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Forward to bureaucratic capitalism, comrades!

# **China's Rise: Strength and Fragility by Au Loong Yu (with contributions from Bai Ruixue, Bruno Jetin & Pierre Russet)**

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- Reviews section -

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**No one who reflects seriously on the changing economic and political world developments can over-estimate the importance of China. It seems to have suddenly emerged as the second biggest economy in the world. Many project it to overtake the US economy by 2020 or 2030 depending on how one values the Chinese GDP. China has become one of the most important factors in geopolitics. It affects everyone on the globe.**

Au Loong's book is a key tool in understanding the complexities of the development of China. It is written from a Marxist perspective but one that does not go for simple explanations. The road from the revolution, in a largely rural peasant country, in 1949 to the present huge capitalist economy is examined in some critical detail. Au carefully weighs each stage in the process. His abstractions are backed by numerous examples and statistics. Although living in Hong Kong and having travelled throughout the mainland the author has had to struggle to go beneath strict censorship and the often direct lies of the ruling bureaucracy. The book represents years of research and is hard to read at times. However it emerges as a major contribution to the study of China and the class struggle which constantly breaks through all the official barriers and repression.

China is leading a global drive for raw materials in Africa, Australia and increasingly in South America. Huge investments have been made in the infrastructures of many countries along with the purchase of large tracts of land. This global reach has been followed by the development of a more assertive foreign policy and the vast expansion of its military capacity. Everywhere this growth raises possible conflicts with the West, especially the USA.

China's massive population and industrial strength multiplies up its impact. For instance, a minor drop in domestic agricultural output means a big increase in demand for agricultural products in the rest of the world and subsequent increases in price. Its 1.3 billion population means such minor movements inevitably create big food shortages in the outside world..

## **China has become the factory of the world**

"China has overtaken the USA in iron ore consumption since 1999, for mobile phones since 2001, in beer and copper since 2002, in energy consumption and car sales since 2010." This is not simply a measure of exports, its domestic retail market has been estimated to overtake the USA by 2014.

Up to a quarter of the world's industrial working class- 400 million workers are in China.

There is a complex financial interaction between the China and the West now, mainly the USA but increasingly with Europe. The Chinese banks buy bonds which helps finance their exports. This leads to a mutual interdependence but also vulnerability to each other's problems and potential conflict. China, in recent years has made increasing efforts to lessen its exposure to the dollar. The use of the dollar as an international reserve currency gives the US an enormous economic advantage.

The major importance of the book is that it shows how the dynamics inside China affect what happens on the outside; the majority of western accounts consist of descriptions of the growth of China as some giant "yellow peril" threatening civilisation. Many of these accounts mirror those of some twenty years ago in which Japan which was inevitably going to overtake the US. But these new narratives which do not take into account the class developments

inside China are nothing more than descriptive versions of orientalism.

Au details the gains made by the working class after the revolution of 1949. These were real gains despite the grip of the bureaucracy through the Chinese Communist Party. Workers had jobs for life, they had health care and their children had access to education. Women became much more equal. Many of these reforms were not extended to the peasantry however. The whole system being controlled by an internal passport system which ensured that the huge peasant class were restricted to their villages. This system became the key in how the bureaucracy was able to control the working class as it went over to wholesale privatization and capitalism. The workers lost their job security and many of their privileges. Over 60 million lost their jobs. Hundreds of millions of peasants were drafted into factories under slave-like conditions. This acted as a huge army of reserve labour. Not having even the limited protection of the workers, they could be dismissed and sent back to their villages. Their children had no right to education. This huge influx into the industrial zones brought down the wages and conditions for everyone. The official Chinese unions did almost nothing to protect the workers and in the beginning refused even to recruit the incoming peasants. The unions worked closely with the management and in many cases the management appointed the workplace union officials. Later in this process of development the unions were forced to recruit the newcomers and to make noises about their working conditions, however this normally took the form of polite requests to the management and usually was done to avoid any direct action by the workers. Even this was rare.

Again and again Au emphasises the level of corruption. There are no reliable economic statistics and the entire media is controlled by the state. The bureaucracy was determined to avoid what it regarded as the mistakes made in Russia but was also determined to lay its hands on the immense wealth being generated. Bit by bit the state enterprises were privatised and the conditions of the workers destroyed but at the same time the Chinese Communist Party tightened its grip over the whole of civil society. At the centre of the process was a giant defrauding of the workers and a looting of the state. This robbery affected the whole fabric of society.

At his UK book launch Au described going to Guangzhou in Guangdong by train in 1985. Since that time all levels of the bureaucracy have run their own businesses. At the station there were numerous people with placards advertising the local hotels. They proudly announced that each hotel was run by the education department, the police, the transport department etc. However none of the money made it back to the state. All ended up the hands of the local bureaucrats. When one examines these enterprises in more detail it becomes even murkier. For instance the fire service will sell safety equipment to the local factories. If they decide to buy from somewhere else they can soon find themselves closed down by the local health and safety inspectorate who, in return, will receive a cut from the fire service. Any attempt to complain would be met a visit from the local police.

Au chose the police hotel. He reckoned it would be the safest.

One of the key theoretical underpinnings of the book is Au's characterising of China as being a bureaucratic capitalism. He comes to the conclusion after examining the different descriptions and analyses of the state. There are at least 18 different descriptions. Au sharply analyses all those who claim that there is some kind of socialist kernel left inside China; usually believed to lie in a kind of mystical spirit inside the Communist Party. His forensic uncovering of the economic policies of the state, the party and interests of big business shows their essential unity and in many cases the same personnel.

The events in Tiananmen Square are examined in some detail particularly the contradictions that grew between the students who led the demonstrations and the subsequent involvement of hundreds of thousands of workers. Some of the students resented the involvement of the workers feeling this undermined what they regarded as a struggle for pure democracy. After leaving China in the subsequent crackdown an element became very hostile to socialism. The Chinese bureaucracy took the near uprising to heart by increasing their control of civil society and accelerating the turn towards privatization.

There are some important chapters on Tibet and nationalism, on the different semi-legal liberal critics of the regime plus an interesting article on Maoism by Pierre Rousset. Bai Ruixue contributes important material on the resistance today and on the All China Federation of trade unions, Bruno Jetin examines the limitations of China's rise.

The book is a collection of articles, some published elsewhere and some especially written. This leads to a little repetition and although it has extensive references there is no index. It has a useful glossary. There could also have been a little more on the ecological impact of the transition to a bureaucratic capitalist system and the impact on women.

This well produced book is the first in an ongoing collaboration with Merlin Press and is essential reading for any activist who wishes to understand events in China today.

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