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China's National People's Congress to install Xi as political strongman

China's annual National People's Congress (NPC), which began yesterday, is set to rubberstamp a change to the country's constitution that will remove the two-term limit on the president and vice-president, ensuring that President Xi Jinping can remain in office after his second five-year term expires in 2023.

While a formal vote of some 3,000 heavily-vetted delegates is yet to take place, NPC deputy chairman Wang Chen declared in advance that the constitutional change had unanimous support and that the party had broadly canvassed public opinion across all sectors.

In reality, the vast majority of the population has had no say in the decision. It will entrench Xi as a Bonapartist figure presiding over a regime confronting worsening economic and social problems at home and the growing threat of US trade war and war.

Xi is also chairman of the Chinese Communist Party (CCP), which defends the interests of a tiny super-wealthy elite that has profited immensely from three decades of capitalist restoration. Some of China's richest individuals are delegates to the NPC and associated Chinese People's Political Consultative Conference (CPPCC) advisory body,

According to the latest Shanghai-based Hurun wealth report, published last week, 153 of the delegates to the NPC and CPPCC each have a personal wealth of more than 2 billion yuan (\$US315 million). While the number of super-rich delegates is down from last year, their total wealth increased by nearly 18 percent to 4.12 trillion yuan (\$US650 billion).

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Speaking at the CPPCC national committee's opening session on Sunday, Xi absurdly declared that China's party system was "a great contribution to [the] political civilisation of humanity." In reality, the CCP rules through a police-state regime that is according extraordinary powers to Xi amid fears it will confront mounting social unrest and the danger of war.

The constitutional change to allow Xi to hold the top post indefinitely follows his promotion as the CCP's "core" and the strengthening of his control of the military and the economy. Last October's CCP Congress took the unusual step of directly including a reference to Xi's "thought"—the nationalist aim of making China a great power—in the constitution.

It is likely that the NPC will install Wang Qishan, the key figure in implementing Xi's anti-corruption drive over the past five years, as the country's vice-president. Xi used the pretext of stamping out corruption to purge the CCP and state apparatus of potential political challengers and undermine rival factions. Wang, due to his age, was not re-elected to the top CCP committee at last year's congress, but was prominently seated on the platform near Xi at yesterday's NPC session.

The main address yesterday was Premier Li Keqiang's two-hour work report, which was devoted primarily to economic matters. While couched in anodyne, bureaucratic language, the report nevertheless pointed to the predicament facing the Chinese regime as the economy continues to show signs of slowing.

In what has become virtually mandatory, Li again stressed Xi's "core status" and the necessity of "centralised and unified leadership." While claiming that the global economy was continuing to recover, Li warned of "many factors that bring instability and uncertainty." In an oblique reference to the US threats of trade war and war, he added: "Protectionism is mounting, and geopolitical risks are on the ascent."

Li foreshadowed a target of 6.5 percent for economic growth in 2018, even though growth last year exceeded the official target of 6.5 percent—the first rise since 2010. The figure is well below the 8 percent rate that the Chinese leadership long regarded as a key benchmark to avoid high unemployment and prevent social unrest.

The manufacturing purchasing managers' index (PMI) for February showed a sharp drop to 50.3 from 51.3 in January. A figure under 50 indicates the sector is contracting. The sub-index for foreign orders dropped to 49, showing falling foreign demand. Moreover, the PMI for the services sector, often touted as a key economic driver, declined by 0.6 points to 53.8.

Li announced further deep cuts into steel and coal production, which will inevitably mean the loss of thousands of jobs. Steel output will be slashed by 30 million tonnes this year and coal by 150 million tonnes. Already 1.1 million jobs have been axed over the past five years as steel production has been cut by 170 million tonnes and coal by 800 million tonnes.

Nevertheless, Li claimed that urban unemployment would be under 4.5 percent in 2018. He boasted that personal incomes were rising, laid-off workers receive government assistance, and 68 million people were lifted out of poverty over the past five years. The figures are little comfort to workers and the rural poor, who struggle to survive amid rising costs.

The much-promoted figures on poverty alleviation are based on an austere official poverty line of annual income of 2,300 yuan (about \$US350), at 2010 prices. According to the National Bureau of Statistics, 30.45 million rural people still live in poverty. As one of its “three tough battles,” the government is pledging to eliminate poverty by 2020. Economic hardship and difficulty, however, affects many millions, including in the cities, particularly among migrant rural workers who form a large underclass with no social rights.

Social tensions are not only fuelled by absolute poverty, but also relative poverty. The gulf between rich and poor has widened over the past three decades. The Gini coefficient for China, which had been falling marginally since 2008, has begun rising again, increasing from 0.462 in 2015 to 0.465 last year. Even small increases can point to significantly growing disparities on a scale where 0 indicates everyone’s income is equal, and 1 indicates all income goes to one person.

In his report, Li highlighted handouts aimed, not at the working class and poor, but at relatively well-off middle class layers: lower costs for high-speed Internet, reduced prices for mobile telephone services, lower highway taxes, tax breaks for small businesses and lower electricity prices for commercial enterprises.

Even while pledging poverty reduction, Li said the budget deficit target would be cut significantly to 2.6 percent, from 3 percent over the past two years. Massive stimulus spending since the 2008 global financial crisis has led to spiralling speculation, huge debts and the growing danger of financial instability, which Li vowed to bring under control. Lower government spending will lead to cutbacks to essential social services such as education and health.

Li announced a substantial increase in military spending of 8.1 percent, compared to 7 percent last year, in response to the Trump administration's increasing bellicosity, particularly against North Korea. Much of the spending will go into hi-tech weapons. Xi has sought to refashion the People's Liberation Army into a military capable of fighting a war with the US.

Li's work report points to the underlying reasons for the CCP's turn to a political strongman. It is to defend the interests of the Chinese capitalist class against the US and its allies, and to attempt to suppress any eruption of the class struggle at home.