

Too big to be equal?

Gwynne Dyer Our World Today

Never mind the destruction of the relatively free society of Hong Kong (no emergency airlift like Kabul, but the number of people fleeing Hong Kong may ultimately be larger). Never mind the persecution of the Uyghurs, or the Orwellian surveillance society that the Communist Party is building, or the tens of millions who died in wars, famines and 'cultural revolutions' to bring equality to China.

The Party's fundamental failure is to create a society, after seventy years of absolute power, that is about as unequal as that of the United States. Equality was the goal that allegedly justified all the killing and oppression, but equality is farther away than ever.

Per capita incomes are still much lower in China than in the US, for it only started to develop rapidly about 40 years ago. (In terms of personal living standards, the first three decades of Communist rule were completely wasted.) But since then, the gulf between the rich and the rest has inexorably widened until it now approaches the American standard.

If you take the incomes of the top 20 per cent of the US population and compare them with those of the lowest 20 per cent of American earners, the wealthiest fifth earns 9.4 times more than the poorest fifth. In China, the top fifth earn 10.2 times as much as the bottom fifth.

Drill down and compare the incomes of the top 10% with those of the bottom 10%, and the income differences are even more dramatic. The wealthiest tenth of Chinese people get 21.5 times more money than the poorest tenth. In the United States it's 18.5 times more.

Americans are used to these disparities, and can console themselves with the myth of 'equal opportunity'. (If you're not rich, it's your own fault. You're not trying hard enough.) Chinese people are new to this situation, and the official ideology still says that people should be equal. That's the goal that supposedly justifies the perpetual dictatorship of the Party.

So the grotesque inequality is embarrassing for the Party, and potentially quite dangerous. Back in the days when the Chinese economy was growing at 8-10% a year it could be ignored 'a rising tide raises all ships, even the poorest' but the fast-growth era is over. Sooner or later the losers in the race will realise that they have lost permanently.

Last May Premier Li Keqiang revealed that 600 million Chinese citizens (around 40 per cent of the population) earn \$5 a day or less. This is not a good look in a country that has more billionaires (1,058) than the United States, and the Party leadership is not stupid. Something must be done.

That's why President Xi Jinping is talking up a new policy of 'common prosperity' while also imposing stricter censorship and other social controls. The idea is to head off trouble by evening out the grossest inequalities and teaching the highest-flying billionaires a little humility: don't stall the economy, but spread the wealth around a little.

The Party knew this day would come when it first abandoned Communist ideals 40 years ago in order to escape from three decades of no growth. 'Let some people get rich first,' said Deng Xiaoping, and took the capitalist road. It worked, too, but it brought the usual capitalist inequality in its train.

It's not impossible. Rich capitalist democracies like France, Germany, Canada, and Japan manage to have income gaps between the rich and the rest only about half as big as the US and China. But the very biggest developed countries, China and the US, seem unable to manage it. Maybe it's just a question of size.

Income disparities in the United States have been widening for 45 years now, with grave social consequences, but being democratic

doesn't enable the US to deal with it any better. Instead, American police have been turned into a militarised force that essentially manages the social results of the inequality by force.

In 1970, there were 200,000 people in US prisons; now, there are 2.3 million. More than a quarter of adult Americans (77 million) have a criminal record. What are the odds that the ageing autocrats who rule China will do any better?