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Ralf Ruckus

## Chinese Capitalism in Crisis

### Part 2: Li Minqi on the forthcoming collapse of China's economy and the capitalist world system

The first part of this mini-series on the crisis of Chinese capitalism provides an appreciation of Zhang Lu's book on labor unrest in the auto industry and an interview with the author,<sup>1</sup> this second part includes a review of Li Minqi's latest book and an interview with him.<sup>2</sup> Li Minqi is professor at the Economics Department at the University of Utah, Salt Lake City, USA. He focuses on class struggle in capitalism and the analysis of the Chinese as well as the global economy from a world-system perspective, with an emphasis on environmental crises and especially global warming.

In the preface of an earlier book, *The Rise of China and the Demise of the Capitalist World Economy* (2008),<sup>3</sup> Li writes about his own development: his participation in "student dissident activities" in Beijing at the end of the 1980s, his transition from being a "neoliberal 'democrat'" to becoming a "Marxist-Leninist-Maoist", the two years he spent in prison for giving a political speech at the campus of Beijing University in the early 1990s, his "research into political, economic, and social development in China" from a leftist perspective, then his move to the USA in 1994, followed by aca-

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<sup>1</sup> See Ralf Ruckus. "Chinese Capitalism in Crisis, Part 1: Zhang Lu on exploitation and workers' struggle in China's auto industry." In: *Sozial.Geschichte Online*, 18, 2016, pp. 119–144 [[http://duepublico.uni-duisburg-essen.de/servlets/DerivateServlet/Derivate-41181/07\\_Ruckus\\_ZhangLu.pdf](http://duepublico.uni-duisburg-essen.de/servlets/DerivateServlet/Derivate-41181/07_Ruckus_ZhangLu.pdf)].

<sup>2</sup> Both interviews took place during the conference "Chinese Capitalism in the World System: New Perspectives" in Cologne on December 12, 2015.

<sup>3</sup> Li Minqi. *The Rise of China and the Demise of the Capitalist World Economy*. New York: Monthly Review Press, 2008.

demic activity that took him from Amherst to Toronto and finally to Salt Lake City.<sup>4</sup>

## China and the 21st Century Crisis

Li's latest book, *China and the 21st Century Crisis* (2016), elaborates on some of the theses and predictions of the earlier mentioned one, adding the experience of the global crisis since 2007–8, the relative slowdown and mounting problems of the Chinese economy, and new research on climate change.<sup>5</sup> Li suggests that while the crisis of the 1970s and 1980s could be solved through the “spatial fix” to China with its abundant cheap labor, the latest crisis *will not be fixed*. And he goes further: “[B]y the 2020s, economic, social, and ecological contradictions are likely to converge in China, leading to a major crisis for Chinese and global capitalism. Unlike the previous major crises, the coming crisis may not be resolved within the historical framework of capitalism” (p. 2).

The end of capitalism? A promising outlook and audacious prognosis. Li's argument is not teleological, though, and in the interview below he underlines that “no one is predicting the details of the future, but we try to understand the range of historical possibilities based on what we have learned from the past and the present.” He lists historical social, economic, and ecologic evidence to identify “trends” and underpin his forecasts. The result is an interesting book, albeit in parts controversial, an inspiring contribution to the debate on a possible collapse of capitalism and the future beyond it.

### Predicting the terminal crisis

Li looks at three dimensions which show that both Chinese and global capitalism are reaching their limits: historical conditions for

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<sup>4</sup> *Ibid.*, pp. x–xix.

<sup>5</sup> Li Mingqi. *China and the 21st Century Crisis*. London: Pluto Press, 2016; all page numbers in brackets refer to that book unless stated otherwise.

capitalism to exist and prosper are fading; proletarianization in China is reaching a critical level; and the global statics of core, semi-peripheral, and peripheral states are getting increasingly unsound.

*Economic limit: fading conditions*

In his discussion of capitalism's "cyclical rhythms and secular trends" (p. 42), and of business cycles, long waves, and hegemonic cycles in particular, Li looks at Marx's theory of the *tendency for the rate of profit to fall*. Historically, writes Li, the tendency is evident but has been interrupted since geographical expansion has helped global capitalism to repeatedly lower costs and restore favorable conditions of capital accumulation—the so-called "spatial fix".<sup>6</sup> Cyclical movements "have provided mechanisms through which global capitalism has continually reproduced its own basic laws of motion. But as global capitalism expands through short-term and long-term cycles, various economic, political, social, and ecological parameters have been transformed" (p. 48). So the question is whether China will "be able to lead a successful restructuring of the capitalist world system as the United States did after 1945" or whether the changing parameters or conditions point to "the historical limit of capitalism" (ibid.).

Li refers to Immanuel Wallerstein's notion that in order to function capitalism needs a "certain set of historical conditions" (p. 53), in essence, acceptably high profit rates which depend on the "availability of cheap labor force, cheap material inputs, and [an] effective state with low taxes" (p. 54). A "tendency for the wage cost, the material cost, and the taxation cost to rise relative to the value of economic output" (ibid.) is evident and related to urbanization, proletarianization, depleted natural resources, and environmental

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<sup>6</sup> A term coined by David Harvey. Li's findings on the development of the profit rate are largely in accord with other authors; see, for instance: Andrew Glyn. "Globalization and profitability since 1950: a tale of two phases?" In: Shaikh, Anwar (ed.). *Globalization and the Myths of Free Trade: History, theory, and empirical evidence*. London/New York: Routledge, 2007, pp. 288–300.

destruction. In the neoliberal period (after 1980) the massive “spatial fix” helped lower wage costs and raise profits, and global capitalism “managed to survive several major crises” (p. 58), but recent indicators show a general slowdown of economic growth and of technological development, in particular.<sup>7</sup>

Regarding China, Li continues, “it appears that in five to ten years it will be very difficult for Chinese capitalism to continue to reproduce the various conditions that have so far supported its capital accumulation.”<sup>8</sup> With its dependence on manufacturing exports, China needs to maintain large investments in industrial equipment and infrastructure, and that brings down China’s profit rate. “From 1990 to 2010, Chinese business sector’s profit rates moved in the range of 20–30 percent, about twice the level of the US profit rates” (p. 79). Since 2007, the Chinese profit rate has fallen sharply. “China’s output-capital ratio is now approaching levels comparable to the US output-capital ratios during the Great Depression” (pp. 80–1). Rising wages, taxes, and capital costs aggravate the profit squeeze further.<sup>9</sup>

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<sup>7</sup> Regarding technological development, Li refers to the “neo-classical economist” Robert Gordon who states that “the most important technological innovations have already taken place”—namely in three *industrial revolutions*—so there might not be enough *innovative capacity* to boost capitalist development and, eventually, to continue the endless accumulation of capital (p. 58). See: Robert J. Gordon. “Is U.S. economic growth over? Faltering innovation confronts the six headwinds.” *National Bureau of Economic Research*, Working Paper 18315, 2012 [<http://www.nber.org/papers/w18315>] and Gordon’s reference to the three industrial revolutions: IR #1 (steam, railroads) from 1750 to 1830; IR #2 (electricity, internal combustion engine, running water, indoor toilets, communications, entertainment, chemicals, petroleum) from 1870 to 1900; and IR #3 (computers, the web, mobile phones) from 1960 to present (Gordon 2012, as cited above, pp. 1–2).

<sup>8</sup> Quote from the interview with Li Minqi documented below (see p. 137).

<sup>9</sup> Li’s account of the costs: China’s labor income (wage costs) as part of GDP has dropped from 47 percent (1990) to 32 percent (1998), stayed around 34–35 percent from 2000–2010 and moved up to 38 percent (2012). The taxation costs dropped from 15 percent (1990) to less than 10 percent (1996) and rose to 18 percent (2012). Capital costs rose from 11 percent (1990) to 16 percent (2003) and dropped to 13 percent (2012); see pp. 82–3.

When looking at previous capitalist epochs (in Britain and the US) it becomes clear that a major crisis is likely to occur when the profit rate of an economy approaches ten percent (p. 94).<sup>10</sup> That will probably happen by the 2020s. However, the crisis of 2007–8 and China’s massive state-funded stimulus programs led to an increase of public investments and an explosion of debt, and with a rising debt-GDP ratio a serious crisis might break out even before 2020.<sup>11</sup>

In this light, the attempts of the Chinese Communist Party (CCP) regime to “upgrade” and “rebalance” the Chinese economy seem in vain. “[W]estern core capitalist states met the challenges from the industrial working classes by undertaking internal reforms, which accommodated the demands of the working classes through economic and social concessions (Keynesian macroeconomic policy, welfare state, and legitimate roles for labor unions)” (p. 180). China does not have the resources, time, and space for such concessions.<sup>12</sup>

As indicated before, given its importance, the slowdown of the Chinese economy and the mounting social crises will most likely drag the global economy into recession.

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<sup>10</sup> Li’s account of the profits: China’s ratio of accumulation rose from around 40 percent (1990–2005) to around 50 percent (2006–2008) and 69 percent (2012); the profit growth rate and the marginal profit rate was 20 and 50 percent (1991–1996), decelerated sharply in the late 1990s (privatization, unemployment, lower demand), accelerated after 2001 (WTO membership), reached 18 percent and 37 percent (2007) and fell sharply afterwards to 1 and 1,5 percent (2012); see pp. 86–7.

<sup>11</sup> “In China, the total non-financial sector debt was relatively stable from 2003 to 2008, with debt-GDP ratios fluctuating around 140 percent. [...] From 2008 to 2013, China’s non-financial sector debt surged from 140 percent of GDP to 209 percent of GDP” (p. 96).

<sup>12</sup> For a discussion of China’s upgrading and rebalancing attempts see: Florian Butollo. *The End of Cheap Labour: Industrial Transformation and ‘Social Upgrading’ in China*. Frankfurt on the Main: Campus, 2014, and the review: Ralf Ruckus. “Rezension: Florian Butollo, *The End of Cheap Labour? Industrial Transformation and ‘Social Upgrading’ in China*.” In: *Sozial.Geschichte Online*, 17, 2015, pp. 135–148 [[http://duepublico.uni-duisburg-essen.de/servlets/DerivateServlet/Derivate-40369/07\\_Ruckus\\_Butollo.pdf](http://duepublico.uni-duisburg-essen.de/servlets/DerivateServlet/Derivate-40369/07_Ruckus_Butollo.pdf)].

*Social limit: critical level of proletarianization*

Li rightly observes that “[t]he only realistic ‘comparative advantage’” China could rely upon when initiating the market reforms and opening up for foreign investments “was to combine the Maoist industrial foundation and a large cheap labor force and turn itself into the center of manufacturing exports in the global capitalist economy.” That strategy was successful because it “coincided with the global capital relocation that took place in the late twentieth century” (p. 35). The development of a massive export industry changed China’s social composition as hundreds of millions were driven off the countryside and turned into (semi-)proletarian wage workers—the biggest industrial working-class within the limits of one nation state in history so far.

Not surprisingly, since the 1980s China has become “one of the key battlegrounds in the global class struggle” (p. 3), and the continuous process of turning peasants and rural laborers into urban proletarians is reaching a critical limit: “[B]y 2020, China will have a level of proletarianization comparable to that in Brazil, South Korea, and Poland in the 1980s” (p. 39). As those four countries reached a non-agricultural employment of 70–80 percent in the 1980s, they experienced major economic and political crises, and Li sees this as a crucial level beyond which regional regimes find it difficult to accommodate political and economic demands of working and middle classes. Yet, “[u]nlike Brazil, South Korea, and Poland in the 1980s, the coming economic and political crisis of the Chinese capitalism will take place as the structural crisis of the global capitalist system is approaching,” so China does not have the opportunity to wait out its internal problems (p. 41).<sup>13</sup>

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<sup>13</sup> Other problems aggravate the situation. The Chinese population is aging, and the working-age population is already in decline. The transfer of labor from the agricultural to the non-agricultural sector will come to an end, so the total labor force will stop growing, and the supply of cheap labor power for the urban industries is drying up (p. 90). On the demographic changes and their effect on the supply of labor power as well as the dynamics of crisis and debt in China since the crisis in 2007–8 see: Ralf Ruckus. “China Crash – The Faltering of Economic Transition.”

*Systemic limit: expanding semi-periphery*

The evident economic and social limits of capitalist development in China and beyond are supplemented by the lack of another possibility for a geographical expansion and the tapping of new labor resources for capitalist production. When, in the history of global capitalism since the 16th century, the core regions experienced rising labor and resources costs and a depression of the profit rate, the periphery repeatedly provided space, labor, and other resources to solve stagnation and crisis (p. 62).<sup>14</sup> However, according to Li, capital's move to China in the late 20th century and China's entering of the semi-periphery in the early 21st century leads to rising costs of global labor and resources *without any room* for another "spatial fix." Li elaborates on two historical observations here:

The *first* observation shows the inherent instability in a growing semi-periphery. "From the 1960s to the 1980s, the semi-periphery was at the center of global political instability," namely countries in Eastern Europe and Latin America (p. 69). Popular upheavals, workers' mobilizations, (de-)industrialization, debt crises and "structural adjustments," military dictatorships, and "democracy" movements reflect social changes in regions that are neither part of the core nor the periphery and, therefore, are both beneficiary and victim of "unequal exchange."<sup>15</sup> China is experiencing similar challenges to its social, economic, and political stability, produced by rapid in-

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*gongchao.org*, September 2015 [<http://www.gongchao.org/en/texts/2015/china-crash>].

<sup>14</sup> With regard to the division and relation of core, semi-peripheral, and peripheral region, see, for instance, Terence K. Hopkins and Immanuel Wallerstein. "Patterns of Development of the Modern World-System." In: *Review (Fernand Braudel Center)*, Vol. 1, No. 2, Fall 1977, pp. 111–145.

<sup>15</sup> "Unequal exchange" describes a situation whereby semi-peripheral countries export commodities embodying a comparatively greater amount of labor in exchange for commodities imported from core regions embodying a comparatively smaller amount of labor. Their exchange with peripheral regions is *vice versa*. See: Immanuel Wallerstein. *The Capitalist World Economy: Essays by Immanuel Wallerstein*. Cambridge: Cambridge University Press, 1979, p. 71.

dustrialization, migration, and urbanization.<sup>16</sup> And as “the Chinese working class and urban middle class begin to demand higher living standards as well as political and social rights, China is likely to face a major crisis similar to the crisis faced by the Eastern European and Latin American semi-peripheral countries in the 1970s and 1980s” (p. 78).

The *second* observation points to the spatial and economic limits to capitalist accumulation posed by a region as big as China. When, as a result of the crisis that started in the 1970s, industrial capacities from the core and the semi-periphery were relocated to and expanded in China—a process that started in the 1980s and gained momentum in the 1990s—it was the first time in capitalist history that labor force and natural resources were mobilized to such an extent “in a large geographical area in the periphery” (p. 78). And while, at that time, the semi-periphery constituted a fairly small portion of the world population, China’s imminent move up would add twenty percent of the world population to the semi-periphery.<sup>17</sup> “[B]oth the population and the geographical areas that participate in high levels of energy and resources consumption will be greatly expanded” (ibid.) and the “enormous economic surplus that China currently supplies to the core through unequal exchange could completely vanish in about a decade” (p. 76). Global capitalism will not be able to accommodate the demands of such a large semi-peripheral working class, and within the capitalist world system “there is not another large geographic area that can substitute China and generate economic surplus on a similar magnitude” (p. 77).<sup>18</sup>

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<sup>16</sup> As do semi-peripheral countries as Brazil, Russia, South Africa, Turkey, and others.

<sup>17</sup> Later in the book, Li states that the core and the semi-peripheral working classes “together accounted for less than one-third of the global labor force,” but China’s rise to the semi-periphery will raise that proportion up to one-half (p. 173). On China’s imminent (or recent) move up to the semi-periphery, see also Li’s comments in the interview below (pp. 134-5).



## Ecological disaster

Faced with rising costs and falling profits, growing proletarian demands, and having nowhere to go next to solve the crisis, the future development of capital accumulation in China and beyond is also hampered by ecological constraints. While global capitalism has managed to recover from previous major crises, it may fail this time because in contrast to previous times of crisis and change it has to face *and solve* the escalating ecological problems. At the heart of this is the contradiction of an economic system that needs permanent capital accumulation, growth, and resource consumption vs. a planet with limited resources that will only survive if ecological sustainability is reached.

According to Li, in order to maintain economic and social stability, the Chinese economy alone (currently) needs a growth rate of more than five percent and continuing massive investments in industrial and urban infrastructure.<sup>19</sup> China's growth leads to a continuing hunger for fossil fuels on world energy markets as well as to the fatal drainage of water supplies and increasing (literally: choking) air pollution in urban areas, and it aggravates the problems leading to climate change.<sup>20</sup> Meanwhile, ecological sustainability demands an economic slowdown or even *negative* growth—in any

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<sup>18</sup> This relates to Wallerstein's comment: "One could cut in several-hundred-million Western workers and still make the system profitable. But if one cut in several billion Third World workers, there would have been nothing left for further capital accumulation." See: Immanuel Wallerstein. "Response: Declining States, Declining Rights?" In: *International Labor and Working-Class History*, No. 47, Spring 1995, pp. 24–27, here: p. 25.

<sup>19</sup> Li states that, on a global scale, core capitalist countries need three percent growth, peripheral and semi-peripheral states four to five percent. The global capitalist economy on average "needs to grow by about 3.5 percent a year to avoid rising global unemployment. To sustain a global economic growth rate of 3.5 percent, the world primary energy consumption needs to grow by about 2 percent a year" (p. 104).

<sup>20</sup> In his book, Li devotes whole sections to the water crisis (p. 157), air pollution (p. 161), and carbon dioxide emissions (p. 164).

case far less than the growth and profit rate expected by capital and necessary to avoid economic collapse.

Above all, capitalist accumulation and economic growth depend on energy which is still in large part produced through fossil fuels. “Between 2000 and 2014, the global economy practically did not reduce its dependence on fossil fuels”, with oil, natural gas, and coal accounting “for 86 percent of the world’s total primary energy consumption in 2014” (p. 104). Since the world production of fossil fuels will peak before the mid-21st century and non-fossil energy sources—such as nuclear and renewable energy—are insufficient to offset their decline, world energy production and consumption will probably decrease after 2030, aggravating the crisis of global capitalism.<sup>21</sup> Although the decrease of fossil fuel usage will lead to a decline in carbon dioxide emissions, that decline will most likely be too late and too slow to prevent climate catastrophes. Even an immediate decision to systematically replace, for instance, high emission power plants with “clean” technologies, would take decades to complete and actually have a sufficient cleaning effect.<sup>22</sup>

Global warming and its consequences—including rising sea levels and the flooding of urban areas as well as the destruction of agricultural areas—will create “environmental refugees,” slow down capitalist accumulation, deepen the “structural crisis of global capitalism” (p. 131) and even threaten “the material foundation of hu-

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<sup>21</sup> According to Li, oil peaks in 2018 (p. 114), “liquid fuels” peak in 2020 (p. 115), natural gas peaks in 2029 (p. 122), and world coal production in 2034 (p. 125); uranium resources might “last about 120 years” (p. 126), and wind and solar electricity is “limited by the availability of land and precious metals” (p. 130). Li estimates that the global economic growth rate will “fall below 2 percent by 2030, fall below 1 percent by 2040, and approach 0.7 percent by 2050” and he concludes: “Based on the historical experience, a prolonged period during which the global average economic growth rate stays below 2 percent may be considered a period of major crisis of global capitalism” (p. 133). The major crisis that will “no longer be resolved within the basic institutional framework of capitalism” and “will prove to be the structural or the terminal crisis of global capitalism” will occur around 2030” (ibid.).

<sup>22</sup> For all the reasons already mentioned, Li emphasizes that there is no chance for “green capitalism,” which he rightly calls a “wonderland” (p. 141).

man civilization” (pp. 136–7). “[N]either Chinese capitalism nor global capitalism can be made compatible with the basic requirements of climate stabilization under conditions that will promote the long-term sustainability of human civilization,” Li concludes (p. 168). According to Li, that leaves just one alternative: global class struggle has to bring about “the demise of the global capitalist system and replace it with a new social system that is organized on the principles of social equity and ecological sustainability” (p. 169). Whether such a development has any chance on a global scale will be decided in China. Li’s critical prognosis is persuasive, but which way to go from here is a controversial question.

### **Fatal belief in historical socialism**

Li’s economic and social arguments, i.e. on the effects of a falling profit rate and the rising popular expectations as a result of widespread proletarianization, as well as his elaboration on the ecological crisis are more convincing than his position on the “socialist” experience and his hope for a “socialist” future. Although it is certainly true that the “end of history” and “there is no alternative” talk of the 1980s and 1990s proved to be wishful thinking of global ruling classes determined to keep up capitalist exploitation and stay in power, Li’s conception of historical and future “socialism” remains flawed as he holds on to a concept of revolution via seizing political power in “socialist” states. This weakness plays out on at least three levels: his interpretation of historical Maoism; his undervaluation of China’s new (migrant) working class and mystification of the Chinese “New Left”; and his narrow perspective on a possible transition (to socialism).

#### *Dead end of Maoism*

In his discussion of China’s class struggle and class structure as it developed during the Maoist phase since 1949, Li states that it “took the Communist revolution to establish in China the necessary social conditions required for effective capital accumulation,”

i.e., industrialization and economic growth (p. 17). The CCP installed a so-called “socialist social contract” that was based on *two phases*:<sup>23</sup> in “the short run,” workers’ and peasants’ basic needs were provided for but with “low levels of material consumption”—because the generated economic surplus was needed for the ambitious industrialization program; in “the long run,” the socialist state promised to provide high living standards and, most importantly, “eliminate all forms of inequality, preparing the material and social conditions for the classless communist society” (ibid.).

Li neither questions the alleged necessity to organize an “effective capital accumulation” nor criticizes the social relations created to realize it, i.e., the social divisions in Maoist China between a part of the urban working class that enjoyed a set of social guarantees while other parts of the urban working class and most of the peasant class were excluded from those guarantees and had even lower “levels of material consumption” during what he calls “the short run.” Obviously, the promise for “the long run” (i.e., a classless society) was never delivered on.<sup>24</sup>

Far from analyzing the *struggles* of the working and peasant classes during Maoism against new social hierarchies and injustices, Li merely states that the “socialist social contract” was “undermined when the material privileges of the Communist Party cadres and intellectual ‘experts’ were expanded and institutionalized” (p. 18). He largely reduces the “Class War the Chinese Working Class Lost” (p. 21) to the “battle between the Maoists and the Liu-Deng faction” (p. 18). By presenting the failure of historical Maoism as the

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<sup>23</sup> Li himself denies promoting a transformation in *two phases*. “They failed to achieve the classless society, but they certainly fulfilled the historical task they could fulfill. That was, to mobilize capital resources for industrialization” (see the interview below, p. 140).

<sup>24</sup> Li concedes the latter but excuses it with the fact that China remained a part of the capitalist world-system and was under the “pressure of global market competition” (p. 191). A similarly simplifying argument can be found in: Immanuel Wallerstein. “A Left Politics for the 21st Century? Or, Theory and Praxis Once Again.” In: *New Political Science*, 22:2, 2010, pp. 143–159.

result of the intrigues of the “Liu-Deng faction,” Li mystifies the contradictions of the Chinese state socialism and party regime and tries to safeguard Maoism against left-wing critiques. This maneuver also enables him to present a Maoist version of Marxism as a political strategy for the struggle against *contemporary* capitalism in China and on a global scale.<sup>25</sup>

*Nothing new in the New Left*

Li rightly observes that the eventual abolishment of the “socialist social contract” by the Chinese ruling class, and the “transition to capitalism” initiated in the late 1970s and accomplished in the 1990s, was welcomed by the “urban middle class,” and that the latter’s hope for access to political power was destroyed by the Tian’anmen massacre in 1989. The Communist Party elites and the urban middle classes subsequently formed a “*de facto* pro-capitalist alliance” (p. 23). After “agricultural privatization” in the 1980s and the restructuring and partial privatization of the industrial state sector in the 1990s, the “victory of the new Chinese capitalist class” (ibid.) over the “confused and disoriented” urban working class was evident (p. 22). The establishment of a private industrial sector was accompanied by the making of a new working class, a new generation of migrant workers who “are better educated, concentrated in big cities and coastal provinces,” with “higher consumption expectations” (p. 29). The bargaining power of this class

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<sup>25</sup> To cite only one example: According to Li, Mao Zedong tried to “save the revolution” by mobilizing workers and students against the bureaucracy during the Cultural Revolution in the mid-1960s—a distorted picture when we consider the role Mao played during the Cultural Revolution, such as calling in the army to repress uncontrollable rebel uprisings by students and workers and to reestablish the power of the bureaucrats in the late 1960s. For a detailed analysis see: Wu Yiching. *The Cultural Revolution at the Margins: Chinese Socialism in Crisis*. Cambridge / London: Harvard University Press, 2014, and the review: Ralf Ruckus. “Die andere Kulturrevolution: Wu Yichings Thesen zur historischen Krise des chinesischen Sozialismus.” In: *Sozial.Geschichte Online*, 17, 2015, pp. 103–134 [[http://duepublico.uni-duisburg-essen.de/servlets/DerivateServlet/Derivate-40368/06\\_Ruckus\\_Wu\\_Kulturrevolution.pdf](http://duepublico.uni-duisburg-essen.de/servlets/DerivateServlet/Derivate-40368/06_Ruckus_Wu_Kulturrevolution.pdf)].

is rising, and it is likely that Chinese capitalism will not be able to accommodate its economic and political demands.

Yet Li neither analyzes the composition of this new working class nor the potentials and limitations of its struggles. Instead he takes a shortcut and looks for cross-class “alliances” that might promote “socialist” change. While in the 1980s, according to Li, “many Chinese intellectuals and college students were attracted by neoliberal ideas, taking the promise of free market capitalism serious,” that changed throughout the 1990s and in the early 2000s, when “[p]rogressive intellectuals, radicalized students, worker activists with experience in anti-privatization struggles, old Communist Party cadres who kept their commitment to socialism, and old rebels in the Cultural Revolution, merged into a broadly based leftist social movement,” most of them identifying as “Maoists” (p. 34).

Far from being a mass movement, this has, actually, been the composition of the so-called *New Left* in China. Li’s presentation of the “Chongqing Model” of CCP leader Bo Xilai illustrates one of the limitations of his approach and of parts of the *New Left* itself. Li describes Bo and his model as a “significant deviation from the neoliberal strategy of privatization and liberalization promoted by China’s national leadership,” as Bo followed a more state-centered economic strategy (p. 15). How significant the “deviation” actually was remains unclear. Bo Xilai may have favored more state interventions in economic processes than other party leaders, as Li underlines, but before his exclusion from the party and his imprisonment for corruption after 2012, he supported the capitalist transformation and development model as a high-level CCP cadre.<sup>26</sup>

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<sup>26</sup> Bo Xilai was mayor of Dalian city (1993–2000), governor of Liaoning province (2001–2004), China’s secretary of commerce (2004–2007), and CCP secretary in Chongqing as well as a member of the CCP’s Central Politburo (2007–2012). For Bo’s biography, see [[http://chinavivae.com/biography/Bo\\_Xilai](http://chinavivae.com/biography/Bo_Xilai)]. For comments on Bo’s role in the restructuring of the state sector as governor in Liaoning and his cooperation with “big capital” as party secretary in Chongqing, see: Bai Ruixue. “Review: Li Minqi’s ‘China and the 21st Century Crisis.’” *socialistresistance.org*, May 19, 2016 [<http://socialistresistance.org/8404/china-and-the-21st-century-crisis-a-review>].

This support for a more state-centered economic system points to a wider problem, the assessment of what is “left” about the “New Left” in China and what kind of economic, political, and social transformation it proposes.<sup>27</sup>

### *Transition backwards?*

Li’s mystification of the “socialist” past plays out in his conception of the future. “As economic, social, and ecological contradictions begin to overwhelm Chinese capitalism, the global capitalist system is entering into a structural crisis that can no longer be resolved within its own institutional framework. The age of transition has arrived” (171).<sup>28</sup> So far, so good—but where this transition will lead remains open, even if Li is clear about alternatives: “Reform, Revolution, or Collapse” (p. 180).

Li states that, so far, the Chinese population has accepted the CCP rule “based on the expectation of rising material living standards despite rising inequality and insecurity, environmental degradation, and political oppression. But as the capitalist contradictions deepen and China’s economic growth slows down, there is already a rising gap between the people’s expectations and the ability of the Chinese capitalist system to deliver” (p. 182). The rapid increase of “mass incidents” or “social order violations” from the 1990s until today is a clear indicator of a certain delegitimization of the CCP regime and rising social tensions (p. 182).<sup>29</sup> As promoters of pro-

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<sup>27</sup> Lance Carter aptly summarizes the limitation of China’s *New Left*: “Most neo-Maoists in the New Left have admitted the overall failure of the Cultural Revolution yet wish to vindicate Maoism based on its professed aims. But how are these aims to contribute to a Chinese alternative in the present if the means to achieve them have been proven so misguided in the past?” See: Lance Carter. “A Chinese Alternative? Interpreting the Chinese New Left Politically.” *insurgentnotes.com*, June 6, 2010 [<http://insurgentnotes.com/2010/06/chinese-new-left>].

<sup>28</sup> For more on the “age of transition” Li points to: Terence K. Hopkins and Immanuel Wallerstein (eds.). *The Age of Transition: Trajectory of the World-System, 1945–2025*. London: Zed Books, 1996.

<sup>29</sup> Li merely looks at the quantitative side of this and does not analyze the potentials and limits of concrete struggles: The figures for “mass incidents” (a term used

gressive change in China, Li identifies only the mentioned “anti-capitalist alliance” (ibid.) of the working class and disillusioned parts of the urban middle class, without describing how such an alliance could develop agency and power on the ground.

For the future development *towards* “socialism,” Li describes three possible scenarios. Under the *first* scenario, the CCP orchestrates a successful transformation from above. “[P]ressed by the growing popular protests,” the CCP implements economic and social reforms in an abandonment of neoliberal policies, pursuing a more socialist-oriented model and including a revival of state owned enterprises. Yet, since the CCP has “purged from its own ranks the last significant faction that was in opposition to neoliberal capitalism,”—referring to the Bo Xilai faction—Li discards this scenario as “highly unlikely” (p. 183).

Under the *second* scenario, a liberal democracy replaces the old system, followed by a successful seizure of power from below. The CCP dictatorship first disintegrates through the explosion of “mass incidents” and “a popular revolution overwhelming the Party state.” However, the establishment of a “formal liberal democracy” enables the capitalist class to “retain substantial influence through their control over the army, the police, and the tax revenue.” Because of the lack of a “unified leftist political party, the revolutionary socialist left may initially have difficulty in taking over national political power.” Nonetheless, Li sees a chance that the left still seizes political power on a local and regional level through popular support. As the crisis continues and weakens the “national capitalist govern-

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by the Chinese government to refer to a wide range of social protests including strikes, sit-ins, marches, rallies, and riots)” developed as followed: 1993: 8,700, 2003: 60,000, 2008: 120,000.” (p. 182; Li does not give a source for these figures.) “Social order violations,” a term used by the Chinese Ministry of Public Security for a range of protest forms, “increased from 3.2 million in 1995, 11.7 million in 2009, to 13.9 million in 2012” (ibid.). Li’s source for these figures is: Murray S. Tanner. “China’s Social Unrest Problem. Testimony before the U.S.-China Economic and Security Review Commission.” *China Studies Division, CNA*, May 15, 2014 [[http://www.uscc.gov/sites/default/files/Tanner\\_Written%20Testimony.pdf](http://www.uscc.gov/sites/default/files/Tanner_Written%20Testimony.pdf)].



ment, [...] the nation-wide balance of power will be gradually turned in favor of revolutionary socialist forces, laying down the foundation for nation-wide socialist transformation” (p. 184).

Under the *third* scenario, the crisis of Chinese capitalism “may lead to a general political and social collapse” and, “in the worst case, civil war.” Again, the left can take over power in certain regions, but its survival depends on the formation of “an effective armed force (such as workers’ militia), whether they can establish a secured base of economic revenue, and whether they can skillfully take advantage of the internal contradictions of the capitalist class.” Again, as the capitalist political powers “fail to resolve the on-going economic, political, and ecological crises, revolutionary socialist forces will have the opportunity to gradually gain the upper hand in the struggle for national political supremacy” (pp. 184–5).

Li’s last two “likely” scenarios largely neglect geopolitical developments and focus on a “national” solution and the seizure of power by “leftist” forces backed by the working class.<sup>30</sup> Li does mention that “the taking over of the state power will only be the first step in a ten-thousand-mile ‘long march,’” again invoking the *two phase* concept of revolutionary change (p. 185). After conceding that, in 20th century historical socialism, “[p]olitical and economic power was concentrated in the hands of privileged bureaucrats and technocrats, who over time evolved into a new exploitative ruling class” (ibid.), he nevertheless leaves open how the dangers and failures of a strong state with central economic planning led by a political party could be prevented in such a future case. He proposes that while “[t]wentieth-century socialist states remained a part of the capitalist world system and had to compete against the capitalist states economically and militarily” (ibid.), the parallel implosion of Chinese and global capitalism in the twenty-first century would relieve

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<sup>30</sup> Any implosion of China would have serious effects on other world regions and their economic, social, and political stability as well as their ability to, once more, *fix* the crises, and it might well lead to direct interventions from outside. In the interview below, Li concedes a “huge degree of uncertainty” regarding such global ramifications (see p. 147).

a new “socialist” state from such competition, but by blaming competitive pressures from outside for the failure of historical socialism he downplays its internal social and political failures.

Li’s predictions and scenarios employ a limited perspective on the nation state. He discusses the chances of a socialist transformation in China in terms of a “socialist government” expanding “productive state-owned enterprises” and controlling economic exchanges “across national borders” (p. 190) while “delinking” its economy with the help of “strong protectionist policies” (p. 191). Li’s maneuver here is simple: the “pressure” of global capitalist competition on any future “socialist” state will continue as in the 20th century, and a “delinking” is necessary so that this “socialism” will not go down the drain again immediately. Since the global capitalist system is in its terminal crisis and will collapse soon, Li’s proposal ends up as a *race*: if the “delinking” proves temporarily successful, and if global capitalism collapses in time, the negative effects seen in 20th century “socialist” countries could be avoided. This scenario seems adventurous, to say the least.

Li does not just follow a leftist mystification of historical socialism but also a particular interpretation of world-system analysis that uses a *global* perspective concerning economical and political processes—and ecological processes, in Li’s case—while taking a *national* perspective concerning social movements and their political actions. This produces a discrepancy between the analysis of *global* causalities and the search for *national* solutions. Rather than looking at the origins and effects of the (terminal) crisis of global capitalism while limiting the scenarios to the potentially explosive power of working class struggles in China, it is necessary to focus on the development of social struggles around the world and the (potential) making of a global working class in and through these struggles.<sup>31</sup>

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<sup>31</sup> This combination of world-system analysis and a focus on *global* class struggles (i.e., the reciprocal effects of social upheavals in different parts of the world) can be found in the work of Silver; see, for instance: Beverly J. Silver. “Theorising

## Conclusion

Li's argument about the social, economic, and ecological limits of Chinese as well as global capitalism is reasonable and offers valuable insights for the ongoing debates on the current crisis and the possible collapse of capitalism, especially if we consider the endemic ignorance of parts of the contemporary left concerning these issues. The 2007–8 crisis led to a widespread discussion, across the left, on the future (or lack thereof) of capitalism. There was an increasing interest in Marxist and other theories of the origins of economic and political instabilities, and of the social forces that may bring capitalism to an end. These discussions were further inspired by the many social rebellions around the globe. However, today's left seems to have been mollified and blinded by massive state interventions and stimulus programs that have fixed some crisis symptoms and led to improved economic benchmarks and indexes while, actually, rather aggravating than solving the political, economic, and social crises.<sup>32</sup>

Meanwhile, Li's standard leftist question whether there is an alternative to socialism (in the 21st century) sounds odd if it is meant to say that the state socialism he refers to was *the only* alternative to either capitalism or chaos aka (civil) war (p. 189). If there is a chance to bring about the end of capitalism in China and globally, we have to learn from the experience of historical socialism—beyond the *demonization* of attempts to create a society without capitalist exploitation, and beyond the *mystification* of historical

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the working class in twenty-first-century global capitalism." In: Atzeni, Maurizio (ed.). *Workers and Labour in a Globalised Capitalism: Contemporary Themes and Theoretical Issues*. Basingstoke: Palgrave Macmillan, 2014, pp. 46–69. For a discussion on the global working class see: Wildcat. "Global Working Class." *wildcat-www.de*, translated from the German edition of Wildcat, No. 98, Summer 2015 [[http://www.wildcat-www.de/en/wildcat/98/e\\_w98\\_wak.html](http://www.wildcat-www.de/en/wildcat/98/e_w98_wak.html)].

<sup>32</sup> The ghostwriters of the capitalist class seem to be more aware of the looming countdown for capitalism; see, for instance, the recent article in a leading German business paper headlined "Kapitalismus kaputt": Malte Fischer. "Die Krise des Kapitalismus." In: *Wirtschaftswoche*, 13, March 23, 2016, pp. 16–21.

“socialism,” which was meant to accomplish that but didn’t.<sup>33</sup> Only then can the rebellious classes of the exploited take advantage of the historical chance offered by systemic instability and the structural crisis of capitalism that, for social, economic, and ecological reasons, “can no longer be resolved within its own institutional framework” (p. 191). That is the historical chance to abolish capitalist relations and create a society without exploitation, not “across” but *without* national borders, by actively taking control over all aspects of a global society *without* taking over any “national political power.”

### Interview with Li Minqi<sup>34</sup>

*In your newest book, you still describe China as a peripheral state based on a range of figures.<sup>35</sup> When you write about other states in other periods, you make some exceptions—beyond the mere figures such as the GDP level—to identify them as semi-peripheral because they have reached an important status in the world-system.<sup>36</sup> Why do you insist China is still a peripheral state rather than listing it as a semi-peripheral one, given its global importance?*

In fact, in other texts I probably have described China as semi-peripheral and not peripheral. The relationship between core, semi-periphery, and periphery is—to some degree—always controversial within the world-system approach. The relationship between core and periphery is relatively straightforward—regarding the concentration of wealth in the core, the transfer of surplus from the periphery to the core. In the 20th century, the semi-periphery tended

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<sup>33</sup> For a critique of this mystification see, for instance, the book by Wu (2015, pp. 235–237) and its review by Ruckus (2015) as cited in footnote 25.

<sup>34</sup> The interview with Li Minqi took place in Cologne, Germany, on December 12, 2015. Questions were asked by the author of the above review.

<sup>35</sup> See Li, 2016, p. 75 (as cited in footnote 5).

<sup>36</sup> *Ibid.*, pp. 199–200.

to be those places where global capital was relocated during the time of crisis in the core capitalist countries. The core capitalist countries needed to establish new monopolies with profits, and, in the meantime, they needed to relocate old industries. Countries such as the Soviet Union and those in Latin America tended to be the main beneficiaries in the mid-20th century.

I tried to apply the same framework to China. When I was doing the research, I was fully expecting that China was qualifying as semi-periphery. When China started the capitalist transition in the 1980s, it was clear: China was still a part of the periphery. It became less clear by the early 21st century. If you take the old Maddison data,<sup>37</sup> you would probably see China as having already become a part of the semi-periphery by now, but the Maddison data series ended by 2008. So I had to use World Bank data.<sup>38</sup> When I used the World Bank data I found that China is still substantially below the world average. I wanted to keep it consistent with the criteria applied to the previous periods, and I wanted to avoid the dilemma that if I move China to the semi-periphery some other countries with higher per capita GDP [than China] would also [have to] be considered as semi-periphery.

I also did calculations on unequal exchange between the countries, and I found that, right now, China is already in the position to “exploit” some peripheral countries such as in Africa and South Asia, in the sense that less Chinese labor is required to exchange for more labor from Africa or South Asia. However, on average, it still takes about two units of Chinese labor to exchange for one unit of the global average labor. So, technically, China is still part of the periphery, but China is on the way towards semi-periphery. That by itself is going to cause fundamental change in the capitalist world-system.

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<sup>37</sup> Angus Maddison. *Statistics on World Population, GDP, and Per Capita GDP, 1–2008 AD. 2010*. Online at [<http://www.gdpc.net/MADDISON/oriindex.htm>].

<sup>38</sup> World Bank. *World Development Indicators*. 2014. Online at [<http://databank.worldbank.org>].

*What is new about the recent book—compared, for instance, with The Rise of China and the Demise of the Capitalist World-System? Is it that you predict a major crisis in China in the next five to ten years based on your statistics and calculations, and then a final crisis of the capitalist world-system around 2030? Could you explain these predictions—considering that it is quite dangerous to make them?*

Very dangerous. The “terminal crisis” or the “structural crisis” of the capitalist world-system is another matter,<sup>39</sup> but, speaking about China, the basic question is whether China’s current capitalist accumulation can be sustained into the future or not. China’s capitalist accumulation in recent decades has been based on the intensive exploitation of a large “cheap” labor force, the access to Western markets, as well as the resources’ depletion, environmental degradation—and all these conditions are being undermined. That is the starting point.

Other specific indicators include the change in China’s social structure, like the share of non-agricultural employment in total employment as a rough indication of the degree of proletarianization. We find that China has entered into territory now that is roughly comparable to Brazil, South Korea, and Poland in the 1980s. All of these countries were semi-peripheral at the time and suffered from major political instability. If China follows the same logic, one could expect that it will be affected by serious political instability in the near future. In addition, we should consider the exploitation of a cheap-labor force that has been the foundation of China’s capital accumulation. The very success of capitalist development in China has transformed China’s social structure, so that, by now, there is a large working class which starts to demand broader economic and social rights, and that puts pressure on the capitalist class.

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<sup>39</sup> On the “structural crisis” of the capitalist world system, see: Immanuel Wallerstein. *Utopistics, or Historical Choices of the Twenty-first Century*. New York: The New Press, 1998; Immanuel Wallerstein. *The Decline of American Power: The U.S. in a Chaotic World*. New York: The New Press, 2003; and Immanuel Wallerstein et al. *Does Capitalism Have a Future?* Oxford: Oxford University Press, 2013.

My research shows that China's labor income as a share of the national income has been rising since 2010. That puts pressure on the capitalist profit rate, which is declining rapidly now. It has declined precipitously since 2007 and could potentially enter into territory that, historically, was associated with major crisis in the case of American capitalism. That is an indicator of a potential economic crisis for Chinese capitalism.

There are also various indicators suggesting that China's ecological system and China's demand for imported energy resources might not be sustainable in the coming years. To put this together, it appears that in five to ten years it will be very difficult for Chinese capitalism to continue to reproduce the various conditions that have so far supported its capital accumulation.

*You describe one temporary solution that capitalism found earlier, in other, similar crises, that is, the so-called "spatial fix." For instance, the expansion of capitalist production in semi-peripheral areas or areas that had not been part of the capitalist world-system before. Now you say there is no chance for another spatial fix. What makes you think that?*

The simple answer is that China is so large. Historically, the spatial fixes worked because they provided new sources of cheap labor force and materials. If we look at the global capital relocation in the late 20th century, China as the emerging center of manufacturing provided a huge cheap labor force that was comparable to the entire labor force in all OECD countries. Now it is, basically, impossible to find a comparable size of labor force and also other necessary conditions required for capital accumulation—such as a well developed industrial infrastructure, a disciplined labor force of relatively high quality, cheap and abundant energy supply, and a stable and effective capitalist state. That is one part. In addition to that, there are also ecological constraints. China itself has already suffered from serious ecological crises. If we go beyond China, if we imagine that, let's say, India is going to repeat what China has done

over the past decades, then the energy demand, the carbon dioxide emissions, etc. will certainly make the global ecological system collapse and, inevitably, lead to climate catastrophes.

*You emphasize the economic, ecological, and social limits of capitalist development that make a transition to socialism necessary. In Marx's historical materialism, the decisive question is whether another society is possible, based on a new mode of production and new productive forces that allow a different organization of material production, on the basis of a dramatic reduction of the immediate form of work, thereby allowing for the accomplishment of communism. Do you see such changes, such rupture, a new mode of production?*

A new mode of production? Yes, for sure! The question is of what kind. I think it is fair to say that Marx was very optimistic about the potential for the development of the productive forces given his understanding of capitalism at the time. Although Marx talked about many of the negative sides of capitalism, I suppose, he did not imagine that capitalism could take us down the path of a climate catastrophe that would potentially threaten the survival of human civilization. Marx' understanding was that because capitalism had already laid down the material foundation for a very high labor productivity, a dramatic reduction of work time for everyone was possible, and, therefore, also the elimination of the division between mental labor and physical labor, and that would, eventually, prepare the way for a classless society.

Now we are confronted with totally different historical challenges. The basic such challenge is that capitalism has created a huge global ecological crisis, and if this crisis is not resolved, then, potentially, human civilization, as we know it, can no longer be sustained. The most important question right now is how to resolve this crisis of capitalism that has left us with its unfortunate legacy.

How can we understand productive forces? In the Stalinist tradition it has been transformed into the vulgar concept, very much just like economic growth. But if we consider the productive forces



in broader terms it is, in effect, about how the humans could produce the material base required for their needs. For that purpose, we have to interact with nature, so the productive forces are, essentially, about the relations between the human beings on the one hand and nature on the other hand. How these conditions will evolve depends not only on human beings but also on how nature is going to respond to human impact. It could mean either progress or huge setbacks, for instance, because of environmental crises. In that case, the question is: do we have the counteractive forces that are required to ensure the sustainability of human civilization? The mode of production would have to fit this basic requirement. For that reason, we need a new economic system that is no longer directed towards the endless accumulation of capital—as capitalism is. Instead, we need to put society's surplus product under society's democratic control and use it for both, for ecological sustainability and for meeting the population's basic needs.

Given this premise, can we—in addition to ecological sustainability—also accomplish communism understood as a kind of classless society and the maximum possibility for the free development of everyone? That will have to be the question that the future generations are going to fight for. Are they going to achieve not only the society's democratic control of the surplus product but also using that as a way to create the possibility for a classless society? The future will tell.

*You seem to take the view that Marx, basically, wanted to use the capitalist productive forces but change the form of control over those forces, as a first step, the realization of communism being a later, second step. In that, you seem to repeat the concept of the “two stages.” In my view, that creates problems because we had this kind of promise of a communist society in the future as a part not only of the Maoist, but also of the Leninist or Stalinist model, and it failed. It failed in the sense that these models never got to the second step, for different reasons. Why do you insist on the “two stages”?*

No, it is not a “two stages” theory. They failed to achieve the classless society, but they certainly fulfilled the historical task they could fulfill. That was, to mobilize capital resources for industrialization. Now I am not talking about having industrialization first and communism later. What I am talking about is to have ecological sustainability first. That will possibly require zero or “negative” economic growth. Given this, can we still have the material conditions required for a classless society? That is an open question. It is still possible if we can limit material consumption on the one hand and then reduce people’s working time on the other hand. There is no easy way to accomplish that, though. When Marx and Engels talked about this, they did not just think that capitalism would create high labor productivity, but that after capitalism communism could achieve even faster growth of labor productivity. This was based on their understanding of an essentially unlimited scope for technological progress. Now we have to deal with the fact that there might be ultimate limits of technological progress that we cannot go beyond.

*Your predictions rest on your identification of past trends that will, in your view, continue in the future. However, isn't it a part of the idea of revolutionary development that certain past trends will not continue but will rather be replaced by something new? That concerns ecological limits of development. For instance, in the mid-18th century, nobody could have predicted that the dramatic wood crisis would be solved by switching to coal. At the end of the 19th century, people would not have expected that the military power of the British Empire with its very strong maritime force would be replaced by air force and rockets as weaponry with oil as the energy source. So isn't there a moment of unpredictability of technological developments, and how do you include that in your concepts?*

To begin with, everyone learns from the past, but that does not mean we cannot continue to live for some time from now on. Whether I am relying upon the existing trend? The largest existing

trend has to do with the continuous survival of capitalism. I am predicting that it will come to an end, and for that reason I take intellectual and political risk. To be precise, of course, no one is predicting the details of the future, but we try to understand the range of historical possibilities based on what we have learned from the past and the present. The energy transitions and some of the changes in the military equipment are, indeed, interesting.

Concerning the substitution of wood by coal and coal by oil, etc., I heard a presentation by the Canadian geologist David Hughes some years ago. He said that the common way to understand things is not quite precise. In fact, today we consume more biomass in the form of wood than in the 18th century. We certainly consume much more coal than we did in the 19th century, and we consume much more oil than in the mid-20th century. So far, what capitalist growth has accomplished is not to substitute new forms of energy for old forms of energy but just to add new forms of energy to the old ones.

Now we have got climate change, and we know that we need to achieve decarbonization. Some people think that solar and wind energy can do that, but—even from the point of view of capitalist history—we are dealing with something quite different. We need to not just add new energy to old energy, we need to literally reduce the consumption of old energy. Moreover, we need to reduce it fast, sufficiently fast in order to keep global warming to no more than two degrees Celsius. Personally, I think this two-degree target—even if we have ecological socialism tomorrow—will be very difficult to accomplish. If we are lucky, however, we might be able to avoid the worst catastrophic consequences such as the destruction of the Amazon rainforest or a sea level rise of 25 meters. So that is going to be up to whether we can accomplish the necessary social transition in the next several decades.

*You do not think there will be any technological step or switch that might stop these processes of climate change?*

For that you have to look at the climate science on the one hand, and the energy numbers on the other, whatever is the new technology. We live in an economy with an infrastructure that is based on fossil fuel consumption. You cannot just tear down this existing infrastructure, but only replace a fraction of that every year. Even if we assume a heroic pace of technological progress applied to new infrastructure, an energy transition will still take many decades.

*What are your thoughts on the agreement made on the climate conference in Paris in early December 2015? In your new book you make similar predictions to those in your book published in 2008, The Rise of China and the Demise of the Capitalist World System. However, at that time there was no agreement by governments on how to reduce climate change comparable to the recent one. So have they understood on the governmental level that something has to be done? They talk about the same goal as you do, limiting global warming to two degrees Celsius. Obviously, the world leaders, including the Chinese, are looking for a solution within the capitalist framework. They will not go beyond that. How do you see these governmental talks and agreements, like the conference in Paris?*

At Paris, the governments reached a non-binding agreement that in principle, they were committed to limiting global warming by the end of the century to no more than two degrees Celsius. There is a climate action tracker which does the evaluation of the country's pledges. Based on their estimation, if you put the pledges of all countries together, that will amount to 2.7 degrees Celsius global warming by 2100 compared to pre-industrial time.<sup>40</sup> The current pledges rest mostly on the countries' promises concerning emission trajectories up to 2030, but the actual development also depends on the assumed path of economic growth beyond 2030. This requires various assumptions on what will happen to the emissions beyond 2030. Even if we assume the best possible development there will be global warming of more than two degrees, and it

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<sup>40</sup> See [<http://climateactiontracker.org>].

should also be noted that global warming will continue beyond 2100. This will take us dangerously close to three degrees. That could trigger runaway global warming, so we are not safe from the enormous danger of the destruction of civilization.

*In the last part of your new book you lay out scenarios that all end with the establishment of some kind of socialist system. Looking back historically, actually existing socialism was based on capital accumulation—as you also mentioned earlier. Economic growth, large scale industrialization, the setting up of heavy industries, all that happened not just in China but in the other socialist countries as well. If you believe that there should and will be a new socialist regime of any sort, what makes you think they would find a better solution than what capitalist leaders are discussing now? Do you see any socialist theory or practice that makes you think that a new socialist system would be different from the old ones?*

If the capitalist world system continues to exist, it will be very difficult for any single socialist state in the future to behave differently—because of the constraint of the capitalist world system. If it collapses, the future socialist political structure will have the possibility to use the surplus product differently, i.e., to use it not for capital accumulation but for ecological sustainability. That means it will no longer pursue economic growth. Historical socialism was constrained by the requirement of competition within the capitalist world system, both economically and militarily. Therefore, regardless of the desire of the ruling elites, to survive as a nation state it was necessary to mobilize resources for capital accumulation. That was the historical justification of the 20th century socialist state.

In the 21st century, we are, first of all, confronted with a very different historical challenge, and if my argument is, to some degree, confirmed by the actual development of events, the political instability, especially in China and Asia, will lead to destabilization of the rest of the capitalist world system, and, therefore, the new socialist states are no longer constrained by the immediate require-

ment of capital accumulation. With some degree of democratic awakening, the people are also aware of the enormous danger of ecological crisis, so, in that case, given the democratic control of the surplus product that could lead down the path of the use of the surplus for the purpose of ecological sustainability. Ultimately, you have to have some faith in the people.

*Thinking the future in terms of nation states in general seems problematic. That turns up in the new book, too. You still discuss the socialist future, after the collapse of the capitalist world system, in terms of “states”. For me, the collapse of the capitalist world system would include the collapse of the states. A different mode of production that offers an ecologically sustainable future can only be built in a “unified world”, i.e. after the abolition of states. Why do you insist on the development of states?*

I do not insist, but I do not know whether we are going to end up with one world or multiple worlds. We are working for the end of the nation state, but I feel, during my life time, we are not going to see the end of the nation state. In the foreseeable future, we will have social struggles within particular states. Hopefully, the broader historical process will not only bring down the capitalist world system but also the boundaries of nation states.

*I see the latter as one of the conditions for the former. When we talk about working class movements today, for instance, in Europe with its more than fifty nation states and the supranational structure of the European Union, the idea of bringing down the borders is essential for any perspective beyond capitalism.*

Yes, but there are practical issues. Assume that, in the near future but before the final collapse of the capitalist world system, we have a socialist government in China—and that will be a long way to go—it will still be surrounded by the capitalist economy. In that case there are still the questions of competition on the global market and the necessity to import, let’s say, machines from Germany, or

oil from the Middle East. Some layers of the population will still demand to have luxury goods.

Unfortunately, it is very difficult to imagine how that new socialist state could respond immediately in a different way from 20th century socialism: first reducing unnecessary imports, for instance, the luxury goods, and reducing the dependence on the capitalist world economy to some degree. Hopefully, that would lead to the disintegration of the capitalist international division of labor. If that will be so, it could in turn lead to new conditions and contribute to global change: some kind of socialist transformation, maybe in the semi-periphery first, then in the periphery, and, eventually, in the core. On that basis, maybe a new, democratic world future can be created. So there are practical obstacles. I am not sure that what I suggest is the best or optimal way, but we have to deal with these practical issues.

*These are all predictions and guesses, but I would place the dissolution of the state in an earlier phase than you do.*

But do you need political power?

*Yes, but the task is to create different forms of political power, also in a geographical sense. In my view, only a globalized world offers a future, including a global exchange of knowledge, technology, and more. And the state, the structure it is now, has to be replaced.*

Speaking about the future revolution, it is not going to be created by the ideal working class that good communists hope to have. Instead, it is going to be a working class with all of its historical limits. People will have to learn from practice.

*Yes, however, let's not discuss this in ideological ways but use the historical experience of social movements. We can look back at the movements since 2010, and it seems there is some understanding of the limits of the nation states and the necessity to connect on a global scale. The practices of certain struggles are "global" already, even if they are*

*not connected or coordinated directly, they might happen in different places in similar forms.*

However, in order to have a global socialist transformation the initial step could be delinking from the global capitalist system to some degree and establish some control over capital flows—in order to prevent capitalists from sending money to “safe” areas. On the surface, that would be a counter movement against capitalist globalization.

*It might be better to have an exchange of use values on a global level, but not through money.*

Eventually, yes.

*Okay, we seem to have some different ideas. Back to the questions and the scenarios you give that end up with a socialist alternative: Beverly Silver or Giovanni Arrighi use a similar framework when it comes to the capitalist world system and its future, but they also mention another scenario, which is war. You mention civil war in one scenario. When we talk about a post-capitalist perspective, that does not mean capitalism will necessarily be replaced with any kind of socialism. What is the reason why you do not elaborate on this in your last book?*

There is no rational way to elaborate on that. It is not totally inconceivable that, let’s say, a nuclear bomb explodes in North Korea, but how do you elaborate on that?

*It could also be people killing each other with machine guns. It is not necessarily the destruction of the whole world.*

Speaking about machine guns: the form of geopolitical instability will be very different from, let’s say, the First World War or the Second World War. It will not be the decisive war between the major powers. Instead, geopolitical instability tends to happen primarily in certain parts of the world where the accumulation regime has failed—in particular, we are talking about the Middle East with its abundant energy resources. That has huge ramifications, certainly, on Africa and Europe. That is something that will be very difficult



to control. Because of the decline of the American hegemonic power it will be impossible for the US to control that, and it will be very difficult for other big powers like Russia or China to intervene effectively. In this kind of situation, there is a huge degree of uncertainty. For instance, we could have a revolution in Saudi Arabia in the future. Given this huge uncertainty, right now I do not see progressive solutions to Middle Eastern instability. That, of course, also makes progressive change in Europe more difficult. In this context, everything depends on what happens in other parts of the world. Most importantly, it depends on what will happen in China, the only area where we see a large formation of a working class that has not yet gotten onto the political stage—but it is moving closer towards the political stage. In this context, we also have a social transformation in China that is, in a sense, closest to what Marx imagined in the *Communist Manifesto*. So far, we have not had a classical working class revolution as Marx imagined, but it could happen in China. Given China's central role in the global capitalist division of labor, will that, in turn, create the possibility for progressive transformation on a global scale? That is something we will struggle for. Of course, there is no historical certainty, but at least there is a significant probability this will happen.

*In your book, you describe the Maoist "New Left" as a significant political and intellectual force in today's China. In my own experience, we cannot talk about one Maoism but have to talk about several Maoisms, and they are very different from each other, actually. I would also be careful with predicting how significant the Maoists will be in China in the future. There is no left-wing current in China that is bigger than the Maoist current. We can agree on that. That has to do with the history of the Chinese left and the historical phase of Maoism, where other currents were not able to develop or even flourish. One notion and main foundation of Maoism, not just historical Maoism, is nationalism—not just socialism.*

Yes, I talk about 20th century communism as a radicalized national liberation movement.

*Okay, that is the past with all its contradictions, but now we talk about the future, and your prediction that the Maoist “New Left” will play a decisive role. In my view, we have to take into account that a large part of that current Maoist left is sympathizing with the idea of a strong state and authoritarian rule in some sense, and it is also defending and promoting the national interests of China. That conflicts with the idea of a global transformation based on equality and collective working class interests beyond borders. What is your perception of this nationalism?*

We see various Maoist factions. One is *Utopia*,<sup>41</sup> but its influence has significantly declined. Before 2012, there were several groups, and *Utopia* was the largest among them. If you look at the social base of the Maoist groups at that time, it primarily included some sections of what we call “old” workers, the working class of the former state sector, then veterans from the Cultural Revolution, also some CCP veterans who became disillusioned with the CCP leadership, and some marginalized intellectuals and young people. So it primarily had its base in a particular section of the working class and relatively marginalized sections of the urban population, such as the Cultural Revolution veterans and sections of the petty bourgeoisie. Among these social classes nationalism had, of course, a significant influence. Although I must say that among some of them, nationalism is more an expression of anti-imperialism or, to some degree, anti-neoliberalism with particular, if you want to use that expression, Chinese characteristics.

Since 2012, the composition of the Chinese left has significantly changed. The influence of now relatively old leftist groups—based on old workers, old cadres, Cultural Revolution veterans—has de-

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<sup>41</sup> In Chinese: *wu you zhi xiang* 乌有之乡. A report on *Utopia* was recently published in the CCP newspaper *Global Times*: Huang Jingjing. “Maoist websites hang on despite shrinking public influence.” In: *Global Times*, May 23, 2016, [<http://www.globaltimes.cn/content/984698.shtml>].

clined and been replaced by a new generation of leftist groups, mainly made up by young students and young intellectuals. These new groups have closer connections with the new generation of the working class. In the Chinese context, because of the historical legacy, as you said, most of the leftists still claim to be Maoists, although there are some self-declared Trotskyites. Most still claim to be Maoists, but, actually—just like during the time of the Cultural Revolution—everyone claims to follow the ideas of Mao Zedong, but, in reality, they implement and interpret them in ways that fit their particular purposes. In today's China, you have to know and understand the actual class base and political content for each particular leftist group. In their intellectual expressions, these new leftist groups, generally, rather resemble those of classical Marxism-Leninism than Maoism as we understand it. There has also been some influence of the latest international leftist ideas, although that still affects a minority. It is important that this is a social movement that represents the thinking, the desires of the progressive sections of the petty bourgeoisie or the urban middle class. This movement could possibly develop connections and solidarity with the new generation of social movements based in the working class. That would then become a true force for social transformation that would influence China's future.

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