

China's economic slowdown: The political issues confronting the working class

Nick Beams

15 December 2018

Figures released yesterday, showing a marked slowdown in the Chinese economy, highlight the enormous dangers confronting the working class in the US, China and internationally arising from the reckless and dangerous economic war being waged by the Trump administration against Beijing.

According to data from the Chinese government, retail sales grew in November at their slowest pace in 15 years while industrial production rose by the lowest level in almost three years. The Chinese auto market, a key component of retail spending, is on track for its first annual sales decline since the 1990s. Significantly, the effects of the trade war measures of the Trump administration are only now starting to show up in economic data, meaning that growth rates are set to fall further in the coming months, after this year hitting their lowest level since the global financial crisis of 2008–2009.

The China slowdown is part of a global process. Growth in Europe, after rising in 2017, has fallen to its lowest point in four years and Japan has experienced a contraction in the third quarter. These figures expose the fraudulent claim that the global economy had finally “turned the corner” after the deep recession produced by the financial crisis a decade ago.

The response of Trump to the news of the Chinese slowdown underscored that once again the world economy is fracturing in a manner that recalls the disastrous decade of the 1930s that deepened the Great Depression and created the conditions for World War II.

“China has just announced that their economy is growing much slower than anticipated because of our Trade War with them,” he wrote on Twitter. “US is doing very well. China wants to make a big and very comprehensive deal. It could happen, and rather soon!”

From the standpoint of the “America First” perspective of the Trump administration, the world economy is a kind of zero sum game in which losses incurred by its rivals represent an American gain. But this reactionary viewpoint is contradicted by economic facts. The world economy is not the sum of a series of separate national parts, in which one part gains at the expense of the other, but an ever-more-closely integrated whole in which the labour and the economic fate of billions of working people are inextricably bound together.

The reactionary nostrums of economic nationalism produced a disaster in the 1930s. Now they are creating the conditions for an even bigger crisis because the level of economic integration has increased exponentially from what existed more than eight decades ago.

The notion advanced by Trump during his election campaign and subsequently that the American economy could somehow be decoupled from the world economy and that American workers could benefit by “making America great again” at the expense of its rivals is being shattered by events. The announcement of mass layoffs in the US auto industry and the threat of more to come is but one indication of this economic fact. Another is the turmoil in financial markets produced by the global slowdown and trade war—the Dow was down by 500 points yesterday on the economic news from China—which threatens to set off an even bigger crisis than that of 2008.

Workers in the United States and Europe, which has been shaken by the upsurge of class struggle reflected in the “yellow vest” movement, and in all the major capitalist countries are being brought face to face with the fact that they confront a common global enemy—the capitalist system.

Likewise, the deepening economic crisis raises fundamental questions of political perspective for the Chinese working class.

More than 40 years ago, the Chinese Maoist-Stalinist leadership, confronted with the economic dead-end produced by its nationalist dogma of “socialism in one country,” undertook a turn to the capitalist market as the basis for the economic organisation of society.

The prospect was held out that the restoration of capitalism—carried through with the bloody repression of the working class as took place in 1989—would allow China to enjoy a “peaceful rise” and escape the grip of imperialist domination.

But the undoubted economic growth over the past 30 years and the transformation of China into the world’s leading manufacturing centre have not overcome the great historical problems that have confronted the Chinese masses. On the contrary, they have intensified these problems and posed them in new and even more explosive forms.

The dependence of the fate of the Chinese workers on the world economy and their connection to workers internationally were underscored by the global financial crisis of a decade ago, when the Chinese economy plunged and more than 23 million workers lost their jobs virtually overnight.

The regime responded with a vast government investment program and one of the largest expansions of credit in world economic history in order to sustain economic growth and maintain its rule.

But this program, which led to massive housing construction and infrastructure development, has seen debt rise as a proportion of gross domestic product from 143 percent to more than 260 percent today.

Faced with the fact that a continuation of this program would lead inexorably to a financial disaster and the eruption of immense social struggles, the Chinese regime, under the leadership of President Xi Jinping, has sought to provide a new foundation for the economy through the advance of the country’s industrial and technological development—the basis of its “Made in China 2025” program.

This program, however, has run headlong into a conflict with US imperialism, which is determined to prevent the economic rise of China and its development of key areas of advanced technology, regarding it as an existential threat to its economic and military

predominance.

Washington is determined to counter that prospect by all means necessary, including crashing the Chinese economy, as indicated by Trump’s latest celebratory tweet, and if necessary by military means, reflected in the ongoing and deepening preparations by the US military and intelligence establishment for war. The only policy it will accept is one that turns China into an economic semi-colony of the US.

But the opposition to this imperialist program cannot be based on another nationalist turn or support for the economic, political and military manoeuvres of the regime of billionaire capitalist oligarchs headed by Xi Jinping. A new, independent political perspective must be advanced grounded on the logic of the class struggle.

There are growing signs of an upsurge of the Chinese working class, and these struggles are certain to take more overt forms in the coming period as Chinese workers, like their counterparts in the US and internationally, confront mass layoffs and deepening attacks on social conditions.

Just as the program of economic nationalism is a reactionary dead-end for workers in the US and the other major capitalist countries, it is no less so for the multi-millioned Chinese working class.

Recognition of this economic and political fact of life, which receives daily verification in the events now unfolding, must become the starting point for the advancement of a new political perspective, based on the understanding that there is no way forward within the capitalist profit and nation-state system.

The only viable program for the working class in the US, China and internationally is socialist internationalism—the common struggle by the world working class to end the outmoded capitalist profit and nation-state system, the source of war and economic devastation, and the building of the International Committee of the Fourth International, the world party of socialist revolution, to lead it.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact