

A new world order?

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Countless books, with wonderful titles like ‘The Rise of the Elephant and the Dragon’, have been written about the growth of the Chinese and Indian economies. Many analysts and commentators from left perspectives all the way to the right have also interpreted the growth of these economies as a sign that a new world order is emerging. As part of this, China and India have been touted as the new dominant powers in world affairs of the next 50 years. In Africa, there has also been speculation that this seemingly dramatic shift offers opportunities for African countries to try and escape the grips of neoliberalism by aligning with these emerging powers in opposition to the US. The various meetings and summits involving states from the Global South, like China, India, Brazil and even South Africa have added fuel to the analysts’ fire. Indeed, we have been told that these meetings have been part of a global power struggle that involves giant blocs, and powerful states within them, positioning to pounce to take advantage of the weakness of their rivals.

Certainly these arguments do have an appeal and are backed up by the fact that the economic growth of India and China has indeed been dramatic. For example, China’s share of total world exports has risen from 1.8 per cent in 1990 to 9.1 per cent in 2008.¹ Now and then there has also been rhetoric from the political elite in countries such as China and Brazil about the need for a multi-polar world beyond US hegemony. So on the surface a major power shift amongst states does seem to be happening. Yet, if you begin to look beneath the surface, and begin to look at aspects such as class interests, a much more complicated and contradictory picture begins to emerge. What begins to become apparent is that the interests of the elite in China, India, Europe and the US are not always in opposition and, despite occasional utterances, for the most part they are deeply intertwined. As part of this, the elite in these states also often actively collaborate with one another in their shared interests. This has seen these states implement policies to maximise their profits by attacking what they really view as their main foe: workers and the poor in China, India, the US and worldwide.

CHINA AND INDIA – GLOBAL CAPITALISM’S ASSEMBLY LINE

Perhaps what analysts who focus solely on the global level and the power play between states have often overlooked is that the massive growth of the Indian and Chinese economies has been shaped by a local elite, in collaboration with multinational companies, for the benefit of their mutual interests. The political elite in both India and China have, over the last three decades, used the state to reshape their economies toward exports and attracting foreign investors to take advantage of the cheap domestic labour.² This has led to a situation in China where foreign capital from the US, Europe or Japan owns the majority of the assets in 21 out of 28 of China’s leading industrial sectors.³ As a consequence, the Chinese economy is to a large degree dominated by foreign capital and it is foreign capital that has been the main driver behind the economic expansion – with a Chinese elite acting the role of local partner. In the case of India, its interests have been even more closely aligned with the US elite than even those of China with American interests.⁴ Thus, the economic growth in China and India has not been independent of – or in

¹ Hart-Landsberg, M. 2010. The US Economy and China: Capitalism, Class and Crisis. Monthly Review Vol. 61 No. 9.

² Chomsky, N. Globalisation Marches On. 11th October 2008.

³ (missing footnote)

⁴ (missing footnote)

opposition to – transnational capital, but has rather been driven by it, intertwined with it and in cooperation with it.

In the case of China, its main role in global capitalism has in fact largely revolved around being used as an ‘assembly plant’ by Japanese, Taiwanese, and other East Asian multinationals. Companies like Dell assemble all of their computers in China. Yet all the components are designed in Taiwan, so even though the actual computers are assembled in China there is far less transfer of knowledge than could be anticipated. Thus, China to a large degree relies on technology from other Asian countries such as Japan and Taiwan.⁵ Many Asian multinationals use a similar strategy as Dell whereby they export components to China from their home bases, they assemble the product in China and then they export it to countries like the US. This naturally has seen the US trade deficit with China grow. What is often overlooked, and is an outcome of China’s role as an ‘assembly plant’ for Asian-based multinationals, is that the US trade deficit with the rest of East Asia has dramatically shrunk.⁶

It has, however, not only been Japanese or Taiwanese corporations that have taken advantage of China’s poorly paid workers. Some of the largest US and European corporations have also shifted their manufacturing or assembly concerns to China. For example, Wal-Mart outsources or produces most of the goods it sells in the US in China. Others produce components in their home countries and then export these to China to be assembled before importing them back into home markets. In fact, 58 per cent of China’s exports were produced by foreign-owned corporations in 2005, up from a paltry 2 per cent in 1985.⁷

In the case of China, the move to link up with multinational capital and attract foreign investors was directed by an elite in the Communist Party – who have always used the party as a vehicle for self-advancement ever since 1948.⁸ Linking up with foreign capital, along with state interests, has seen this Party-linked elite becoming immensely wealthy. The authority that leaders within the Communist Party have also been used to place family and friends in high positions in both state-owned and private companies. Many children of party officials who have been put into key positions have used similar ties to acquire foreign partners or even raise capital through the Hong Kong or New York Stock Exchanges. Thus, far from confronting the elite in the US, Japan, or Europe, the Chinese elite have actually sought them out as partners. This, along with their total control of society through the Communist Party, has made the Chinese elite incredibly wealthy, which means they are probably loathe to undermine the relationships and partnerships they have with elites in the traditional imperial powers. Indeed, more than 90 per cent of China’s wealthiest people have direct links to the Communist Party⁹ and through these connections they have access to state-owned corporations, contracts and foreign investors. It is also this concentration of wealth around Communist Party officials that has led China to become one of the most unequal

⁵ Hart-Landsberg, M. 2010. The US Economy and China: Capitalism, Class and Crisis. Monthly Review Vol. 61 No. 9.

⁶ Chomsky, N. The Centre Cannot Hold: Rekindling the Radical Imagination www.zcommunications.org/the-center-cannot-hold-rekindling-the-radical-im... 20th April 2010.

⁷ Whalley, J. & Xin, X. 2006. China’s FDI and non-FDI Economies and the Sustainability of Future High Chinese Growth. National Bureau of Economic Research, Working Paper Series No. 12249.

⁸ Van der Walt, L. & Schmidt, M. 2007, Is China Africa’s New Imperialist Power? Zabalaza: A Journal of Southern African Revolutionary Anarchism No. 7.

⁹ Kwong, P. The Chinese Face of Neo-liberalism. www.counterpunch.org 7th October 2006.

societies in the world. The richest 0.4 per cent of the Chinese population control 70 per cent of the country's wealth.¹⁰

A similar tail of attracting foreign investors and partnering with them has played out in India. Specifically, export processing zones (EPZs) have been one of the main vehicles that have been used to attract foreign capital and exporting multinationals to India. Even the Communist Party of India-Marxist (CPI-M), which is often lauded by leftists internationally for being progressive due to its role in the Indian state Kerala, has promoted EPZs. In West Bengal, where CPI-M is the majority party, it rolled out extensive plans to establish EPZs. As part of this, party members attacked and even murdered activists that were opposed to the establishment of an EPZ and the multinational corporations that would come with it.¹¹

CHINESE AND INDIAN WORKERS – AND THE POOR – PAY THE PRICE

The wealth of the Chinese and Indian elite, and that of their partner multinationals that they allow to use their countries as a manufacturing base, is built solely around exploiting the workers and the poor. It has been calculated that this exploitation is so severe in China that the average worker earns approximately USD\$0.60 an hour. This has seen the likes of Nike being allowed to pay its workers in China as little as \$1.75 a day, yet it retails its shoes back in the US for \$150.¹² Clearly, Nike and other multinationals of its ilk have and continue to make huge profits from the exploitation of Chinese workers.

Chinese workers are not only subjected to low wages by local and multinational corporations, but corporal punishment in factories is also common. A good example of such practices can be found in the factories of Foxconn. Foxconn is the company that produces iPods and iPhones for Apple. It has frequently subjected its workers to corporal punishment. This has not only included physical beatings but also forcing workers to do push-ups as punishment.¹³ Along with this, sexual assaults – mainly of women workers – in local and foreign-owned corporations by bosses are also common in factories in China. It has been reported that in 25 per cent of Nike's partner factories in China instances of physical abuse, sexual abuse or psychological abuse have occurred regularly.¹⁴ The Chinese state simply allows this to happen and seldom, if ever, does it punish the corporations involved.

As part of the gross exploitation of workers in China, the state has also allowed local and foreign corporations to maintain extremely lax health and safety standards. It has been calculated that as many as 200 million workers in China work under hazardous conditions.¹⁵ In fact, in the first half of 2003 alone it was reported by the China Labour Bulletin that over 60,000 workers died in workplace accidents.¹⁶ Workers are also routinely poisoned by various toxins that are used in manufacturing and assembling of iPods, cell phones and other hi-tech equipment.¹⁷ Again, none

¹⁰ Zhong, W. China's 'Most Wanted' Millionaires. www.atimes.com 19th September 2007.

¹¹ Roy, A. Brave New India. www.thirdworldtraveler.com/Boycotts/NikeThird_facts.html 9th June 2010.

¹² (missing footnote)

¹³ www.corpwatch.org 14th February 2007.

¹⁴ www.educatingforjustice.org/stopnikesweatshops.htm 9th June 2010.

¹⁵ Hart-Landsberg, M. China, Capital Accumulation and the World Crisis. 25th July 2003

¹⁶ (missing footnote)

¹⁷ 9th June 2010.

of the corporations involved have been brought to book by the Chinese state and the Communist Party elite who control it.

Indeed, the Chinese state plays the leading role in suppressing workers. Strike action in China by workers is not protected by law. Workers who demonstrate are routinely harassed and brutalised by the police. Independent unionism is also harshly suppressed. Workers routinely face lengthy prison sentences or confinement in 're-education camps' for resisting bosses and harsh working conditions or for trying to organise independent unions.¹⁸ Obviously, this harsh repression and outright intimidation of workers benefits multinationals – indeed it is the main reason why they are operating in China. The crushing of workers, however, also benefits leading Communist Party officials who are involved in lucrative business deals that are directly dependent on the exploitation of workers. It is for this reason that they regularly unleash state forces onto workers and the poor.

The suppression and exploitation of workers in China, especially over the last 30 years, has led to growing inequality and poverty in the country. In fact, the living conditions of workers and poor, far from improving, have actually declined over recent years. In terms of the UN Human Development Index, China ranks 92 in the world, on par with impoverished Dominican Republic. Living standards in India, due to exploitation, are even worse. It ranks a shocking 136 in the Human Development Index, which is below even Cambodia and Laos.¹⁹ It is this that has led to workers and the poor both in India and China taking direct action to challenge the system. Over recent years, China has experienced the most strikes, protests and riots of any country in the world;^[20] while in India, due to guerilla activity and uprisings by peasants, the state has lost control over at least 25 per cent of the country's landmass.^[21] Both the Indian and Chinese states, therefore, rightfully face massive internal opposition and possibly even very uncertain futures.

WHY CHINA AND INDIA FINANCE THE US DEBT

The intertwined relationship that the elite in China and India have with their US counterparts is not merely limited to their combined role in exploiting workers. Both the Indian and Chinese states continue to finance the US state's ballooning debt. The reason why they do this is because they need the American public to continue consuming the goods being produced by their multinational partners and state-owned corporations in China and India. The elite in China and India, for the foreseeable future, will probably continue to do this because if they stopped and the US economy collapsed and/or the US state defaulted on its debt, the Chinese and Indian elite's own economic and political interests would also, in all likelihood, go down with it. Therefore, the elite's interests in China, Europe, India and the US – whether they even like it or not – have become far more closely intertwined than in the past, and they are now more mutually dependent on one another than ever before. Far from actively seeking to undermine the US, the Chinese and Indian elite have become their partners – even if at times with some degree of bitterness – which is the logical outcome of the path they have chosen in terms of their partnerships with transnational capital and the direction they have set the economies in their countries on.

¹⁸ (missing footnote)

¹⁹ Chomsky, N. Globalisation Marches On. 11th October 2008.

CONCLUSION

During the recent crisis, this situation has been even further entrenched as both the US state and the Chinese state have spent trillions – in terms of bailouts and stimulus packages – to keep this status quo in place. Of course, the system whereby India and China operate as a base to export to a financialised US has led to growing inequality and poverty around the world. For workers in America, they have seen many of their jobs ‘exported’ to China by multinationals. In fact, partially because of this, workers in America earn less than they did in real terms in the 1960s. Yet, workers in the US and elsewhere like South Africa should not make the mistake of seeing workers in China or India as the enemy. Jobs have moved because of the strategies of the elite. In India and China, millions of people have been driven from the rural areas to work in appalling conditions in factories so that the rich and middle classes in the US and Europe can be provided with cheap products. While the Indian, Chinese, European and US elite have got filthy rich from this scheme, it has been the workers from all of these regions that have suffered. In fact, there has been a massive shift of wealth and power in the world, but it has not yet been from the US to China: it has been from the workers across the world to the rich across the world.

Therefore, it is perhaps more imperative than ever that the workers and the poor across the world take a leaf out of the book of the elite, and begin working together in their combined interests internationally. This means resisting capitalism wherever it is, and the elite wherever they are. In terms of Africa, this also means not having a forlorn hope that the elite from China or India offer something better than the elite from the US, but rather fighting imperialism from whichever quarter it comes – be it from the US, Europe, India or China. As part of this, we also need to perhaps link this to the fight for immediate gains – using direct action – to immediately alleviate the worst effects of capitalism and the way it has been structured internationally. This can also be used to build the confidence of the workers and the poor. Exploitation and oppression, whether in China, India, the US, or Africa, won’t go away until capitalism and all states are gone. Perhaps the type of world – or new world order – we should be fighting for is a world where there are no bosses; where hierarchies of any form don’t exist; where exploitation is gone; where workers manage themselves; where the economy is democratically planned through assemblies and councils; where society is democratically run from the bottom up using a system of assemblies and recallable delegates; where all wealth is socialised; and where the goal is to meet peoples’ needs and not to make profits.

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