

China's Communist Party congress: a celebration of private wealth and market success

By John Chan
26 October 2007

The week-long 17th national congress of the Chinese Communist Party (CCP) concluded in Beijing on October 21 with no significant changes to its pro-market economic agenda or the police-state measures on which the regime depends. The delegates dutifully rubber-stamped the official policies and installed a new handpicked leadership without a murmur of opposition or protest.

According to the official Xinhua news agency, President Hu Jintao used the word “democracy” over 60 times during his opening speech. It is absurd, however, to describe the bureaucratic, stage-managed congress as in any way democratic, let alone having anything to do with socialism or communism. China's 1.3 billion people had no say whatsoever in the proceedings.

The 2,200-plus delegates were not directly elected by 73.4 million CCP members, but selected by the apparatus in different regions. Last weekend, the delegates ratified the smaller 204-member Central Committee, which in turn, installed the 25-member Politburo and the powerful nine-man Politburo Standing Committee. More than half of the CC members were replaced, largely by Hu's protégés from the so-called Communist Youth League faction.

After three decades of “market reform”, the CCP has emerged as a ruling syndicate of the representatives of the wealthy and privileged social layers in contemporary China—the state and party bureaucrats, the military top brass, private businessmen and well-off professionals, as well as the elite among the country's ethnic minorities. While there are diverse, competing interests, they all share the same hostility toward the rapidly growing working class and maintain their grip on power through authoritarian methods.

Hu's only “political reform” was to allow more candidates in inner-party elections. For the Central Committee, for example, 8 percent of nominees were eliminated, compared to 5 percent previously. All this signifies is that the bureaucratically drawn up lists of candidates were slightly longer than before. He also formalised the retirement age for top leaders at 68—partly to reassure markets about a stable transition of power, and partly to force out his older factional rivals.

The state-run media made no mention of the massive police dragnet to silence political dissidents and activists before the congress, in order to prevent any protest, particularly in Beijing. The country's Internet police tightened the censorship guidelines by banning bloggers from discussing the lineup of the key party committees.

Amid great fanfare, Hu confidently led the new Politburo Standing Committee in strict hierarchical order before the press on Monday. He had secured firm control over the supreme decision-making body and was “reelected” as the party secretary and as chairman of the powerful Central Military Commission.

When Hu took over at the previous congress in 2002, outgoing president

Jiang Zemin ensured that the Politburo Standing Committee was dominated by his supporters from the Shanghai-based party machine. Now three key figures from that faction have been forced to step down, officially due to old age: vice president Zeng Qinghong, state security chief Luo Gang and Wu Guanzheng, in charge of the party discipline. Huang Ju died earlier this year. Jia Qilin and Li Changchun were retained. Jia has corruption allegations hanging over his head and Li is the party's unpopular propaganda chief.

Hu has been undermining Jiang's influence. A few days before the congress, a top leadership plenum formally expelled former Shanghai party chief Chen Liangyu and handed him to the state prosecutor to face corruption charges. Hu has sharply disagreed with Jiang's faction over the pace of the economic growth. A powerful section of business and local party bosses have resisted Hu's policy of reining in speculative investment, with Shanghai under Chen in the forefront.

The four new and younger Standing Committee members are: Xi Jinping, the current Shanghai party secretary; Li Keqiang, the CCP boss in the north eastern Liaoning Province; Zhou Yongkang, the public security minister; and He Guoqiang, the party organiser. Xi and Li, both in their early 50s, are the most likely candidates to succeed Hu after the end of his second term in 2012. Li, in particular, is regarded as Hu's close protégé from the Communist Youth League. The remaining three Standing Committee members are Hu, his close ally Premier Wen Jiabao and Wu Bangguo, the chairman of the National People's Congress.

The *New York Times* reported on October 22 that Hu had been trying to anoint Li as his successor and reduce the Standing Committee from nine to seven members, but failed on both counts. The sudden emergence of Xi Jinping indicates that Hu has been forced to compromise in the factional power struggle. Xi is one of the party's “princes”—the son of a member of the CCP old guard, Xi Zhongxun.

Xi and Li share similar characteristics with Hu. They are career technocrats who have no direct connection to the 1949 revolution. Hu was a member of the Red Guards during the destructive Cultural Revolution in the 1960s, and rose up through the ranks of the Communist Youth League to become party boss in Gansu and Tibet. Xi and Li are part of the post-Mao generation whose entire careers have been bound up with the “market reforms” of the past quarter century.

These two new political “stars” have no popular standing. Zhai Hongwei, a textile salesman touring Beijing by bicycle, told the *Australian*: “I'm not very concerned about the faces in the standing committee. We just hope they can benefit the *laobaixing* [ordinary people]—do something practical for us.” Li Xiaohong, a laid-off worker, said: “We hope the new leaders can do something about unemployment. People like us, older than 40, can hardly find any work, and prices are rising sharply.”

Li and Xi are well known in global financial circles, however. US Treasury Secretary Henry Paulson praised Xi as the “kind of guy who knows how to get things over the goal line”. Paulson was the head of Goldman Sachs when he got to know Xi through business dealings. Robert Kuhn, a senior adviser to Citigroup, told Bloomberg: “They’re both [Li and Xi] known to be very pro-business. I can’t imagine a better team.”

The *Wall Street Journal* enthused: “Younger leaders are, like their predecessors, all loyal party members who are unlikely to push radical shift in policy. The new generation’s experience in law and other social sciences fits a leadership working to bolster China’s political and financial systems to match its booming economy, just as the prior generation’s background reflected their era’s preoccupation with building dams, bridges and other infrastructure.”

Like his predecessors, Hu is trying to present himself as an ideological innovator. He had his commitment to the “Scientific Outlook of Development” incorporated into the party constitution. At the congress, the president promised again to build a “harmonious society” with environmentally-friendly policies and token social concessions to the masses. None of this has anything to do with the interests of working class or peasantry, but expresses the ambitions of sections of the new capitalist elite to develop China into a more technologically sophisticated economic power.

The Shanghai stock market celebrated the opening of the CCP congress by passing the 6,000-point mark for the first time last Monday. When Hu came to power in 2002, China had no billionaires. The latest wealth lists released before the congress showed that “communist” China now has 106 billionaires and is second only to the United States, which has more than 400. In the past year, China’s 40 richest individuals have trebled their fortune and now own \$US120 billion in assets. The children of senior CCP leaders have also joined the ranks of the superrich.

A series of statistics illustrate the rapidity of capitalist development under Hu. China’s foreign currency reserves skyrocketed from \$286.4 billion in 2002 to \$1.41 trillion in August. China’s foreign trade trebled from \$620.8 billion in 2002 to \$1.76 trillion in 2006. In the same period, the country’s consumption of coal increased from 1.37 billion tonnes to 2.37 billion tonnes, while oil jumped from 247.8 million tonnes to 320 million tonnes. Some analysts predict that China will overtake Germany to become the world’s third largest economy after the US and Japan by the end of this year.

Significantly, Hu used the term “working class” just once in his two and half hour opening speech. Yet the exploitation of this social force is the real basis on which the capitalist class is amassing its huge wealth. As a result of globalised production, nearly half the Chinese population now live in cities (560 million people), compared to just 20 percent in 1980. At least 109 million Chinese workers are employed in manufacturing industry, twice the number for all the G7 industrialised countries combined (53 million). China’s average wage of \$230 per month in 2006 (excluding tens of millions of poorly-paid rural migrant workers) is just 7 percent of the US level. This vast army of cheap labour is crucial not only to the operations of the Chinese economy but global capitalism as a whole.

At the last party congress in 2002, Jiang Zemin effectively buried the old lie of the CCP as a “proletarian” party by opening its doors to private businessmen. By proclaiming the CCP as a party of the “Chinese people” and “national rejuvenation”, Jiang and Hu have tried to obscure the deepening class divide in Chinese society. Despite their tactical differences, Hu and Jiang are comrades-in-arms when it comes to hiding the brutal realities of capitalist exploitation in China, which were supposedly eliminated after the 1949 revolution.

The fact that the CCP is a naked instrument of capitalist class rule in China is well understood in the international press and is treated as

something of *Financial Times* noted: “The Party’s the key assets of state business and its attempts to colonise the private sector have made the organisation into ‘the world’s biggest holding company’, quips Ding Xueliang, of the Carnegie Endowment for International Peace, in Beijing. Others joke that it is more like a chamber of commerce than a political party.”

The British-based *Independent* on October 22 pointed to the example of congress delegate, Chen Ailian, the 49-year-old chairwoman of Wanfeng Auto Holding Group—the largest aluminum alloy wheels manufacturer in Asia. She drives a Rolls-Royce and represents the “communist” private owners in booming Zhejiang province. She joined the CCP in 1995 and now has a party branch at her company. “Last year 1,554 capitalists joined the party, a small but significant number in terms of their influence. The rise of the stock market and years of double-digit economic growth have given rise to a new entrepreneur class and China’s 345,000 dollar-millionaires are more than welcomed into the ranks of the party,” the *Independent* wrote.

The operation of the market, the wealth of private enterprises and the emerging middle classes in the major cities, are the social forces behind Hu’s pretentious commitment to “democratic reform”, “rule of law” and the streamlining of the state bureaucracy. China’s one-party state is no longer a monolithic organisation, but is composed of competing interests between central and local governments, as well as competing economic sectors and private corporations. At the same time, the ruling elite depend increasingly on authoritarian rule to suppress deep social divisions, discipline workers and the rural poor and provide state support to develop the capitalist economy.

Hu’s slogan of building a “harmonious society” derives from the increasingly impossible task of trying to juggle all these competing demands. He advocates a “balanced” development to reduce the consumption of energy and natural resources. The huge expansion of labour-intensive and energy-intensive industries since the early 1990s has stretched China’s energy supply to its limits and created growing environmental problems. The new emphasis is on technological innovation and domestic consumption, bound up with the growing fears of a recession in the US and Europe—China’s largest export markets.

Beijing is promoting more technologically advanced entrepreneurs as the champions of economic growth. It is a marketing strategy that will do nothing to halt environmental damage or reverse social inequality. Thanks to Hu’s “green” policy, this year’s *Forbes* list of 40 top Chinese billionaires included two owners of solar energy corporations. At the same time, Beijing has refused to make any firm commitment to cut greenhouse gases, fearing it will undercut China’s booming but anarchic industrial production.

Hu also pledged a basic social security system “so that everyone is assured of basic living standards”. He even claimed that “middle-income” households would in the future make up the majority of the population. But the Chinese president announced no serious measures to resolve the burning issues facing the Chinese masses: unaffordable housing, lack of decent jobs, rural poverty and expensive healthcare.

The solution to these massive problems involving most of the country’s 1.3 billion people is not the limited social insurance programs partly financed by the government. It requires nothing less than a radical redistribution of social wealth from the billionaires and millionaires to working people. Hu’s “harmonious society” simply expresses the fears among the ruling elite that the widening chasm between rich and poor will lead to greater social instability and political turmoil.

The *Financial Times* hinted at the dangers ahead: “[T]he macroeconomic imbalances—excessive investment and ballooning external surpluses—persist. Environmental degradation continues. Income inequality is widening.” The collapse of the current speculative investment bubbles will result in economic crises and social unrest. “The

best outcome for Mr. Hu is that he succeeds in fully establishing his authority at the 17th congress, breaks the political gridlock and boldly moves forward with long-delayed reforms. He may have no other choice. No Chinese leader wants the congress to be the last party before the storm”, the FT wrote.

For all the attempts to present the CCP congress as a guarantee of stability, economic growth and profits, there is an acute awareness in ruling circles in China and internationally that the so-called economic miracle could quickly come crashing down.

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