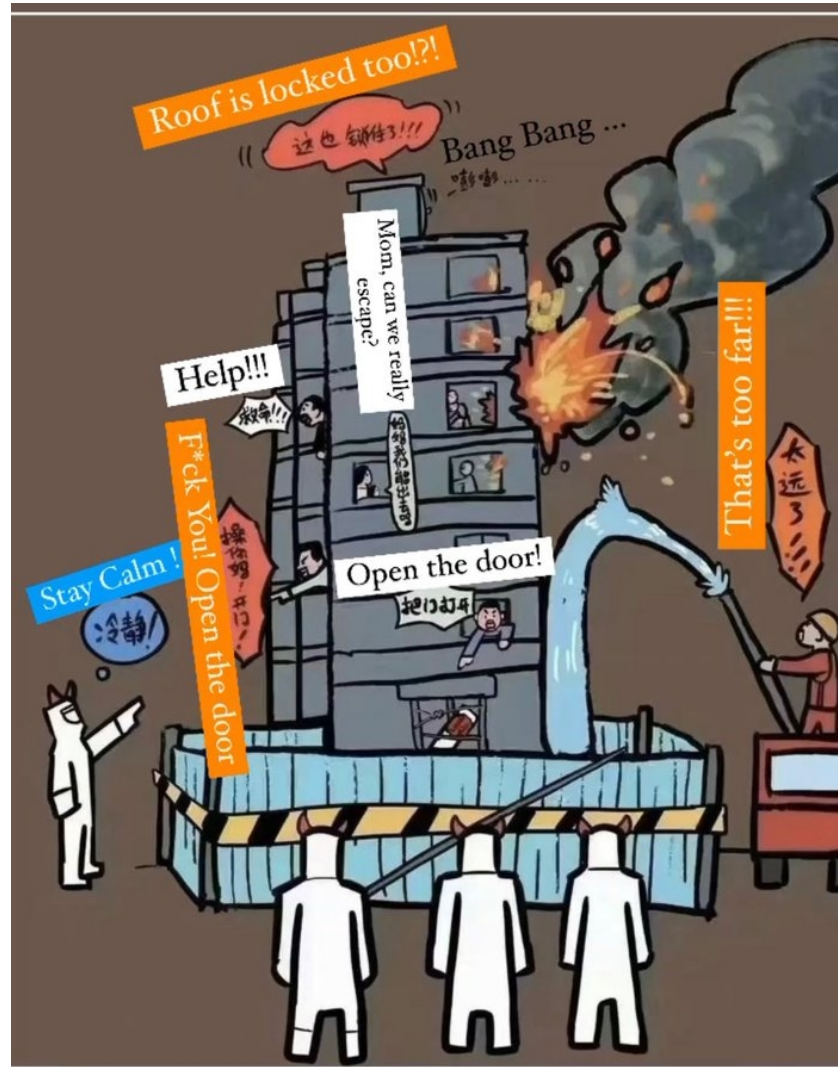


# What is China and Where it is Going



- Twitter 上的 花仙子: "  
乌鲁木齐大火我怎么看着大门都是紧闭的  
呢? 太惨了  
<https://t.co/DET2Ok8Umi>" / Twitter

# Chinese Revolution 1949 and its Peculiarities

- 1925-27 Chinese second Revolution
- 1946-49 Civil War and the Chinese Trotskyist debate
  - “state capitalism”, “bureaucratic-collectivism”
- The CCP from “new democracy” to “communism”
- 1956 -1979 “Deformed worker states”?

# China 1979-Now

- Market reform and three waves of privatization
- The rebirth of capitalist class
- The bourgeoisification of the bureaucracy
- Foreign capital and “the world sweatshop”
- Urbanisation and Industrialisation

- The policy variables  
and the despotic constant

# The unmaking and making of the working class

- The great restructuring to make Chinese firms competitive
- The number of workers in SOEs shrank from 112 million in 1995 to 64 million in 2009. The number of workers in urban collective enterprises declined from 35.5 million in 1995 to 6.2 million in 2009.
- Women were the first to go, and accounted for 70% of those fired.

# The SOEs workers' resistance to privatization

- Liaoyang metal workers protest against layoff, 2002



# State white collar workers are not spared





And the new working class constituted  
mainly of rural migrants



# Rural migration

- At the same time, 250 million rural migrant workers roamed the country in the search of jobs, half of them are young women.

One working class,  
two separate parts

- **The SOEs / collectives workers:**
  - struggles defeated under privatisation
  - numbers decline one third
  - demoralized
- **The new working class**
  - no collective memory
  - weak common identity
  - relatively low education and skill

Every year more than 40,000 hands, limbs  
are cut off by machines



## **Series of suicides put Foxconn to spotlight**

- 17 suicide attempts of Foxconn workers from January to August 2010
- 14 workers died while 3 survived
- Terry Gou reiterated that the suicides were due to personal problems of workers
- He also suggested the generous compensation for workers family is a cause of suicides





Safety mesh or wire net  
are installed in all buildings  
of Foxconn, inside and  
outside the campus



# No. of Chinese Workers

Industrial  
workers

Service workers

1991

130 million

110 million

2008

210 million

260 million

Percentage  
of world  
total, 2008

26%

18%

- **China working population /2020 : 771 millions**
- **Distribution of China working population /2019 :**

	<b>%</b>	<b>no. of people</b>
• <b>Industrial</b>	<b>27%</b>	<b>208 millions</b>
• <b>Agricultural</b>	<b>25%</b>	<b>192.8 millions</b>
• <b>Services</b>	<b>47%</b>	<b>362.4 millions</b>

**Word Bank data**



## The merging of the two parts of the working class

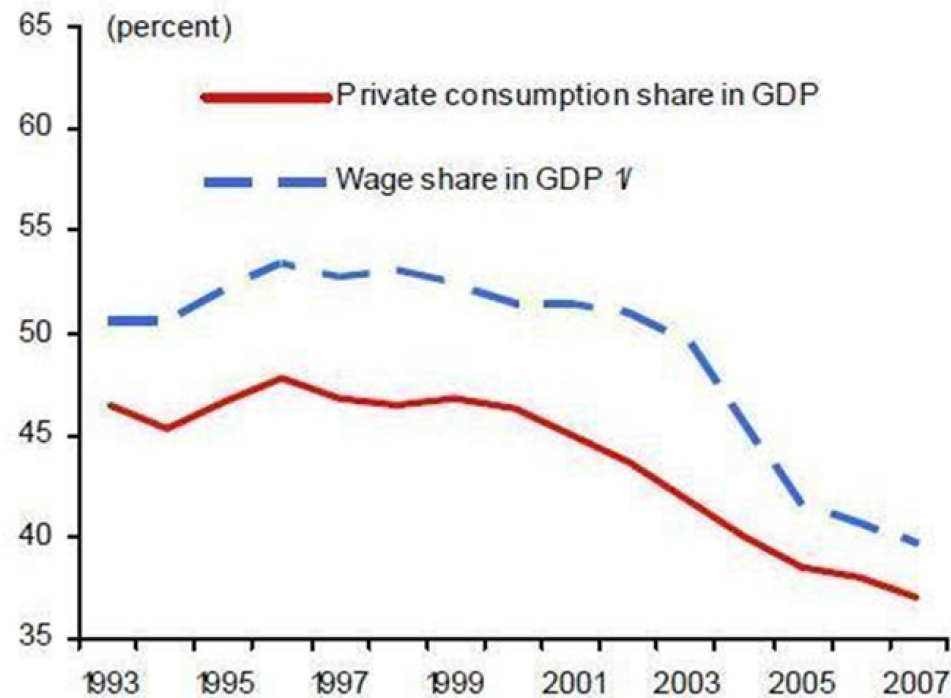
- The regression of workers benefit in the state sector
- The gradually rising wages for rural migrants
- A new generation is rising

# Is China socialist?

- **Arrighi:** *“Add as many capitalists as you like to a market economy, but unless the state has been subordinated to their class interest, the market economy remains non-capitalist.”*  
Adam Smith in Beijing, p. 332
- **Huang Debei:** *“The Chinese capitalist class is not yet strong enough to enter and to take control of the state, hence the state’s autonomy remains very high.”* 當代中國僱傭工人之研究 p. 124

# Labor repression led growth (Bruno Jetin)

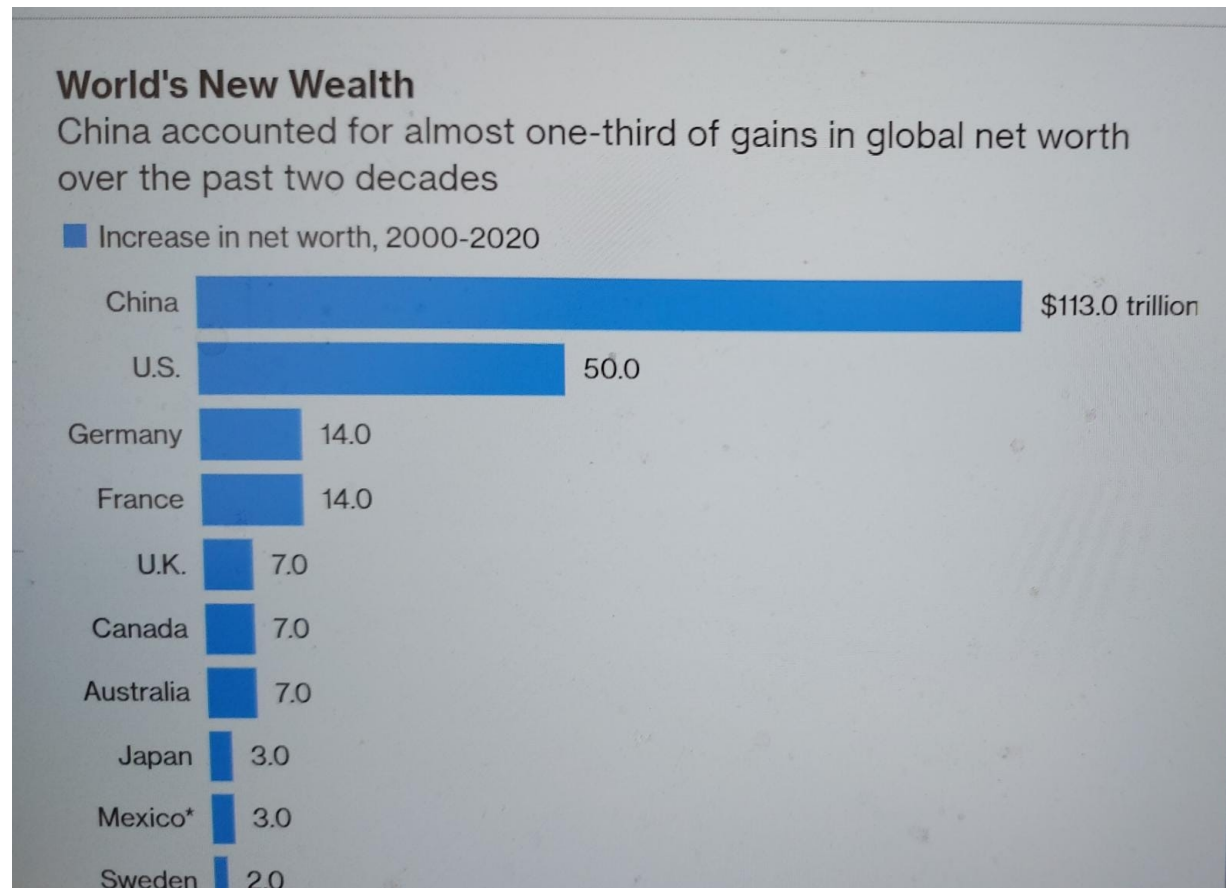
**Figure 16:** Structure of the economy is key to increasing the role of consumption



Source: NBS, staff estimates

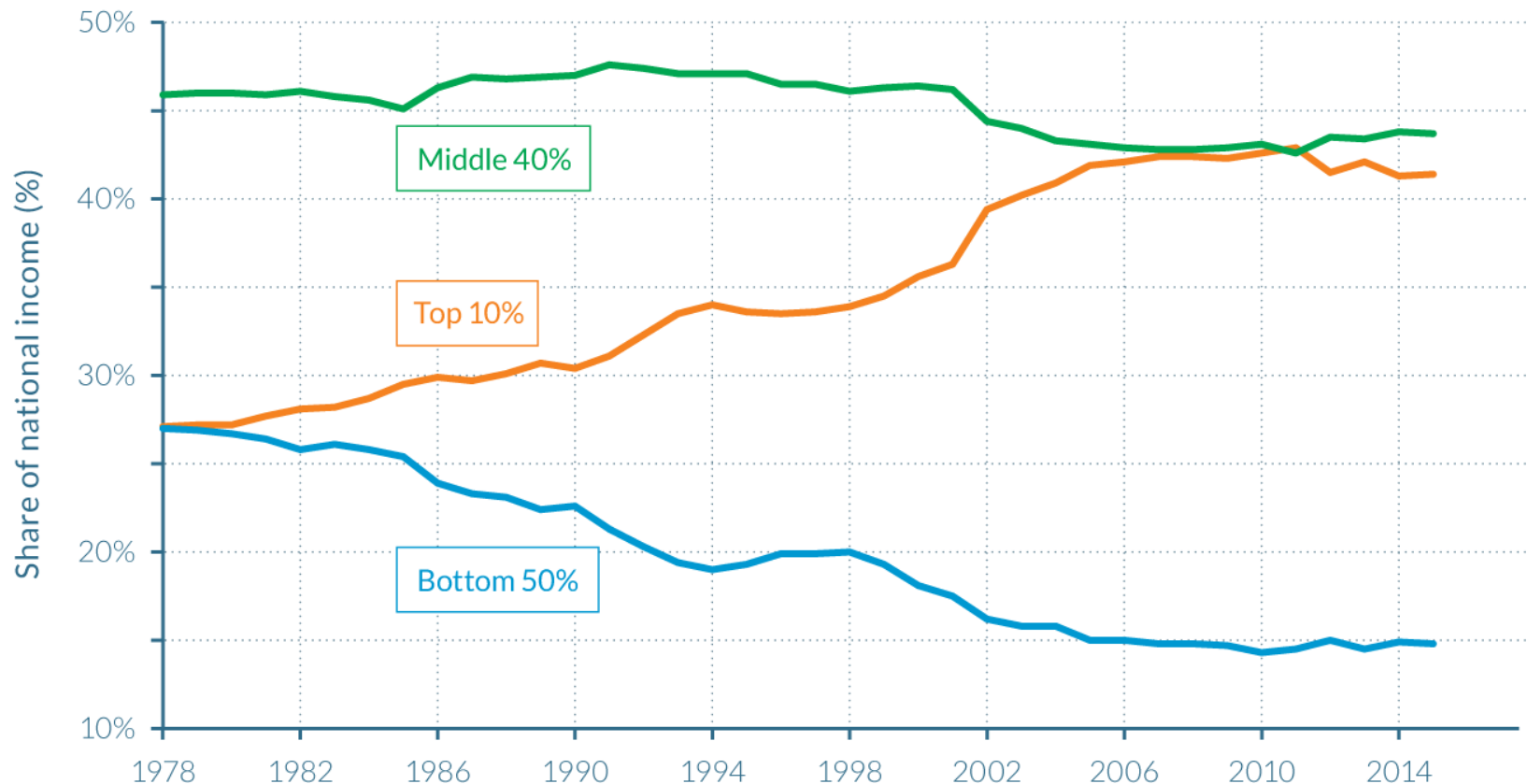
1/ from *China Statistical Yearbook*, table 2-20.

China's wealth jumped to \$120 trillion in 2020 from just \$7 trillion in 2000. This marks a jump of \$113 trillion in 20 years, helping the nation surpass the United States in terms of net worth.



# Income shares in China, 1978–2015

World Inequality Report 2018

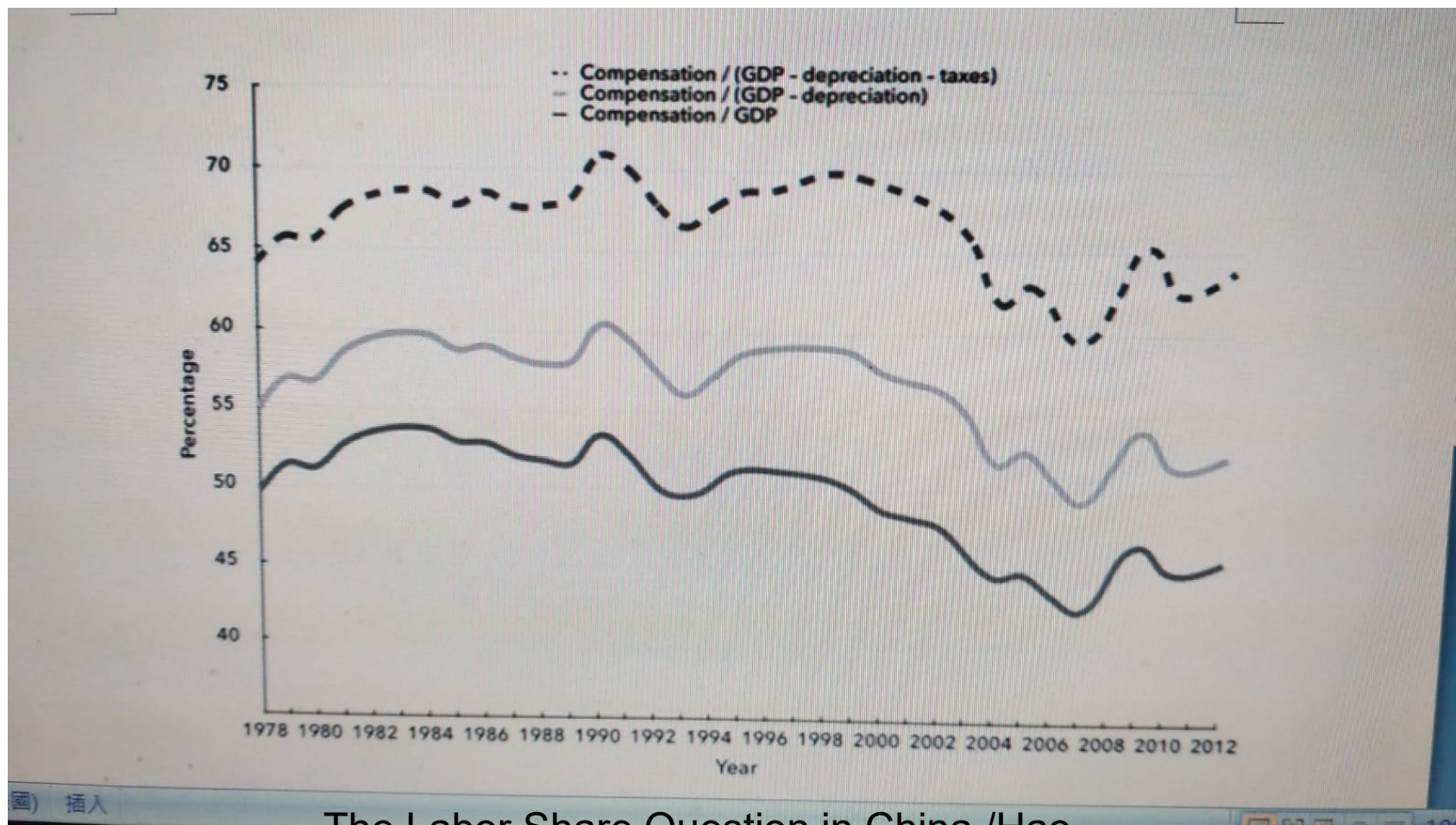


Source: Piketty, Yang and Zucman (2017). See [wir2018.wid.world/methodology.html](http://wir2018.wid.world/methodology.html) for data series and notes.

In 2015, the Top 10% national income share was 41%.

- labor's share has experienced a major decline from 51.4 percent in 1995 to 42.4 percent in 2007. It rose to 45.6 percent in 2012.
- [The Labor Share Question in China](#) by [Hao Qi](#)
- <http://monthlyreview.org/2014/01/01/labor-share-question-china>

# China Labor Share as percentage of GDP, 1978-2012



The Labor Share Question in China /Hao Qi

<http://monthlyreview.org/2014/01/01/labor->

- In both countries -- the world's biggest economies -- more than two-thirds of the wealth is held by the richest 10% of households, and their share has been increasing, the report said.
- <https://www.bloomberg.com/news/articles/2021-11-15/global-wealth-surges-as-china-overtakes-u-s-to-grab-top-spot>



# Rise of China

- Annual growth rate 10% for twenty years.
- The world's second largest economic entity.
- The world's second largest trading country.
- The world's largest manufacturing country.
- The top foreign reserves country.
- One of the highest FDI recipient countries
- Top outward FDI country in the world (2020)

# Restoration with Chinese Characteristics



Restoration  
+  
Industrialization

# The IC industry

- In 2014, China produced 84% of mobile phone, 82% of tablet computers, 66% of color TV, 81% of PCs of the world.
- China imported 70% of the world's chips and used 25%.
- China produced 6% of the world's chips.

*China IC Industry: 'Don't Let World Bully Us*

[http://www.eetimes.com/author.asp?section\\_id=36&doc\\_id=1330240](http://www.eetimes.com/author.asp?section_id=36&doc_id=1330240)

# The nature of Chinese capitalism

- Resilient Authoritarianism?
- State Capitalism?
- Bureaucratic Capitalism?
- Since when?
- Capitalist Restoration: Chinese style
- Unintended Consequences: A fundamental change in class structure and the relationship of social forces
- Bureaucratic Capitalism exhausting its potential

Maurice Meisner:  
China as bureaucratic capitalism.

*“in a society where the bourgeoisie had been destroyed by a communist state, the task of creating a new class of entrepreneurs... could only be performed by the communist state itself. The bureaucrats of the communist regime were best positioned to take advantage of the new market mechanisms.” -- The Deng Xiaoping Era, p. 514*

## Bureaucracy and Bourgeoisie in China

- Bureaucracy as bourgeoisie
- Bureaucratic capital and its control over the commanding height of the country
- Government departments running business
- “Corporatization of local government”
  - Zhu Jiaming
- Relationship between bureaucratic capital and private capital

# Who are the capitalist roaders?

- Maoists' theorem A: Capitalist Roaders in the party / working class

“Before the cultural revolution, workers could only tell who were the capitalists, but were unable to tell who were the capitalists among the working class. That was why they lost their state power after the death of their great leader.”

--- 改革開放年代的資本運動, Yan Feng  
(China Labor Research Net), p. 133

- Maoists' theorem B: Petty production gives birth to capitalism and capitalists every day.  
-- China Labor Research Net



“Bureaucracy  
not a separate stratum”

“Bureaucracy is a function, not necessarily a separate class or stratum....The root of the problem is whether this bureaucracy becomes an interest group. The Trotskyist concern with bureaucratization is a misplaced concern. To manage and coordinate large industries or the whole economy requires specialized and dedicated personnel, or bureaucrats. It is the inevitable outcome of socialized production.” -- An Investigation of the Relationship Between the Working Class & Its Party Under Socialism, Fred Engst,  
<http://chinaleftreview.org/?p=713>

# The nature of bureaucracy

“ If (the bureaucracy) has considered it possible to introduce ranks and decorations, it must inevitably in future stages seek supports for itself in property relations.... The new cult of the family has not fallen out of the clouds. Privileges have only half their worth, if they cannot be transmitted to one's children...It is not enough to be the director of a trust; it is necessary to be a stockholder. The victory of the bureaucracy in this decisive sphere would mean its conversion into a new possessing class.” – Revolution Betrayed, Trotsky

Bureaucracy devouring  
the biggest portion of social surplus

- Government expenditure as a share of GDP increased from 16.48% in 1952 to 26.76% in 2004 and for decades has been higher than the world average and that of the entire former 'socialist bloc'.
  - *The Chinese model for and against*, Ding Xueliang
- Stock A in China: 130 SOEs accounts for nearly 60% of total market value, whereas private companies only accounts for a bit more than 30%.

<http://finance.ifeng.com/stock/zqyw/20121227/7488611.shtml>

- Proportion of credit SOEs received:

2000          67%

2001 64%

2002 60%

2003 53 % ----- p. 144, Li Guoping

- 11 government monopolized industries:  
oil extraction, oil processing, tobacco,  
coal, gas, electricity, heat production,  
railway, postal, airlines,  
telecommunication, banking, insurance.
- 中國真的能夠撐起全世界? Li Guoping, p. 137

- Four biggest state banks hold 58% of household saving, 50% of companies saving.  
-Walter & Howie, Red Capitalism, Chinese edition, p. 63
- Foreign banks accounts for only less than 2% of all Chinese financial assets.  
-Walter & Howie, Red Capitalism, Chinese edition, p. 57

## Strengthening of Key National Industries

2006 SASAC announce that defence, power generation and distribution, oil and petrochemicals, telecommunications, coal, aviation and shipping are strategically important .

In 2007, within the top 500 Chinese enterprises the state sector accounted for 69.8%, accounting for 93.6% of asset value, making 87.9% of the total profit and employed 89.3% of employees (Geng, Yang and Janus 2009).

In 2011 China had three companies (the Sinopec Group, China National Petroleum and State Grid) listed in the top ten Fortune global 500, while overall it had sixty-one companies, the majority of which are state-owned, listed in the top 500).

## Advantages of Bureaucratic Capitalism

- The bureaucracy's incentive of pursuing state-led growth, namely the profit-making impulse from bureaucratic capital.
- State repression drives down wages and making workers' self organization impossible.
- A modernizing state making use of ancient political institutions to modernize: the Hukou system.



# The Rise of *Chinwankongcau*

- China – Taiwan – Hong Kong – Macau
- Taiwan – providing manufacturing FDI
- Hong Kong as financial centre
- Macau as platform for capital flight fm China

# Economic Data for Chinwankongcau

《海峽兩岸經濟發展》，宋恩榮 / 徐揚升編， 261  
頁

	Growth rate	GDP (100 million US\$)	Foreign Trade (100 million US\$)
Mainland China	10%	22,355	14,219
Taiwan	4%	3,386	3,810
Hong Kong	7%	1,777	5,886
Macau	6%	116	64
Total	7%	27,634	23,979

# China's Advantages

- First and foremost lies in its backwardness
- The central role of the state
- Strong state, weak classes
- *Chinwankongcau*

# The nature of Chinese capitalism

- Dependent accumulation
- Autonomous Development
- Monopoly capitalism
- Bureaucratic capitalism, combined with neo-liberalism and state capitalism
- Imperialism or sub-imperialism?

# The Archille's heel

● Contribution to the growth rate of 9.7%:

---- capital input: 4.7%

----- human capital input: 2.7%

----- rise in labour productivity: 2.3%

--- *Li Guoping,*

■ Domestic Application for patent in 2006: 26%,  
mostly comes from Chinese medicine, beverage,  
food, soft ware of Chinese entry; - *Li Guoping, p. 78*

- Energy efficiency in 2008 (US\$/per kilo of oil):

world average	Brazil	India	Japan	China
5.46	7.39	5.10	8.06	3.58

--- *Li Guoping, p. 206*

- 100 most valued world brands in 2010:

US	Germany	Japan	Korea	France	China
50	10	6	2	8	0

---*Business Weekly / Li Guoping, p. 66*

# Profit rate of Chinese companies

	2005	2006	2007	2008	2009
• All SOEs	3.95	4.4	5.03	3.2	2.92
• Private	6.67	7.88	9.48	10.94	10.61
• --- <i>Li Guoping, p. 146</i>					

# Consequences of Bureaucratic Capitalism

- Inadequate consumer demand
- Over production
- Absence of civil society and social movement
- Nationalism
- Expansionism – economic and political
- The limit of the CCP economic rescue package and self reform



# The looming economic crisis

- Stock market and estate market bubble
- Bureaucrats enrich fast at the expense of people; too much idle money
- Over investment and over capacities
- Bad debt and non performing loans
- Rising wages squeeze on profits
- Export oriented growth in crisis
- Huge capital flight

## What we can learn from the 2008-9 Stimulus Package?

- Two thirds of the package is for infrastructure
- The decline of household consumption continues:  
In the nineties, household consumption was 47% of the GDP. It has kept on declining since then, and in 2005 it drops to 37.7%.

2006: 36.3%      2010: 35%

2007: 35.6%      2011: 35.5%

2008: 35.3%

2009: 35.3%

---2012 China Statistics Yearbook

# Ghost Town in Erdos, Inner Mongolia





# Self Reform?

- Lee Ching Kwan: *“ We cannot underestimate the determination and effectiveness of the Chinese regime’s self-reform to establish a law-based government, after its radical self-transformation from state socialism.”*  
- Against the Law, p. 242

# Honda Workers on Strike (June 2010)



# 60,000 shoe workers went on strike in Dongguan, 16 April, 2014



Is China Imperialist?



# characterisation of imperialism

- Concentration of production and capital
- The merging of bank capital with industrial capital
- The export of capital
- International monopolist capitalist association
- Unequal exchange through monopoly over technology and global value chain
- Even after decolonization, as former colonial power they possess huge advantageous
- Advanced military power

# The nature of Chinese capitalism 2

- Dependent accumulation
- Autonomous Development
- Monopoly capitalism
- Bureaucratic capitalism, combined with neo-liberalism and state capitalism
- Emerging Imperialism

# BELT AND ROAD INITIATIVE 「一帶一路」倡議



(Hong Kong Trade Development Council)

- despite its enormous size in total investment and trade volume, China is still far away from occupying a consolidated advantage in extracting surplus value from all over world.
- The colonial past still weighs heavily on the CCP. Its mission of national unification is still not completed as Taiwan is still a protectorate state of the US. In HK, the middle class are westernized and its political representatives have close links with the US/UK ruling classes.
- The colonial legacy continues to check China's ambition

# Debate on China

- Is China on a par with the US empire in terms of economic and military power?
- Is China as bad as the US empire?
- Has China eradicated poverty?
- Isn't a multi-polar world better than unipolar world?
- Isn't Xi Jinping turning to the left again?

# China GDP in 1820 and 1900

(Billions of International Unit)

Li Guoping, p. 251

	1820	1900
China	2286	2181
Britain	362	1848
USA	126	3125
Japan	207	520

# Politics and Economy

- Growth of Centripetal forces

# Taiwan: Movement Against FTA with Mainland China / March 2014





# Hong Kong anti national security law 2003



# 9.28 the Birth of the HK Umbrella Movement 2014



# The way out?

- The Chinese government can control everything, but is increasingly unable to control its own greed in appropriating more surplus value, leading to wide spread discontent.
- Combining state coercion and exploitation of surplus value makes the bureaucracy a target of all classes.
- The Party bureaucracy: a “political class” committed to modernization but itself inherits strong pre-modern political culture
- Society: strong state but corrupted to the core, rapid urbanization, discontent and growing working class and middle class

# Internal and external challenges to the CCP regime

- Increasing centrifugal forces within *Chinwankongcau*
- The Chinese government can control everything, but is increasingly unable to control its own greed in appropriating more surplus value, leading to wide spread discontent.
- Combining state coercion and exploitation of surplus value makes the bureaucracy a target of all classes.
- The Party: weak leaders, strong factions;
- Society: strong state but corrupted to the core, rapid urbanization, discontent and growing working class and middle class