

### University of Warwick institutional repository

This paper is made available online in accordance with publisher policies. Please scroll down to view the document itself. Please refer to the repository record for this item and our policy information available from the repository home page for further information.

To see the final version of this paper please visit the publisher's website. Access to the published version may require a subscription.

Author(s): Shaun Breslin

Article Title: "The End of the World as we Know It? Li Minqi, China and the Death of Capitalism"

Year of publication: Forthcoming

Link to published version:

<http://www.tandf.co.uk/journals/titles/00472336.asp>

Publisher statement: None

# **THE END OF THE WORLD AS WE KNOW IT? LI MINQI, CHINA AND THE DEATH OF CAPITALISM**

**Shaun Breslin**

**Department of Politics and International Studies**

**University of Warwick, Coventry, CV4 7AL, United Kingdom**

**Shaun.breslin@warwick.ac.uk**

Li Minqi, a professor in the Department of Economics at the University of Utah, has produced a new interpretation of China, *The Rise of China and the Demise of the Capitalist World Economy* (New York: Monthly Review Press, 2008) that deserves critical attention. In this review article, I acknowledge Li's contributions and take up the implicit challenge of debating Marxism and China's potential future(s) with him.

To say that Li Minqi has had an interesting life is something of an understatement. The former liberal student activist, once jailed for his political views and activities in China, ultimately found his way to the University of Utah. But this is not a man who has found in the USA a liberal-democratic capitalist utopia – on the contrary, Li's intellectual travels have convinced him of the superiority of his self-identified Marxist-Leninist-Maoist position and the impending collapse of the global capitalist system.

His understanding (or should we say hope) that the world capitalist system will come to an end sometime soon because of the rise of China (and India) is at the heart of this book – a book that was written before the onset of the current global economic crisis. Or more correctly, it is the main theme of a book which contains a number of different elements and strands relating to interpretations of the nature of China's political economy in the modern era. And as a whole, this is a rather bitty affair that does not always convince as a coherent

and cohesive whole. Each part might be interesting in itself, but in the early chapters in particular, the focus and the analysis darts around as you move from one chapter to the next. Perhaps most fundamentally, the book can't quite decide if it's primarily a theoretical explication of the nature of global capitalism and what China's (and India's) rise means for this system, or an analysis of the nature of China's socio-economic system. Moreover, even this latter "half" can be further sub-divided into an analysis of China's capitalist transition on one hand, and a defence of Maoist socialism – via an introduction to China's developmental experiences – on the other.

In the parts that search for the demise of the current system, the focus is on looking forward to predict the future; in the highly laudatory defence of both Mao the leader and Maoist development strategies, the direction is instead backwards towards a reinterpretation of the past. Of course, these two positions are linked in that the historical focus shows that there are viable and for Li highly successful alternatives that might be revisited when the capitalist world order collapses in the future. But the feeling remains that a number of different parts have been put together here to create a whole – for example, while Chapter Six provides a decent enough overview of why global capitalism is running up against the constraints of environment and resources, and briefly outlines China's role in these processes, it reads almost as a standalone add-on to the previous chapters. In the preface, the author explains not just his own intellectual (and physical) journey, but also this book's journey from a number of earlier papers into a single collection - and the diverse starting points of the different strands in this book still show through.

Having said this, it's nevertheless a book that people should read. But not necessarily for the reasons that they might expect – particularly if readers are expecting an explanation of why the Chinese "model" of political economy is on the verge of eclipsing the Washington Consensus and creating a new Sino-centric world order. On the contrary, Li argues that

China's present is part of the problem – it's in China's past that he finds something superior to the current (and probably future) global order. In order to further explain why, and given the slight fragmentation outlined above, it is important to break down the analysis and potential sources of interest/controversy into four; the discussion of 1989, a reinterpretation of China's Maoist past, the nature of Chinese growth, and the death of the global system.

### **1989 AND AFTER**

While this is not a book about Li's own past political activities within China, what happened in 1989 had a huge impact on the author. In the preface, Li explains how he got to where he is today – both physically and intellectually – with the most interesting parts relating to his role in the student movement and his interpretation of what went wrong. Here, for Li, was the potential to overturn the mistakes made by the Chinese leadership as they moved away from Maoist development paradigms towards some form of Chinese capitalism. But he argues that the moment was lost because of the elitist nature of Chinese liberal intellectuals and students who were not prepared to mobilise the urban working classes at a time when even military commanders and provincial governments were unsure about their loyalty to the central government. Thus, he concludes that the movement was lost because the putative new liberal elites were not prepared to share potential power with the Chinese working classes.

To be sure, this is only one very small part of this book, and fuller assessments of 1989 are available (though not perhaps from such a Maoist perspective). So the short preface might not be the main reason for reading this book, but it not only helps to locate Li's intellectual position through outlining where he has come from, but also provides an interesting and perhaps atypical interpretation of the nature of the democracy movement. And

as we shall see, providing challenges to the conventional wisdom is a theme that re-emerges throughout Li's work.

## **REINTERPRETING MAO**

It is fair to say that the political economy of China's Maoist past has not been the source of much admiration or a strong model for emulation in recent years. Rather, it is the abandonment of this model and its replacement with a form of (quasi-)capitalism producing rapid capital accumulation that has become the focus of admiration and fear in equal numbers. And in many ways, it is in forcing us to look again at the Maoist past that Li makes his biggest contribution in this book; and this is not just because of my own interest in pre-reform China. Clearly, not everybody is going to share Li's interpretation of what happened, let alone why it happened. His attempts to explain why Mao was largely not to blame for those things that did go wrong (though in the case of the Great Leap Forward for Li, not nearly as wrong as is often assumed) will also fail to convince many (probably even most) readers.

Li makes a robust defence of both the Maoist system and Mao himself. Despite being primarily concerned with issues of international relations and national defence, Mao consistently tried to temper the over-ambitious and over-zealous implementation of the Great Leap Forward while people like Liu Shaoqi and Deng Xiaoping pushed ahead with the communisation project. Liu and Deng rather than Mao, emerge as the "problem" for Li, in their search for means of expanding the productive forces rather than focussing on class struggle as the primary contradiction.

Li is also correct to remind us that Mao was not in hands on control of day to day politics, concerning himself with “big” theoretical and strategic issues while others got on with the nuts and bolts job of running the country. In particular, Mao was not the only Chinese leader involved in the Great Leap – this was much more a collective effort than some simplistic demonisations of Mao would have us believe. He also correctly draws our attention to Deng Xiaoping’s active promotion of the Leap, though perhaps underplaying Deng’s loyalty to Mao at the time; by most accounts, Deng was a very loyal Maoist in the late 1950s and only switched his allegiances after the Leap seemed to be going badly wrong. To think of Mao as a puppet master who single controlled everything from the party headquarters in Beijing underestimates not only the importance of other central leaders, but also the crucial role played by local leaders and cadres on the ground charged with turning central policy into action on the ground.

But in moving away from a Mao-centric approach to understanding Chinese politics, Li perhaps goes too far and isolates Mao from the political system and the political environment that he was such an important part in shaping. Individual local cadres might have been overzealous in implementing the Great Leap, but why were they so keen on moving too far too quickly and proving that they were not “rightist”? Red Guard units might have acted without direction and without a full knowledge of the “correct” theory in the Cultural Revolution, but what explains the political vacuum that left them seeking their own paths and understandings? It seems to me that Mao’s desire to do whatever it took to ensure that his version of the only true socialist road prevailed would be at the heart of the answers to both of these questions; not necessarily through personal and direct action, but through the creation of incentives (and disincentives) that helped shape the way that others acted.

In addition to these potential sources of controversy, the implications of the move from socio-economic/materialist to ideational understandings of the nature of class formation,

class conflict and political mobilisation are perhaps under explored. In particular, it isn't wholly clear how Li reconciles two potentially different varieties of Marxism; on one side the above mentioned ideational turn in Mao's thinking, and on the other, the Wallersteinian World systems approach that informs much of the analysis of the nature of global capitalism in the rest of the book. Explaining the relationship between these two positions would not only be interesting in its own right, but might also lead us into a clearer discussion of where organised forces of opposition to the hegemonic capitalist system might emerge from – an issue which is surprisingly also somewhat under-explored.

But whether you agree with Li's position or not, the focus on the successes of the Maoist era – including those that took place in (and in some respects despite) the Cultural Revolution – he forces the reader to think again about how we consider and define “economic success.” He does this partly by pointing to the growth rates that occurred in China in the Maoist period and comparing them to other parts of the world and the global average. But more important than this, he reminds us that there is more to it all than just purely economic statistics. In an era when GDP growth rates seem to have become the sole arbiter of the success or failure of economies and economic paradigms, it is easy to forget that the real lives of real people are affected by things that are not always captured in these statistics. Key amongst these were the extension of health, education and welfare to sectors of the population that were traditionally left to fend for themselves (and not just in China) and the creation of the “iron rice bowl” that guaranteed job security and related welfare and benefits.

## **THE NATURE OF CHINESE GROWTH**

So even if you disagree with Li's analysis of Mao the man and the nature of Maoism as ideology and/or development model, at the very least he sets out alternative ways of thinking

about what constitutes development that should inform our thinking today; not just backward thinking to reinterpret the Mao era, but also thinking about the nature of the contemporary Chinese political economy. And if we take Li's ideas and use them to look at China today, we see that despite economic growth, the old guarantees and securities of the socialist system have gone; most notably, guaranteed access to health, education and welfare for all. More correctly, it is not that this has occurred *despite* economic growth, but *because* of the way that growth has been generated – for example, through the desocialisation of agriculture and promotion of profit above people's livelihoods.

Indeed, while some watch and wonder when the Chinese economic “miracle” will establish the new dominant model for poverty reduction across the globe, in China itself there is an ongoing re-think about the efficacy of this “model.” On one level, there is something of a revival of interest in Maoism, and its relevance for China today. For example, lectures and discussions organised by the “Utopia” group are attracting considerable interest – including younger generations in prosperous Beijing. For a flavour of these discussions see the organisation's website at <http://www.wyzxsx.com>. Unfortunately, at the time of writing, no English-language version was available. On another level, China's leaders themselves clearly realise the need to restore universal access to health, education and welfare – albeit a very different form of (quasi-market) access than in previous eras.

These policy initiatives are part of an attempt by the Chinese leadership to both change the economic structure, and also to change the party's relationship with the people (an issue we will return to shortly). And here, Li's analysis of the unsustainability of Chinese growth actually comes quite close to the official position pursued in China since 2004. Growth has become overly dependent on the twin drivers of investment and exports, with domestic consumption playing only a relatively minor (though growing) role – and again, we need to remember that both the leadership and Li came to this conclusion before the global

crisis and the collapse of Chinese exports to the major markets in the West in the autumn and winter of 2008.

Like the leadership, Li also points to the growth of inequality as a major negative consequence of economic reform that needs addressing soon if social stability is not to be stretched to breaking point. Li does not rule out the possibility that the leadership will “enlightened enough” (p.90) to try to re-orientate the economy to deal with not just the economic but also environmental consequences of the current growth strategy that make it unsustainable in the long run. Quite rightly in my view, Li points out that making such a change is not easy given that the party-state elites now share power with not just lower levels of administration in the provinces and below, but also with powerful economic elites both at home and overseas.

Li’s dissection of the sources and limits to the current process of capital accumulation and the associated class-based analysis of an increasingly fragmented Chinese society thus represent the second reason why this book should be read. This approach is perhaps not as wholly original as the sources cited in the book seem to suggest – amongst others, my own work has been in this area – but Li is probably reflecting his own location within a U.S. economics department, where class analysis has long been eschewed. Putting this aside, Li still provides a good overview of how economic reform has restructured the class basis of Chinese society, and a good critique of the unsustainable nature of this growth. And in this respect, the analysis also acts as an antidote to some of the more hyperbolic assertions of China’s imminent economic superpower status, instead pointing to the fragility of the current system and the possibility of economic problems and political disorder rather than the smooth progression to global predominance.

## **THE DEATH OF GLOBAL CAPITALISM**

The fourth main contribution of the book – as so alluringly stated in the title – is the impending demise of the global capitalist world economy. Presumably, the correlation of “China’s rise” with the death of capitalism will be the main reason that the book is bought (though being reasonably priced at US\$16.95 helps too – and be aware that buying direct from the Monthly Review online store is somewhat cheaper than buying the other versions available via different publishers). In all likelihood, a number of readers will gravitate to this book because they think it deals with the question of whether China will surpass the US as the world’s dominant power and establish a new economic paradigm – the so called Beijing Consensus – and alter the global balance of power. But there is not only very little in this book that directly engages with this theme, but Li actually starts by saying that this book is specifically not part of the literature assessing the relative power of China and the US.

To be sure, Li suggests that China might come to challenge the US, but only if the fundamentals of China’s political economy can be reformulated; and this is a very big “if.” For Li, Chinese-style capitalism is as unsustainable in the long run as is any other form of capitalism, and what is required/coming is a paradigm shift – not a shift in power within the broadly defined existing capitalist paradigm. He argues that the challenges to the existing Western-dominated capitalist system are not from alternate varieties of capitalism in China or India, but are instead internal challenges to capitalisms of whatever variety. These challenges emerge from the impending end of the ability to secure the level of profits that capitalism needs to survive. So in this respect, those searching for an explanation of why Chinese-style capitalism will rule the world in this book will be somewhat disappointed.

Students of Wallersteinian world systems theory will find the arguments in here somewhat familiar, but the updating of the discussion to include the implications of the rise

of China (and also India which is consistently mentioned, but never really analysed in any coherent manner) move the theoretical debates forward. Li's core argument is that neo-liberalism should be seen as an organised counter-offensive to the rise of national and worker resistance to capitalism in the 1960s and 1970s. The resulting deregulation and liberalisation was largely successful in undermining resistance to capitalism, but was achieved at the cost of the sporadic crises that unfettered capital flows helped to generate. Declining profits also threatened to undermine the legitimacy of global capitalism, resulting in a turn to China and India as new sources of cheap labour to drive prices down and profits up. But this search for a solution for neo-liberalism's ills in China and India could never provide more than a temporary breathing space. Rather, he suggests that the very fact that capitalism had to dip into these "strategic reserves" of productive capacity not only showed that the end of the system was coming, but actually established the final causes of the current order's ultimate collapse.

Li acknowledges that to date, China has done much to prop up global neo-liberalism – be that through becoming a low cost site producing higher profits for overseas capitalists and driving down wages or through the financing of current account deficits by holding US dollars in massive numbers. But the lack of sustainability of this palliative engagement of China were already beginning to show for Li even before the crisis of 2008. Long term US current account deficits were simply unsustainable, and the already extraordinarily difficult task of meeting the demands of working classes in core states in the global economy were being further complicated by the rising "social demands of the working classes in China, India and other parts of the periphery and semi-periphery" (p. 17).

As China, India and others increasingly occupied that space in global production chains previously occupied by richer/stronger semi-periphery states, then he argues that two equally potentially dangerous scenarios emerge. These competitor states may engage in a

“race to the bottom” with wages and welfare moving down towards those set in China, sparking domestic disorder and delegitimising capitalism. Alternatively, China and India might exhaust the supply of surplus labour and squeeze profits as wages and welfare increase – which would also result in them replacing the existing richer semi-periphery states in the global order sparking similar consequences to the first scenario. Indeed, the best bet for an extended life for global capitalism for Li appears to lie in the failure of China’s leaders to deal with increasing social pressures and for the whole Chinese growth “bubble” to burst resulting in a retreat from global engagement. So somewhat ironically, the collapse of neo-liberalism Chinese-style might be the thing that saves global capitalism – or at least to extend its life-span.

But the seeds of destruction are not just found in these socio-economic transformations. One of the main themes in this book is that capitalism is built not just on the exploitation of workers, but also on the exploitation of the global commons. Capitalism’s basic requirement to secure (super)profits – including the form of capitalism that has dominated China’s recent growth strategy (more on this shortly). Even if we put the socio-economic arguments to one side, the extent of the plundering of natural resources and the production of “material wastes” mean that the days of what Li calls “endless accumulation” are near if not already here. Indeed, perhaps the most significant conclusion here and the most significant warning is that it is not just global capitalism but civilisation itself that is under threat from neo-liberalism’s essential need for profits.

## **ALTERNATIVE FUTURES: PREMATURE OBITUARIES?**

How convincing is this argument that we are heading towards an impending paradigm shifting system change? The warnings of environmental disaster and the failure of state elites

to make the necessary changes to postpone/prevent catastrophic outcomes are certainly depressingly compelling. Much of what Li says would chime with more mainstream interpretations of the statist Westphalian world order's inability to deal with environmental issues. But when you add to this his understanding of capitalism's inherent need to plunder the environment, then nothing that is done within the existing capitalist paradigm can possibly halt the slide towards disaster.

But there seems to be something missing here. On the Monthly Review website (<http://monthlyreview.org/books/riseofchina.php>) advertising this book, the accompanying blurb suggests that the book is “essential reading for those who still believe that there is no alternative.” And yet it is not clear what this alternative actually is. As already noted, it is certainly not the replacement of “Western” neo-liberalism with Chinese/Indian capitalist alternatives as all varieties of capitalism share the same internal structural fault lines that will bring an end to capitalism *per se* and possibly even the end of the world. Perhaps it is a return to the Maoist model that Li argues produced so much that was beneficial for China's proletariat – but if so, it is not wholly clear how this is to come about. In the conclusion, Li suggest that the emergence of more democratic socialist regimes are “quite conceivable” (p. 182), and calls for humankind to rise and work together to overthrow the capitalist system to save the planet. But he also notes that even these socialist forms might survive the coming environmental collapse, that even feudalism would be a better than the current capitalist world order, and that a range of alternative post-capitalist world orders might emerge depending on how power relationships play out within and between states. The only certainty, then, appears to be crisis. How to avoid the final crisis of capitalism is not clear. What follows the crisis – well, we will have to wait and see.

Given that this book was written before the global economic crisis (published in 2008 but written earlier) Li's argument that “it is now increasingly obvious that the neoliberal

global order is unsustainable” (p. 16) sounds rather prophetic. So too does his contention that the world had not previously succumbed to crisis because the US acts (or acted) as the “world’s borrower and consumer of last resort.” But while the glory days of neo-liberalism and un-regulated “globalisation” do indeed appear to be numbered, does this mean the demise of capitalism *per se*? Like Fox Mulder of the X-Files, “I want to believe,” but there are three inter-related reasons why I am not convinced and instead think that the capitalist system has some way to go yet.

First, it’s not wholly clear why it’s the capitalist system *per se* that is under threat rather than just the fates of those semi-periphery states that China and India seem to be increasingly challenging. Rather than crises in the periphery (however defined) leading to the demise of capitalism, could it not be that capitalism can survive in the core by jettisoning those semi-peripheral states that become “problems”? The crisis might be for those state elites facing the challenge of China rather than for global capitalism as a whole through the reorganisation of hierarchies and relationships in the same way that they have been reorganised through history. Economic crises can have a “disciplining” affect, in that they legitimate the need to push through radical change – the promotion of Social Darwinian conceptions of only the strong surviving and the need to adjust or die. So while the talk of China and the US “swapping places” in these hierarchies might be somewhat far-fetched, China and other semi-peripheral states changing places might be more reasonable if these newly relegated peripheries trade down in a race to the bottom (as Li suggests is one possible outcome).

Li’s response would presumably be that times have changed and because China and India represented the last virgin territories for capitalism to exploit, the end is now nigh. But this brings me to the second area of doubt relating to the extent to which the days of cheap production are high profits are really over. On one level, we might revisit the idea of crises

disciplining expectations as well as wage rates – in China, in the semi-periphery and elsewhere. On another, is the reserve pool really empty? In much of Africa, the debate isn't about the affects of globalisation but continued marginalisation. To be sure, there are ever greater interactions as foreign companies (not least Chinese companies) increase their investment on the continent – and crucially, increase investment in manufacturing capacity and not just raw material extraction and processing. Of course, the logic of Li's argument would suggest that moving to Africa would only serve to prolong the system rather than save it forever, but with Africa accounting for 13% of the world's population but less than 2% of world trade and only 1% of world investment, there appears to remain at least some scope for the expansion of capitalism into previously neglected areas of the global economy (for the statistics, see <http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/REN-218131229-PG5>).

Third, is it really capitalism that is under threat or just neo-liberalism? Might capitalism in various indigenous forms/varieties actually ironically be strengthened by the crisis of neo-liberalism? Let me suggest an alternative vision of China's future in the global capitalist economy.

Capitalism needs to be both facilitated and legitimated by government action. In large parts of the world, for a decade at least, the dictates of neo-liberalism placed an emphasis on governments undertaking liberalisation and deregulation – the process of facilitating. Now, with neo-liberalism challenged (to say the least), the task turns to legitimation. This might entail legitimating capitalism by re-writing the rules of the global economy at the global level – reforming the IMF, finding agreement at the WTO, *ad hoc* agreements at the G20 and so on. It will also play out at the national level, with different governments striving to show how they are defending the national interest in the face of global economic turmoil. And rejecting global neo-liberalism can actually legitimate domestic alternative forms of capitalism – forms that might be more regulated, which might have a greater role for the state and state owned

enterprises, and that might promote the expansion of health education and welfare for the workers. But economic forms that are nevertheless designed to generate, appropriate and distribute surplus to the bourgeoisie.

And this is something that already appeared to be underway in China before the global crisis. In addition to the attempts to turn the focus of growth away from exports and investment and towards domestic consumption, there has also been a turn towards emphasising China's "difference." This is partly a "different" historical and cultural basis for contemporary state-society relations which explains and justifies why China does not have the same thinking and practice as the west when it comes to human rights and democracy. It is also partly a "different" path of development and growth from the prescriptions of the Washington Consensus that retains a key role for the state, continued protection for vulnerable domestic sectors and strictly limited financial and currency liberalisation.

Moreover, there is a renewed emphasis on re-constructing the party's relationship with the people through a process of "democratisation." This does not entail free and open elections where the party's overall grip on political power can be challenged. Instead it is a process of strengthening single party rule. The aim is threefold: to make the party (or more correctly, some resistant party officials) more open and responsive to the interests, ideas and complaints of the general public; more predictable, transparent and responsible in the execution of power; and more responsible and prepared to admit to mistakes when things go wrong. This can include competitive elections at the local level, but also now entails introducing new mechanisms through which the people can monitor the work of local officials and feed-back their observations – increasingly using the internet as a means of interest articulation and political participation.

After a period where the people were encouraged to become depoliticised and not get engaged in political affairs, the party now seems to be encouraging (limited) re-politicisation; just as long as this political action does not challenge the party's right to be the supreme political authority. The aim appears to be to create a more populist form of party rule that also entails ensuring that the party is seen to be the vehicle for the protection of China's national interests and the promoter of Chinese values overseas. A form of authoritarian-populist-nationalist developmental state.

Despite the increasing tendency towards explaining the uniqueness of China by referring to constructed historical precedents and influences, whether any of this is really a "Chinese" model is open to question. The idea of populist nationalism as a source of legitimacy is far from new. In terms of an overall economic strategy (and also in some specific policies such as the development of special economic zones), the Chinese experience looks not dissimilar to those of previous "capitalist developmental states" in East Asia. We could go further back to find precedents to strong state led models of growth; to Germany under Bismarck or to the promotion of the "American system of political economy" in the late 19th Century. When you add the Chinese experience to these earlier processes, then the extent to which state-led rather than free-market capitalism has been the major source of generating growth is thrown into sharper focus – the extent to which List, rather than Smith, provides the basis for economic "success."

But whether it's really "Chinese" or not is in many ways irrelevant. Although I have argued elsewhere (including a previous review in this journal) that notions of Chinese "soft power" are sometimes exaggerated and sometimes confused (and sometimes both exaggerated and confused), the Chinese "model" really does have appeal in other parts of the world. To be sure this has to be a simplified understanding of the model that ignores all the negatives and social dislocations that have occurred and which also glosses over the

unsustainability of the model identified by the current Chinese leadership (as well as by Li in this book). It is also a “model” that appeals much more to existing elites in other countries than to opposition parties and those advocating democratisation and human rights. Nevertheless, those searching for alternatives to neo-liberal agendas have found much to energise them in this latest Chinese version of strong state led growth.

More important for this discussion, there is a strong and growing pride within China itself that China has grown and has done so on its own terms. And when this is combined with the growing discourse of China as politically and socially “different,” we come to a situation where China’s seems to be moving even closer towards a strongly nationalistic political economy. Just as with the capitalist developmental state in Japan, South Korea and Taiwan to varying degrees, what we might call “the national project” is the justification for all that follows. Building a strong China that occupies its rightful place in the world free from the imposition of alien values and influence is the supposed core objective. The government will do what it can to resolve inequality and deal with the dysfunctional consequences of economic growth, but where it can’t then the people should value the traditional (constructed) emphasis on harmony for the greater good of China.

In short, then, I suggest that the global crisis may well mean the end of unfettered neo-liberalism rather than the end of capitalism. Neo-liberalism might be challenged in China and elsewhere with resurgent national forms of capitalism where “the national project” becomes a key justification for economic reconstruction and/or living with hardship. Or put another way, nationalism takes over some of the functions that the appropriation of profit used to perform (and of course, this would not be the first time in history that the nation and nationalism have been used to get through periods of economic collapse).

## **PREDICTING THE PAST IS DIFFICULT ENOUGH; PREDICTING THE FUTURE....**

Predicting the future should be at the heart of Marxist interpretations. Yet the division between Marxism as a mode of analysis and Marxism as prediction of/guide to political action has perhaps become ever more pronounced in recent years. This is probably partly because identifying class formation and cleavages is easier than identifying where the political challenge to the existing system are likely to come from. And while we can argue whether Communist Party States really did represent genuine socialist alternatives to capitalism or not, it would be folly to think that the collapse of communist party rule in Eastern Europe didn't undermine the claims of socialism as an alternative to the capitalist system

It is notable that even though Li works through the logical conclusion of the Marxist-based analysis in this book to the demise of global capitalism, he does not really provide a clear direction for building working and real alternatives. Nevertheless, he has based his predictions on a well-established school of thought and theoretical position, while my critique and possible alternative scenario of state led national(ist) capitalisms (if not national socialisms) is perhaps less theoretically grounded. And even if I am right about the drift towards (competitive) nationalisms as a means of legitimating national forms of capitalisms, then the consequences for the coming global environmental crisis might be even more severe through increased competition for natural resources and growth.

Those who share Li's worldview will be convinced by his position (and less so by my response). But even if one does not share Li's epistemology and method, his approach is thought provoking and challenges existing conventional wisdom(s). In this respect it is an important and significant contribution to the study of China's potential futures and, in terms

of his analysis of both the Mao period and the nature and sustainability of post-Mao reforms, perhaps an even more important contribution to the study of China's past and present.