

Behind the Cold War on China

**Dave Holmes, Chris Slee
& Peter Boyle**

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Behind the Anti-China Hysteria

By Dave Holmes

China's influence in Australia, real or alleged, is a major issue in politics today.

Numerous Chinese investments in Australia have been blocked. The Chinese company Huawei has been banned from participating in the 5G rollout.

In June NSW Labor MP Shaoquett Moselmane had his ALP membership suspended after an Australian Federal Police raid on his office over allegations that he was being cultivated by Chinese government agents. He was never charged and his ALP membership was reinstated in November. Former staffer John Zhang remains under investigation.

Academic Clive Hamilton has been a leading anti-China voice. He says Australia is “the global leader pushing back against the Chinese Communist Party's interference”.¹

Sydney Morning Herald journalist Peter Hartcher is a prominent China-basher. In a recent column he described China as a “rising fascist power”.²

The Chinese regime is indeed very authoritarian and anti-democratic, carries out an active intervention into the Chinese overseas student and diaspora communities in Australia, and attempts to cultivate various people in positions of authority and influence.

A cold-war campaign against China

But Australia has amicable relations with plenty of authoritarian and anti-democratic regimes (e.g., Turkey and Saudi Arabia). And the US government has long cultivated people in positions of authority and influence — both Coalition and Labor politicians, trade union leaders, academics and so on. It has military and spy bases here that make us a nuclear war target.

It has immeasurably more influence on Australian politics than China but does

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the “political class” and its media enablers get worked up about that? No. They are in favour of it. Many are probably already on the US gravy train, whether directly or indirectly.

The Chinese regime may not be very nice but that is not the reason for the anti-China push. This is a cold-war campaign being waged by US imperialism and its allies aimed at isolating and weakening China. This campaign goes back to the victory of the revolution in 1949 but has been driven to a new level by the obvious growing economic, technological and military power of China — especially relative to the United States, which is no less clearly in decline.

Capitalism with special characteristics

The China question continues to bedevil the left.

In my opinion the Chinese state is capitalist, albeit with some special characteristics. It promotes capitalism and a new class of Chinese capitalists has emerged. According to *Forbes* business magazine, in 2020 China had 389 billionaires (the US had 614).³

The key features of Chinese capitalism are a very strong state control and, related to that, a still important sector of strong state-owned enterprises. All this was very much displayed in China’s extremely effective response to the COVID-19 pandemic, especially in comparison with the catastrophic and shambolic way the US administration dealt with it — some 4500 deaths compared to 500,000 with a population over four times as large.

The recent drama around Alibaba and Ant group illustrates these features. Alibaba is a gigantic Amazon-like Chinese corporation founded by Jack Ma. Associated with it is the one-third owned Ant Group. Ant hosts a payments platform which in June last year had one billion users and 80 million merchants. Its IPO set for August last year would have raised \$US30 billion, valuing the company at \$US313 billion.

But the public float never happened. The central government cancelled it, probably because Jack Ma had made some ill-advised criticisms of the government’s financial leadership or maybe they were also concerned with the enormous economic power that group would wield. The speculation today is that the government intends to nationalise both Alibaba and Ant.

According to a December 26 *International Business Times* report:⁴

Xi Jinping, Chinese President and CCP general secretary, had said in October that the plan was to make China a more state-controlled economy based on domestic demand. Observers think China’s political economy is poised to see major changes. Many believe that Xi will change the pattern of property ownership in the country.

Some historical background

It is worth remembering that China has long been an object for the predatory lusts of Western colonialism and imperialism.

In the 1800s the Western powers smashed their way into China (the so-called Opium Wars) to secure lucrative trade deals and territorial concessions. In the 1930s Japan invaded China. The US backed Chiang Kai-shek's Nationalist regime against both Japan and the rising Communist insurgency.

China was meant to be the big prize of the US victory in the Asia-Pacific war, a huge market and source of labour and raw materials. The 1949 revolution took that from them — Who lost China? as the McCarthyite witch-hunters ranted in the 1950s.

In the early 1950s the US fought the Korean War in defence of its right-wing puppet regime in the south. When US-led forces drove north to the Yalu River border with China, Chinese forces launched a massive counterattack, forcing a headlong retreat. When MacArthur wanted to use atomic weapons against bases in China, Truman sacked him.

Today, John Pilger reports, some 400 US bases encircle China — “rather like a noose” as a former Pentagon planner told him.⁵

China's rise

A recent *Tricontinental* dossier highlights China's rise:⁶

The United States is approaching a position where it will no longer be the largest economy in the world by any measurement in the foreseeable future. In purchasing power parity (the real physical flow of goods and services), China's economy is already 16% bigger than that of the US; by 2025, the IMF projects it will be 39% bigger. As with almost all developing countries, the size of China's economy is understated when calculated at current exchange rates, but it is already 73% of the size of the US economy at current exchange rates and, based on IMF projections, will be 90% of the size of the US economy in 2025.

By the end of the decade, China's GDP will be bigger than that of the US no matter how it is measured.

Most worrying to the US leadership is China's growing challenge to US technological supremacy. In fact, in a number of areas China is ahead of the US.

Strikingly illustrating this advance is the growth of China's high-speed (200kph plus) rail network. According to *Wikipedia*, at the end of 2020 this network had a length of almost 38,000km! It is projected to total 70,000km by 2035. It has “transformed Chinese society and economy” says the report.⁷ The US has next to no high-speed rail track.

An August 20, 2020 article by Dilip Hiro⁸ outlined the growth of China's tech giants and their challenge to US corporations. It is well worth reading. Let's look at Huawei, which is at the centre of the anti-China campaign.

Huawei (in Chinese, it means "splendid achievement") makes phones and the routers that facilitate communications around the world. Established in 1987, its current workforce of 194,000 operates in 170 countries. In 2019, its annual turnover was \$122.5 billion. In 2012, it outstripped its nearest rival, the 136-year-old Ericsson Telephone Corporation of Sweden, to become the world's largest supplier of telecommunications equipment with 28% of market share globally. In 2019, it forged ahead of Apple to become the second largest phone maker after Samsung ...

Ren [Zhengfei, Huawei's founder,] has given top priority to the customer and, in the absence of the usual near-term pressure to raise income and profits, his management team has invested \$15 to \$20 billion annually in research and development work. That helps explain how Huawei became one of the globe's five companies in the fifth generation (5G) smartphone business, topping the list by shipping out 6.9 million phones in 2019 and capturing 36.9% of the market. On the eve of the release of 5G phones, Ren revealed that Huawei had a staggering 2570 5G patents.

So it was unsurprising that in the global race for 5G, Huawei was the first to roll out commercial products in February 2019. One hundred times faster than its 4G predecessors, 5G tops out at 10 gigabits per second and future 5G networks are expected to link a huge array of devices from cars to washing machines to door bells.

As Dilip Hiro goes on to explain:

In May 2019, the US Commerce Department banned American firms from supplying components and software to Huawei on national security grounds. A year later, it imposed a ban on Huawei buying microchips from American companies or using US-designed software. The White House also launched a global campaign against the installation of the company's 5G systems in allied nations, with mixed success.

Because Huawei's technology is more advanced and cheaper than its competitors, we will all pay a price for the West's anti-Huawei campaign.

US trade war against China

Trump's presidency was marked by the imposition of numerous sanctions against China. Tariffs were imposed on many categories of goods. But judged by its stated aims — to reduce the US trade deficit with China and bring jobs back home — it has been a failure. According to a Brookings Institute study:⁹

The trade war caused economic pain on both sides and led to diversion of trade flows away from both China and the United States. As described by Heather Long at the

Washington Post, “U.S. economic growth slowed, business investment froze, and companies didn’t hire as many people. Across the nation, a lot of farmers went bankrupt, and the manufacturing and freight transportation sectors have hit lows not seen since the last recession. Trump’s actions amounted to one of the largest tax increases in years.”

A September 2019 study by Moody’s Analytics found that the trade war had already cost the US economy nearly 300,000 jobs and an estimated 0.3% of real GDP ...

Numerous studies have found that US companies primarily paid for US tariffs, with the cost estimated at nearly \$46 billion. The tariffs forced American companies to accept lower profit margins, cut wages and jobs for US workers, defer potential wage hikes or expansions, and raise prices for American consumers or companies. A spokesperson for the American Farm Bureau stated that “farmers have lost the vast majority of what was once a \$24 billion market in China” as a result of Chinese retaliatory actions.

Meanwhile, the US goods trade deficit with China continued to grow, reaching a record \$419.2 billion in 2018. By 2019, the trade deficit had shrunk to \$345 billion, roughly the same level as 2016, largely as a result of reduced trade flows ...

China’s recent deal with the EU

Furthermore, China has managed to divide the US from its traditional allies in the so-called “Free World”. A January 28 article by Alfred McCoy¹⁰ highlighted two recent mammoth trade deals engineered by China.

In November 2020, Beijing would lead 15 Asia-Pacific nations in signing a Regional Comprehensive Economic Partnership that promised to create the world’s largest free-trade zone, encompassing 2.2 billion people and nearly a third of the global economy.

Just a month later, China’s President Xi Jinping scored what one expert called “a geopolitical coup” by signing a landmark agreement with European Union leaders for the closer integration of their financial services. In effect, the accord gives European banks easier access to the Chinese market, while drawing the continent more closely into Beijing’s orbit ...

... this treaty is arguably the biggest breach in the NATO alliance since that mutual defense pact was formed more than 70 years ago.

Salman Rafi Sheikh assessed the China-EU deal in similar terms:¹¹

The recently announced EU-China principally agreed investment deal is a watershed moment, marking a first EU-China investment deal of its kind that would open the doors for the EU to make direct investment in China. China will also have opportunities

to expand its reach in the European market.

Regime's repression & surveillance

Proponents of the anti-China campaign cite the regime's heavy surveillance of diaspora Chinese and overseas students in Australia. The use of Chinese nationalism features heavily in regime efforts to rally support in these communities. Given the terrible historical record of the West in relation to China, Chinese nationalism certainly has a lot of material to work with.

But obviously there is a dark side to this as it is used to prejudice Chinese against the Hong Kong people struggling for democracy or against the non-Han Chinese Tibetans and Uighurs fighting for democracy and their very existence as distinct peoples.

But Western countries would be in a stronger position to criticise China if they didn't support repressive regimes around the world, if they didn't try to overthrow governments they didn't like and if they were honestly trying to "close the gap" with their own non-white and indigenous minorities.

A key Western intelligence and surveillance alliance is the Five Eyes which brings together Australia, Canada, New Zealand, the United States and the UK — four Anglophone settler-colonial states plus the great mother of such settler-colonial states. And, of course, Five Eyes is very concerned about Chinese influence. It is almost comical.

China-bashers claim that through Chinese companies such as Huawei and TikTok the Chinese Communist Party has access to all your data. There is no actual evidence whatsoever for these specific claims. But I have no doubt that China does carry out cyber surveillance, hacking and espionage.

But I don't think their efforts abroad would remotely measure up to what the US and allied agencies get up to. A June 6, 2014 *Mashable* article details "The 10 Biggest Revelations from Edward Snowden's Leaks".¹² Here are a few tidbits:

The very first story revealed that Verizon had been providing the NSA with virtually all of its customers' phone records. It soon was revealed that it wasn't just Verizon, but virtually every other telephone company in America ...

... the NSA ... can request user data from the [US tech giants like Google, Facebook, Microsoft and Apple] which are compelled by law to comply ...

The British spy agency, the Government Communications Headquarters (GCHQ), taps fibre optic cables all over the world to intercept data flowing through the global Internet, we learned. The GCHQ works closely with the NSA, sharing data and intelligence in a program that's codenamed Tempora.

And so on. The NSA had even bugged Angela Merkel's mobile phone.

China's island bases

The West is deeply troubled about China's rapid construction in 2013-16 of the "great wall of sand" — seven bases built on reclaimed coral reefs in the remote Spratly Islands in the South China Sea. China also has bases in the closer Paracels Islands.

China's "nine-dash line" claim to most of the islands in the South China Seas is hotly disputed by neighbouring countries (Vietnam, the Philippines, Brunei and Malaysia). Looking at the map we can see that the Spratlys are indeed a long, long way from China.

However, I think that their fundamental purpose is to increase China's defences against the US encirclement. A recent *War on the Rocks* article¹³ argues that the bases present a formidable barrier to a non-nuclear attack by the US and its allies.

The hysteria about the South China Sea seems confected when we consider that the US has 800 bases and 160,000 troops in 130 countries; the UK has 145 bases in 42 countries. Are our rulers and the media worried about that? Not at all: They are fully in favour of it.

Australian exports to China sacrificed

Last year, in reaction to the Australian government's obvious hostility to China, Beijing imposed punitive tariffs on a range of Australian exports.

In wiping out a large part of the country's exports to China, our biggest trade partner, the Morrison government achieved a truly striking own goal.

There seems to be a radical disjuncture between the needs of the big Australian corporations and the country's political-security leadership and its total support for the US-Australia alliance.

A November 10 article by David Uren on the blog of the Australian Strategic Policy Institute explained the grim reality for Australia.¹⁴

Australia has no realistic alternative market to China for a third of its exports and no viable source but China for almost a fifth of its imports.

By contrast, it is only as a supplier of minerals that Australia has any significance to the Chinese economy. As an export market for Chinese businesses, Australia is almost irrelevant, accounting for just 1.9% of their worldwide sales.

For instance, China takes 76% of Australia's lobster exports. There is no realistic alternative market. If China doesn't take our lobsters there is no point catching most of them. Perhaps the lobsters are celebrating.

The impracticability of diversification is most obvious in iron ore [says David Uren].

Australia will ship almost 800 million tonnes of iron ore to China this year. The total seaborne market in the rest of the world is only 460 million tonnes and Australia already captures around 100 million tonnes of that. If China didn't buy our iron ore, there would literally be nowhere else to send it.

The big mining corporations are surely praying that China doesn't develop a realistic alternative to Australian iron ore. If that market should disappear the pain will be widely felt here.

Break from US war alliance

Last November China's embassy here made public a document outlining 14 grievances against Australia. Chris Slee wrote a December 8 article dealing with this in *Green Left*. I don't have time to go into this at length. Comrades should read the article.

Some of China's complaints are valid. For instance, Australia does discriminate against Chinese companies, and not just where there are "security" concerns. And as Slee points out:¹⁵

Canberra also has a double standard on human rights issues: it rightly criticises China's oppression of the Uighurs and its repression of pro-democracy protesters in Hong Kong, but there is no similar denunciation of the mass incarceration of Black people in the United States or the police murders that have prompted the Black Lives Matter movement.

Australia — that is, the mass of ordinary people, if not the big capitalist corporations — would be better served if Australia withdrew from the US war alliance and the Five Eyes group and declared our neutrality from such pacts. Criticisms of China's repressive internal actions would still anger the regime but we would clearly not be part of the war drive against China.

The Biden administration will not automatically repeal Trump's anti-China measures. In fact, it looks like most or all of Trump's measures will continue until or unless the US cuts a deal with China.

The US empire is in decline but it retains a huge military capacity and China has not achieved parity yet, even though the gap is closing. The danger is that US will use its military superiority to offset its relative economic weakness. Australia should make sure it is not any part of such madness. ■

Putting Australia's Anti-China Campaign in Perspective

By Dave Holmes

What is China's place in the world economic and political system, what is its influence in Australia and how should socialists should relate to it?

The position of the recent Socialist Alliance resolution and my article (both included here) is that Western imperialism led by the United States is waging a cold war campaign against China. This involves both harsh trade sanctions and a big military build-up. The reason for this campaign is that China's rapid economic, technological and military development has reached a point where it seriously threatens Washington's interests.

We cannot be neutral in this struggle but must strongly oppose the US-led campaign — notwithstanding the repressive capitalist nature of the Chinese regime.

We can be critical of China's actions in this or that regard but we must never lose sight of the realities of imperialist domination of the world. And we have to call out Western hypocrisy and lies about China.

Our rulers have so many weapons with which to poison the minds of the masses and obscure the real source of their problems. They have racism, sexism and all the rest — and now they are also whipping up fear of China. Yes, they have some real things to base this on but it is still a propaganda campaign which we have to oppose.

Who dominates the world?

China's impact on the world is contradictory. On the one hand, there is its repressive internal policy and its support to some unsavoury regimes. On the other hand, there are some real achievements (e.g., its success dealing with the COVID-19 pandemic) and its startling economic development. Moreover, its very existence is a counterweight to US pressure and it has helped some states (e.g., Venezuela and Iran) to withstand

Washington's onslaught.

Historically, a weak China was a victim of Western imperialism. However, today China is pushing hard to free itself from imperialist economic and military pressure and is becoming too strong to push around easily. That fact underlies the current US-led cold war against it.

China is driving as fast as it can towards military parity with Washington, or at least getting to a stage where the US will think long and hard before it embarks on a hot war against China. I regard the military moves of China — the regime notwithstanding — as fundamentally defensive in motivation. In this regard, see the recent very interesting article “How the Gulf War sparked China's military revolution”.¹ China correctly sees itself as encircled by the US and wants to be able to avoid what happened to Iraq under Saddam Hussein.

A plague on both their houses?

Some people on the left might be tempted to say: A plague on both their houses; neither Washington nor Beijing. In my opinion such a position is dead wrong. We can and should be critical of both countries but they occupy *radically different* positions in the world power system. The reality is that US-led Western imperialism dominates the world.

A few basic facts serve to illustrate this. Quite apart from outright bans and punitive tariffs, Washington's domination of the SWIFT international payments system and the special status of the US dollar enable it to impose crippling sanctions on any country. China and Russia are trying to develop a way around this but they are a long way from creating a real alternative.

Far outstripping any empire in world history, the US has 800 bases in 130 countries, with 160,000 troops. With the increasing use of private military contractors, the real number of personnel is undoubtedly much higher. Junior partner Britain has 145 bases in 42 countries.

Who owns Australia's top companies?

How worried should we be about Chinese investment in Australia? There is a lot of hysteria about Chinese purchases of agricultural land, residential property and important infrastructure.

Let's look at who does own Australia and who we should be most worried about. In a September 15, 2019 article, researcher Clinton Fernandes outlines some key facts:²

The attention being given to possible covert influence being exercised by China in Australia shouldn't distract us from recognising that very overt foreign influence now occurs through investment.

Right now, US corporations eclipse everyone else in their ability to influence our politics through their investments in Australian stocks.

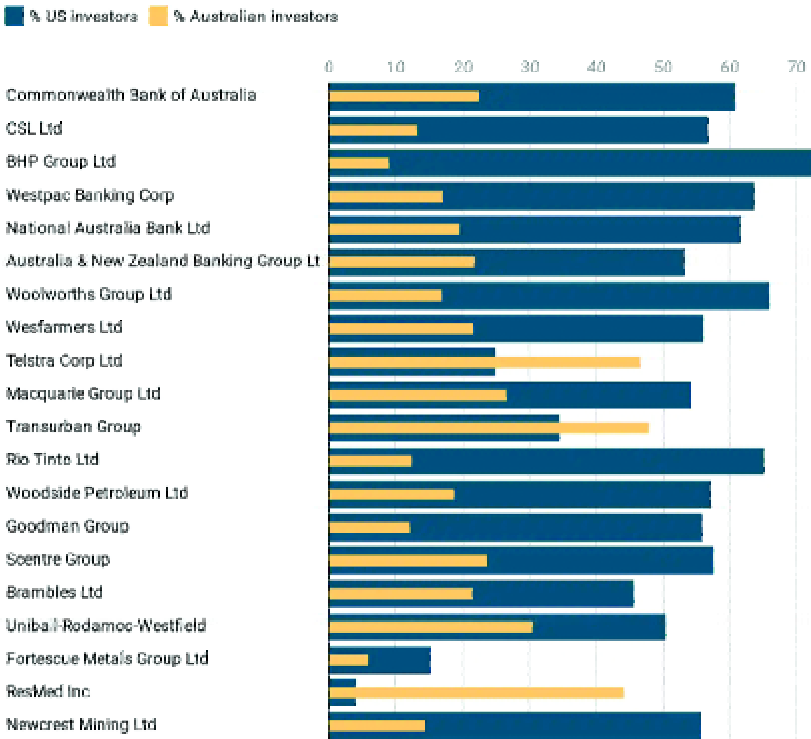
Using company ownership data from Bloomberg, I analysed the ownership of Australia's 20 biggest companies a few days after the 2019 federal election in May. Of those 20, 15 were majority-owned by US-based investors. Three more were at least 25% US-owned.

According to my analysis, all four of our big banks are majority-owned by American investors. The Commonwealth Bank of Australia, the nation's biggest company, is more than 60% owned by American-based investors.

So too are Woolworths and Rio Tinto. BHP, once known as "the Big Australian",

US ownership of Australia's biggest companies.

Percentage of stocks owned by US investor in the ASX's top 20 companies (as of May 2019).



Source: Clinton Fernandez

is 73% owned by American-based investors.

The ASX's top 20 companies make up close to half of the market capitalisation of the Australian Securities Exchange.

In my view, this doesn't mean that Australia is an economic colony of the United States. The Australian state is still controlled by the Australian capitalist class. But, as Fernandes points out, the very significant US investment in Australia means that Washington has a big influence on our politics — way more than any other foreign player— and certainly qualitatively more than China.

Who are our biggest overseas investors?

According to figures released by the Department of Foreign Affairs and Trade,³ at the end of 2019 foreigners had invested \$3.8 trillion dollars in Australia. The US accounted for 25.6% of this and the UK 17.8%. China (including Hong Kong) made up just 5.7%.

Foreign ownership of farmland

In regard to foreign ownership of Australia's farmland, a December 28, 2020 article by Mollie Tracey in *Farm Weekly* gives some basic figures:⁴

Chinese investors have continued to be the largest foreign entities with an interest (leasehold and freehold) in Australian farmland for a second consecutive year.

They increased their investments by 0.5%, bringing Chinese interests' total area of Australian agricultural land to 9,199,000 hectares or 2.4%.

United Kingdom investors remain the second largest overseas land holders, but

Rank in 2019	Economy	2017	2018	2019	% of total	% change 2018 to 2019
1	United States	912.9	949.2	983.7	25.6	3.6
2	United Kingdom	498.4	584	686.1	17.8	17.5
3	Belgium	305.1	315.5	348.1	9.1	10.4
4	Japan	226.5	233.9	241.1	6.3	3.1
5	Hong Kong (SAR of China)	108.7	122.9	140.7	3.7	14.5
6	Singapore	87.1	89.8	99.9	2.6	11.2
7	Netherlands	82	84.2	86.7	2.3	3
8	Luxembourg	80.9	77.9	85.5	2.2	9.6
9	China	64	68.2	78.2	2	14.6

Countries with the biggest foreign investment in Australia, 2019.

they decreased this investment by a significant 9.5% to a total of 8,166,000ha.

As such, the gap between the two largest foreign farmland owners has widened further, with all other countries having significantly less Australian agricultural property investments.

Investors from The Netherlands were the third largest foreign holders of Australian farmland, closely followed by American and Canadian investors, which each had about a 0.7% share of Australian farmland.

Whatever else can be said, the modest figure for China doesn't warrant the hysteria being generated in some quarters.

Foreign ownership of residential property

Investment from China in Australia's residential property market has sparked all sorts of anti-China claims. In the first place, foreign buyers are banned from acquiring existing property; they can only invest in new developments. Secondly, Chinese investment in Australian property is actually declining from its peak several years ago.

A May 8, 2020 *Domain* article by Lucy Macken was headed "Chinese buyers abandon Australian property, replaced by US investors: FIRB".⁵

China's foreign investors have abandoned the Australian property market in droves, replaced by a surge in the number of buyers from the US.

US investment in Australian real estate soared to \$19.5 billion in the 2018-19 financial year, more than three times what it was the year prior, followed by a jump in Canadian investment from \$2.1 billion to \$13.3 billion.

As North America's investment has grown, investment levels from China halved in a year from \$12.6 billion to \$6 billion last financial year, ranking it fifth largest source country for real estate investment behind Singapore and Hong Kong ...

Of last financial year's total \$88.5 billion worth of real estate approvals more than \$19.5 billion came from the US and \$13.3 billion from Canada. Singapore accounted for \$9.8 billion worth of investment, closely followed by Hong Kong's \$9.3 billion, and lagged by China's \$6 billion and New Zealand's \$4.7 billion.

These are the facts. The claim that investors from China are pricing Australians out of the market is highly exaggerated. The reasons for Australians being priced out of the housing market and growing homelessness is due to *capitalist property speculation* and the *adamant refusal* of federal and state governments to build quality public housing on the massive scale required (because that would undercut capitalist property speculation).

Our conclusion

The overseas country with the greatest influence (economic, military, political) in

Australia is the United States.

Australia is in a close military-intelligence alliance with the US and hosts a number of key US bases. Washington has undoubtedly recruited all sorts of agents and collaborators from political, corporate, academic, media and trade union circles. In 1975 the CIA helped topple the mildly reformist Whitlam Labour government.

Whatever China is doing or trying to do, it is undoubtedly a long, long way behind the US in the influence stakes.

What should we do? A socialist policy

What should be the socialist attitude to our economy and overseas investment in Australia, whether from the US, China or anywhere else? Here are some points which seem key to me:

- The commanding heights of the economy — the banks, mines, factories, transport system, supermarkets and so on — must be publicly owned and under democratic control.
- There should be a state monopoly of foreign trade to protect our economy and ensure that any benefits flow via the state to the people who live here. Any foreign investment should be a joint project with the state under strict controls and limits.
- The land (and any mining on it) should belong to us — not to the capitalists of any origin.
- Similarly, the national housing stock should be reserved for people who live here. Foreign ownership should be banned. The state should build quality public housing on a *massive* scale to end homelessness, house everybody who needs it, and end capitalist property speculation and rent gouging.

Military & intelligence policy

Our armed forces should be reconfigured towards the actual defence of Australian territory against realistic threats, rather than built around “interoperability” with the US war machine or projecting imperialist power in the Asia-Pacific region. We simply don’t need obscenely expensive US warplanes or an obscenely expensive submarine fleet. Spend the money instead on meeting real needs in the community (healthcare, education, housing and welfare).

Australia should withdraw from all collaboration with the US war machine — that is, leave ANZUS and the Five Eyes group, and close all US bases here.

Australia should declare its neutrality from all imperialist alliances and pursue a peaceful and constructive foreign policy. ■

US Imperialist Alliance Cause of Trade War with China

By Chris Slee

Rock lobsters have been added to China's list of restricted items in the trade war being pushed by Australia's alliance with the US.

China has imposed restrictions on the import of a range of Australian goods, including barley, wine, lobsters, beef, timber and coal.

Some restrictions were initially said to be due to contamination, or because they were “dumped” (sold below the cost of production). But it now seems clear that China's imposition of economic sanctions on Australia is the result of its government perceiving the Australian government's pattern of behaviour as hostile.

A Chinese diplomat gave Jonathon Kearsley, a Nine network journalist, a list of 14 grievances, including: Australia's ban on Huawei's participation in the 5G roll-out; “foreign interference” laws, which are viewed as targeting China; the call for an inquiry into the origins of the coronavirus, which was seen as “siding with the US anti-China campaign”; criticism of China's actions in the South China Sea; and allegations of human rights violations in Xinjiang.

Some of these complaints are valid.

Australia does discriminate against Chinese companies: its banning of Huawei from the 5G network, ostensibly on security grounds, is the best known example.

Other Chinese companies have been banned from investing in commercial enterprises where there is no plausible security pretext. A Chinese company has been banned from buying Lion Dairy and Drinks, which sells milk, yoghurt and fruit juice from a Japanese company.

The federal government has also accused China of “dumping” as a pretext for restricting the import of steel, aluminium and paper.

Canberra also has a double standard on human rights issues: it rightly criticises China's oppression of the Uighurs and its repression of pro-democracy protestors in Hong Kong, but there is no similar denunciation of the mass incarceration of Black people in the United States or the police murders that have prompted the Black Lives Matter movement.

Australia's racist treatment of First Nations peoples and its cruelty towards people seeking asylum is more evidence of its hypocrisy.

Prime Minister Scott Morrison's confected outrage about a fake tweet from a Chinese official over the murder of Afghan civilians and prisoners by Australian special forces troops is designed to distract attention from these war crimes. His call for an international inquiry into the origins of COVID-19 as US President Donald Trump talked up the "China virus" was aimed at blaming China for the disease.

Meanwhile, Morrison refuses to comment on the US government's negligence over the pandemic.

Morrison's tactic of blaming China has led to a rise in racist attacks on people of Chinese background or appearance. These include physical assaults, verbal abuse and racist graffiti (including on Chinese restaurants), as well as the McCarthyite demand by Liberal Senator Eric Abetz for three Chinese Australians appearing in a Senate committee to prove their loyalty to Australia by denouncing the Communist Party of China.

Australia's laws against "foreign influence" are almost entirely directed against China, even though US influence here is much greater: US company News Corp controls the majority of Australia's print media.

The "foreign influence" laws have led to police raids, including on a NSW MP who advocated policies seen as favourable to China. Yet, nobody has been raided for advocating policies favourable to the US.

These double standards are a result of Australia's relationship with the US. This alliance has led Australia to participate in wars including in Korea, Vietnam, Afghanistan and Iraq. Today, Australia has aligned itself with the US in its trade war with China.

Given that China is Australia's biggest trading partner, this is foolish. In recent years, China has been Australia's biggest export market, buying coal, iron ore and agricultural products, as well as education and tourism services.

Meanwhile, Australia buys many goods manufactured in China. Since the 1980s, transnational corporations (TNCs) based in rich countries have shifted much of their manufacturing to China, taking advantage of the low wages and weak environmental regulations. This shift by rich country governments was a mechanism to boost the profits of their TNCs. It also weakened the trade union movement.

In recent years, Chinese workers have won pay rises through strike action, while protests over polluted air and water have led to some action (albeit insufficient) by the Chinese government to limit pollution. But, production costs in China remain lower than in the US and Australia.

Another new development has been the rise of Chinese TNCs, such as Huawei, which are becoming rivals to US and other rich country corporations. This has alarmed the US ruling class and is a major reason for the growing conflict between the US and China.

The relocation of manufacturing has left the rich countries dependent on China for many necessary goods, including some medical supplies.

If it wished to, China could cut off exports to Australia. Up to now it has not done so. But if the conflict intensifies, this cannot be ruled out.

The US has a long history of imposing economic sanctions on governments it doesn't like: Cuba, Venezuela, Iran and North Korea are recent examples. China's economic sanctions on Australia are less extreme, but could be stepped up.

A recognition of this vulnerability has promoted talk of the need to revive Australia's manufacturing industry. However, a more common theme is the need to diversify Australia's trade to countries other than China.

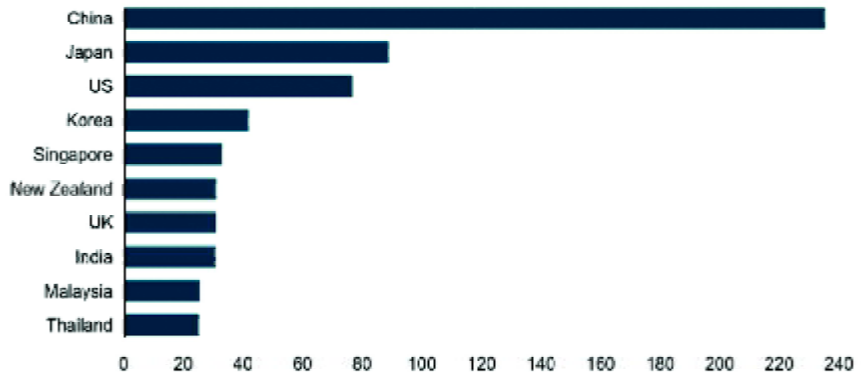
There is unlikely to be a major revival of manufacturing unless the federal government invests heavily in it. Public investment in some areas, such as renewable energy, would be very desirable.

But complete self-reliance is not practical: trade is necessary, including with China. By siding with the US in its economic war with China, the Australian government is harming this trade. It is another reason to oppose Australia's alliance with the US (in addition to its role in involving the country in endless wars and occupations). ■

Australia's 10 biggest trading partners

2018-2019

■ Figures show billions of Australian dollars



Source: Australian Department of Foreign Affairs and Trade



Top: Australia's main trading partners. Bottom: US spy base, Pine Gap, Alice Springs.

China Scare Campaign Ignores Greater Threat

By Chris Slee

The corporate media have been full of complaints and accusations about Chinese influence in Australia. Author Clive Hamilton claims China is carrying out a “silent invasion” that is eroding “Australian sovereignty”.

The scaremongers point to a wide range of activities by China’s government and Chinese companies in Australia, such as rising investments, the lobbying and bribing of politicians, the growing reliance of universities on fee-paying Chinese students and establishment of Chinese-funded Confucius Institutes, and the alleged theft of “intellectual property”.

The Australian government has taken measures to restrict the activities of Chinese companies in Australia.

Huawei has been banned from participating in the proposed 5G mobile phone network.

Two Chinese companies have been blocked from buying a majority stake in NSW energy distributor Ausgrid.

The Chinese-financed CU River mining company has been blocked from expanding its iron ore mine at Woomera, and threatened with the loss of its existing permit.

These decisions have all been made on “national security” grounds.

But how real is the “Chinese threat”?

China is a rising power. Like all powers, it tries to influence events beyond its borders.

But we need to keep a sense of proportion.

World power

The United States is still the dominant world power. US influence continues to be predominant in Australia.

The ban on Huawei is a result of US pressure. Huawei threatens the dominance of the US in information and communications technology.

A large part of Australia's media is owned by News Corp, a US company controlled by Rupert Murdoch, a US citizen. The Murdoch media empire plays a major role in promoting reactionary ideas.

Australia has several US military bases on its soil, including Pine Gap, which spies on electronic communications around the world, and North West Cape, which communicates with US warships and submarines. US marines are stationed in Darwin.

Australia's alliance with the US has led to its involvement in other wars, including Korea, Vietnam, Afghanistan, and Iraq, and is threatening to involve it in a new war with Iran.

US companies have a strong presence in Australia. They have economic power and political influence. Their actions can damage Australia's economy and harm workers here.

An example was the closure of the car industry. For a long time Ford and General Motors (as well as Toyota) received assistance from the Australian government, in the form of tariff protection and subsidies, to keep their plants open. But when it suited them, they closed their factories, leaving thousands of workers without a job.

While the Australian government says it has shut out Huawei from the 5G network because of fears it could spy on electronic communications, there is no similar concern about US government spying nor data collection by US companies such as Facebook.

Rising power

The US is a longstanding imperialist power — the dominant one since World War II. China's history is more complex.

China was formerly a semi-colony of Western imperialism. Britain seized Hong Kong in 1842, while other European powers and Japan grabbed other pieces of China's territory.

The victory of the 1949 revolution ended Western domination over China.

Communist Party leader Mao Zedong talked of a transition to socialism. But his undemocratic methods resulted in a very distorted form of socialism that ultimately led to the restoration of capitalism.

China instead became a source of cheap labour for Western companies. For example, Apple iPhones are made in China.

But China has managed to go beyond its former semi-colonial status. Chinese companies are increasingly investing overseas and some, like Huawei, can compete with Western companies.

Formerly a victim of imperialism, China has begun to act like an imperialist power.

China has intervened in conflicts in distant countries. For example, China (like the US and Australia) supported the racist Sri Lankan government against the Tamil independence movement.

Democracy vs dictatorship?

In the conflict between the US and China, we should not support either side.

It is often argued that we should support the US, because it is a democracy while China is a dictatorship.

It is true that the Chinese government is repressive. Tibetans and Uighurs are oppressed. Workers demanding better pay and conditions are often attacked by police and socialist students who support workers have been jailed.

But is the US any better? Blacks, Latinos and Native Americans are oppressed.

The US has one of the highest rates of incarceration in the world. Millions of people, mainly poor and disproportionately Black, have been jailed for non-violent offences such as drug use.

Widespread murders of Blacks by police go unpunished, leading to the formation of the Black Lives Matter movement.

Millions of US citizens are deprived of the right to vote through various mechanisms, including disenfranchisement due to criminal convictions.

US politics is dominated by billionaires and giant corporations that can buy politicians from both major parties.

The US has also played a crucial role in crushing democracies in other countries. It instigated numerous coups to overthrow elected governments, such as in Iran (1953), Chile (1973) and Honduras (2009).

The US is no friend of democracy. So “defending democracy” is no valid argument for supporting an alliance with the US.

Australian imperialism

Australia is a junior partner of US imperialism. But Australia is also an imperialist bully in its own right.

An example is the bugging of the East Timorese government offices by the Australian Secret Intelligence Service (ASIS), with the aim of gaining an advantage in negotiations over oil in the Timor Sea.

Australia imprisons refugees and Aboriginal and Torres Strait Islander people suffer dispossession and racism.

Free speech is under attack in Australia — not from China but from the Australian government. An example is the trial of Witness K, the ASIS agent who exposed the East Timor bugging, and his lawyer Bernard Collaery.

Australians should be more worried about the actions of the US and Australian governments than the Chinese government.

This does not mean we should ignore repression in China or nefarious actions by China's government or Chinese companies in Australia. These should be denounced — just as we should denounce similar actions by US and Australian governments or companies. ■



US carrier strike group in South China Sea, September 2020.

How Clive Hamilton Regurgitates a Familiar Justification for Racist, Imperial War

By Peter Boyle

In his article “Why is the ‘anti-racist left’ siding with the persecutors?”¹ Clive Hamilton accuses Gerald Roche, David Brophy and other left commentators of “race reductionism”.

But it is Hamilton who is revealed as the real “reductionist” when he reduces the West’s conflict with China to a battle between democracy and “fascism”.

This crude and shallow explanation, which is having a wide range of impacts in Australia — including a real rise in racist abuse and violence against people of Asian appearance — was given an uncontested platform by the ABC’s Four Corners program² on March 2.

Four Corners showed politicians from both major parties fawning over Chinese president Xi Jinping when he visited the Australian parliament in 2014, when Tony Abbott was prime minister.

Hamilton then comments: “We were so naïve, and I put my own hand up for that as well, I was as naïve as the next parliamentarian.

“It was wishful thinking, we wanted China to be a kind of a nation more like us.”

I choked when I watched that section. Only fools would have thought that parliamentary fawn-fest had anything to do with shared democratic values. It was clearly a parliamentary toast to their real shared “civilisational value” of corporate greed!

Many books and government reports had been published long before Xi Jinping’s

Green Left Weekly, March 17, 2021. *Peter Boyle* is a member of the Socialist Alliance National Executive.

visit that reveal the lust for profits that the word “China” has conjured for Australia’s corporate ruling class and their lackeys in the professional political class.

Exploiting China as a market for Australian mining, agriculture and education and for low-cost manufacturing has been the rich white man’s dreaming in Australia for many decades. Coalition and Labor governments alike have been prepared to sacrifice a lot to make these profits, not least the environment, manufacturing industry and our once largely public education system.

If democracy ever got a mention in these tomes, it was only as a perfunctory footnote.

It wasn’t only the Australian capitalist class that saw the economic opening up of China fundamentally through the corporate lens. Every capitalist class in the West began to look East from the 1980s because they saw in China’s industrialisation an opportunity to break out of their own economic malaise.

For decades, Western governments were not too fussed about human rights abuses by the Chinese government, as the Tibetan and Uyghur people discovered. Such human rights abuses were taking place well before Xi Jinping rose to power, though there has certainly been a rise in repression.

It is only when China’s economic development reached a point where it began to pose some competition for major Western corporate interests that the current campaign against China was started.

Intellectuals like Hamilton might imagine that it is their writings that prompted a great Western rethink on China. But that’s a sad, if characteristic, conceit of the intelligentsia.

The ramping up of Western gunboat diplomacy, signalled by then-United States President Barack Obama’s 2012 “Pivot to East Asia”, also predated most of the books and speeches warning against the rise of China.

Major corporate interests own and control the Australian and other Western governments. They jump when their corporate masters tell them what’s needed to boost or protect their narrow economic interests. They deploy armies, warships, warplanes, satellite and cyber spy networks when they are called upon. Then willing intellectuals are deployed to justify the new strategies.

We saw this in the lead-up to the invasion of Afghanistan when Samuel Huntington’s *Clash of Civilisations* was lifted from academic obscurity to justify imperial invasions that began the permanent war in the Middle East.

The specious, if briefly popular, argument then was that “democratic” Western civilisation had to prevail, by any means, over intrinsically anti-democratic Islamic and Sinic civilisations.

This was challenged by many left-wing academics, who pointed to the real record on democracy of the US and other Western imperialist states and the real relations between dictatorships and rich “democratic” states.

Talking about the West’s record was not “whataboutism” then, and it isn’t in the China debate today.

After the invasion and obliteration of Afghanistan, followed by the invasion of Iraq, it became painfully clear that the imperial armies were not delivering the promised freedom and democracy.

Huntington and others like him, who were enlisted as ideological shock troops in the imperial war machine, did their job. They justified wars and the growth of racism that came along with it.

The same is clearly happening today as Australian and its imperialist allies beat the war drums against China.

The development of racism and capitalism are deeply entwined, not just in history, but in the current situation. Pseudo-scientific theories were developed to justify colonial plunder, the genocide of First Nations people and the slave trade of African peoples.

Many of those old arguments to justify racism might be considered ridiculous today, but there are always new arguments developed to buttress old prejudices. Theories of cultural superiority and affectations about “our” democratic values neatly slip into service to reinforce ingrained racist prejudices.

The discussion then becomes democratic “us” versus anti-democratic “them”.

All the real conflicts, power relations and contradictions within “us” — including class division and racism — are magically disappeared. This may suit the corporate ruling class, but it is the opposite of the truth. ■

Resolution on the Australia-China Conflict

1. The Socialist Alliance recognises that Australia has joined with imperialist allies including the United States as the aggressors in the growing trade war with China. The growing tension does not arise from concerns about human rights in China but from the imperialists drive to contain the growing economic and political influence of China following its delayed industrialisation.
2. China's underdevelopment, like that of other countries of the global South, was imposed by the rich imperialist states who have monopolised and plundered the world's resources for hundreds of years.
3. Following a severe global capitalist economic crisis in the mid-1970s, the imperialist countries, enabled by China's "reform and opening up", began to shift their manufacturing industries to China to take advantage of lower labour and other costs. This burst of foreign investment fuelled a rapid growth of the Chinese economy.
4. Australian capitalists have eagerly exploited China's growing markets to sell their corporations' raw materials and services, including full-cost tertiary education, at premium prices. In 2007, China became Australia's largest trading partner.
5. While the imperialists still seek to exploit lower costs in China, the resulting development has also made China a competitor to the imperialists powers on several fronts.
6. Powerful groups within the international capitalist class, especially in the last half-decade, have come to see China's economic development as a fundamental threat to their world dominance. The current trade war is an attempt by the imperialists to roll back this competition. China's products and technologies are being hit with

tariffs and trade bans. Imperialist governments are now pressuring firms to shift their supply chains elsewhere.

7. The imperialists' military threats against China are being stepped up. The US and its imperialist allies still ring China with military bases and regularly engage with provocative manoeuvres, including with Australian warships in the South China Sea, and “training exercises” around China’s borders. China's military budget has increased in recent years, largely in response to these threats (though China's claim to ownership of nearly the whole of the South China Sea also leads it into conflict with its smaller neighbours such as the Philippines and Vietnam). Australia's current military build up and new security measures, including the ban on Huawei's participation in the 5G roll-out and the “foreign interference” laws, are related to this military aggression. It goes hand-in-hand with the militarisation of Japan, another imperialist power in the region which is part of the informal “Quad” military grouping (US, Australia, Japan, India), aligned against China. Australia is also about to join with Japan in the Reciprocal Access Agreement that will promote joint military exercises.
8. Australian politicians, especially the anti-China hawks grouped together in the “Wolverines” group of politicians (which include some rightwing ALP MPs as well as Coalition MPs), are brazenly promoting anti-Chinese racism in Australia. Blaming China for the COVID-19 pandemic is a central part of this racist campaign and small far-right groups are taking the campaign to the streets with racist graffiti about the “Wuhan virus” and the “Chinese virus”.
9. Another section of Australian politicians and ideologists proclaims a threat to Australian democracy from Chinese “infiltration”. This is scaremongering. It exaggerates the aims and capacity of the Chinese state and ignores the regional and world dominating influence of imperialism in which Australian capitalism and its state actively take part. This arm of the imperialist assault on China is especially dangerous because of its potential to disarm those who might otherwise question imperialism's role.
10. There has been a sharp rise in anti-Chinese racist abuse and violence in Australia as a result. The victims of these racist attacks are anyone of “Chinese appearance” meaning that a range of Asian communities have suffered its impact. By promoting the US campaign to blame China for the pandemic, the Australian government made itself a leader of this racist campaign.
11. While the Socialist Alliance continues to campaign for democratic rights in China, supports the democracy movement in Hong Kong, and opposes the repression of the Uighurs and Tibetans, we note that the imperialist forces are seeking to hide

their real agenda against China by feigning support for democratic rights in China. The imperialist powers have long demonstrated their callous disregard for the rights of the Chinese people and their double standards on human rights. Australia's shocking incarceration rates of First Nations peoples and the war crimes in Afghanistan is just two of many proofs of these racist double standards.

12. Therefore, the Socialist Alliance condemns Australia and its imperialist allies as the aggressors in the trade and political conflict with China and calls on the Australian government to break from its imperialist war alliance with the US, stop its attacks and reverse all measures that discriminate against China. We also call for the end to Australia's support for the racist campaign to blame China for the COVID-19 pandemic. Such measures would lay a basis for reversing the sharp deterioration of trade and diplomatic relations with China. ■



Australian coal ships stranded outside Chinese port in 2020.

Revolution, Capitalist Restoration & Class Struggle in China

By Chris Slee

In 1949 the Chinese Communist Party (CP), led by Mao Zedong, came to power after more than 20 years of war. They had fought against the reactionary Chiang Kai-shek regime, and against the Japanese invasion of China.

For a time there was an alliance between the CP and Chiang Kai-shek against Japan, but this ended when Japan was defeated. The CP, based in rural areas, won the support of the peasants through land reform and other progressive measures. This enabled them to win the war, despite US military aid to Chiang Kai-shek.

Initially, the revolution was intended to be democratic, not socialist. Those capitalists who had not been closely associated with Chiang Kai-shek were allowed to continue in business.

But after the outbreak of the Korean war in 1950 there was a change. The party's policy became more radical

Workers were mobilised to investigate their employers, looking for things like tax evasion, theft of state property, etc. Bosses were brought before mass meetings and confronted with accusations by their workers.¹

In October 1953 the CP stated that its policy was one of "transition to socialism". By 1956 nearly all capitalist property had been nationalised.

In the countryside agricultural cooperatives began to be formed. Later there was a push to create collective farms.

Social gains

The early years of the revolution brought big gains for the Chinese people. Health and education were greatly improved.

The above is the text of a talk given to the Socialist Alliance Summer School, January 2019.

Prior to the revolution, a large proportion of the people lived on the brink of starvation. Epidemics killed thousands every year. While there were no reliable statistics, one estimate of the average life expectancy in China was 28 years. Another estimate was 35 years.

By 1981 life expectancy had risen to 69.6 years for women and 67.0 for men.²

Massive campaigns of vaccination and public health education, stepped up medical training and widely distributed health services virtually wiped out many diseases that were rampant in the past.

Medical services were brought to rural areas which had not previously seen a doctor. The number of doctors was rapidly expanded, and rural people were trained as paramedics (known as “barefoot doctors”), who could provide a basic level of health care to their neighbours.

Urban workers also benefited from the revolution. In addition to the health and literacy programs, they gained job security and other benefits, such as housing supplied by their enterprise.

Bureaucratic regime

However, the transition to socialism was hindered both by objective conditions (including the backwardness of China and the pressures of imperialism), and by the bureaucratic nature of the CP.

The state created by the revolution was a bureaucratized socialist state.

In 1956, the Chinese government adopted a system of ranks for state employees that included 30 grades, with the top grade receiving 28 times the pay of the bottom grade. In addition to their salaries, higher-level party and state officials had special housing, cars, drivers, personal servants, meals, travel, etc.³

The CP used repression against people who supported the revolution but disagreed with some of the government's policies.

In 1956, following Khrushchev's speech denouncing Stalin's reign of terror in the Soviet Union, there was a brief period of relative freedom in China. People were encouraged to voice their criticisms. Mao advanced the slogan: “Let a hundred flowers bloom, let a hundred schools of thought contend.”

But in June 1957 there was a crackdown. Many of those who had spoken out were arrested, or were sacked from their jobs in the cities and sent to the countryside.

This repression intimidated people from criticising mistaken policies of the Communist Party and the government. This meant that mistakes were not corrected until they had become such big disasters that the leadership was forced to change course.

Great Leap Forward

One example was the so-called Great Leap Forward. Launched in 1958, this was an attempt by Mao to force the pace of economic and social change, with disastrous results.

The transition to cooperative and collective farming was supposed to be voluntary, and was therefore expected to be carried out gradually. However, the apparent success of the early cooperatives caused Mao to call for the acceleration of the process. This resulted in pressure being put on peasants to form collective farms before they were really convinced it was a good idea.

In 1958, collectivisation was taken a step further with the formation of the communes — much larger collectives involving tens of thousands of people. While peasants in some areas supported the policy, in many other areas it was imposed from above.

At the same time, the CP leadership issued calls for enormous increases in production. Workers and peasants were pushed to work at an excessive pace. Transport and supply systems collapsed.

Pressure on party and government officials to meet unrealistic targets led inevitably to false reporting. Newspapers reported stories of amazing increases in production.

The result of the Great Leap Forward was a severe decline in agriculture — causing the reappearance of famine — and chaos in industry.

The Great Leap Forward reflected Mao's voluntarist mentality. (Voluntarism is the idea that, if we try hard enough, we can do whatever we like, regardless of objective conditions.)

Beginning in 1959, these policies were partially reversed. The communes lost much of their importance. Smaller units became more important. The peasants were allowed small private plots. In some areas collectively owned land was contracted out to individual families.

China began to recover from the effects of the Great Leap Forward. However, there was no public admission of mistakes, nor public criticism of Mao for his role in promoting the Great Leap Forward. The cult of Mao was maintained.

Two factions

But within the leadership, a factional struggle was beginning.

One faction, headed by Liu Shaochi and Deng Xiaoping, were “moderates”. They wanted no more voluntarist adventures like the Great Leap Forward. They emphasised increasing production through material incentives.

The other faction, headed by Mao, was still prone to voluntarism. They wanted to

revive some of the policies of the Great Leap Forward period when the opportunity arose.

Cultural Revolution

In 1966, the Maoist faction launched the Cultural Revolution. They made use of Mao's prestige to mobilise youth to attack the wing of the bureaucracy that supported Liu and Deng.

Mao and his supporters used radical-sounding slogans to mobilise students against Mao's opponents. High school and university students formed groups of "rebels" or "red guards". Many party leaders at all levels were subject to denunciation, public humiliation and physical violence.

Mao's faction tried to keep control of the movement, directing it against those seen as Mao's opponents. But some Red Guard groups got out of control and began attacking Mao's supporters as well. Some of Mao's opponents were able to set up their own youth groups. Some groups seized arms, and different groups began fighting each other.

The army was brought in to restore order.

Mao had to bring back many of the old cadres who had been purged, in order to get society functioning normally again.

Thus the Cultural Revolution ended in an uneasy compromise.

Right turn in foreign policy

At this stage, the United States government started putting out feelers to the Chinese bureaucrats. It was looking for a deal with China at the expense of third world national liberation struggles (including Vietnam), and at the expense of the Soviet Union.

US secretary of state Henry Kissinger visited China in 1971, preparing the ground for US president Richard Nixon's visit the following year.

The US trade embargo on China was progressively eased. China moved towards a de facto political alliance with US imperialism, and adopted a generally reactionary foreign policy.

Deng's return

In 1976 Mao died. The Maoists were defeated in the ensuing power struggle. By 1978 Deng Xiaoping had become the real leader of China.

The pro-imperialist foreign policy continued and even got worse. In February 1979, Chinese troops invaded Vietnam. The invasion occurred shortly after Deng had visited the United States, and it is reasonable to assume it was planned in collusion

with the US government. On March 1, the formal opening of full diplomatic relations between the US and the Peoples Republic of China occurred.

Wang Hui, a left-wing Chinese academic, later commented: “The only reason for this otherwise senseless attack on a small neighbour was Deng's desire for a new relationship with the United States. The invasion was offered as a political gift to Washington, and became China's entrance ticket to the world system.”⁴

The Chinese troops met strong resistance and were soon forced to withdraw, but only after causing substantial damage and loss of life. Chinese harassment of Vietnam continued for a number of years. China continued to support the forces of the former Pol Pot regime — a genocidal regime which ruled Cambodia between 1975 and 1979 and had been ousted by Vietnamese troops.

Market reforms

Deng introduced “market reforms”.

In the countryside, the communes were broken up and land was contracted to individual peasant families, who could sell surplus production on the free market.

Foreign owned companies were allowed to establish joint ventures with Chinese state and collective enterprises. As the reform process went further, some wholly foreign owned enterprises were established. Restrictions on the ability of Chinese citizens to establish privately owned enterprises were progressively eased.

Corruption spread as bureaucrats accumulated wealth for themselves and their relatives and cronies, in the context of growing private ownership of the means of production. Many bureaucrats began to turn themselves into private owners of capital.

The Beijing massacre

But opposition to corruption — and to the bureaucratic regime — began to grow. In April 1989 students protested in Beijing's Tian An Men square. They remained for more than a month and were joined by many non-students. The army was ordered to remove the protestors, but the protestors talked to the soldiers and won many of them over. Workers joined the protests, raising their own demands, such as job security, wages, and control over their workplaces.⁵

Eventually the regime brought in new army units that used extreme violence to crush the movement. A wave of repression followed.

Capitalist restoration

In my opinion, the repression of the 1989 upsurge helped prepare the ground for capitalist restoration. The increased repression helped break the resistance of workers

to the attacks on their job security, working conditions and welfare benefits.

Some Chinese intellectuals have made the link between the Beijing massacre and the subsequent intensification of “free market” policies.

Wang Hui, who participated in the Tian An Men Square protests, argued that the crackdown not only silenced calls for democracy, it also ended public debate about inequality. Once the tanks had done their work, the process of marketisation speeded up.⁶

Similarly Li Minqi, another participant in the 1989 protests, later said: “To unleash a full-blown capitalism in China, workers had to be deprived of the extensive social and economic rights they enjoyed after the 1949 revolution ...

“Popular participation in the revolt did threaten to undermine the project of capitalist development. But the failure of the movement ensured that for a long time the Chinese working class would not be able to act as a collective political force ...”⁷

The privatisation of industry proceeded very rapidly during the 1990s, and continued more slowly thereafter. The state sector's share of industrial production fell from 100% in 1978 to 37.5% in 1999 and 31.6% in 2004.⁸

Thirty million workers were sacked from the state sector in the late 1990s. Corrupt managers enriched themselves while carrying out “restructuring” and privatisation, whereas the sacked workers got minimal compensation.

Transnational corporations increasingly used China as a base for producing goods for sale on the world market. For example, Apple iPhones are made in China.

Today millions of Chinese workers are ruthlessly exploited by local and foreign capital. Extremely long hours, physical punishment, fines and non-payment of wages are amongst the abuses suffered by many Chinese workers.

The most oppressed section of the working class are rural migrants working in urban areas. According to Australian National University academic Anita Chan, writing in 2001: “They are required to possess a ‘temporary residential permit’ and are trapped if the employer takes it away from them. Their residential status is similar to foreign nationals living as guest workers. They are not entitled to any of the benefits enjoyed by the local residents such as social welfare, schooling, the right to own property, to bring their spouses or children with them or even any right to residency. Once their labor is no longer required, they are supposed to go back to their place of origin.”⁹

(Since then, there have been reforms enabling some migrant workers to become urban residents. But migrant workers continue to be super-exploited.)¹⁰

Privatisation destroyed China's social welfare system. A range of services such as health, housing, etc had been provided to workers via their workplace. The loss of state and collective sector jobs meant the loss of these services.

The result of all these changes was a vast increase in economic inequality. China has the second highest number of billionaires in the world, after the United States. In 2018 it had 373 billionaires, not including those in Hong Kong, Macau or Taiwan.¹¹

The state sector

China's economy is now essentially capitalist, as indicated by the privatisation of the bulk of the means of production, and the conversion of labor power into a commodity. Workers can only survive by selling their labor power to an employer.

But the most extreme ideologues of neoliberalism (both in China and elsewhere) are not satisfied with the degree of privatisation that has occurred so far. State-owned enterprises remain dominant in certain strategic industrial sectors such as iron and steel, and electricity, and in the banking sector. The neoliberals want more complete privatisation, and unfettered access to all areas of the economy for local and foreign capital.

The Chinese Communist Party has up to now resisted these pressures. A strong state sector helps China maintain a degree of independence from the US and its allies.

It also helped China to recover from the effects of the 2008 global financial crisis. The initial impact of the crisis was severe. Twenty million migrant workers lost their jobs in the export-oriented manufacturing industries. But the Chinese government was able to stimulate the economy by ordering state-owned enterprises to spend money, and state-owned banks to lend money. This caused the resumption of rapid economic growth in 2009. Government-funded construction projects provided alternative work for many of those displaced from the factories.

The continued existence of a strong state sector does not make China socialist. In the past, before the rise of neoliberalism, many capitalist countries have had a significant sector of state-owned enterprises. Australian examples include the Commonwealth Bank, Telstra, Qantas, etc.

We should also note that many enterprises in China that are called "state-owned" actually have a mixture of state and private ownership.

Popular resistance

Workers have been fighting back against the attacks on their job security, living standards and working conditions. There have been thousands of strikes and protests by Chinese workers, as well as numerous protests by peasants against land seizures by local governments and property developers. There have also been many protests against pollution and environmental destruction, as well as protests by ethnic minorities against discrimination.

Workers struggles

Workers have taken action over the non-payment of wages or social insurance contributions, and the failure to pay the compensation prescribed by law after the termination of employment contracts. They have demanded higher wages, improved severance packages, shorter working hours, improved welfare benefits and reductions in workload. Some retired and laid-off workers sought higher retirement payments. Other disputes arose over arbitrary changes to working conditions, meals and housing allowances, as well as demands for government investigations into management malpractice during the restructuring of state-owned enterprises.

Tactics used by the workers have included strikes, blockades of roads, bridges and railway lines, sit-downs at the factory gate, protest marches, and petitions.

The response of the authorities to such protests has been a combination of conciliation, promises, threats, physical force and criminal sanctions against the leaders.

Nevertheless, the workers have often been successful in winning their demands.¹²

Peasant struggles

Under the market reforms, collectively owned land was allocated to peasants on long-term leases. In theory this gave them security of tenure. But in practice many people from peasant families have been forced to leave the land.

Heavy taxes were imposed on peasants by local governments. Much of the tax revenue was siphoned off by corrupt local officials.

Prices obtained by farmers from the sale of their crops were often insufficient to meet both their own expenses and the tax burden. Many farmers got into debt. Younger family members sought work in the cities to supplement family income.

In many cases local authorities have evicted peasants from the land so it could be handed over to property developers. This has been a major cause of peasant rebellions.

Ethnic conflict

In areas inhabited by minority nationalities, discontent often takes a nationalist form. In Tibet for example there have been numerous protests (some peaceful, others violent), and demands have been raised for independence or autonomy.

Tibetans feel that they are discriminated against. Language is a key issue. Mandarin Chinese is the main language used in government and in the upper levels of the education system. The Tibetan language has a secondary status. This puts Tibetan speakers at a disadvantage in getting jobs. The higher paid jobs are disproportionately held by Han Chinese.

In Xinjiang province, discontent amongst the Uigurs has been met with severe

repression. Hundreds of thousands of people are being held in detention centres.

Rebuilding the social safety net

Prior to the “market reforms”, people had job security and a basic social welfare system provided through the workplace, which provided them with nurseries, kindergartens, schools, healthcare, pensions and funeral services.

As the market reforms deepened, workplaces shed their responsibility for social welfare. People lost pensions, healthcare and welfare benefits, and had to spend money buying them.

China’s healthcare system became one of the most commercialised in the world. Individuals were expected to pay for their own health care.

But around the year 2000, the government began to rebuild the social safety net in areas such as health care, education and pensions.

The government’s share of health care spending began to increase a little, after a long period of decline. The government also began a drive to increase the proportion of the population covered by various health insurance schemes. Schemes for employees require contributions from both employers and workers.

Labour legislation

In 2007 three labor laws were adopted by the National Peoples Congress.

The Labour Contract Law puts some restrictions on the right of employers to hire and fire, and requires redundancy payments to be made after termination of a contract.

The Labour Arbitration Law established a conciliation and arbitration system to rule on disputes between workers against their employers. It was soon overwhelmed by complaints from workers, leading to long delays in hearing cases.

The Employment Promotion Law deals with issues of discrimination in employment.

According to the *China Labour Bulletin*: “The unprecedented wave of labour legislation in this period was ... a direct response to the pressure exerted by the workers movement over the previous decade. A government committed to maintaining social order and harmony could no longer afford to ignore the strikes and protests staged by workers on an almost daily basis across the country ...

“What the government has not yet done, however, is to rigorously enforce its own laws or empower workers to safeguard their rights and interests on a collective basis.”¹³

China has one officially recognised trade union federation, the All-China Federation of Trade unions.

The ACFTU does not organise strikes. It does sometimes challenge violations of

China's labor laws by employers through legal channels. But this is no substitute for a union that organises workers to fight for their rights.

Foreign policy

Mao used radical anti-imperialist rhetoric in the 1960s, but swung to an openly pro-imperialist foreign policy in the 1970s. This policy was continued by Deng Xiaoping.

Since then China has moved away from its close political alliance with US imperialism. Today China has good relations with the revolutionary governments of Cuba and Venezuela, as well as with other third world governments such as Iran that are in conflict with the US.

This does not mean that China's foreign policy is consistently progressive. China supported the racist Sri Lankan government in its war against the Tamil independence struggle. China supplied arms to the government and gave it diplomatic support.

One motive for China's position was its desire to gain access to ports on China's trade routes across the Indian Ocean to the Middle East and Africa, which are sources of oil and other raw materials for China's industry. In March 2007 Sri Lanka signed an agreement with China for the construction of a port at Hambantota on Sri Lanka's south coast.

Is China imperialist?

There has been a rapid growth of Chinese investments overseas. Much of this investment is aimed at supplying Chinese industry with raw materials. This is the case with Chinese investments in mining in Africa, for example.

But it is now going beyond this — for example, Chinese companies have been investing in ports in many European countries, including Greece, Germany, Belgium and the Netherlands. In Australia, China has bought the port of Darwin.

China has been building big infrastructure projects in many countries. These projects are usually financed by loans from China. If the recipient government is unable to meet its repayments, China takes ownership. The port of Hambantota in Sri Lanka, which I mentioned before, is an example of this.

In the past I have described China as a bourgeois nationalist regime, meaning that it was capitalist, but the government was relatively independent of the imperialist powers.

But now China is starting to look like an imperialist power itself. It has big overseas investments. It intervenes in conflicts in other countries — for example, supporting the Sri Lankan government against the Tamils. It has a military base in Djibouti, a small country in the horn of Africa.

On the other hand, foreign transnational corporations continue to use China as a base for production for the world market, ruthlessly exploiting Chinese workers. In this respect China looks like a semi-colony of Western imperialism.

Thus China combines imperialist and semi-colonial features.

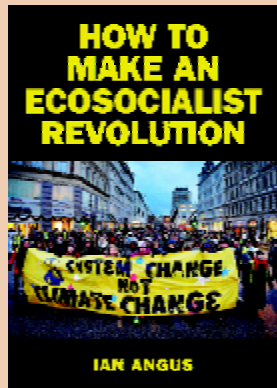
The need for socialism

Despite the partial reversal of some neoliberal policies, China remains a highly unequal society, where workers are ruthlessly exploited and lack job security. The state represses the resistance of the workers to capitalist exploitation. In my view it is a capitalist state.

The struggle for socialism will need to bring together workers, students and other oppressed groups.

An example of such unity is the solidarity of university students with workers at Jasic Technologies, who wanted to form a union and elect their representatives. Students joined the workers in protests, and helped to publicise the case on the internet. A number of workers and students were arrested.¹⁴

This kind of solidarity, if repeated on a much larger scale, can help take China on the road to genuine socialism. ■



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Notes

Behind the Anti-China Hysteria

- 1 <https://www.theaustralian.com.au/commentary/worlds-eyes-on-australia-to-see-if-we-can-resist-china/news-story/497695d8da3a4467b7d40d30f86a90f4>
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- 4 <https://www.ibtimes.sg/china-ccp-nationalize-jack-mas-alibaba-ant-group-54444>
- 5 <https://www.greenleft.org.au/content/john-pilger-most-lethal-virus-not-covid-19-it-war>
- 6 <https://mronline.org/2021/01/05/dossier-no-36-twilight-the-erosion-of-u-s-control-and-the-multipolar-future/>
- 7 https://en.wikipedia.org/wiki/High-speed_rail_in_China
- 8 <https://www.counterpunch.org/2020/08/20/donald-trump-is-losing-his-tech-war-with-china-and-doesnt-even-know-it/>
- 9 <https://www.brookings.edu/blog/order-from-chaos/2020/08/07/more-pain-than-gain-how-the-us-china-trade-war-hurt-america/>
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- 13 <https://warontherocks.com/2020/01/the-conventional-wisdom-on-chinas-island-bases-is-dangerously-wrong/>
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Putting Australia's Anti-China Campaign in Perspective

- 1 <https://mronline.org/2021/02/06/how-the-gulf-war-sparked-chinas-military-revolution/>
- 2 <https://theconversation.com/worried-about-agents-of-foreign-influence-just-look-at-who-owns-australias-biggest-companies-123343>

- 3 <https://www.dfat.gov.au/trade/resources/investment-statistics/statistics-on-who-invests-in-australia>
- 4 <https://www.farmweekly.com.au/story/7067765/how-much-aussie-farmland-is-foreign-owned/>
- 5 <https://www.domain.com.au/news/chinese-buyers-abandon-australias-property-market-replaced-by-us-investors-954319/>

How Clive Hamilton Regurgitates a Familiar Justification for Racist, Imperial War

- 1 <https://www.greenleft.org.au/content/why-anti-racist-left-siding-persecutors>
- 2 <https://www.abc.net.au/4corners/chairman-for-life/13207940>

Revolution, Capitalist Restoration & Class Struggle in China

- 1 See Bill Brugger, *China: Liberation and Transformation, 1942-1962*, pp. 83-85 (Croom Helm: London, 1981)
- 2 Ruth & Victor Sidel, *The Health of China*, p. 94 (Zed: London, 1982)
- 3 Les Evans, *China After Mao*, p. 86 (Monad Press: New York, 1978)
- 4 Chaohua Wang ed., *One China, Many Paths*, p. 65 (Verso: London, 2005)
- 5 John Gittings, *China Changes Face*, pp. 275-6 (Oxford University Press: 1990)
- 6 Mark Leonard, *What Does China Think?*, pp. 30-31 (Fourth Estate: London, 2008)
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- 13 *Going It Alone*, p. 13
- 14 Au Loong-Yu, "The Jasic Workers Mobilisation, a High Tide for the Chinese Labour Movement?" *International Viewpoint*, <http://internationalviewpoint.org/spip.php?article5848> ■

China today is under relentless attack by the United States and its allies (including Australia). Chinese companies like Huawei are being targeted and Chinese investments blocked on spurious 'national security' grounds.

With Washington seeing China as its number one adversary, there is a very real danger that the present 'cold war' might become a catastrophic military conflict.

The Chinese regime may not be very nice but that is not the reason for the anti-China push. This is a cold-war campaign being waged by US imperialism and its allies aimed at isolating and weakening China.

This campaign goes back to the victory of the revolution in 1949 but has been driven to a new level by the obvious growing economic, technological and military power of China — especially relative to the United States, which is no less clearly in decline.

The articles in this pamphlet seek to explain the current anti-China hysteria and refute the facile myths peddled by Western governments and their media enablers.

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