

For Those Idiots that Believe China Communist

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China being largely spared the worst of the Pandemic set a new record in growth, not of the economy which did poorly, but being the first nation to reach four figures in the number of its billionaires -- 1,058 as opposed to a mere 696 in the US. Of 610 new billionaires last year 318 were in China while only 95 rose to that rank in the US. But it's not really a fair comparison. In the US many of the super wealthy are slightly ashamed (fearful) of ostentatious wealth and have ways to shift it so they appear to be do-gooders, or call for higher taxes on the super rich. But not in China. For the rich there it's a source of national pride: *'You Americans are in decline, just compare the intensity of the exploitation of our people with yours. And all with a fictitious marxism with Chinese characteristics.'*

The sector of sub-billionaires also grew last year. Those with net worth exceeding \$30 million excluding primary residence grew 16% last year. The class designated by the Chinese state as Ultra High Net Worth Individuals has grown by 137% the last 5 years and will grow 46% the next 5 years to total 103,000 in 2025. But the US has more of those – 180,000 and 24% more in 5 years.

Like all capitalist states there are controversial issues regarding taxation. China's top bracket – the equivalent of \$12,000 (80,000 yuan) a month – has a 45% taxation rate (in the US it's 37%, but It's noteworthy that following WW2 it was nominally 90%). Many are calling for it to be lowered to the US rate while others want the ceiling raised so fewer will pay any tax at all. But when it was raised to 5,000 yuan a month it meant that only 64 million (15% of the labor force) paid an income tax. If raised to 10,000 it would mean that practically none of the relatively impoverished working class qualified for an income tax.

That sort of looks bad in a 'communist' society but China has a retrograde 17% general sales (VAT) – a flat tax and all classes pay equally. It's apportioned in various categories: 11% entertainment, restaurant, postal, phone, etc. tax, and even a 2 and 3 percent VAT on

state and local education. But like Americans the Chinese people are very adept at tax avoidance.

For all the surface squabbling between the two countries, economically they are becoming like two peas in the same pod. That is a precursor of what things may be like once the bureaucracy is broken up with part of it deposed while the rest join the democratic bourgeoisie. At the Bloomberg New Economic Forum in 2018 the Vice President of the Peoples Republic of China, Wang Qishan, gave the keynote address after a welcoming address by Michael Bloomberg himself who said this of China's VP, *"Today he is the most influential political figure in China and in the world"*.

Imagine that: one of the richest capitalists in the world heaping praise on one of the world's most prominent 'communist' leaders. Something is out of wack when people like Janet Yellen, fresh off as Fed head and now US Treasury Secretary, is on a panel discussing The Future of Capitalism. Is the Chinese model better because it doesn't cause very evident resentment among the masses due to the obscene wealth of the few, much of which comes to the surface in the manner of political warfare? Of course there is just as much antipathy of the masses against the Chinese parasite class. The only difference is that there is no legal public means to express it. So following Mao's dialectic in which capitalism and communism transform each other we get – the same miserable mess because China has nothing essentially different to add to the mix.

Economic Info

-- The Pandemic has greatly increased the debt burden of low income nations which comprise well more than half of the world's 190 nations. In the first 9 months of 2020 it increased 26% due to lower tax revenue and cost of pandemic relief. Paying off a debt that may be 10% of GDP is a near impossibility unless killing off the lowest and weakest sector of the population is an acceptable option. The World Bank's Debt Services Suspension Initiative only proposed a debt payment deferral while interest rates continued to mount. In short, no mitigation at all except to shift it into the future. Another proposal is to buy back debt at the depreciated amount thus using up scarce funds desperately needed to mitigate the suffering caused by pandemic

enhanced endemic poverty in order satisfy the hunger of fat cat money lenders. A better solution is to suspend a system that treats human beings as an after thought and devote resources created by the people of a country for the sole benefit those people now in desperate need of aid.

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