

China: Two Telling Trends

New data from the OECD verifies once again the imperialist character of China's economy

By Michael Pröbsting, International Secretary of the Revolutionary Communist International Tendency (RCIT), 28 April 2019, www.thecommunists.net

We have published a number of articles, studies, and books in the recent period demonstrating that China has not only regressed into capitalist property relations but has emerged as an imperialist rival to the other Great Powers. We have specifically examined the rise of China's share of global capitalist value production, capital export, military expenditures, its share the world's select population of billionaires, its *Belt and Road Initiative* project, its increasing dominance in various African and Asian countries, etc. (1)

In this article we do not intend to repeat that analysis. We, instead, draw the reader's attention to two telling sets of figures recently published by the OECD – the authoritative imperialist economic organization that regularly publishes comprehensive studies delineating the state of the world economy. Both graphs (available in the appendix below) outline the arc of China's rise as a major capitalist power.

Figure 1 shows the development, broken down by each of the world's leading national economies, of the specific share these economies have had in the *global gross fixed capital formation* for the years 1960-2015. "Gross fixed capital formation" is a bourgeois economic category that reflects the process of capital accumulation. As the graph illustrates, the US – the postwar, global hegemonic imperialist power – enjoyed, by far, the largest share until the early 2000s. (This leading position was briefly but unsuccessfully challenged by Japan in the early 1990s.)

However, since the restoration of capitalism in the 1990s, China rapidly caught up to the United States. While its share of global investments was about 6% in the year 2000, this rose to exceed 26% of the world total by 2015. By 2011 China overtook the U.S. as the world's number one and the gap between these two biggest imperialist powers has only continued to increase. The fact that China has become the world's leading economy in terms of capital investment is further proof of the Marxist appreciation that this East Asian state has not only entered the ranks of imperialist Great Powers, but has quickly moved to the front of the pack.

A second, equally telling, graph generated by the OECD deals with international, corporate mergers and acquisitions (M&A). This category embraces cross-border capital investment. Figure 2 shows Chinese inward and outward cross-border mergers and acquisitions flows as a share of the world total for the years 2005-2016.

As one can see, China's share of global mergers and acquisitions flows has, as with *gross fixed capital formation*, only continued to increase. While it was about 1% in 2005, its share of the world total, by 2016, had increased to 11%!

It is also important to note that since the beginning of the present decade, China's outflow of M&A investment has overtaken the inflow. This reflects its transformation into a primarily capital exporting nation, i.e. an economy that invests more capital in other countries than other countries are investing

in China. This is another benchmark of China's emergence as an imperialist power, exporting huge sums of capital abroad in the unquenchable pursuit of expanding profits.

Our movement arrived at the conclusion that China had become an imperialist power, almost nine years ago, in summer 2010. This uniquely, farsighted assessment has only received deepening vindication in subsequent years. (2)

We close this article by repeating our additional, urgent conclusion that it is impossible to understand the dynamics of the current world situation without recognizing the rise of China as an imperialist power, and with that, the related acceleration of Great Power rivalry. (3) Only by recognizing this sea change in international relations is it possible to draw the correct conclusion that socialists must oppose *all* Great Powers – the U.S., China, Russia, Japan and the EU (4) - and champion an independent, revolutionary path for the international working class.

Footnotes

(1) Our documents which analyse China's capitalism and its rise to a new imperialist Great Power in detail are collected in a special section on our website: <https://www.thecommunists.net/theory/china-russia-as-imperialist-powers/>. All publications can be read online or downloaded for free at these links.

(2) More on this in Michael Pröbsting: China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power, in: Revolutionary Communism No. 4 (2012), <http://www.thecommunists.net/publications/revcom-number-4>. This was our first major study on the issue of capitalist restoration in China and its transformation into an imperialist power.

(3) See on this e.g. our recently published book by Michael Pröbsting: Anti-Imperialism in the Age of Great Power Rivalry. The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan. A Critique of the Left's Analysis and an Outline of the Marxist Perspective, RCIT Books, January 2019, <https://www.thecommunists.net/theory/anti-imperialism-in-the-age-of-great-power-rivalry/>.

(4) See on this, in addition to the above mentioned new book on Great Power rivalry: RCIT: Theses on Revolutionary Defeatism in Imperialist States. Resolution of the International Executive Committee of the Revolutionary Communist International Tendency (RCIT), 8 September 2018, <https://www.thecommunists.net/theory/theses-on-revolutionary-defeatism-in-imperialist-states/>; RCIT: Global Trade War: No to Great Power Jingoism in West and East! Neither Imperialist Globalization nor Imperialist Protectionism! For International Solidarity and Joint Struggle of the Working Class and Oppressed People! 4 July 2018, <https://www.thecommunists.net/rcit/joint-statement-on-the-looming-global-trade-war/>

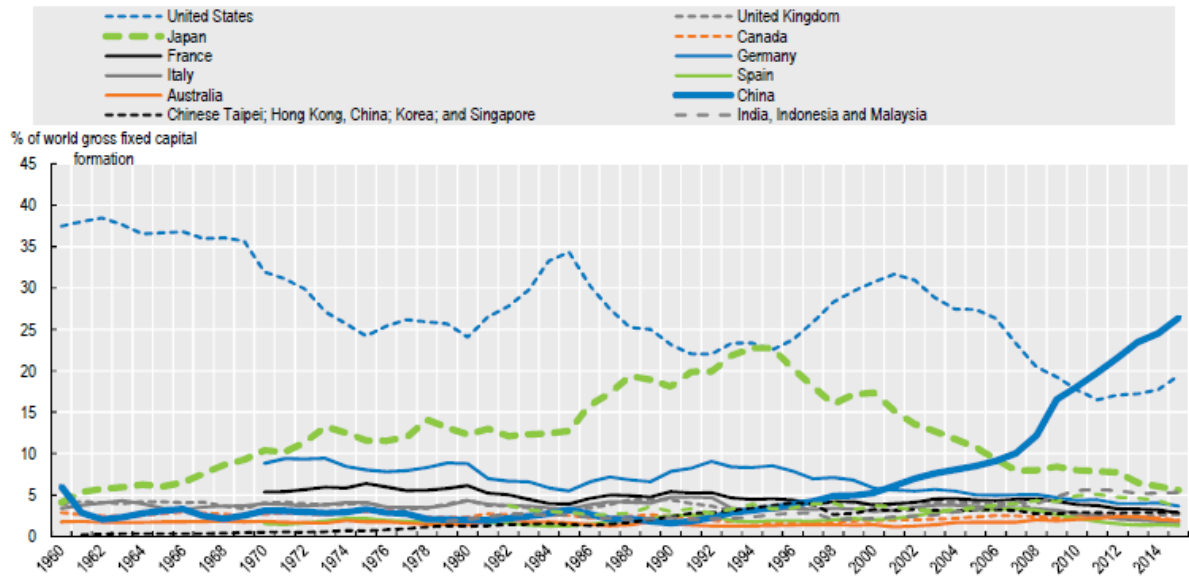
(5) OECD: Business and Finance Outlook 2017, OECD Publishing, Paris, p. 35

(6) OECD: Business and Finance Outlook 2017, OECD Publishing, Paris, p. 125

Appendix

Figure 1. Share of *gross fixed capital formation* of selected countries, 1960-2015 (Per cent of world total) (5)

Figure 2.4. Share of gross fixed capital formation of selected countries, 1960-2015
(Per cent of world total)

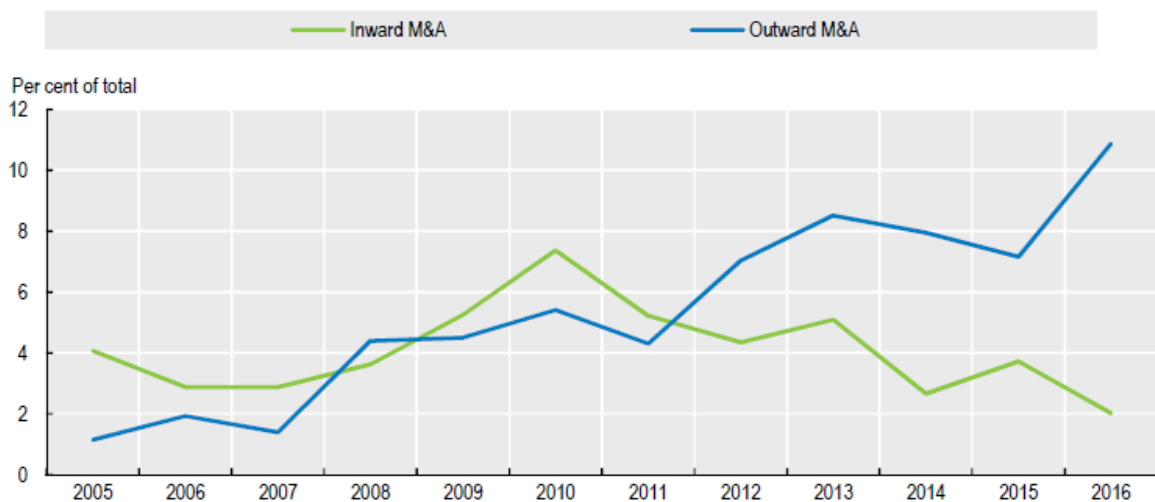


Source: The World Bank, OECD National Accounts, OECD calculations.

<http://dx.doi.org/10.1787/888933476507>

Figure 2. Chinese inward and outward cross-border mergers and acquisitions flows (Share of world totals) (6)

Figure 3.2. Chinese inward and outward cross-border mergers and acquisitions flows
(Share of world totals)



Source: Dealogic, OECD calculations

StatLink <http://dx.doi.org/10.1787/888933476814>