

# On the class character of China

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League for the Fifth International

What role does China play in the world today and what attitude should socialists have towards it?

***This resolution was adopted at the Eight Congress of the League for the Fifth International. It outlines the main points regarding the imperialist nature of China. The League will do further work in a forthcoming journal to elaborate on these ideas.***

The decision by the Communist Party of China, taken in 1992, to dismantle planning and re-establish a market economy marked the final destruction of the degenerated workers' state and its replacement by a bourgeois state. This does not mean that the Chinese bourgeoisie was returned to power but that from this point on the state apparatus, always bourgeois in form, became the political instrument for re-establishing a system of generalised commodity production, that is, a capitalist economy.

Whilst ensuring its own continued dictatorship, the bureaucratic leadership of the Communist Party of China set about a controlled restoration of bourgeois property relations in all parts of the economy. In agriculture and smaller scale industry such relations were already becoming dominant as a result of earlier "market reforms" but in the state sector the disintegration of the different industrial sectors and their transformation into capitalist corporations of one sort or another took several years.

At the same time, the bureaucracy continued to encourage external investment into Special Economic Zones, the greater part of which came from the "overseas Chinese", that is, the Chinese bourgeoisie who fled or were expelled after the revolution of 1949, but also from corporations based in the major imperialist states. By strictly regulating the activities of all such investors through, for example, insistence on joint ventures with Chinese companies, the bureaucracy not only ensured access to modern technology and management techniques but also avoided the threat of subordination to imperialist capital. Both the destruction of the planned economy and the encouragement of capital accumulation throughout the economy led to great social upheaval within China.

While tens of millions of urban workers were laid off from state-owned industry, some 150 million were recruited from the countryside to the main centres of export-oriented industry in the coastal provinces. Although tens of thousands of incidents of unrest were officially reported every year, bureaucratic rule was maintained not only by the frequent use of the paramilitary police but, above all, by continued importance of the Communist Party of China, whose cadres remained leading figures in all spheres of life.

The rapid development of capitalism in China necessarily meant the development of a new capitalist class. This nascent class contained several elements; bureaucrats and leading party cadres who benefited from privatisation of formerly state-owned enterprises, entrepreneurs, also with close links to the party, who prospered in the so-called Township and Village Enterprise sector, representatives of the overseas bourgeoisie, particularly from Taiwan and Hong Kong, and, as the economy developed, real estate and financial speculators.

Both within their individual sectors and collectively as a class, all these elements of the bourgeoisie were, and remain, dependent on the existing state bureaucracy and the party apparatus to ensure the continued prosperity. For its part, the party has sought to maintain its leading role by opening its doors to this new bourgeoisie. Chinese capitalism could not have grown as rapidly as it did without its involvement on the world market. Particularly after accession to the WTO in 2001, rapid development and expansion beyond high-volume, low value exports such as plastics and textiles made China not only a leading exporter but, inevitably, a leading importer of raw materials. While overseas markets could be guaranteed by undercutting competitors and manipulating the value of the yuan, access to energy sources and raw materials began to necessitate overseas investment and the development of China's own financial sector. The continuation of state and party regulation of both domestic economic development and overseas trade and investment ensured that China remained independent of imperialist domination and was not reduced to the status of a semicolony.

However, this period of relative independence, which originated in the degenerate workers' state period, could not last indefinitely; capitalist stability means expanded reproduction and, in a world already dominated by imperialist powers, continued development of the Chinese economy, requiring, in particular, guaranteed increased access to energy sources, raw materials and markets, meant acquiring a position of dominance for China. The alternative, if not immediately, would be "development" through the opening up of China itself to imperialist domination. Merely being the source of cheap consumer products gave China a powerful economic role in the world as the surplus on trade became a major source of credit for US imperialism.

Further development of the Chinese economy, to develop and industrialise the "interior" as well as maintaining the coastal economy, would require a qualitative change in the relationship of China to the rest of the world and, indeed, changes in the previously established world order. The financial crisis of 2008, and the world recession that followed it, tested the resilience of the Chinese economy and its relations to the global economy and the imperialist powers.

The implementation of the "stimulus package" on a scale similar to that of United States but funded without recourse to borrowing made clear the reserves that had been established in China. At the same time, China's centrality to global recovery was recognised by the agreement to give Beijing an increased role in such institutions as the World Bank and the IMF.

Alongside these developments it is clear that China has used the opportunities presented by the crisis to strengthen its position internationally through overseas asset acquisitions that have focused on energy sources, raw materials and agricultural land as well as developmental projects, particularly in Africa. Nor has Beijing neglected its military position; from the destruction of communications satellites to the stationing of a fleet in the Indian Ocean for the first time since the 15th century, the ability to project power well beyond its own borders has already demonstrated a completely new strategic outlook.

More recently, a return to growth within China has provided markets for suppliers of raw materials and energy and allowed further expansion of Chinese investment overseas. While a return to economic growth in China will almost undoubtedly involve the development of speculative bubbles, its performance in the merciless test of global recession, particularly in comparison to that of the major imperialist powers, leaves no doubt that China has successfully achieved a position of dominance with regard to a wide range of other nations and therefore has now to be recognised as an imperialist power.

This is not to say that China has already redivided the world or successfully defeated any of its rivals on the world stage. However, it does mean that, within an existing world order still dominated by the United States, China is now a state that dominates others rather than being itself dominated. Further development

of China will be dependent on extending this position of dominance and this will, in time, challenge other imperialist powers for control of resources and markets, for example, in Africa, Latin America and Central Asia. Development into a world power, an imperialist power, also points to important potential developments within China. Even before the recession, the Chinese working-class had begun to force through improvements in pay and conditions and, despite the dramatic impact of the recession, it is clear that working-class organisation and militancy has revived and strengthened as the economy recovered. Within this milieu of vibrant working-class militancy, at a time when Chinese capital has been significantly strengthened, new workers' organisations both economic and political can be established.

The formation of a new working class movement on the scale of the Chinese will inevitably transform Chinese society in time but in which direction will be the outcome of a political struggle that has already begun. For the CPC, it is crucial to maintain political control by harnessing the working class to its project of developing the Chinese economy but, since this is a capitalist economy, this will mean trying to suppress or contain the opposed class interests of the bourgeoisie and working class. Patriotism and chauvinism will undoubtedly be used to try to divert working class militancy away from what is now its greatest enemy; Chinese capital.

Equally, the imperialist states and their agencies seek to manipulate a developing working class movement to limit the advantages currently enjoyed by Chinese capital in the form of low wages, sweatshop conditions and absence of enforceable workers' rights by calling for, and even financing, the establishment of politically moderate trade unions and reformist political leaders.

In this situation, revolutionaries must fight to ensure the political independence of the workers' movement, the creation of class struggle trade unions, democratically controlled by their members, and a mass workers' party committed to leading the struggle to overthrow the dictatorship of the CPC, expropriate big capital, both Chinese and foreign, and to the building of a revolutionary workers' state, based on workers' councils and defended by a workers' militia, in China.

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