

## MONTHLY REVIEW

### The Rise of the Working Class and the Future of the Chinese Revolution

Minqi Li\*, *Monthly Review*, Volume 63, Issue 2 (June)

In July 2009, workers at the state-owned Tonghua Steel Company in Jilin, China organized a massive anti-privatization protest. Then, in the summer of 2010, a wave of strikes swept through China's coastal provinces. These events may prove to be a historic turning point. After decades of defeat, retreat, and silence, the Chinese working class is now re-emerging as a new social and political force.

How will the rise of the Chinese working class shape the future of China and the world? Will the Chinese capitalist class manage to accommodate the working-class challenge while maintaining the capitalist system? Or will the rise of the Chinese working class lead to a new Chinese socialist revolution that could, in turn, pave the way for a global socialist revolution? The answers to these questions will, to a large extent, determine the course of world history in the twenty-first century.

#### **The Defeat of the Working Class and the Triumph of Chinese Capitalism**

The Chinese Revolution of 1949 was based on the broad mobilization of the overwhelming majority of the Chinese population against exploitation by the domestic feudal landlords, capitalists, and foreign imperialists. With all of its historical limitations, China in the Maoist period deserved to be characterized as "socialist" in the sense that the internal class relations within China were far more favorable for the proletarianized and non-proletarianized working classes than those that typically prevail in a capitalist state, especially in the context of the periphery and semi-periphery.<sup>1</sup>

Despite historic Maoist achievements, China remained a part of the capitalist world system and was compelled to operate under the basic laws of motion of the system. The economic surplus was concentrated in the hands of the state to promote capital accumulation and industrialization. This in turn created the material conditions that favored the new bureaucratic-technocratic elites who demanded ever increasing material privileges and political power. The new elites found their political representatives within the Communist Party, and became the "capitalist roaders who are in authority in the Party" (a common phrase in China).

Mao Zedong and his revolutionary comrades attempted to reverse the trend toward capitalist restoration by directly appealing to and mobilizing the masses of workers, peasants, and students. Politically inexperienced and confused, the workers and peasants were not yet ready directly to exercise economic and political power. After Mao's death in 1976, the capitalist roaders led by Deng Xiaoping staged a counterrevolutionary coup and arrested the radical Maoist leaders. In a few years, Deng Xiaoping consolidated his political power and China was on the path of capitalist transition.

The so-called economic reform started in the countryside. The people's communes were dismantled, and agriculture was privatized. Over the following years, hundreds of millions of rural workers became "surplus" workers, made available for exploitation by domestic and foreign capitalist enterprises.

Massive privatization was undertaken in the 1990s. Virtually all of the small and medium-sized state-owned enterprises and some big state-owned enterprises were privatized. Almost all of these were sold at artificially low prices or simply given away. The beneficiaries included government officials, former state-owned enterprise managers, private capitalists with connections in the government, and transnational corporations. In effect, a massive "primitive accumulation" was completed and a new capitalist class was formed, based on the massive theft of state and collective assets. Meanwhile, tens of millions of state- and collective-sector workers were laid off and left impoverished.

The legitimacy of this new capitalist class was recognized by the Communist Party leadership. At the Sixteenth Party Congress (in 2002), the Party Charter was revised. Under the old Charter, the Communist Party considered itself to be the vanguard of the working class, representing the interests of the proletariat. Under the new Charter, the Communist Party declared itself a representative of the interests of both the "broadest masses of people" and the "most advanced productive forces." The term "most advanced productive forces" is widely viewed as a euphemism for the new capitalist class.

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## The Rise of the Chinese Working Class

Nonagricultural employment, as a share of China's total employment, increased from 31 percent in 1980 to 50 percent in 2000, and increased further to 60 percent in 2008.<sup>2</sup> According to a report prepared by the Chinese Academy of Social Sciences in 2002, about 80 percent of the nonagricultural labor force consisted of proletarianized wage workers, such as industrial workers, service workers, clerical workers, and the unemployed.<sup>3</sup> Since the overwhelming majority of nonagricultural workers are wage workers who have to sell their labor power to make a living, the rapid growth of nonagricultural employment suggests massive formations of the proletarianized working class in China.

China's rapid capitalist accumulation has been based on the ruthless exploitation of hundreds of millions of Chinese workers. From 1990 to 2005, China's labor income, as a share of GDP, fell from 50 to 37 percent. The Chinese workers' wage rate is about 5 percent of the U.S., 6 percent of the South Korean, and 40 percent of the Mexican level.<sup>4</sup>

Since the early 1980s, about one hundred fifty million migrant workers have moved from the rural areas to urban areas in search of employment. China's export manufacturing is largely based on the exploitation of these migrant workers. A study of the workers' conditions in the Pearl River Delta (an area that includes Guangzhou, Shenzhen, and Hong Kong) found that about two-thirds of the workers worked more than eight hours a day and never took weekends off. Some workers had to work continuously, up to sixteen hours. The capitalist managers routinely used corporal punishment to discipline the workers. About two hundred million Chinese workers work in hazardous conditions. There are about seven hundred thousand serious work-related injuries in China every year, claiming more than one hundred thousand lives.<sup>5</sup>

In *The Communist Manifesto*, Marx and Engels argued that the working-class struggle against the capitalists followed several stages of development. At first, the struggle was carried on by individual workers against the capitalists who directly exploited them. With the development of capitalist industry, the proletariat increased in number and became concentrated in greater masses. The workers' strength grew and they began to form unions to fight the capitalists as a collective force. The same law of motion is operating in China today. As more and more migrant workers settle in the cities and increasingly regard themselves as wage workers rather than peasants, a new generation of proletarianized workers with growing class consciousness is emerging. Both the official government documents and the mainstream media now recognize the rise of the "second generation migrant workers."

According to the Chinese mainstream media's description, currently there are about one hundred million second-generation migrant workers, born after 1980. They moved to the cities soon after completing their high school or middle school education. Most of these people had no experience in agricultural production. They identified more with the cities than the countryside. Compared to the "first generation," the second-generation migrant workers tend to have better education and higher expectations in employment; they demand better material and cultural living standards, and are less likely to tolerate harsh working conditions.<sup>6</sup>

Over the summer of 2010, dozens of strikes hit China's auto, electronics, and textile industries, forcing capitalists to accept wage increases. Mainstream Chinese scholars are worried about the possibility that China is entering a new period of intense strikes that will bring China's cheap labor regime to an end and threaten China's "social stability."<sup>7</sup>

Capitalist development itself is preparing the objective conditions that favor the growth of working-class organizations. After many years of rapid accumulation, the massive reserve army of cheap labor in China's rural areas is starting to become depleted. China's total working age population (those who are between fifteen and sixty-four years old) is expected to peak in 2012 at about 970 million and then gradually decline to about 940 million by 2020. The prime age labor force (those who are between nineteen and twenty-two years old), from which the bulk of the cheap, unskilled workers in manufacturing are recruited, is expected to decline drastically from about one hundred million in 2009 to about fifty million in 2020. The rapid decline of the prime age working population is likely to increase the young workers' bargaining power further and encourage them to develop more permanent workers' organizations.

In both Brazil and South Korea from the 1970s to the '80s, when the nonagricultural share of employment (as a proxy for the degree of proletarianization) rose above 70 percent, the working-class movement emerged as a powerful social and political force. A similar development is now taking place in Egypt.<sup>8</sup>

China's nonagricultural employment share is now about 60 percent. If China follows its own trend from 1980 to 2008, with nonagricultural employment shares rising by about 1 percent a year, then China's nonagricultural employment share would pass the critical threshold of 70 percent by around 2020.

Given that the Chinese working class is set to emerge as a powerful social and political force in one or two decades, the key question is, What political direction will the Chinese workers' movement take? The current official Chinese government policy is to build a so-called harmonious society with compromises between different social classes.

Sections of the Chinese ruling elites are calling for “political reform” to dilute and divert the working-class challenge by introducing Western-style bourgeois democracy.<sup>9</sup>

Will the Chinese capitalist class manage to accommodate the working-class challenge while maintaining the basic economic and social order of the capitalist system? Or will the Chinese workers’ movement make a world-historic breakthrough, take the revolutionary socialist path, and make a fundamental break with the existing social system? The answers to these questions depend on objective as well as subjective historical conditions.

### **The Socialist Legacy: The State-Sector Working Class**

In the Maoist socialist era, the Chinese workers enjoyed a level of class power and dignity unimaginable by an average worker in a capitalist state (especially in the peripheral and semi-peripheral context). However, the Chinese working class was young and politically inexperienced. After Mao’s death, the working class was left without political leadership and suffered a catastrophic defeat during the massive privatization in the 1990s.

Many of the former state-sector workers (known in China as the “old workers”) have since undertaken collective struggles against privatization and the massive layoffs. Their struggles have had an impact on not only the laid-off workers but also on the currently employed state-sector workers. This has contributed to the growth of class consciousness along with a substantial degree of socialist consciousness among one particular section of China’s proletarianized working class—the state-sector proletariat.

In the words of a prominent Chinese worker-activist, compared to the working classes in other capitalist states, the Chinese (state-sector) working class has developed a “relatively complete class consciousness,” based on its unique historical experience in both the socialist period and the capitalist period.<sup>10</sup>

Because of this historical experience, the Chinese state-sector workers’ struggles are often not limited to immediate economic demands. Many worker-activists understand that their current conditions result not only from exploitation by individual capitalists but also, at a more fundamental level, from the historical defeat of the working class in a major class war that led to the (temporary) triumph of capitalism over socialism.

A leader of the laid-off workers pointed out that under socialism, “the workers were masters of the factory, the workers were brothers and sisters within one class, and massive layoffs could not have happened; but after privatization, the workers have been reduced to ‘wage laborers,’ they are no longer the masters, and this is the true reason behind the massive lay-offs.” According to this leader, the workers’ struggle should not be limited to individual cases, nor satisfied with meeting particular demands. The “fundamental interest” of the workers lies with the restoration of “public ownership of the means of production.”<sup>11</sup>

Many of the currently employed state-sector workers are the children of the “old workers”; or they have had experience working together with the old workers; or they live in the same working-class neighborhoods. Thus, the currently employed state-sector workers have been influenced by the old workers’ struggles and their political experience. This was illustrated by the Tonghua Steel workers’ anti-privatization struggle in 2009.

Tonghua Steel was a state-owned steel factory in Tonghua, Jilin Province. In 2005 Tonghua Steel was privatized. The state assets, once worth 10 billion yuan, were appraised at only 2 billion yuan. Jianlong, a powerful private company having connections with high-ranking officials in Beijing, actually paid only 800 million yuan and took over the company. After Jianlong’s takeover, twenty-four thousand out of thirty-six thousand workers were laid off. Wages for the workers on “dangerous tasks” (with high rates of work-related injuries) were reduced by two-thirds. The managers could impose various arbitrary penalties and punishments on the workers.

In 2007 the Tonghua Steel workers started to protest. During the protests, a Maoist-era worker, “Master Wu,” emerged as the leader. Wu made it clear to the workers that the real issue was not about any particular problem, but about “the political line of privatization.”

July 2009 found the workers on a general strike. When the Jianlong general manager threatened to fire all workers, the enraged workers beat the manager to death. Although the provincial governor and thousands of armed police were at the scene, no one dared to intervene. After the beating, Jilin Province was forced to cancel the privatization plan.

The Tonghua Steel workers’ victory was a huge inspiration for workers in many parts of China. Workers in several other steel factories also protested and forced the local governments to cancel privatization plans. Worker-activists in other provinces saw the Tonghua victory as their own and regretted that “too few capitalists have been killed.”<sup>12</sup>

After years of massive privatization, the state-sector share in China’s industrial output value has been reduced to less than 30 percent. Nevertheless, the state sector continues to dominate several key industrial sectors. In 2008 the state-owned and state-holding enterprises accounted for 59 percent of the output value in coal mining and washing, 96 percent in extraction of petroleum and natural gas, 72 percent in processing of petroleum and coking, 42 percent in

smelting and pressing of ferrous metals (iron and steel), 45 percent in manufacturing of transport equipment, and 92 percent in the production and supply of electric power and heat.<sup>13</sup>

Although the state-sector workers now account for only about 20 percent of the industrial-sector employment, they now number about 20 million and are concentrated in the energy and heavy industrial sectors that are of strategic importance to the Chinese capitalist economy. In the future upsurge of the Chinese working-class struggle, the state-sector workers, through their control of key industrial sectors, could exercise disproportionately large economic and political power.

Most importantly, the Chinese state-sector workers can benefit from their unique historical and political experience. With the help of revolutionary socialist intellectuals, the Chinese state-sector workers could emerge as the leadership of the entire Chinese working class and give future Chinese workers' movements a clear revolutionary socialist direction.

### **The Illegitimacy of Chinese Capitalist Wealth**

After three decades of capitalist transition, China has been transformed from what used to be one of the world's economically most equal countries into one of the world's most unequal countries. According to the World Bank, in 2005 the wealthiest 10 percent of households held 31 percent of the total Chinese income, while the poorest 10 percent held only 2 percent of the total income.<sup>14</sup>

The inequality in wealth is even more outrageous. According to the 2006 "World Wealth Report," 0.4 percent of the wealthiest families controlled 70 percent of the national wealth in China. In 2006 there were about 3,200 people with personal property worth greater than 100 million yuan (about fifteen million U.S. dollars). Of these 3,200, about 2,900, or 90 percent, were children of senior government or Party officials. Their combined assets were estimated to be 20 trillion yuan—about the size of China's GDP in 2006.<sup>15</sup>

Because of the origins of the Chinese capitalist class, a large share of its wealth came from the plunder of the state and collective assets accumulated in the socialist era. This wealth is widely considered to be illegitimate by the general population. According to one estimate, during the process of privatization and market liberalization, about 30 trillion yuan of state and collective assets were transferred to capitalists with strong government connections.<sup>16</sup> A recent report found that in 2008, the so-called grey income amounted to 5.4 trillion yuan or 18 percent of China's GDP. The report's authors believed that most of the grey income derived from corruption and theft of public assets.<sup>17</sup>

Wen Jiabao, China's Prime Minister, is said to be one of the richest prime ministers in the world. His son is the owner of China's largest private equity firm. His wife is in charge of China's jewelry industry. Wen's family is estimated to have accumulated a wealth of 30 billion yuan (about 4.3 billion U.S. dollars). Jiang Zemin (the former President and Party General Secretary) is estimated to have a wealth of 7 billion yuan, and Zhu Rongji (the former Prime Minister) is estimated to have 5 billion yuan.<sup>18</sup>

The pervasive corruption has not only seriously undermined the legitimacy of Chinese capitalism, it has also undermined the ability of the ruling class to act in its own class interest. Sun Liping, a prominent mainstream sociologist, recently commented that "Chinese society is decaying at an accelerating rate." According to Sun, members of the Chinese ruling elites are completely driven by their personal, short-term interests, so that no one cares about the long-term interests of Chinese capitalism. Corruption has "run out of control" and become "ungovernable."<sup>19</sup>

### **The Proletarianization of the Petty Bourgeoisie**

In the 1980s and '90s, the petty bourgeoisie (the professional and technical workers) served as a significant social base for the pro-capitalist "reform and openness" policy. However, the current rapid increase in capitalist inequality has not only led to the impoverishment of hundreds of millions of workers, but it has also destroyed the "middle-class dreams" of many individuals in the petty bourgeoisie.

According to the official statistics, about a quarter of Chinese college students who graduated in the year 2010 were unemployed. Of the students who graduated in the previous year, about 15 percent remained unemployed. Those college graduates who are "employed" often have to accept a wage that is no higher than that of an unskilled migrant worker. About one million college graduates (compared to the current annual graduation of about six million) are said to belong to the so-called "ant tribes." That is, they live in slum-like conditions on the outskirts of China's major cities.<sup>20</sup> The surge of housing, health care, and education costs have further undermined the economic and social status of China's existing and potential petty bourgeoisie, forcing them to give up their aspiration to "middle-class" living standards.

A college graduate posted his thoughts on the Internet about his "miserable life."<sup>21</sup> After years of work, he found he could not afford to buy a flat or marry and raise a child. The young man asked himself:

Why do I need to have a girlfriend? Why do I need to have a child? Why do I need to care about my parents? Let us change our philosophy. If we do not care about our parents, do not marry, do not have children, do not need to buy flats, do not need to take buses, do not ever get sick, do not have any entertainment, do not ever buy lunch, we will have found the truth of a happy life! The society is driving us crazy. We cannot meet some simple basic needs. Are we wrong? We just want to survive.<sup>22</sup>

As more and more petty bourgeois individuals experience proletarianization in their economic and social conditions, a growing number of young people have become politically radicalized.

In the 1990s, the political left virtually did not exist in China. But during the first decade of this century, the Chinese left experienced a dramatic expansion. Three leftist Web sites, *Wu You Zhi Xiang* (the Utopia), *The Mao Zedong Flag*, and *The China Workers' Network*, have gained national influence. Some mainstream Web sites, such as "Strengthening the Country Forum," a current affairs site affiliated with the official Party newspaper, *People's Daily*, have been dominated by posts of leftist political tendencies.

On September 9 and December 26, 2010, workers in hundreds of cities, and students in about eighty universities and colleges throughout China organized spontaneous mass meetings to commemorate Mao Zedong, often in the face of local government opposition and harassment. During the 2011 Chinese New Year (February 9), nearly seven hundred thousand people visited and paid respect to Mao's hometown, Shaoshan, Hunan Province.<sup>23</sup> Given China's current political context, spontaneous commemorations of Mao Zedong have, in effect, become anti-capitalist mass protests.

### **The Limit to Capital Is Capital Itself**

The Chinese model of capital accumulation has relied on a set of particular historical factors: the ruthless exploitation of a large cheap labor force; the massive exploitation of natural resources and its consequent degradation of the environment; and a growth model that depends on expanding exports to the markets of core capitalist countries. None of the factors are sustainable beyond the medium term.

As U.S. and European economies struggle with stagnation and face potentially increasing crises in the future, China can no longer rely on exports to lead its economic expansion. Moreover, it is widely recognized that China's excessively high investment has led to massive excess production capacity, and contributed to unsustainable demands for energy and resources. Falling rates of return on capital may eventually lead to investment collapse and a major economic crisis. Thus, the Chinese capitalist economy needs to "rebalance" itself by promoting domestic consumption.<sup>24</sup> But how can this be accomplished without undermining the basic interests of the Chinese capitalist class?

Currently, household consumption accounts for about 40 percent of China's GDP, government consumption about 10 percent, trade surplus about 5 percent, and investment about 45 percent. Workers' wages and rural peasants' incomes add up to about 40 percent of GDP. Thus, the working-class income roughly matches the total household consumption.<sup>25</sup> If government investment is treated as a part of the gross capitalist profit, then gross capitalist profit (which equals GDP, less wages and government consumption) is approximately 50 percent of GDP. After subtracting depreciation of fixed capital, net capitalist profit is approximately 35 percent of GDP. This very high capitalist profit (or very high rate of surplus value) is the political-economic basis of China's rapid capital accumulation.

Now, suppose China needs to rebalance toward a consumption-led economy. Table 1 presents alternative scenarios of possible "rebalancing" of Chinese capitalism. Each scenario is consistent with one particular set of conditions required to stabilize the capitalist economy (with a stable, rather than falling, rate of profit). For example, if China's economic growth rate were to fall to 7 percent a year, then to stabilize the capital-output ratio, investment needs to fall to 36 percent of GDP (rounded to 35 percent in Table 1). Considering that China's main export markets (the United States and the European Union) are likely to stagnate in the future while China's imports of energy and raw materials will continue to grow, China's trade account is assumed to return to balance. It follows that the sum of household consumption (wages) and government consumption needs to rise to 65 percent of GDP. Gross profit needs to fall to 35 percent of GDP, and net profit needs to fall to 20 percent of GDP.<sup>26</sup>

Therefore, in this example, about 15 percent of GDP needs to be redistributed from capitalist profit to workers' wages or social spending. How could such a large income redistribution be achieved, even under the most ideal political conditions? Which section of the capitalist class is going to sacrifice its own interest for the sake of the collective interests of the class? Given the very illegitimate and corrupt nature of Chinese capitalist wealth, there is also the question of how the collective interest of the capitalist class can be implemented, even if the Communist Party leadership decides to promote the capitalist collective interest. By definition, income and wealth from corrupt sources are not subject to taxation.

Table 1  
Alternative Scenarios of Chinese Economic Rebalancing

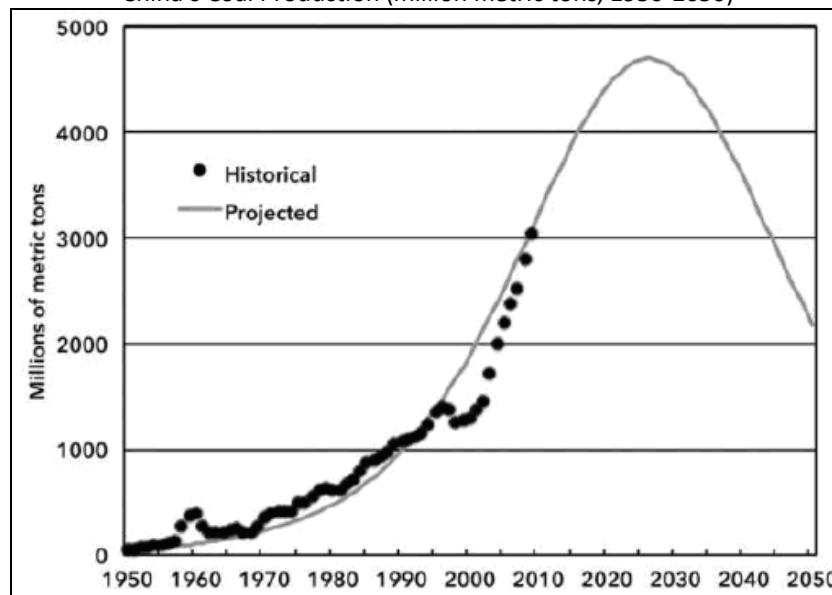
Economic growth rate	10%	7%	5%	3%	0%
Capital-Output Ratio	3	3	3	3	3
Investment -GDP Ratio	45%	35%	30%	25%	15%
Trade Balance as % of GDP	5%	0%	0%	0%	0%
Depreciation as % of GDP*	15%	15%	15%	15%	15%
Gross Profit as % of GDP	50%	35%	30%	25%	15%
Net Profit as % of GDP	35%	20%	15%	10%	0%

\* Depreciation rate is assumed to be 5 percent. Thus, if the capital-output ratio is 3:1, then depreciation is 15 percent of GDP.

In one respect, the current historical context is fundamentally different from any previous moment in capitalist history. After centuries of relentless capitalist accumulation, the global ecological system is on the verge of collapse and the developing global ecological crisis threatens to destroy human civilization within the twenty-first century. As the world's largest energy consumer and carbon dioxide emitter, China is now at the very center of global ecological contradictions.

China relies on coal for about 75 percent of its energy consumption. From 1979 to 2009, China's coal consumption grew at an average annual rate of 5.3 percent, and the Chinese economy grew at an average annual rate of 10 percent (but for the last decade, 1999 to 2009, China's coal consumption accelerated to 8.9 percent a year). Using a generous rule of thumb, China's future economic growth rate is assumed to be the future coal production growth rate, plus five percentage points.<sup>27</sup> According to Chinese government sources, China has coal reserves of about 190 billion metric tons. Chart 1 compares China's historical coal production with its projected future production, assuming China's remaining recoverable coal to be the same as the official reserve.<sup>28</sup>

Chart 1  
China's Coal Production (million metric tons, 1950-2050)



Source: China's historical coal production data are from Dave Rutledge, "Hubbert's Peak, the Coal Question, and Climate Change," *The Excel Workbook* (2007), <http://rutledge.caltech.edu>; the figures are updated using data from BP, Statistical Review of World Energy, <http://bp.com>; the future projections are based on the author's calculations.

China's coal production is projected to peak in 2026 with a production level of 4.7 billion metric tons. The coal production growth rate is estimated to slow to 3.5 percent for 2009-2020; 0.4 percent for 2020-2030; -2.5 percent for 2030-2040; and -4.8 percent for 2040-2050. The implied economic growth rate would be 8.5 percent for the 2010s; 5.5 percent for the 2020s; 2.5 percent for the 2030s; and 0 percent for the 2040s.

Thus, by the 2020s, the Chinese capitalist economy will need to undertake an income redistribution of 20 percent of GDP from net profit to wages to maintain a stable capitalist economy (see Table 1). By the 2030s, capitalist net profit will need to fall below 10 percent of GDP, and there is virtually no more space for further income redistribution.

The impending energy crisis is just one among many ecological contradictions facing China. According to *Charting Our Water Future*, China is expected to have a water deficit of 25 percent by 2030, as rising demands from agriculture, industry, and cities overwhelm its limited water resources.<sup>29</sup> If China's current trend of soil erosion is not checked, it could suffer from a food deficit of 14 to 18 percent by 2030-2050. As a result of climate change and declining water availability, China's grain production could fall by 9 to 18 percent by the 2040s.<sup>30</sup>

### The Victory of the Proletariat?

Humanity is now at a critical crossroad. The continuing operation of the world capitalist system will not only guarantee the permanent impoverishment of billions of people; it will also almost certainly lead to the destruction of human civilization. This raises the urgent world-historical question: What force can humanity count on to achieve twenty-first century global revolution, hence both socialism and ecological sustainability?

Marx expected the proletariat to play the role of the gravediggers of capitalism. In the actual course of world history, the Western capitalist classes managed to accommodate the challenges of the working classes through limited social reforms. The core capitalist classes achieved this temporary compromise on the basis of the super-exploitation of the working classes in the periphery and the massive exploitation of the world's natural resources and environmental space. Both conditions have, by now, been exhausted. In the next one or two decades, the proletarianized working classes may, for the first time, become the majority in the world population. With massive proletarianization in Asia, world-historical conditions are finally approaching what, in line with Marx, will lead to the victory of the proletariat and the downfall of the bourgeoisie.

As the world's largest manufacturing producer and energy consumer, China is increasingly at the center of capitalism's contradictions. The above analysis suggests that after the year 2020, economic, social, political, and ecological crises are likely to converge in China.

Given the legacy of the Chinese revolution, subjective historical conditions in China may favor a revolutionary socialist solution to China's contradictions. A state-sector working class that is influenced by socialist consciousness can potentially take over China's key economic sectors and play a leading role in the coming revolutionary struggle. A broad revolutionary class alliance may be formed between state-sector workers, migrant workers, and the proletarianized petty bourgeoisie.

Because of China's central position in the global capitalist system, the significance of a victorious socialist revolution in China cannot be overstated. It will break the entire length of global capitalist commodity chains. It will turn the global balance of power decisively in favor of the world proletariat. It will pave the way for twenty-first century global socialist revolution, and dramatically increase the chance that the coming global crisis will be resolved in a way that is consistent with the preservation of human civilization.

History will decide whether the Chinese and the world proletariat are up to their revolutionary tasks.

### Notes

1. On the class contradictions under socialism and the favorable impact of the iron rice bowl on working-class power, see Mingqi Li, *The Rise of China and the Demise of the Capitalist World Economy* (London: Pluto Press; New York: Monthly Review Press, 2008), 50-59.
2. National Bureau of Statistics, the People's Republic of China, *Statistical Year Book of China 2009*, <http://stats.gov.cn>.
3. See Research Group of the Chinese Academy of Social Sciences, "A Research Report on the Current Structure of Social Strata in China," in *Social Blue Book 2002: Analyses and Predictions of China's Social Conditions*, ed. Ru Xin, Lu Xueyi, and Li Peilin (Beijing: Social Sciences Literature Press, 2002), 115-132.
4. Li, *ibid.*, 89, 108.
5. On the Chinese workers' conditions, see Dale Wen, "[China Copes with Globalization](http://ifg.org)," A report by the International Forum on Globalization (2005), <http://ifg.org>; Martin Hart-Landsberg, "The Chinese Reform Experience: A Critical Assessment," *Review of Radical Political Economics*, published online before print, September 28, 2010.
6. For a summary of Chinese media's descriptions of the "second generation migrant workers," see the clause on *Xinshengdai Nongmingong* or "[A New Generation of Migrant Workers](http://baike.baidu.com)" by the Baidu online encyclopedia, <http://baike.baidu.com>.
7. John Chan, "[Honda Rocked by Further Strikes in China](http://wsws.org)," *The World Socialist Website*, June 10, 2010, <http://wsws.org>.

8. For statistics on non-agricultural employment, see World Bank, *World Development Indicators*, <http://databank.worldbank.org>.
9. In October 2010, the Chinese Prime Minister Wen Jiabao called for “political reform” when he was interviewed by the American Television network CNN. See Jonathan Fenby, “Political Reform Is China’s Fatal Flaw,” *Financial Times*, October 15, 2010.
10. Zhang Yaozu, “The Evolution and Development of the Working Class Over the Six Decades of New China,” May 2010, <http://zggr.net>.\*
11. Zhong Qinan, “The Class Experience of the Chongqing Kangmingsi Workers’ Struggle to Defend Their Proper Rights,” May 2010, <http://zggr.net>.\*
12. Pei Haide, “A Study of Two Cases of Struggle by the Urban Traditional Workers,” May 2010, <http://zggr.net>.\*
13. National Bureau of Statistics; *ibid*.
14. Another commonly used measure of inequality is the Gini coefficient. If Gini coefficient equals 100, it indicates complete inequality; if Gini coefficient equals 0, it indicates complete equality. According to the World Bank data, China’s Gini coefficient in 2005 was 41.5, compared to 40.8 for the United States (2000) and 36.8 for India (2005) See World Bank, *ibid*.
15. Yuzhi Zhang, and Zhongfu Jiang, “[The Domestic Governance Countermeasure in Order to Enhance Soft Power of China Communist Party](#),” *International Journal of Business and Management* 5, no. 7 (July 2010): 170-74, <http://ccsenet.org>.
16. Qi Zhongfeng, “Economic Estimations of the Size of Rent-Seeking in the Period of Market Transition,” *Commercial Times*, 2006 (21), <http://cnmoker.org>.\*
17. Wang Xiaolu, “[Grey Income and National Income Distribution](#),” August 2010, <http://view.news.qq.com>.
18. Anonymous, “[China’s Top Ten Families](#),” September 2010, <http://hua-yue.net>.
19. Sun Liping, “[The Chinese Society Is Decaying at an Accelerating Rate](#),” February 2011, <http://hua-yue.net>.
20. Zac Hambides, “[China’s Growing Army of Unemployed Graduates](#),” *The World Socialist Website*, October 4, 2010, <http://wsws.org>.
21. The college graduate claims to have an annual income of 50,000 yuan after taxes and deductions. By comparison, in 2008, the average annual pre-tax wage for China’s formal sector employees was about 29,000 yuan. See National Bureau of Statistics, *ibid*.
22. Anonymous, “[A College Graduate’s Perspective: I Can Barely Survive—The Miserable Life with a Monthly Salary of 4,000 Yuan](#),” March 2008, <http://bbs1.people.com>.
23. Mao Zedong was born December 26, 1883, and died September 9, 1976. See Lao Shi, “[People Commemorate the 117th Anniversary of Mao Zedong’s Birth Throughout the Country](#),” February 2001, <http://wyzsx.com>; Xu Rong and Zuo Yuanyuan, “[Mao Zedong’s Hometown Becomes the Tourists’ Favorite—680,000 People Visited Shaoshan During the New Year](#),” February 2011, <http://redchinacn.com>.
24. See Martin Wolf, “How China Must Change If It Is to Sustain Its Ascent,” *Financial Times*, September 22, 2010, 11.
25. Of course, working-class households save a portion of their income. On the other hand, capitalists also consume. At the macro-level, working-class savings are roughly offset by the capitalist consumption.
26. To see why an investment-GDP ratio of 36 percent is needed to stabilize the capitalist economy, consider that if an investment ratio is greater than 36 percent, then net investment as a ratio to GDP will be greater than 21 percent (after subtracting depreciation). Since the initial capital-output ratio is set at 3:1, if net investment is greater than 21 percent of GDP, the capital stock will grow at more than 7 percent ( $7=21/3$ ), that is, faster than GDP. This implies rising capital-output ratio or falling rate of return on capital.
27. This rule of thumb implies very rapid energy efficiency improvement and substitutions of coal by other energies that may not materialize. In the future, energy efficiency growth and energy substitution may be somewhat accelerated. But world oil production is likely to peak in the near future. Peak oil will reduce China’s oil consumption and impose an additional constraint on China’s economic growth.
28. If China’s remaining recoverable coal turns out to be significantly greater than its official reserve, then the additional carbon dioxide emissions from coal burning would make any reasonable climate stabilization virtually impossible.
29. International Finance Corporation, et al., *Charting Our Water Future*, Executive Summary, 2009, <http://mckinsey.com>.
30. Liming Ye, Jun Yang, Ann Verdoodt, Rachid Moussadek, and Eric Van Ranst, “China’s Food Security Threatened by Soil Degradation and Biofuels Production,” August 1-6, 2010, paper presented at the 19th World Congress of Soil Science, Brisbane, Australia; The Chinese Academy of Agricultural Sciences, “[Impact of Climate Change on Chinese Agriculture](#),” 2010, <http://china-climate-adapt.org>.

\* Some of the links below are broken because of sites being shut down. For readers interesting in obtaining any of the materials, please contact the author.