

# **The Class Nature of China Today**

This year marks the 100th anniversary of the Chinese Communist Party (CCP). It was formed on July 1, 1921 in Shanghai, as a result of China's long history of democratic revolution against imperialism and feudalism, and under the influence of the October Revolution in Russia in 1917 and the formation of the Communist International in 1919. The CCP has a long, glorious and complex history, including unity with the progressive national bourgeoisie under Sun Yatsen, the betrayal of this united front by Chiang Kaishek, the revolutionary civil war and Long March, a new united front with the Kuo Mintang against the invasion by imperialist Japan, and another civil war against Chiang. This led to the seizure of power by the working class leading the peasantry and other social classes and strata in 1949 and the beginning of people's democracy and socialism. This was an earth-shaking revolution, second only in importance to the October Revolution. It led to the liberation of the country with the largest population on earth from feudalism, imperialism and bureaucratic capitalism and the strengthening of the socialist camp.

We will not go into the strengths and weaknesses of the People's Republic of China since 1949, since this is not the subject of this article.

## **The U.S. is Still the Main Imperialist Power**

First, regardless of one's view on China today, we must point out that in the U.S., we are in the "belly of the beast." The U.S. is still the strongest imperialist power economically (though it is in steady decline), politically and militarily. Its GDP as of 2019 was \$21.43 trillion, or about \$64,743 per capita. China's GDP was \$14.34 trillion, but only \$9,924 per capita, as its population of 1,434 million is more than four times as great as that of the U.S., which has 331 million people.

The U.S. has the largest military budget of any country, \$649 billion, making up 3% of its GDP, not including billions more in military expenditures on space, and especially on private military contractors such as Academi (formerly Blackwater). China's military budget is second, with only \$261 billion, or 1.8% of its GDP. The U.S. has a stockpile of 5,800 nuclear warheads, compared to 294 in China, although Russia supposedly has 6,375 warheads. The U.S. has 7 fleets all over the world, compared to 3 for China and 5 for Russia,

most of which are in waters neighboring their countries. The U.S. is currently engaged in wars in Syria, Afghanistan (from which it is being forced to withdraw after almost 20 years), and continues to take part in fighting in Iraq. It gives billions in military support to Israel each year in its fight against the Palestinian people, to Saudi Arabia in its war against Yemen, and is threatening the Democratic People's Republic of (north) Korea, Iran, Venezuela and others. It has sanctions against 29 countries. It has almost 800 military bases in more than 70 countries, compared to China with one base (in Djibouti) and Russia with one in Syria, five in Africa and nine in other former Soviet Republics.

The U.S. has 1.4 million people in its armed forces (again not including those in private mercenary groups), compared to 2.2 million in China and about 1 million in Russia. It also has a prison population of almost 2.2 million compared to 1.5 million in China (again with a population more than four times as large) and under 900,000 in Russia.

Lenin always pointed out the need to concentrate our fire on “our own” bourgeoisie. Thus, we are always willing to unite politically with forces such as UNAC (United National Anti-War Coalition) and others that take up the struggle against U.S. imperialism, regardless of their position on China.<sup>1</sup>

### **Is China Still Socialist?**

That having been said, we need to take up the question of China, particularly for those forces who consider themselves Marxist but still think that China is a socialist country, not imperialist or even capitalist. We consider this view to be a major misunderstanding of both the nature of socialism and of imperialism.

Sixty percent of China's industry is still state owned, but this sector generates only 40% of GDP, while 40% is privately (including foreign) owned, but it generates some 60% of GDP. Workers World Party and others claim that, since the majority of its industry is state owned, China is still socialist. As Marxist-Leninists, we do not see state ownership as the determining factor as to whether a country is

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<sup>1</sup> In other countries, particularly in China itself, those in China's sphere of influence or where China has important capital investment, the situation is clearly different.

socialist, but rather which class controls the state. But today, state-owned industry is no longer decisive.

Lenin dealt with this question in fighting certain opportunists who supported Bismarck's "state socialism". He stated: "Lassalle and his followers, in view of the poor chances for the proletarian and democratic way, pursued unstable tactics and adapted themselves to the leadership of the Junker Bismarck. Their mistake lay in diverting the workers' party on to the Bonapartist-state-socialist path. Bebel and Liebknecht, on the other hand, consistently supported the democratic and proletarian path and struggled against any concessions to Prussianism, Bismarckism or nationalism."<sup>2</sup> More recently, apartheid South Africa had a large percentage of state-owned industry (including steel and airlines), which of course did not make it socialist.

A variant of the argument that state-owned industry is decisive is that China's private capitalism is similar to the New Economic Policy (NEP) in the Soviet Union in the early 1920s. This argument is incorrect for two reasons. First, the NEP was established only for a few years, shortly after the October Revolution, and the commanding heights of the economy were held by the socialist state. Second, NEP took place at the beginning of the revolution, while in China it is now over 70 years since the revolution and the privatization has been going on for almost 45 years.

There is another argument that China cannot be imperialist since it is not constantly fighting imperialist wars. But first, this is not a condition of imperialism, and the fact that it is not (yet) fighting such wars is a reflection of the fact that it is still much weaker *militarily* than the U.S. It has come on a world that has already been divided among other imperialist countries. In this sense, its position is somewhat similar to that of Germany before World War I, which had few colonies, mostly in Africa including Tanganyika, and fought few wars against the colonial peoples – with the exception of the genocidal war against the Herero and Nama people in Namibia from 1904 to 1908.

China is a member of all the international imperialist economic institutions, including the IMF, the World Bank, and the World Trade Organization. (It had to fight to join this latter, which it did in 2001, because the U.S. did not want to let it in.)

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<sup>2</sup> Lenin, "August Bebel," *Collected Works*, Vol. 19, pp. 297-298.

China has 388 billionaires, compared to 614 in the U.S. China has a Gini coefficient<sup>3</sup> of .385 compared to .411 in the U.S. Strictly speaking, having billionaires and an unequal distribution of income do not define a country as capitalist, however it is an insult to workers to consider such a country as socialist.

The CCP has an influx of “red capitalists.” Since 2001, it has allowed capitalists to join the Party, and also encouraged members of the CCP to start their own business operations. One of these is Jack Ma, one of China’s multi-billionaires, honored at the CCP’s 19th Congress as one of the “main architects of socialism with Chinese characteristics”. He is notorious for promoting the 9-9-6 program, saying that workers and other employees should work from 9 AM to 9 PM, 6 days a week.<sup>4</sup> It is clear that the CCP is “Communist” only in name.

### **The Concrete Features of China Today**

To determine the class nature of China today, we must examine its concrete features. This has been done quite comprehensively in the book: *Is China an Imperialist Country?*<sup>5</sup> This book analyzes the five main features of imperialism that Lenin describes and shows clearly how China meets each of these.

China’s role on the imperialist world scene is growing. Of the 50 largest monopoly corporations by revenue (both private and state-owned), 12 are Chinese (including #2, the oil and gas group Sinopec). Of the 50 largest banks, 12 are Chinese owned (including the three largest). If one calculates GDP based on equivalent purchasing power, or Purchasing Power Parity (PPP), as opposed to official currency exchange rates, in 2012 China’s GDP was already over \$12 trillion, compared to less than \$16 trillion for the U.S. Already by 2009, China’s manufacturing had almost reached that of the U.S.<sup>6</sup>

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<sup>3</sup> The Gini coefficient is a measure of income inequality, where 1 would mean total inequality, and 0 would mean total equality.

<sup>4</sup> See the article: “The betrayal by the Communist Party of China (CPC) of the working class and the 1949 Revolution,” by the Revolutionary Communist Party of Brazil, in *Unity & Struggle* #41, available at [www.RevolutionaryDemocracy.org/icmlpo/US41/U&S41.pdf](http://www.RevolutionaryDemocracy.org/icmlpo/US41/U&S41.pdf), pp. 12-24.

<sup>5</sup> Available for free download as a pdf from Red Star Publishers, at: <https://redstarpublishers.org/IsChinaAnImperialistCountry.pdf>.

<sup>6</sup> See *Is China an Imperialist Country?*, figures 7.2 and 7.3 on pp. 22 and 23 respectively.

## Export of Capital

One of the characteristic features of imperialism is the export of capital. Since China joined the world imperialist system, it has been both an importer and exporter of capital. In earlier decades, when Chinese imperialism was still much weaker than it is today, it was primarily an importer. A large percentage of clothes, toys and other goods were “Made in China” by major U.S. corporations taking advantage of cheap Chinese labor. But as China became relatively stronger, it became a net capital exporter and exporter of industrial commodities. For example, many of the large cranes used to load and unload container ships in the U.S. and around the world are made in China.<sup>7</sup> China’s Outward Foreign Direct Investment has grown from almost nothing in 1979 to over \$16 billion in 2006.<sup>8</sup>

China even has investments in U.S. These include the purchase by the WH Group of Smithfield Foods for \$4.72 billion in 2013, the purchase of Ford’s Volvo division by the Zhejiang Geely Holding Group for \$1.5 billion in 2010, and even the purchase of the AMC movie theater chain for \$2.6 billion in 2012.<sup>9</sup> This is not to show that China is somehow a worse imperialist country than the U.S., just that it is growing stronger.

But China’s investments in the oppressed countries of Asia, Africa, Latin America and the Middle East are even more important compared to the size of the economies of these countries. As of June, 2013, China was purchasing over half of Iraq’s oil production, 1.5 million barrels per day; China is stripping Laos of its timber and mineral resources.<sup>10</sup> It has bought up and opened mines in Ecuador. For example, “the Chinese company CRCC-Tongguan took on the operation of the Mirador copper mining project in Zamora Chinchipe for the final phase of exploration, this time buying the rights from Canada’s Corriente Resources. In 2012, the Chinese company signed the first large-scale mining contract; meanwhile the Junefield Company

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<sup>7</sup> <https://www.seattletimes.com/business/these-giant-cranes-show-why-the-next-fight-in-the-u-s-china-trade-war-could-be-so-damaging/>.

<sup>8</sup> See *Is China...*, Figure 15.2, p. 53.

<sup>9</sup> These and many other Chinese investments in the U.S. are detailed in *Is China...*, p. 55.

<sup>10</sup> See *Is China...*, p. 46, footnote, and pp. 56-58, respectively.

acquired the Rio Blanco gold project in the province of Azuay.”<sup>11</sup> In Peru, “the mega-mining projects Constancia, the Tia Maria mining project in Arequipa, Las Bambas, the expansion of the Cerro Verde Mining Project, the expansion of the Toromocho 5 mining project, [were] granted to the Aluminum Corporation of China (Chinalco), at the source of the Rimac River that supplies water to the more than 10 million people of Lima.”<sup>12</sup> These projects depleted the resources of the countries concerned, contaminated the water there and caused resistance among the indigenous peoples and other peasants in the areas, just as happened with the Western imperialists. Sometimes it makes deals with so-called “progressive” governments, such as when it bought the rights to 80% of Ecuador’s oil output under President Correa, which China was allowed to resell anywhere it could. China is also involved in mining investments in Africa, particularly the Congo. Both Huawei and Huayou are involved in the mining of cobalt there, necessary for cellphones and other high-tech equipment, including in electric-powered automobiles. Also, “China Molybdenum Co said on Sunday [December 13, 2020] it had acquired a 95% stake in the Kisanfu copper-cobalt mine in the Democratic Republic of Congo (DRC) from U.S.-based Freeport-McMoRan Inc for \$550 million.”<sup>13</sup> (See article on p. 12 of this issue of TMLU.)<sup>14</sup>

### **One Belt One Road**

The export of capital has particularly increased since Xi Jinping’s One Belt One Road initiative. Under this proposal, China has been buying up ports, including the deep-water port of Gwadar near Karachi, Pakistan, and Trieste in northeast Italy, to expand trade and investment in the Indian sub-continent and Europe respectively. China is also involved in the attempt to build a railroad between Peru and Brazil, thus facilitating trade between Latin America’s Pacific

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<sup>11</sup> <https://mltranslations.org/Ecuador/Ecuador19eng.pdf>. This article contains many more details on China’s investments, loans and free trade agreements with countries in Latin America.

<sup>12</sup> <https://mltranslations.org/Peru/Peru19eng.pdf>.

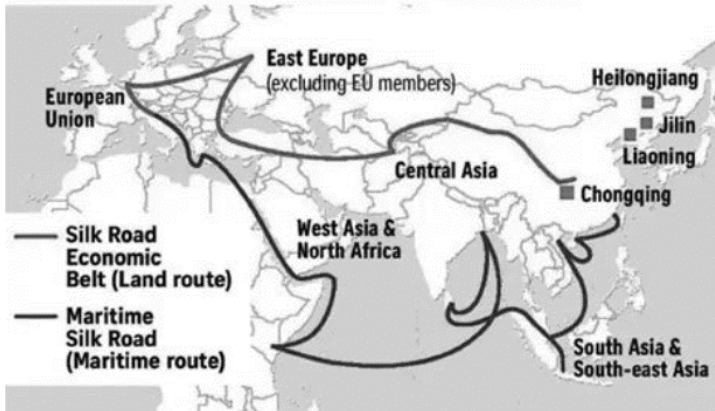
<sup>13</sup> <https://www.reuters.com/article/cmoc-congo-m-a/china-moly-buys-95-of-drc-copper-cobalt-mine-from-freeport-for-550-million-id-INKBN28N0D9>.

<sup>14</sup> For two maps on China’s investments and oil and mineral rights in Africa, see *Is China...*, Figures 17.2 and 17.3 on pp. 68 and 69 respectively.

and Atlantic Coasts. This project involves immense technical difficulties (not to mention the destructive effects it would have on the Amazon basin). It remains to be seen whether it will actually come to fruition or go the way the earlier failed attempt by a private Chinese company to build an inter-oceanic canal through Nicaragua. For more details on OBOR, see the article by Communist Platform of Italy: “The ‘New Silk Road’ (OBOR) in Italy.”<sup>15</sup>

China has also been getting into contradictions over the South China Sea with its neighbors there, particularly Vietnam and the Philippines. (Of course, the U.S. is trying to take advantage of this.) This area is of importance not only for fishing stocks, but also shipping lanes and undersea sources of oil and gas. Vietnam and the Philippines, and more recently China, have been involved in the building of floating islands to lay claims to the region.<sup>16</sup>

All this is not to say that China was on a correct socialist course before Mao’s death in 1976. One should examine China’s “theory of the three worlds,” which considered governments such as that of Pinochet in Chile and the Shah of Iran as “third world allies.” Also, see Mao’s talks with Kissinger, Nixon and Ford, with whom he had the friendliest of conversations on the need to unite with U.S. imperialism against the Soviet Union.<sup>17</sup> But this is not the subject of this article.



<sup>15</sup> <https://revolutionarydemocracy.org/icmlpo/US40/U&S40.pdf>, pp. 72-81.

<sup>16</sup> [https://en.wikipedia.org/wiki/Territorial\\_disputes\\_in\\_the\\_South\\_China\\_Sea](https://en.wikipedia.org/wiki/Territorial_disputes_in_the_South_China_Sea)

<sup>17</sup> <https://revolutionarydemocracy.org/archive/index.htm#cap-china>.

## The Workers' Movement in China Today

Finally, as in any capitalist country, there is a growing spontaneous workers' movement in China. We will not go into detail on this here. One good source is the book by Prof. Immanuel Ness: *Southern Insurgency: The Coming of the Global Working Class*<sup>18</sup>. Many of the early protests and demonstrations stemmed from the large numbers of low-paid workers who, with the dissolution of the collective farms and communes under Deng Xiaoping in the late 1970s, flocked to the cities looking for jobs. There were also protests against the closing and privatization of state-owned enterprises, with the consequent loss of wages and benefits. Prof. Ness points out that, "from 1995 to 2006, official labor disputes increased 12-fold from 33,030 to 447,000 per year" (p. 130). As a later example of increased labor militancy, he goes into some detail about the 2014 strike at the Yue Yuen shoe factory in Dongguan (see pp. 135-144). Yue Yuen is a subsidiary of a Taiwanese-based company that is the world's largest manufacturer of athletic shoes, including for Adidas, Nike, Timberland and other companies. The strike lasted from April 5 to 25, and at its height involved about 30,000 workers. One of the main demands was that the company make the legal payments for social security, which the company was finally forced to accept. Over the coming months workers' unrest spread to other factories in the area (the Pearl River delta).

There is also a core of revolutionary Marxist intellectuals, mostly Maoists, both in China and among Chinese abroad, who recognize that China is not socialist. A progressive U.S. professor who had been invited to speak in China was asked by students taking him to his speaking venue whether he thought China was socialist. He replied diplomatically that as a visitor he was not in a position to judge, but he asked them what they thought. They replied that it was definitely not.

This situation of the Chinese working class has some similarities to that in the U.S., with a socialist movement separated from the spontaneous workers' movement. But in China this movement is more advanced, largely due to the revolutionary traditions of China's

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<sup>18</sup> In his introduction to this book, Prof. Ness tends to downplay the struggles of the multinational working class in the imperialist countries, which of course includes immigrant workers from the oppressed countries as well as oppressed nationality workers within the imperialist countries. However, this does not in any way negate the importance of his book.

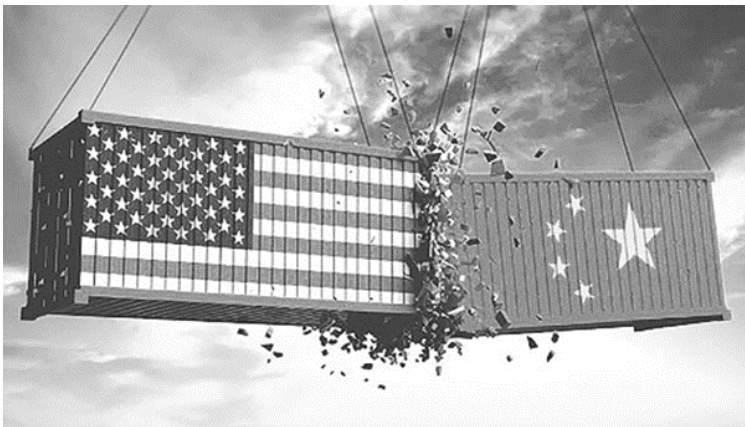


workers and peasants that led to the seizure of power in 1949. Though a movement independent of the CCP may be subject to crackdowns by the government, there are many laws that allow workers to organize against the monopoly capitalists. The next years will see where this leads, especially with the increased threat of inter-imperialist war. And as stated in the beginning of this article, our primary task will be to fight our “own” imperialist ruling class.

### **Inter-Imperialist Contradictions**

Meanwhile, the danger of an actual war with both Russia and China is growing, even if it is not yet imminent. At this stage it is mainly a trade war and a war of words. At Biden’s recent summit meeting with Putin, he complained about the arrest of Russian “dissident” Alexei Navalny. Apparently, Putin did not respond by raising the case of revolutionary Afro-American journalist Mumia Abu-Jamal, nor the case of Julian Assange, who is still locked up in a British jail facing possible extradition to the U.S. Of course, Biden’s criticism has nothing to do with “human rights,” but everything to do with inter-imperialist contradictions.

Lenin long ago pointed out: “Finance capital and the trusts do not diminish but increase in the rate of growth of the various parts of the world economy. Once the relation of forces is changed, what other solution of the contradictions can be found *under capitalism* than that of *force*?”<sup>19</sup> As China and Russia get relatively stronger, the U.S. gets



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<sup>19</sup> *Imperialism, the Highest Stage of Capitalism*, Chap. VII

relatively weaker. This can lead not only to trade wars, but to military force.

The stepped-up contradictions with China led to the U.S. “Pivot to Asia” strategy that began under Pres. Obama. It continued in a particularly nasty way under Pres. Trump, who not only constantly talked about the “Chinese virus,” but increased tariffs on imports from China. It is continuing in a new form under Pres. Biden.

Finally, we need to at least mention the difference between the position of “our” opportunist parties today and that of the opportunist parties during World War I. In that war, the opportunists supported “their own” bourgeoisie in an inter-imperialist war. Today, our opportunist parties support the Chinese (and Russian) bourgeoisie. Though this difference is clear, it is somewhat superficial. In both cases, it reflects a lack of faith in the U.S. working class to fight the U.S. bourgeoisie, and if possible to “turn the imperialist war into a civil war.” This analysis must be deepened in the future.

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