

# Chinese premier warns of grave risks and challenges ahead

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Chinese Premier Li Keqiang opened this year's annual National People's Congress (NPC) that began in Beijing this week with a work report that highlighted the risks and dangers facing the Chinese Communist Party (CCP) regime from a slowing economy, trade war with the US and rising "public dissatisfaction."

The lengthy report, couched in the bland official language of the CCP bureaucracy, unusually warned that, internally and externally, "we will face a graver and more complicated environment as well as risks and challenges, foreseeable and otherwise, that are greater in number and size."

On the economic front, Li pointed to the global slowdown in economic growth, the rise of protectionism and the "drastic fluctuations" in the international prices of commodities that China imports to fuel its giant manufacturing industries. "Instability and uncertainty are visibly increasing, and externally-generated risks are on the rise," he declared.

Li's target for growth of the Chinese economy was lowered to between 6 and 6.5 percent—the lowest rate of expansion since 1990—and significantly lower than the range set for last year of 6.5 to 7 percent. Last year's growth came in at 6.6 percent, well below the benchmark of 8 percent which was long regarded by the CCP as essential to prevent rising unemployment and social unrest.

Li pledged that the government would create 11 million new jobs over the year and keep the rate of urban unemployment as measured by official survey to around 5.5 percent. No targets were provided for rural unemployment and underemployment, which are likely to be higher. Moreover, jobless and growth rates vary widely from region to region, with the northeastern provinces in particular heavily hit by the closure and restructuring of state-owned industry.

Already there are reports of large-scale job losses in key industries due to falling domestic demand and the restructuring or closure of export companies. The *New York Times* reported last months that thousands of workers were being retrenched by Ford from its massive Chongqing production facilities which employ 20,000 workers.

Hu Xingdou, an economics professor at the Beijing Institute of Technology, told Australian-based SBS News that "a lot of traditional companies and new internet companies closed" because of the US-China trade war.

"In the southeast and coastal areas there have been a lot of layoffs. Many companies closed after the Lunar New Year holiday. Those business owners have lost confidence in the country's economic development and policies," Hu said. He also suggested that the actual unemployment rate was much higher than the official figure.

While defending the government's management of tensions with Washington, Li warned that US trade war measures were having an impact on the Chinese economy. Chinese officials are in the midst of trying to reach a deal with the Trump administration to prevent another round of heavy tariffs on Chinese goods.

The NPC is due to consider legislation designed to guard against foreign companies being forced to hand over technological knowledge as part of investment deals with Chinese partners. The new law is unlikely to satisfy the Trump administration which has repeatedly accused China of the "theft" of intellectual property.

In his work report, Li omitted any mention of the "Made in China 2025" strategy designed to boost the competitiveness of Chinese hi-tech corporations, which is also under fire from Washington. Again, this is also unlikely to appease the US which is determined to

prevent China undermining the competitiveness and profitability of American companies.

While concerned about the prospect of conflict with the US, Li also warned the assembled delegates of the dangers of social unrest. “There is still public dissatisfaction in many areas, such as education, healthcare, elderly care, housing, food and drug safety, and income distribution,” he declared.

The Hong Kong-based China Labour Bulletin recorded a sharp increase in the number of strikes and protests by workers last year from 1,250 in 2017 to more than 1,700 in 2018, mostly over unpaid wages, factory closures and working conditions. The figures are based on strikes reported in the media or by local contacts and represent only a small fraction of the actual overall figure.

Also last year, groups of students from elite universities supported workers involved in labour disputes, provoking severe repression by Chinese authorities. A number of students are still being detained. The CCP is terrified that the activities of students might act as a catalyst for a politicization of workers and the eruption of a broad movement that challenges the regime. Thirty years ago, student demonstrations in Tiananmen Square led to wide-scale protests and strikes by workers in Beijing and other cities that were savagely suppressed by the military.

The processes of capitalist restoration in China since 1978 and the transformation of the country into a giant cheap labour hub have led to extraordinary rates of economic growth. However, while China is now the world’s second largest economy, the social chasm between rich and poor has also dramatically widened.

The CCP absurdly claims to be presiding over “a socialist society with Chinese characteristics.” In reality, the CCP represents the interests of the small layer of super-wealthy oligarchs who have enriched themselves through the plunder of state-owned enterprises and the exploitation of the working class.

The class interests served by the CCP are on display at the NPC and the associated Chinese People’s Political Consultative Conference. Among the 2,948 assembled delegates were 153 individuals with a net wealth of \$650 billion, up by nearly a third from a year ago, according to the recently published Hurun Rich List. China’s wealthiest lawmaker is also its richest person, Pony Ma, founder of Tencent and with a net

worth is \$47 billion.

Last year’s National People’s Congress declared President Xi Jinping to be the “core” of the CCP apparatus and enshrined his “thought” as a central component of official ideology. It also voted to abolish the two-term limit on the country’s presidency and vice-presidency, ensuring that Xi can hold office indefinitely. In his speech last week, Li dutifully called on delegates to “follow the guidance of Xi Jinping thought” and referred to him repeatedly as the “core.”

The *World Socialist Web Site* wrote at the time that the regime’s elevation of Xi as political strongman was not a sign of strength but of weakness that signalled intensifying social and political tensions in China. Li’s speech this week reflects the fears in the CCP regime that these tensions are reaching boiling point and are about to explode.



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