

## Documentation

# China. Serve the People

25 April 2017



© Karolin Pernegger, Michael Rathmayer

edited by Martina Neuwirth

**Publisher:**

Vienna Institute for International Dialogue and Cooperation (VIDC)  
Möllwaldplatz 5/3, A-1040 Vienna, [www.vidc.org](http://www.vidc.org)

Editor: Martina Neuwirth

Transcription: Emily Lemon

Copyright photos: Karolin Pernegger, Michael Rathmayer

Published in accordance with §25 of the Media Law.

Copyright: Vienna Institute for International Dialogue and Cooperation (VIDC),  
Möllwaldplatz 5/3, A-1040 Vienna.

Basic issues: discussion papers on development policies, international cooperation and cultural exchange south – north as well as anti-racist campaigning.

The views expressed in this publication are those of the authors, and not necessarily those of the editors/VIDC.

**Martina Neuwirth:** Good evening ladies and gentlemen. My name is Martina Neuwirth, I'm working for the VIDC, the Vienna Institute for International Dialogue and Cooperation, and I'm heading the program on economic and financial issues. I warmly welcome you to this debate on "China. Serve the People." Let me first welcome our two international guests, Mrs. Chun-Yi Lee of the University of Nottingham, and Mr. Ho-fung Hung who teaches at the Johns Hopkins University in the US. Let me also welcome Karin Fischer, our moderator and a VIDC consultant who worked with me on the concept of today's panel discussion. I also want to thank my colleagues at the VIDC as well as today's interpreters, Mrs. Gabrielle Gallo and Mr. Thomas Musyl. Finally also let me thank the Austrian Development Cooperation, who supports this event financially.

In our VIDC economic discussion panels, we take a look at our globalized economy, its driving actors, its contradictions and also the underlying causes of the repeating economic, environmental and social crises. About two years ago, we explored the possibilities to reconcile economic and environmental goals. The next panel analyzed the supporting role of the nation state in developing a capitalist economy. In particular we talked about the competition between and within states, for example between regions. We might come back to the role of the nation state tonight. In January this year we discussed the still dominant role of oil in our economy and the geopolitical implications of the quest for oil and gas.



Today we will have a closer look at a global player with a particularly strong appetite for resources, also oil - we'll look at China. We will also look at the internal dynamics and the driving actors of the Chinese so-called boom economy. "Serve the People," the title of today's discussion, is taken from a speech from Mao Zedong, delivered on September 8th in 1944. Mao Zedong wrote the speech to commemorate the death of a soldier who participated in The Long March. The concept of 'serving the people' became, and still is, one of the core principles of the Communist Party of China. But in the context of today's discussion we could ask ourselves, does the Chinese miracle serve the people - the Chinese people? And what is the current Chinese economic model? Is it linked to or is it a complete break with the Mao period?

Now let me introduce our moderator, Karin Fischer. She's the head of the Political and Development Research Department at the Institute of Sociology at the Johannes Kepler

University in Linz as well as a consultant to the VIDC. She's also the chairwoman of the Mattersburg Circle for Development Studies at Austrian Universities. I would like to hand over to her now.

**Karin Fischer:** Thank you, Martina. Before discussing whether the Chinese economic boom serves the Chinese people, let me briefly introduce our two guest speakers. Chun-Yi has come to us from Nottingham University where she lectures at the School of Politics and International Relations. She works on industrial relations, the production system in China, and she investigates how locations, people and workers are located within global value chains. She also does research on investment strategies. She wrote a book on Taiwanese entrepreneurs and investors in China and wrote about the complex relationships between those investors and the central government as well as the local governments in China. A very



interesting book. Recently she does more research on labor issues - on labor relations, on labor protests, on unrest. Among her many publications I will only mention a special issue of a journal called Globalizations. It is a brilliant compilation of articles dealing with Chinese labor in the global political economy.

Our second speaker, Ho-fung Hung, is an Associate Professor teaching Political Economy at the Department of Sociology at Johns Hopkins University in Baltimore. His main areas of interest are political economy, obviously, and protest. He wrote a brilliant book on demonstrations, riots, and protests in China from the 17th century to the beginning of the 20th century. It was published in 2011. His second book is called *The China Boom*, it appeared in 2015. He looks at the reasons of the rise but also at the problems associated with this economic boom. You will also find articles in academic journals and in more popular journals, in the internet, some translated in German. He told us that he's writing a third book on China and the Global South.

Today we will focus on the Chinese economic model - is there a Chinese form of capitalism, we will hear about that from Ho-fung. Chun-Yi will then give a presentation on labor issues, labor protests and resistance in China. Ho-fung, please tell us if there is something like a Chinese capitalism and where the boom comes from and where it is heading.

**Ho-fung Hung:** I have prepared a lot of slides, but as I only have fifteen minutes, I'm going over some of the main points and in the Q&A we can go in depth into some of the issues. My talk basically will be based on my most recent book, *The China Boom*. When I finished the

manuscript it was 2014. I talk about the historical origins of why China has been doing so well economically, compared to other large developing countries and the challenges that are lying ahead. In the book I already predict that China is going into a long slow down, and it would be translated into all kinds of political and geopolitical problems. In 2014 the China slow-down was not that obvious. In the summer of 2015 there was the stock market problem and also the currency devaluation. And then the publisher used this cover photo of – not a popped balloon, and I always emphasize – but a deflated balloon that can be inflated again, what the Chinese government is actually trying to do. The subtitle, *Why China will not Rule the World*, is a direct dialogue with Martin Jacques' book that was very popular back in 2008/2009 – *When China Rules the World*. Martin Jacques is a journalistic scholar and writer, used to be with the British Communist Party and editor of *Marxism Today*, the party journal. But after the Soviet collapse he became a supporter of Tony Blair's Third Way, and then he wrote this book. So we've heard a lot of Western, particularly left-leaning scholars' expectations that China might become the new hegemon, the new leader of the world that will be more egalitarian, more fair compared to the US and Germany. So I am saying that it's not going to happen any time soon. Many of my colleagues and friends in the Western world were upset about it. They think, no, China is going to be the leader of the world. Interestingly, CITIC, a Chinese official press, a publishing house belonging to one of the biggest state-owned conglomerates, translated and published my book into simplified Chinese and made the subtitle of the book – *Why China will not Rule the World* – become the title of the book in the Chinese version. So it seems that while my Western friends are upset by my prediction that China is not going to rule the world, the Chinese – at least the official press – is happy to see that, oh, we are not ruling the world, don't worry. And because of my critical view of the Chinese political economy, many friends who were very enthusiastic about the China model, seeing it as the new hope for all the developing world, were upset that I pointed out all the problems of the model. But in the end, again, after the Chinese translation was published, the Chinese official press - one of the official newspapers of the Communist Youth League, the *China Youth Daily*, and also the China Communist Party's Party History Office - published sympathetic reviews saying that I'm correct. That started to worry me because I had been very critical and I suspected that they might have changed something in the translation. But in the Chinese translation a lot of critical or even sensitive things, haven't been cut out. But they systematically changed a term I used. At many places when I refer to capitalism in China or Chinese capitalism, they changed it to 'socialist market economy with Chinese characteristics'. So officially it is politically incorrect to say there is capitalism in China. So

you can talk about 1989, you can talk about corruption, but don't talk about capitalism in China, please. Why don't they recognize there's capitalism in China when so many things are obviously capitalist? Profit motivation and wealth accumulation is driving the behavior of many people. But one distinct feature of the Chinese system right now that is not fully capitalist, is the property relation. They're still debating it. There are some reformers saying that it needs to be changed, but the official line is that there's no private property in China, the state owns everything: urban land, rural land in particular. When you buy a piece of land for development, you don't actually buy the ownership right of the land, you buy the land use right. So you have a right to use the land for a definite period of time, 30 years, 50 years, sometimes 70 years. And then it is renewable and then the government can take it away any time if they think it is for public goods. The same holds for the urban lands, you only have a right to use particular land property. So some reformers are saying it is not good, because it opens up the pathway for abuse, as the leasing of the right to use the land is decided by the local government, the local party committee. So particularly in the rural area there are lots of protests that party officials just terminate the land use right of the peasants tilling the land, and then turn it into a real estate development project. There is a lot of abuse and some people think it needs to be changed to establish fully capitalistic private property. But then the oligarchs in the party are saying, you can't change that, because it totally changes the character of the system, if you establish the Western style private property rights. So it's still debatable. In China there are still two factions debating whether you establish the Western style absolute private property right. But right now the state still owns all land, it owns everything. That leads to some other problems, as many wealthy people in China are anxious to move their money out, to buy an apartment in London, in New York. Because if you translate your Chinese wealth into this private property ownership in Western countries, you can hand it over to your children, your family and you own it perpetually. In China you always depend on the Chinese government's renewal of your right to the property.

But besides that, everything else is driven by the capitalist logic of accumulation and profit. They don't recognize China as being fully capitalist, but you see the behavior of actors and enterprises being fully capitalist. One of my main arguments in that regard is that China is no different from other capitalist countries and capitalist economies, because the logic behind the economy is profit motivation and wealth accumulation, despite the fact that they don't have absolute private property. At the same time, China is different from earlier East Asian



economies and other developing countries. The China boom in the 1980s/1990s and onward was driven by two things, actually in the end it was driven by one thing and that was export. China has become a huge export powerhouse and has a low-cost labor force on which to rely on, much longer than other East Asian economies, like Japan, South Korea, Taiwan. That is because of the Maoist legacy. There are two dimensions of it. One is that in the Mao period there was collective farming, the people's commune system. There's a lot of discussion about how inefficient it was, whether it was responsible for the famine in 1959. But one crucial thing that this people's commune system achieved was to establish socialized healthcare and also socialized primary education for the peasants. Many people like to compare India and China because they started at a very similar level of development in the 1950s, but in terms of literacy rate, particularly in the countryside and particularly among women in the countryside, China is achieving more than 90%. In India the rate of rural women is much lower. And through the socialized medicine in the people's commune they managed to eradicate most of the contagious diseases of many Asian and developing countries. The Chinese doctor who used the Chinese herbal medicine to find a low-cost cure for malaria and who won the Nobel Prize, is one example. That is the product of an era of socialized medicare in the countryside. So when China started to open up and have foreign capital from Taiwan, from Hong Kong first and then later from German car factories and all other countries, they already had a huge rural surplus labor that is not only low-cost but also literate and more healthy. In the 1960s and '70s when foreign investors, for example, went to Malaysia or Indonesia and tried to set up factories, the biggest challenge that they faced was first that the workers might not be literate. There's a lot of work to do to instruct them how to operate a machines, how to do the things. The second is that many contagious diseases are a challenge. When you bring in so many people from the countryside to be crowded in a factory, sometimes diseases like TB or malaria break out and disrupt production. But in China, in the 1980s and '90s foreign manufacturing capital didn't find this problem. So they were taking advantage of the Maoist legacy in the countryside.

Another part of the Maoist legacy is the household registration system – that they don't allow the rural people to move to the city. Not like the Soviet Union and other Central Eastern former socialist countries, when they started market reforms, the population was mostly urban. But the Mao regime managed to keep most of the peasants in their birthplace, in the countryside. For the peasants it's bad that they cannot move to the city, but when China started to open up for foreign manufacturing capital, more than 80% of the population was still rural. When they move to the city, they leave their kids and their families in the

countryside. So the labor reproduction part of the cost of labor is done in the countryside, which is much cheaper. They send money back to the countryside, to the family and work only in the factory. After a while they go back. The vast surplus labor in the countryside and this rural/urban dynamics explain how China managed to maintain the cost advantage to its export sectors. So the literacy and the health of the workers explains the Chinese export engine since the 1990s. But exports also lead to an escalation and a huge rise in foreign exchange reserve. The Chinese banking system, still controlled by the Chinese government, can use this foreign exchange reserve backing to keep printing money and issuing loans in Renminbi, the local currency, to local governments and state owned enterprises to build stuff, infrastructure. Also in Southeast Asia in the 1990s, the central banks printed money and the banking system issued loans for investment in real estate and infrastructure. But that ran into trouble because the loan expansion is not backed by a rapid increase in foreign exchange reserves. So we had the Asian crisis of 1997 because of the overexpansion of loans without adequate foreign exchange reserve backing. China managed to do this kind of debt finance, loan finance, a hyper-speed growth in investment infrastructures and real estate development, because of the backing of foreign exchange reserve, which is expanding and it came from the export sector. So many people say that China has two engines: export and investment. But actually it can be reduced to one engine, which is export. Without export, without a rapidly increasing foreign exchange reserve, this debt finance investment cannot sustain for long. But the dynamic changed in 2008 with the global financial crisis, the euro crisis and the US rebalancing. The export market is still growing, but not as fast as before. So the export growth of China and also the Chinese foreign exchange reserve growth slowed down. At the same time, the Chinese government implemented a stimulus package in 2009/2010, trying to prevent a dragging down by the global financial crisis. So the government pushed the button to let the state bank redouble its lending efforts, to lend money to build high-speed rails, housing, airports, steel mills and all these investments. In 2009/2010 the annual growth rate of outstanding loans was more than 35 per cent, 40 per cent. But at the same time exports and foreign exchange increases were slowing. The state-financed investment therefore finally reached a point where the growth of the profitable sector, which is the export sector, and the foreign exchange reserve cannot catch up. That is why now we hear all these questions about the debt crisis in China. Of course this debt crisis is very different from the Latin American and African debt crises in the 1980s, because Chinese debt is not external debt, it is internal debt. Just the Central Bank in China



keeps printing money and issues loans for the local governments and state enterprises. It is more like Japan in the 1980s and 1990s. But the debt is growing very fast. There are different estimations about outstanding loans to GDP rates, but the consensus is that outstanding loans are in the neighborhood of 270 to 280 per cent of GDP, and still growing, approaching 300 per cent. So the export sector and China's productivity growth and the whole economy slows down to 6.5 or 7 per cent annual growth right now. This is still a decent rate of growth, but it is not the most important figure to look at right now. Many people don't trust the number. But even if you trust the number, the problem does not come from this growth rate, but from the ratio between the economic growth rate and the loan growth rate. The economic growth rate has halved from double digit to 6.5 or 7 per cent, but the annual loan growth rate is still double digit, 12 to 13 per cent. In 2016, it was more than 15 per cent. The loan to GDP rate is therefore going to accumulate and with it debt accumulates, definitely including many bad, non-performing loans. So what to do with it? It is a problem that many capitalist economies encounter, it's not special to China.. There are different ways to deal with it. In the US, they just let some enterprises go bankrupt, doing Schumpeterian creative destruction. They let Lehman Brothers collapse in 2008 and let a lot of people go bankrupt or their real estate property go to foreclosure , and everybody got into trouble. But China, and Japan in the 1990s also, are very afraid of this kind of a big Schumpeterian solution of creative destruction because it is so disruptive, particularly in China. It will create political instability. So right now the Chinese government is trying to delay the problem of the bad debt. Whenever there's a bank, whenever there's an enterprise about to default, the Chinese government will come and try to help to bail them out. It's what Japan has been doing since the 1990s. The good thing about this solution is that you don't have a 2008 US financial crisis-style big blow up.



But the bad thing is that you have a long slowdown of the economy and a huge number of zombie companies, as bailed out banks and enterprises in Japan. Sooner or later somebody has got to pay that. If it is not the enterprise, if it is not the bank, then it is the taxpayer who supports the fiscal resources of the government that are used to bail out the banks. And I always say that you are not going to see a spectacular explosion or collapse of the economy. It's more like the Japan problem in the 1990s and onwards. There are ups and downs, but it's a long slow down.

Finally, and to connect to what Chun-Yi could say about the labor issue: There are two different solutions to revive productivity and profitability and to ultimately clean up the debt problem. One is very typically capitalist, one that we already have learned about by reading

Lenin's Imperialism, the Highest Stage of Capitalism. You don't need to have a moral judgment on it, but it's the logic of capital that if you are accumulating domestically and you run into these falling profit rate and financial issues, then one of the ways out is to export the capital to places where you can expect more profits. This is one reason why China is very proactive and aggressive in exporting its investment abroad. With Africa first. Africa has different dynamics because the policy of 'China going to Africa' was formed in a time when the commodity and oil prices were high, sky-high. So China wanted to lock in resources, but later on the commodity prices dropped and now there is be no big reason for China going out. But the reason now is to export the capital to a more profitable place, to digest the overcapacity. China just has too many steel mills, too many capacities in building railroads and they cannot find any place to build this with profitability in China. So they need to find something to build somewhere else. This is why next month there is going to be a big party of the One Belt, One Road initiative. All these One Belt, One Road countries are going to join a summit hosted by Xi Jinping. But there is a contradiction, a problem here. As Lenin said, when you export your capital overseas, you have to provide security to your capital's economic interests in the destination of your capital export. Who is going to protect the investments of the One Belt, One Road initiative, in Central Asia and South Asia? US and traditional European countries, they have their global governing institutions at their side, they have their diplomatic and military capabilities. For example, for you need the US Navy to patrol the trade route from the Middle East all the way to Japan to fend off of all these pirates and terrorists. When China is doing this overseas economic expansion, sooner or later China will need to face the problem of how to protect this long trade route. This is not as easy as the media will tell you, the One Belt, One Road. So that is one possible solution that will encounter a lot of challenges.

The other solution, one that links with the labour issue, is connected to distribution. The Chinese government since 1999 has talked about the fact that China depends too much on export and fixed asset investment, infrastructure. We need to pump up domestic household consumption and the service sectors, which is consumer and retail service. All these service sectors could be a new driving force of the economy, so that we rebalance the economy. The Chinese government has been talking about it for decades, but it is not going very well, because finally it has to do with distribution issues. There's a myth about the Chinese saver, that everybody is very frugal, a Confucianist stoic who doesn't know how to spend, doesn't know how to enjoy life etc. So you change the culture and then they will spend like Americans. But it is not like that. Many Chinese families cannot even afford some basic

computers for the kids or an extra pair of shoes for the children. Consumption is growing, but not as fast as investment. The consumption share of the economy has been dropping rapidly, not because people are reluctant to spend, but because most of the high savings rate in China is attributable to corporate saving and government saving. Household saving is a small portion of total saving. Household consumption and household income grows much slower than GDP per capita. Most of the distribution of the profits and the fruits of the boom are therefore going to enterprises, particularly state-owned enterprises, and government, government officials. Moving China to a service economy, a real consumption driven goal or at least to increase the share of consumption in the economy, you ultimately need to increase the household income share of the economy. It relates to income distribution, and in the end it relates to the question of wages, of labor relations and of labor politics. So I better stop here.

**Karin Fischer:** You said that one solution or future scenario would be Chinese capital export, which would also imply inter-imperialistic rivalry, problems to protect this capital in Africa and elsewhere? And the other possibility would be to foster the domestic economy. But this would imply a political endeavor to redistribute wealth and incomes. This is a question of labor but isn't it also of question of power relations?

**Ho-fung Hung:** The consumption is not going as fast as it needs to be for rebalancing because there's nobody representing the consumer. For example, when I go to Brazil and I go to India, my Indian friends and my Brazilian friends always say that boosting consumption is easy. The government can just hand out consumption vouchers or do these income transfers, like the very famous Brazilian family income transfer, the 'Bolsa Família'. You can directly transfer income to poor people, their household income will rise and they can consume more. But the dynamic is different because in India and Brazil the incumbent party has reason to do this income transfer because it can be translated into votes. In China they don't have this problem. One particular example: The Chinese government discussed how to weather the storm after the 2008 financial crisis, and how to do this stimulus. There were many warm-hearted and progressive reformists who said let's not waste the crisis. Let's do the rebalancing by boosting consumption. So they were advocating for government resources to boost consumption, but in the end the policy was twisted. The original policy proposal was that government hand out consumer vouchers to the rural families to buy electrical appliances, computers and all these kinds of things. So it's about directly transferring income to the peasants' household to buy these necessities for the household, education and things like that.

But then the industrial lobby came in, and in the end they succeeded to change the policy. In the end the stimulus policy to boost consumption of electric appliances and computers ended up not being a consumer voucher, given directly to the peasant household. But extra subsidies were given to the manufacturers of these electrical appliances and these computer making companies. They received a subsidy and promised to turn this subsidy into discounts to their peasant consumers. So it still managed to boost consumption of electrical appliances and computers. But what happened is that the manufacturer cut a big corner out of it, it became part of their extra income. Then they used this extra income to invest in the stock market and real estate and everything else. These industrialists have a strong influence in the government, but the peasant households don't have a representative to influence the policy in their favor. The original proposal was changed when the political process came in. In the end, although fiscal revenues were used to boost some of the consumption, they boosted investment more because the resources were routed via the companies. Many of them are powerful state-owned companies and they cut a big fat corner out of that resources and used it for investment. So investment increased in the end. Such a political process makes transition difficult.

**Karin Fischer:** Chun-Yi, now we will hear about the production system in China, because you did research on the role of labor in different economic sectors, and how investment policies or foreign investment policies influence the working conditions. And of course we will hear something about labor unrest. There's this famous statement of Beverly Silver who working with Ho-fung in Baltimore: Where capital goes, labor unrest follows. So we will see if this is also the case in China.



**Chun-Yi Lee:** Yes, that's what we can see. So I'm very grateful to share with you my research observations of the past five years of working conditions in China and papers that we accumulated together with Andreas Bieler in the School of Politics and International Relations in my university – different debates on the workers' situation in China and especially related to the big question whether China now is still a sweatshop factory or has been upgraded into a more industrialized country. Many of my points actually will follow Ho-fung's China Boom situation, but I would much more look into how the manufacturing process in China has been conducted and was also influenced by foreign investors. Not to forget that now, after 30 years of an open door policy, China not only invited foreign investments but also domestic private investment is growing. But, more importantly, my

focus will be on the people, the workers. With all respect to the double-digit economic growth in China, the great economic success described in many scholarly and also NGO observations, has built upon the super-exploitation of the workers' condition. Their condition has been quite good, as Ho-fung mentioned, since the Mao era, a stable supply for most of the manufacturers. And in fact, in 1978 the open door policy meant not just being open for investors to China, it also meant to sell cheap Chinese labor. So the government is the one to sell its own workers, its own people, in exchange for economic growth. There's a lot of backfire now, especially since mid-2000. I also want to show the dynamics of the resistance within the global economy, echoing what Karin mentioned, where the strikes come actually where capital goes. But strikes did not happen in China immediately after [the beginning of] the open door policy. It took some time to groom the strikes or for the workers to understand their rights. And also, more closely looking, I will compare different regions of Chinese workers' condition. One region is the Pearl River Delta, it's in the southern part of China. Most of the manufacturers there are low value added and mass manufacturers, with cheap labor. The high value added sector is to be found more in the Yangtze River Delta, a little bit up the Shanghai area. There are different forms of resistance, if you like, in these different regions, regarding workers' strikes. So I want to answer the question, in what way different occasions, different commodities and production chains influence workers strikes. Finally, I will pursue a little bit a transnational workers' movement: We are talking about global value chains and capital could be so globalized. Can we see the labor movement being connected with the global value chains? I will share my doubts and observations and of course a debate is much welcome.

So we start by having some conceptual constellations so that we understand the specificity of capitalism. It's more about how is a production shaped, influenced and conducted through the manufacturer's processing. My focus on capitalism is about production, the way of production, how workers relate to the way of production. Let me give you a more empirical example, not to use such conceptual phrases. In the past, China has been seen as a low value added production site. That's where the sweatshop or world factory concept is coming from. Everything's made in China, but it's very cheap, very low value added. That's how the workers were treated, too, twenty years ago in China. Now with the progression of China's industrial upgrading, China started not just making low value added electronic goods. Near the hotel where I stay here, I see a very good big sign of a Huawei mobile, for instance. Some of you may use that, and it is China made. So China does not just make cheap products, they already evolved to make more high value added products. Of course you could argue that

Huawei mobiles could not compare to Apple, agree. However, just fifteen years ago, China started to make the outside of the mobile, but now they make the thing itself, the chip, the engine. China also bought Lenovo computer. Of course Lenovo cannot compare to Apple, but again, China has attempted to do a lot of industrial upgrading. How does that change the social relationship production? Well, that's the world where I'm coming from. I see those hardware progressions, I see those improvements from the low value added to the high value added products. But I don't see much improvement of the workers' conditions. There are debates about the space of civil society in China and whether a civil society would be built up in China through struggles and fighting back the hegemony of the state. Again, I would say that there is not much to be seen in China on civil society. The government's control is overwhelming, it's everywhere. Looking at this from the side of the labor protests, the controlling of the labor struggle or the trade unions and labor NGOs, I don't see much space for civil society to grow in China. Maybe I'll give you much of a pessimistic side. We can debate that later, of course. I mainly want to say, also echoing Ho-fung's point before, that it's about cheap and also stable, reliable labor, so that they can sustain industrial output and manufacturing needs. Most of them are migrant laborers, which causes problems. The fabulous, splendid GDP number is created by the larger transnational companies, TNCs, and also the foreign investors. It still purely depends on the export market.

There's a debate or argument that, after thirty years, China now is also growing to have a domestic market. Yes, I do agree with that. But again, that depends on how much wages workers have, how much salary they have to purchase, and how much they want to spend on necessities that are linked to children's education or healthcare - services the government actually doesn't really provide for the migrant workers. China has gone through a great economic transformation since the mid-1990s, with a good number of reforms of the state-owned enterprises, which is privatization. However, state-owned enterprises are still the main drivers of China's economy. You could argue that Huawei is a private company. Yes, Huawei is a private company, but Huawei and all the successful private enterprises, the entrepreneurs, have very close links or networks with the government because they need it. So, it's difficult to distinguish SOEs (state-owned enterprises) and private enterprises, since the private enterprises also go very closely with the state. What we keep repeating is to talk about the large inequality in different regions, from coastal areas to the hinterland, from Shanghai, Shenzhen to the second tier, third tier cities. If we are talking about the Chinese boom, actually only nine percent of the Chinese people have gained from these developments. The rest does not have access to the economic profits because they are working class. And when

we think about the rise of the economic giants, we see the numbers. But I see more the actual problems behind the numbers because the growth rates should be sustained by a smooth production. But there is no smooth production mode or manufacturing process, as it is seen from the outside. There are a lot of strikes, a lot of debates, a lot of dissatisfaction from the workers' side. According to the latest strike figures of the China Labor Bulletin (COB), a good source if you're interested in workers' strikes in China, the number of the strikes is steeply increasing. As strikes increase, a lot of people are asking if there's a labor movement to come in China. Well, I see that question has to be answered later, because there's a lot of strikes happening in China but most of them are wildcat strikes. That means the strikes happened or started without organization. It's a one off. After a strike, there's no follow up. The workers don't really look for a fundamental ideological change, they look for a salary raise. They look for a wage increase of maybe 250 Renminbi, 50 Euros, per month. That's what they want. They don't really want to change the whole government.

What I also want to show you are the different production regions. That is what I referred to when talking about the Pearl River Delta and the Yangtze River Delta. PRD is in the southern part and YRD is in the middle east. I'll tell you later why these two are different.



In terms of talking about strikes or workers' protests, how do they organize? I guess that here [in Austria] the trade unions play a leading role if workers are unhappy or want to get on strike. The ACFTU, the All China Federation of the Trade Union, is the biggest trade union in the world because all Chinese workers are affiliated to this trade union. Each of the Chinese workers has to contribute 2 per cent of his or her salary per month to this trade union. ACFTU is the richest, the most wealthy trade union in the world but, however, they are not representing workers. They're part of the government's tool or structure if you like, to pacify the workers' strikes. You could ask why ACFTU does not work for the workers? This has a historical background. When the People's Republic of China was founded in 1949, the most prominent groups were workers and peasants. Quite different from what they are now. So, if the working class thinks that it is the most important, the leading class of the society, then trade unions should be part of the government. But of course, after the economic reform, after the start of the open door policy in 1978, China didn't follow this logic of considering workers as the leading class any more, otherwise we wouldn't have so many strikes in China. So the trade union became such in an awkward place. It should represent workers, but because it's part of the government, it cannot represent workers. It has to listen to the government. But how would a strike then be

organized? Well, here labor grassroots NGOs, mostly from or through Hong Kong, come into play. Western NGOs would use Hong Kong as a window to support grassroots NGOs in China, like Oxfam or the Ford Foundation. There are also some German foundations that support NGOs through NGOs from Hong Kong. What do they do? Those labor NGOs provide workers some legal consultancy. They also teach workers about the technique of collective bargaining. They would also entertain workers after work activities. How does the government restrain labor NGOs? The government of course understands that ACFTU doesn't function as a trade union. This is what the government wants, because they want to control the workers. But they're also aware that there is a number of troublemaker labor NGOs in China. So, actually the Chinese government established a regulation in January this year to have a stricter surveillance of those NGOs that receive foreign funding. If those grassroots labor NGOs receive foreign funding from Hong Kong NGOs, or from the United States or Germany, they would find themselves on the government's black list. What does that mean? That means that the government comes all the time to your NGO's office to ask, what are you doing today, why are you organizing such an event, why do you invite these two people to brainwash our good citizens. This creates a lot of troubles for those labor NGOs. But in fact it's not only about the annoyance of labor NGOs. They also retain some of the labor NGOs' leaders or chair people, because they feel that those labor NGOs are creating problems for the workers when they are helping them to organize strikes which, in turn, creates problems for the government. That's how the Chinese government actually controls. For civil society to fight back or stand up against the hegemonic state is really difficult because the state is really almighty in most parts of the country.

Now we come back to the production part, what I showed you about the Yangtze Delta and Pearl River Delta earlier. The southern part, the Pearl River Delta part, is more of a manufacturing base. It's more low value added and produces most of the household appliance products. They need cheap labor and not a lot of skilled workers. The Yangtze Delta, which is the area close to Shanghai, has more heavy industrial industries, including machinery, and also upstream industries, more research and design. At the beginning I mentioned where I come from: How the production type would affect or influence the workers' relation or the workers' identity with regards to strikes. Let's see if there is a difference in the working conditions of the Pearl River Delta and the Yangtze River Delta. The workers in the low value added production site in the southern part of PRD, they have more low value added jobs, of course. And they have very high turnover rates. While I was in the PRD area, I was interviewing in different factories. And the factory owners told me that it is very difficult to

retain workers because the differences between the wages, the salaries are very small. So the workers walk away to a different factory, and that factory might be just a few hundred yards away from the first factory. Workers don't have any loyalty in that area, because they don't require a lot of skills and do not have value added jobs. The working conditions are really bad, too, meaning mostly long working hours and wage arrears; not so much illegal firing or discrimination of the workers. Consumption of the majority of the Chinese population, not just the most rich ones, also comes in here. Most of the Chinese workers do not profit from a comprehensive social welfare system. The social insurance scheme was promulgated in China just a few years ago. Instead of taking the responsibility to build a social welfare system, the government put much of the responsibility on the shoulders of the entrepreneurs, the companies. That started with the 2008 labor contract law. The government says that companies should provide a social welfare system, provide workers' pensions and everything. But most of the companies, especially the low value added factories, wanted to escape these obligations. And local governments, in order to keep those investors in their area, don't really care. They probably can even help factories to escape the obligation to pay social insurance. And that is also why most of the workers in the Pearl River Delta are badly treated and they don't have social insurance, a pension system. So what would they use their salary for? They wouldn't use the salary for consumption. They save their salary for whatever they need, for their own house, insurance, for their children's education. And that's why the consumption capacity actually wouldn't be high.

Are there different conditions in the Yangtze River Delta close to Shanghai? Yes, there are more of the high value added sector jobs and the working environment is relatively stable and regulated because it's more of the R&D [research & development] part. It's not about the low value added assembly jobs, it's about the design and R&D. It's also more about establishing this high technology industrial park in Suzhou, a joint venture with Singapore. The new Suzhou district could help and attract more talented human capital. The Chinese government is very good in attracting more talented human capital. Ho-fung mentioned this hukou system in China. That means that different parts of Chinese citizens cannot easily move to another city. For instance, all the second tier or third tier Chinese peasants or citizens want to flock into Shanghai or Beijing, because opportunities, education, healthcare are better there. So, the government uses the system to attract talented workers. If you are Chinese and you are a talented engineer, returning from a good university of Vienna, you could actually obtain the hukou in Shanghai. And the hukou in Shanghai is very valuable, you cannot buy that with money, you need networks. That's how the Chinese government promotes the talented or

skilled workers to reside in the region that is R&D driven. But pay attention that working conditions in the PRD are much poorer than the high value added Yangtze River Delta.

So how do local labor NGOs survive? For functioning, one needs funding. Most of the fundings for organizations from the low value added Pearl River Delta are from foreign foundations, the World Bank, Ford Foundation, Oxfam. And in the Yangtze River Delta? NGOs situated there get funding from the government. You could ask how NGOs can get funding from the government? Because the government has the project for the NGO to bid for, and the NGOs that talked to me said that if they don't get the money from the government, they cannot function, they cannot work for the workers. So better to have some money and get functioning. Just don't do extreme things that the government doesn't like. But that's the point, if you actually get the money from the government, you don't really go against the government. So, you can see that because of the different funding source, labour



NGOs in the southern part, the low value added Pearl River Delta, were focusing more on the individual rights, on the unfair treatment of workers. They are more militant. They would actually organize workers' strikes. I'm not sure whether you've heard, for instance, about a strike in 2014 in the Yue Yuan shoe factory. 40,000 workers got on strike in one day. That's a big number and it was helped by a certain labor NGO. Of course that labor NGO is on the black list of the government. However, in the Yangtze River Delta with more high value added R&D production sites, since NGOs there cooperate with the authorities, they are organizing more 'mild' activities, like culture or after-work entertainment. Not much about workers' rights or the labor movement. So, I would say that the workers' conditions as well as the activities of the labor NGOs are not only influenced by the government, but more by the type of production. If it's low value added, then the government actually doesn't care. If it's high value added like in Yangtze River Delta, the government pays much more attention to recruit the high talented human capital. And in that sense, the labor NGOs in the Yangtze River Delta are more obedient or softer, if you like, to listen to the government. In the Pearl River Delta there are really more militant workers or militant labor NGOs. So the production decides on the different kinds of industrial relations [i.e. relations between employers and employees].

I mentioned at the beginning that China has improved greatly in terms of the hardware production, but there are restraints, not only on independent trade unions, but they also restrain civil society space, in this case labor NGOs, by restricting their funding. It has to be

noted that different NGOs have different priorities for the government. Environmental NGOs, for example, actually sell very well for the Chinese government. The Chinese government pays great attention to labor NGOs because they deal with the root of production. If workers organize collective strikes, it actually would ruin or destroy the base of Chinese economic growth.

We can see different kinds of labor NGOs in different regions, and we can see different kinds of strikes. But as I already asked, would it be possible to have a transnational labor movement? My own perspective is yes and no. We see that the capital can be transnational. There's no doubt about that. Transnational companies, transnational globalization helps capital flight. But it's not easy to help the labor movement, in the sense of a stronger organizational base. Of course this is not the case in China, as there are no independent trade unions. The small labor NGOs cannot really act against the will of the government. But there is more to it. I attended a conference organized by American workers, the Labor Notes Conference in Chicago in 2009. American workers looked at me saying, you are Chinese, you took over our jobs. So, if a transnational labor or workers movement will be realized, is a big debate. It is a debate not just about organizational strength, but also about sharing experiences of how to support workers. I'm not saying it's not possible. It's possible. I saw some regional transnational work in Japan and China. Well, Japan and China, you would think that's not possible. But this Japanese workers' organization is quite supportive to Chinese labor organizations to educate the workers. It's not impossible. But I would say this is much harder to be seen. Thank you.

**Karin Fischer:** We'll come back to the question of transnational organizing, but just to make it clear, your point is that the crucial factor around organizing and labor unrest is the sector of the production and not so much the region of the capital, like if it is US manufacturing capital, or Chinese capital.

**Chun-Yi Lee:** It's the sector. It's the type of the production rather than the nationality of the investors.

**Karin Fischer:** And your second main point was that there is no 'labor movement'. It is more like wildcat strikes, spontaneous unrest, but there is no region-wide or country-wide labor movement.

**Chun-Yi Lee:** As I said, the government actually has paid greater attention on those increasing number of strikes. And the government, you may say, allows the strikes to happen, but it doesn't allow the strikes to have a collective action. Cross regions, cross different countries, less dangerous for the Chinese government. So, if we're talking about labor movements, then only about spontaneous wildcat strikes. Even though the number is increasing and the number of the protestors is big, it doesn't really have a greater impact in that sense.

**Karin Fischer:** Very long-lasting, ok. So, the floor is yours, we had a very good macroeconomic input and empiric evidence as well as a strong thesis, I think, from Chun-Yi. Now you are all invited to pose your questions or make statements.



**Audience:** I understand that NGOs working out of Hong Kong have partners in Mainland China. Do people from Hong Kong go into China to organize, circumventing the new NGO regulation? How difficult is it for them to move back and fro over the border?

**Audience:** I have a question to Mr. Hung, maybe it's a very simple question that you have been asked often. You described the transformation to capitalism and you even used the word neoliberal dictatorship in your paper. It's very strong, so I would be interested, if there is some possibility to have a re-transformation back to some sort of socialism or something like this. What would be the criteria, the potential and the possibilities for such a perspective? I have a second question to both of the speakers: The development of wages has been very significant in the last ten years, and I think this is one explanation for the status of the workers. So the wages really increased strongly, also maybe because of actions and movements. What are the perspectives of wage development?

**Audience:** Thank you very much. It was very interesting for me. I've been a member of the European Parliament and was part of the EU-China delegation, so of course I'm familiar with some of the processes there. But what I wanted to ask you is about the social welfare system that of course has not been installed so long ago. It's a few years that it has been in place, but do you see any effects of it? As far as I understood our Chinese partners, they always said it would help to create a kind of middle class in China. Is there a sign that this will happen? Because in the big cities like Shanghai or Beijing, the biggest problem is that all the

construction sectors are working very well. They are also constructing enormous and ambitious architecture but nobody can afford to live there. Do you see any new developments?

**Audience:** We wonder whether China will rule the world – but you haven't mentioned the T-word at all. What about Donald Trump?

**Chun-Yi Lee:** Ok, I'll answer the gentleman's question first about the Hong Kong border. It's very easy to pass. You can take a train from Hong Kong to Shenzhen which is a part of China. It's very easy for Hong Kong people to go to China. There are a lot of Hong Kong organizations that do set up sister organizations in China, there are even some university academics. However, the issue is that local governments are also aware that those labor NGOs are the sister NGOs of Hong Kong NGOs. There are no borders, it's one country now. Hong Kong is a special administrative zone of China. So there's no borders, there's trains, the tube system goes to China, no problem. But it doesn't really ease the difficulties of grassroots labor NGOs receiving aid from Hong Kong.

About the wages: The labor contract law of 2008 also regulated the minimum wages in different cities. The highest wage can be received is Shenzhen, because Shenzhen is a city that's receiving a lot of foreign investments and has a very high living cost. The minimum wage is protected by the government and the employers have to pay the minimum wage. But even though workers have the minimum wage, the wage is still far too low. Why? That's connected to the lady's question about the social welfare system. The reason the wage is low is because they still need to pay for their basic needs, for education and healthcare. In the Maoist era, there were very low wages but you didn't hear workers complain because the basic needs of the household were provided by the state. The state-owned enterprises took care of everybody, of your children, of your medical care. Now the social welfare system is different, it's another way to go. The reason why it is not running fully is the hukou system of the migrant workers. If I am a peasant from a second or third tier city and I work in Shanghai for 15 years, I would give my pension or my social insurance contributions to Shanghai municipals, to the Shanghai city government – not to my hometown. As there is no nationwide social welfare system at the moment, what should workers do? They don't want to pay the social insurance, because they cannot sure if they finally can get the money back. Not to mention the employers, the bosses, they don't want to pay either as, of course, it's increasing their expenditure. But the government, as I mentioned, pushes the responsibility to

the employers, instead of creating a welfare state, learning from Western countries. The system doesn't work. I cannot say that it will never work, but you can see the dilemma.

**Ho-Fung Hung:** First I would deal with the question about the possibility of a socialist revival, which can be combined with the question about social welfare. There's one point that I didn't have time to talk about, but it's very important to discuss this issue. That is the central government/local government dilemma that Chun-Yi also talked about. One of the reasons why China has been successful is that the Chinese central government actually let the local government do a lot of things, decide a lot of things, to compete with one another for foreign investment. The central government sets out the direction and the principle and the framework. So that is the good part. But the bad part of it is that there's a disjunction between what you see through the lens of the central government or through the local government. If you look at the central government policies or plans, like the labor contract law, or the establishment of a pension fund and social housing, you might have the impression that the welfare is already there and very advanced and there's some kind of partial socialist revival. Going all the way back to the Mao period is difficult, because in the Mao period, the social organization was based in the rural areas on the collective farming, and in the urban area on the state enterprise. Many people say that China is still partially socialist because of the dominance of the state company, but I always emphasize that the state company today is very different from the state company in the Mao era. In the Mao era the state company is not only an economic unit. It is also a social unit. In the 1980s when I was a kid and I visited all these units where my relatives were working. I was amazed to see they had kindergarten, they could let their hair cut and they had schools and clinics. So they had all kinds of social functions there. The state enterprise needed to use its profits to invest in these social and welfare functions. Right now the state companies in China are so dominant, they are run like a capitalist company, just for profit maximization. And they will cut out all these kinds of social functions and let the local government do it. So, that part is difficult and even impossible for a socialist revival, but in terms of central government policy, you can see this vision of establishing social welfare and social housing, in particular. The idea is very good, and it can be seen as socialist. I'm planning to visit Karl Marx Hof in Vienna because social housing is always a very important part of improving income and living standards of the working people. The labor party did it to the UK when they were in power. There are therefore concrete proposals



being discussed in the central government and the think tanks. It can be a way out of these empty houses, this overcapacity in housing. If you have the problem of selling the apartment, just turn many of them, or at least some of them into social housing, and have a win-win. But the problem is that at the level of the local governments, nobody wants to do it. If you dictate a company to turn the housing estate into social housing, then where does the money come from? They don't have a profit. They still have to repay their loans, so they're not going to do it. But if the local government pays to buy this housing and turns it into social housing, then the local government has a fiscal problem. So it's always like that. Since the 1994 fiscal reform, a lot of fiscal revenues have been directed to the central government. Local governments have less financial resources, actually. At the same time, the central government has all these fancy, progressive ideas and asks the local governments to do it. And when you go to China and talk to these local government officials, everybody is complaining that the central government is very bad. They say, they [the central government] take all our money and ask us to do all the things. The same for the pensions. Besides the problem of mobility, there are also other problems when pension funds are established. Like in Shanghai, where they had a scandal a few years ago with an official embezzlement of the pension fund. So if you are having this huge pension fund and you have officials that are very powerful but are not accountable to anybody, there is a huge temptation for them to embezzle the fund for their private use. There's also some formal discussion about moving the pension fund to the stock market, so it can be a kind of device to push up the bubble and can therefore have devastating consequences. So at the central government level, there's a lot of good ideas, like social housing, pensions, social security, but the basic problem is that no matter how fancy the idea, the local government is very difficult. I'm not blaming the local government that they are bad guys, but they are really constrained in terms of resources. It is a structural problem.

There's a lot of discussion recently going on about rising wages in China. But in a comparative perspective, the increase of wages is actually not as impressive as you might find it in the media. The US Bureau of Labor Statistics has a program to compare wages across the world. 100 per cent is the US wage. So all data is about the wage level of different economies as a percentage of the US wage of a given year. In Japan, Taiwan and South Korea, the wages took off very rapidly after their industry took off. While China had a much longer period of low wage and finally it started to increase, but it still has a long way to go to catch up with the earlier Asian tigers and Japan when they were in a comparative stage of development. But we keep reading reports about rising wages. Many manufacturers in the Pearl River Delta, particularly the low cost part of the manufacturing, are in trouble. But you need to pay

attention to the particular fact that the wage level is very uneven. What we see from the news reports is that the wages are increasing rapidly in the coastal area, but the wage level in many northern provinces is still low. Now the average wage is still not going up very much nationally. Some manufacturing in the coastal area moves to high tech. And for those who still want to do relative labor intensive manufacturing, they have the choice to move to Chengdu, Chongqing or Sichuan, and the southwestern interior where wages are still low or to all these northern provinces. So nationally the average wage is not growing as fast as Taiwan and Korea, for example, when they were in a comparative stage of development. The wage is growing very fast in the coastal area, but they still have the choice to move further inland to central China, to western China, a still untapped pool of surplus labor. So those are the wage issues.

The Trump question is very important. It seems that Trump is changing all the dynamics of US China relations, but what I would say is that now there is a lot of uncertainty. In the beginning, of course, Trump suspends a modest free trade agreement and tries to start a trade war with China, threatening to raise the tariffs against China. But the Trump team is divided. There are two factions. One is Steve Bannon, who calls himself an economic nationalist, and Peter Navarro, who is the head of the National Trade Council - nobody knows what it is because it is new. They are guys who say that we need to penalize China, raise tariffs and force American companies to come back to the US. But also there's another strong faction in the administration. That is the faction that dominates the US governments since the Clinton administration, actually an invention of the Clinton administration in the 1990s. It started with recruiting of the Goldman Sachs boys (the first was Robert Rubin, this high profile Wall Street banker) into the government to take charge of financial and treasury posts. In the Trump administration we have Mnuchin, that is another Wall Street representative. The Wall Street influence is very strong in the Trump administration, too. Trump's own family, Ivanka Trump and her husband, Kushner, has a lot of investment in China as the US media found out. And it is interesting that at the day when Xi Jinping was having dinner with Donald Trump, a Chinese court gave clearance to the trademark registration of Ivanka Trump's brand in China. Trump has been suing Chinese companies for infringement of his Trump brand, according to a recent Economist article, because people are using the Trump brand for everything. Some Chinese companies are selling Trump toilets. The Trump company has been suing it for a decade without any result, but once Trump was elected president, the Chinese courts started to become very efficient and gave Trump the intellectual property registration, the trademark registration. It seems that the Wall Street faction and also this Trump family with the Chinese

business links is gaining the upper hand. There's a rumor that Steve Bannon might be fired anytime soon. And it seems to be proven by Trump rhetoric that, well, we are going to be nice to China on trade because they're helping the US on North Korea. There's a kind of a war between the two factions and it is not sure which way it will go. But it seems likely at this moment that Trump is less devastating to China trade than he sounds. One interesting thing that I keep emphasizing is that the first organization to jump out and criticize Trump was the American Chamber of Commerce in China, when Trump said he will be soft on China because of her help on North Korea. That is very surprising, because the American Chamber of Commerce in China used to be the organization that whenever there's the geopolitical crisis and tension between the US and China, they were the ones that came out to calm down. But now they reversed their position because American companies in China, I think the same holds for European companies, were complaining more and more in recent years about unfair treatment by regulators in China. They use this kind of regulatory thing, a lot of American companies is complaining. The American business sector already warned the Obama administration, now they warn the Trump administration to actually put more pressure on the Chinese government to make the domestic market of China a more level playing field for foreign companies. Interestingly this is not coming from the Trump administration, but coming from foreign companies or American companies. So the US-China trade relations are very uncertain right now under Trump.

**Karin Fischer:** And do you want to say something on political groups and their ideas, because there was a question on the transformation towards socialism? I know that there is a new left, a Maoist new left, what about them?

**Ho-fung Hung:** The new left is an interesting group, it is a diverse group and some of them are more grassroots organizers, paying attention to the land grabbing issues in the countryside and the labor issues, but they are in big trouble. Some of them got arrested because they touch on the real issues. But there's another group of the new left, a more intellectual, that is more diverse. Some of them are on the social housing proposal, some groups are trying to promote a rural resurgence program to help to encourage the government to direct more investment into rural education and other things. But there's also a group of new left - at least they are categorized by the Western media as new left - that is, I would say, dubious. They are buying into this ultra nationalist agenda, so their definition of being left is being openly against America and Germany, against Japanese wartime crime. More controversial is that they have

an agenda of reviving Chinese imperial glory. And right now there are some intellectuals among the new left that start to flirt with and discovered the works of Carl Schmitt. Carl Schmitt, the Nazi legal theorist. His work is translated into Chinese, one after the other. They think that Carl Schmitt is good because he attacks liberal democracy and things like that. And in half of the translated books, the introduction says that Carl Schmitt was not really a Nazi, he was just against liberal democracy, and that he had no choice in that situation. But, come on, after 1945 Carl Schmitt refused to de-Nazify. He even chose not to have an academic job rather than denouncing the Nazi regime. He was definitely a Nazi and he was antisemitic. Part of the Chinese new left right now has fallen in love with him. So it is this brand of a new ultra nationalist left and not necessarily the socially progressive one.



**Karin Fischer:** And in favor of an authoritarian rule as well.

**Ho-fung Hung:** Yes, they are very supportive of an authoritarian rule.

**Chun-Yi Lee:** I don't think the new left in China actually means really left, because the government itself is not left. In that sense I would say that the government is very clever to foster those nationalist new left because it's aligned with government interests. But academics working on land, on peasants and workers are having pressure. I know a labor research centre of a well-reputed Chinese university that was closed down because it was collaborating with American foreign influences, which was the University of Berkeley. All that is under the umbrella of the new left. There's a lot of government meddling there and it's not really the true new left, if you like.

**Ho-fung Hung:** It is a diverse group. Those who are paying attention to these rural peasants and labor issues, they're walking a fine line. They are more low profile, so probably the Western media paid less attention. And they don't want this attention. Because once they get this attention then some of them get foreign funding and suddenly gets into trouble, maybe because his organization got some funding from the Ford Foundation in the US. So, they're walking a fine line, they are very precarious, but doing a lot of work. The new left that the Western media can know about is usually the one that is pro-government. The image of the new left in Western media is a little bit obscured.

**Karin Fischer:** Thank you for your questions and for staying with us. We had a brilliant podium. Thank you very much.