

Blair hails Chinese Stalinists as proponents of the "Third Way"

Chris Talbot

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British Prime Minister Tony Blair has used his visit to China to extend his backing to the crisis-ridden Beijing regime. Delighting the Stalinist leaders, he suggested in a TV interview that they were allies in the search for a 'Third Way'.

'The battle between extreme forms of socialism, extreme forms of capitalism, that marked the twentieth century, I think that is over,' said Blair. 'I think that fundamentalist ideology has gone. Instead what all countries are trying to do is to find a way of combining a dynamic market economy with a strong sense of social provision and national unity and purpose.'

This is only the latest in a series of overtures by political leaders, including US President Clinton and French Prime Minister Lionel Jospin, who earlier said China was 'on the path to freedom'. Beijing did formally adopt the UN International Covenant on Civil and Political Rights the day before Blair arrived, but this spate of international diplomacy has not been sparked by any turn to 'democracy' by the Chinese regime. Thousands of workers, students and other dissidents still languish in prison a decade after the Tiananmen Square massacre. The government still rules with a rod of iron, with executions a daily occurrence.

The major powers want to ensure Beijing continues its pro-market economic policies. This means providing a huge pool of cheap labour investment for transnational corporations, privatising the state sector and not following the other South East Asia countries in a currency devaluation.

Britain is particularly concerned over the future of the Hong Kong dollar in the aftermath of last year's takeover of the former colony. As the *Financial Times* put it in an editorial September 30, fearful of the growing (illegal) flight of capital from China,

'devaluation could set off another round of emerging-market crises' in Asia. Devaluation would 'destroy the stock of political goodwill China has garnered from its strong stance.'

Blair excelled in praising his hosts. Speaking of a new 'comprehensive partnership', he said, 'China has followed responsible and coherent economic policies.... The importance this has played in underwriting stability in the region cannot be underestimated.' In an article written in the *People's Daily*, Blair called for a relationship which 'looks forward not back', putting aside the recent wrangles over Hong Kong. Beijing has placed no restrictions on Hong Kong's role as a centre of capitalist finance and trade. Rather it has, according to Blair, 'become a bridge between our two countries rather than a barrier that divides us.'

Moralising on human rights issues was placed on the back shelf. Blair's official spokesman said that change will not be achieved by 'table thumping, hectoring and grandstanding, but through dialogue.' The extent to which Blair kept to this 'softly, softly' approach surprised many commentators. He remained silent when Prime Minister Zhu Rongji publicly told him: 'You can feel free to talk about anything.... Nothing will offend us.' When a leading dissident, Xu Wenli, was arrested after giving interviews to the British media urging Blair to press China on civil liberties, the response was a discrete request to officials for his release. Xu was released later the same day.

Whilst Blair was speaking to Prime Minister Zhu, events elsewhere revealed the instability gripping China. This week's collapse of the Guangdong International Trust and Investment Corporation (Gitic), a major financial institution in China's richest and most business-oriented province, is a devastating blow to the country's financial system. Unable to pay its debts it

was bailed out with billions of dollars by the People's Bank of China. There are fears that several other institutions and banks also face collapse. Meanwhile in Hong Kong, 13,800 Telecom workers have been protesting for four days over a proposed 10 percent pay cut. Recession in the province threatens the livelihood of millions. Unemployment has reached a record 5 percent, in a system with no welfare benefits.

UK investment in China is second only to that of the United States, and Blair spelled out its importance to British capital: 'You'll have a market in China about three or four times the size of the European Union.... I want Britain to be China's number one friend in Europe.' Blair was accompanied by a delegation of 20 top businessmen, but due to the deepening economic crisis the only deals announced were National Power's £120 million investment in a coal-fired power station, £15 million in two water projects and a £30 million investment by the pharmaceuticals corporation SmithKline Beecham. Blair claimed, however, that investment and contracts worth more than £3 billion were in the pipeline. On his visit to Shanghai he took part in the opening of the first British insurance firm to be granted a licence to operate in China, the Royal and Sun Alliance.

Blair underscored the Labour government's dedication to building relations with China by appointing the former Tory deputy prime minister Michael Heseltine in charge of a new China-Britain Business Council, declaring he was the 'right man for the job'. The appointment was made on the suggestion of Sir Charles Powell, a former foreign policy adviser to Margaret Thatcher who accompanied Blair on his trip. Powell, the brother of Blair's chief of staff, is a key figure in British operations in China and is a director of the Hong Kong-based company, Jardine Matheson.

Despite his attempts to defend Britain's strategic interests in China, however, Blair's trip was not well received by his supporters in the media. Expressing the concerns of finance capital, *Financial Times* writer Philip Stevens cautioned against the wisdom of cosying up to the Beijing regime. Pointing out that this may damage British imperialism's long-term interests in the region, he wrote: 'The real risk for the west is that a system built on crony capitalism and political repression could well collapse into chaos. Don't kowtow too much Mr Blair.'

Guardian and other pro-Labour newspapers concentrated more on voicing their concern over the political fallout that could result from such uncritical support for the Chinese regime. After all, his open adulation of a bureaucratic regime that has brutally suppressed the working class for 50 years casts a revealing light on the character of the 'Third Way' in Britain itself. His comments illustrate the political realities that lay behind the constant invocations of the need for 'strong government' and to use the 'state as an enabling force'.



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