

## CHINESE CAPITALISM DOES NOT ESCAPE THE CRISIS OF OVERPRODUCTION

Despite the promises of the People's Bank of China to "keep financing for the real estate sector stable via channels including bonds and loans" (Bloomberg, 01-08-2022), the **OVERPRODUCTION CRISIS** in the real estate sector in China that began to manifest itself with the defaults of Evergrande (which is still negotiating the restructuring of its debt) is developing strongly. Since 2020 there have been "at least 14 defaults by developers" and, in the first two months of 2022, sales have fallen: "China Vanke Co, the country's second-largest developer by sales, experienced a 44% decline. (...) Even state-run, China Overseas Land & Investment Ltd, experienced a 48% drop." (Bloomberg, 08-03-2022). The desperation of Chinese real estate capitalists is of such magnitude that they "promised to accept stocks of garlic — as well as watermelons, wheat and barley — as down payments from farmers on new apartments. (...) despite home prices falling to record lows." (Financial Times, 05-07-2022). The affectation of the crisis is not limited to the construction sector and behind construction come the rest of the sectors such as the "18% drop in steel and cement production." (El País, 19-09-2022).

In an attempt to reverse the situation, the Chinese State at the service of Capital has deployed the following combination of monetary and direct investment measures in 2022: "on April 15, 25 basis-point cut in the reserve requirement ratio; (...) on May 20, 35 basis-point cut to minimum mortgage rate; (...) on May 23, 33-point rescue package (...) included: 142 billion yuan in additional value-added tax rebates and 300 billion yuan of railway construction bonds; (...) on June 30, 1.1 trillion yuan policy bank financing for infrastructure; (...) on August 15, 10 basis-point interest rate cut; (...) on August 19, 200 billion yuan special loans for property; (...) on August 24, 300 billion yuan of funds to state policy banks (...) to invest in infrastructure projects, 500 billion yuan of local government special bonds (...) and 200 billion yuan in bonds to be issued by state-owned power generation companies." (Bloomberg, 26-08-2022). All accompanied by up to \$393.3 billion in tax cuts to help businesses. In addition, the heat wave and fires have reduced hydropower production and required power outages in several areas, especially in Sichuan, leading to the temporary closure of factories.

In this context, some capitalists resort to outright robbery, as in a group of state-owned enterprises in Qinghuangdao: "The group had a total of 300,000 tons of concentrate (...) but there's only 100,000 tons at the depot. (...) That puts the dollar value of the missing material at about \$490 million." (Bloomberg, 04-08-2022); or in Henan, where "bankers at five local lenders stole money from depositors (...) shaking confidence in the 3,800 banks that are crucial to credit in China's vast, developing countryside. The central bank recently identified almost 300 rural lenders as high-risk institutions." (Bloomberg, 02-08-2022).

All this is already having an impact on sectors of the petty bourgeoisie and the labor aristocracy, who have organized protests such as the joint threat of non-payment of mortgages to force the resumption of unfinished housing construction and which has reached "within four weeks, [to] more than 320 projects in 100 cities." (Bloomberg, 03-08-2022). Protests have also been organized in the face of the corralito imposed by Henan banks affecting "400,000 customers with a total of 40 billion yuan (5.96 billion euros) deposited", forcing the State intervention to "return, on behalf of several rural banks, the funds of some customers (...)" (La Vanguardia, 12-07-2022).

### The spearhead of bourgeois social control

The measures introduced under the justification of Covid have been the latest twist in the Chinese social control system which, through the use of the highest technologies available, is the envy of all the world's bourgeoisies. For example, the so-called "health codes" (of obligatory use to access means of transport and public places) integrated in mobile applications have been manipulated to block protests. Technologies such as facial recognition or the use of AI to review the content of communications have been perfected for years in Xinjiang, gradually spreading throughout the territory.

Speaking of the technological field, Chinese imperialism has launched an alternative operating system to Microsoft Windows called openKylin, developed by companies linked to the military, and is trying to develop an alternative to the US-controlled internet based on blockchain. However, it continues to lag behind in the production of other technologies, such as tunnel boring machines or civilian aircraft. "Airbus confirmed Friday the signing of orders with Air China, China Eastern, China Southern and Shenzhen Airlines for a total of 292 A320 family aircrafts, valued at \$37 billion." (Europa Press, 01-07-2022), but it is a matter of time before the Chinese bourgeoisie also takes positions in these areas.

In Hong Kong, virtually all public dissent to integration with China has been eliminated and the 25th anniversary of the recovery of the former British colony has been celebrated with patriotic demonstrations.

The so-called "Covid zero policy" is being maintained despite the fact that some sectors (such as those linked to Premier Li Keqiang) have begun to timidly criticize it for its economic impact and as a manifestation of the internal clash of interests in view of the next congress of the Party (falsely self-described as communist). Social control, prevention against the introduction of a new source of contagion, the latent threat of a border closure if an epidemic is reproduced and preparation for war are the main factors determining this action: the US already tried to enclose China within its borders in 2020 and will try not to fail again if a new occasion arises.

In any case, the drastic lockdowns and the compulsory mass tests have not substantially diminished China's role as the VOLCANO OF PRODUCTION at world level. Among other things because Chinese capitalism has forced the working class in many sectors, at the risk of losing their jobs, to live directly in the production centers: genuine CAPITALIST CONCENTRATION CAMPS of wage labor!

This whole panorama is yet another demonstration of the **falsehood of socialism in China**, with or without "Chinese characteristics": **in China there is CAPITALISM, without further ado.**



**"Alternativa al sistema mercantil capitalista"**

Documentary (in Spanish)