

*Anonymous*

# China: Capitalist Discipline and Rising Protests

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China has gone through enormous changes over the last twenty years. And while it is certainly part of a single, global regime of value — and, thus, subject to capitalism’s disciplinary regimes — it is not on the path that leads to the U.S. model. All state-capital relations are hybrid systems; there is no set path or most advanced form towards which all others tend. Each existing form takes up a place within the global regime of value and competes within that regime. China, therefore, should not be viewed as further back on an imagined evolutionary scale; it has its own unique history and no form of state-capital relation is the best for all circumstances.

A simple evolutionary view of capitalism posits the U.S. as the most advanced capitalist country. By oversimplifying our present situation, such a view ignores important aspects of the development of capitalism and the state-capital relationship, and it closes us off from important spaces from which we could critique and attack capitalism. A simple evolutionary schema of social development has been with us for some time, from the early anthropologists, to social Darwinists and sociologists, to Marxism. Such a schema places all societies on a singular ladder of development from primitive to advanced capitalist, and all societies are assumed to follow the same path. Thus what separates us from another society is an amount of time, how much further back in history they are. It is also assumed, therefore, that we can look back at ourselves by looking at other societies. Instead we need to understand how we are spatially separated from other societies. Capitalism certainly has come to incorporate the entire globe; yet we shouldn’t assume that capitalism is a process that solely homogenizes the world: all roads don’t lead to the U.S. The Chinese reforms are producing a system very different from the U.S. (not that there aren’t significant similarities).

The 1980s and 1990s mark a passage to a new form of the state-capital relation in China. The history of this change is a history of class struggle and global pressures. Within China in the late 1960s, a volatile critique of the bureaucratic institutions and internal political struggles to control alienated power brought about a transformation of the Chinese state-capital relation. The Cultural Revolution was not merely a cynical political movement, it was also an anti-political movement that attacked the institutions of alienated power. The authority of the Party was eroded and the bureaucracy lost its ability to control events; there was a massive refusal of work. At the same time there was a struggle by many different parties to regain control of alienated power, and to re-institutionalize it. After the sabotage of production reached an intolerable level, Mao and the military reasserted a degree of control.

But after Mao’s death a new political space for the control of alienated power opened. Again this space was partially produced by the continuing critique of bureaucracy that, by the late 1970s, had grown into the Democracy Wall movement. Deng Xiaoping politically rode that critique to take power over the bureaucracy. Yet Deng could in no way rebuild the power that Mao and the earlier bureaucracy held over people; a new system had to be built, a new form of the state-capital relation. This new system had to rely more on social consensus, and could no longer command the level of control over social organization that the old system did. This new system was based both materially and ideologically on the development of technology and the advancement of efficient production. It had to import both high technology and capital for investment.

This fit well with the needs of the global capital. Capital, in its need to ever

expand, was looking for new areas in which to invest over accumulated capital and to sell the surplus of over-produced products: it needed both cheap labor and willing consumers. China had both. Yet when you hear all the talk of the “vast untapped market of China,” know that the targeted market is the urban population of China, especially the coastal urban population. And the creation of this urban consumer society has brought about one of the defining features of the present Chinese society, the deepening urban/rural split. The big Chinese cities are now part of the first world: huge skyscrapers fill the skyline and are being built at a furious rate, there is a constant ringing from cell phones, gated communities spring up out of farm land on the outskirts of the cities, and the latest fashion is sold on every street. In the countryside, where 75% of the population lives, life is getting tougher and unemployment is growing.

In the late 1970's, the Chinese reforms under Deng Xiaoping began in the countryside by dismantling the collectives and allowing households to take responsibility for growing food on leased plots. Under such a system rural incomes grew rapidly, and, in the late 1980's and 1990's, reform moved on to the urban industries. It is only in the last few years that state industries have had to deal with the pressures of competition. Huge layoffs have been the primary way for these industries to become profitable; still, many have gone bankrupt and been sold off. It has only been by maintaining a national growth rate of around 8% that many of these urban industrial laborers have been given new jobs, although many remain unemployed. The nature of their jobs has also changed. The old state industries guaranteed one a job for life, health care, schooling for one's children, and housing. These sectors of society are increasingly being privatized and most jobs offer little assistance. Many of the urban unemployed have been given make-work jobs with low pay and no benefits. And most new urban jobs are being created by private and foreign investment.

At the same time the rural economy has stagnated. The growth of rural incomes was 1.8% in 2000, whereas urban incomes rose by 6%. But for both, the rate of growth is slowing, and it is estimated that soon rural incomes will not grow at all. Rural enterprises had grown in number in the 1980's, soaking up much of the excess rural labor. But as capitalist valorization plays an increasingly important role in decision making, these state supported enterprises have been failing at a very high rate, and only about one quarter of surplus agricultural laborers are finding employment in rural enterprises at the moment. Some rural laborers have referred to rural enterprises as “new enclosures.” At the beginning of the reform movement the enterprises came in and took over farmers land with the support of the local state, and many of the farmers were given jobs in such industries. Now that these industries are going bankrupt and being sold off, the rural laborers have no place to find work and no land to return to, so they have to head to the cities in order to survive. There is little private and almost no foreign investment in rural areas. In the 1990's, it is the rural unemployed who have grown the fastest (the rural unemployed is estimated at around 130 to 200 million).

Yet the state seems to fear urban unrest the most, and, in order to keep the cities stable, it restricts the movement of rural unemployed into the cities. The wages and consumption in the cities are higher than rural areas. Internal migration is for the most part illegal: one needs a residence permit to live in a city. The state also raised the price of train tickets significantly in order to stem the tide of the rural poor. The status of being illegal immigrants in one's

own country has only increased the precariousness of the rural poor, and, at the same time, it has produced a huge reserve of cheap labor. Most of the sweatshops that produce goods for export are filled with such laborers, mostly rural women.

A second — and no less important — characteristic of the new social system in China is corruption. But corruption should not be understood as an irregularity; corruption is how capitalism operates in China, it is the normal economic system. Corruption is one of the most common ways of extracting surplus value from workers. When factories go “bankrupt” workers don’t get paid and money disappears into the pockets of capitalists and state officials. To keep one’s job and not be immediately laid-off, a worker has to give “gifts” to their manager, and the manager in turn passes gifts up to the bosses. The money ends up in the hands of individual or state capitalists. To collect health insurance, workers also need to pay off managers. New style contracts are called “life and death contracts,” as the managers have the power of life and death over the workers; and, joining the market economy when one is laid off is called “jumping into the sea.” Protests against corruption are protests against surplus extraction, capitalist exploitation.

Although little reported in the Western media, such protests go on every day in China. These protests usually begin when either a firm goes bankrupt, employees are laid off or wages aren’t paid for several months (a very common occurrence in China). Factories often try to “buy off seniority,” which means that people are paid a fee when laid off depending on how long they have worked. The organization of protests are quite spontaneous; workers will suddenly hold a sit-in at the factory or, more likely, take to the streets to demonstrate. And the outcome can be varied: either the workers will be paid a little to go home and be quiet or, if the protest is particularly disruptive or continues too long the armed police will put it down, sometimes killing demonstrators. Common targets for sit-ins these days are railway lines or highways. On January 12, 2001 4000 workers from the Jilin Industrial Chemical Group blocked a public highway for three days in subzero temperatures. In January 1999, 100 retired workers from a Wuhan factory demonstrated because their company stopped paying their pensions. 200 police attacked them violently. In October 1998, 500 workers from an iron and steel factory in Sichuan held a sit down strike on a vital railway line and were attacked by armed police. There have been reports of workers handing out flyers, but of course, no publications can be produced and communication between struggles is rare and only via rumor and word of mouth. There have also been reports of workers assassinating bosses or managers who laid them off. While it is hard to get guns in China bomb making material is easy to come by; and, the number of bombings — many of them unsolved — is on the rise. A portion of these are done by disgruntled workers. Unfortunately the targets have been rather random. And these protests are likely to continue to increase in frequency as the Chinese economy comes to be more fully integrated into the global capitalist regime of value.

The changes driving these protests are due in a large part to the leadership’s decision to bring the Chinese economy under the reign of the global capitalist regime of value. Since 1992, the Chinese government has moved to make Chinese industry competitive on the world market. One of the more significant moves to insert the economy into the global regime of value was the 1994 devaluation of the Chinese currency. This devaluation is one of the primary causes of the 1997

Asian economic crisis, as it made the labor costs of smaller Asian nations less competitive thus hurting their investment. The increase in foreign investment in China (almost all in the coastal cities) has been extremely important in soaking up unemployed labor, but it hasn't been enough. To deal with this problem the government has also rapidly increased its spending on infrastructure. Yet again, most of this investment has been on the coast in the big cities. The large State Owned Enterprises have had to become profitable, and many have gone bankrupt. The government has also tried to spur domestic (urban) consumer spending, giving urban workers two weeks of extra holidays to spend money and lowering the interest rate and raising the taxes on savings accounts. But the famous untapped consumer market of China isn't what it is purported to be. There is very little consumer spending in the countryside where the majority of Chinese live, and urban spending has been much less than hoped for.

Another milestone in China's move to become fully part of global capitalism will be its entry into the WTO (probably in the fall). Yet this will only compound the rural problems, as membership in the WTO will particularly hurt the rural population. China's agricultural goods aren't competitive on the world market. With WTO entry, cheaper agricultural goods will enter China's cities from abroad, and rural incomes, which are already stagnating, will probably drop significantly. The state is making a lot of noise about increasing rural investment, but such investment is much more difficult than urban investment due, in part, to the small scale of farming in China.

In order to maintain social stability with so many tensions coming to a fore, the Chinese state resorts to ideology as well as force. In a society that looks nothing at all like the one Mao envisioned, the Party has had to recreate its image and build a new ideological foundation. It can no longer claim to represent the interests of proletarian class struggle, and instead advocates class harmony. In addition, according to a new formulation by Party Chairman Jiang Zemin, the Party should first represent "the development needs of the most advanced forces of production." The state represents the interest of the builders of high tech industrial park and the commercial developers of nanotechnology, not the proletariat and the peasant. Thus the Party is now more open about the fact that it has more in common with the budding capitalist class in China than with the workers. Both the government and many of the new capitalists see democracy as a chaotic force in China. And both are intent on keeping the workers from organizing or acting in their own interests. Secondly, the Party has increasingly turned to fostering nationalism in order to seem to represent the body of the nation instead of a single class within it. It continues to claim to speak for general interests not class interests. This is the prime reason for China's spending so much to get picked as the site for the 2008 Olympic Games. Thirdly, since Deng Xiaoping came to power in the late 1970s, the Party has used technological development as one of its primary claims to power. It argues in part that it is a rule of technicians more than politicians, that science is in command, and that under its management technological development will free people from toil and poverty. One hears no end to the propaganda that science will solve and is solving the problems of the Chinese people.

But ideological claims on alienated power cannot work alone to smooth over the tensions and contradictions of society. The Chinese state also has turned to a more sophisticated management of opinion to control society. Opinion is a flattened idea that operates like a commodity. It is perfect for a consumer

society in which everybody is supposed to find a market niche to fit within. In China today everyone is entitled to their own opinion, but the reproduction of opinion is controlled. Nobody cares what the average person says in their own home, but it is impossible to reproduce your opinions and spread them across society if that opinion is upsetting to the state-capital relation.

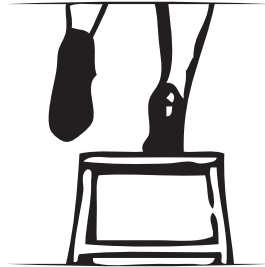
The state even allows call-in radio and television shows now: mostly they discuss tame subjects in which people discuss their personal tastes, style and products, but some cover more controversial topics, and they are more tightly controlled. Through its newspapers and media, the state circulates updates on public opinion: “all of the people of Beijing want the Olympic games here in 2008”; “the people of China understand that the Falungong is anti-science, anti-society, and anti-human.” The state now even allows talk shows; but they are very controlled. Intellectuals usually play an important role in such shows, explaining how there are winners and losers in society, and the losers should accept their lot (a strange idea indeed, but one that is all too unquestioned here in the U.S. as well) so that society can develop. Chinese intellectuals aren’t embarrassed to resort to social Darwinian arguments or to announce that the market economy is the only one possible. A very few Chinese intellectuals have questioned the way society is developing, but their texts and books get banned. In general, intellectuals are becoming technicians for guiding the reform process in line with market economics.

As in the West, advertising plays no small role in producing ‘public opinion’ in China. It is not only products that are sold by advertising, but a whole type of society, consumer society. The idea of fashion is being sold as well as particular styles. To be modern is to have varied tastes. Matched up with this new society is a new architecture, a new physical shape to the city. And that architecture is a utopic image that points to the future. Billboards that stand over huge sprawling highway overpasses that reach to three levels are plastered with pictures of huge sprawling highway overpasses: we are modern, the very shape of our city proves it. Beijing is replete with shopping malls, all bright with jutting metal and glass, proclaiming post-modernity has arrived or at least it will be here soon with a little more work, where one can forget one is in the 3rd world, one is really in a 1st world enclave.

Yet, Chinese society is most definitely becoming much less stable. There are now thousands of protests a year in China; the spectacles of Beijing don’t work their magic in the dying, inland industrial cities and rural areas. A year ago, the largest of these protests took place in a northeastern mining town. The mine was closed, putting the whole town out of work. This caused three days of riots, which included the burning of police cars and were only put down by the army. In a few protests, police have even been killed. Rural riots have also taken place, many over water rights in the increasingly drought prone north. Farmers have even attacked gated communities on the edge of Beijing that had taken their land. Yet these outbursts haven’t been able to build into any sort of movement. The Chinese government doesn’t allow any autonomous organization. Nor does it allow independent publications to exist. When China recently signed UN covenants on human and social rights, it specifically excluded the sections that allowed for autonomous unions and free association. Not that such rights would ever be observed if they had signed them anyhow. It is autonomous organization that the Chinese government is most afraid of, and that will surely be illegal indefinitely.

Many questions remain: Will the Chinese state be able to contain the discontent that is generated by the increasing insertion of Chinese society into the global capitalist regime of value? Will such discontent find effective means of organization and action? Will such struggles find ways to communicate with each other? And, how can we act in solidarity with such struggles?

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