

Politics are still trump in Chinese global strategy.

CHINA'S CORPORATE Leninism

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On December 10, 2003, Premier Wen Jiabao introduced American audiences to the concept of China's "peaceful rise" in a speech to students at Harvard University. Pointing out that China was a poor country in per capita terms and a backward economy in many respects, Premier Wen argued that China needed a stable environment in which to rise. He noted importantly that China is rising within the global liberal economic order, choosing participation over the austere autarky of the Mao Zedong era. China's "peaceful rise" thesis is to "peaceful development" seemed to reaffirm what prominent scholars had been saying for years: Even though the liberal economic order was designed and built in the West, it was an open order. Rising non-Western states could prosper within this competitive environment without contesting its basic rules and principles.

The argument that China neither wishes nor is able to undermine and transform the international liberal order is persuasive. China has been that order's greatest beneficiary over the past

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capital, and the figure is rising. SOEs received more than 95 percent of the stimulus monies lent out in 2008–09 and an estimated 85 percent in 2010. The State-owned Assets Supervision and Administration Commission (SASAC) indicates that the assets of SOEs amount to more than 66 percent of all assets in the country, up from 60 percent in 2003. This is the reverse of what occurred in China during the first ten years-of reform, when the majority of new fixed assets were effectively controlled by the emerging private sector. Even if they were formally “community” enterprises, the plain truth is that private sector businesses received more than 70 percent of all the country’s capital.

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managed SOEs amount to more than half of China's GDP each year.

patronage system not unlike the political-economic structural relationships characteristic of regimes like Mussolini's Italy, Kemalist Turkey and Franco's Spain.

Politics Is Trump

The size and the role of the corporate state in China thus far exceed anything that occurred throughout the postwar decades of state-led "authoritarian development" in Asia. The key to understanding the differences between, say, Japan's MITI-administered industrial policy and what is going on in China is that other Asian states did not deploy business profits to entrench a single-party political system; in those societies the rise of a genuinely autonomous class of economic elites was accelerated by rapid industrialization in these other countries. The reverse has occurred in China.

This is evident in a number of ways. Although China's SOEs are called upon to nominally behave as profit-making entities, they are viewed ultimately as instruments of the regime.

This is clear from the structure of authority in the Chinese system. The shares and therefore assets of SOEs are held by the SASAC, which takes instructions from relevant ministries. Further up the chain, the SASAC is controlled by and answerable to the State Council of the National People's Congress, China's peak administrative and legislative body.

Having shown the dominance of the state in the Chinese economy, it remains to be illustrated how an elaborate network of political and economic power links the CCP to Chinese state-owned enterprises. Indeed, the structure of the current Chinese political economy is specifically designed to ensure that the CCP remains the dominant dispenser of commercial, business, professional and even social opportunity. The aim is to tie all privileges and opportunities for Chinese elites to Party discretion. While the operation of a domestic and international liberal order is designed to weaken or at least moderate favored relationships between the political interests and objectives of the government on the one hand, and economic activity, on the other, state corporatism in China is calculated to achieve the opposite. The CCP takes the fundamentally Leninist view that economic entities and activities must reinforce the economic influence and subsequent political power of the regime. Such entities and activities may not support political opposition in any form.

Finding inspiration in Karl Marx and Vladimir Lenin, the CCP was once defined by an ideological hatred of capitalism. That tumultuous Marxism is long gone, buried alongside Mao Zedong and his murderous associates. But while the CCP's Marxism is gone, its Leninism persists, and the SOE-CCP arrangement that developed after Tiananmen now resembles a

the report found that the senior executives of all these firms were CCP members, with many having held provincial political office. In tracing the

Americans that China's participation in the global liberal order will lead eventually to China's integration and assimilation into that order, necessarily accompanied by domestic dismantling of its authoritarian structures. The logic assumes an inevitable and increasing divergence between political and economic agency, interest and activity within China. It assumes that in the end the CCP will prove powerless to prevent (or else is unwittingly allowing) the emergence of a powerful and independent economic class that will lead to an ever widening gulf between economic and political power within China. The plurality of powerful interests and interest groups detached from the Party, it is believed, will force the authoritarian political order to decompress.

These presumptions are based on an extremely narrow understanding of possible political-economic arrangements. It is a characteristic of the denatured Enlightenment mentality to think that the way the West developed in this regard essentially fell from the sky as the only logical possibility. It is this same mentality, in even more primitive form, that insists that democracy and open markets are the universal default drive settings for all human communities, regardless of historical experience. This way of thinking discounts the ingenuity of human beings to devise new paths

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