obama's "insourcing" of jobs back to the United States. According to this policy, the wages and living conditions of American workers are to be reduced to alignment with workers in China and elsewhere, in order to attract capital back into the US mainland.

The working class has some experience with the "insourcing" policy already. In Detroit, for example, the Obama administration's restructuring of the auto industry resulted in wages for new hires being cut in half, to the poverty-level wage of \$14 per hour. The results in other states and industries will be same: businesses will be restored to profitability by slashing workers' wages and benefits to "competitive" levels.

In turn, the Chinese investments in California are part of a "going out" policy, which encourages profitable investment outside the country. If Chinese capital is considering large-scale investment in America, it can only be because surplus value can be extracted from American workers at a rate comparable to that of Chinese workers.

The American labor unions, subservient to the

Democrats at every step, have for their part jumped at every opportunity to accommodate the Obama administration's "insourcing" drive. In Detroit, the UAW partnered with management and the Obama administration in the destruction of wages and benefits to refound the auto industry on a "competitive" footing.

In California, the same line has been pursued by unions like the SEIU, the CTA and the AFSCME in the false name of "defending jobs." The logic of this line is that American workers must compete with Chinese workers to see who can accept the lowest wages. These California unions supported—and continue to support—Brown and the Democratic Party while the latter work to destroy education, pensions, wages, jobs, and social services.

The American labor unions have been studying the "Chinese model" for years and preparing its implementation in the US. In 2011, Andy Stern, president of the SEIU from 1996 to 2010 and staunch Obama supporter, wrote an opinion column in the *Wall Street Journal*, the official mouthpiece of US capitalism, entitled "China's superior economic model."

"As painful and humbling as it may be, America needs to do what a once-dominant business or sports team would do when the tide turns: study the ingredients of its competitors' success," Stern wrote. "America needs to embrace a plan for growth and innovation, with a streamlined government as a partner with the private sector. Economic revolutions require institutions to change and maybe make history, because if they stick to the status quo they soon become history."

What he is specifically referring to is the subordination of all public institutions to the supreme drive for profit, the "streamlining" (i.e., destruction) of all institutions that once existed to defend certain basic rights of workers, and the conscious replication of Chinese labor conditions in the US.

The corporate and financial aristocracy that rules America looks with drooling envy at the tiny wages Chinese workers are forced to accept (and the corresponding profits), and they look forward to the day when American workers can be forced to accept the same. This is what is behind all the discussion of the "Chinese model," "competitiveness,"

"profitability," "streamlining," "insourcing," the unbearable "status quo," and Brown's well-publicized trip to China.

Among Brown's entourage in China were representatives of many of the state's largest corporations, such as Kaiser Permanente, the Wine Institute, Bank of America, Wells Fargo & Co., FedEx Corp., United Airlines, State Farm Insurance, HSBC, Siemens Corp., Deloitte, Five Point Communities and Lennar Urban. The same companies paid the bill for the trip.

In the aftermath of Brown's trip to China, a "debate" has emerged, promoted by the liberal media and several of Brown's political opponents, over which "special interests" are have undue influence over the governor. Framing the question in this way obfuscates the issue. The fundamental question is not who specifically foots the bill for the trip—a small write-off when all is said and done—but what class interests are represented. The composition of Brown's entourage should make it clear: Brown's program is ruthlessly pro-capital all down the line.

During his tour, Brown expressed in his inimitable style his frustration with the economic environment at home. "I want to be in the presence of people who get sh\_t done," he said.



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