

A ‘red’ new deal for China?

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Kevin Lin looks at what lies behind China’s recent economic policy pronouncements - and to what extent they can be considered to be progressive

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Over just a few months, a dizzying array of actions and rhetoric by the Chinese state to prioritise ‘common prosperity’, clamp down on giant tech and financial companies, and champion the rights of platform and tech workers, has elicited either excitement or fear, depending on one’s political position and economic interests. But there seems to be near universal agreement across the ideological spectrum, from progressives and the mainstream liberal establishment, all the way to the writers of the business press, that [this represents something fundamentally different](#).

Some on the left have even wondered if [China is bringing back a commitment to ‘socialism’](#) that could offer an alternative to the reigning neoliberal capitalism. This is rather curious, as if the past three decades of China’s capitalist development could be ignored, or socialism could be brought about by state interventions.

Interconnected issues

The reality is that recent ‘red’ interventions are pragmatic and targeted responses, rather than any fundamental ideological shift, to deepening social and economic problems. There is a recognition by the Chinese state that it can no longer delay managing a web of interconnected issues that have common roots in the country’s experience of capitalist transformation.

Signs of growing problems were already becoming evident by the end of the 2000s, after a decade of unbridled economic growth. An overheated housing market, heavy indebtedness in the state banking sector through local government borrowing, financialization of the economy that introduced instability, and the [widely acknowledged runaway inequality](#), reaching a Gini coefficient of 0.465 by 2019, have been brewing for 20 years.

Rather than being resolved, many of the same problems worsened as the Chinese state [put policies in place to rescue the economy](#) and keep the growth rate in high single digits in the aftermath of the global financial crisis of 2007-8. The present moment is a reckoning of many of these postponed issues and new ones such as the growing power of tech companies and largely unregulated platform labour that present sharpening risks and barriers to sustainable growth and a stable society. It is worth looking at how the Chinese state is tackling these problems.

Eradicating poverty?

While rightly lauding the achievement of alleviating abject poverty, the rhetoric of 'common prosperity', the phrase itself [dating back to the 1950s](#), is the most transparent recognition of the necessity to address the economic inequality that has reached grotesque levels. China now has [more dollar billionaires than any other country](#). Sitting alongside this wealth accumulation is the shocking admission by the Chinese premier that [600 million people have a monthly income of RMB 1,000 \(\\$150\)](#). Yet these figures do not begin to capture the reality of such daily inequality. The sense of unfairness has only been exacerbated by economic slowdown. The public discussion about ['involution' in China](#), which signifies people's experience of working hard under intense pressure but not seeing consummate rewards, demonstrates deep-seated frustrations.

Perhaps most spectacularly, the Chinese state has been disciplining tech companies. Having supported the building of national champions, including both state and private firms, it appears to be reining in the excesses of the private companies that have grown too big and powerful, and defiant of state regulations. For instance, it targeted Jack Ma's Ant Group, halting its IPO in Shanghai and forcing the company to restructure. It has also tried to break up tech monopolies.

The economic slowdown and big business failings have already led to the bankruptcy of giants such as the debt-ridden HNA and lately the Evergrande Group. Containing the power and excesses of private businesses and restoring stability in the economy are among the main goals of the state responses to securing political legitimacy.

Concessions under pressure

Facing workers' protests and society-wide discontent, the Chinese state has taken steps to force companies to treat workers better. While factory worker strikes have been better managed, food delivery and courier workers for China's giant platform and e-commerce companies have come to the fore. Against an unregulated sector, platform workers organised themselves via informal networks to push for better treatment, resulting in several waves of [wildcat strikes](#) in the past five years. Tech and more broadly white-collar workers, too, have led a national conversation about overwork in the past two years. In response, the Chinese state has tried to limit working hours, demanded companies comply with the labour laws, and pressured some companies to establish trades unions.

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These efforts are by no means negligible. If these policies and actions are properly implemented, they may prove to be useful countermeasures to the worst effects of the capitalist system. But there is a big question mark over whether they can be dealt with adequately through state policies and direct interventions.

Some may ask: even if this is not about building socialism, is it not nevertheless progressive? It should be seen as what it is, a pragmatic response to problems that are reaching crisis level, aimed at reforming Chinese capitalism and restoring stability by asserting more state control. The object is to better secure the basis for continuing capital accumulation.

There is a significant risk of romanticising the 'red' policies. In particular, as the US-China conflicts intensify, there is a temptation to contrast the positive sides of China to the negatives in the US and

elsewhere. But we cannot just focus on state policies and the realm of political economy to the exclusion of social movements, and instead should understand the articulation of popular sentiments and movements.

If the international left should laud anything, it should be those movements that struggle for a genuinely progressive future. Despite years of suppression, workers continue their struggle. Feminist activists have [put sexual harassment and gender equality at the forefront of public consciousness](#). During the pandemic, [spontaneously organised mutual aid groups](#) run by volunteers played an indispensable role in ensuring access to medical supplies and livelihood under lockdowns. These actions and movements from below are what gives us hope for the building of a more just society, not the actions of the state.

Kevin Lin

P.S.

- Red Pepper. February 4, 2022:
<https://www.redpepper.org.uk/a-red-new-deal-for-china/>

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