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China’s Political Ambivalence.

# Introduction.

Deng Xiaoping Former Chinese general once said “it doesn’t matter whether the cat is black or white as long as it catches the mouse”(A.Bast; 2006 ). One of contemporary China’s main paradox has always been whether it can be classified as a communist or capitalist state . The last point will form the basis of one of the arguments that this essay attempts to tackle . This essay will look at the main tenets of both communism and capitalism in a bid to try and see which of these two systems current China best fits into or if indeed it fits smoothly into any of these systems . This essay will also briefly look into and draw examples from the history of China (Mao Zedong’s era) in attempt to highlight changes that have taken place with regards to China’s political system . The second part of this essay is linked directly to the outcome that the first part produces . With regards to the last point the second part of this essay is essentially dealing with the question of wether or not China will renounce its ideology of a one-party state and replace it with a more democratic system . This essay will look at both arguments for and against democracy in China , this will entail at both external and internal pressures for such a movement . With reference to the last point this essay will also apply the concept of post-materialism .This paper will conclude by analysing the sustainability of the current system(one party state) with regards to China’s position as a growing global super power .

# China as a Communist state.

China’s elite and more specifically Deng Xiapong was always wary of the events that took place in Russia in the 1990’s and careful in not allowing a repeat of those events in China . With regards to the last point Russia’s then president Boris Yeltsin sold off state assets which was disastrous for the economy (P.Aldrick;2010). In addition to that it put the wealth of the country into the hands of a wealthy few thus perpetuating the wealth gap between the rich and the poor (P.Aldrick;2010). At the heart of the communist ethos is the notion of having a one-party state which is what China has (K Marx, 1848 p23). With regards to the last point the idea of one-party state creates a platform for another element central to communism and that element is central planning (K Marx, 1848 p23). That is to say the state makes decisions on all matters based on its own opinions and findings rather than what society assumes (K Marx, 1848 p21). An example of this is the one child policy which bars couples from having more than one child despite their own personal feelings (A.Bast; 2006 ). The previous point seems to suggest a an element of far reaching state control that extends even into the most personal realm of society the family .

Another point that seems to point to the notion of China practicing communism is the centrality of the banking system (K Marx, 1848 p22). One may refer to the example of the Wenzhou province which desperately needed finance but was unable to obtain because their plans were not in line with state objectives in addition to that the banking system was centralized (W.Hutton;p109) . Wenzhou region had to resort to receiving money from money houses which were subsequently closed or nationalised (W.Hutton;p109 ). This system seems to suggest that the only way to obtain external finance was from foreign firms or banks .Another interesting statistic is that only 25 per cent of the shares of banks can be owned by non-state shareholders (W.Hutton;p145).

There is a general idea that if one controls all forms of media they basically control what society is exposed to. If one looks at the structure of control in the media sector one it is evident that the state owns the bulk of this sector (T.Christensen;2011). Media is controlled and run by the state indirectly , the issue of internet use still remains contentious (T.Christensen;2011 ). For example Internet giant Google was banned in mainland China (and still complains about cyber hacking) because of its lack of censoring of certain topics regarded to be sensitive (T.Christensen;2011). All of the points above tie in with Marx’s notion that the government should exercise complete control over the common citizens personal choices (K Marx, 1848 p20).

# “Chinese” Capitalism: China as a Capitalist state.

People often make the assumption or equate / reduce the capitalist system as a whole to the experiences of the western world . What the last point is attempting to illustrate is that Capitalism cannot be viewed in a one dimensional manner rather one has to realise they are many variations of it . For example the Town and Village enterprises (TVE’s) were the backbone of rural economy and by the end of 2005 this sector employed 135 million people (W.Hutton;p106 ) .Despite all of this according to Western textbooks they should not have been successful (W.Hutton;p106). The last point illustrates the need to re-assess how the model of capitalism has traditionally been viewed .

Contemporary China is significantly different more so economically than politically than it was a number of decades ago . The Chinese economy has undergone a number of changes since the era of Chairman Mao (W.Hutton;p100 ). “The one time ‘workers’ paradise has become an economic super power” (J.Yemma;2011 ). Mao’s cultural Revolution produced a literate populace of 90% , and no worker went without healthcare (J.Yemma;2011). However now the Western half of the country seems to be struggling work centres are without medical services and certain farmers can not pay school fees for their children (J.Yemma;2011). The whole idea of Communism is to ultimately have a classless society and equality may prevail , but in a country where 500million people live on less than US$2 a day that is hardly the case (J.Yemma;2011 ). A capitalist class has emerged in China over the last two decades filled with mostly state bureaucrats and entrepreneurs (M.Castells;1998p317).

Marx makes the argument that the state creates conditions that are favourable to the capitalist class this maybe done via certain laws or other state measures (K Marx, 1848 p19) The last point can be applied to contemporary China where the state has been effective in eradicating physical and technological obstacles :physical through construction of roads , power plants and bridges technical by facilitating the transfer of foreign intellectual property (The Economist; March 2011). All of the conditions mentioned above allow capitalism to thrive . The ‘open door policy’ (1978) and the subsequent creation of the four economic zones in the South of China can only be viewed under a capitalist lens , it was somewhat of a dual economy developing in China (M.Castells;1998p309 ). Within these four zones they were tax incentives to attract foreign capital and business (M.Castells;1998p309). These zones are still thriving and capitalism remains the driving force or dominant ideology within these economic zones .

The issue of privatisation is one riddled with contention in China that is (The Economist; September 2011 ).However it has been a process that has been taking albeit slowly though . For example in 1992 two Chinese cities Zucheng and Shunde south of Beijing were not in sound financial shape (The Economist; September 2011). This led to them adopting “gaizhi” or a change in systems which ultimately led to privatisation of its enterprises against doctrine and old laws (The Economist; September 2011). Early signs of success led to the modification of the rules on the ownership of companies , a move to “retain the large and release the small”( The Economist; September 2011). This move led to the closing down of thousands of companies and the breaking of the “iron rice bowl”( a guarantee of living standards for the masses) (The Economist; September 2011 ). Between 1995 and 2001 the number of state owned and state controlled enterprises fell from 1.2 million to 468,000 and the number of jobs in the urban state sector fell by 36m or from 59% to 32% of jobs in the total urban employment (The Economist; September 2011 ) . This move showed a loosening to a certain extent of the state on the economy by allowing private players(still with close ties to the state) in and more importantly allowing some market forces to regulate some parts of the economy (The Economist; September 2011 ). It is important to note that this process has never ceased it . Perhaps there was a realisation that companies do best when privately run. Within China there is a fast growing thicket of ‘bamboo’ capitalism (The Economist; March 2011) . These bamboo capitalists are very private entrepreneurs that operate outside the powerful state companies but also to some regard outside the realms of the law (The Economist; March 2011 ).These entrepreneurs are an astonishing force within the Chinese economy, these bamboo capitalists range in activities from nut and bolt makers to Television makers (The Economist; March 2011 ). Zheng Yumin , the Communist Party Secretary for the Zhejiang province was addressing a conference (2010) where he told people that more than 90% of China’s 43 million companies were private now one may have no way of telling how far true this is but it is an estimate (The Economist; March 2011 ). Another estimate puts the share of Gross Domestic Productivity(GDP) produced by enterprises that are not majority owned by the state at 70% again this should be taken for what it is an ‘estimate’ (The Economist; March 2011).

Marx stated that for there to be a successful capitalist state there must be effective control by the government over labour and labour policies(K Marx, 1848 p17). China’s labour policies are reflective of what Marx is saying , however in a country where the state(directly and indirectly) itself makes up the bulk of the capitalist class it ceases to be communist .With regards to the last point the reason China is such a desirable location for Multi-nationals this is primarily because of the low rates of labour cost (The Economist; March 2011). Labour is a significant factor in determining the cost , it impacts the profit drastically . At the heart of Capitalism is the profit motive , Profit motive alongside the traditional ‘save-save’ seems to be the song being sung by the Chinese state profit Is seen as a means to improving infrastructure and advancing technologically (J.Yemma;2011 ).

In 2001 China became a member of the World Trade Organisation showing an increased commitment towards globalising and liberalising the trade (W.Hutton;p114). Joining the WTO would result in some level of autonomy being lost by the Chinese state with regards to organising their trade , this boils down to the mere fact that they are certain rules and regulations that have to be adhered to (W.Hutton;p114 ).Because a country is a member of the WTO it means or it is supposed to mean that one is playing in an arena where the playing field has been levelled (C.McGreal;2012 ). The last point is trying to stress the need for efficiency with regards to trade that would at least reduce the cost of production and is likely to increase profit levels (The Economist 2011). However in a wholly socialist state the government tends to subsidise( which tend to be expensive) in a number of areas to ensure that labour is happy because the priority does not lie in making a profit but in promoting ubiquitous equality (K Marx, 1848 p19).

After reviewing all of the information above one can see that the system that China has is essentially different from all the models we had become accustomed to . China can be viewed and analysed as being capitalist but a capitalism with Asian values or socialist characteristics (M.Castells;1998p309 ). One should be careful not to overlook the cultural aspect of China’s model or else they may risk not understanding why certain things happen for example the concept of saving is heavily embedded in the culture of Chinese people (M.Castells;1998p313 ). The success of Chinese economy comes down to (among other things) a capitalism with Chinese characteristics one of which is the states policy of having ‘one eye open and one eye shut’ a flexible system which entails that the state is never far away(The Economist September;2011) .

# Will China become a Democracy ?

As China becomes more and more of a superpower globally speaking that is , the attention on it increases and more specifically attention on the way it conducts its politics (T.J Christensen;2009 p91) . They are arguments on each side that is China will transition to a democracy and on the other hand it will maintain its authoritarian regime . In an era where authoritarian regimes are becoming more and more anachronistic it becomes more difficult to justify having a one party state like that which China has (T.J Christensen;2009 p91 ). In addition to that China because of its status (economic superpower) they are being pushed by many countries namely the United States to have an enlarged role in the global community (T.J Christensen;2009 p91 ). By enlarged role one is referring to China being more involved in peace keeping missions , taking a stance on human rights abuses(T.J Christensen;2009 p92 ).In addition to that being more discerning in who they do with business with in other words take interest in the politics of their clients not just in the business end of things . For example China is a permanent member of the security Council and has been blocking bills to impose sanctions on President Bashar al-Assad’s regime in Syria , Assad’s regime is deemed to be using violence to crack down on opposition supporters who want an end to the authoritarian government(BBC News; 2012). This puts China in an akward position because they are being seen to be supporting dictators .

Another point that pushes China towards Democratisation is the growing international pressure on China to deal with certain human rights issues for example the detainment of blind activist Chen Guangcheng Events such as these put China under the limelight (D.Roberts;2012). At a critical point such as this when China relies heavily on its exporting of goods to most of the world they cant afford bad publicity that would jeopardise its economic growth . Level of internal or domestic pressure is another determining factor with regards to whether or not China will go the democratisation route . We have the Tianamen uprising of 1994 which resulted in China’s political behaviour being put under the international lens (M.Castells;1998p325). The concept of post-materialism is one other factor that needs to be considered when discussing whether or not China will democratise (The Economist 2012 ). Post Materialism refers to a value orientation that emphasizes self expression and quality of life over economic and physical factors or security (R.Inglehart;1977).As the Chinese people continue to prosper and increase their wealth this will lead to over a period of time the increase in the need for democracy or an alternative political model (R.Inglehart;1977) . Post materialism is a difficult problem to do away with , it isn’t something the state can try and solve through economic gains but it is something that has to be solved politically by finding other alternatives .

However it would be simplistic to conclude there and just state that China will succumb to pressure and discard its authoritarian regime for democracy . One has to consider all of the factors at play here as mentioned before when one analyses the politics of China one has to be weary of its idiosyncrasies . Firstly one can make the argument that the international arena is dominated by economics ( its basically a numbers game) . That is to say that economic benefit is usually put forward before any liberties such as human rights . For example despite Libya’s late president Muammar Gaddafi being deemed as a dictator a lot of the oil still found its way to Europe (S.Hargreaves;2011). The previous example serves to highlight the importance of trade over and above issues of human rights and democracies .

Many multinational companies view China as a desirable place to locate their manufacturing plants for example China produces more i-pads for Apple then Apple do in their parent country (USA) (The Economist; January2012 ).Apple is just one firm among many that chooses to operate in China . The main reason behind this desirability is the cost of labour which substantially lower in China then it is in countries in Europe , thus making it lucrative to manufacture or sub-contract Chinese manufacturers (A.Harney;2009). To bring democracy may lead to restructuring of labour rights and this could subsequently lead to a rise in wages thus making China less desirable . In addition to the last point this would mean China would lose some of its competitive edge on the international trading arena . One has to consider that China is a major exporter exporting more than it imports( USA sees this as a trade imbalance that needs to be dealt with) and their price is one of the major factors that leads to such high sales (C.McGreal;2012 ). Looking at the Chinese situation from that angle a democratisation may lead to a lot of unhappy multinationals especially within those nations advocating for political reform in China . China may stand to lose more from democratising than keeping the current system .

There is the general assumption that capitalism or economic well being rather goes hand in hand with democracy (J.Yemma;2011 ). With regards to China critics say that because of the size of China’s economy there is a definite need for political reform because the current model is ‘unsustainable’ (J.Yemma;2011 ). China however is at least for now proving this theory wrong the economic opportunities and the massive gains that come of it are enough for investors to overlook the democracy factor in a bid to increase profit share (R.Reich;2006). As long as they are investors and there is money to be made the system is unlikely to change .

The long term plans of China’s Communist Party (CCP) do not include relinquishing any of the state power to any other party . The concept of having ‘a one party state’ has become so embedded in the Chinese ethos elections for China is somewhat unchartered territory . The system itself is set up in a way that doesn’t allow any competition . The state has been an integral part in China’s economic rise , and some may argue it was because of this one party state because of the continuity of policy as the leader changes but the party ethic remains the same (relatively) (M.Castells;1998p312). With a one party state the state can focus on building the economy rather than on trying to co-ordinate party strategies on how to get votes .

 China is unlikely to reform its Political system or at least in the near future it is unlikely . It is important to note that democracy is just one facet of human rights so improving human rights conditions may be done in such a manner that may not lead to China becoming a democracy .

# Conclusion .

This essay was an attempt at establishing whether China is a capitalist or Communist state . By looking at various aspects of Capitalism and Communism we came to the conclusion that China’s system is inclusive of both socialist and capitalist factors . With regards to the last point China can be viewed via its own ‘Chinese Capitalism’ which encompasses the ever present hand of the state as well as bamboo capitalists . By looking at China we discovered that there are different variations within the capitalist system and each variation is influenced by the culture of the nation in which it is taking place . The second part of this essay dealt with China’s political dilemma of whether it will democratise or not . Arguments were put forward fro and against the notion but the general consensus seems to be that democratisation is unlikely to take place or if it does occur it wont be in the near future .

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