

# The China Question and the Marxist Theory of Imperialism

## Again on China as an imperialist Power

*Reply to a Polemic from CSR (Venezuela) and PCO (Argentina)*

By Michael Pröbsting, Revolutionary Communist International Tendency (RCIT), December 2014, [www.thecommunists.net](http://www.thecommunists.net)

The Trotskyist organizations *Corriente Socialista Revolucionaria - El Topo Obrero* (Venezuela) and *Partido de la Causa Obrera* (Argentina) have published a lengthy document in Spanish in which they criticize our analysis of China as an emerging imperialist power. We have republished their article on our website because we welcome it as an important contribution to this urgent debate. <sup>1</sup>

The RCIT has analyzed China's development extensively in the past years both from a theoretical as well as from an empirical viewpoint. We have shown that China has become a major power whose actions shape the world economy as well as world politics. In fact China's emergence as a global power – as well as Russia's – has been one of the most important features of the new historic period which opened up in 2008/09. It has been the main factor for the massive intensification of the inner-imperialist rivalry which shapes the world situation. Without understanding China's (and Russia's) character as imperialist powers, it is absolutely impossible to understand the dynamics of today's world situation. Consequently, without such an understanding, it is impossible to have the correct orientation and a correct international program for the world class struggle. <sup>2</sup>

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<sup>1</sup> CSR&PCO - Polémica: ¿Es China un país imperialista? <http://www.thecommunists.net/theory/csr-pco-on-china/> and <http://csr-eltopoobrero.org/?p=5065>

<sup>2</sup> We refer readers to the following RCIT documents:

***On China as an emerging imperialist power:***

Michael Pröbsting: The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital Consequences for the Marxist Theory of Imperialism, 2013, Chapter 10, <http://www.great-robbery-of-the-south.net/>

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* (English-language Journal of the RCIT) No. 4, <http://www.thecommunists.net/publications/revcom-number-4>

Michael Pröbsting: No to chauvinist war-mongering by Japanese and Chinese imperialism! Chinese and Japanese workers: Your main enemy is at home! Stop the conflict on the Senkaku/Diaoyu-islands in the East China Sea! 23.9.2012, in: *Revolutionary Communism* No. 6, <http://www.thecommunists.net/worldwide/asia/no-war-between-china-and-japan/>

Michael Pröbsting: Russia and China as Great Imperialist Powers. A Summary of the RCIT's Analysis, 28 March 2014, in: *Revolutionary Communism* No. 22, <http://www.thecommunists.net/theory/imperialist-china-and-russia/>

Michael Pröbsting: More on Russia and China as Great Imperialist Powers. A Reply to Chris Slee (Socialist Alliance, Australia) and Walter Daum (LRP, USA), 11 April 2014, in: *Revolutionary Communism* No. 22, <http://www.thecommunists.net/theory/reply-to-slee-on-russia-china/>

***On Russia as an emerging imperialist power:***

Michael Pröbsting: Lenin's Theory of Imperialism and the Rise of Russia as a Great Power. On the Understanding and Misunderstanding of Today's Inter-Imperialist Rivalry in the Light of Lenin's Theory of Imperialism. Another Reply to Our Critics Who Deny Russia's Imperialist Character, in: *Revolutionary Communism* No. 25, August 2014, <http://www.thecommunists.net/theory/imperialism-theory-and-russia/>

Michael Pröbsting: Russia as a Great Imperialist Power. The formation of Russian Monopoly Capital and its Empire – A Reply to our Critics, 18 March 2014, in: *Revolutionary Communism* No. 21, <http://www.thecommunists.net/theory/imperialist-russia/>

The CSR/PCO comrades reject our thesis both on an empirical as well as on a theoretical level. They claim that neither China nor Russia is an imperialist power, but instead have a semi-colonial character. They also claim that our assertion of China's (and Russia's) imperialist character is in contradiction both to Lenin's theory of imperialism as well as Trotsky's theory of permanent revolution. In the subsequent essay we will reply to their criticisms.

### **Is the Emergence of a New Imperialist Power in the Present Period Possible?**

The CSR/PCO comrades raise the question: "From the theoretical point of view this also raises a number of questions: is the emergence of a new imperialist power in this period of capitalist decadence possible?" Our short reply to this question is "yes." Why should it not be possible? Lenin himself already pointed out such a possibility:

*"Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan)." <sup>3</sup>*

More concretely, we in the RCIT has shown in our book *The Great Robbery of the South* and other documents that the last decades have seen an important shift in the production of capitalist value from the old imperialist countries of the North to the South. We have seen the economic as well as

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Michael Pröbsting: The Uprising in East Ukraine and Russian Imperialism. An Analysis of Recent Developments in the Ukrainian Civil War and their Consequences for Revolutionary Tactics, 22.October 2014, in: *Revolutionary Communism* No. 28, <http://www.thecommunists.net/theory/ukraine-and-russian-imperialism/>

#### ***On inter-imperialist rivalry:***

In addition to the publications on imperialism listed above, we refer readers to:

RCIT: On the 100th Anniversary of the Outbreak of World War I: The Struggle against Imperialism and War. The Marxist Understanding of Modern Imperialism and the Revolutionary Program in Light of the Increasing Rivalry between the Great Powers, Revolutionary Uprisings, and Counterrevolutionary Setbacks, 25.6.2014, in: *Revolutionary Communism* No. 24, <http://www.thecommunists.net/theory/struggle-vs-imperialism-war/>

RCIT: Escalation of Inner-Imperialist Rivalry Marks the Opening of a New Phase of World Politics. Theses on Recent Major Developments in the World Situation Adopted by the RCIT's International Executive Committee, April 2014, in: *Revolutionary Communism* No. 22, <http://www.thecommunists.net/theory/world-situation-april-2014/>

RCIT: Aggravation of Contradictions, Deepening of Crisis of Leadership. Theses on Recent Major Developments in the World Situation Adopted by the RCIT's International Executive Committee, 9.9.2013, in: *Revolutionary Communism* No. 15, <http://www.thecommunists.net/theory/world-situation-september2013/>

RCIT: The World Situation and the Tasks of the Bolshevik-Communists. Theses of the International Executive Committee of the Revolutionary Communist International Tendency, March 2013, in: *Revolutionary Communism* No. 8, [www.thecommunists.net/theory/world-situation-march-2013](http://www.thecommunists.net/theory/world-situation-march-2013)

#### ***On imperialism in general and Western imperialism in particular, we refer readers to:***

Michael Pröbsting: *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital Consequences for the Marxist Theory of Imperialism*, 2013, 448 pages, (The book has 448 pages and includes 139 Tables and Figures), <http://www.great-robbery-of-the-south.net/>; in March 2014 the publishing house PROMEDIA published a shortened German-language translation of this book (see: <http://www.mediashop.at/typolight/index.php/buecher/items/michael-proebsting---der-grosse-raub-im-sueden>;

The title is: *Der Grosse Raub im Süden. Ausbeutung im Zeitalter der Globalisierung*). A summary of the book can be read here: <http://www.thecommunists.net/theory/great-robbery-summary/>

Michael Pröbsting: Imperialism, Globalization and the Decline of Capitalism, Originally published in the Book Richard Brenner, Michael Pröbsting, Keith Spencer: *The Credit Crunch - A Marxist Analysis* (2008), <http://www.thecommunists.net/theory/imperialism-and-globalization/>

<sup>3</sup> V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 274

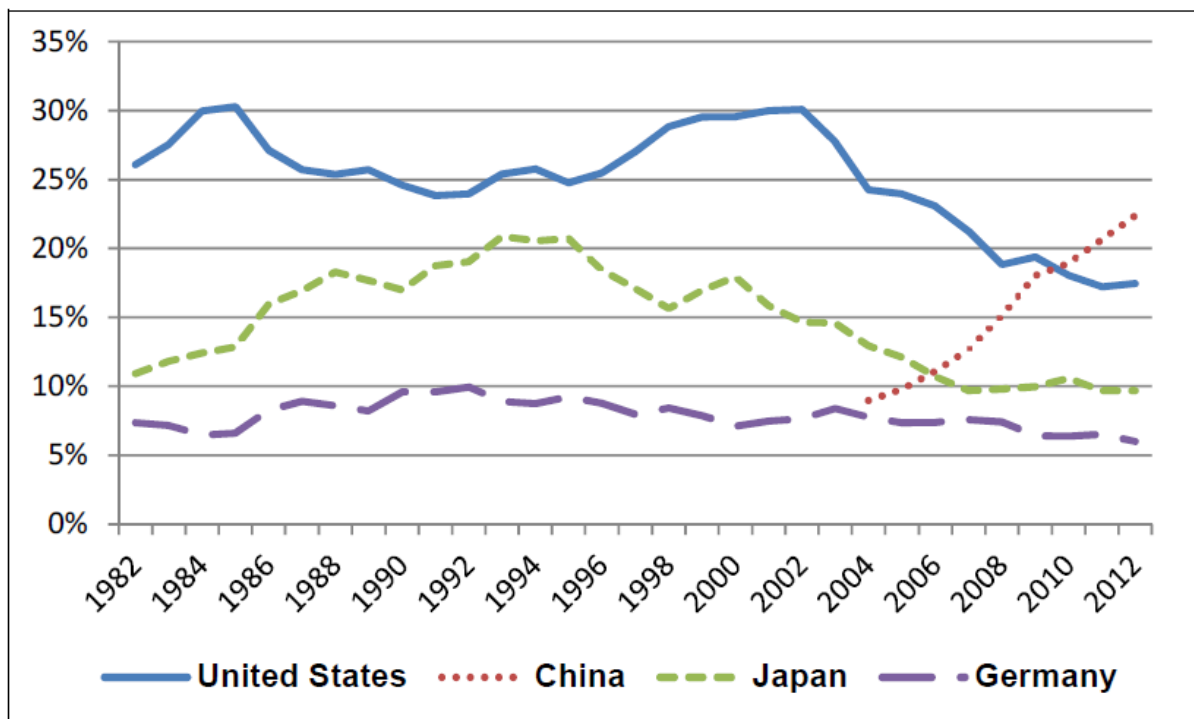
political and military decline of the leading imperialist power, the US, as well as that of Japan and the EU. Under such conditions, is it so surprising that new imperialist powers emerge and fill the void?! <sup>4</sup>

Table 1 and Figure 1, below, illustrate this decline of the old imperialist powers.

**Table 1 US Economic Decline between 1985 and 2011** <sup>5</sup>

	1985	1998/2000	2011
US Share in World's Manufacturing Production	32.4%	25.4%	20.5%
US Share amongst global leading Top 500 Corporations	-	40%	26%

**Figure 1 Selected Countries' Shares of World Manufacturing Output, 1982-2012 (Calculated in current US Dollars)** <sup>6</sup>



Source: United Nations National Accounts Main Aggregates Database, value added by economic activity, at current prices—U.S. dollars.

<sup>4</sup> See on this e.g., the chapter “A Brief Overview of the Imperialist Powers Today” in our booklet by Michael Pröbsting: Lenin’s Theory of Imperialism and the Rise of Russia as a Great Power, pp. 25-27

<sup>5</sup> For the figures on manufacturing see UNIOD Industrial Development Report 2002/2003, p. 152 (for the years 1985 and 1998) and UNIDO Industrial Development Report 2013, p.202 (for the year 2011). Note that manufacturing is not identical with industrial production since the latter also includes mining and the construction sector. For the figures on the US share among the top 500 corporations see “Chinese companies push out Japan on Fortune Global 500 list,” by Agence France-Presse, July 9, 2012, <http://www.rawstory.com/rs/2012/07/09/chinese-companies-push-out-japan-on-fortune-global-500-list/>. The figure for the US manufacturing share is for the year 1998; the figure for the US share among the top 500 corporations is for the year 2000.

<sup>6</sup> Marc Levinson: U.S. Manufacturing in International Perspective, Congressional Research Service, February 20, 2014, p. 4

At the same time, as the old imperialist powers declined, the super-exploitation and impoverishment of many semi-colonial countries intensified. Under such conditions – decline both of the old imperialist powers as well as of many semi-colonial countries – it was possible for new imperialist powers to emerge.

### **Can a State become Imperialist before Waging a Major War with other Great Powers?**

The CSR/PCO comrades state: *“It is impossible to “claim” a new country has become an imperialist power without it having engaged in a war against the dominant imperialist powers for the redistribution of colonies or spheres of influence.”*

There is no dispute that the emergence of China and Russia as imperialist powers must inevitably lead to military conflicts and wars with the old imperialist powers. The RCIT has already pointed this out in its study on China:

*“There should be no illusions about a peaceful settlement of the inner-imperialist rivalry of the Great Powers. An imperialist war between the great powers USA and China is increasingly becoming nearly unavoidable in the coming decade. Both powers need control over Eastern Asia which is central for world capitalist value production as well as trade.”*<sup>7</sup>

In our statement on the 100th Anniversary of the outbreak of World War I we wrote:

*“As we approach the 100th anniversary of the outbreak of World War I, the historic crisis of world capitalism is again exacerbating the rivalry between the great imperialist powers. The most obvious examples of this are the recent flare ups between NATO and Russia over the crisis in the Ukraine and the tensions between China and Japan, as well as the USA, in the South China Sea. While an armed confrontation between these imperialist powers is unlikely in the near future, it is obvious that, on the centennial of the start of World War I in 1914, a new Cold War has started. This Cold War will prove to have been the preamble to future wars – first between proxies and later between the great powers themselves – if the international working class will not have prevented this in time by overthrowing the imperialist ruling class and taking power via the socialist revolution.”*<sup>8</sup>

In short, there can be no peaceful coexistence between imperialist powers in the long run. Rivalry between great powers will in the end always lead to wars. This is an unalterable rule of imperialism.

But why do the CSR/PCO comrades insist that there must *first* be a war before a state can become an imperialist power? Where did Lenin or Trotsky say such a thing? As have shown above, the US, Japan, and the EU have declined without a world war. In this same period, new great powers can and have emerged. These are the facts.

The comrades remind us to a certain degree to those “Trotskyists” who insisted in the late 1980s and early 1990s – based on some quotes from Trotsky – that restoration of capitalism in Eastern Europe and the USSR would be impossible without a civil war. When such a civil war did not take place, they were perplexed and confused or ... they simply denied that capitalist restoration had taken place! This has nothing to do with the application of the dialectical Marxist method to real social developments but is rather sterile dogmatism which prefers to deny reality rather than develop new positions based

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<sup>7</sup> Michael Pröbsting: *The Great Robbery of the South.*, p. 281

<sup>8</sup> RCIT: *On the 100th Anniversary of the Outbreak of World War I: The Struggle against Imperialism and War*, p. 28

on Marxist analysis. The CSR/PCO comrades would be well advised to adapt their method to the contradictory and dynamic reality instead of adapting reality to their erroneous method.

### **Can a Former Degenerated Workers' State Become an Imperialist Power?**

The CSR/PCO comrades express astonishment that we assess Russia and China as being imperialist states given that, until the early 1990s, they were degenerated workers' states. They ask the question "*Can a nation be characterized until the late 1980s as a bureaucratic and deformed workers' state and become 20 years later an imperialist power peacefully?*" and reply negatively.

Again, we can't see the logic in their argument. As we have explained in our writings, both the new capitalist classes, in Russia and China, were able to utilize the industrial base built under Stalinism. In addition, China had and has the advantage that it was able to retain the political superstructure of the Stalinist dictatorship and utilize it to enforce the super-exploitation of huge sectors of its working class. And, finally, let's not forget that Russia was *already* an imperialist power before the October Revolution in 1917.

### **Is the Transformation of a Semi-Colony into an Imperialist State Possible?**

The CSR/PCO comrades ask: "*So how can a nation whose economy has a "semi-colonial" dependence of the characteristics of a backward country (like China before the late 2000s, Ed.), become a new imperialist power that dispute global supremacy of the U.S. in an evolutionary manner, without revolutions and wars? How is it possible that the imperialist powers (U.S., Europe, and Japan) which are affected by such a significant advance of the Chinese "imperialism" did not react to this development in order to defend their interests?*"

They add: "*It is true as Michael Pröbsting says that Lenin spoke about the possibility of an imperialist country to become a semi-colony. However, Michael Pröbsting can not provide any quote from Lenin where he says that "such a leap" from a semi-colony to an imperialist country is possible.*"

These last remarks demonstrate the absence of dialectical thought on the part of the CSR/PCO comrades. Let us first reply to the fundamental question: is it possible for a semi-colonial country to become an imperialist country? Our answer is, yes, this is possible under specific and exceptional conditions.

Lenin himself has explicitly pointed out the possibility that backward, semi-colonial countries could transform their class character:

*"Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan)."*<sup>9</sup>

So, the CSR/PCO comrades' claim, that Lenin never said that the leap from a semi-colonial to an imperialist country is possible, is simply wrong.

Furthermore, Lenin insisted that a static freezing of a once established equilibrium between the imperialist powers is impossible. The law of uneven development brings about the emergence and growth of new capitalist powers as well as the decline of old powers.

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<sup>9</sup> V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 274

*"This is because the only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the strength of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the even development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism. Half a century ago Germany was a miserable, insignificant country, if her capitalist strength is compared with that of the Britain of that time; Japan compared with Russia in the same way. Is it "conceivable" that in ten or twenty years' time the relative strength of the imperialist powers will have remained unchanged? It is out of the question."*<sup>10</sup>

In addition we have already given the example of Czechoslovakia which was a colony in the Habsburger Empire but became – after the implosion of the latter – a small imperialist power. While the CSR/PCO comrades admit the imperialist character of Czechoslovakia, they claim that our conclusions are wrong:

*"Neither is the reference to Czechoslovakia correct. Czechoslovakia was a "colony" of the Austrian Habsburg Empire "centuries before" the imperialist epoch, much as were the German southern provinces. But Michael Pröbsting ignores that between 1789 and 1871 the epoch of bourgeois-democratic revolutions took place in central Europe that led to the national states of the early twentieth century and Czechoslovakia emerged in the late World War I as an independent and industrially developed state. Mainly for that reason, and also because of its "internal colonies" Trotsky said in 1938 that Czechoslovakia was an imperialist country."*

Now it certainly is true that Czechoslovakia had been a colony of the Habsburg Empire for centuries. This rather strengthens our argument since, if Czechoslovakia could become an imperialist state in the imperialist epoch despite having been super-exploited for centuries as a colony, why should China, which never was a colony during its long history (although it was a semi-colony for some time) not become an imperialist power?! And why should Russia, which was already an imperialist power before 1917 and which was never throughout its history either a colony or a semi-colony, not become an imperialist power?!

Secondly, didn't China (and Russia) also experience massive industrialization during the decades of Stalinist rule?! Why should the industrialization of Czechoslovakia under the Habsburg Empire enable it to become an imperialist state but not Stalinist industrialization in the case of China and Russia?!

The CSR/PCO comrades say: *"This means that Michael Pröbsting believes that imperialist capital which super-exploits the Chinese nation, would have helped the peaceful emergence of a new imperialist bourgeoisie, a new competitor for dominance of the world market."*

The comrades obviously believe that such a development would be absurd. In fact, it is not. If the imperialist bourgeoisie were a good strategic planner, it would have avoided many things including financial bubbles, great recessions, etc. The US bourgeoisie financed the massive Marshall Plan which helped to rebuild Western Europe in the 1950s and 1960s. They did so in order to get a bigger market for their own commodities. However, despite their intentions, they helped to rebuild an imperialist competitor. The same is true for the US aid for Japan after WWII.

Secondly, the US imperialists by no means have a passive attitude towards China's emergence as an imperialist power. We have already pointed out the US's new political and military strategy which has become known as the Obama administration's *"Pivot to East Asia"* and which includes the plan to position 60% of its navy in the region by 2020.

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<sup>10</sup> V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 295

Thirdly, how could the imperialist powers have concretely stopped this development? The US is in massive decline. It couldn't even avoid defeats in Iraq and Afghanistan! How should they have stopped China? This is, of course, not because of the US's lack of arms. But the US bourgeoisie has not achieved the political relation of forces – neither domestically nor internationally – to lead the country into major wars. And the EU or Japan? With what sort of army should they have attacked China?! And look at the current conflict with Russia over the Ukraine: does this not clearly show the limits of the Western imperialist powers?

### **Trotsky's Theory of Permanent Revolution and Backward Imperialist Powers**

Furthermore, the comrades claim that our thesis stands in contradiction to Trotsky's theory of permanent revolution. They reproduce the following quote from Trotsky's book *The Permanent Revolution*:

*"With regard to countries with a belated bourgeois development, especially the colonial and semi-colonial countries, the theory of the permanent revolution signifies that the complete and genuine solution of their tasks of achieving democracy and national emancipation is conceivable only through the dictatorship of the proletariat as the leader of the subjugated nation, above all of its peasant masses."*

They comment: *"The necessary condition for a semi-colonial or backward country is placed in the process of economic development comparable to the economic power of an advanced country's national independence from imperialism. And Trotskyists argue that this can only be achieved through the dictatorship of the proletariat. The idea of imperialist development of China initially seems to be in contradiction to this thesis of permanent revolution."*

Here the CSR/PCO comrades misunderstand Trotsky in a number of ways. While they depict themselves as defenders of Trotsky's theory of permanent revolution, in fact they themselves violate the foundations of Trotsky's theory, which is the law of uneven and combined development. It was this law which helped Trotsky explain the contradictory development and nature of Russia as a backward, imperialist power. It was this law which allowed the Bolsheviks to explain why Russian imperialism combined both modern as well as backward-absolutist (tsarist autocracy) features of imperialism.<sup>11</sup>

The same was true for Japanese imperialism, as we demonstrated in our recently published booklet *Lenin's Theory of Imperialism and the Rise of Russia as a Great Power*. Lenin and Trotsky considered Japan, despite its economic backwardness, as an imperialist country. They were fully aware of the uneven character of its economic and political development.

*"Japan is today the weakest link in the imperialist chain. Her financial and military superstructure rests on a foundation of semi-feudal agrarian barbarism. Periodical explosions within the Japanese army are only a reflection of the intolerable tension of social contradictions in the country. The regime as a whole maintains itself only through the dynamics of military seizures. (...) But Japanese aggression is interlaced with traditionalism. While creating a gigantic fleet of the most modern type, the Japanese imperialists prefer to base their activities on ancient national traditions. Just as priests put their pronouncements and desires into the mouths of deities, so the Japanese imperialists palm off their very modern plans and combinations as the will of the august progenitors*

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<sup>11</sup> See on this e.g. George M. Enteen: *The Soviet Scholar-Bureaucrat: M. N. Pokrovskii and the Society of Marxist Historians*, Pennsylvania State University 1978, pp. 95-95 and 176-178

of the reigning Emperor. Similarly Tanaka covered up the imperialist aspirations of the ruling cliques by reference to a non-existing testament of an Emperor.”<sup>12</sup>

We should add that, for Lenin and Trotsky, Russia and Japan were not the only examples of backward great imperialist powers. In addition, they saw Austria-Hungary and Italy as backward imperialist states.

So the CSR/PCO comrades praise Trotsky’s theory of permanent revolution, but fail to apply this theory to the imperialist powers of today. They seem to believe that imperialist nations are only “countries which are imperialist in the modern sense.” Hence they accept only the US, EU, and Japanese type of great power as imperialist.

What the CSR/PCO comrades don’t understand is that, for Lenin and Trotsky, there did not exist only a single type of imperialist power but rather several types. Lenin remarked in his *Notebooks on Imperialism*, that he recognized the following differentiation between the Great Powers:

“Roughly:

I. Three chief (fully independent) countries: Great Britain, Germany, United States

II. Secondary (first class, but not fully independent): France, Russia, Japan

III. Italy, Austria-Hungary”<sup>13</sup>

In order to determine the class character of a given state, we follow Lenin’s and Trotsky’s method and view the totality of economic, political, and military strength of a given state, as well as its relation with other states. Only by this method can we evaluate whether it is an imperialist or a semi-colonial state. In contrast to the RCIT, the CSR/PCO comrades only look at an economic checklist (e.g., capital export, number of monopolies, level of productivity) to determine the class character of a given state.

The CSR/PCO comrades believe they have found an inner contradiction in our analysis, since we recognize that there were strong, semi-colonial elements in China’s economy before the late 2000s, and that it still is characterized by some of them.<sup>14</sup> For these comrades, dialectics do not exist, and there can only be pure black or pure white.

In fact, we only applied the dialectical-materialist method to analyze the contradictory nature of modern China as Trotsky did with Tsarist Russia. In his book on the history of the Russian Revolution, Trotsky emphasized the contradictory nature of Russia’s imperialist bourgeoisie:

“Russia’s participation in the war was self-contradictory both in motives and in aims. That bloody struggle was waged essentially for world domination. In this sense it was beyond Russia’s scope. The war aims of Russia herself (the Turkish Straits, Galicia, Armenia) were provincial in character, and to be decided only incidentally according to the degree in which they answered the interests of the principal contestants.

At the same time, Russia, as one of the great powers, could not help participating in the scramble of the advanced capitalist countries, just as in the preceding epoch she could not help introducing shops, factories, railroads, rapid-fire guns, and airplanes. The not infrequent disputes among Russian historians of the newest school as to how far Russia was ripe for present-day imperialist policies often fall into mere scholasticism, because they look upon Russia in the international arena as isolated, as an independent factor, whereas she was but one link in a system.

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<sup>12</sup> Leon Trotsky: The “Tanaka Memorial” (1940), in: Trotsky Writings 1939/40, p. 170, <http://www.marxists.org/archive/trotsky/1940/01/tanaka.htm>

<sup>13</sup> V. I. Lenin: On the Question of Imperialism; in: LCW 39, p. 186

<sup>14</sup> In this context, we want to point out an error on the part of the CSR/PCO comrades. They suggest that the RCIT considers that China became an imperialist state in the early part of the first decade of the 2000s. This is not true; we do in fact maintain that this transformation took place in the latter part of this same decade.



*India participated in the war both essentially and formally as a colony of England. The participation of China, though in a formal sense “voluntary,” was in reality the interference of a slave in the fight of his masters. The participation of Russia falls somewhere halfway between the participation of France and that of China. Russia paid in this way for her right to be an ally of advanced countries, to import capital and pay interest on it — that is, essentially, for her right to be a privileged colony of her allies—but at the same time for her right to oppress and rob Turkey, Persia, Galicia, and in general the countries weaker and more backward than herself. The twofold imperialism of the Russian bourgeoisie had basically the character of an agency for other mightier world powers.*

*The Chinese compradors are the classic type of the national bourgeoisie, a kind of mediating agency between foreign finance capital and the economy of their own country. In the world hierarchy of the powers, Russia occupied before the war a considerably higher position than China. What position she would have occupied after the war, if there had been no revolution, is a different question. But the Russian autocracy on the one hand, the Russian bourgeoisie on the other, Tsarist Russia in the War contained features of compradorism, ever more and more clearly expressed. They lived and nourished themselves upon their connections with foreign imperialism, served it, and without its support could not have survived. To be sure, they did not survive in the long run even with its support. The semi-comprador Russian bourgeoisie had world imperialistic interests in the same sense in which an agent working on percentages lives by the interests of his employer.”<sup>15</sup>*

In summary, if the CSR/PCO comrades believe that the RCIT’s analysis of China’s imperialism is in contradiction with Trotsky’s theory of permanent revolution, we must reply that if this is the case, Trotsky himself was in contradiction with his theory of permanent revolution! In fact, we rather think that it is the CSR/PCO comrades, and not the RCIT, which is in contradiction with Trotsky’s theory of permanent revolution!

### **Trotsky’s Theory of Permanent Revolution and National Independence**

As we can see from the quote we cited above, the CSR/PCO comrades believe that since Trotsky explained in his theory of permanent revolution that semi-colonial countries can not achieve national independence without the dictatorship of the proletariat, no semi-colonial country could become imperialistic. Again, the comrades misinterpret Trotsky in a mechanistic way.

There can be no dispute about the *general law* that imperialist and semi-colonial countries don’t change their class character, given that they permanently reproduce their character by the social relationship of imperialist super-exploitation. But does this mean that, once the class character of states was fixed at the beginning of the imperialist epoch, nothing can change for the next 130 years? It seems that the CSR/PCO comrades have a mechanistic worldview where motion, development, transformation of quantity into quality, etc., no longer exist.

However, we know – and Lenin himself pointed out this possibility – that there can be exceptions, and that imperialist countries can lose their hegemonic status and become semi-colonies. The CSR/PCO comrades themselves accepted such a possibility. But can the comrades explain why such a transformation from an imperialist into a semi-colonial – under exceptional circumstances – can be possible, but why such a process in the opposite direction is impossible?! Why should it not also be possible that – under exceptional circumstances – a semi-colony can transform itself into an imperialist country?

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<sup>15</sup> Leon Trotsky: History of the Russian Revolution (1930), Haymarket Books, Chicago 2008, pp. 13-14

Furthermore, the comrades ignore actual historical development. As we have already pointed out, both China and Russia had been degenerated workers' states for several decades. During this period the bourgeoisie had been expropriated and planned property relations were established. Under these conditions, both China and Russia experienced decades of industrialization under post-capitalist planned property relations.<sup>16</sup> These conditions allowed them to achieve national independence from the Western imperialist powers. Do the CSR/PCO comrades want to dispute this? Therefore, when capitalism was restored in China and Russia in the early 1990s, it began from a different starting point than other semi-colonial counties had to.

Related to this, one has to recognize that neither Russia in the 1990s nor China in the 1990s and most of the 2000s were fully developed semi-colonies. Yes, they had important semi-colonial characteristics, but basically they were powerful countries where capitalism had recently been restored and which were in a process of transition. Their class character had not been fully established and fixed.

### **Was Russia before 1917 an Imperialist Power?**

The CSR/PCO comrades obviously feel that their argument is not in line with Lenin's method since the Bolsheviks considered Russia – an obviously backward country – as imperialist. To answer this problem they now claim that Lenin didn't consider Russia as *"imperialist in the modern sense."* Furthermore, the comrades claim, Lenin only called it an imperialist country because *"even in 1917 he still considered the possibility of a democratic revolution to promote economic development within the frameworks of bourgeois property. (...) When Lenin called for defeatism he did so because Russia was participating in the imperialist war in an alliance with France and England in order to increase its sphere of control amongst the backward nations, and not because it was imperialist in the modern sense."*

In other words, the comrades suggest that, if Russia would not have been in an alliance with France and England (or another imperialist power), Lenin and the Bolsheviks would not have called for the defeat of Russia but rather defended it as a semi-colony. This is completely absurd!

There is no doubt that Russia was a country with prominent features of backward economic and political structures. In fact, it combined modern and backward elements in its economy and its expansionist foreign policy. But in its totality, Lenin and Trotsky considered Russia to be an imperialist power.

For example, Lenin and Zinoviev stated in 1915: *"In Russia, capitalist imperialism of the latest type has fully revealed itself in the policy of Tsarism towards Persia, Manchuria and Mongolia, but, in general, military and feudal imperialism is predominant in Russia. In no country in the world are the majority of the population oppressed so much as in Russia."*<sup>17</sup>

In another theoretical article, the Bolshevik leader Gregory Zinoviev explained that *"the Russian imperialism differs from Western European imperialism in many aspects. It is not an imperialism of the latest stage of capitalist development. Russia is a country which imports capital, which is an object of capital exporting*

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<sup>16</sup> The comrades of the LCC, who share our view of China and Russia as imperialist powers, have put particular emphasis on this aspect. See CWG(NZ): Why are Russia and China imperialist powers and not capitalist semi-colonies? June 25, 2014, <http://redrave.blogspot.co.at/2014/06/why-are-russia-and-china-imperialist.html>

<sup>17</sup> V.I. Lenin/G. Zinoviev: Socialism and War. The Attitude of the R.S.D.L.P. toward the War (1915), in: LCW 21, p. 306

countries. *The Russian imperialism is a feudal, militaristic imperialism. (...) There is no imperialism which is cruder, more barbaric, and bloodier than Russian imperialism.*" <sup>18</sup>

Trotsky later explicitly emphasized the difference between a semi-colonial bourgeoisie, like the one in China, and the imperialist bourgeoisie like the one in Russia before 1917:

*"The Russian bourgeoisie was the bourgeoisie of an imperialist oppressor state; the Chinese bourgeoisie, a bourgeoisie of an oppressed colonial country."* <sup>19</sup>

So, yes, Russia was not completely independent and it was a junior partner to the French and English imperialism (i.e., it was a "secondary" or "junior" imperialist power). But this didn't alter the fact that it was not an exploited semi-colonial country but rather an imperialist power which exploited other countries and nations.

### **Are China's Monopolies Subordinated to Western Monopolies?**

We have demonstrated China's imperialist character *inter alia* by referring to the prominent position of Chinese monopolies among the global leading 500 corporations. Specifically, we have shown that among the *Fortune Global 500* – a list of the world's largest corporation – China's capitalists are strongly represented. Amongst the largest 10 global corporations – the super-super monopolies, so to say – three are Chinese: the petroleum corporations *Sinopec* and *China National Petroleum* and the energy corporation *State Grid*. If one takes the top 500 corporations, we see that China already surpassed Japan as the second-ranked country. 73 of these corporations are Chinese, 132 come from the USA, 68 from Japan, and 32 each from France and Germany. <sup>20</sup>

The CSR/PCO comrades try to relativize the imperialist character of China's monopolies by pointing out that a number of them have either minority stakes from US, EU, or Japanese corporations, or entertain joint ventures with them. This is, however, no argument in any way against China's imperialist character. As everyone knows, many imperialist monopolies, including those in the US, the EU or Japan, also have either minority stakes from other corporations or are engaged in joint ventures with them. In addition, we have already pointed out that more than two-thirds of Chinese companies in the Global Fortune 500 are state-owned enterprises.

### **Belittling China Does Not Help Find the Correct Orientation!**

However, this leads us to another problem in the CSR/PCO comrades' argumentation: they belittle China's economic and military strength in numerous ways and reproduce misleading figures. For example, they refer to the low productivity of China compared with the US or the EU. But, as we demonstrated in our booklet *Lenin's Theory of Imperialism and the Rise of Russia as a Great Power*, such a discrepancy between advanced and backward imperialist powers is not something which exists only

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<sup>18</sup> Grigori Sinowjew: *Die russische Sozialdemokratie und der russische Sozialchauvinismus* (1915); in: W. I. Lenin/G. Sinowjew: *Gegen den Strom. Aufsätze aus den Jahren 1914-1916*, Hamburg 1921, pp. 174-175 (our translation)

<sup>19</sup> Leon Trotsky: *The Third International After Lenin*, New York 1970, p. 174

<sup>20</sup> Fortune Magazine: Fortune Global 500 list in 2012, [http://money.cnn.com/magazines/fortune/global500/2012/full\\_list/index.html](http://money.cnn.com/magazines/fortune/global500/2012/full_list/index.html)

today; it also existed in the times of Lenin and Trotsky. As we show in Tables 2 and 3, huge gaps also existed in the level of productivity between the imperialist powers in 1913. Nevertheless, Lenin and Trotsky recognized the imperialist character of such backward imperialist powers, like Russia, Japan, Italy, and Austria-Hungary.

**Table 2 Population and Gross Domestic Product in 1913** <sup>21</sup>

	<b>Population (in Million)</b>	<b>\$ Billions</b>	<b>Per Capita in \$</b>
United States	97.6	517.4	5,301
United Kingdom	45.6	224.6	4,921
Spain	20.3	45.7	2,255
Russia	156.2	232.3	1,488
Japan	51.7	71.6	1,387

**Table 3 Relative GDP per capita (column A) and relative levels of industrialization (column B) in 1913** <sup>22</sup>

<i>Country</i>	<i>A</i>	<i>B</i>	<i>Country</i>	<i>A</i>	<i>B</i>
Britain	100	100	Ireland	60	—
Belgium	83	77	Italy	52	23
France	81	51	Spain	48	19
Switzerland	81	75	Finland	46	18
Denmark	80	29	Hungary	41	—
Germany	77	74	Greece	38	9
Netherlands	75	23	Portugal	35	12
Sweden	71	58	Bulgaria	32	9
Norway	68	26	Russia	29	17
Austria	62	29			

Unfortunately, the CSR/PCO comrades repeatedly use wrong or misleading figures. For example, they claim that the US generates 25% of world production and China only 6%. However, all serious statistics show that China has already surpassed the US as the world's No. 1 producer in manufacturing (see Figure 1) and that it is the second biggest economy – behind the US – in terms of GDP. <sup>23</sup>

The CSR/PCO comrades cite China's lack of military bases around the world. But, have the comrades forgotten, that the second- and third-ranked states among the old imperialist powers, Japan and Germany, similarly don't have any military basis outside of their country?! In addition, as we have shown, China has the second largest military budget globally (and Russia is No. 3).

<sup>21</sup> Angus Maddison: *The World Economy: A Millennial Perspective*, Vol. 1, 2001, pp. 183-185 and 213-215. The figures are calculated in 1990 international U.S. Dollars.

<sup>22</sup> François Crouzet: *A History of the European Economy, 1000–2000*, University Press of Virginia, 2001, p. 148

<sup>23</sup> Peter Marsh: *China noses ahead as top goods producer*, *Financial Times*, March 13, 2011 <http://www.ft.com/cms/s/0/002fd8f0-4d96-11e0-85e4-00144feab49a.html?ftcamp=rss>. For an overview of the calculations of the IMF, World Bank, UNO and CIA see Wikipedia: *List of countries by GDP (nominal)*, [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_%28nominal%29](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_%28nominal%29)

Furthermore the CSR/PCO comrades claim: “Chinese GDP growth is based on exports, mainly due to foreign-funded enterprises, i.e. foreign direct investment (FDI) exploit cheap labor for their factories and export the commodities to the world (under ‘made in China’ but in fact with imperialist capital).” And: “Given such an imperialist penetration based on the lack of local capital accumulation, is it not clear that this has China become dependent on the imperialist powers?”

This is untrue. China’s growth is not based on exports but on capital accumulation. This is only natural in a country where investment represents nearly half of the GDP (see Figure 2). The British journal *The Economist* commented: “It is investment, not exports, that leads China’s economy. Spending on plant, machinery, buildings and infrastructure accounted for about 48% of China’s GDP in 2011.”<sup>24</sup>

**Figure 2** China: Contributions to Growth, 1980-2011<sup>25</sup>



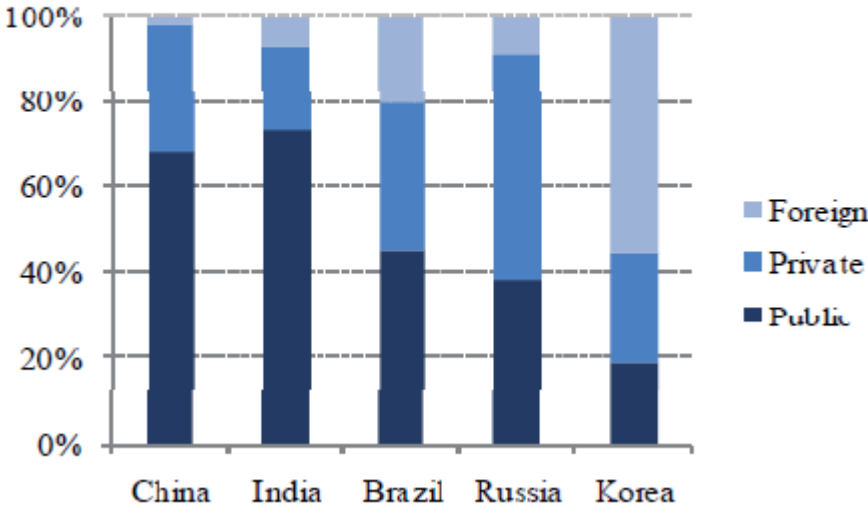
<sup>24</sup> The Economist: China's economy: Pedalling prosperity, May 26th 2012, <http://www.economist.com/node/21555762>

<sup>25</sup> The Economist: China's economy: Pedalling prosperity, May 26th 2012, <http://www.economist.com/node/21555762>

Furthermore, while it is true that foreign capital plays an important role in China, one has to relativize this. First, as we have shown in our book, foreign capital hardly plays any role in China’s financial system (see Figure 3).

**Figure 3 Ownership Structure of Banking Sector, 2005** <sup>26</sup>

**FIGURE 6 Ownership structure of the banking sector, 2005**



Secondly, as we have also shown, a lot of foreign investment in China is, in fact, not foreign but Chinese capital which is re-invested via Hong Kong and other places in order to get tax breaks. According to a recent study, about half of the FDI in China originates from Hong Kong. The second biggest “foreign” investors are from the well know tax haven British Virgin Islands (see Table 4).

**Table 4 Major Sources of FDI in China: 1979-2011** <sup>27</sup>

Country	Estimated Cumulative Utilized FDI 1979-2011	Utilized FDI in 2011
	% of Total	% of Total
Total	100.0	100.0
Hong Kong	43.5	66.3
British Virgin Islands	9.1	-
Japan	6.5	5.4
United States	5.6	2.6
Taiwan	4.8	5.8
Singapore	4.5	5.4
South Korea	4.1	2.2

<sup>26</sup> World Bank and the Development Research Center of the State Council, the People’s Republic of China: China 2030. Building a Modern, Harmonious, and Creative High-Income Society (2012), Washington DC, 2012, p. 124

<sup>27</sup> Wayne M. Morrison: China’s Economic Conditions, June 26, 2012, Congressional Research Service, p. 14

The CSR/PCO comrades characterize the BRICS countries led by China and Russia “as a minor but important global partner of imperialism.” But whose partner are they? Are they a partner of US imperialism? If so, how do you explain that Washington considers China an enemy against which it is mobilizing its military resources? And why have the US as well as the EU initiated a cold war against Russia? Are the BRICS a partner of Japanese imperialism? But then, how do you explain the military tensions of China and Japan? Isn’t it obvious that China and Russia have become great powers which are primarily not *partners* but *rivals* of the US, Japan, and the EU?!

This has also been underlined by recent developments. China – in cooperation with Russia – has made important steps to challenge US hegemony in the financial sector. It has established – together with Russia and other BRICS states – a global bank as an alternative to the IMF. This *New Development Bank* has an initial subscribed capital of \$50 billion together with an authorized capital of \$100 billion. In addition, the BRICS states have created a so-called *Contingent Reserve Arrangement* with a designated sum of \$100 billion.<sup>28</sup> China and Russia have also created a joint rating agency to counter US dominance. These two emerging imperialist powers have also decided to challenge the dollar hegemony in the oil trade and have therefore agreed to buy and sell oil using their own currency. Finally, China has established the Yuan as a viable trade currency which is now traded even in Europe’s financial center, Frankfurt, and which is increasingly accepted as a foreign currency reserve by central banks around the globe.<sup>29</sup>

*The Examiner* commented:

*“2014 will go down in history as the year China made their move to usurp America in seeking to take dominion over the global financial system. In just the past 11 months, China has broken the 40 year old petro-dollar agreement through their partnership with Russia to buy and sell oil in either the Rouble or the Yuan, has established a global bank (AIIB) to replace the IMF and World Bank in providing capital loans to sovereign states, and now they have established the Yuan in Europe as a viable trade currency that will only increase its growing use around the world as an alternative to the dollar, and as an accepted form of payment between nations.”*<sup>30</sup>

Again, the CSR/PCO comrades have to ask themselves if these are the actions of dependent junior partners of US imperialism, or whether they are not rather the expression of the increasing rivalry between the old and the new emerging imperialist powers?

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<sup>28</sup> On this, see the Sixth Brics Summit – Fortaleza Declaration, July 15, 2014, <http://pmindia.nic.in/details162.php>; AP: BRICS setup \$100-bln bank to counter West in global finance, July 16, 2014, <http://mobile.todayszaman.com/son-dakika-brics-nations-agreeto-create-own-development-bank-353144.html>; Mahmood Hasan: BRICS Bank: Will it challenge Bretton Woods? July 19, 2014 <http://www.thedailystar.net/op-ed/brics-bank-will-it-challenge-brettonwoods-33913>; Al-Jazeera: Can BRICS counter the West? 16 Jul 2014, <http://www.aljazeera.com/programmes/insidestory/2014/07/canbrics-counter-west-2014716144054710148.html>

<sup>29</sup> See e.g., Saikat Chatterjee and Rachel Armstrong: China currency claims a bigger share of reserve manager portfolios, Reuters, Oct 29, 2014 <http://www.reuters.com/article/2014/10/29/us-china-summit-reserves-reuters-summit-idUSKBN0II0VX20141029>, Tyler Durden: Petrodollar Panic? China Signs Currency Swap Deal With Qatar and Canada, Global Research, November 12, 2014, <http://www.globalresearch.ca/petrodollar-panic-china-signs-currency-swap-deal-with-qatar-and-canada/5413467>; Georgi Stankov and Robert Fallin: The Great Wave of Financial Collapse is Coming, November 11, 2014, <http://www.stankovuniversallaw.com/2014/11/the-great-wave-of-financial-collapse-is-coming/>

<sup>30</sup> *The Examiner*: Germany to bypass dollar in trade as direct currency settlement with Yuan begins, November 18, 2014 <http://www.examiner.com/article/germany-to-bypass-dollar-trade-as-direct-currency-settlement-with-yuan-begins>

## Are All BRICS Countries Imperialist?

The CSR/PCO comrades claim that *“if you say that China is imperialistic you have to give the same characterization for the rest of the BRIC countries.”* They then refer to the fact that Brazil, Mexico, Chile, Argentina and Turkey also undertake various foreign investments.

This claim of theirs is wrong. First, the BRICS consists of imperialist countries (China and Russia) and semi-colonial countries (like India and Brazil). The same is true, by the way, for the European Union which includes imperialist and semi-colonial countries (e.g., all Eastern European countries as well Ireland, Greece and Cyprus are semi-colonies).

We in no way deny that semi-colonial countries undertake foreign investments. But there is usually a huge gap between foreign investments from imperialist monopolies into these countries and foreign investment undertaken by Brazilian, Mexican, Chilean, Argentinean, or Turkish companies. The CWG(NZ) comrades have explained this well in a recent article:

*“[W]hile OFDI is 55% of FDI averaged over India, Brazil and SA in 2013, for the same year, OFDI averages 80% of FDI for Russia and China. This is a snap shot of a dynamic process however, and flows of OFDI exceeded flows of FDI in Russia after 2010 while China is expected to become a net exporter of FDI in 2014”*<sup>31</sup>

Furthermore, we have shown that these semi-colonial countries are dominated by foreign capital while China and Russia are not dominated by foreign monopolies. We have demonstrated that, in the case of Argentina, the imperialist monopolies controlled more than 4/5 of the output of the 500 leading Argentine firms in 2003.<sup>32</sup>

In the case of Turkey, foreign banks controlled about 40% of all assets in the banking sector in 2010. Foreign currency loans already account for over a third of the total stock of loans.<sup>33</sup>

We also elaborated that Mexico has been dominated by foreign capital for many decades. A study of Mexico in the early 1960s showed that, out of the 100 major companies, 56 were either controlled by foreign owners or had a large share of foreign capital. In 1970 – according to another study – 45.4% of the largest 290 manufacturing enterprises were in foreign hands. Data on Brazil in the 1960s demonstrates that there was a similar dominance: 31 of the 50 largest private enterprises were controlled by imperialist capital. Out of 276 large companies, more than half were controlled by foreign owners.

Since these studies were conducted, the general picture has not changed. For example, the proportion of Mexico’s bank assets under foreign ownership reached 74% in 2011. In other words, three quarters of Mexico’s financial sector is in the hands of imperialist banks!<sup>34</sup>

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<sup>31</sup> CWG(NZ): BRICS Around the Neck of the Proletariat, November 02, 2014, [http://redrave.blogspot.co.at/2014/11/brics-around-neck-of-proletariat\\_2.html](http://redrave.blogspot.co.at/2014/11/brics-around-neck-of-proletariat_2.html)

<sup>32</sup> Daniel Chudnovsky and Andrés López: Foreign Investment and Sustainable Development in Argentina, Working Group on Development and Environment in the Americas, Discussion Paper Number 12, April 2008, p. 6; [http://ase.tufts.edu/gdae/Pubs/rp/DP12Chudnovsky\\_LopezApr08.pdf](http://ase.tufts.edu/gdae/Pubs/rp/DP12Chudnovsky_LopezApr08.pdf)

<sup>33</sup> See Yener Altunbas, Alper Kara and Ozlem Olgu Akdeniz: Productivity of Turkish Commercial Banks: Effects of Foreign Ownership (2008); [http://wolpertinger.bangor.ac.uk/papers\\_2008/productivity\\_altunbas.doc](http://wolpertinger.bangor.ac.uk/papers_2008/productivity_altunbas.doc); European Bank for Reconstruction and Development: Strategy for Turkey (2012), p. 37; European Bank for Reconstruction and Development: Strategy for Turkey (2012), p. 21

<sup>34</sup> See Stephen Haber and Aldo Musacchio: These Are the Good Old Days: Foreign Entry and the Mexican Banking System, Harvard Business School, Working Paper, 2013, p. 86



Similarly, imperialist corporations control nearly half of Brazil's foreign trade and more than half of the largest 500 private Brazilian companies: "*The high FDI inflows have meant an increase in the foreign share in the Brazilian economy. (...) Foreign corporations also increased their share of the country's foreign trade, reaching 41.3% of exports and 49.3% of imports. The role of the foreign capital is even stronger when we consider only large companies. Among the largest 500 private Brazilian companies, those under foreign control accounted for 41.2% of sales in 1989. This share increased to 49.9% in 1997 and, by 2003, reached 51.7%.*"<sup>35</sup>

We therefore see that there is a qualitative difference between imperialist powers like China and Russia and semi-colonial countries like Brazil, Mexico, Chile, Argentina, and Turkey.

## Concluding Words

To conclude, we have shown that China and Russia have become imperialist powers. In contrast to the view of the CSR/PCO comrades, China is neither dependent on nor a junior partner of the Western imperialist powers, and its monopolies are not subordinated to US, EU, or Japanese corporations. The same is true for Russia. The CSR/PCO are incapable of recognizing, let alone understanding, the driving force behind the new cold war between the US and the EU against Russia, or behind China's aggressive steps to build alternative financial structures. In short, the comrades blind themselves to one of the key features of the present period – the inter-imperialist rivalry.

Finally, allow us to make a "psychological" comment on the specific historical conditions under which Latin American Trotskyists developed their understanding of imperialism. This understanding is marked by the history of national oppression and economic super-exploitation of Northern American and European imperialism. As a result, they correctly identified these Western powers as the chief enemy.

However, as a result, today many comrades seem to fear that their anti-imperialist position will somehow be undermined if they also now characterize the new rivals of the US and EU – i.e., China and Russia – as imperialists. This would mean that they have to equally oppose the Eastern as well as the Western imperialist powers and this, they fear, would undermine their anti-imperialism.

However, such a view is politically incorrect. The difference between petty-bourgeois anti-imperialism and communist anti-imperialism is that the former is directed only against *one or several* specific imperialist powers, while the latter equally opposes *all* imperialist powers. Hence, while communist anti-imperialism is consistently internationalist, the petty-bourgeois deviation is open to what we called *inverted social-imperialism*, i.e., it looks for alliances with the alleged non-imperialist powers (China, Russia) against the old Western imperialist powers. Unfortunately, the CSR/PCO comrades themselves admit that in the event of a war between Japan and China, they would be on the side of the latter rather than taking a consistent revolutionary defeatist position in both camps.

We sincerely hope that the CSR/PCO comrades reconsider their position.

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<sup>35</sup> Celio Hiratuka: Foreign Direct Investment and Transnational Corporations in Brazil: Recent Trends and Impacts on Economic Development, April 2008, pp. 5-6