China: Victim of Imperialism not Perpetrator

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The Left is making a historic error by endorsing the line that China is an imperialist power. Leftists of all varieties, from Trotskyists to Maoists, are lining up with the right-wing to denounce China's alleged colonial ambitions. It is claimed that the building of roads and railways by China in developing countries in return for raw materials is imperialism (1). Capitalist deal-making, however, does not in itself constitute imperialism. Chinese ownership of ports, for example in Sri Lanka, is often given as evidence of neo-colonialism. Does this mean that America has been colonised by the United Arab Emirates because the Port of Delaware is owned by a UAE based company? (2)

The Left is simply failing to analyse the question with any rigour. The danger is that the western Left, not for the first time, will end up uniting with its own imperialists against a developing nation using theories of 'Chinese imperialism' as a thin excuse.

In reality, China is a developing country that still has a relatively low standard of living. It is not imperialist. An imperialist nation must have an empire, even if it is not a formal empire but some neo-colonial arrangement. An empire is an entity where one nation dominates and economically exploits other nations. Not all nations that invest in other countries are engaging in imperialist exploitation, even if they are capitalist. To be imperialist, a country must drain resources from oppressed nations over and beyond the normal rate of return it could make on domestic investment. It must, therefore, make superprofits. Without superprofits, we do not have the exploitation of nation by nation- which is the essence of imperialism. We just have a situation where workers in every country may be exploited either by a domestic or foreign capitalist; the nationality of their exploiter being fundamentally a matter of indifference to them. Typically, the imperialist powers will impose policies on their client states that tend to maintain their undeveloped status as providers of less technologically advanced goods produced by cheap labour. Imperialist policies have the effect of preventing oppressed nations becoming serious economic competitors with the western powers.

Lenin's Theory of Imperialism and China

The drain of resources and the impoverishment of rival nations have dimensions far beyond anything that can be imagined from a formulaic interpretation of Lenin's works on imperialism. It is a system that keeps the majority of the world in a state of toil and poverty through naked plunder and wanton destruction.

Lenin, however, gives us the basis for our understanding of imperialism, so we must first assess how China's position in the world relates to his theory.

Lenin described imperialist nations as nations that contain monopolies and export capital. However, Lenin was describing specific countries such as Britain, France, and Japan that were in a particular relationship to each other at the time he was writing. Monopoly and capital export are not categories that can be applied to any nation anywhere to define them as imperialist. Virtually all nations export capital to some extent. Are we going to start talking about Nigerian imperialism or Mexican imperialism because they both export capital? These countries also have some large domestically owned companies that might be referred to as 'monopolies' in the same way that large Chinese firms are often described as such by those who seek to find proof for the theory of Chinese imperialism.

The point about the imperialist nations that Lenin described is that they were involved in the extraction of super-profits. As Lenin pointed out, most imperialist countries could make a higher return from investing in the colonies than they could at home due to the lower labour and land costs in the colonies. They had empires; they were not simply international investors.

Two developing countries that invest in each other are not exploiting each other in the same way. If a Chinese firm invests in Thailand and exploits its cheap labour, then a Thai firm may repay the favour by investing in China to exploit still relatively poorly paid Chinese labour. The two countries are not imperialist nations that are exploiting each other. The Thai firm which invests in China could also exploit cheap labour by investing domestically. Whatever the Thai firm's reason is for investing in China it is not driven by the same imperatives that drive western firm to try and escape high labour costs at home by investing in developing countries. China and Thailand are simply capitalist nations whose enterprises exploit workers in other nations.

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It could be argued that Japan in 1916, like China today, was a country where the workers were low paid compared to western nations yet Lenin still regarded Japan as imperialist. If Japan had simply been exporting capital in 1916 when Lenin wrote his work, it would have been difficult to see it as an international imperialist exploiter. However, Japan was doing much more than this and indeed much more than modern China does when China exports capital. Imperial Japan was making super-profits from its exploitation of other nations. It forced China to pay an indemnity to it after the 1894-1895 Sino-Japanese war. After the annexation of Korea in 1910, Japan seized Korean land forcing Korean farmers to pay huge rents to Japanese landlords and to fund land irrigation schemes. The purpose of Japanese policy was to force Koreans to provide food exports to Japan, at the expense of mass hunger among the Koreans (3).

Britain's Shameful Record

We see here how imperialism leads to the drain of resources from the colonised country, rather than simply a return on investment of the normal capitalist kind. Colonialism is about the plunder of a nation's wealth that goes way beyond simple capitalist foreign investment.

The British, of course, were the supreme plunderers and provide the paradigm example of what real imperialism looks like. Utsa Patnaik shows how Britain robbed the Indians of up to a third of their total state budget every year from 1765. India had a balance of trade surplus with India that Britain financed by extorting 'gifts' and other items of expenditure from the Indian state budget which matched (or more than matched) the export surplus India had with the UK. Hence the British received the goods the Indian export surplus represented for free. This was a most gratuitous example of the extraction of super-profits (4).

In Malaya in the early twentieth century, not only did British companies, invest in the rubber industry, the British colonial authorities also ensured that Malays and non-British foreigners who wanted to invest in the booming rubber industry were discriminated against. In effect, Malaysia's greatest natural resource at the time was stolen from its people by British policy (5).

We can see how the classic Leninist form of imperialism did not just involve investing at a higher rate of return in the colonies but involved the active robbery of the countries involved.

This is not to deny that Lenin's description of imperialist rivalry over investment in the oppressed nations was incorrect. There are legions of 'revisionist' writers who argue that Britain got 'no benefit' from imperialism and it was all an act of charity. This argument is of course, not true. For example, in the early 1920s, the Americans complained bitterly about the British Empire discriminating in favour of its own investors when it came to oil concessions in the nations the UK subjugated (6). In the current period, the most important aspect of imperialism is the attempt to maintain the subordination of the developing countries. Rivalries between the developed countries are secondary. It should be noted, however, that the latter do certainly still exist and they seem to be growing.

China is not a part of this inter-imperialist rivalry, though. There is no modern Chinese equivalent of the super-profit 'drain' or the type of exclusory policy that the British applied to investment in its own empire? The fact is that China does not run the countries in Asia or Africa that it invests in and so it cannot plunder their budgets or control access to their land and resources. China's relations and contracts in Asia and Africa are capitalist, but they are not imperialist.

Neo-colonialism and Underdevelopment

It might be argued that the West no longer controls developing countries in the same way either. It does, however, still exert power through neo-colonialism. By controlling international institutions like the IMF, the West can impose those policies which bring benefit to itself and underdevelopment to others. Western nations want to prevent economic competitors emerging. The basis of this is the imposition of free trade on developing countries. Developing countries need tariffs to protect their industry until it is strong enough to compete, just as America and the UK (initially) used tariffs to protect their manufacturing industry before embracing freer trade. They were not prepared to let other countries benefit from the same strategy. The 1800 Act of Union between Britain and Ireland ended the tariffs that had been enabling the development of Irish industry. The Indian handicrafts and the possibility of Indian industrialisation were destroyed by nineteenth-century colonial policy which opened the Indian market to British manufactures at a very low tariff.

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From independence until the 1980s, a large number of developing countries were using tariffs to protect their infant industries through the policy of 'import substitution'. However, the oil price shocks of the 1970s and the consequent rise in interest rates gave them a massive debt problem. Many were forced to turn to the IMF, which obliged them to scrap import substitution. The IMF's diktat seriously retarded (or reversed) industrial growth. The IMF recommended policies that would turn these countries either into commodity exporters or countries that simply provided assembly line workers for western manufacturing corporations without them having the opportunity to develop their own internationally marketable products and brands. This policy particularly hit Africa and many Latin American countries. In Africa, countries were made to endure 'structural adjustment' programs. Structural adjustment stopped them being able to ration foreign exchange to those exports most needed by industry. Protective tariffs were lifted. State enterprises were privatised. The net result was deindustrialisation (7).

Arghiri Emmanuel's theory of unequal exchange demonstrates that when goods extracted or produced by low waged labour from developing countries are exchanged with goods produced by higher waged labour in rich countries a transfer of value from poor to rich nation takes place which constitutes a form of super-exploitation. This super-exploitation is a transfer of value over and beyond the visible profit that the capitalists make on the trade. Surplus value produced by low paid workers in developing nations is captured by the richer nations by this process of unequal trade (8).

China and the Four Asian Tigers

Emmanuel believed that western imposed free trade policies insured the developing countries stayed underdeveloped exporters of cheap commodities or low priced manufactured goods.

This is true of some, even most developing countries but not all. Some became major exporters of manufactured goods to the West, especially from the 1960s. The US and some other western countries have now come to see this as a threat, especially in the case of China. They are trying to reassert the power of global imperialism over China to undermine its economy and preserve their own dominance.

While most developing nations failed in their efforts to catch up with the West, manufacturing export-led growth enabled countries in East and South-East Asia to grow at a rapid and sustained rate. The reason why the four Asian Tigers (South Korea, Singapore, Hong Kong and Taiwan) were able to succeed where other developing countries in Latin America and Africa did more poorly is a matter of much debate. It should be noted that high levels of US aid seemed to kick start the industrial development of South Korea and Taiwan after the war. The US appeared to want industrialisation here due to its special interest in stopping the spread of communism in South and East Asia. This special interest in the region is evidenced by its costly involvements in the Korean and Vietnamese wars. It should also be noted that by the time of the oil price shocks of the 1970s, the economies of the Asian Tigers were much stronger and less dependent than the economies of Africa. They were on a different trajectory from commodity export-dependent Latin America. They were far less vulnerable to being pushed into policies that would lead to deindustrialisation elsewhere.

After 1978, China grew entirely due to its policy of state-supervised, export-led growth. Chinese state capitalism facilitated a very high level of investment and the construction of an impressive infrastructure that was a world away from the failed free-market policies the IMF imposed on other countries. The policy on joint ventures meant that China could learn from the foreign companies it worked with so it could improve the technological level of its own products.

The USA's War on China

The USA and the western powers have been prepared to absorb imports of industrial goods from East and South-East Asian countries until fairly recently. They tolerated textile imports, followed by imports of consumer household durables and cars.

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Now, however, China is challenging the West in the most up to date technology. It is no longer trying to simply produce cheaper versions of the type of goods that had been produced in the West for decades. It is challenging in the area of 5G and artificial intelligence. The cosy arrangement between Chinese and western capital for the joint exploitation of the Chinese worker-and the development of the Chinese economy- has gone sour. If the West is undercut when it comes to providing high tech products, then its dominance is under threat. Even the ascendency of the mighty dollar might be in doubt if the US sinks deeper and deeper into a balance of payment deficit.

So we see the US, as well as its allies, engaging in the vilest and most blatant attempts to damage the Chinese economy and plunge its people into poverty. The US-led campaign to exclude Huawei from western networks and markets is at the cutting edge of these efforts. America pressure on Google means that Huawei's Android licence has been withdrawn, affecting the firms long term future on the international market (9). The boycott campaign has spread with the US pressuring Australia, Japan and New Zealand to block Huawei from its 5G networks. The US has tried to undermine Huawei's growth by preventing the sale of components. It is also considering using similar tactics with Chinese Artificial Intelligence developers (10). Western nations like Germany are also showing signs of being pulled into the US-led boycott campaign as lawmakers debate a bill to exclude Huawei from its 5G network.

Undermining the Chinese as an economic rival involves more than the measures against high-tech companies. The US obviously hopes that its trade tariffs will harm the Chinese economy more widely. It is clear that the USA's use of economic warfare is meant to run in tandem with efforts to encourage unrest in China and facilitate the destruction of China by encouraging separatism, in Tibet, Xinjiang and Hong Kong. The US wants China to be pulled apart like the Soviet Union in 1991. It wants to impose poverty and chaos on China so that China is no longer a rival to the US.

US policies against China resemble the way Britain deliberately retarded Ireland's economic development by banning it from exporting woollen cloth in 1699. Ireland was not an imperialist power at the time but it was rightly seen as a potential rival to Britain in this key trade (11). China is not an imperialist power but it is certainly a global rival to the West and the West believes it can give it the same type of treatment that Ireland received in the past.

Conclusion

Imperialism then is a multi-dimensional system. The imperialist powers wish to use the oppressed nations as providers of cheap raw materials and, in the last few decades, cheap (basic) manufactures. In the past, this was facilitated by a system of colonialism that enabled imperialist nations to engage in direct plunder in the countries they ruled. As countries tended to exclude each other from acquiring 'concessions' in each other's colonies, this led to intense imperial competition and finally war.

China is in no way shape or form engaging in this type of imperialist rivalry. Its development is an example of a country pulling itself out of poverty by challenging the flabby, stagnant, dominant economic powers. It seeks to dominate through technological challenge. It is a threat to the imperialist powers of a new type, a large capitalist power that can provide cheap, high-tech goods on a mass scale. Western leftists fear China because they fear for their privileges. Leftists in the developing world who talk of 'Chinese imperialism' are doing so because, to be frank, they are recycling western-centric interpretations of Marxism. China has not been socialist since 1976 but it is a developing country that the West is trying to crush. Just as the Left stood with Iraq, it should stand with China. The role of all true internationalists is to support China in its struggle with the imperialists that are out to wreak such devastation on its people.

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