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# CHINA

## IN GLOBAL CAPITALISM

Building International Solidarity  
against Imperial Rivalry



## CHAPTER 2

# THE EMERGENCE OF A NEW GREAT POWER

In the 1970s, few would have predicted China's rise as a capitalist power. But over the last four decades, it has transformed itself from an autarchic, underdeveloped economy into a global economic force. Its rise is the most dramatic one in the history of the capitalist system since the emergence of the US as an industrial and imperial state at the beginning of the twentieth century. In 1978, China only accounted for about 2 percent of the world economy.<sup>1</sup> Now it is the second biggest economy in the world, the largest exporter, the number-one trade partner of most of the world's major economies, a major exporter of capital, and a top recipient of foreign direct investment (FDI). It is determined to move up the global value chain to become a high-tech competitor with the established titans of the world economy like the US, Germany, Japan, and others.

Based on this rapid ascent, China has become a new imperial power with all the qualities of its rivals, albeit with its own distinct characteristics. It battles for its share of the world market, reinforces the underdevelopment of the Global South, and cuts deals to secure resources throughout the world. China's integration into global capitalism has generated both collaboration and competition between it and the US as well as the other imperialist powers. On the one hand, China depends on them for investment, markets, and technology, but on the other hand, it comes into conflict with them, especially the US, as it tries to leap up the value chain.

China, however, is different from the other economic heavyweights. Unlike Germany or Japan, it is outside the security infrastructures and alliances that the US built during the Cold War. This geopolitical independence combined with its state ownership of key industries as well as its state management of private capital provide it greater latitude than Washington's allies, who are all subordinated to the United State's economic, political, and military institutions. Especially since the Great Recession, China has found itself at loggerheads with the US over everything from trade to high-tech, geopolitics, and military dominance in the Asia Pacific. President Xi Jinping has broken with his cautious predecessors, who were reluctant to openly proclaim their imperial ambitions, to declare China's status as a great power in a multipolar world order.

## **UNDERDEVELOPMENT AND PRIMITIVE ACCUMULATION**

Today's China was established through revolutionary struggle against imperialism. In the nineteenth and early twentieth centuries, the world's imperialist powers including Britain, France, Germany, Russia, and Japan imposed their will on the old, imperial China, which could not resist their predation. The Qing Empire was toppled in a revolution in 1911, but the new Republic of China failed to stabilize the country, which fell prey to civil war. Japan took advantage of that chaos to invade and seize Manchuria in 1931, setting up a puppet government that oversaw a reign of terror. Two competing forces rose up to challenge the occupation—Chiang Kai-shek's pro-capitalist Kuomintang (KMT) and Mao Zedong's Chinese Communist Party. The KMT crushed the CCP-led left in 1927, and imposed its rule throughout much of the country. Nevertheless, starting in the 1930s the CCP collaborated with the KMT in a war to drive Japan out of the country, which they finally did in 1945.

Over the next four years, the two waged a civil war that the CCP won decisively, driving the KMT from the mainland to Taiwan where it imposed dictatorial rule. On the mainland, the CCP founded the People's Republic of China (PRC) in 1949. Soon, Mao's new regime abolished private property

and placed the economy under state and collective ownership. To overcome the country's destitution, it imitated Joseph Stalin's Soviet Union, pursuing state-led development of its national economy disconnected from global capitalism. This was not a choice, but a necessity forced on it by its position as an underdeveloped country faced with hostile imperialists, especially the US, which it confronted over Taiwan and fought in the Korean War in the 1950s. Like other late developers, China used its state to protect its economy from international competition, prevent its subordination to the great powers, and develop its national economic capacity.

It initially focused on investment in its industrial infrastructure to build military armaments, including nuclear weapons.<sup>2</sup> But, isolated from the world economy and unable to get the support it wanted from its nominal ally, the USSR, the new state exploited workers and especially peasants to squeeze a surplus out of them to invest in development. Although there were important gains in terms of health and education, particularly for women, the state repressed consumption, at best providing relatively egalitarian poverty in the countryside and cities. By concentrating surpluses extracted largely from the peasantry, the PRC carried out a version of what Marx called the primitive accumulation of capital.<sup>3</sup>

The CCP's first five-year plan in the 1950s rapidly industrialized the country, establishing key industries like steel as pillars of the economy. Between 1953 and 1957, it grew at an astonishing pace of 19 percent a year.<sup>4</sup> Amid this stunning expansion, China joined other newly independent states at the Bandung Conference in 1955 to launch the nonaligned movement with the hope of blazing a path of Third World development. But China was starting at such a deficit that even with rapid growth it fell further behind both the Western states and the USSR, which it split from in the early 1960s.

To overcome this backwardness, Mao abandoned five-year planning to launch the Great Leap Forward, a voluntarist attempt to rush the pace of development by encouraging peasants to carry out rural industrialization by building backyard steel mills and large-scale irrigation projects. This ended in catastrophe. The mills produced unusable, poor-quality steel, and the mismanagement of agriculture helped precipitate a famine, leading to the

deaths of some 30 million people.<sup>5</sup> Instead of catching up, China found itself even more deeply trapped in underdevelopment as its imperial rivals boomed throughout the 1960s.<sup>6</sup>

The rest of the bureaucracy sidelined Mao and returned to more cautious five-year planning. But, as before, that continued to fail in closing the gap between China and its more advanced rivals. Frustrated with this impasse, Mao ignited the Cultural Revolution in 1966. He encouraged and used the struggles of students, workers, and peasants to reclaim authority over the CCP against his bureaucratic rivals. But the uprising escaped Mao's ability to control it, with strikes erupting in the country's industrial center in Shanghai and elsewhere. With the regime's rule threatened from below, Mao turned to the army to reimpose order. After the chaos of the Cultural Revolution, the country was left more destitute and isolated than ever before.<sup>7</sup> To escape China's developmental cul-de-sac, Mao struck an alliance with the US against the USSR during President Richard Nixon's famous visit to China in 1972.

## **DENG XIAOPING'S INTEGRATION OF CHINA INTO GLOBAL CAPITALISM**

After Mao's death in 1976 and another fierce factional battle in the bureaucracy for control of the state, Deng Xiaoping secured leadership of the CCP. He launched what he called a "Second Revolution" to abandon autarchic national development and replace it with state-managed integration with global capitalism. While he maintained party-state dictatorship and state ownership of key industries, he started to introduce market reforms into the economy, creating the space for the development of private capital. His model for the new strategy was other states in the region, the so-called Asian Tigers, like South Korea, who selected and backed corporations as "national champions" to develop their national economies through manufacturing products for export to the world market.

To implement this new strategy, Deng introduced his "Four Modernizations" in agriculture, industry, science and technology, and defense. He devolved planning to regional and local governments, allowed

those to carry out rural industrialization through the “Township and Village Enterprises” to produce for the market, opened agriculture to private use with the household responsibility system, began the process of introducing the market into state-owned urban industries, and opened Special Economic Zones (SEZs) for multinational investment in the country’s coastal cities. With these market reforms, labor and its products became commodities bought and sold in an emergent capitalist market, one increasingly part of the world system. Deng hoped these changes would encourage FDI and technology transfer to fuel further expansion of the Chinese economy. His new strategy would unleash four decades of economic expansion, during which China averaged double-digit annual growth, transforming the country into the new workshop of the world. This rapid accumulation has been premised on the exploitation of the country’s new migrant working class, drawn from its massive rural reserve army of labor inherited from the Mao era.

Like all capitalist economies, China has been subject to the system’s contradictions, its patterns of uneven and combined development, and its booms as well as its crises. To manage these, the state bureaucracy has vacillated between emphasizing state control and increasing the opening to the international market. China hit the first of its many crises at the end of the 1980s. Deng’s market reforms triggered inflation and with that a host of economic grievances among peasants and workers, as well as hopes for democratization among students and intellectuals. These detonated the vast uprising in Tiananmen Square and elsewhere, which the bureaucracy suppressed with the utmost brutality in June 1989 to avoid the fate of Eastern European rulers who were toppled the same year.<sup>8</sup>

## **ACCELERATING INTEGRATION INTO GLOBAL CAPITALISM**

This violent repression isolated China for a period, as the imperialist powers and their corporations paused their relations and investment. The ongoing flow of funds from the rest of Asia, especially Hong Kong and Taiwan, made up for these losses. Amid this renewed isolation, sections of



the bureaucracy considered abandoning market reforms. By contrast, Deng campaigned to double down on them and open the economy to global capitalism even more radically. He conducted his famous Southern Tour in 1992, in which he reaffirmed that SEZs in cities like Shenzhen were the best way to lure much-needed FDI and fuel a new cycle of development.

The timing could not have been better; China opened up at the same time as states and multinationals turned to neoliberal globalization to restore growth and profitability. After abandoning their moral qualms over Tiananmen, multinationals pressured the US state to grant China most-favored-nation status in 1993 and give it permanent normal trade relations in 2000. Other powers did the same, opening the floodgates for foreign capital to pour into the country to exploit its inexpensive land and low-cost labor. As a result, China's economy exploded from a mere 6 percent of US GDP in 1990 to 80 percent of it in 2012.<sup>9</sup> Multinational corporations spurred the boom. But China required foreign high-tech and capital-intensive corporations to transfer their technology to local state and private enterprises. Thus, the Chinese state supported the development of indigenous capital and enabled it to compete in the world system.

Deng's successors continued his economic strategy. During Jiang Zemin's rule from 1993 through 2002, the regime oversaw deeper free-market reforms—massive privatization of uncompetitive state-owned corporations, further relaxation of trade barriers and regulations, and the dismantling of social welfare provision. As a result of these privatization measures, employment in state industry was cut by tens of millions between 1997 and 2005.<sup>10</sup> And the state-owned sector's share of GDP dropped dramatically to now less than 30 percent.<sup>11</sup> In anticipation of even further free-market reforms, the US supported China's accession to the World Trade Organization in 2001. At the same time as Jiang accelerated China's opening to the global market, he was careful to maintain state ownership of key industries—the commanding heights of the national economy in core industries like transportation, energy, and finance. Through his “Go Out” policy, he encouraged state firms to secure ownership of, and shares in, foreign companies, especially in transportation, infrastructure, and natural resources, thereby deepening their integration into global capitalism. Thus,

not only did China expand its receipt of FDI, it also became an international investor in its own right.

By the early 2000s, China's state and private capital were fully merged into the world economy. Its state corporations sold shares on stock markets from Hong Kong to New York, and they formed joint partnerships with multinationals. And its private corporations, which today account for more than 60 percent of China's GDP and 90 percent of its exports, expanded dramatically and forged partnerships with multinationals.<sup>12</sup> To accommodate these transformations, Jiang introduced his new "theory" about the role of the CCP—the "Three Represents"—that claims that the party represents the most advanced productive forces, advanced culture, and the interests of *all* Chinese people. The last was justification to openly allow membership in the party to private capitalists like Alibaba's billionaire owner, Jack Ma, who had actually held a party card since the 1980s.<sup>13</sup> While the party state's development strategy has reduced poverty on a massive scale, it has introduced new levels of class and social inequality. China's Gini coefficient, which measures income inequality, is on par with that of the US.<sup>14</sup> It now ranks just below the US as the country with the second-most billionaires, and their profits and wealth derive from the exploitation of the country's massive, poorly paid working class.<sup>15</sup>

## **CRISIS, STIMULUS, AND EXPANSION**

China's integration into global capitalism and its crises challenged the state's ability to maintain control over its economy and society. Jiang's successor, Hu Jintao, who ruled the country from 2002 to 2012, tempered the market reforms, reemphasized the state sector, and increased subsidies to health care to ameliorate, at least in part, the country's growing class inequality. These growing disparities were a key factor in the rise in strikes and protests by workers and peasants, which skyrocketed in the 2000s and 2010s.<sup>16</sup> The bureaucracy's answer to such resistance was repression, co-optation, and a promise that further development would improve workers' standard of living.



The Great Recession that rocked the world system in 2008 threatened to undo such efforts. To get the economy growing again, Hu intensified the role of the state in the economy, implementing the largest stimulus program in the world, pouring \$586 billion mainly into state corporations and infrastructure projects.<sup>17</sup> While this intensified its problems of debt, overcapacity, overproduction, and ecological devastation, it triggered another wave of expansion in China with growth skyrocketing back to 8.7 percent in 2009 and 10.4 percent in 2010.<sup>18</sup> Indeed, as the world economy cratered, China became the system's main growth engine, sustaining expansions in commodity exporting economies especially in Asia, Latin America, and Africa.

It used the so-called BRICS (Brazil, Russia, India, China, South Africa) alliance it forged in 2006 to posture as the leader of the developing world. But, in fact, China was reinforcing underdevelopment in countries in the Global South. In Latin America, its cheap exports have undercut the region's industries and reduced countries to shipping raw materials to China—the classic dependency trap. Brazil, for example, has experienced deindustrialization of major sectors of its economy in part because of its trade with China.<sup>19</sup> Its exports to China are almost entirely primary products, while its imports are manufactured goods.<sup>20</sup> The same is true with its trade partners in Africa like Angola, the Democratic Republic of the Congo, Egypt, Nigeria, South Africa, and Zambia. They export rare earth minerals, metals, and oil to China, and they import finished products. And China's development projects reinforce this pattern, building infrastructure and transportation systems designed to facilitate the extraction of commodities to fuel Beijing's economy—the classic imperialist pattern.<sup>21</sup>

## **RECLAIMING CHINA'S STATUS AS A GREAT POWER**

China rode the long neoliberal boom from the early 1980s to the Great Recession to become a global economic power. In 2022, China had 136 companies (including state-owned and private) on the Fortune 500 list, just ahead of the US with 124 and far more than Japan's 47.<sup>22</sup> But rather than assert China's potential imperial power, Deng's successors followed his

cautious foreign policy perspective that Beijing “observe calmly, secure our position, cope with affairs calmly, hide our capacities and bide our time, be good at maintaining a low profile and never claim leadership.”<sup>23</sup> After his accession to power in 2012, Xi Jinping abandoned this approach to carry out what some call a “Third Revolution.”<sup>24</sup> Xi announced a new foreign policy of “national rejuvenation” to achieve “The Chinese Dream” of reclaiming the country’s status as a great power. His open assertion of Chinese imperial power has economic, geopolitical, and military dimensions.

On the economic front, he has reemphasized the importance of state-owned corporations, and the government continues to pour money into them through state banks. While that has strengthened the hand of the state in the economy, it has also exacerbated its problem of overinvestment and overcapacity. Xi’s solution has been to export China’s surplus capital and industrial capacity through the Belt and Road Initiative (BRI), which he announced in 2013. The plan calls for investment of over \$1 trillion in infrastructure and transport spending in 150 countries, mainly in Europe, Asia, and Africa. It includes two main components—a “Silk Road Economic Belt” for overland transport routes linking Asia and Europe, connected to a “Maritime Silk Road” to establish ports for sea routes between Africa, Europe, the Middle East, and Asia.<sup>25</sup> This enormous project is, adjusted for inflation, seven times larger than the US Marshall Plan spent rebuilding Europe after World War Two.<sup>26</sup>

To fund this investment, China launched the New Development Bank in 2014 and the far more significant Asian Infrastructure Investment Bank in 2016. China boasts that its BRI loans do not have the same free-market conditionalities as those from the IMF (International Monetary Fund) and the World Bank, nor will they meddle with questions of corruption or human rights. But they are not without conditions, and the projects themselves are not done out of altruism toward the Global South, but to serve Chinese interests. The loans often require countries to contract China’s state-owned corporations and hire Chinese labor.<sup>27</sup> And China has initiated all this development to export its excess manufacturing capacity, secure access to raw materials, and open new markets.<sup>28</sup> The projects also serve geopolitical

aims. For example, China is helping Pakistan to build a port in Gwadar that would open overland trade routes that avoid bottlenecks like the Strait of Malacca between Malaysia and Indonesia, which is patrolled by the US Navy.<sup>29</sup>

Despite all the hype, BRI has run into numerous problems, from conflicts over the terms of investment to loan defaults, shoddy construction, exploitative labor conditions, and incomplete or suspended projects in various countries.<sup>30</sup> Moreover, the combination of the pandemic recession, increased inflation during the recovery, and interest rate hikes in advanced capitalist countries have triggered a new debt crisis throughout the Global South, including in countries on the receiving end of BRI loans from China. As a result, a growing list of countries have demanded renegotiation of their debts with Beijing. Such government resistance and even more threatening mass resistance from below could lead China to enforce its interests militarily. Indeed, terrorist attacks on Chinese people and infrastructure in Balochistan have already led to some in China calling for increased deployment of security forces in the region. All of this has taken the initial shine off BRI and led Xi to significantly curtail expenditures since 2016. But he remains committed to the project to secure China's central position in global capitalism.<sup>31</sup>

## **NATIONAL HIGH-TECH CHAMPIONS**

Xi has also launched several economic initiatives to escape the classic middle-income trap of producing manufactured goods for the world system while remaining stuck at a low level of development and unable to compete at levels higher up the value chain. Xi's most important initiative to avoid this has been "Made in China 2025." The state has funded national champions in high tech like Huawei to compete with US, European, and Asian multinationals.<sup>32</sup> After a backlash from Western powers for its state support of such industries, China abandoned the phrase but still pursues the policy and practice.

Beijing is funding state and private corporations to upgrade their capacities in a whole range of industries that are part of what has been called

a “Fourth Industrial Revolution.” These include microchips, information technology, artificial intelligence, robotics, and green energy. This program has brought China into direct competition with the advanced capitalist countries in high value-added production. In some cases, China has managed to leapfrog its competitors, especially in 5G, which is central to the so-called “internet of things” that connects all sorts of devices, infrastructure, and wireless networks to each other over the internet.<sup>33</sup> The high-tech industry has applications for the military and especially forms of conflict like cyberwarfare. Thus, the US in particular has regarded China 2025 as a threat to its supremacy on both economic and military grounds. That’s why Washington has called Huawei a national security threat and banned its 5G system, blocked sales of high-end microchips to it, and pressured other countries to do the same.<sup>34</sup>

The US and its allies can bully China and its companies because they have a near monopoly on research and development of high-end microchips and semiconductors. As the founder of the Taiwanese company TSMC (Taiwan Semiconductor Manufacturing Company), Morris Chang, boasted, “We control all the choke points. China can’t really do anything if we want to choke them.”<sup>35</sup> The US demonstrated this power when the Trump administration banned chip sales to ZTE over its supposed skirting of sanctions on Iran, nearly bankrupting the company overnight.<sup>36</sup> This attack spurred China to pour money into its indigenous chip and semiconductor industry to neutralize Washington’s attempt to paralyze its companies with sanctions and trade barriers.

## **BOLSTERING THE PARTY STATE**

Xi paired his reassertion of state capitalism with bolstering the CCP’s rule over all aspects of Chinese society and a crackdown on resistance of any kind. He launched a campaign against corruption within the state, whose bureaucrats routinely use their positions for personal gain. The state has indicted over one hundred thousand officials for various crimes and probed a total of five million.<sup>37</sup> Xi also launched a far-reaching effort to discipline private corporations. He has placed CCP bureaucrats on most boards,

blocked them from selling shares on foreign stock markets, disciplined corporate moguls for opposition to increased regulation, and demanded their allegiance to the state's priorities. This has impacted everything from Jack Ma's Ant Group and the ride-sharing corporation DiDi to private education companies like New Oriental.<sup>38</sup>

This crackdown on parts of the private sector has been paired with enhanced Chinese nationalism as part of the CCP's assertion of its status as a great power. That, along with the promise of improved standards of living, have been the principal means for the state to maintain its popular support and legitimacy. Xi has used this nationalism to justify the state's mass policing and detention of Uyghurs in Xinjiang, crushing of the uprising in Hong Kong, and denial of the right to self-determination in Tibet and Inner Mongolia. Unsurprisingly, this repression often dovetails with the state's economic interests, especially in Xinjiang with its extensive cotton industry and BRI projects.<sup>39</sup>

At the same time, Xi and the bureaucracy realize that they must rebalance the economy and address the deep inequality, land grabs, and environmental crises that have driven waves of protest over the last decade. He launched his "Common Prosperity" program to raise the standard of living and increase household consumption, which has dropped from just under 55 percent of GDP in 1985 to about 39 percent in 2019.<sup>40</sup> That would correct the overinvestment in production and infrastructure, but any increase in wages and benefits undermines the basis of China's boom—the country's cheap labor reserves. Thus, Xi's promise of increased standards of living for most workers has not produced meaningful results. Wage increases have stalled, minimum wages hikes have slowed, and social spending remains low. As with the 2008 crisis, the state's response to slowing growth during the pandemic lockdowns largely focused on assisting firms, not workers.<sup>41</sup>

Finally, Xi has tried to mitigate the profound environmental crises caused by China's capitalist industrialization. He has invested in green energy and at least some increased regulation on the worst polluters. Indeed, China has positioned itself as one of the global innovators and producers of green technology and infrastructure. But rather than address the environmental

crisis, most of these measures have merely displaced the worst practices to underdeveloped regions within the country and abroad. The government's 2021 promise to end funding for overseas coal plants is a positive development, and activists should continue to hold BRI projects accountable for their ecological impact, wherever on the planet they are located. Such activism will be essential as Beijing, despite its promise, approved the construction of nearly two new coal plants a week inside China in 2022, building the most it has since 2015.<sup>42</sup>

## **FORGING ECONOMIC, POLITICAL, AND SECURITY ALLIANCES**

While Xi consolidated state control at home, he has projected Beijing's power abroad, forging various economic, political, and security alliances. In Asia, he inked the Regional Comprehensive Economic Partnership, an enormous trade deal with the region's main economic powers. It includes Australia, Brunei, Cambodia, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Singapore, South Korea, Thailand, and Vietnam. It cut over 90 percent of the tariffs in the region and established common rules for trade, e-commerce, and intellectual property rights. Importantly, it includes no prohibitions on state ownership and backing of corporations, in contrast to such pacts struck by the US. It also has no labor protections whatsoever.<sup>43</sup>

China is pursuing similar deals with other powers and regions of the world economy. For example, it is trying to seal a deal with the EU, the Comprehensive Agreement on Investment, that includes promises of market liberalization by both parties as well as an end to forced technology transfers. That China was willing to make such concessions is a sign of its increased strength and confidence. While it was agreed to in principle by the EU and China against the wishes of the US, which fears greater penetration of the European market by China, it faces stiff opposition in the European Parliament, where it has yet to win approval.

Finally, China has sought economic and security pacts with allies. It has placed increasing importance on its BRICS alliance as a potential economic bloc and counterweight to US-dominated formations like the G7. Its most



important security alliance is the Shanghai Cooperation Organization, originally formed in 1996 with Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. It expanded to include Uzbekistan, India, and Pakistan with observer status granted to Afghanistan, Belarus, Iran, and Mongolia. Through the alliance, China has established economic linkages throughout Eurasia, agreements on mutual security, and joint military exercises. Beijing and Russia have used the pact to shield themselves and other states against criticism of human rights violations from the US and other powers by coordinated voting for one another in the UN.

They have done so especially since the Arab Spring in 2011, which both China and Russia looked at as threatening examples of popular revolts against autocratic regimes. They characterized them as so-called color revolutions orchestrated by Washington, especially after the US-led NATO intervention in Libya against Muammar Gaddafi's dictatorship. Since then, China, Russia, and their allies have backed regimes against democratic uprisings in various countries, including Syria, Thailand, and Myanmar. Increasingly, an informal network of undemocratic regimes has come into being in opposition to the US and its allies. Now they routinely unite in UN votes against Washington. This has all come to a head in the wake of Russia's invasion of Ukraine with China tacitly supporting Moscow and excusing its barbarous war as a justified response to NATO enlargement.<sup>44</sup>

## **MILITARY MODERNIZATION**

To back China's assertion of economic and geopolitical power, Xi has accelerated the modernization of its military. The government has increased military spending by between 6 and 7 percent each year, driving the budget up from \$11.25 billion in 1989 to \$293.35 billion in 2021, the second highest in the world. But China remains well behind the whopping \$801 billion spent by the US in 2021.<sup>45</sup> Nevertheless, it has become a major military power. It has oriented its military spending on high-tech weaponry, cyberwarfare, nuclear missiles, and militarization of space, all with the aim of catching up with or neutralizing Washington's military dominance, especially in the Asia Pacific.

China has cashed in on this military development to become one of the world's largest arms traders. It now ranks fourth behind the US, Russia, and France.<sup>46</sup> It has shipped munitions to regimes in Asia, Africa, and the Middle East. Its largest market is in Pakistan. Xi's military buildup and weapons trade is entirely imperial in nature. The People's Liberation Army made this explicit in a 2013 white paper: "With the gradual integration of China's economy into the world economy system, overseas interests have become an integral component of China's national interests. Security issues are increasingly prominent, involving overseas energy and resources, strategic sea lines of communication, and Chinese nationals and legal persons overseas."<sup>47</sup>

To push back against the US presence in what China sees as its own sphere of influence in the Asian Pacific, Xi has adopted a military strategy of anti-access/area denial. China aims to deploy warships, fighter jets, and specialized missiles to neutralize Washington's advantages in bases and aircraft carriers. It has also pursued an aggressive program of establishing military bases on islands it claims in the South China Sea as well as territorial claims against various states in the East China Sea. The bases in the South China Sea enforce China's claims to fisheries and undersea energy reserves as well as protect its access to vital shipping lanes like the Strait of Malacca, which sees \$5 trillion in trade pass through annually.<sup>48</sup>

This projection of power in the South and East China Seas has brought China into conflict with several Asian states, like Japan, the Philippines, Brunei, Taiwan, Vietnam, Indonesia, and Malaysia. It has also raised the ire of the US as well as Britain, and especially Australia. In a sign that its ambitions are not just regional, but global, China established its first overseas military base in Djibouti, on the Horn of Africa. It plans to add another one in Equatorial Guinea. Of course, these outposts pale in comparison to Washington's empire of bases. The US has an estimated eight hundred military installations all around the world that still enforce its status as the global superpower.<sup>49</sup>

## **THE CONTRADICTIONS AND FRAGILITY OF CHINESE IMPERIALISM**

While China is a rising imperial power and rival to the US, its strength should not be exaggerated, nor its fragility underestimated. It has an abundance of political, economic, and military problems that it will not find easy to overcome. It is suffering slowing growth; increased indebtedness; overcapacity; ineffectual investment; corruption; an aging, shrinking, and increasingly expensive workforce, angered by the high levels of inequality, youth unemployment, and increased severity of various forms of oppression. These were compounded by the pandemic, lockdowns, and economic slowdown. The state's abandonment of its brutal zero-COVID-19 policy and its reopening will do little to overcome these underlying problems. Indeed, China's economy was slumping in 2023. These problems threaten China's continued rise and could trigger resistance from within, especially if its growth slows enough to threaten expectations of a better life in the future for the country's people.

Moreover, despite its rise, China remains dependent on advanced capitalist countries, especially the US. It needs them for markets as well as for inputs, especially the advanced microchips that it is not yet able to manufacture on its own. For all the talk of decoupling, global capitalism binds these imperial rivals together. Similarly, China's attempt to project its rising economic power has hit contradictions. Its Belt and Road Initiative became overextended, with too many projects that encountered a host of problems, forcing it to retreat. It did so not only because it wanted to avoid wasteful boondoggle projects, but also because it feared defaults and excessive capital flight from the national economy.

Similarly, it became cautious about its China 2025 program, which has triggered blowback from the US and others, forcing at least an initial rhetorical retreat. With the US escalation of restrictions of high tech, however, Xi has doubled down on funding hightech national champions. These initiatives provoked opposition from states large and small to Beijing's assertion of itself as a new great power. Finally, China faces a profound environmental crisis. Despite its professed intention to mitigate its

emissions, it cannot do so and at the same time continue its economic ascent. Just like the US and European powers, China is now a culprit of climate change. These contradictions and fragilities, however, will not drive it to retreat from its assertion of itself as a great power. If anything, it will make it more determined to secure that status even if that project brings it into greater conflict with the system's hegemon, the US.