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Is China Really Socialist?

A Contemporary Analysis Through Classics

by

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This thesis investigates if China is a socialist economy or not. The topic, which has triggered many leading scholars, is highly interesting since institutions are pivotal to understanding a country's economic performance. Previous studies have neglected the classic socialist literature, giving ambiguous interpretations of what is socialism. This thesis fills that gap through a multicriteria approach. Starting from original documents, letters, and books by Marx and Engels, it establishes three minimal criteria to define socialism. The criteria focus on the control of the means of production, labour standards, and universalism of social insurance. Then, I explore whether China meets these minimal criteria through an archival material analysis based on primary official sources. The result is that China should not be considered a socialist country. This thesis could enrich the academic debate by improving the understanding of socialist institutions and through the investigation of the three criteria in the Chinese context.

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This thesis is dedicated to the Chinese working class and especially to the left-behind children.

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1 Introduction

The rise of China in the last decades is one of the biggest events in the history of humanity (Garnaut, 2018).

For centuries, China was one of the most prosperous areas in the world (Allen, 2011). With the Industrial Revolution, the economic and political relevance of China fell. After the defeat during Opium Wars, it began a long period of subjugation to Western countries, known as the “Century of Humiliation” (1839-1949), during which China almost completely lost its political-economic independence (Kaufman, 2010).

The Chinese People’s Republic (CPR), created in 1949 and continuously ruled since its origin by the Chinese Communist Party (CCP), interrupted this period of foreign domination (Joseph, 2019). Despite some catastrophic mistakes, like the Great Leap Forward and the Cultural Revolution, China under Mao obtained some important social successes, like the spread of education, healthcare, and economic growth at an average rate of +6% of GDP per year. (Hobsbawm, 1995).

Economic performances steeply improved after 1978. Following Deng Xiaoping’s idea that “No matter if it is a white or a black cat, as long as it catches mice” (CGNT, 2018), the government implemented institutional changes, pro-market policies, and liberalisations. China radically changed, and the national GDP jumped from 150 billion \$ to 18,000 billion \$, making China the second-biggest global economy (Joseph, 2019)

Despite Deng’s disdain for theoretical debates, these changes have triggered numerous prestigious scholars, curious to understand the Chinese political-economy and whether contemporary China can be considered as socialist.

This thesis aims to enrich this debate.

1.1 Aim and Relevance of the Thesis

The purpose of this thesis is to explore whether China is socialist or not. The title of the paper “*Is China Really Socialist?*”, then, is also the main research question.

Exploring this topic is relevant for many reasons. By understanding which Chinese institutions unleashed the country’s economic performance, we could enrich our general comprehension of economic growth. Consequently, it could not only ameliorate our comprehension of Chinese economic history, a noteworthy goal by itself, but also improve policymakers’ understanding of how to stimulate growth in general. Finally, since the Chinese geopolitical power is

increasing with its economic relevance, understanding whether that country is socialist could permit us to anticipate which Chinese political-economic features could spread to other countries in the future.

1.2 The Research Question: A Deeper Analysis

A thorough look at the title of this thesis, “*Is China Really Socialist?*”, can allow us to introduce some features of this paper and better understand the research question.

Chronologically, the focus is on today. However, contemporary China cannot be understood without a grasp of its historical development. Economic historical analyses will be used to underscore some processes that began in 1978 and produced today’s results. Consequently, this thesis could help to detect the trajectory and results of past laws or policies. Nevertheless, it is important to remember that the goal is to establish the Chinese political-economic nature in the 2020s, not during Mao or Deng’s eras. This thesis does not aim to compile a systematic history of Chinese political-economic transformations. Rather, it uses economic history observations when helpful to understand contemporary features. Consequently, economic historical aspects unrelated to the research question will be ignored.

To investigate if China is socialist, then, we preliminarily need to establish what is socialism. The lack of a unanimously accepted definition makes this a theoretically complex issue. In 1924, Rapoport counted more than forty definitions, produced both by socialist and non-socialist scholars (Rapoport, 1924). Establishing which factors are structural and which are contingent on the essential nature of socialism, then, is problematic. The situation is exacerbated by the heterogeneous political-economic history of socialism. In the 20th century alone, dozens of vastly different countries and leaders (like Social-Democratic Sweden, Stalinist USSR, or Sankara’s Burkina Faso) claimed their belonging to and sometimes even the leadership of the socialist tradition. Such heterogeneity has also generated a problem with the authority of sources. Some socialist thinkers are, at the same time, praised as leaders and perceived as betrayers according to different groups, e.g., the debate between Kautsky’s orthodox Marxism and Bernstein’s revisionist one (Kołakowski, 1981). The only exceptions are Marx and Engels, still unanimously recognized as pioneers of socialism. Consequently, the attempt to establish what is socialism will focus on these two eminent authors.

China, finally, will be the centre of the analysis. From Stiglitz to Coase, from Allen to Fogel, many of the most brilliant economists and economic historians have been fascinated by China. The combination of sustained long-run growth with sudden collapses or accelerations of the GDP and the unique interactions among politics and economy, characterised by a single ruling party which nevertheless has drastically changed through time, make China a unique case for anybody interested in economic history, growth, and institutions. A vigorous debate has arisen around the nature of the Chinese political-economic system and whether it can be considered socialist. Today, the Chinese government officially describes its political-economic system as “Socialism with Chinese characteristics”. The previous literature has tried to investigate if this is simply rhetoric or not, but it has usually shown a certain superficiality dealing with the

features of socialism. In addition, due to its political implications, the topic is particularly delicate, and it is not uncommon that political-economic biases have influenced the analyses of scholars on both sides of the spectrum. Since the tensions between the US and China are increasing, it is legitimate to imagine that in the next years, the capacity of this topic to polarise the debate will increase too. Therefore, exploring this question is particularly urgent.

1.3 Methodology, Outline, and Contribution

The methodological choices that I took aim to address some of the previously mentioned problems.

Since we lack a common definition of socialism, instead of creating a new one, I have developed three criteria crucial to separate a socialist economy from a non-socialist one. To solve authority problems and to fix some flaws of the previous literature, I have traced these criteria from the classics, namely Marx and Engels. Additionally, these three criteria focus on features which have been shared in most socialist experiences, although heterogeneous. Finally, taking some criteria from the classics (who cannot be labelled as pro or anti-China, for obvious chronological reasons) I hope to minimise any potential bias that I, as any previous scholar, could have.

Consequently, after having developed these three criteria, I will apply them to China to investigate whether is socialist. As a Chinese popular expression frequently utilised by CCP leaders suggests, I will “seek truth from facts”, focusing more on practice than on rhetoric. To make my work as impartial as possible, I will implement an archival material analysis based on first-hand data. I will mainly use *official documentary records*, like laws and reports, to document official results and statistics, but also *commercial media accounts*, namely newspaper declarations, to investigate the opinion of political leaders and entrepreneurs. Indeed, if rhetoric can hide facts, it is also an important indicator of the spirit of the time. Second-hand data will only be used when strictly necessary (see *Methodology*)

The thesis is structured as follows. In the *Literature Review*, I will summarise the previous works about the Chinese system’s nature, reporting the state of the art and some weaknesses of this debate. In the *Methodology*, I will develop three minimal criteria to establish if a country is socialist or not, independently from the other features. I will also discuss where I took the data and my methods. In the *Results*, I will apply these criteria to China, seeking to understand, through first and second-hand sources, if these parameters are met in contemporary China. Finally, in the *Conclusion*, I will try to provide an answer to the research question.

Many important scholars have investigated my research question, sometimes, like Naughton (2017) developing some criteria too. Nevertheless, a main contribution of this thesis to the debate is derived from how I established these parameters. In the last decades, the knowledge about socialism seems to have gradually faded away, and even stellar scholars who explicitly refer to Marx, like Piketty (2013), adamantly admit that they never read him or other socialist theorists (Lordon, 2015). Most of the previous works show profound analyses of China, but a

superficial approach to what is socialism. To put it in another (and more provocative) way, previous studies provide very good answers to the wrong questions. Filling this literature gap and applying new criteria neglected by previous works, this thesis could enrich our understanding of the Chinese political-economy. Seeking truth from facts, then, does not simply mean using official records to investigate criteria in China, but also drawing on the classics to avoid popular but inaccurate interpretations of socialism. Following this method, my thesis will try to push the research frontier on this topic. Therefore, its reading could be stimulating for those interested in China, those that want to deepen their understanding of the Chinese political-economic system, and those that are more generally attracted by the debate about socialism and its features.

2 Literature Review

In the next pages, I will analyse the existing literature about the socialist nature of China. Some authors go further than my research question, not only investigating whether China is socialist but also how to define it if not as socialist. My review will focus only on the first part, since understanding how to define China if not as socialist is not the direct goal of this research.

I will begin by summarising the different motivations that have pushed previous authors to investigate this topic. In the *Introduction* I have already mentioned some of these aspects, but now will develop them. Then, I will report the different answers that these authors give to my research question. Finally, I will underscore the strengths and flaws of the previous literature.

2.1 Previous Studies: Motivations

The motivations that pushed scholars to investigate this topic are variegated.

For economic historians (Naughton, 2017; Gabusi, Shaun, 2021; Arrighi, 2009), understanding whether China is socialist could improve our comprehension of its economic history. Indeed, despite the political continuity of the CCP, China has radically changed its economic institutions over time, alternating periods of fast growth and others of depression. Therefore, investigating the changes in Chinese socialism could explain some pivotal moments and shifts in the economic performance of that country. Additionally, Chinese economic results have been very different from those of other former-communist countries, like Russia. Consequently, by studying the Chinese path and comparing it to post-Soviet countries, we could more generally ameliorate our understanding of communist and post-communist economies.

Similar motivations have led economists interested in growth (Huang, 2008; Lardy, 2014; Coase, Wang, 2016). Like economic historians, these authors are influenced by some seminal works (Ostrom, 1990; North, 1991; Acemoglu, Johnson, Robinson, 2004) which emphasise the impact of institutions on growth. The interest of these scholars in Chinese socialism derives from the fact that China, with its institutional changes concerning property rights, workers' conditions, social insurance etc., is a sort of natural experiment. Consequently, the Chinese case could prove the superiority of capitalist institutions to support economic development or, alternatively, radically challenge them. In both cases, understanding whether China is socialist is pivotal.

Finally, our research question has been previously explored by economists (Milanovic, 2019, Aresu, 2020) and political philosophers (Harvey, 2007; Losurdo, 2017; Boer, 2021) interested in capitalism, socialism, and their features. Due to the presence of the CCP, the interactions

between politics and economics are very peculiar in China. By studying China, then, it is possible to better understand the features of capitalism and socialism, how they changed through time and their future development. The relevance of the Chinese case is also increased by the magnitude of its rise. In the past, the political-economic features of superpowers have tended to spread to other countries (Arrighi, 2009). Therefore, since China is the second biggest economy in the world, understanding if it is socialist could allow us to better comprehend the future of the global political-economy.

To conclude, it is relevant to note how the debate is highly polarised among those that consider China socialist and those that claim the opposite. Paradoxically, each group is composed of both pro-market and pro-socialist scholars.

For example, among proponents of the capitalist nature of China there are pro-market academics, who emphasise how the Chinese economic success was caused by abandoning socialism and implementing capitalist institutions; but socialists too, who blame capitalism for the recent deterioration of some aspects of the Chinese society, e.g., the steep increase of inequalities.

On the other hand, among supporters of the socialist nature of China there are liberal scholars, who consider some features of the Chinese economy, like public interventionism, typical flaws and shortfalls of socialist economies; and some socialist academics, who consider China the proof that socialism is economically superior to capitalism.

In analysing the topic, then, it is important to keep in mind these aspects. With the rise of US-China tensions, polarization and biases could increase and hinder the intellectual rigour of the debate in the future. Investigating whether China is socialist is therefore not only interesting but also urgent.

2.2 Previous Studies: Results

Previous studies provide heterogeneous answers to our research question.

Some authors (Huang, 2008; Lardy, 2014) have enthusiastically emphasised how the 1978 reforms converted China into a prosperous capitalist economy. The most radical changes would regard institutions and ideology. “[Today,] economic freedom is not only tolerated but encouraged ... It is this profound shift in mentality on the part of the Chinese central leadership that gives life to... capitalism with Chinese characteristics” (Coase and Wang, 2016, 148). On the opposite side of the political spectrum, a socialist scholar like Harvey (2007) has underlined how Deng’s reforms, converting China into a capitalist economy, allowed the private market to rise and social inequalities to skyrocket with it.

In his paper “Is China Socialist?”, Naughton (2017), one the most renowned economist expert on China, elaborated four criteria to establish if an economy is socialist:

“A plausibly socialist system would be judged on the following four criteria: capacity, intention, redistribution, and responsiveness. First, a socialist government controls a sufficient share of the economy’s resources that it [can] shape economic outcomes. One traditional definition of socialism includes “public ownership of the means of production,” but “capacity” is here broadened to include the ability to control assets and income streams, through taxation and regulatory authority. Second, [it] has the intention of shaping the economy to get outcomes... different from what a non-interventionist market would produce. Third, because a socialist government typically justifies itself as benefitting those citizens who are less well off, it is natural to look for evidence of whether such policies are succeeding in the outcomes involving growth, social security, and pro-poor redistribution. Fourth, a socialist government should have some mechanism through which the broader population can influence the government’s economic and social policy, so that policy shows at least some partial responsiveness to the changing preferences of the population” (Naughton, 2017, 3-4).

Applying these criteria, Naughton concludes that China is only partially socialist since it fulfils the first two criteria, but it has poor results on the others.

Similarly, Gabusi and Shaun (2021) sustain that China should not be described as socialist, but as “patrimonial capitalism” due to the high interactions between politics and the economy. The peculiarity of Chinese history would be the flexibility towards economic policies. The Chinese political-economy would work as a “bird in the cage” (Naughton, 1995), where the market (the bird) can do whatever it wants as long as it does not challenge the stability of the political system and the CCP leadership (the cage).

This opinion is shared by Aresu (2020) and Milanovic (2019) who use the category of “political capitalism” to describe the interactions between politics and the economy in China. The latter defines capitalism as a society where means of production are privately controlled, labour is freely hired, and investment decisions are decentralised. Consequently, after the 1978 reforms, the Chinese economy would not be socialist but capitalist.

Paradoxically, political-economic interactions are also underscored by scholars who consider China as socialist. For them, in China, politics would prevail over the economy, making the whole system socialist. “Add as many capitalists as you like to a market economy, but unless the state has been subordinated to their class interest, the market economy remains non-capitalist” (Arrighi, 2009, 332). According to Arrighi, it is too early to establish if China is socialist or not since the country is undergoing relevant and deep transformations. A sharper position is taken by Losurdo (2017), who thinks that China is a socialist country, although with some peculiarities. Quoting Mao, he underlines how the presence of capitalists does not necessarily make a system capitalist. From his perspective, the Chinese system takes advantage of capitalists, making them work to strengthen socialism:

“It is... a matter of distinguishing between the economic expropriation and the political expropriation of the bourgeoisie. Only the latter should be carried out to the end, while the former, if not contained within clear limits, risks undermining

the development of the productive forces. Unlike “political capital,” the bourgeoisie’s economic capital should not be subject to total expropriation, at least as long as it serves the development of the national economy and thus, indirectly, the cause of socialism” (Losurdo, 2017, 18-19).

For him, Chinese capitalists cannot form a class, since the CCP prevents them from doing so. Consequently, since the CCP serves the interests of the revolutionary classes of workers and peasants, the whole system would be socialist.

One of the most interesting positions among the advocates of the socialist nature view is that of Roland Boer, the first non-Chinese to teach in the CCP’s School of Marxism in history. His book “Socialism with Chinese Characteristics” (Boer, 2021), tried to explain to non-Chinese why China is socialist by reviewing the Mandarin literature. As Losurdo, to whom he dedicated the volume, Boer thinks that although parts of the Chinese economy are capitalistic, the main structure is socialist. In China, politics would prevail over economics, and the CCP would have the power to englobe and depoliticise the stances of capitalists. For him, the real nature of socialism would be represented by the affirmation of Marx and Engels (1848, 88) that “The proletariat will use its political supremacy to wrest, by degrees, all the capital from the bourgeoisie, to centralise all instruments of production in the hands of the state, i.e., of the proletariat organised in class; and *to increase the total of productive forces as rapidly as possible*” (italic by Boer). This would legitimise the reforms of Deng, which aimed to stimulate the economy. Leaving some economic segments to capitalism, then, would not change the nature of the system. On the opposite, it would be CCP’s tool to support productive forces and to make socialism thrive. In addition to the public intervention, which in Boer’s opinion constitutes the most relevant part of the Chinese economy, other factors would moderate the capitalist tendencies in China, like the mandatory social responsibility reports:

“While it is the task of governing board to ensure economic viability, the social responsibility reports focus on social benefit, poverty alleviation, environmental improvement, education, guidance and improvement of public opinion, core socialist values, Party building, and contribution to socialism with Chinese characteristics. These are not secondary to profit-making, seeking to show a compassionate face for the enterprise in question; instead, they are central to the enterprise’s activities in serving the common good” (Boer, 2021, 125-126).

2.3 Previous studies: Limitations

The existing literature provides some important stimuli but is unsatisfactory in other aspects. The interpretation of Coase and Wang (2016), as those that focus on institutions in general, are useful to investigate historical trajectories but seem imperfect to explain sudden shifts, e.g., the rapid economic changes after 1978. Describing the passage from socialism to capitalism as a simple change in mentality or culture, then, is slightly vague since opinions and ideas can hardly be tested or verified.

The most relevant work in this field is certainly Naughton (2017), whose paper highly influenced this thesis. The idea of establishing some criteria is brilliant, but those developed by him seem arbitrary since he does not analyse socialist authors. Consequently, the four criteria that he elaborates on, far from being objective, are not a representation of what is socialism but only what socialism seems in the eyes of Naughton. As shown in the next chapter, he committed some mistakes, overemphasising some aspects which are marginal in the socialist theoretical history and neglecting others. Proof of the arbitrariness of his criteria is that following them, we could sustain that the US in the 1950s was an almost socialist country since it scored high results in all four aspects.

Similarly, Gabusi and Shaun (2021), Aresu (2020), and Milanovic (2019) do not provide a precise definition of socialism or communism, also because answering our research question is not the direct goal of their works. Their focus is to discuss the peculiarities of Chinese capitalism more than prove that China is not socialist. Milanovic is the only author who gives a certain relevance to the socialist tradition, but his results are not completely satisfying. For example, in the section “Is China Capitalist?”, he overemphasises the role of the State as a socialist feature, while many authors like Marx (1872) have sustained that with socialism the State will gradually disappear.

Among those that sustain that China is a socialist country, Boer (2021) certainly provides the most articulate answer. The greatest contribution of his work is the analysis of untranslated Mandarin sources. Nevertheless, like Losurdo (2017), his reconstruction is not convincing either. Boer postulates that the CCP is pursuing the interests of revolutionary classes, but this is not as self-evident as he sustains. For example, the spread of entrepreneurs among CCP members could challenge the proximity of the Party to the have-nots (see *Results*). Differently from Boer, Losurdo asks himself if, in the long run, entrepreneurs will lead the Party, but does not really provide an answer. Then, the use that Boer makes of Marxist literature is often disputable. For example, the usage of a single sentence by Marx to legitimise Deng Xiaoping’s reforms is almost manipulative, and certainly, Marx would not have described as socialism a capitalist economic process with some redistributive public policies, since his focus was on process much more than outcomes (see *Methodology*). Similarly, Boer praises the social responsibility reports as proof of the socialist nature of China and the peculiarity of Chinese enterprises. Nevertheless, many non-Chinese produce similar reports, including companies very far from being paragons of socialism, like Apple, although it is true that China is the only country that made them mandatory. Furthermore, many works (Lin, 2010; Gong, Xu, 2018) have challenged the real impact of these reports by Chinese companies, defining them as window dressing and greenwashing.

To summarise, the main shortfall of the previous literature lies in its relationship with socialist literature. Since the 1990s, a lack of interest in the socialist school of thought has characterised social sciences, and especially economics (Lordon, 2015). Nevertheless, the rise of China has revived its importance. The previous literature provides good analyses of China, but, with the only exception of Milanovic and Boer, it is characterised by a superficial understanding of socialist literature.

This literature gap has shaped the methodology of this thesis, as discussed in the next chapter.

3 Methodology

In this chapter, I will describe the methodology that I have used. Then, I will propose three minimal criteria, taken from Marx and Engels, to investigate whether a country is socialist.

3.1 Data and Sources Analysis

The methodology of this thesis has been highly influenced by the literature review and especially by Naughton (2017). Like him, I will use a qualitative multicriteria method.

The multicriteria method aims to solve the problems derived from fragmentation of definitions (Quintero, Serranomoya & Von, 2013). Indeed, the lack of common definitions can be a huge problem in social sciences, where concepts tend to be complex and abstract. In some cases, definitions' disagreements can even inhibit the investigation of some research questions (Kirchherr, Reike & Hekkert, 2017). To address this problem, the multicriteria method avoids elaborating new and debatable definitions. On the other hand, it focuses on those fundamental criteria that compose the notion that needs to be investigated (Quintero, Serranomoya & Von, 2013). Instead of developing complex definitions to specify a concept, the multicriteria approach breaks that concept down into smaller pieces on which there is a higher agreement in the scientific community (Quintero, Serranomoya & Von, 2013). Usually, this process facilitates the analysis too since these criteria are also easier to investigate. Once developed, the parameters are applied to the object of the investigation. This procedure is sometimes used to generate indexes. For example, Freedom House (2023) has created a democratic index which permits ranking countries from the most to the less democratic, even without a unanimously shared definition of democracy.

This paper does not have the ambition nor the space to create an index to measure the level of “socialism” of each country. Nevertheless, the multicriteria method seems the most appropriate for our investigation, since our main problem is the lack of a common definition of socialism that we could apply to China. Therefore, I will develop three criteria which are fundamental parts of the concept of socialism, and then I will apply them to China to investigate whether that country follows them or not.

As said, this approach has been previously employed to investigate this same research question. The main reason why my thesis could advance the research frontier is how I will develop my criteria. Previous works neglect the classics and establish what is socialism in arbitrary ways, e.g., Naughton (2017) does not mention a single socialist thinker and, more generally, shows a vague knowledge of socialist thought. My criteria will be completely taken from the classics, and in particular, using the works of Marx and Engels as first-hand sources.

I have opted for Marx and Engels for two reasons. The first one is that, despite the rich and heterogenous tradition of socialism, Marx and Engels are the only two authors who are unanimously recognised as pillars of socialist thought (Hobsbawm, 1984). Other authors, like Bakunin on the libertarian side and Lassalle on the nationalistic one, tried to develop socialist schools of thought as strong and organised as the so-called “scientific socialism”. And many socialist thinkers, like Bernstein, Lenin, and Mao, have criticised or re-elaborated Marx and Engels’ works. Nevertheless, the two German thinkers are still the only two unanimously accepted key figures of socialist thought and, more generally, for studies about capitalism (Hobsbawm, 1984; Piketty, 2013; Milanovic, 2019). The second reason is that Marx and Engels pre-date the modern rise of China. Consequently, for obvious chronological reasons, they cannot be accused of being pro or anti-China biased. In this way, I hope to mitigate my potential biases too.

Marx and Engels never formulated a unique and clear definition of what is socialism and were very critical of the interpretation that Marxists gave of their work (ironically, Marx once said “I am not a Marxist”: Engels, 1890). In addition, they were always very cautious in providing concrete policy recommendations. Marx noted that he did not “write recipes for the cookshops of the future” (Hardcastle, 1983), underlying how it is unrealistic to forecast the specific policies of a future society. Similarly, in the *Manifesto* he stated that only general policies could be suggested since their concrete and specific features change from country to country (Marx, 1848). Nevertheless, from the works of both Marx and Engels, it is possible defining some features of a socialist society. Unfortunately, these observations are scattered across many different documents, so to develop my three criteria I have used multiple first-hand sources, like private letters, personal notes, and published books. Luckily, these documents have been previously digitalised, so it is possible to easily access them through the Internet.

Similarly, access to primary sources will be the pillar of my analysis of China. Indeed, after having established three minimal criteria, I will explore how China relate to them and if it meets these parameters. To do so, I will make an archival material analysis. The two main categories of documents that I will analyse are so-called *commercial media accounts* and *official documentary records*.

The formers correspond to “any written... or recorded (video or audio) materials produced for general or mass consumption, [like] newspapers, books, magazines, television program transcripts, videos... When we talk of information expressed in the media, we are referring to these public generally commercially produced sources” (Berg, Lune, 2014, 148).

The latter are official documents “originally produced for some special limited audiences, even if they eventually find their way into the public domain... [like] official court transcripts... census information... political speech transcripts, internally generated government agency reports” (Berg, Lune, 2014, 150) but also official bills and laws.

In general, my main sources will be documents produced by Chinese authorities. Following the work of Lenin (1916), who only used data and sources of bourgeois economists like Hobson (1890) to avoid the criticism of data manipulation, and that of Engels (1845) who described the condition of the working class through British officials reports, I will mainly use data and documents taken from Chinese authorities since these, by definition, cannot be labelled as anti-

China. Most of these documents, like official reports or laws, are public access and can be easily found on governmental websites. In one case, that of the China Labour Statistic Yearbook of 2022, to have access to data, I had to purchase the report from the Chinese Bureau of Statistics. Since my goal is to establish if China is a socialist country *today*, I have systematically used the most recent primary sources possible. Most of the sources, like reports, have less than five years. Nevertheless, as mentioned, economic history analysis and descriptions of laws of the past will be used to contextualise the analysis.

I will mainly use secondary sources to overcome a potential limitation of this research, which is my lack of knowledge of Mandarin. In some cases, then, I will report the translations and comments of secondary sources about official reports or laws that have never been translated into other languages. To maintain a high standard of reliability, I have only used secondary sources that are well-known and trustworthy, like international institutions or reputable NGOs. Consequently, secondary sources will only have a complementary role to fill the gaps of untranslated first-hand ones.

In the next section, then, I will elaborate on three criteria taken from a wide analysis of the thought of Marx and Engels.

3.2 Criteria Analysis

Marx and Engels are two of the world's most famous thinkers in history, although their theories have commonly been misunderstood or even manipulated (Hobsbawm, 1984). Some of the aspects commonly associated, by popular opinion, to Marx and Engels, have little to do with them. For example, they did not mention five-year plans (Hobsbawm, 1984) and were harsh opponents of the State which, from their perspective, needed to be abolished (Marx, 1872). Similarly, equality of the outcome is something very marginal in their thinking. In private letters, Marx (1875) sustains that a socialist society is not necessarily completely egalitarian since it fulfils the goal of "each according to his needs". Similarly, Engels (1877) stated that "the real content of the proletarian demand for equality is the... abolition of classes. Any demand for equality which goes beyond that, of necessity, passes into absurdity". The three criteria focus on some relevant aspects of Marx and Engels' thinking, which are the collectivisation of the means of production, the condition of workers, and universal social insurance.

3.2.1 First Criterion: Collective Control of the Means of Production

Contrary to what most people could think, the focus of Marxism is not on redistribution, but on growth and production. Even during his lifetime such a misunderstanding was very widespread, and Marx (1875) himself, in private letters, criticised it, stating that "Vulgar socialism... has taken over from the bourgeois economists the consideration and treatment of distribution as independent of the mode of production and hence the presentation of socialism as turning principally on distribution".

In Marx and Engels' time, the understanding of the phenomenon of growth was very superficial (Screpanti, Zamagni, 2005). What surprised classic economists was that the industrial process allowed creating outputs and final products with a higher value than the sum of their inputs (Screpanti, Zamagni, 2005). Marx was convinced to have discovered the key to the growth process which, in his opinion, was the valorisation of goods realised through labour-power (*theory of labour value*).

Marx (1867) analysed commodities in terms of *use-value*, which is qualitative and indicates how a commodity can be used, and *exchange-value*, which is quantitative and relates to what the commodity can be exchanged for. Before being exchanged, commodities need to be compared, and, according to him, the only way to do it in a capitalist economy is through their value, which is “the socially necessary labour time required to produce any use-value under the conditions of production normal for a given society and with the average degree of skill and intensity of labour prevalent in that society” (Marx, 1867, 29). Through this comparison, the value of a commodity can be measured since, on average (namely, in equilibrium between demand and supply), “price is the money-name of the labour objectified in a commodity” (Marx, 1867, 70).

The presence of money and prices, which on equilibrium equates to the exchange value of commodities, simplifies trade. The first form of circulation in a market, then, is *commodity-money-commodity* (C-M-C), in which the producer of a commodity (e.g., a table) sells it in the market and uses the money received to buy another commodity with a different use-value, but the same exchange-value (e.g., some food). This circulation is typical of monetised societies which are *not* capitalistic.

On the other hand, the typical form of circulation of a capitalist economy is *money-commodity-money+* (M-C-M'), which describes investments. Indeed, money has no use-value and can only be judged through a quantitative lens, so from its exchange-value. There would be no reason to lend money if the amount at the end of the production process was not higher than at the beginning.

“The process M-C-M does not... owe its content to any qualitative difference between its extremes, for they are both money, but solely to quantitative changes. More money is finally withdrawn from the circulation that was thrown into it at the beginning... The complete form of this process is... M-C-M', where $M' = M + \Delta M$, i.e., the original sum advanced plus an increment. This increment or excess over the original value I call *surplus-value*” (Marx, 1867, 106)

The creation of this surplus value is the focus of Marx. According to him, this process of valorisation, which transforms money into capital, does not occur in the circulation of commodities, but in their production. The key is labour-power applied to the means of production. Marx (1867, 119) describes labour power as:

"The aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description... Labour-power... becomes a reality only by its exercise; it sets itself in action only

by working. But thereby a definite quantity of human muscle, and nerve brain, etc., is wasted, and these require to be restored."

Workers, then, are still in the C-M-C form. When they join the market, they bring their only commodity, which is their labour-power. They sell it to the owner of the means of production, the capitalist. As said, commodities are exchanged on the bases of the socially necessary labour time necessary to produce them. In the case of labour-power, this means that the workers receive a wage which allows recreating their labour-power, namely a subsistence wage only sufficient to purchase those goods that, according to the historical and cultural context, are necessary to survive and continue working.

The capitalist provides the means of production: "raw materials, machinery, semi-manufactured items, all products of past labour" (Harvey, 2018, 123). According to Marx (1867), in the case of the UK, the polarization between capitalists and proletariats had risen after a process of privatisation of common lands, the enclosures. This process, which he calls *primitive accumulation*, concentrated wealth and means of production in the hands of a small group of capitalists and dispossessed a huge number of peasants, who furtherly became industrial workers. Only by labouring, namely applying the workers' labour-power, means of production become productive (valorisation process). Similarly, means of production are nothing but the work of past labourers.

For Marx (1867), the key to the valorisation process is exploitation. The worker is exploited because, while he receives a subsistence wage which only allows recreating his labour-power, he produces more than what he receives, and the difference is kept by the capitalist. Indeed, the working day is divided into two parts, a first one in which the worker produces enough commodities to repay his salary, previous investments of the capitalist, infrastructures etc. (*necessary labour*) and a second part in which he is basically working for free (*surplus labour*) since he is producing commodities to generate profit which will be kept by the capitalist. In this way, the cycle of capitalists is M-C-M'. Indeed, the surplus labour provided by workers creates profit, or surplus value, or ΔM , whose pursuit is the reason why capitalists invest their money.

In a capitalist economy, surplus value is entirely controlled by those who own the means of production, so the capitalists, who can dispose of it, use it as they wish, accumulate it, or re-invest it. Marx was not a theorist of de-growth. His idea was never to abolish the creation of the surplus value, which would mean moving back to a pre-industrial economy. In the *Manifesto* (Marx, 1848), he labelled these theories as "reactionary socialism". For him, in a socialist society, the surplus value would be collectively managed by the workers who, owning the means of production and companies, can decide to use it as they prefer (mainly: covering costs, re-investments, social insurance, and personal consumption: Marx, 1875). In a certain way, then, a transition to socialism would mainly imply a change in institutions. With socialism, as Marx (1875) suggests, bourgeois and capitalist institutions, like private property, would be substituted by socialist ones, like collective property.

The private control of the means of production and the privatisation of companies, then, is inherently irreconcilable with socialism since, separating surplus value from its producers, inevitably generates that exploitation which is the base for profit. The exploitation dialectic is not necessarily resolved through the nationalisation of companies unless the State represents

workers (something that Marx tends to be sceptic about: Marx, 1872). If workers do not rule the state, so labourers cannot collectively control companies and the surplus value produced by themselves, public companies are only a form of state capitalism (Lenin, 1917).

Consequently, the first criterion that I indicate to establish if a society is socialist is the following:

In a socialist economy, those that collectively produce the surplus value, namely the workers, directly and collectively control it. The control of surplus value by capitalists or by a State in which workers play a marginal or insignificant role is antithetical to socialism.

3.2.2 Second Criterion: Workers' Conditions and the Working Day

To maximise the quantity of surplus value extracted from labourers' working days, the capitalist has two main strategies, which Marx (1867) calls *absolute* and *relative surplus value seeking*. The former corresponds to the reduction of salaries, so to decrease the amount of necessary labour to repay workers' wages; or the expansion of the working day, to enlarge the surplus labour. The latter consists of investing in technological innovations, which permit increasing productivity while keeping the same salary and working day, allowing to reduce necessary labour in relative terms. Evidently, in both cases, improving the condition of workers and reducing the working day is a net loss of profit for the capitalist.

It is true that, in absolute terms, better conditions for workers can increase aggregate consumption while the overexploitation of the working-class can depress it, damaging capitalists too. Nevertheless, from a Game Theory perspective, for the capitalist is better to overexploit its workers and increase profits now, hoping that other capitalists *will not* do the same in the future, than to improve workers' conditions and have a profit loss now, hoping that all the other capitalists *will* do the same in the future (Philip, 2000).

For Marx and Engels, then, the improvement of workers' conditions is not freely donated by capitalists, but it can only be obtained through workers' struggles. A good historical example is the high wage policy of the Fordist model which, despite being commonly presented as the free project of a far-sighted entrepreneur, was the result of strikes and struggle (Henry Ford tried to prevent the amelioration of working conditions with any means, including "surveillance, intimidation and the outright violence of goon squads": Dyer-Witford, 2015, 40). For Marx (1867, 164), "In the... capitalist production, the establishment of a norm for a working day presents itself as a struggle over the limits of that day... between collective capital, i.e. the class of capitalists, and collective labour, i.e. the working class".

At the time of Marx and Engels, capitalism had not been mitigated and moderated by trade-unions yet. In this purely capitalistic environment, labourers were usually forced to work in inhumane conditions. For example, Marx (1867, 174) reports the story of Mary Anne Walkley, a 20-year-old employee of a dressmaking firm, who "worked on an average 16 ½ hours without a break, during the season often 30 hours, and the flow of [her] failing labour power [was] maintained by occasional supplies of sherry, port or coffee", who died of overwork.

This topic is pivotal in Engels' masterpiece, *The Condition of the Working Class in England* (1845), which carefully analyses labourers' conditions, city by city, using official government reports and full-immersive participative observation. As he reports, for example, in Manchester workers could only afford to leave in the most polluted neighbourhoods of the city, where the sea wind pushed industrial wastes. In these areas, on average, there was one toilet for every 120 people, causing diseases and pandemics. Therefore, in proletarian neighbourhoods, death rates were four times higher than in bourgeois ones. According to the Report on the Sanitary Condition of the Working-Class, quoted by Engels (1845, 90), "In 1840, the average longevity of the upper classes... was thirty-five years; that of the businessmen and better-placed handicraftsmen, twenty-two years; and that of the operatives, day-labourers, and serviceable class... fifteen years".

The low workers' life expectancy was also caused by the high death rates among their children. 57% of proletariats' children died before the age of five, while among bourgeois this rate fell to 20% (Engels, 1845). Employing children under nine years old became illegal only in 1833. The same law restricted the working week of children between nine and thirteen years old to 48 hours per week and for those between fourteen and eighteen to 69 hours per week (Engels, 1845). The moderate reduction of the working day to "only" 12 or 13 hours per day diminished the rate of children and teenagers with overworking-caused deformities and physical handicaps (Engels, 1845).

When possible, capitalists eluded these laws. Indeed, in factories, "the employer is absolute law-giver; he makes regulations at will, changes and adds to his codex at pleasure" (Engels, 1845, 129). Employers usually imposed fines on workers who abandoned their workplace to go to the toilet without permission or who talked during the working time. Similarly, they commonly forced workers to rent a home from them (*cottage system*). These houses were usually in miserable conditions. In addition, this system augmented the control over workers who, in case of sacking, would have lost not only their wage but their house too (Engels, 1845).

According to Marx and Engels, who rarely provide moral judgements, this level of exploitation was not the result of the viciousness of employers, but of capitalist competition:

"Capital takes no account of [workers'] health and the length of life... unless society forces it to do so... This does not depend on the will, either good or bad, of the individual capitalist. Under free competition, the immanent laws of capitalist production confront the individual capitalist as a coercive force external to him" (Marx, 1867, 179).

Similarly,

"If the employer had no concentrated, collective opposition to expect, he would in his own interest gradually reduce wages to a lower and lower point; indeed, the battle of competition which he has to wage against his fellow manufacturers would force him to do so, and wages would soon reach the minimum. But this competition of the manufacturers among themselves is... restricted by the opposition of the working-men" (Engels, 1845, 245).

Since, for Marx and Engels, it is the society, through laws, controls, and economic legislations, that should restrict inhumane labour standards, we can develop a second criterion, which is the following:

In a socialist economy, workers can collectively establish their working conditions, including factory legislations and working day. Inhumane labour standards, like overworking, hazardous working conditions, or violence and abuses against employees to force them to work, are then abolished. The exclusion of workers from the decisions on factory organisation and inhumane labour standards are antithetical to socialism.

3.2.3 Third Criterion: Universal Social Insurance and the Welfare State

As seen, in the 19th century society provided little if any support to the have-nots (Allen, 2011). Nevertheless, and maybe surprisingly, Marx (1867) and Engels (1845) show scepticism towards the few laws and programs that sought to ameliorate workers' conditions.

To be understood, this diffidence must be historically contextualised. Indeed, at the time of Marx and Engels, the few programs labelled as social insurance were usually window dressing which in practice aimed to tighten the surveillance of workers, like the previously mentioned cottage system (Engels, 1845). If some traces of a welfare state were first implemented under Bismark, structured and well-organised public plans began to be widespread, especially among communist and social-democratic-led countries, only after World War II, e.g., the UK with the Beveridge Report (1942) implemented by the British Labour's administration (1945-1951). The criticisms of Marx and Engels of the "bourgeois" welfare state, then, do not mean an opposition *tout court* to social insurance. On the contrary, the German thinkers repeatedly underscore how a universal welfare state will constitute a pillar of the socialist society.

Engels (1845) reported how from the 1840s it became mandatory for factories that employed children under 14 to provide at least two schooling hours per day. Nevertheless, factory owners usually furnished this service for one penny per hour, provided courses focused on religion, and then forced the children to pay back the time wasted in education with longer (and illegal) work shifts of 14 or 16 hours. On the other hand, socialist organisations were gradually creating a parallel society, which provided services accessible to everybody. For Engels, contrary to factory schools, the education furnished by these organisations did not aim to subjugate workers but to emancipate them:

“Working-men... have founded on their own hook numbers of schools and reading-rooms for the advancement of education. Every Socialist [...] institution, has such a place.... Here the children receive a purely proletarian education, free from all the influences of the bourgeoisie” (Engels, 1845, 162).

As mentioned, Engels is sceptic about a bourgeois welfare state, which he perceives as a tool to sabotage socialist aspirations:

“[School of socialists] are very dangerous for the bourgeoisie, which has succeeded in withdrawing several such institutes, “Mechanics’ Institutes,” from

proletarian influences, and making [them] organs for the dissemination of the sciences useful to the bourgeoisie. Here the natural sciences are now taught, which may draw the working-men away from the opposition to the bourgeoisie, and perhaps place in their hands the means of making inventions which bring in money for the bourgeoisie; while for the working-man the acquaintance with the natural sciences is utterly useless *now* when it too often happens that he never gets the slightest glimpse of Nature... with his long working-hours. Here Political Economy is preached, whose idol is free competition, and whose sum and substance for the working-man is this, that he cannot do anything more rational than resign himself to starvation. Here all education is tame, flabby, subservient to the ruling political and religion, so that for the working-man it is merely a constant sermon upon quiet obedience, passivity, and resignation to his fate.” (Engels, 1845, 162).

The criticism against the bourgeois welfare state is balanced by the support for self-organised workers’ one:

“The mass of working-men naturally have nothing to do with [Mechanics’ Institutes], and betake themselves to the proletarian reading-rooms and to the discussion of matters which directly concern their interests... That, however, the working-men appreciate solid education when they can get it unmixed with the interested cant of the bourgeoisie, the frequent lectures upon scientific, aesthetic, and economic subjects prove which are delivered especially in the Socialist institutes, and very well attended” (Engels, 1845, 162).

In private letters, Marx (1875) is even more explicit in sustaining that, with socialism, universal welfare and social insurance will be radically expanded. For him, in a socialist economy, before reinvesting profits, workers will need to detract costs to sustain:

“Reserve or insurance funds to provide against accidents, dislocations caused by natural calamities, etc... Second, [a part] for the common satisfaction of needs, such as schools, health services, etc. From the outset, this part grows considerably in comparison with present-day society, and it grows in proportion as the new society develops. Third, funds for those unable to work, etc., in short, for what is included under so-called official poor relief today.” (Marx, 1875)

According to Marx and Engels, then, the enjoyment of universal services and social insurance was a crucial pillar of a future socialist society. Consequently, we can develop a third criterion as the following:

In a socialist economy, the welfare state and social insurance are universally provided and accessible for everybody. Systematic restrictions for some social groups to their access, for example through economic barriers, service privatisation, or legal constraints, are antithetical to socialism.

4 Results

In this chapter, I am going to apply the criteria previously developed to China using an archival material analysis based on *official documentary records* and *commercial media accounts*. Nevertheless, before doing so, it is important to introduce some peculiarities in the history of socialism in China.

4.1 Historical Context: Socialism with Chinese Characteristics

China officially became a socialist country in 1949 when, after a decade of civil war, the People's Republic of China (PRC) was declared. During the Civil War, Mao Zedong emerged as the leader of the CCP, and kept that role until his death. In contrast to other socialist leaders like Lenin or Hilferding, Mao had very little understanding and knowledge of economics but was a brilliant military and guerrilla leader. Between 1949 and 1976, when Mao died, China reached some relevant achievements in terms of alphabetisation (the rate of children enrolled in primary school passed from less than 50% to 96%), average economic growth (+6%), and life expectancy (from 35 to 62 years old) (Hobsbawm, 1995). On the other hand, Mao was also the main responsible for some devastating economic reforms and political campaigns, like the Great Leap Forward (1958-1962) and the Cultural Revolution (1966-1976) which had horrific humanitarian and economic effects, causing dozens of millions of deaths, almost wiping out higher education, and generating widespread famine. "These cataclysmic plunges were, it is generally agreed, due largely to Mao himself, whose policies were often received with reluctance in the party leadership, and sometimes - most notably in the case of the Great Leap Forward - with frank opposition, which he overcame only by launching the Cultural Revolution" (Hobsbawm, 1995, 470).

Interestingly, at its origin, the official Party and Mao's rhetoric did not completely oppose private property. During the civil war, to obtain the support of the petty bourgeoisie against Japan and nationalists, Mao stated that "In the new-democratic republic... the state enterprises [namely, strategic companies] will be of a socialist character and will constitute the leading force in the whole national economy, but the republic will neither confiscate capitalist private property in general nor forbid the development of... capitalist production" (Mao, 1940). For a long period, capitalists were not presented as a danger in themselves, but conversely, as a class that could be exploited to increase economic growth. Therefore, the presence of some capitalists did not undermine the socialist nature of China. On the opposite, capitalists were an economic resource, if the Party prevented them to constitute a political class. As Mao explicitly said in 1957, during a Party Conference, the CCP would have kept fixed interest rates because "At this

small cost, we are buying over [capitalists]... By buying over this class, we have deprived them of their political capital and kept their mouths shut... The political capital will not be in their hands but in ours” (Mao, 1957). Similarly, in 1958, he said in a talk to the USSR Ambassador that “There are still capitalists in China, but the state is under the leadership of the Communist Party” (Mao, 1998, 250). The “Stalinisation of the Chinese economy” (Li, 2006, 14) began only in the early 1950s and sped up in 1958, leading to the crackdown on private property for some decades (So, 2002).

The later anti-Rightists and collectivisation campaigns overshadowed these aspects of early Mao’s rhetoric. Nevertheless, they must be emphasised because, since 1978, the Party began using the same narrative to legitimise the opening-up. For example, in 1985 Deng asked himself “Is it possible that a new bourgeoisie will emerge [due to liberalisation reforms]? A handful of bourgeois elements may appear, but they will not form a class”, since he considered that the state would have prevented them to do so (Deng Xiaoping, 1985).

With Deng’s leadership, China completely changed its economic approach, pushing for liberalisation, privatisation, and pro-market reforms (Joseph, 2019). These policies obtained incredible economic results, but increased inequalities and inflation too (Garnaut, 2018). The government always answered with an iron fist to turmoil generated by the high inflation, as after the Tiananmen Square protests. Similarly, just as Mao in an early phase left discrete economic policies’ independency to local territories (Gabusi, Shaun, 2021), post-1978 China created an internal competition among provinces to attract investors and implement economic experiments. As Coase and Wang (2016) ironically noted, the famous motto of Mao of “Letting a hundred flowers bloom; letting a hundred schools of thought contend” was not realised by socialism, but by the numerous local experiments of pro-market policies.

More generally, the idea that there would be no contradiction between socialism and pro-market policies has become a well-established pillar of China’s political-economy, theoretically accepted by some scholars too (Losurdo, 2017; Boer, 2021). The Party officially embraced this rhetoric in 1993, labelling the national system as “Socialism with Chinese characteristics”:

“The 14th National Congress explicitly laid down the task of establishing a socialist market economic structure, which is an important component of the theory of building socialism with Chinese characteristics... The socialist market economic structure is linked with the basic system of socialism. The establishment of this structure aims at enabling the market to play the fundamental role in resource allocations under macro-economic control by the state”. (CCP Central Committee, 1993)

“Socialism with Chinese characteristics” is still the way in which China officially labels its economic system. As mentioned (see *Literature Review*), it is debated whether it should be considered socialism. Since this thesis aims to “seek truth from facts”, it is necessary to explore the previously elaborated criteria to investigate it.

4.2 Criteria application

4.2.1 First Criterion: Collective Control of the Means of Production

As mentioned, collective control is different from both private and governmental control. I will begin analysing the rise of private companies, in which workers are separated from the means of production. Then, I will review how the legal system has gradually recognised private groups as pillars of the Chinese economy, parallel to public ones. Thirdly, I will discuss the increasing relevance of capitalists in the Party and the government. Finally, I will investigate if workers play a role in the management of companies, whether private or public.

Between 1958 and 1978, no private business existed in China, and all the means of production were public or collectively controlled (Garnaut, 2018). With the beginning of reforms, agriculture was decollectivised, the country opened to international investments, and Township and Village Enterprises (TVEs) emerged, before being largely dismantled or privatised in the 2000s (Kung, Lin, 2007; Joseph, 2019). In general, the compass of the reform period was the responsibility system which delegated functions and authority from the central government to local authorities, SOEs managers and private actors. Economically, this meant reinforcing the hierarchical structure of companies, strengthening managers' power to the detriment of workers.

The reform period steeply improved the secondary and tertiary sectors which, according to the National Bureau of Statistics (2022b), now count for more than 90% of the Chinese GDP. While the land is still formally public or collectively owned, in the secondary and tertiary sectors private property is dominant. Therefore, the private sector has become the driver of the Chinese economy too. The State Council Information Office (2022) reported that “The private sector contributes more than 50% of the tax revenue, more than 60% of the GDP, and over 70% of the technological innovations... more than 80% of the urban employment and accounts for more than 90% of market entities in China... China's private enterprises increased from 10.85 million in 2012 to 44.57 million [in 2022]”. These data are confirmed by World Bank's estimates (2019), according to which SOEs would only contribute 20% of China's GDP.

The upsurge of private and capitalist companies went hand in hand with legal changes which legitimised it. The private ownership of companies became officially legal in 1992 (Alsen, 1996). In 2004, the protection of private property was officially added to the Constitution. The most relevant amendments regarded Articles 11 and 13, which now state:

“Article 11: Non-public economic sectors... such as individually owned and private businesses, are an important component of the socialist market economy.

The state shall protect the lawful rights and interests of non-public economic sectors such as individually owned and private businesses. The state shall encourage, support, and guide the development of non-public economic sectors and exercise oversight and regulation over non-public economic sectors by law.”

“Article 13: Citizens’ lawful private property is inviolable.

The state shall protect the right of citizens to own and inherit private property by the provisions of law.” (PRC Constitution, 2004)

Private enterprise and capitalist ownership were not only legalised but officially supported by the government and recognised as an important part of the national system. Together with laws, rhetoric changed too. The official document released by the CCP after the Third Plenary Session of the 18th Party’s Central Committee (CCP Central Committee, 2013) states that:

“[The CCP] will encourage... qualified private enterprises to establish the modern corporate system... Establishing a unified, open, competitive, and orderly market system is the basis for the market to play a decisive role in the allocation of resources. We must put in place a modern market system in which enterprises enjoy independent management and fair competition, consumers have free choice and make autonomous consumption decisions, products and factors of production flow freely and are exchanged on an equal basis, strive to remove market barriers, and raise the efficiency and fairness of resource allocation.”

Xi Jinping has repeatedly underscored the importance of private property too. In March 2023, he sustained that “Efforts should be made to optimize the environment for private enterprises’ development, remove institutional barriers that impede their participation in market competition fairly, protect their property rights and the rights and interests of entrepreneurs by the law, and ensure the equal treatment of private enterprises and state-owned enterprises” (Xinhua, 2023).

According to Boer (2021) and Losurdo (2017), Chinese private companies are not capitalistic because mandatory CCP committees would control their adherence to socialist principles. As shown, this is also the official CCP’s position, according to which the presence of capitalists would not undermine socialism in China as long as the political power is kept by the Party. Similarly, following this logic, public companies would be socialist by definition since controlled by a government which represents the revolutionary classes. Both the idea that Party committees would force companies to follow socialist precepts and that public companies would necessarily be socialist since controlled by the government of revolutionary classes are doubtful.

Regarding the latter, it must be underscored the growing importance of capitalists in the CCP. Recently, Xi Jinping seems to have mitigated this rise (Aresu, 2020), but the general trend goes the opposite. This process began with Jiang Zemin, Party Secretary between 1989 and 2002, and his *Theory of the Three Represents*. Under the rhetoric of representing all the social strata, this theory welcomed among CCP’s ranks the winners of the 1990s privatisations. To prevent capitalists from becoming a counter-power to the CCP, it let them join it. In 2002, the Three Representants Theory became part of the CCP Constitution and, a year later, of the Chinese one (Joseph, 2019).

Since then, Party’s composition has radically changed. According to Joseph (2019), in 1981 farmers and labourers constituted 63,4% of CCP members, while in 2016 they had fallen to 36,9%. On the other hand, 25% of CCP members are now capitalists, like owners of companies or top managers. Workers are already a minority in comparison to capitalists, since in 2018,

only 7,9% of the members were labourers (Joseph, 2019). Similarly, students had fallen to 2,1% (Joseph, 2019). For example, a Party member is Jack Ma, owner of Alibaba, a company where working conditions are anything but socialist (see 4.2.2). Not surprisingly, the growth of capitalists among Party members coincided with pro-market policies, wider support for capitalists' instances, and stronger legal protections of private property.

This shift in Party's power relations was also realised through changes in members' selection process. Indeed, the CCP is not an "open" party. Admission follows a strict selection. While in the past political ideology played an important role in Party membership, today personal success is more relevant (Joseph, 2019). Potential candidates must be introduced and mentored by actual members. To obtain membership, it is necessary to meet strict criteria, comparable to those of a managerial position in a multinational corporation, like having graduated from the best universities, submitting formal applications, and passing interviews, exams, and tests (Aresu, 2020). In the future, with growing economic inequalities and the restriction of universal services (see 4.2.3), Party's membership could become increasingly limited to privileged groups. CCP members risk becoming an oligarchy more than a revolutionary group.

Considering the renewed Party composition, it is doubtful to affirm that public companies are socialist since controlled by the government. Similarly, it is not convincing to sustain that CCP committees are sufficient to prevent private enterprises from becoming capitalistic. Despite Party committees, workers hardly play any role in managing their surplus value, e.g., taking strategic decisions for the company. Indeed, while formally expanded, democratic management practices have increasingly become window-dressing (Huang, 2022).

Since the Reforms period, democratic management has been perceived as an obstacle to economic growth that must be limited. The practical power of democratic management organs has been downsized in both private and public companies "The CCP committed to separating the enterprise Party committee from enterprise management to enhance the vitality of large and medium SOEs... The factory director was entrusted with full enterprise responsibility, effectively degrading the Party committee to a consultative organ with ideological and political leadership bereft of substantive content" (Huang, 2022).

In 2012, democratic management, previously only for public companies, was extended to private firms. Democratic management committees are officially composed of Party members and workers. The Democratic Management Provision (State Council, 2012) affirms that:

"Article 3: Employees' congress... shall be the body through which employees exercise their rights to democratic management and the basic form of enterprises' democratic management".

"Article 9: Representatives of the employees' congress shall consist of workers, technicians, managers, and leaders of the enterprise and other employees. The number of managers at or above the middle level and leaders of an enterprise shall generally not exceed 20% of the total number of employees' representatives".

Nevertheless, committees hardly have any power in practice. According to the Democratic Management Provision, workers "have no right to participate in enterprises' strategic decision

making. DM Provision is solely based on representative participation” (Huang, 2022, 585). Similarly, despite the law, managers are often not 20% but most of the members of committees, de facto handing their control to companies themselves (Huang, 2022). In other cases, its members were directly chosen by the company, invalidating their function of representing workers (Huang, 2022).

4.2.2 Second Criterion: Workers’ Condition and the Working Day

The conditions of workers have radically changed in the last decades. In this section, I will begin discussing the legal modifications and the gap between law and practice. Then I will analyse the differences between private and public corporations underlying the importance of this exploitation in the Chinese model of growth. I will underscore some of the most extreme working conditions, particularly focusing on migrant workers. Finally, I will emphasise the responsibilities of the national trade-union.

Before the Reform period, despite some political limitations, workers’ rights were quite strong and based on the so-called *iron rice bowl policy*. “Workers formed a socio-political status group whose lifestyle and life chances (i.e. cradle to grave welfare, entitlements to pensions, housing, medical care and educational opportunity) were guaranteed and enforced by the state to whom workers would pledge political loyalty and compliance” (Friedman, Lee, 2010, 509). Labour legislation has been deeply affected by the Reform period, creating a context in which exploitation and low labour standards are the norms.

The right to strike for workers is not officially recognised, since it was removed from the Constitution in 1982 (it had been added in 1975). Since then, strikes have never been explicitly banned, but workers who join them could be legally persecuted (Brehm, 2017). Similarly, Chinese workers cannot create or join trade-unions except for the official one, the All-China Federation of Trade-Unions. The ACTFU, abolished during the Cultural Revolution and recreated in 1976, is very close to the Party and the interest of capitalists (Bai, 2011). “During China’s high growth era, [ACTFU] has been reluctant to defend labour rights and instead regularly sided with employers and managers” (Brehm, 2017).

More generally, “Among the reasons why China is attractive to foreign investors... is that local Chinese authorities have been able to hold down wages by turning a blind eye to violations of China’s labour regulations... The central government normally does not intervene.” (Chan, 2006, 24). Interestingly, this is confirmed even by companies that provide legal consultancies to foreign investors. For example, China Briefing (2022) on its website seductively suggests to its clients that the introduction of pro-workers legislation does not necessarily mean a practical implementation of them. The International Trade Union Confederation (2014, 15) has stated that “While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices”.

China implemented Labour Laws in 1995 and 2008. Formally, these laws seem protective of workers’ rights. For example, the first one (PRC, 1995) stated:

“Article 16: [...] Labour contracts shall be concluded if labour relationships are to be established.”

Nevertheless, a report of the National People’s Congress of 2007 noted that no more than 20% of private companies had contracts with their workers and, including SOEs, the share grew to only 50% (Friedman, Lee, 2010). Similarly, in 2006 the State Council found in a 40 cities survey that:

“Among the 120 million strong migrant labour force from the countryside, a paltry 12.5% has signed a labour contract... 48%... get paid regularly, while 52% reported regular or occasional wage non-payment. 68% of migrant workers work without any weekly day of rest, 54%... have never been paid overtime wages as required by law and 76% do not receive the legal holiday overtime wages.” (Friedman, Lee, 2010, 510)

Similarly, “In 2001, the revised Trade Union Law promoted collective bargaining. Yet it remained only on paper in a political climate where low-cost labour is a key strategic priority” (Brehm, 2017).

These violations of workers’ rights were a structural part of the economic system, which aimed to attract foreign investors (which, indeed, since 1978, have constantly increased: Garnaut, 2018). Despite formal higher salaries, workers’ conditions have generally steeply degraded (Joseph, 2019). Two are the most damaged groups: workers in the private sector and migrant workers.

The Reform period drastically reduced the number of public workers. Between 1995 and 2021, SOEs’ employees halved, falling from 112 to 56 million (Statista, 2023). Part of these workers was later re-hired with far more precarious conditions. For example, “Dispatch workers, or agency workers, emerged only in the late 1990s when the government encouraged flexible employment in response to mass unemployment induced by [SOEs’ downsizing]. By 2012... 37 million dispatch workers were accounting for 13.1% of registered employees... Even though dispatch workers are... regulated by the Labour Contract Law of 2008... widespread violation and evasion of the law by employers are well documented. Most ironically, state-owned enterprises are found to be major users of dispatch workers” (Lee, 2019, 144).

In the private sector, violations of workers’ rights are so widespread that entrepreneurs can blatantly admit them in public interviews. For example, Jack Ma, founder of Alibaba and CCP member, repeatedly affirmed that the secret of Alibaba’s success was the 996 Model, which consists in working from 9 am to 9 pm, six days per week, for a total of 72 hours per week. In 2019, Ma defined 996 as “a huge blessing” and sustained that, without it, China was “very likely to lose vitality and impetus” (Reuters, 2019). Liu, the CEO of JD.com, the colossus rival of Alibaba, described those who refuse the 996 Model as “slackers” (BBC, 2019).

In 2021, the People’s Supreme Court and the Ministry of Human Resources and Social Security published a memorandum which reported ten examples of common worker-employer disputes (GPS, 2021). One of them was the case of a worker fired after refusing the 996 Model. The

joint statement emphasised how the 996 Model cannot be used as a consistent schedule and that, unless overtime is extra-paid, is illegal. Indeed, the Labour Law (PRC, 1995) declares:

“Article 36: The State shall practise a working hour system wherein labourers shall work for no more than eight hours a day and no more than 44 hours a week on an average.

Article 41: The employer can prolong work hours due to the needs of production or businesses after consultation with its trade union and labourers. The work hours to be prolonged... shall be no longer than one hour a day, or no more than three hours a day if such prolonging is called for due to special reasons and under the condition that the physical health of labourers is guaranteed. The work time to be prolonged shall not exceed, however, 36 hours a month.”

Nonetheless, companies systematically ignore this legislation, knowing that checks are rare. Additionally, even when the law is applied, the advantages can overcome the benefits. For example, in the case analysed by the Ministry and the Supreme Court, the company was found guilty, but it was only sentenced to pay a fine of 1,234\$ and the worker was not re-hired (South China Morning Post, 2021).

The statement of the Ministry and the Supreme Court has brought some media attention to the topic, but it is doubtful that practically anything will change. For example, the previously mentioned company of legal consultancy for foreign investors China Briefing (2023), after having interviewed workers and entrepreneurs, has commented on the declaration saying:

“The common opinion is that nothing will truly change. Both Chinese and foreigners... think that the culture of competitiveness and... of silence against their employer’s illegalities will continue because of the desire for promotions and money and the fear of getting blacklisted, informally or formally, in the industry”.

The South China Morning Post is a Hong-Kong based newspaper owned by Alibaba. As seen, by the explicit admission of its founder, Alibaba systematically violate workers’ rights through the 996 Model. Consequently, the South China Morning Post can hardly be defined as a pro-workers newspaper. Even them, analysing the joint declaration, have acknowledged that “Currently, labour oversight remains lax. China does not allow independent labour unions, so employees sometimes tacitly accept arrangements involving extra hours for extra money... Some workers said that, despite the official policy changes, they still had to work on weekends, and workloads have not been reduced.” (South China Morning Post, 2021).

The impression that the violation of workers’ rights is the norm is confirmed by official data too. According to China’s Labour Yearbook (2022a, 96) annually published by the National Bureau of Statistics, despite the legal limit of 44 hours per week, urban male employees work on average 48,7 hours per week, which rises to 49,6 considering workers between 16 and 19 years old. Regardless the age and considering both males and females, the average in the manufacturing sector jumps to 50,6 hours. Realistically, these are lower estimates since employers may try to hide law violations.

As in 19th century's UK described by Engels and Marx, then, numerous cases of deaths and diseases caused by low-labour standards are reported. According to official Chinese sources, in 2017 over 38,000 workers, so 104 per day, died due to incidents in the workplace caused by safety rules' violations (CLB, 2018). This is already a steep improvement since in the early 2000s, official data talked of around 100,000 deaths per year (CLB, 2018). Even more shocking are the data about overworking deaths. According to CCTV, the official TV controlled by the Central Propaganda Department, in 2015 overworking deaths were more than 600,000 (China Daily, 2015). The National Bureau of Statistics sustains that, on average, Chinese workers have only 2 hours and 40 minutes per day in which they are not working or sleeping, and sleep deprivation is a common problem among them (BBC, 2020). According to CCDC Weekly (2021), a website controlled by the National Health Commission, in the manufacturing sector more than 40% of workers have musculoskeletal disorders due to their working activity. Almost 90% of the occupational diseases reported, nevertheless, are pneumoconiosis, a group of severe and potentially mortal lung infections caused by poor environmental conditions in workplaces. Since 2010, more than 25,000 cases are officially reported each year (You, 2022). From the Reform period to 2018, 970,000 occupational diseases were reported, of which pneumoconioses were 870,000 (Kerswell, Deng, 2020). Nevertheless, many NGOs have challenged these data, estimating at least 6 million pneumoconiosis cases since 1978 (Kerswell, Deng, 2020).

While workers in the private sector face low labour standards, those with the worst conditions are internal migrant workers. This is also caused by the *hukou system*, a traditional Chinese policy, dating back to Imperial China, which aims to control internal movements (Hung, 2022). The CCP reintroduced it in 1958 to avoid mass migration, which would have made economic planning impossible (Joseph, 2019). While during Mao's time the hukou almost completely denied internal movements, since 1984, when urban areas started necessitating new workers, this policy was loosened and the hukou began associating each household and their rights and services (like education and healthcare) with a certain area (Hung, 2022).

In the last decades, the hukou system has created the "floating population", a massive quantity of workers who leave their household registration and migrate to big cities, seeking higher salaries to support their families in the countryside. The official census of 2020 counted that "the floating population [totalled] 375,816,759 [members]", with "an increase [since 2010 Census] of 69.73%" (NBS, 2021), more than the whole US population. In cities, the floating population, see its access to fundamental rights severely constrained due to the hukou system (see 4.2.3) and tend to compose the most exploited sub-proletariat. Indeed, better employments, like SOEs or non-physical jobs, are usually exclusively open for owners of urban hukous (Hung, 2022). Their miserable salaries force the floating population to live in poor neighbourhoods with high levels of criminality (Joseph, 2019). This generates a vicious circle, in which migrant workers finish to be stigmatised as dangerous, immoral, uneducated, and lazy (Joseph, 2019).

The combination of post-1978 reforms, which privatised resources increasing inequalities, and the hukou system, which puts migrants in a legally grey area and restricts their access to services like education that could emancipate them (see 4.2.3), could be described in Marxian terms as the *primitive accumulation* of Chinese capitalism. As the enclosures in England, the combination of reforms and hukous generated a small minority of capitalists who control the means of production and a vast portion of proletariats that, forced to migrate to find better

salaries and damaged by the hukou system, have no alternative than accepting the most despicable violation of their rights.

Indeed, migrant labourers usually work in semi-slavery conditions that remind 19th century England. Emblematic is the case of Foxconn, global leader in mobile phone assembling and China's biggest private employer with more than 1 million workers. In a report written by 20 Chinese universities which interviewed over 1800 workers:

“The company was described... as a "concentration camp of workers in the 21st century," [sic] and all the employees are "imprisoned" in the "company empire" to serve the manufacturing rule of "just-in-time production.”” (Global Times, 2010).

The report highlights how Foxconn workers are forced to work between 80 and 100 overtime hours per month, while the amount allowed by the law is 36 hours (South China Morning Post, 2010). During the day, workers are controlled by security guards. “Workers aren't allowed to talk, smile, sit down, walk around or move unnecessarily during their long working hours, which require them to finish 20,000 products every day” (South China Morning Post, 2010). According to the report, “13% of the interviewed... had passed out on the assembly line because of the high pressure and long hours. 24% of females... suffered menstrual disorders due to the excessive overwork” (South China Morning Post, 2010). The inhumane conditions are also caused by the extremely abusive working culture. “In our survey, nearly 28% of workers had been verbally insulted by their supervisor or security guards, 16% had suffered physical punishment and 38% said their freedom had at least once been illegally restricted” (South China Morning Post, 2010). Commonly, when workers make costly mistakes, they are publicly humiliated by their superiors, and forced to read apologies before their colleagues (Merchant, 2017). As admitted by Foxconn itself, the company uses workers under the age of 14 (Reuters, 2012). According to a report by the Fair Labour Association (2012), despite working 72 hours per week with three rest days per month, 64,3% of the workers sustained that their wage could not cover their basic needs, also because overtime work is systematically unpaid.

When the working day finishes, like in the cottage system described by Engels (1845), the regime is expanded to the housing system. Since salaries are usually too low to provide sufficient income, and workers try to save money for their families in the countryside, most of them sleep in Foxconn-free dormitories. Nevertheless, workers are usually scammed since the costs of electricity and bills are exorbitant (Merchant, 2017). In dormitories, workers live in rooms of 30 metres squared with, on average, eight tenants and a single toilet. If they come to the dormitory later than 11 pm they are punished (Merchant, 2017).

If we know the condition of Foxconn workers, as opposed to other companies, is because the enterprise became famous for suicide cases. In 2010, while the company was producing iPhones, 14 workers committed suicide, both for desperation and to protest their conditions (Merchant, 2017). In 2012, 150 workers raised to the top of the factory and threatened to jump if the company did not pay their due wages. Cases of suicide are not an exception, but the norm, and there is good evidence that the number of deaths could be much higher. According to a former employee, “It wouldn't be Foxconn without people dying... Here someone dies, one day later the whole thing doesn't exist... You forget about it.” (Merchant, 2017). After this wave of suicides, the company reacted by denying all the events, formally increasing the salaries (although further reports have proved that, in practice, wages did not change) and adding metal fences over the roof and windows of dormitories and factories (Merchant, 2017).

These are the inhumane conditions of migrant workers in China. As a Fair Labour Association report notes, “At the Shenzhen facilities [the biggest Foxconn plant] only 1% of the workforce is local” (FLA, 2012, 9). Formally, the workers are protected by the ACTFU, the official trade-union. Nevertheless, as previously seen, “The Foxconn union does hold elections, but the candidates are often management-nominated” (FLA, 2012, 11). The sociologist Sacchetto, who wrote a book on the Foxconn case, described the ACTFU as “a fundamental branch for the management of the working force” (Cocco, 2015). The Democratic Management Provision of 2012 allows workers and trade unions committees “to review and endorse or reject enterprise plans on wages... health and safety, employee welfare and housing benefits; to evaluate and supervise the performance of managerial staff at all levels; to recommend the appointment or dismissal of managerial staff; and to elect or reject the appointment of a new factory director” (Huang, 2022, 584). Similarly, wages should be agreed upon through collective bargaining. Nevertheless, as shown, the nature of representatives is usually manipulated by companies, and many of the committees are dominantly composed of managers or representatives chosen by companies. The ACTFU does not constitute an obstacle to similar legal circumventions. “The ACFTU’s strong tie to the [CCP] and the pursuit of its agenda is a key factor in explaining why the ACFTU has not and will not act in the interests of workers. Indeed, the ACFTU has been an organ of the Communist Party ever since its establishment” (Bai, 2011, 21).

4.2.3 Third Criterion: Universal Social Insurance and the Welfare State

The third criterion is connected to the universalism of the welfare state and social insurance. I will begin by summarising the historical development of the Chinese welfare state and what are the main pillars of today’s social provision. Relevance will be given to government laws. Then, I will explore if social provisions are only formally or also practically accessible to every citizen, focusing on migrant workers.

In China, the welfare state has been historically provided through jobs. Consequently, since the Reform period drastically affected the labour market, it shook social provisions too. During Mao’s epoch, the system was based on SOEs *danwei*, work units, which “provided not simply jobs but also housing, healthcare, education, daycare, pensions, restaurants, shopping, and even vacation resorts for [family] members” (Joseph, 2019, 348). This system was called the *iron rice bowl policy*. Since employment was permanent, *danwei* were an efficient method to provide universal life-long access to the welfare state, although inequalities between urban and rural areas’ services were a constant. Being connected to worker-company agreements, the Reform period steeply increased inequalities in social provision, severely curtailing its access for a wide portion of the population.

As seen, despite the law (PRC, 1995), most of workers do not sign legal contracts. Since social insurance should legally be paid by the employer, the lack of a contract limits workers’ access to social provisions too. According to a report from the State Research Council, in 2005 only 15% of the workers were part of a social security scheme and 10% of the workers had medical insurance (Friedman, Lee, 2010). The condition was particularly tough for the floating population. “In 2014, 62% of migrant workers still lacked written contract, 84% lacked pension... and 90% unemployment insurance” (Lee, 2019, 146)

Since the 1990s, the *danwei* has gradually been replaced with two structures: the *shequ* and the *dibao*. The former is a new neighbourhood-level organisation which should provide services like re-employing support for laid-off workers. The latter is a system of minimal subsidies to avoid creating new poor, although the geographically heterogeneous implementation of the policy has jeopardised its results (Joseph, 2019).

The contemporary Chinese welfare is based on five social insurances: pension, healthcare, unemployment, maternity, and work injury insurance. To these must be added basic education. In practice, only a portion of the population has access to them due to privatisations and substantial obstacles.

In the field of healthcare, the impact of privatisation is evident. In 2013, the Central Committee of the CCP (2013) stated:

“We will encourage private funds to flow to medical services... We will allow private funds to invest directly in services that are short of resources or are to meet diverse demands and to participate in the reform and restructuring of public hospitals... We will allow doctors to work for more than one hospital and... private medical institutions to be included in designated medical insurance institutions”.

As a result, according to the National Bureau of Statistics (2022), “By the end of 2022, there were 1,033,000 medical and health institutions in China, including 37,000 hospitals. Of all the hospitals, 12,000 were public, and 25,000 were private”. Despite the rise of private hospitals, public and universal healthcare is practically provided through other institutions, like village clinics (almost 600,000 all over the country).

The most comprehensive law regarding the welfare state is the Social Insurance Law, written in 2011 and amended in 2018, which collects and revisits the previous laws. According to it,

“**Article 33:** Employees shall participate in the employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees” (PRC, 2018)

More generally, according to the law, each citizen should have access to social insurance, regardless of their geographical (urban or rural) or working (employed or unemployed) condition. Nevertheless, “According to the National Bureau of Statistics, in 2020, the state’s basic pension plan covered only about 71% of the urban workforce, and only 47% had unemployment insurance... The healthcare system is riddled with problems, and patients still must pay upfront for hospital care before they can claim reimbursement (CLB, 2021). According to China Labour Bulletin (2021), this was caused by the internal system of geographic competition. Indeed, since employers’ contribution rates imposed by the central government were high, different regions turned a blind eye to law violations to attract investments.

The pension system, originally based on a separation between private and public workers, has been harmonised in 2015, by the State Council (Joseph, 2019). In theory, both private actors

and workers should contribute to the pension system, the former putting into a fund 20% of the total salaries, and the latter contributing to their proper pension with 8% of their salary. Nevertheless, in 2019 Premier Li Keqiang wrote in the report for the 13th CCP's National Congress:

“We will implement larger-scale tax cuts... We will significantly reduce enterprise contributions to social insurance schemes. We will lower the share borne by employers for urban workers' basic aged-care insurance, and localities may cut contributions down to 16%” (Li, K, 2019, 16).

Legally, workers cannot retire until they have contributed for 15 years to the pension fund, but according to a statement of the Ministry of Human Resources and Social Security in 2021, the minimum could be extended to 20 or 30 years (CLB, 2021). Recently, the government has implemented some schemes to increase low pensions, but huge geographical inequalities remain, both in absolute and relative terms. As mentioned, the political fragmentation of China pushes many provinces to disregard their duties to attract investments. “Many companies ignore their legal obligations... do not pay social insurance, including contributions into pension plans for migrant workers. Driven by concerns about economic development, local governments have long refrained from investigating non-payment, so enterprises rarely face penalties... The rise of the gig economy and flexible employment has further eroded pension protection... [since these] workers... usually do not sign formal labour contracts” (CLB, 2021). Consequently, it is common among migrants working far more than 15 years, and discovering at the time of retirement that the pension is extremely poor.

This similar pattern is detectable in unemployment insurance, according to which employees and employers should contribute to the fund (respectively, 1% and 2% of the salary), but many regions have drastically reduced employers' duties, arriving in some cases at 0,2%, to attract new investors (CLB, 2021). In 2021, “Benefits were paid to just 5.2 million workers [but] the average urban unemployment rate in 2020, based on official surveys, was 5.6%, equivalent to about 26 million workers” (CLB, 2021)

As mentioned, this problem is even more evident in healthcare. According to a State Council's decision (1998):

“The basic medical insurance fee should be jointly paid by the employer units and staff members and workers. The rate of payment by units should be controlled at approximately 6% of staff members and workers' total wages. The rate of payment by staff members and workers should be generally controlled at 2% of individual wage”.

The lack of controls allows many companies to ignore their duties, significantly restricting access to healthcare. According to the China Labour Bulletin (2021), only 22% of migrant workers would be covered by healthcare.

Commonly, workers must anticipate the costs, which are successively returned by the State. Nevertheless, the government covers only a small group of medicines and treatments, while the others must be paid for by privates. According to the National Healthcare Security

Administration, 95% of the Chinese population is covered by medical insurance (Joseph, 2019). Nevertheless, the limitation of public-paid treatments drastically undermines access to healthcare. On average, in 2020, public healthcare insurance spent 798 yuan per capita, while the average individual hospitalisation costs are annually 9,848 yuan (CLB, 2021). As the China Labour Bulletin (2022) summarises, “Given the income gap between urban and rural residents, the disparity in social security coverage, and the allocation of medical resources, rural residents are at an absolute disadvantage when it comes to access to medical services”. For example, on average, the fees for in-patient services are more than twice the monthly salary of migrant workers, 10,619 vs 4,432 yuan (CLB, 2022).

Similarly, insurance for maternity is only rarely respected for migrants and low-wage workers. According to laws on female employment:

“**Article 7:** The maternity leave of female employees shall be 98 days, including 15 days of antenatal leave” (PRC, 2012).

In this case, too, women who work in flexible or no-contract conditions see this right seriously restricted. In 2019, official data reported 3,5 million mothers who received maternity allowance, but 15 million new-borns were registered (CLB, 2021). Realistically, then, only around 20% of mothers are covered by maternity social insurance. During job interviews:

“Women are often asked about their family plans and... sometimes forced to sign illegal contract conditions that require them to take pregnancy tests or guarantee that they will delay pregnancy or not get pregnant at all. Many employers... coerce pregnant workers into resigning by making them work unreasonably long hours or assigning them heavy or dangerous workloads. Other employers simply refuse to grant maternity leave and then fire employees [for] absenteeism” (CLB, 2021)

Finally, restrictions to welfare access are evident in the education system too. According to the Compulsory Education Law, adopted in 1986 and amended in 2006 (PRC, 2006):

“**Article 2:** The State adopts a system of 9-year compulsory education.

Compulsory education is... implemented uniformly by the State and shall be received by all school-age children and adolescents. It is a public welfare cause that shall be guaranteed by the State.

No tuition or miscellaneous fee may be charged in the implementation of compulsory education.”

Chinese education is composed of six years of primary elementary school, three years of lower secondary school, three years of upper secondary school, and then the university. After 15 years old, students must pay for their education (Joseph, 2019). Families give great importance to their children’s education and are available to make debts to obtain a diploma. According to the Ministry of Education (2022), compulsory school is a success since “95.4% of students enrolled in the nine-year compulsory education system finished their course of study”.

Nevertheless, as in the previous cases, children coming from low-wage and migrant families have huge disadvantages. According to the National Bureau of Statistics (UNICEF, 2015), migrant workers' children are more than 100 million, constituting 40% of the total Chinese children. Of these, 70 million do not follow their parents in cities but rest in rural areas with grandparents (left-behind children). 40% of the left-behind children saw their parents almost once per month and 12% never see them, causing emotional instability and mental disorders to children (CLB, 2022). Additionally, rural grandparents are poorly educated and usually do not speak Mandarin, so they cannot support their grandchildren in their studies. The combination of these aspects constitutes a huge disadvantage for left-behind children.

In cities, education for migrant children is similarly precarious. Indeed, due to the hukou system, children have access to education only in their household registration (Joseph, 2019). If they leave it to follow their parent in big cities, they must join migrant schools, which are commonly closed or demolished by local authorities to expand commercial areas (CLB, 2022). A 2020's research by the National Bureau of Statistics (CLB, 2022) shows that:

“Only 81.5% of migrant children in the compulsory school age range had access to public schools in the city... Nearly half (47.5%) of the migrant workers surveyed said they had experienced problems related to their children's schooling; the main issues being, finding a school, paying fees, and leaving children unattended. The attendance rate in kindergarten for migrant worker children was 86.1%, but... [most] are private, fee-paying institutions that provide limited services”.

Even when migrant children manage to join public schools, they are usually discriminated against due to anti-migrant biases, limiting their socialising opportunities and restricting access to extracurricular opportunities (Joseph, 2019). As a result, in 2020, only less than 3% of university applicants were children of migrants (CLB, 2022). Most of the floating population's children are destined to join vocational schools, which will bring them to low-paid manufacturing careers as their parents or take loans to pay expensive tuition for low-level high schools (CLB, 2022).

In 2021, China implemented a Double Reduction Policy to support poor families in education tutoring costs and reducing school-induced mental diseases, but it is too early to evaluate its impact (CLB, 2022).

5 Conclusions

In this thesis, I have tried to investigate whether China is socialist using three criteria taken from Marx and Engels. Some previous works have explored this topic, but none of them used the criteria suggested. More generally, the previous literature undervalued and neglected classic socialist literature, while it has constituted the pillar of my thesis. The use of primary sources, mainly *official documentary records* and *commercial media accounts*, has also been the main tool to investigate the criteria's application in China. Secondary sources have only played a complementary role. Consequently, the elaboration of these three criteria starting from the classics and their investigation in contemporary China is the main contribution of this thesis to push on the academic debate on this topic.

Before summarising the general results previously reported, it is fruitful to indicate some of the limits of this thesis and stimuli for future research.

5.1 Limitations of the Study

First, as mentioned, I do not speak Mandarin. When Chinese sources were not previously translated, I have used secondary data, as summaries and analyses made by reliable actors like international institutions and famous NGOs. This method has proven to be useful, and the combination of primary and secondary sources has successfully removed most of the linguistic obstacles. Nevertheless, full access to Chinese sources could enrich this work. In the future, then, the approach of this thesis could be developed and improved by cooperating with a Mandarin-speaking scholar to fill this gap.

Second, as said, economic history analysis has mainly been used instrumentally. In section 4.1 I summarised some general features of “Socialism with Chinese characteristics” and sections 4.2.1, 4.2.2, and 4.2.3 were an economic-historical analysis of the three criteria through primary sources to understand recent institutional changes in China. Nevertheless, this paper did not seek to summarise the economic history of China since 1978. Certainly, the contextualisation of this thesis through a wider analysis could improve the understanding of the criteria too. For example, this paper could be integrated as a chapter into a book that more widely investigates the Chinese political-economy transformations since 1978.

Third, due to reasons of space, I elaborated only on three criteria. Some could argue that they are too strict and too few. For example, if applied to other countries like USSR, they could result in the conclusion that those countries were not socialist either. However, my main goal was to be as faithful as possible to Marx and Engels' works, which I believe I have achieved through my approach. The issues analysed in the criteria, like the control of the means of

production, are pivotal in the history of socialism. As such, their analysis is a contribution to the debate since many of them were neglected by the previous literature. Nonetheless, it could be enriching to develop new criteria, for example creating an index applicable to any country. Qualitative methods, like the analysis of primary sources, were the most appropriate to investigate the present criteria, but a wider index could fruitfully include quantitative tools too. The potential implementation of quantitative methods, notwithstanding, should not distract the attention from the economic thought of socialist thinkers, which should remain the main source to elaborate any new criteria and whose belittling constitutes the main shortfall of the current literature. Furthermore, the elaboration of an index could also stimulate further research, for example facilitating comparative studies among socialist and former-socialist countries, like China and Russia.

Finally, a limit of this thesis is its transience. China is a country that saw tremendous changes in the last decades. Realistically, many others will happen. In my thesis I have used the most recent sources available, to represent today's situation in China. Nevertheless, important projects like the Belt and Road Initiative, the goal to increase internal consumption, and the leadership of Xi Jinping could significantly affect China's development trajectory and political-economic institutions. If this thesis investigated the three criteria in 2023, in five or ten years my analysis may be obsolete.

5.2 Final Observations

To conclude, China does not meet the first criterion. Workers are increasingly separated from the means of production. Their role in managing the surplus value, taking strategic decisions, and handling companies is almost irrelevant. Some differences remain between private and public companies. The former, which are the driver of the Chinese economy, seem purely capitalistic. The latter maintain higher labour standards and social benefits, but they are increasingly led as private enterprises, and the role of workers in their management is relatively marginal. Finally, the workers' loss of power in companies' management could speed up in the future since the share of capitalists among CCP members is increasing.

Similarly, overexploitation and inhumane working conditions are anything but exceptional in the Chinese working system. Especially in manufacturing, labour standards are extremely low, invoking the description given by Marx and Engels of the British working class. In the private sector, working rights are systematically violated, especially among migrants, which constitute the most abused category. Although the legal system suggests the opposite, workers have no role in influencing their working conditions which are almost completely top-down imposed, as in any capitalist economy. Another similarity with Engels' description is the astonishing confidence with which Chinese capitalists violate laws, knowing that political actors, especially local ones, will not prosecute but support them. This unholy alliance between capitalists and political actors, at the back of the working class, has been a pillar of recent Chinese growth. The conversion of China to the "factory of the world" saw low-cost manufacturing as one of its pillars, making the model inherently based on exploitation, abuses, and violation of workers' rights. After the 2008 crisis and since the arrival of Xi Jinping, authorities have given some

signals of wanting to change the model of growth. Developing a strong internal market with high consumption would inevitably imply better labour standards. Consequently, there are some chances that the condition of workers will improve. Nevertheless, today, the low labour standards make it impossible for China to meet the second criterion.

Finally, the results of universal access to the welfare state are also poor. The social provision is based on five pillars (pension, healthcare, unemployment, maternity, and work injury insurance), plus education. In all these fields a clear class distinction is detectable, with lower social classes, and especially rural low-wage workers, being systematically disadvantaged. In many cases, these drawbacks constitute concrete and insurmountable obstacles to accessing recognised rights and welfare state provisions. Consequently, despite some recent improvements and central government programs to fix these inequalities, China does not meet the third criterion either, since access to social insurance is clearly class dependent.

This thesis has tried to “seek truth from facts”, analysing three criteria beyond official propaganda and rhetoric and using vast primary sources, mainly taken from official Chinese authorities. Considering these results, China *should not* be described as a socialist country, since it does not meet any of the established criteria. On the contrary, it is probably a capitalistic one. Indeed, despite some political peculiarities, the fundamental structure, dynamics, and institutions of its economy do not differ from average capitalistic ones and seem to have very little in common with socialism as described by Engels and Marx.

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