

Imperialism, Ultra-imperialism and the Rise of China

Fred Engst

August, 2017

The global financial crisis that swept through 2008 marked the rupture of the "boom" bubble and the crisis of the world capitalist economy. The rupture of this bubble is the result of the global imperialist system, led by the U.S. imperialists, trying to overcome the fundamental crisis of overproduction within the capitalist system. Besides further "flooding" its market with easy cash by the so-called "Quantitative Easing" policy, in other words, other than to further expand the financial bubble, or to export the crisis, the U.S. imperialists has no other panacea.

Over the past eight years and more, despite the strongest medicine ever injected into the capitalist economy with near zero interest rates and nearly doubling of government deficits (from 60% to over 100% of GDP in the United States for example), the developed economies have been languishing in the wilderness without any convincing recovery. By what other means can the capitalists of the world use in dealing with the next inevitable economic crisis that is looming on the horizon?

Since the 2008 crisis, the balance of power in the world has also experienced a significant change. Views on the essence of this change vary significantly, both around the world and within China.

For example, in recent years, is the large-scale reclamation of islands by China in the South China Sea a legitimate act of self-defense to restore its own sovereignty, or is it an act to bully and swagger against its neighboring countries, while preparing itself for imperialist world hegemony?

Is the push for mixed-ownership of the currently state-owned enterprises to further the privatization drive, so as to make China an easier target for Western multinational corporations to trample, to invade, and to occupy, or is it to strengthen the leverage of State Capital Conglomerate, giving it more control over greater capital so as to better compete in the world with the Western powers for markets and resources?

Is the recent high tide of "trouble-making" by workers or strikes throughout China the result of manipulation by hostile foreign forces, or is it a manifestation of the intensification of domestic class struggle?

Does the "Chinese dream" accelerate its own colonization, or is it an imperialist "wish"?

Other than a few "left" alarmist nationalists' daily cry that a "wolf is coming", shouting that China is being colonized, the rise of China has become a hardly disputed consensus both at home and abroad. Even the Filipino government, which has always toed the line of the U.S. imperialists, saw a shift in the balance of power in the world and took the advantage of Sino-U.S. rivalry to carve more economic development opportunities for its own country.

The establishment of the Asian Infrastructure Investment Bank (AIIB), the strategy of "One Belt, One Road" or better "Belt and Road Initiative" clearly challenges the existing world imperialist system. Those who had been raising alarms about the colonization of China had to change their tune.

Will the rise of China become a great power marching towards imperialism?

Staunch rightists either shamelessly get excited about the rise of China in their declaration: "I'm relieved to see my country acting like a gangster", or express worries about the challenges that China will post to the current world imperialist system. Those who claim to be on the "left" are equally divided on this issue. So, what is the big deal over the rise of China?

The big deal here involves the very nature of the present Chinese society, involves the positions, principles, and policies that the Chinese working class, together with the proletariat worldwide should hold in the face of the conflicts between China and the global imperialist system headed by the U.S. That is a big deal!

To correctly understand the current situation, we need to answer the following questions:

- What is imperialism?
- Does Lenin's view that "imperialism is monopoly stage of capitalism" remain valid? In other words, does a new feature of imperialism, i.e. the globalization of capitalism, render Lenin's theory obsolete?
- If Lenin's declaration that "imperialism is the highest stage of capitalism" is correct, then, is imperialism in the shape of state monopoly capitalism a desperate grasp for air while capitalism is on its deathbed?
- Is the rising State Capital Conglomerate in China a socialist force fighting against hegemony, or the backbone of a hegemonic power?
- On the future of Sino-U.S. confrontation, are there insights to be gained from the arms race, proxy wars, and the fight over spheres of influence between the Soviet Union and the United States during the Cold War?

To address these questions, we must not only sort out some of the basic facts of current world capitalism but also have a firm grasp of the theoretical framework for analyzing these facts. This is because we are in the information age. Every day, every moment, we are bombarded with a massive amount of information. If we do not want to be drowned by this sea of information, we must have a clear theoretical framework to analyze that information.

Towards this end, we will first sort out some basic facts about today's capitalist world, and analyze the basic contradictions of the imperialist era. We will then explore the theoretical framework needed to analyze these facts and contradictions. This will lay the foundation for our final analysis of the conflicts between rising Chinese capitalism and today's U.S. lead imperialist system.

1. A snapshot of the global monopoly capitals

Since the Global 500 represents the most powerful monopolies in the world, it is a good starting point for our analysis.

MAPPING THE GLOBAL 500

Each circle on the map points to the location of a company headquarters; and the circle's size represents company revenue. Zoom in by double-clicking on the map to explore company locations and hover over the circles for more information.

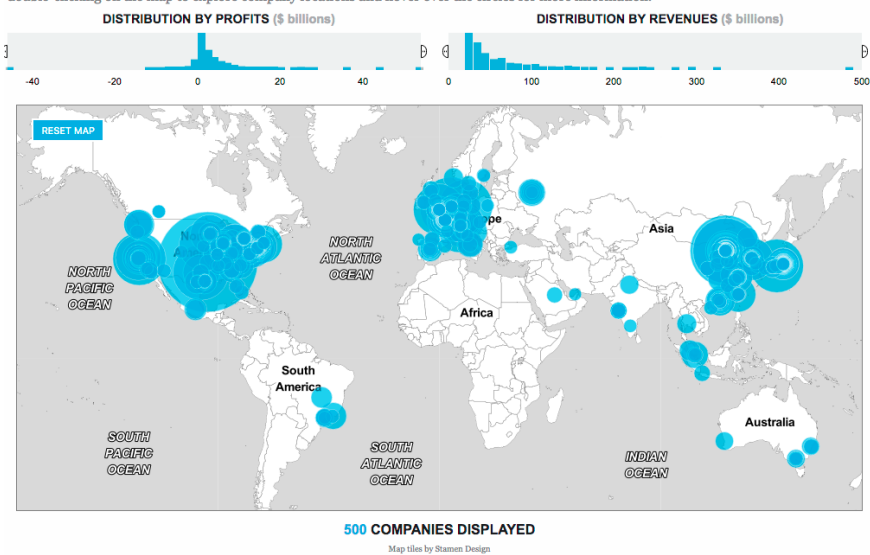


Figure 1: Distribution of the Global 500 (source: http://beta.fortune.com/global500/visualizations/?iid=recirc_g500landing-zone1)

From the distribution of the Global 500, we can see that the strength of today's capitalist monopolies around the world is mainly concentrated in three centers. The United States is the largest, followed by Germany, Britain, France, and other old Western European imperialist countries, and the third center is in Asia, headed by China and Japan.

Further analysis of the Global 500 data reveals many important characteristics of the monopoly powers around the world.

Table 1: Share of profits, sales, and assets (column peak in **bold**) among countries/regions in the Global 500

Countries / Regions	% on the list		% of Profit		% of Sales		% of Assets
	2014	2016	2014	2016	2014	2016	2016
U. S.	26%	27%	28%	46%	41%	31%	24%
W. Europe	28%	28%	30%	16%	21%	27%	32%
Japan	11%	10%	10%	7%	7%	9%	12%
<i>China</i>	20%	22%	20%	23%	16%	22%	23%
Others	15%	13%	13%	8%	15%	10%	9%

Source: Compiled from Fortune 500 website (http://www.fortunechina.com/fortune500/c/2016-07/20/content_266975.htm)

Based on Table 1, the U.S. based multinationals accounted for about 24% of the total assets of the Global 500 in 2016, Germany, Britain, France and others in Western Europe accounted for 32%, China (including a small proportion of Hong Kong and Taiwan) accounted for 23%, Japan accounted only 12%. The remaining total accounted for only 9%. Of course, this breakdown of assets does not reflect the impact of a country's capital on the globe. China's vast majority of assets are within its own country, while many of the assets of other old-time imperialists are in foreign countries.

Table 2: Share of profits, sales, and assets (column peak in **bold**) among countries/regions in the 2016 Global 500 by sectors

Countries / Regions	Finance					Manufacturing					Service				
	# listed	% listed	% Profit	% Sales	% Assets	# listed	% listed	% Profit	% Sales	% Assets	# listed	% listed	% Profit	% Sales	% Assets
U. S.	25	22%	30%	24%	23%	55	20%	54%	23%	23%	51	47%	60%	56%	46%
W. Europe	37	33%	15%	34%	34%	68	25%	10%	27%	26%	32	29%	29%	22%	28%
Japan	11	10%	6%	9%	12%	32	12%	11%	11%	10%	7	6%	1%	6%	10%
<i>China</i>	23	20%	37%	23%	22%	75	28%	18%	27%	30%	11	10%	7%	9%	12%
Others	17	15%	12%	10%	9%	39	14%	6%	12%	11%	8	7%	3%	6%	4%

Source: Compiled from the Fortune 500 website (http://www.fortunechina.com/fortune500/c/2016-07/20/content_266975.htm)

Breaking out the Global 500 by finance, manufacturing, and service, as in Table 2, we can see that other than profits (taken away by its own financial sector), Chinese industries are taking the lead among manufacturing sectors in all other indicators.

In addition to the Global 500 data, the rise of China, in terms of other indicators, is also startling. China's steel production, power generation, automobile production, high-speed rail mileage, patent applications, the number of higher education graduates, and so on, are all top of the world (except on a per capita basis, due to the large population it has). In terms of armaments, surpassing Britain and France, China is the world's third largest arms exporter, falling behind only the United States and Russia. In contrast, India is a country that tries to be a regional expansionist power by buying its armaments.

2. Tools that imperialists use to plunder around the globe

Similar to the relationship within a country where the capitalist class oppresses and exploits the working class, the relationship between the imperialists and other nations in the world is a relationship of hegemony and exploitation by the former over the latter. However, the oppression and exploitation of the capitalist class over the working class are through former's control over the means of production (such as factories and enterprises). This enables the capitalists to extract surplus value, i.e. the difference between the value created by a unit of labor power for a given time (e.g. one year) and the value of that unit of labor power for a given time (e.g. one year), more or less through the principle of equal exchange.¹

In contrast, the relationship between imperialist powers and those which have been dominated and exploited by the imperialist system is quite different. Exploitation here is not achieved primarily through the principle of equal exchange. Otherwise, there will be no imperialism.

Once the old colonial system has been abolished, through what channels do global imperialists continue their system of domination, plunder, and exploitation?

The following categories seem to sum it up: Dollar empire or rent, financial pillage or debt peonage, technological and resource monopolies. All of which represent robbery or vastly unequal exchange.

- A. Dollar empire: The Dollar empire enjoys the highest rate of profit, for its cost is near zero. By simply printing money, the U.S. imperialists can directly plunder wealth and resource from all other countries. However, profit from it is limited, for the U.S. cannot rely on printing money to live forever.
- B. Financial pillage: The rate of profit from financial pillage, obtained by the likes of Wall Street investment banks and global institutions such as the IMF and the World Bank, is not as high as the Dollar empire. Nevertheless, it is a form of usury or debt peonage. With the high rate of interest that can only be called extortion, countries from Asia, Africa, and Latin America are forced to take most of their exports to pay off their debts, or to obtain new loans to pay off the old. The gross profit through this channel is very large. There is no exchange of equal value, only outright plunder.
- C. Resource monopoly: Transnational corporations can obtain excess profits through monopolies over natural resources, such as iron ore, petroleum (or through control over oil-producing countries, such as Saudi Arabia). However, monetary gains through unequal exchanges from this old colonial style of resource monopolies are somewhat limited.
- D. Technological monopoly: Here, the plunder of wealth is achieved directly through unequal exchange, on top of the regular surplus value extraction. The labor theory of value recognizes that a commodity can only have one value, and not that the inefficient producer has a greater value for its product. However, the exchange of different goods, especially between different countries, is more complicated. Developed countries use their "capital-intensive" or high-tech products in exchange for "labor-intensive" products from less developed countries. The exchange here is not of equal value. That is, the developed countries are able to obtain products from other countries, which contain a larger quantity of socially necessary labor time, with their own products, which contain a lesser quantity of socially necessary labor time. This is the main form of surplus value transfer in international trade.² For example, years ago, to buy an Airbus 380, China had to sell hundreds of millions pair of pants in exchange. Similarly, the U.S. agricultural products are so-called "capital-intensive" products. A year's worth of products from an ordinary U.S. farmer, such as a thousand tons of corn, if it is exported to Mexico, in one fell swoop, will make dozens or hundreds of local farmers bankrupt, forcing them to work in the export processing zone, to produce textile, electronics,

¹ That is to say, the value that a labor can create within a year is much higher than the value of goods or services that are necessary to maintain the survival of that labor for a year, expressed in terms of its wage. In general, what a capitalist buys through a wage is a worker's laboring power, including the cost of raising the young and caring for the old, not the value that a worker can create. This is just like the average value of an ox on a farm is based on the cost of raising and feeding an ox (before tractors came along), not what an ox can do. In this sense, the exchange of the commodity labor power with wages is an exchange of equal value.

² See for example Table 6-2 in Minqi Li, Yaozu Zhang, Zhun Xu, and Hao Qi, *The end of Capital - People's Political Economy for the 21st Century*, China Renmin University Press (March 2016).

and other products sold cheaply back to the United States. Thus, the one-year's worth of labor by one U.S. farm worker can be exchanged for products from dozens or hundreds of Mexican labors for a year. In contrast, the exchange of products between developed countries is more of an exchange of equal value. Because both sides have their own technological advantages and specializations, so the exchange of products has little differences in their embodied labor time.

This last channel of unequal exchange is worth further clarification, for there is a great misconception of its effect on the working class of the developed countries. Based on Marxism, this unequal exchange greatly reduces the cost of labor in developed countries, enabling the capitalists there to maintain profitability by offsetting the inevitable falling rate of profit due to the rising organic composition of capital³. Contrast this analysis with the claim: "In effect, the post-1945 'New Deal' allowed the western working classes to receive a portion of the world surplus value in exchange for their political cooperation with the capitalist system."⁴ If this claim were true, there would be no material basis for the working class of the world to unite. The fact is that the real wages of the working class in developed countries have been on a steady decline as the capitalist world becomes more globalized. The average wage of the working class in any country, developed or not, is more or less the cost of labor force reproduction in that country, i.e. the cost of raising the young, schooling the youth, feeding the working, and caring for the old, regardless of how greatly the differences across countries are.

Without monopolistic control of science and technology by the developed countries, the lesser-developed countries would have been able to rapidly master any new technology (for imitation is much faster than innovation) and leapfrogging their development process, as the Soviet aids did to China.⁵ The exchange of goods between them would tend to be exchanges of equal value. This is the reason why the imperialists try so hard to prevent the lesser-developed countries from mastering any new technology.

Of all the channels by which imperialists loot the wealth and resources of the world, the most fundamental one is through their control over technologies. In contrast, resource monopolies are the colonial style of wealth transfer. The two of them together gave rise to financial pillage, and ultimately the Dollar empire.

When other countries are forced to use Dollars, Euros, the British Pounds, or the Japanese Yen as reserve currencies for international trade, the imperialist powers are in effect allowing themselves to take the resources or wealth from other countries simply by printing money. Those others in the imperialist camp, such as Canada or Australia, while not able to plunder too much by means of printing money, nevertheless are able to loot around the world by means of their share of hegemony in finance, resources, and technologies.

Based on the above analysis, in terms of those channels, what is the situation of China, compared to other developing countries, such as South Korea, India, Brazil, and others?

- A. So far, China has not been able to reap much privilege associated with reserve currency status in the IMF, other than some small regions in South-East Asia that accept Renminbi as a local currency. However, China is trying very hard to make its own currency an internationally accepted one, to enjoy the reserve currency privilege similar to Euro, or Yen. South Korea, India, or Brazil have no prospect in this regard.
- B. China does not have much of a financial clout, at least not for now. Since it is a newcomer on the block, its true character has yet to be fully exposed; few countries of Asia or Africa are actually being trapped. However, the establishment of AIIB has laid a solid foundation for the development of financial power for China. Information about South Korea, India, or Brazil has yet to be collected to make definitive judgments for now, other than their prospects are no match to that of China.

³ That is, while living labor is organic, materialized labor, such as tools, equipment, and buildings, are inorganic. Since value can only be created by living labor, and therefore the more capital-intensive production method is used, the proportion of the total investment in living labor become smaller, so the value created by labor compare to the total capital outlay becomes smaller, thus the falling rate of profit. See for example chapter 13 of *Das Kapital*, Volume 3 by Karl Marx

⁴ Minqi Li, *China and the Twenty-First Century Crisis*. London: Pluto Press (October 2015)

⁵ Before the withdrawal of all professional experts in 1960, the aid projects that the Soviet Union provided to China were generous direct technology transfers. It shortened the industrial accumulation process of China by a decade or two. Today, no home countries of those Global 500's will aid any of the developing countries by way of direct technological transfer without strings attached, as did the Soviet aid to China, or as the Chinese aid to Asian and African countries during Mao's era.

- C. So far, China has been a "victim" of the resource monopolies by the West. By buying up varieties of strategic resources worldwide, China is trying to change the status quo, and gain more control over them. In contrast, it seems that South Korea is resource poor, while resources from India and Brazil tend to be controlled by foreign multinational corporations. Without further investigation, no definitive conclusion can be made about those countries at this point.
- D. China is in the process of breaking down the technological monopolies of the West. Although it has not been able to trade with developed countries on the basis of exchange of equal value, for its marketing power and the embedded technologies are not as high as the more developed countries, this situation is changing rapidly. The expanding Chinese exports in industrial equipment and machinery have been quite profitable, such as in high-speed rail equipment and arms exports. Commodity trades between China and the developed countries are becoming more of an equal exchange, while those with Asian, African, or Latin American countries are tending to be more of an unequal exchange in China's favor. South Korea also enjoys some of the profits from unequal exchange, but not so much for India or Brazil. Details for these areas do need further study, however.

Thus, relative to South Korea, India, or Brazil, China is poised to become an imperialist country; at least she is going through a process of quantitative change to qualitative change.

3. Conflicts and crises of the imperialist world

To understand imperialism, we need to understand its internal dynamics and contradictions. The following are some of the most basic conflicts within capitalism. The conflict between labor and capital comes first. Next is the classical overproduction crisis of capitalism. This crisis not only drives capitalism towards imperialism, it also intensifies the rivalries between imperialist powers. The third is the conflict between developing countries and imperialist countries worldwide. This and the antagonism between the working class and capitalists within each country can also be better understood by the crisis of over production within capitalism.

1) The conflict between labor and capital

This is the most basic and most acute contradiction in a capitalist society. This is manifested by the fact that all countries in the world used the oppressive means of the state (courts, police and the army) to defend capitalism, to oppress any resistance to private ownership of the means of production by their own people. In the imperialist era, domestic class oppression and imperialism around the world are inseparable. On the one hand, imperialists must export crisis to ease the domestic class antagonism; on the other hand, imperialists must suppress the working class around the world to defend profits from their foreign investments, and at the same time, use cheap imports to suppress the domestic working class resistance.

As the conflict between labor and capital are well understood among the left, we will not elaborate much further.

2) The economic base of imperialism: monopolistic power escalation and the overproduction crisis

"The traditional economic crisis in the form of overproduction is no longer a major threat to the capitalist economy, and the degree of damage is significantly reduced," declares a world-system theorist, who also claims to be a Marxist-Leninist-Maoist by the pseudonym of Voyage One in the progressive Chinese language circle. To him, "energy, resources, and environmental issues are the biggest constraints to the future growth of capitalism."⁶

However, historical facts have repeatedly shown that the root cause of the capitalist economic crisis is the crisis of overproduction, not some other factors, such as resource crisis or ecological crisis and so on.

⁶ Voyage One: *Combining the universal principles of Marxism-Leninism with the concrete reality of the Chinese revolution in the twenty-first century*, Red China Weekly 2015, No. 33 (September 2, 2015), <http://redchinaacn.net/portal.php?mod=view&aid=23863>. For the latter stress on the ecological issue, see Minqi Li, *An Age of Transition: The United States, China, Peak Oil, and the Demise of Neoliberalism*, Monthly Review 59, no. 11 (April 2008), <https://monthlyreview.org/2008/04/01/an-age-of-transition-the-united-states-china-peak-oil-and-the-demise-of-neoliberalism>

This is because production under capitalism is for profit. This can only occur when the aggregate output of the socialized production is greater than the total consumption of the working class. That is, only when there is an aggregate surplus, can the surplus be transformed into overall profit for the capitalists. Here we can disregard the luxury consumption of the capitalists, the depreciation of capital, and the portion of surplus that is used for the maintenance of the capitalist state machines, and so on, as these can be seen as a discount from the total output. In other words, the products produced by all the workers added together must be greater than the products purchased by all the workers, for there to be any surplus leftover for the capitalists. The greater the difference between workers' aggregate output and workers' aggregate consumption, the greater is the aggregate surplus. This is how the economy grows.

Even though value is created through production, it can only be realized through exchange. Thus, those surplus products can only be transformed into profits when capitalists can sell those products to other capitalists who buy them as investment for production expansion. This is the necessary condition for the conversion of surplus products to profits, i.e. capital accumulation. Otherwise, those unsold surplus products become a pile of overproduced goods. The expansion of production, however, will make the future crisis of overproduction even more serious. Once a multitude of capitalists loses confidence in the future conversion of surplus products to profits, that is, losing confidence in the bubble of production capacity expansion, the economic crisis will become inevitable. This is the overproduction crisis.

Many thought the economic crisis is brought on by the lack of consumption of the people. It is not true. Underconsumption has always been a fact of life for the overwhelming majority of the humanity throughout history. The overproduction crisis is a phenomenon unique to capitalism. The cyclical economic crisis of capitalism is not caused by the decline in consumption. It is rather caused by the growth in output outstripping the growth of consumption. Furthermore, the initial surplus products are often not consumer goods, but rather intermediate investment products. Thus, on the surface, underconsumption and overproduction are two faces of the same coin, but they are not. Overproduction is absolute, and underconsumption is relative. Overproduction is the cause, and underconsumption is the effect. This can be seen very clearly in a business cycle: excess production first causes a product backlog when the prospect for future expansion cools off, which then leads to a decline in profits, resulting in a rise in unemployment, which causes a decline in consumption later.

If capitalism could plan the growth of output and consumption in proportion simultaneously, it would be possible to avoid the crisis of overproduction (as in the case of the planned economy in the Soviet Union after Khrushchev came to power and before its disintegration). Capitalism in general, however, is not characterized by a monolithic monopoly of an all-in-one state capitalism (the disintegration of the Soviet Union shows that an all-in-one state monopoly capitalism is an unstable form of capitalism). Unless a special need arises (such as during war times), the capitalists generally do not coordinate their production automatically. The expansion of production of an individual capitalist firm generally does not directly cause its product to be overly produced. On the contrary, those capitalists who employ new technologies or techniques to engage in a large-scale expansion of their production process tend to lower their unit cost and price. This will make those capitalists who fall behind in expanding their production process less competitive, thus making their products become overly produced, perhaps even forced out of the market altogether. This is the result of competition between capitalist firms. Overproduction in a single industry is thus a means by which capitalists compete with each other.

This "rational" behavior of an individual capitalist within an industry on the micro level becomes an "irrational" behavior of capitalism as a whole on the macro level. In order to survive, each individual capitalist is desperately expanding its scale of production, resulting in the rapid expansion of the overall production capacity of capitalism.⁷ However, this overall expansion can only increase the overall surplus of the capitalists, if its growth is greater than the growth of consumption by the working class. Once the overall surplus cannot be converted into investment expansion, the overproduction crisis will erupt. This is the fundamental contradiction between the socialized production and the anarchy of production under capitalism, i.e. the root cause of the capitalist crisis.

⁷ This is where financial capital came in. Those that render more control to financial capital have a greater speed for capacity expansion. Eventually, financial capital becomes the king of capitalism.

To alleviate the crisis of overproduction requires either some groundbreaking new technologies or huge new markets. The invention of a new technology can forcibly retire massive amount of original fixed capital investment, enabling it to ease the production capacity excess (such as TV which almost wiped-out movie theaters, cell phones almost eliminated the landlines, digital cameras basically eliminated film cameras, or automobile and planes in the United States basically eliminated passenger rails service, etc.). The development of a new market can also absorb the excess capacity (such as the discovery of a "new continent", i.e. pulling China into the world capitalist system).

Otherwise, to save capitalism, excess capital must be destroyed! Natural disasters obliterate productive capacity directly to alleviate its excess. Wars were another channel to destroy excess capacity (after World War II, Japan and Germany were in ruins). After sufficient excess capacity is wiped out by wars or by natural disasters, the market and output might regain balance, creating a fresh environment for new investment to take place.

Without new markets, new technologies, natural disasters, or wars, then the excess capacity can only be destroyed through a deep economic crisis. The weaker capitalists are forced into bankruptcy during a crisis, and thus wiping out a large amount of surplus capital, allowing capacity and market to regain balance.

Unlike feudal empires which were driven by simple greed, the rise of modern imperialism was originally driven by the need to alleviate domestic overproduction. The self-sufficient feudal kingdoms can survive fine without expanding, but modern imperialists must either expand or die. By forcefully opening markets of the colonies, the imperialists were able to dump their products and plunder new resources, thus alleviating the excess of domestic production. Imperialism is thus the inevitable outcome of capitalist development. Only in the later stage of development did imperialism get transformed from the export of products to the export of capital. At the outset, by manipulating other countries' politics and economies (or markets), U.S. neo-colonialism was able to dump its surplus products, created new investment opportunities, and to export its own domestic overproduction crisis.

The globalization of capitalism led to the further development of markets, and temporarily relieved the crisis of overproduction within the imperialist home country. For example, the global capitalist crisis, which started in the mid-1970s, represented by the oil crisis, saw no obvious signs of easing even during the mid-1980s, until China's accession to the world's capitalist system, which postponed it until 2008. The result, however, is endless troubles of overproduction crisis around the globe! If there are no major new technologies in the near future to open up new fields for investment or to forcibly retire a large quantity of old capital, the world's excess capacity can only be destroyed through a more profound economic crisis, in order to restore the balance between production capacity and market.

However, the capitalists of all countries want to destroy the production capacity of competing capitalists in other countries, to ease their own excess capacity. The conflicts between capitalists will be increasingly sharp. Wars are the concentrated expression of the capitalist crisis in the imperialist era. That is the fundamental reason why imperialism means war.

3) Conflicts among imperialists

The primary one today is the rivalry between Western powers led by the U.S. imperialists and Russia, as demonstrated by the Ukrainian crisis of 2014 and the on-going Syrian crisis today. As Russia sends its only aircraft carrier to the Middle East, to protect its sole military base there, the contention between the two camps is on the rise.

The rivalry between the U.S. imperialists and the EU is also on the rise. The establishment of the Eurozone and the Airbus joint venture were examples of the conflicts between the EU and the U.S. imperialists. The EU's sovereign debt crisis has also exposed the contradictions within the EU. At the same time, the U.S. imperialists used the contradictions within the EU to intensify the sovereign debt crisis, weakening the EU's challenge to the U.S. Although Brexit is a manifestation of the crisis, the EU without the UK may be more of a challenge to the U.S. This may be the reason why the U.S. imperialist was opposed to Britain's departure from the EU.

There is also the clash between the United States and Japan. As the U.S. tightly controls its military, Japan has not been able to become a normal country. For example, during the 1997 Asian financial crisis, the U.S. was able to force Japan to accept the IMF program, which led to heavy losses in its investments in Southeast Asia.

4) Hegemonic competitions can provide new opportunities for oppressed nations

In addition to the class conflicts and the conflicts between imperialists, there are also the conflicts between the so-called developed and developing countries, i.e. the "North - South" conflicts. These are in essence the contradictions between imperialism and oppressed nations and peoples.

The unity of opposites is a universal principle. The emergence or the rise of a new imperialist power can indeed play a role in breaking the monopoly control of the existing imperialist system. It gives third world countries more of a chance to play one against the other, as was the case of the rivalry between the United States and the Soviet Union for world hegemony during the Cold War. The recent attempt by the Filipino government to use the rise of China as leverage to alleviate the control of the U.S. imperialists is another example.

The implosion of the Soviet Union was a great loss for the majority of the third world countries, creating more than 25 years of unchallenged abuse by the United States to do whatever it wanted, to push for the rampant neoliberal world order.

In this sense, as long as other third world countries can clearly understand the nature of an emerging imperialist country, can effectively exploit the contradictions between imperialists, the rise of China can help the people of other third world countries to loosen the control of the existing imperialist domination.

However, the premise of this conclusion is based on a clear understanding of imperialism. Otherwise, without an independent stand when dealing with the rivalries between imperialist powers, the situation is dangerous. Siding with one against the other will not free oneself at the end.

Looking back a hundred years ago, when the U.S. imperialists were able to break the British Empire which "the sun never set on", at the beginning, it also temporarily "won the people." The fact that people in Asia or Africa have a favorable view of those investments from China does not offer any proof, as claimed by some, that Chinese investment is different from the old-style imperialists.

5) Ecological crisis and depletion of resources

Although global warming and the ecological crisis have been dominating the headlines, Marxist-Leninist-Maoists should view it dialectically. While it provokes the resistance of the people of the world to the capitalist mode of production, intensifies the inherent contradictions of capitalism, particularly the rivalries between imperialists over the control of those limited resources, it also provides new investment opportunities, which tend to prolong capitalism. Compared to those irreconcilable conflicts we have listed above, capitalism is likely to overcome each particular ecological crisis.

For example, historically, the peasant uprisings in ancient China were often associated with natural disasters. However, the threat to capitalism from the 19th-century Irish potato famine or the plague seems not all that serious. Ecological crisis by itself does not necessarily cause a crisis of capitalism. This is because the depletion of resources in and of itself seems to be a conflict between man and nature, not a conflict between human beings, and thus does not directly threaten capitalism. Because of this, the earthquake in Japan a few years ago, for example, did not enhance Japanese people's demands for socialism.

The depletion of resources will, of course, threaten the survival of those particular capitalists who had a monopoly hold on them, but their competitors are blessed in disguise. The shortage of natural rubber promoted the development of elastomers, the depletion of oil resources promotes the use of sunlight, and so on. Therefore, the depletion of resources does not threaten capitalism necessarily but might promote technological innovation, create new investment opportunities. The hydraulic fracking boom started in 2008 has greatly increased the shale oil production in the United States for example. China's early crazy expansion in wind power, photovoltaic, and

other industries that led to the current severe overproduction crisis are precisely caused by the "untimely delay" of the ecological crisis. As quoted by *The Economist* more than a decade ago: "The Stone Age did not end for lack of stone, and the Oil Age will end long before the world runs out of oil."⁸

Thus, capitalism per se is not threatened by the scarcity of resources, but rather by overproduction. Ecological crises are more likely to save rather than bury capitalism unless the rivalries between imperialists bring capitalism down. At present, for example, the Chinese government is taking advantage of the ecological crisis as an opportunity to forcefully close many high energy consuming, high pollution enterprises, in order to ease the crisis of overproduction in those affected industries.

4. Leninism vs. revisionism in dealing with imperialism

Given these conflicts and crises within the imperialist world, the revolutionaries and progressives are faced with the question of how to understand and resist imperialism.

1) New features of U.S. led global imperialism

After World War II, especially after the collapse of the Soviet Union, the practice of imperialism has changed. The neo-colonial imperialist system, led by the U.S. imperialists, replaced the old colonialism of the previous era where the world was divided based on each imperialist's strength. Faced with this new situation, if Lenin were alive today, he would not apply his century-old definition to analyze today's globalized imperialist system unchanged.

The following are several different practices of imperialism after the birth of capitalism:

- A. Early imperialism originated from free competition, which led to industry monopolies or oligarchies, and this led to the emergence of financial hegemony. Lenin analyzed this form of imperialism a century ago.
- B. The post-World War II neo-colonialism is the escalation of monopolistic powers, i.e. the evolution from monopolies within one country and its colonies to worldwide super-power domination by the nuclearized U.S. monopolies.
- C. State monopoly capitalism is a highly integrated monopolistic power of capital together with the power of the state. This is to mitigate the domestic class antagonisms on the one hand, such as the "New Deal" in the United States, or the "welfare state" in Europe, and, on the other hand, to regulate the conducts between various monopolies around the globe through international institutions, such as the IMF or the World Bank. These are important new feature of the neo-colonialist period.
- D. The globalization of production and the domination of financial capital over industrial capital exemplify by the Dollar Empire are other features that need special attention.
- E. The highest form of state capitalism is one that directly combines the power of the state, together with a country's ruling political party, its military, its industrial and financial capital as one, under a unified command. This is the zenith of state capitalism.

Given these new features, there are at least two theoretical frameworks for analyzing contemporary imperialism among the left and progressives. The two methods will produce opposing lines, policies, and approaches.

Lenin's theory of imperialism uses the rise of monopoly capitalism as the driving force that generates imperialism. Since the basic law or logic of capitalist accumulation is expand or bust, this unending accumulation of capital inevitably leads to monopoly capitalism, regardless of how "free" the competition begins. Fighting for hegemony is the vary DNA of monopoly capitalism. It is the leverage, the power, or the coalition of capitalists that such a monopoly capitalist group can bring together that shapes the world.

⁸ <http://www.economist.com/node/2155717>

A hundred years of history proves that Lenin was right about the nature of imperialism and wars. This is because Lenin caught the fundamental law of motion for capitalism. Thus, to understand imperialism, the unit of analysis should be at the most basic functioning cell of capitalism, i.e. a capitalist group, such as a firm, a company, a conglomerate, a multinational, a syndicate, a trust, a cartel, or a consortium, etc., i.e. a functioning unit of monopoly capital. If one is blind to the power of monopoly capital, one cannot hope to understand imperialism!

2) Resurrection of ultra-imperialism

Alternative to Lenin's analysis is a modern version of Kautsky's ultra-imperialism, which ignore the amount of economic, political, and ultimately military power that each monopoly capitalist is able to bring to bear in carving up the world into "center", "semi-periphery", and "periphery."

There are those who see that the conflicts between world powers and imperialists can be reconciled by the global organizations, such as the IMF, the World Bank, WTO, and the like. To them, Lenin's analysis of imperialism is outdated.⁹

Another similar view is that due to the globalization of capitalism, where multinational corporations have mutual penetrations and interdependencies, based on "I own some of yours, and you own some of mine", the imperialists must maintain a global order for the sake of the "overriding common interest" of the capitalists. Intense conflicts between the imperialists cannot happen.

Here is an example of this ultra-imperialism by the aforementioned Voyage One: "the core of China's capitalist sector is the export-manufacturing industry. Although China's capitalist economy is very large, real estate, financial and other non-productive sectors also account for a considerable proportion, the size of investment in infrastructure facilities is also great, but these sectors either serve the export-manufacturing sector or are attached to the export-manufacturing sector. If China's export-manufacturing industry declines, other sectors of China's capitalist will soon decline.

"China's export-manufacturing industry is not only dependent on the United States and European markets but also relies on imported energy and raw materials abroad. Although these energy and raw materials did not come from the United States, Chinese capitalism nevertheless objectively relies on the U.S. imperialist air and sea power to protect the political stability of the Middle East, Africa, the maritime traffic safety in the Indian Ocean and the Pacific Ocean. The great dependency of the Chinese capitalist export-manufacturing industry on the political and economic power of the U.S. imperialist dictates its willingness to work with the United States under a 'G2' system, and behave as a 'responsible great nation.' **The Chinese capitalists are neither powerful enough, nor have the will, nor are daring enough to challenge the U.S. imperialist hegemony.**

"In this sense, the fundamental interests of the capitalists in China and the United States are not only without conflicts but are also highly consistent. This determines that not only between China and the United States will there be no wars, even between China and the servants of the U.S. (such as Japan), there will be no outbreak of wars, not even any outbreak of armed conflicts."

The same author continues: "In our time, **the decline of U.S. imperialism has not, nor will it in the future, cause any similar major wars between capitalist countries.** The decline of U.S. imperialist hegemony is manifested mainly in the considerable decline of its ability **to regulate and manage the common interests of the world's capitalists.** The U.S. imperialists are **no longer able to effectively help the capitalist countries out of the world economic crisis,** no longer able to effectively suppress the resistance of the peoples, and various other threats to the world capitalist order (for example, the Islamic fundamentalist political power of the Middle East, and the nuclear threat of the DPRK). It is certainly not possible to deal effectively with the growing global environmental crisis. **However, the decline of the U.S. imperialists did not seriously deepen the contradictions between the major capitalist countries, in particular, did not seriously deepen the contradiction between the capitalists in China and the United States** (emphasis added)."¹⁰

⁹ http://blog.sina.com.cn/s/blog_6011579101016xuv.html

¹⁰ Voyage One, *The Historical Destiny of the Chinese Proletariat*, Red China Weekly 2015 No. 8 (February 24, 2015)

One has to wonder which planet did Voyage One come from? The mistake of ultra-imperialism is that they only see the similarity of interests to oppress the working class among the bourgeoisie in the capitalist system but failed to see the life and death battles between the monopolistic groups. They seem to forget the most basic essence of capitalists is for competition, monopoly, and hegemony! Other than repressing the resistance of the working class at home and competing for hegemony abroad, what other common interests of capitalists are there? On the surface, international organizations, such as the United Nations, the World Bank, and IMF are platforms for a "democratic" governance of international affairs by the global capitalists. In fact, each party's right to speak on these international organizations is allocated according to each one's respective military and economic power.

Thus the author saw that "the core of China's capitalist sector is the export-manufacturing industry", and saw that it is "not only dependent on the United States and European markets, but also relies on imported energy and raw materials abroad", and that if it "declines, other sectors of China's capitalist will soon decline." However, he could not see, at the same time, that as the core of this Chinese capitalism expands, it is bound to further compete with the Western powers for markets and resources.

One of the reasons for this might be that these people saw China's export-manufacturing industry only as the kind of private industries similar to Foxconn, which engaged in large-scale processing trade, serving the needs of multinational companies. They failed to see those Chinese homegrown enterprises, such as the state-owned high-speed rail, or private oligopoly equipment enterprises, such as Sany, are under the pressure of a severe overproduction crisis, and in order to survive, more and more attention must be paid to export their surpluses. They have been pushing very hard on the "Going-out" strategy to overcome the difficulties of those domestic manufacturing industries. This is the real "core of Chinese capitalist sector."

These mistaken conclusions are also derived perhaps from beliefs in a version of the world-system theory, which emphasizes (actually, only described) the particular role of the international "division of labor" within the world capitalist system. However, except for the synonymic analysis of "core", and "periphery", it does not specify what is the basis of the "division of labor", what phenomenon drives such a "division of labor", as well as what is the law of motion that make changes in the "division of labor". Consequently, in the eyes of these world-system theorists, the international "division of labor" tends to be solidified and unlikely to be changed. Since "within the current global capitalist division of labor, Chinese capitalism specializes in manufacturing production,"¹¹ these theorists take this as evidence that Chinese capitalists cannot march towards the "core". This is putting the cart before the horse. They fail to see that monopoly power is the driving force behind the "division of labor". Furthermore, the international "division of labor" is based on the relative strength of various monopoly capitalists in terms of one's economic, political, and even military strength.

If the core of China's capitalist sector is indeed a private export-manufacturing service for multinational corporations, then the Chinese "Belt and Road Initiative" is unnecessary, and their initiative for AIIB makes no sense. Those that prescribe to this version of the world-system analysis cannot understand the reasons for the Chinese government's push for either one and do not see the reasons why an upcoming state monopoly capitalist group is bound to challenge the existing world order. And challenge it did. AIIB is perhaps the only international financial institutions that the U.S. has no voice in, let alone veto power.

The rising "Chinese capitalism nevertheless objectively relies on the U.S. imperialist air and sea power to protect the political stability of the Middle East, Africa, the maritime traffic safety in the Indian Ocean and the Pacific Ocean." This free ride does conform to the actual situation for nearly two decades. However, China is becoming increasingly unbearable to the existing world imperialist order. Although China is the world's largest importer of many resources (such as iron ore, oil, etc.), she does not have any pricing power. Anything China buys, its price goes up. At the same time, China exports many goods all over the world, and whatever she sells, its price drops. She does not have any pricing power there either. Furthermore, China is facing ever-increasing cases of anti-dumping sanctions.

Thus, to say that "The Chinese capitalists are neither powerful enough, nor have the will, nor are daring to challenge the U.S. imperialist hegemony" is simply not true. The fact is that China is building warships like

¹¹ Minqi Li, *China and the Twenty-First Century Crisis*. London: Pluto Press (October 2015)

dumping dumplings, besides building a fleet of aircraft carriers, investing heavily in aerospace and other military hardware, expanding overseas bases, large-scale reclaiming islands in the South China Sea, in addition to the push for the "Belt and Road Initiative" and the establishment of AIIB. All of which shows that the ability and courage of China to challenge the U.S. imperialist hegemony have been enhanced, not to mention its intent.

It is only after seeing these challenges, that the United States began its "pivot to Asia-Pacific" strategic plan, rather than promoting the so-called "G2" system, in which China works with the United States as a junior partner to rule the world together. The latter is entirely the wishful thinking of Chinese scholars. The United States will never subsume to a "G2" system.

Thus, we can see the claim that "the fundamental interests of the capitalists in China and the United States are not only without conflicts but also highly consistent" is purely a subjective speculation, without any factual base.

According to this ultra-imperialist argument: "not only between China and the United States will there be no wars,...., not even outbreaks of armed conflicts." Yes, under the threat of nuclear destruction, direct conflict is unlikely, but proxy wars in other places like South Sudan, Myanmar, intensified arms races in aerospace, maritime, and other areas, competing to defend their so-called "core interests" in respective spheres of influence will continue. As Chinese capitalism rises, can she afford not to take the road of "gunboat commerce"?

More than a century ago, Kautsky believed it was possible to contain the intense rivalries of the imperialists by peaceful means for the sake of the global interests of the capitalist. His theory of ultra-imperialism was thrown into the dustbin of history by the reality of two World Wars. However, just as the inter-imperialist rivalries are getting more and more intense, the ghost of Kautsky's ultra-imperialism came back to life in the guise of a version of the world-system theory, which not even its main theoretician Wallerstein subscribes to. They mistook the history after WWII as evidence that it is possible for the imperialists to peacefully coexist under those international institutions where their differences can be ironed out. They clearly see "the decline of U.S. imperialist hegemony", but fail to see precisely the life and death struggle between the imperialists for hegemony that this decline inevitably brings!

3) No respect to ultra-imperialism by the U.S. imperialists

This perhaps is caused by these ultra-imperialists' mistaken view of the role that the U.S. plays in today's world imperialist system. Misguided by this version of the world-system theory, they saw the role of the U.S. imperialists as a self-appointed world police force for the sake of "effectively suppressing the resistance of the peoples, and various other threats to the world capitalist order." They saw that the U.S. imperialists have been trying "to regulate and manage the common interests of the world's capitalists", selflessly tried to "helping the capitalist countries out of the world economic crisis." By their description, the U.S. imperialists have been such an outstanding self-sacrificing leader of the world capitalists! The decline of U.S. imperialism must have been such a great regret for the maintenance of the said world-system!

In fact, the United States has never "helped" the capitalist countries out of any economic crisis. Even the Marshall plan after the WWII was more to overcome the overproduction crisis of the United States, and served to export the U.S. capital. The United States has always been good at exporting its own crises, like the 2008 crisis, or creating a crisis to serve its own need, like the 1997 Asian-Pacific financial crisis. The U.S. imperialists have never put the "common interests of world capitalism" first, but rather tried to safeguard its own interests in deciding what kind of world "order" to maintain, such as 1971 ending of convertibility of the dollar into gold.

The interests that U.S. imperialism does defend are not the common interests of world capitalism as a whole, but rather the global interests of U.S. monopoly capital. Only under this condition, will the U.S. imperialists try to maintain the global interests of monopoly capital in other countries. However, once an economic crisis occurs, the main targets for U.S. imperialism to pass its crisis to have often been the other developed countries. After the outbreak of the economic crisis in 2008, the EU's sovereign debt crisis was the direct consequence of the United States exporting of its crisis to Europe. The lethargic Japanese economy for the past 25 years was also the result of the United States crisis passing.

The distribution of the U.S. military around the world is most revealing. The United States has military bases in more than 60 countries, and military presence in more than 150 countries, the aim of which cannot be for the common interests of the global capitalists. Otherwise, why do the United States overseas garrisons (see Figure 2) mainly concentrate in the developed EU and Japan? The targets of the military forces of the United States all over the world, which are armed to the teeth, are clearly not to deal with the struggles of the working class against capitalism in various countries, but rather are targeted against those capitalists' forces from other countries that are capable of challenging the U.S. hegemony. However, the U.S. imperialists have taken a position of "live and let live" in dealing with monopoly capitalists from other countries, such as those from Europe and Japan, so long as they yield to the top dog position of the United States. This is to avoid a life and death struggle between capitalists around the world that can perish them all, especially after two World Wars.

Figure 2 and 1 have one striking commonality, namely, the concentration of Global 500 is highly correlated with the concentration of U.S. overseas military might. Both Global 500's and U.S. military bases are dense in Europe and Japan.

From this we can see why the U.S. imperialists unrelentingly provoke the already emasculated Russia, and why it forced North Korea to embark on a road to nuclearize. Without threats from Russia or North Korea, monopoly capitalists from the EU and Japan would have challenged the need for U.S. troops to be stationed in their countries. The U.S. imperialists need enemies not just for its military-industrial complex, but also to keep other potential challengers in the developed countries in line.¹²

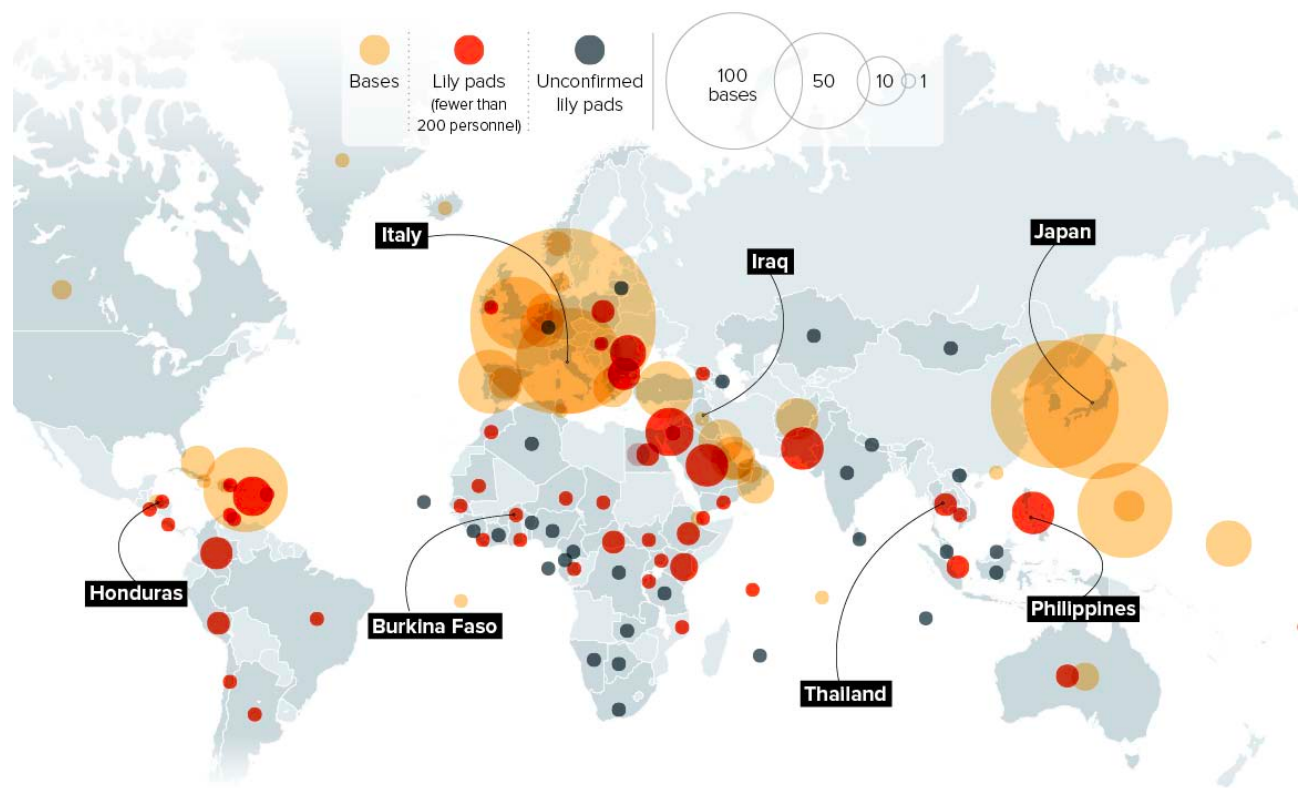


Figure 2 The U.S. global military layout (<http://www.politico.com/magazine/story/2015/06/us-military-bases-around-the-world-119321>)

¹² See also, for example, Wallerstein: *U.S. Weakness and the Struggle for Hegemony* <https://monthlyreview.org/2003/07/01/u-s-weakness-and-the-struggle-for-hegemony/>

5. China and the U.S. led global imperialism

1) The standing of Chinese capitalism in today's world

In terms of its military, China enjoys complete sovereignty. Compared to those G7 countries that have the U.S. armies stationed in their countries, such as the EU and Japan, or to those underdeveloped countries that do not even have an coherent industrial structure and have to rely on the developed country for its own military, such as India, China's sovereignty in the military matches that of Russia.

Backed by its military sovereignty, China enjoys complete political sovereignty, which is different from the G7 and other underdeveloped countries that are restricted politically by the U.S. imperialists. Armed with both political and military sovereignties, economically China only entered into the world capitalist system conditionally, such as with its entry into the WTO.

2) Uniqueness of the State Capital Conglomerate

It is not the rapid growth of capitalism in the Chinese private sector that worries Western imperialists. Instead, it is the strong expansion of the state sector. Of the companies on the list of Global 500 in Table 1 & 2 above, those 100 or so on the list from China are mostly state sector firms, whereas 10 years earlier, only 20 of the Global 500 were from China.

There is a very distinct difference between the state-owned companies in China and those in the West. Because government officials are hired and paid by "tax payers", i.e. monopoly capitalists, the managers in those Western state-owned firms must serve the interests of monopoly capitalists. The ownership of those state-owned companies in the West does not belong to government bureaucrats (for government officials are not allowed to form an interest groups contending for power against the capitalists there). Instead, they belong to the capitalists as a whole, following more or less the principle of one-dollar-one-vote, as in a joint-stock company. In other words, within the Western imperialist countries, the true ownership of the state-owned companies is decided by the amount of capital each capitalist owns. This is the true nature of Western democracy.

In contrast, the ownership of Chinese state-owned companies belongs to the Chinese governmental bureaucracy, rather than the Chinese capitalists as a whole. Without a functioning capitalist "democracy", private capitalists cannot effectively intervene in the affairs of state-owned companies. This is because the governmental bureaucracy in China is not a servant of capitalists, but rather the owner of the State Capital Conglomerate. They are not accountable to anyone but themselves, for they are a self-appointed body in power.

However, in order to balance all kinds of powerful interests within the State Capital Conglomerate, in order to prevent the group's overall interests from being damaged by parasitism and rent-seeking behavior, which will inevitably be brought on by monopolies, the leadership of the State Capital Conglomerate consciously divided the state-owned business and enterprises in every field into several competing semi-independent companies. For example, in the energy sector, there are competing China Petrol and Sinopec, etc., in aviation there are competing Air China, China Eastern Airlines, and China Southern Airlines etc., there are five competing banks in finance, and three competing firms in telecommunication, etc.

For the interests of the State Capital Conglomerate as a whole, these companies are often re-divided or recombined as needed. For example, the railway equipment business was divided into two businesses more than a decade ago, just as massive urban subways and a network of bullet train constructions began to take place throughout China. In 2015, as a part of China's "Going-Out" strategy and to avoid its subordinate companies competing with each other internationally, the two were recombined.

Not only do they get re-divided or recombined companies as needed, they often rotate the CEOs of those competing firms. On July 20th, 2015, for example, the state-owned Assets Supervision and Administration Commission (SASAC) announced the personal rotation among CEOs from four different rail related firms. To end a destructive marketing competition between the companies controlled by the State Capital Conglomerate, on November 1st, 2004, SASAC announced a similar rotation of the CEOs of the three main competing telecom

operators: China Telecom, China Mobile and China Union on the same day. This kind of CEO rotation by government decree is inconceivable in the mutually autonomous capitalist firms in the West.

In those imperialist countries where the private monopoly capitalists dominate, such as in the United States, the EU, or Japan, business enterprises, political parties, and the military are relatively independent of each other. The collapse of the Wall Street Lehman Brothers' investment bank in 2008 was a case in point. In comparison, in early July 2015, with an order from the State Council, state-owned enterprises collectively prevented a crash of the Chinese stock market, which is hard to do in other capitalist countries. This is the kind of capitalism with Chinese "characteristics" that is unique in the world.

3) Taking stock of the State Capital Conglomerate

People often overlooked the fact that the State Capital Conglomerate owns the most capital and with the highest degree of monopolistic power of all single capital groups in the world. Since China is on the rise, it is particularly necessary for us to explore the nature of this group, have a more in-depth understanding of its economic base, and have a clear description of its basic attributes.

Based on asset statements of Table 3, we can see that the degree of monopolistic power of the State Capital Conglomerate (measured by its assets) has far exceeded any single capitalist group in the West.

Table 3: Comparison of Chinese state-owned companies and Western multinationals by assets in the Global 500 (2016 data)

Non - financial	Assets		Financial	Assets	
	Ranks	Millions \$		Ranks	Million \$
<u>U.S. and European companies</u>			<u>The U.S., European, or Japanese consortiums</u>		
GE	26	492,692	Fannie Mae	40	3,221,917
Volkswagen	7	414,858	Mitsubishi UFJ Financial Group	191	2,654,413
Royal Dutch Shell Oil	5	340,157	Japan Post Holding Company	37	2,597,856
Exxon Mobil	6	336,758	HSBC Holdings	68	2,409,656
Verizon Telecom	30	244,640	JP Morgan Chase	55	2,351,698
Apple	9	290,479	BNP Paribas	39	2,166,092
Wal-Mart	1	199,581	Bank of America	64	2,144,316
AT&T	23	402,672	Freddie	124	1,986,050
<u>Chinese state - owned enterprises</u>			<u>China's financial industries</u>		
PetroChina	3	621,242	ICBC	15	3,420,257
State Grid	2	478,539	China Construction Bank	22	2,825,781
Sinopec	4	317,006	Agricultural Bank of China	29	2,739,835
China Mobile	45	251,113	Bank of China	35	2,589,565

Source: Compiled from Fortune 500 website (http://www.fortunechina.com/fortune500/c/2016-07/20/content_266975.htm)

Additionally, according to the data released by Chinese Ministry of Finance, as of the end of 2014, Total assets of (non-financial) state-owned enterprises is 15,953 billion \$,
of which, total assets of central government owned enterprises 8,391 billion \$,
while provincial state-owned assets totaled 7,563 billion \$.

The data above shows that, as for a single listed company, those state-owned enterprises from China are comparable in size to those monopoly capital groups from the United States, the EU, or Japan. However, in contrast to the relative autonomous relationship between companies in the Western world, all the state-owned enterprises in the Global 500 from China are subordinate entities of the Conglomerate. By combining industrial and financial capital as a whole, it has more capital than any single monopoly capitalist companies, groupings, multinationals, conglomerates, cartels, syndicates, consortiums, or trusts in the United States, Europe, or Japan.

Guided by state capitalism, this Chinese State Capital Conglomerate has an absolute control of its ruling party, its state machinery, and its military. This enable it to directly mobilize the world's largest industrial and financial capital on top of the power of the state to serve its own need for capital expansion.

The strength of this group is demonstrated by its dominance in manufacturing.

Table 4: Listed counts & asset shares of Global 500 by industries & counties/regions (column peak in **bold**)

Industries	Aero		Energy & Chemical		Engi- neering		Con- struction		Materi- als		Automo- tive		High- tech		Commu- nications		Trans- portatio n	
	6	36%	16	15%	3	15%	2	7%	3	14%	11	57%	3	32%	7	13%	7	50%
U. S.	6	36%	16	15%	3	15%	2	7%	3	14%	11	57%	3	32%	7	13%	7	50%
W. Europe	3	20%	24	29%	3	15%	5	29%	10	38%	3	4%	6	28%	8	24%	6	20%
Japan			6	4%	1	3%	2	10%	10	30%	5	12%	3	17%	1	3%	4	14%
China	6	44%	25	31%	9	82%	8	47%	6	9%	9	13%	3	18%	3	58%	6	14%
Others			24	20%			1	7%	5	9%	5	13%	2	4%	1	1%	1	2%

Source: Compiled from Fortune 500 website (http://www.fortunechina.com/fortune500/c/2016-07/20/content_266975.htm)

With the exception of high-tech enterprises, it seems, all other Chinese firms listed in Table 4 are state-owned enterprises. Although the technological gap between Chinese state-owned enterprises and their Western multinational counterparts is still very large, based on the capital strength of state-owned enterprises, through buying sprees or through massive investment spending, the gap between the two is rapidly diminishing.

Due to the serious overproduction crisis in recent years, the state-owned enterprises are faced with a strong "Going-Out" pressure. The future proportion of their overseas capital will continue to rise. They are trying hard to overcome their weakness of having too much of their capital invested in their home country. Therefore, in recent years, the growth trends of both Chinese commodity and capital exports worry Western countries. China's capital export to Asia, Africa, Latin America, and the EU are solid classical capital exports, and mostly are non-financial investments. From 2015 onwards, Chinese non-financial investment abroad has exceeded the non-financial foreign direct investment (FDI) in China¹³.

If one is oblivious to the role of the State Capital Conglomerate in today's capitalist world, and failed to see it as the most powerful force behind the rise of Chinese capitalism, one cannot understand why Chinese capitalism is able to rise to a position that threatens Western powers while others such as India or Brazil cannot.

Unless the State Capital Conglomerate collapses on its own, as was the case for the former Soviet Union, what is the chance that she will not compete against the current top dog for world hegemony? Can subjective human desire change the objective laws and internal logics of capitalist development?

4) China's challenge to the U.S. leadership in the global imperialism

The relation between China and the United States is surely greatly different from that during the Cold War period between the United States and the Soviet Union. However, this does not mean that China and the United States will not contend for hegemony. Once China cannot continue its development very well under the current imperialist system, it will definitely try to change the system. Relative to other developed countries, China is indeed independent, especially in its military and in politics, which has far surpassed other developed countries. Its independent strength in the economy is also gradually growing. In contrast, the United States firmly controls other developed countries' military affairs through NATO and other methods, from which, the United States can easily manipulate other developed countries' politics.

¹³ See for example http://www.china-briefing.com/news/2016/11/01/chasing-chinas-outbound-direct-investment.html?utm_source=iContact&utm_medium=email&utm_campaign=Asia%20Briefing&utm_content=AB_Flyer_Nov22016_USWest

The Chinese challenges to the U.S. imperialist world hegemony today obviously does not mean that China has been able to sit with the United States as equals, achieving a situation similar to that of the Soviet Union during the cold war. However, China's challenge is different from the challenge Japanese cars gave to the U.S. market in the 1980s, or the challenge the Euro gives to the Dollar and so on. Due to the lack of military independence, and the dependence in politics caused by it, no matter what the threat was from Japan or the EU, the U.S. imperialists were able to contain the challenge by employing their political, economic, and military advantages, or acting as a spoiler. This is the fundamental reason why those who have tried to dispute the "threat from China" by pointing out that "American media greatly exaggerated Japan's threat also in the 1980s, but it all disappeared later," misses the point. Because of its military independence, its independence in politics is assured, which makes China's challenge hard to be contained by the U.S. This makes the U.S. imperialists mostly worried.

U.S. imperialism should be the one that is most clear about who poses a real threat to its hegemony. In Africa, for example, the U.S. imperialists have realized that they cannot rely on their economic power to counter the growing influence of China there. They have to rely more on their naked military hegemony to counter their opponents.

Although the Western powers' declaration: "China is pushing for new colonialism in Africa!" is like robbers calling out thieves, the Western powers, after all, have a very acute sense of smell for those who are truly threatening their interests, much stronger than nerdy intellectuals and outsiders. They are not afraid of a large number of small traders from China, because those from India in Africa may be more than those from China, but we have not heard of any condemnation of Indian neo-colonialism. The reason they condemned big capital from China entering into Africa is because "it takes one to know one." Chinese capital is gradually breaking the monopoly hold of Africa by Western powers. Without these developments, there would not be panics and condemnations of China by the West.

The development of the international situation has been so clear that the U.S. imperialists in Africa are not worried about the challenge posed by Russia, Brazil, or India, nor challenges from any other old-time imperialists.

6. Conclusions

After China lost the 1940 opium war, especially after the defeat of 1894 war with Japan over the control of Korean peninsula, China became a poor country suffering from aggression and oppression by the imperialist powers. However, after the 1949 revolution that kicked out the Western imperialists, and an industrial foundation was laid in Mao's era, as well as 40 years of special conditions for sovereign Chinese capitalist development, it is no longer a backward poor agricultural country. With the rise of Chinese capitalism, its position in the world has taken a dramatic change.

There are many examples of huge changes in history. By the 1890s, the United States' industrial output exceeded that of Britain, even though it was a former colony of Britain. Today, China has also surpassed the United States. There was only 50% of the population left working in agriculture in the United States by 1900; the Chinese population working in agriculture has also fallen to less than 50% by 2000. Over a century ago, Britain had to deal with the rise of Germany on one hand, and on the other hand, it had to deal with the rise of the United States. Today, the U.S. imperialism is in the same situation as was the British. On the one hand, it has to deal with the relatively stronger combined economies of EU and Japan, and on the other hand, it has to deal with the rising of China.

Based on China's history, if one is to take the views of a narrow nationalist, angry at the "unfair" treatment of Chinese capitalists abroad is to be expected. However, if one takes a Marxist-Leninist-Maoist point of view, standing on the side of proletarian internationalism, and uses the tools of class analysis, then, will those words in defense of the neo-imperialist expansion of their powers abroad still stand? Where is their class stand otherwise? What is the difference between this kind of action and the sophistry of those "leftist leaders of workers" in the second international, such as Kautsky of Germany and Plekhanov of Russia?

The nationalist sentiment from an oppressed nation, to the degree it is anti-imperialist, is progressive, and may even be revolutionary. By contrast, the nationalist sentiment of an imperialist country, because it is built upon the foundation of suppressing other nations, is reactionary. The current growing nationalism in China contains lesser elements of indignation against Western hegemony, but more the arrogance of competing for hegemony. Along with the rise of Chinese capitalism, it is quickly going from progressive to reactionary.

The people who support the law of the jungle in international relations (which is what imperialists do) will also tolerate capitalist oppression of the working class at home.

Nationalists are all for the fatherland, for it is a place which one can rely on to defend one's interests abroad. In the era of capitalist globalization, although there are no national boundaries stopping monopoly capital from investing, Huawei cannot count on the United States to maintain its overseas interests. Similarly, Apple's global investment cannot rely on Chinese aircraft carriers. Therefore, for transnational monopolies or oligarch capitalists to make investments around the globe, they must have their fatherland on their side before they dare to venture out.

On the contrary, under the capitalist system, no capitalist state would use the military to defend the interests of the working class. The United States history is filled with cases where the capitalists used the army and police to crack down on striking workers, and those who dared to revolt against the system. Even during the high tide of working class struggle in the 1930s, when the U.S. government finally mobilized the national guard to aim their guns at the factory guards, it was not there to defend the interests of the workers on strike, but to guard against those short-sighted employers who stubbornly refused to give workers even the right to strike. This would have forced the U.S. working class on a road to revolution during the Great Depression. Therefore, as long as the working class is not in power, workers do not have a fatherland.

Regardless of how solemn and even elegant a country's constitution is written, perhaps even invoking Marxist-Leninist phrases, holding up high certain "banners", having sacred promises, or how charismatic a leader can be, how solemnly he swears, such as "the working class is the ruling class of our country", such as for "democracy", for "freedom", or for "universal principles", etc., but at the end of the day, to determine whether or not the working class has a fatherland is to see whether a regime, borrowing one of Mao's phrases, "protects or represses the people" when they rise up to defend their rights. Whose interest is being protected reveals who has a fatherland.

May we ask in the era of globalization, whether people in the global village will allow a new superpower to dominate the world? Will the highest form of state capitalism avoid its eventual implosion as the Soviet Union did?

The reality is that U.S. imperialism has enough nuclear weapons to wipe out the planet several times round. As a Chinese proverb warns, it will not "put down its butcher's knife and become a Buddha", for the sake of humanity. It will fight to the bitter end. As the United States declines, in order to maintain its hegemonic state, the people of the United States will have to pay an ever-increasing price. This is a prerequisite for the awakening of the people in the United States. It is only through the awakening of the people of the United States that humanity can avoid the threat of nuclear war and survive. However, only an anti-hegemonic struggle of the people of the world can awaken the people of the United States, such as the Korean War and the Vietnam War. Instead, a war between imperialists fighting for hegemony will drag the U.S. people into the imperialist camp.

In the nuclear age, the only way out for the very existence of humanity is for the workers of the world to unite and fight against all hegemonies together!