

China's Economy: Plebians and Billionaires

The news of Chinese billionaire businessman Jack Ma's [disappearance](#) from the public scene is making rounds in the Chinese and international press for the last few weeks. Owing to the mystery surrounding his disappearance, speculation and [conspiracy theories](#) are rife on social media, with some users even conjecturing his detention by the Chinese authorities for re-education in communist ideology.

Indeed, his withdrawal from the public eye is a deviation from his own behaviour since he is an outgoing person who loves to be in the spotlight. Such a reclusive move by the “people’s billionaire” indicates that something is amiss, either with his businesses or his engagement with the Chinese government and the average citizenry. According to some [analysts](#), the latter is the case.

However, one cannot fully grasp the ins-and-outs of this interesting development without first understanding the prevailing politico-economic conditions in China. The country’s rise in the last four decades is often seen by many as a miracle. Indeed, for any state to rise from the shackles of [opium addiction](#) and abject poverty and become the world’s leading manufacturing hub and the second-largest economy, is unprecedented in economic history.

However, the double-digit Gross Domestic Product (GDP) growth and economic development have come at the cost of socioeconomic equality, as indicated by China’s [Gini Coefficient](#)—a measure of inequality— which is higher as compared to the European Union (EU), North America and other Asian countries.

Besides, over the years, the economic conditions of China have led to wage rise and a strengthening currency, resulting in tighter labor markets, where even Western-educated Chinese youth are unable to find [employment](#) and start their careers.

At the same time, more than 600 million Chinese people [subsist](#) on \$150/month or less, often working long hours and with an insecure contract. On the other hand, the [rich are getting richer](#), with China now home to more [billionaires](#) than the United States and India combined!

In this context, then, the envy of Chinese plebians for the billionaire class is resurfacing, with the persona of Jack Ma a natural vent for it, owing to his stature as the most popular of all Chinese billionaires. Ma, who was once affectionately known by the Chinese people as “[Daddy Ma](#)” has suddenly become a subject of popular vitriol, with many now referring to him as “Son Ma” and an “evil capitalist”.

The resurgence of this “wealthy-hating complex” is partly attributable to the [financialization](#) of the Chinese economy, which has dispossessed the many while benefitting the few. The trend of financialization has risen in the Chinese economy in recent years owing to the slowdown of Western economies—the largest market for Chinese goods—causing a decline in the demand for Chinese industrial & manufacturing output.

As a result, the Chinese bourgeoisie has taken its investment out of manufacturing and into the financial markets—the stock exchange and real estate in particular—thereby further slowing down the growth of the “real” economy.

Furthermore, growing financialization is also crowding out the real economy as Chinese banks increasingly prefer to lend to real estate enterprises, stockbrokers, state-owned enterprises, and even individual borrowers with land or real-estate to offer as collateral. On the other hand, industrialists, manufacturing units, and small-and-medium enterprises (SMEs) are having a difficult time gaining access to debt financing.

Small wonder then that sustainable jobs are disappearing, start-ups are having difficulties securing funds, and the GDP growth is slowing, while the financial interest blocs—comprising a tiny elite minority—are flourishing by speculating in the bubble economy.

Thankfully, however, the Chinese government led by the Communist Party of China (CPC) is responding to this crisis by adopting counter-cyclical policies, i.e., by promoting industrialization and arresting financialization. This is evident by the 2020 Chinese investment worth [¥34 trillion](#) in “new” infrastructure projects such as 5G, industrial internet, data-centers, telecom & social media companies, and satellite systems.

Moreover, it appears that the Chinese government is radically restructuring its economic base by returning to core tenets of [Marxian political economy](#) and away from the “reformism” of the Deng Xiaoping era. This is evident by the official adoption of radical policies such as “Rural Revitalization, “Internal Circulation, and “Ecological Civilization, which calls for creating an inclusive, eco-friendly economy generating high growth and sustainable development while doing away with the disparities created by Western neoliberalism.

In the contemporary global economy, which is increasingly being characterized by “austerity” and social-spending cuts, the divergence of China from the mainstream [economic] policy treatment is a welcome move. Not only does it set a precedent for the developing countries to follow vis-à-vis economic policymaking, but it also shows that China has learned the right lessons from the West, where decades of pro-cyclical policies have created an economy marred by deindustrialization and deeper financialization, which in turn has created the deep political polarization that foments the forces of xenophobia, racial intolerance, misogyny, and religious hatred.

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