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ARTICLE

Global Dominance Potential of Chinese Corporations

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Abstract:

This paper assesses the corporate strength of Chinese firms in the global market and addresses the question: does China's growing corporate strength indicate a rise in its global influence, or, in other words, what are the prospects for the emergence of capitalism with Chinese characteristics as the new dominant paradigm. It finds that Chinese corporations have significantly improved their global profit share in several sectors during 2007-2013. Many of these corporations are Chinese state-owned enterprises (SOEs) that play a dominant role. Summarizing a recent case study of Chinese SOE strategy in the Zambian copper belt it provides evidence for close interaction between the state and corporate management which is dependent on state and party support. SOE management also partially shares the ideological perspective of the state elite. The state can use this SOE corporate strategy as an instrument for the pursuit of Chinese national interests but its ability to do is constrained by the bargaining capability of other states. However, China does not intend to play the type of adversarial role that the USSR did during the Cold War era. China's challenge to the West is nationalistic and not ideological and is therefore unlikely to stimulate distributional reform in the West.

Keywords: corporate strategy, dominance, mining, SOE, state support, China

In a path-breaking book *Epistemologies of the South*, the Portuguese intellectual Boaventura de Sousa Santos (2014) studies the impact of the expected geopolitical shift of global capitalist power. Thomas Piketty (2014) also predicts such a shift based on his forecast of changes in the ratio of private capital to national income in Europe, America and Asia during the twenty first century¹. Estimates and expectations of this shift are usually intertwined with explanations of persistent slowdown of growth in the West following the American subprime mortgage crisis of 2008² and declining growth has been identified as a cause of rising inequality within and between countries³ (Streeck 2014).

Cyclical downturns are of course almost a routine in capitalist history. Overcoming these crises has normally involved the imposition of restrictions on capital accumulation to take account of social needs not served by the market. A striking feature of the post 2008 period is the absence of a new policy paradigm akin to Keynesianism (which was a response to the Great Depression), and Neoclassicism (which became dominant due to the increased labor militancy of the late nineteenth century). The institutional and regulatory regime reforms that have occurred at the national and global level during 2009-2014 are modest (BIS

¹ Piketty's predictions are for the period 1870-2090.

² Declining growth among the advanced countries is a long term trend. Thus, annual growth rates (calculated on the basis of the year among averages) in the OECD economies have declined from 4 percent in 1972 to about zero in 2010 (OECD).

³ During 1983-2010 the average value of the Gini Coefficient has risen by ten percent among the OECD economies (OECD Income Distribution Data Base).

2013). While production growth remains anemic in the metropolitan economies the financial sector has achieved a remarkable recovery in terms of profits, capital gains, dividend and salaries and bonuses of top management. For the last four decades, governments, households and the financial and non-financial corporate sector have continued to pile up debt in the OECD economies. While interest rates remain near zero austerity macro policies target the poor throughout the Western world. The political influence of the corporate sector on the national political system in the Western democracies has not weakened. Since the early 1990s the average tax to GDP has declined in the OECD economies and tax systems have become increasingly regressive as top marginal income and corporate tax rates have often declined (OECD Tax Statistics Database).

The “rich man’s Keynesianism” – trillion dollar bailouts, Quantitative Easing (QE I & II), near negative interest rates, mildly regressive taxation – has not fueled mass revolt in any major metropolitan economy. As Colin Crouch has argued the “democratic class struggle” has now morphed into “politainment” (Crouch 2004) characterized by media social dominance, mass political disillusionment, declining electoral turnouts and electoral fragmentation⁴ (Gardels 2010).

Within advanced capitalist economies there exist no collective agents for contesting accelerated capital accumulation for promoting system integration (Lockwood 1964). The protests that do occur – related to the World Social Movement, Occupy Wall Street etc. – are local, easily dispersed, uncoordinated and quite incapable of politically articulating a new vision of capitalist order⁵. Nor capitalist values – trust, faith, familial and class solidarity, altruism – essential for sustaining capitalist order are being undermined in all metropolitan societies.

Opposition to liberal capitalist order has also been external and rivalry for system hegemony between the Soviet Union and the United States and the arms race it generated played no small part in sustaining growth in the West during the Cold War era (which at least until the early 1970s coincided with capitalism’s “golden age”). Today, America’s systemic hegemony can be contested by China, rising militarily, economically and socially. Even Samuel Huntington recognized that the cultural distinctiveness of China and China’s political system has not, at least so far, been seriously dented by attempted liberal insurgencies (Tiananmen 1989, Hong Kong 2014). Can China replace the Soviet Union as the adversarial external force which induces metropolitan liberal capitalism to implement systemic reforms necessary for correcting the imbalances generated by the “overdevelopment” of global financial markets?

The depoliticization of the public enterprise sector (both manufacturing and financial) and a reduction of its influence on “the commanding heights” of the economy seem unlikely since the Party rules the market at least partially through the SOEs. Accepting subservience to global capital markets is tantamount to a significant dilution of the Party’s control over the Chinese political economy. An incipient inter-capitalist rivalry between Chinese state capital and global capital therefore cannot be ruled out⁶. Moreover, even the domestic private sector was not an enthusiastic supporter of China’s WTO membership and

⁴ Moreover, a key aspect of “post democratic” regimes is the increased autonomy of the central banks (subject to less and less control by political authorities) and the acceptance of surveillance by international agencies such as the IMF, the WTO, global rating and standard rating agencies (Meenai & Ansari 2010).

⁵ They are not anti-capitalist movements because they endorse the essential capitalist values: freedom, equality and progress (Ansari 2014).

⁶ Hodgson argues “every socio-economic system must rely on at least one structurally dissimilar subsystem to function (2001: 7 fn).

has often favored increased protectionist measures (Huang 2008: 75-77) and private export oriented Chinese firms have always been determined opponents of revaluation of the Chinese currency.

What follows is an assessment of the relative weight of the Chinese corporate sector in the global economy followed by an identification of similarities and differences in the corporate strategy of Chinese SOEs and metropolitan global firms. This will permit some reflection on the question: does the Chinese corporate model represent an alternative to mainstream corporate strategy so that “capitalism with Chinese characteristics” can emerge as the new dominant paradigm capable of challenging the systemic dominance of the metropolitan liberal democracies.

China's Weight in the Corporate World

It has now become conventional wisdom to predict an inexorable shift of global economic power from the West to the East. China's century is at hand (Beckley 2011). These predictions are based on the presumption that national power is adequately measured by national accounts__ national shares of global GNP, investment, manufacturing value added balances of trade etc. But today a substantial proportion of economic activity within a country is directed and controlled by global capital. Therefore national economic power cannot be equated with GNP and its product or expenditure components despite the fact that militaries and parliaments still remain national. This consideration is particularly important in the case of China whose growth has been export driven and where foreign firms control a significant proportion of investment in the “cutting edge” high technology industries. Ninety percent of what Chinese customs classifies as high technology exports is produced by foreign owned companies (Beckley 2011: 43) and although since 2009 China has become the world's largest exporter of electronics, the share of Chinese owned firms in global electronics market in 2013 was only 1.6 percent (see Table 1). In today's globalizing world estimates of the distribution of economic power must take account of the distribution of the global corporate earnings.

Table 1 presents China's national profit shares of the world's top 2000 corporations in 25 sectors in 2007 and 2013.

Table 1: China's Profit Share and Rank Among Forbes' Top 2000 Publicly Traded Companies in 2007 and 2013

Sector	2007		2013	
	Share	Rank	Share	Rank
1. Aerospace/defense	0	0	0	0
2. Automobiles	0.6	9	5	5
3. Banking	4.3	6	32	1
4. Business/services	0	0	0	0
5. Hotels, restaurants	0	0	3	7
6. Chemicals	0	0	0.5	21
7. Computer hardware & software	0.02	14	2	4
8. Conglomerates	0	0	0	0
9. Construction	0.6	19	28	1
10. Electronics	0	0	3	6
11. Financial services	0.02	25	2	6
12. Food manufacturing	0.3	20	5.3	6

13. Forestry, metals & mining	5.5	8	20	1
14. Health care	0	0	0	0
15. Heavy machinery	1.6	8	11	4
16. Insurance	1.2	10	7	5
17. Media	0	0	0	0
18. Oil & Gas	6.3	5	7	3
19. Pharmaceuticals	0	0	0	0
20. Real estate	0	0	19	2
21. Retail	0	0	1.6	10
22. Telecommunication	3.3	9	3	8
23. Trading companies	0.4	5	2.1	4
24. Transportation	5.1	7	8	3
25. Utilities	1.1	15	4.5	9

Source: Starrs, S. (2014: 84-85). Calculated from Scott De Carlo (ed.) Forbes Global 2000, forbes.com, 2007; 2010; 2013.

During the 2007-2013 period the rise of Chinese corporations in the global economy has been spectacular. Their average profit share of the 25 sectors reported in Table 1 quintupled. In banking, construction, and mining & metals, Chinese owned firms ranked first among the 391 firms (of the Forbes top 2000) including in these sectors in 2013⁷. In the automobiles, electronics, financial services, food manufacturing, computer hardware and software, insurance, oil and gas, real estate, trading companies and transportation sectors Chinese firms also had market leading positions in 2013⁸. Chinese owned companies can thus be seen in a market leading position in 13 sectors. However, their profit share exceeds 20 percent in only three sectors in 2013—banking, construction and mining & metals in each of which the top ranked Forbes 2000 firm was Chinese. Their share of profit approximated 19 percent in the real estate sector in which the Chinese owned firm ranked second among 119 Forbes 2000 firms included in this sector. The only other sectors with a significant Chinese profit share in 2013 were heavy machinery 11 percent⁹, transportation 8 percent¹⁰, oil and gas, and insurance 7 percent each.

Thus, despite the progress that Chinese corporations have made in recent years their global market dominance remains limited. Chinese corporations' share of Forbes 2000 company profits increased in 18 out of the 25 sectors recorded in Table 1 during 2007-2013 but its average share of sectoral Forbes 2000 corporation profits in 2013 was still only about 6 percent. China currently does not seriously challenge America's dominance of the global corporate market¹¹. According to the Forbes data American corporations ranked first in

⁷ Number of top 2000 Forbes firms included in banking were 267, in construction 76, and in mining and metals 93 (Starrs 2014: 84).

⁸ In automobiles Chinese firms ranked fifth out of 54 Forbes 2000 firms included in this sector, in electronics sixth out of 49, in financial services fifth out of 93, in food manufacturing sixth out of 86, in computer hardware and software fourth out of 72, in insurance sixth out of 99, in oil and gas third out of 113, in trading companies fourth out of 17 and in transportation third out of 61.

⁹ Chinese firm ranking fourth out of 64 Forbes 2000 firms.

¹⁰ In 2013 ranks of Chinese firms were as follows: oil and gas fourth out of 115, transportation third out of 62, insurance sixth out of 99.

¹¹ Data on American corporations share of Forbes global 2000 for 2007 and 2013 are taken from De Carlo (2007, 2013).

eighteen of the twenty five sectors in 2013. Their market share increased during 2007-2013 in five sectors__ business services, hotels, computer hardware and software, financial services, and media. In aerospace and defense, food manufacturing, heavy machinery, retail business the market share of America's leading business corporations increased as against that of its nearest competitor corporation¹² during 2007-2013. In conglomerates, health care services, heavy machinery, oil and gas and transportation there has been notable recovery since 2010. If we define 40 percent as the profit share proportion that signals market dominance than in 2013 American corporations dominated the market in aerospace and defense, computer hardware and software, health care, financial services, media, pharmaceuticals, and retail business. As against this, Chinese corporations did not cross the 40 percent threshold in any sector in 2013.

However, the Forbes data shows that Chinese corporations ranked among the top five in twelve sectors in 2013: automobiles, banking, computer hardware and software, construction, metal and mining, heavy machinery, insurance, oil and gas, real estate, telecommunications¹³, trading companies, and transportation. But despite the global rise of Chinese owned firms__ a large proportion of which remains state owned__ they have what can only be described as a "dependent relationship" with foreign owned firms in most sectors. Thus, in 2011 China became the world's largest PC market yet Chinese corporations' share of Forbes global 2000 corporations in this sector was just 2 percent (Table 1) in 2013¹⁴. Despite being the world's biggest exporter of electronics since 2004 the sectoral share of Chinese owned corporations in 2013 was only 3 percent (Table 1). Even in the domestic market global (especially American) firms dominate. In 2011 Pepsi and Coke accounted for 87 percent of Chinese soft drink sales. Google increased the Chinese national smart phone market share from 0.6 percent in 2009 to 87 percent in 2012. Beijing supplied more than half of China's commercial airline fleet (Rappeport 2011; Hille 2013; Rabinovitch 2011; Woke 2011)¹⁵. Many of China's leading firms are assemblers with little control over the global supply chain or branding, marketing, innovations, product design and R & D. Hence their share of global profit is small¹⁶. Moreover, in 2010 more than three quarters of China's leading 200 exporters were foreign owned corporations (Xinhua 2010). Further, the corporations in China__ both foreign and national do not spend much on the development of cutting edge technologies and product innovation. Thus, China's share of R & D spending by the world's top 1500 corporations in 2011 was only 2.2 percent well below the United States (34.8 percent), Japan (28.3 percent), Germany (10 percent), France (5 percent) U.K (4.4 percent) Switzerland (4.3 percent) and South Korea (2.9 percent) (EU 2012: 39). Chinese corporations have made remarkable progress over the past decade but they are nowhere near challenging the global dominance of the U.S, Japanese and German corporations. In technologically advanced sectors__ computer hardware, electronics, aerospace and defence, conglomerates,

¹² Suppose American corporation's share of global profits falls from 20 percent to 15 percent but of that of its nearest competitor falls from 5 percent to 1 percent. Then, the American corporation's profit share in proportion to that of its nearest competitor would rise from 400 percent to 1500 percent despite a 5 percent fall in the American corporation's share of sectoral profit.

¹³ With the China Mobile listed in Hong Kong but headquartered in Beijing.

¹⁴ The corresponding share of American corporations in this sector in 2013 was 72 percent (De Carlo 2013).

¹⁵ See also Steinfeld (2010).

¹⁶ Thus, the Asian Development Bank has estimated that Hon Hi's__ China's largest private sector employer and the world's largest electronics contractor__ share of Apple iPhone 3's cost was only about 9 percent in 2010 and its share of profit generated by iPhone 3 for Apple, of course, was much lower (Xing & Detert 2010: 2).

pharmaceuticals__ China often remains dependent on foreign firms outsourcing assembly operations to Chinese firms.

In present day capitalism dominance remains the exercise of national power__ for while markets are global, states and armies remain national. The Chinese state may legitimately be seen as dominant over its corporate sector. Chinese private sector leaders remain closely connected to the Chinese Communist Party at district and provincial levels of the state administration. Moreover, the public sector plays an exceptionally large role in the national economy__ particularly in sectors in which Chinese corporations predominate in global markets__ banking, construction, metals and mining and heavy machinery. State control over the national financial system is crucial for maintaining its corporate dominance__ for subsidised loans and other financial privileges bolster the profits of both public and private corporations¹⁷. China's capitalism has been described as "state led" (Walter & Howe 2011) with state owned enterprises (SOEs) playing a significant role in close cooperation with the Communist Party. Major public firms have been floated in overseas stock markets. SOEs have long enjoyed privileged access to the financial sector which remains under the grip of the Party. Heads of the largest SOEs are equal in rank to provincial governors; many are members or alternative members of the Party's Central Committee (Walter & Howe 2011).

The question therefore is: can the Chinese state use its sectorally predominant corporations as instrument to challenge the U.S or EU dominance? Is Chinese public investment in particular articulating a corporate strategy fundamentally different from that of leading Western multinationals? Investigation into these questions will help us understand the degree of global influence of China's growing corporate strength.

Corporate Strategy of Chinese Public Sector Multinationals: A Case Study

Partial answers to these questions have been provided by Chang (2014) in a detailed ethnographic case study of the Zambian subsidiary (NFCA) of the Chinese state-owned China Nonferrous Metal Mining Company (CNMC)__ China's leading multinational in the nonferrous metal sector¹⁸. Nonferrous Company Africa (NFCA) is a subsidiary of CNMC. This study compares the capital accumulation strategy, the labor regime and the management ethos of NFCA with that of the other multinational subsidiaries operating in the Zambian copper belt. The key question that we seek to address is: does CNMC's Zambian subsidiary serve China's national interests as defined by the Chinese Communist Party (CCP)? One of the objectives is to secure access to key natural resources which are seen to be in short supply in China¹⁹. CNMC's Zambian subsidiary purchased the Chambishi mine__ abandoned for several years and producing very low grade copper with this explicit objective in view²⁰. Another major investment objective has been to promote China's diplomatic posture in Zambia. CNMC's Zambian investment was driven by the motive to counter Taiwanese initiatives on the one hand and on the other to secure African support for China's U.N Security Council's membership.

CNMC's response to the 2008 collapse of Zambian copper export prices also reflects a concern to secure Zambian political support. In autumn 2008 copper prices fell from a high of \$9,000 per ton to \$2,000 per ton. All major multinationals in Zambia__ except CNMC__

¹⁷ In 2008-2009 China's bank and financial sector bailout package was second only to that of the U.S.A (Lardy 2012).

¹⁸ With operations in 20 countries in 2011.

¹⁹ In 2012 these included oil, copper, aluminum and iron (among others).

²⁰ All facts and quotations__ unless otherwise sources__ in this section are taken from Lee (2014: 29-60).

announced job cuts²¹. In the midst of this crisis NFCA adopted the “Three NOs” policy__ no job cuts, no salary cuts, no reduction in output. CNMC demonstrated its willingness to accept short term financial losses to secure long term resource security and political influence. The crisis was seen as an opportunity to enhance China’s image in Africa.

CNMC’s response to the Zambian government’s decision to impose windfall profit tax on copper mines in early 2008 was also in sharp contrast to that of other multinationals which refused to pay this tax and mounted a global campaign against it. CNMC paid this tax and voiced its support for government policy. CNMC also voiced support for a doubling royalty taxes in 2011 whereas all other multinationals protested vociferously.

CNMC also enthusiastically supported the Zambian government’s decision to establish a Special Economic Zone occupying over a third of its mining concession area²². A principal concern of the Zambian government, through the establishment of this SEZ is to promote copper manufacturing in Zambia. Other multinationals__ and the World Bank__ have vigorously opposed copper based manufacturing regarding it as uneconomic in Zambia (World Bank and USAID 2011).

Despite these differences in corporate strategies of Chinese SOEs and other multinationals²³ some striking similarities should also be noted. CNMC senior officials emphasize that they are expected to make a profit though not maximize it (Lee 2014: 36). Moreover, the organization of the work process in Chinese multinationals is usually judged to be more exploitative than that of other multinationals. In 2001 Michael Sata, leader of the Zambian Patriotic Front charged Chinese corporations of “imposing slavery from Cape Town to Cairo” (Lee 2014: 33).

The labor process in Zambian copper mining is the same irrespective of corporate ownership. Senior management positions are almost exclusively reserved for Chinese expatriates in NFCA and a “glass ceiling” is firmly in place in Chinese as in other multinationals__ however there is little truth in the widespread rumor that China imports its manual workforce to Africa²⁴. On the other hand, CNMC’s subsidiary’s strategy is not competitive. It had only one mining subcontractor and that from China during 2003-12.

CNMC pays significantly lower wages than other mining multinationals in Zambia and safety provisions at its work stations are poorer, but job contracts are firmer and staff turnover rates much lower. Management yields to union pressure only under threat of wildcat strikes or government intervention. Deadlocked negotiations with African labor are routine.

Working conditions are also harsher for Chinese junior and senior management personnel than for other multinational executives. Chinese management is resigned to what they call “eating bitterness”. This reflects both a commitment to consensual national ideologically sanctioned values and an acceptance of state and Party discipline as necessary for survival. The Chinese SOE sector management ethos is quite distinct from that of typical multinational executives. A communitarian identity is nurtured in Chinese corporate culture. Deadlocked negotiations with labor reflect Chinese management’s incomprehension of the Zambia’s unwillingness “to eat bitterness”__ regarded by Chinese managers as necessary for Zambia’s development.

²¹ Thirty percent of the total Zambian mining workforce is estimated to have lost jobs in 2008-2009 (Matenga 2010).

²² Known as the Zambia-China Cooperating Zone (ZCCZ) constructed by a CNMC subsidiary which is also responsible for attracting investors to it.

²³ For example, reflected in CNMC’s three NOs in response to the 2008 crises.

²⁴ Chinese expatriates to Africa have been described as “prison labor sent by Beijing”. See Hairong & Sautman (2012).

Communitarian and nationalistic individuation is buttressed by the strict discipline of communal living in specially established “China Houses” throughout Africa where Chinese expatriates usually reside²⁵. Communal living is accepted as a necessary price to pay for ensuring safety²⁶. Chinese SOE managers in Zambia’s copper belt resent criticism of Chinese human rights record and regard their country to be the victim of imperialist propaganda.

Ties between SOE management and the state and CCP officials are also strengthened by China’s concessional assistance strategy. The Zambian construction industry for example is a major recipient of Chinese concessional loans²⁷. Chinese concessional loans are conditional in that they stipulate sourcing from China and preclude open bidding. Chinese SOE construction companies have strong links with China’s EXIM Bank and are involved in negotiating construction project investment cost. Thus, concessional assistance and subsidized credit policies are used by the state to influence Chinese SOE corporate strategy.

SOEs as Instruments of China’s Global Dominance

As we have seen, in recent years Chinese corporations have made remarkable progress in several sectors. As Table 1 shows in banking, construction and metals and mining they have the largest sectoral profit share. In the automobiles, computer hardware and software, heavy machinery, oil and gas, real estate and transportation sectors Chinese corporations were ranked among the top five in 2013²⁸ and in all these sectors SOEs play an important role. When the 2007 ranking is compared with that of 2013, Chinese corporations are seen to have improved their ranking in 19 out of the 25 sectors recorded in Table 1.

Can China use its growing corporate power in several sectors to promote its national interests and challenge U.S hegemony? The SOEs are the principal market instrument the CCP and the Chinese state can use for this purpose. State elite support for SOEs remains as strong as ever²⁹ illustrated by the trillion dollar bail out and support packages extended to SOEs in banking, construction, mineral and heavy machinery sectors by the government in the wake of the 2008 crisis. The CCP is committed to a shift in economic strategy from prioritizing investment to promoting consumption growth and from export to domestic market orientation; but this does not imply a necessary decline in SOEs salience since SOEs produce mainly for the domestic market and not for exports²⁸. A major phase out of SOEs presence in the “commanding heights” sectors of the economy is tantamount to a CCP acceptance of a major decline in its political control over society. This, to put it euphemistically, seems somewhat unlikely under Xi’s leadership. The Zambian case study shows that SOEs corporate leadership articulates a corporate strategy which takes account of national interests as defined by the CCP not under duress but because it³⁰ at least partially³¹ shares the ideological perspectives of the political elite. It is resigned to “eating bitterness” which it regards as necessary for national development and accepts the view that China is a victim of imperialist propaganda, intentionally misrepresented by the global media. The typical SOEs manager has a communitarian identity and is influenced by nationalist ideology. This makes him/her willing participant in the strategy to promote Chinese national interests through corporate strategy.

²⁵ With breakfast at 6 am, lunch at noon, dinner at 6 pm and (sometimes) a curfew at 8 pm.

²⁶ Accepting harsh living conditions and CCP discipline partly reflects a growing sense of fear and insecurity among Chinese managers. CCP officials at the CNMC mine were fearful also of popular criticism of China. Both managers and CCP officials see China as a victim of media propaganda.

²⁷ This exceeds the sectoral concessional loans received by Zambia from the World Bank and African Development Bank during 2000-2013 (Lee 2014: 41).

²⁸ Thus, while share of global sectoral profits of Chinese SOEs may be expected to fall over the next decade their share of assets and sales may not decline.

But this does not mean that China is committed to undermining the global capitalist order. There is no evidence for this at all. Nor is it the case that China can always get what it wants through investing even in poor developing countries. Thus, as Corkin (2013) shows Angola successfully negotiated the pricing of its oil shipments, equity financing arrangements and promoting local content sourcing in concessional credit lines in its dealings with China. Patey (2014) documents similar success of the Sudanese government in negotiating oil sector joint ventures agreement with China's SOEs.

Conclusion:

We conclude therefore that the SOEs can serve as an instrument for the promotion of national interests by the Chinese state and the CCP, and there is limited ideological affinity between the state elite and SOEs sector corporate management. However, China does not always choose to use SOEs to pursue national political priorities and its capacity to do so is often restructured by the bargaining capacity of other states even in the Third world. However, Chinese national interests are distinct—sometimes conflictual, sometimes convergent—from that of the current global system hegemon, the U.S.A. The Chinese SOEs will continue to be used by the CCP to challenge America's dominance, but only in areas where Chinese national interests are seen by the CCP as conflictual with the U.S. This means that at least for the foreseeable future China is unlikely to play the type of adversarial role that the Soviet Union did in the Cold War era. Leftist political movements in the West are not inspired by the present day China, as some of them were by the Bolshevik and the Maoist regimes because income and wealth inequalities are high and rising in China. The Chinese challenge—such as it is—is unlikely to induce Western political elites to implement reforms for correcting distributional imbalances in their countries. China has no intention to foment revolutionary class struggle anywhere in the world²⁹. The Chinese challenge—like that of nineteenth century Germany and Japan to the then capitalist system hegemon, Britain—is nationalistic, not ideological. Capitalism with Chinese characteristics is not for export even to Hong Kong and Macau.

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²⁹ Even in India and Nepal China's support to the national Maoist movements has remained very subdued and sporadic (Banaji 2010).

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