

## US, China, and the Structural Crisis of Global Capitalism:

### What Will be the Next?

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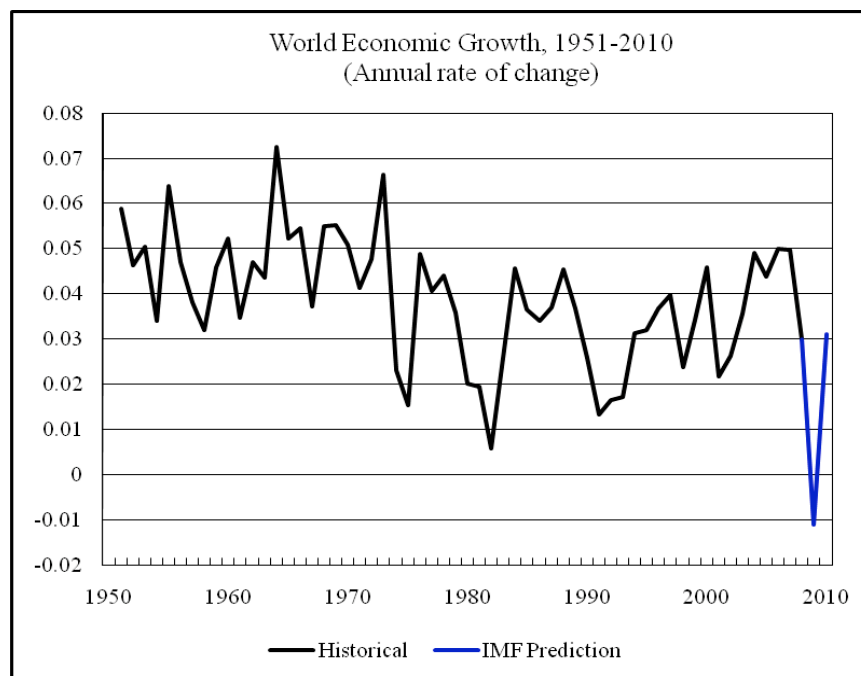
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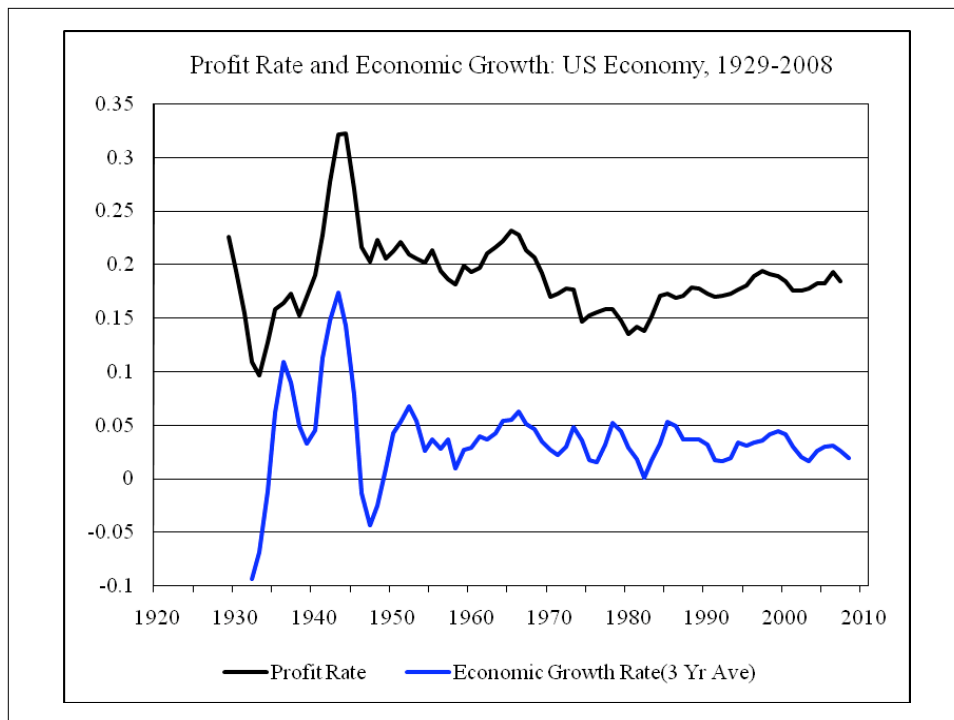
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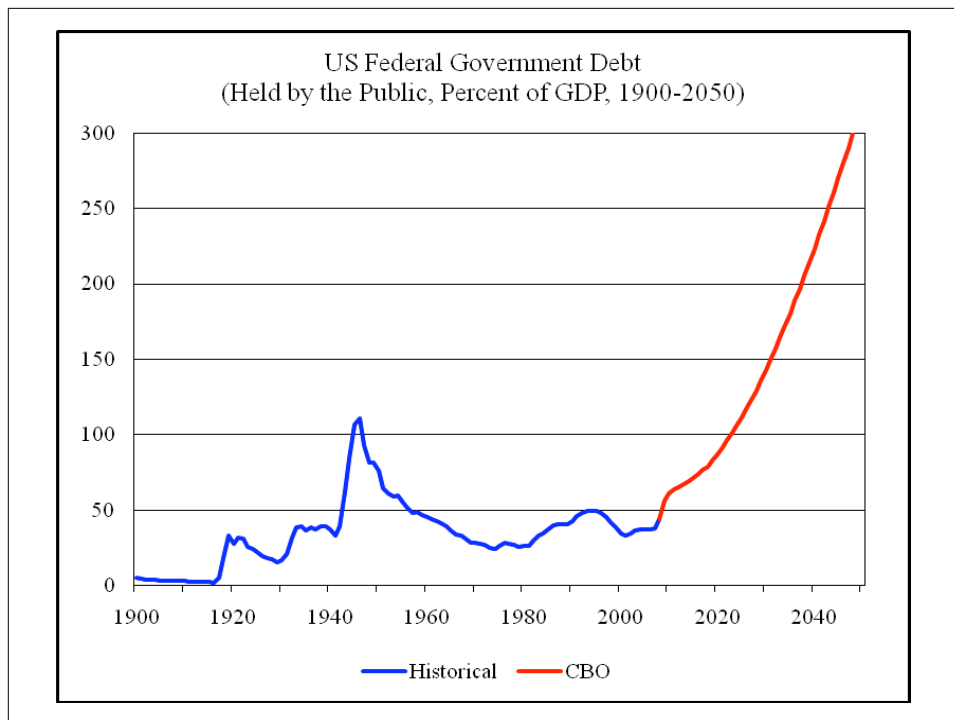
- A Revival of Neoliberalism?
- A Return to Keynesianism / Global New Deal / “Change”?
- Structural (terminal, fatal) Crisis of Capitalism / World Socialist Revolution
- Not 1945 Again: Decline of American Hegemony (and China will not become the new hegemony); exhaustion of global space of social reform; global environmental crisis

### **Global Capitalist Division of Labor**

- US: Finance Capital / Consumer of Last Resort
- China: the World 's Manufacture Wor kshop / Sweatshop
- Japan, Germany: High -End Manufacturing
- Middle East / Latin America / Southeast Asia: Energy / Commodities Exporters

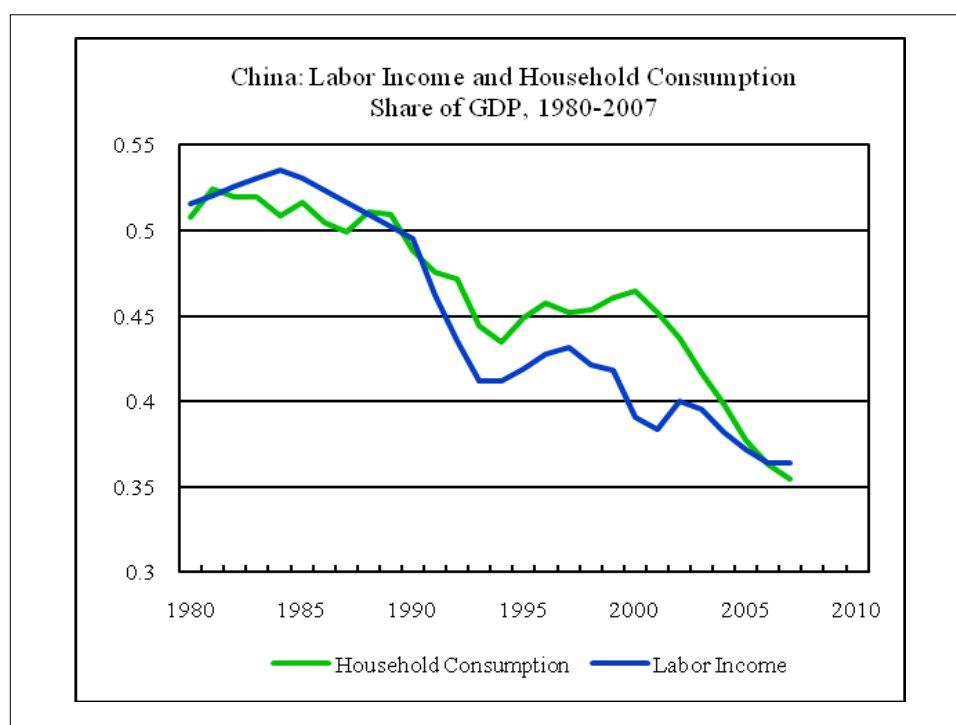
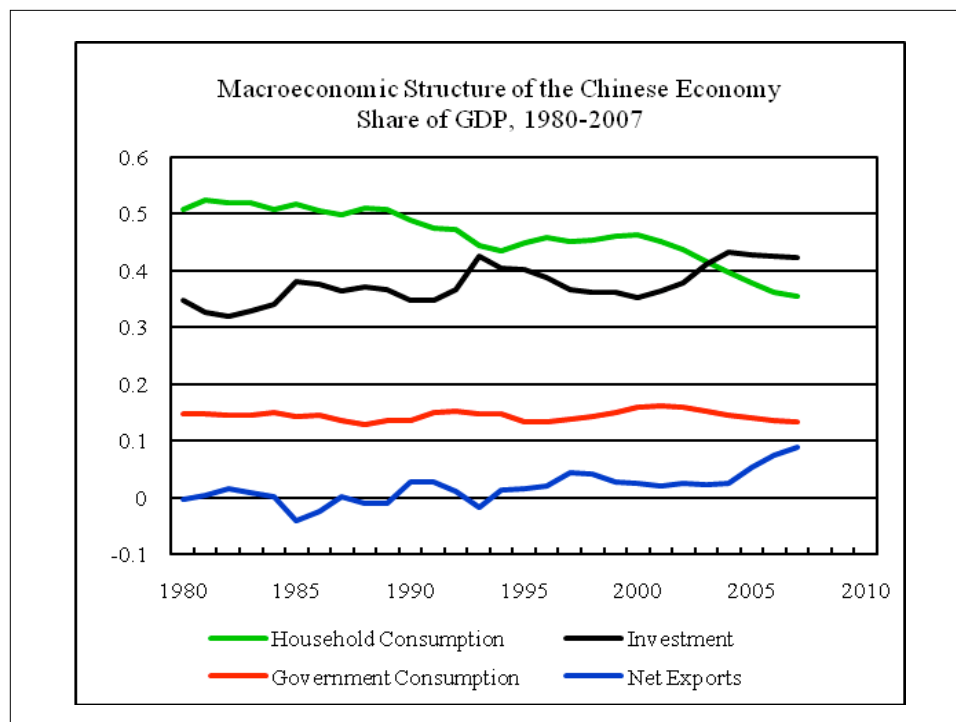
### **Global Economy: 2010 -2020 (Scenario 1)**

- US: Aggressive Keynesian Expansion ∴ large government deficits / massive increase in government debt
- Rest of the World: Export -Led Growth
- Eventually – Collapse of US\$, US Treasury Bonds, US Economy, and Global Economy



### Global Economy: 2010 -2020 (Scenario 2)

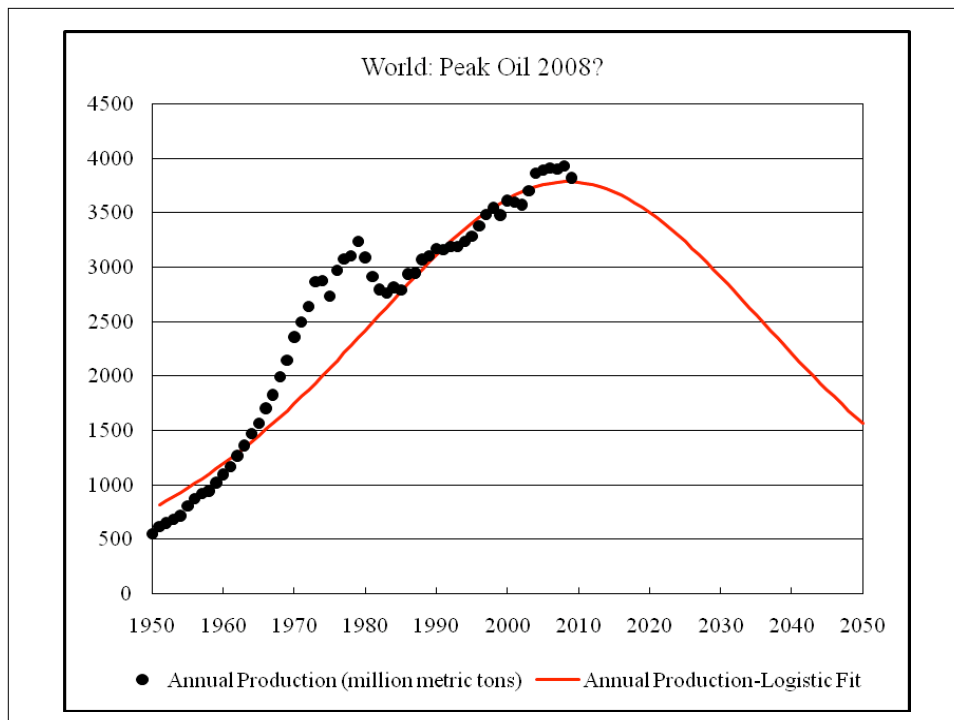
- US / Europe: Stagnation
- China: Leads Global Expansion
- China: Investment -Led Growth ∴ Massive Excess Capacity
- China's Economic Crisis ∴ Global Economic Crisis





### China Leads the Global Expansion?

- Investment-GDP Ratio: currently near 50% (capital - GDP ratio will rise from 2:1 to 3:1)
- Consumption-Led Growth?: requires an income redistribution on the order of 20% of GDP
- China-Led Global Growth: China's trade surpluses will shrink  $\rightarrow$  trade deficits  $\rightarrow$  global trade surpluses concentrated in oil/commodities exporters  $\rightarrow$  acceleration of dollar decline / collapse?
- China's demand for energy / raw materials will surge



### Peak Oil and Global Capitalism

- Oil: 40% of World Energy Consumption / 90% of Transportation Fuels
- Coal / Natural Gas: Non -renewable / CO2 Emissions
- Bio-Fuels: Land and Water Intensive / CO2 Emissions
- Electricity: cannot serve as liquid fuels; cannot replace chemical inputs; cannot substitute for fuels used by airplanes, ships, trucks, and heavy equipment; electric cars have range / battery problems

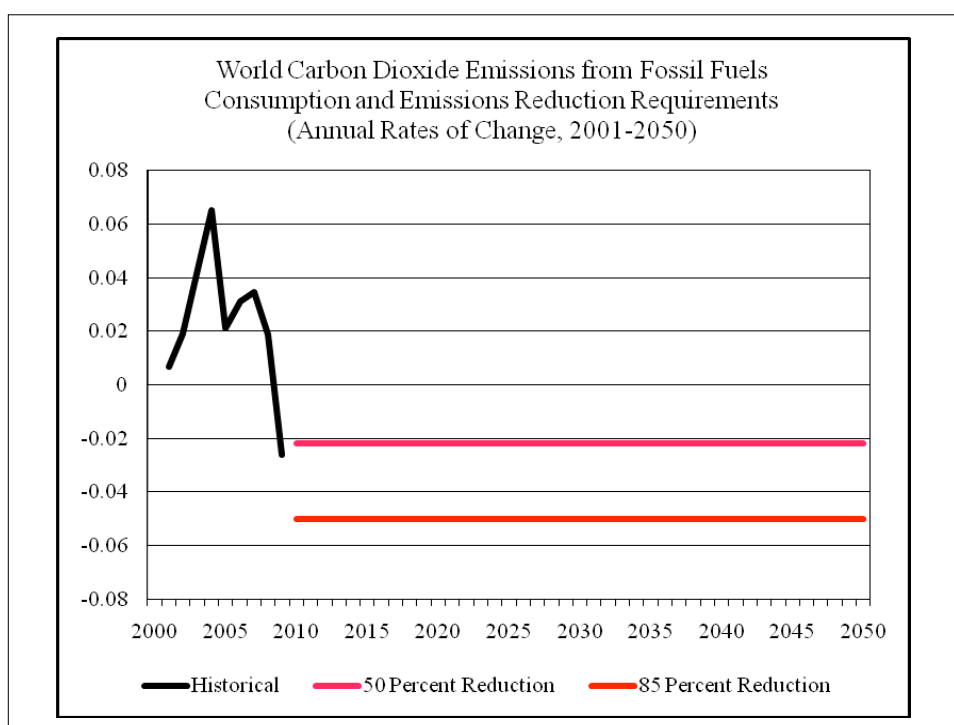
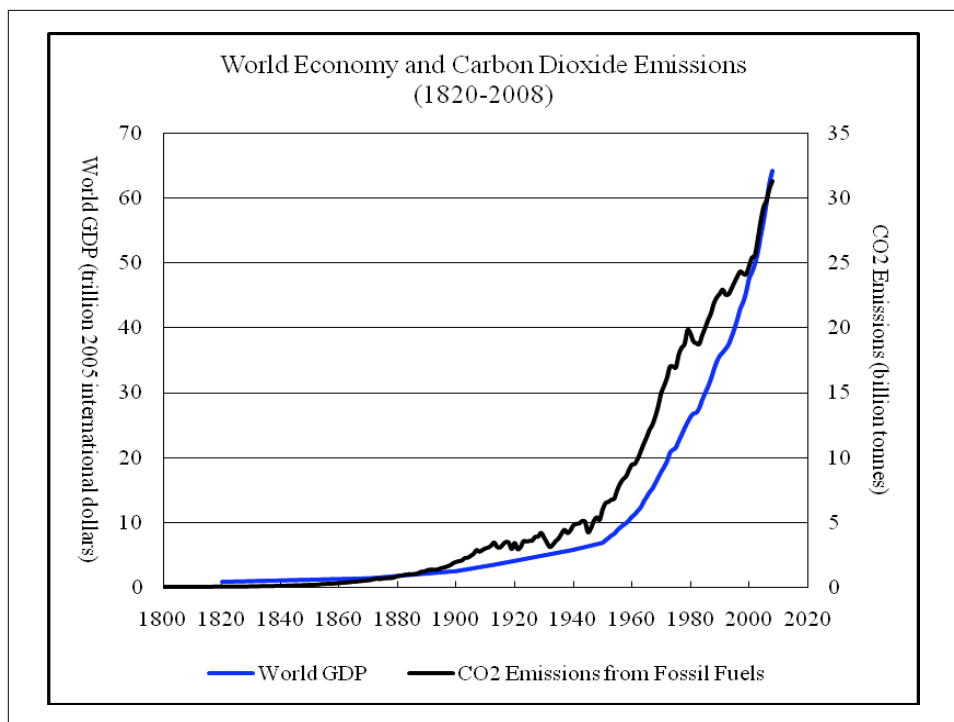
### **Global Climate Crisis**

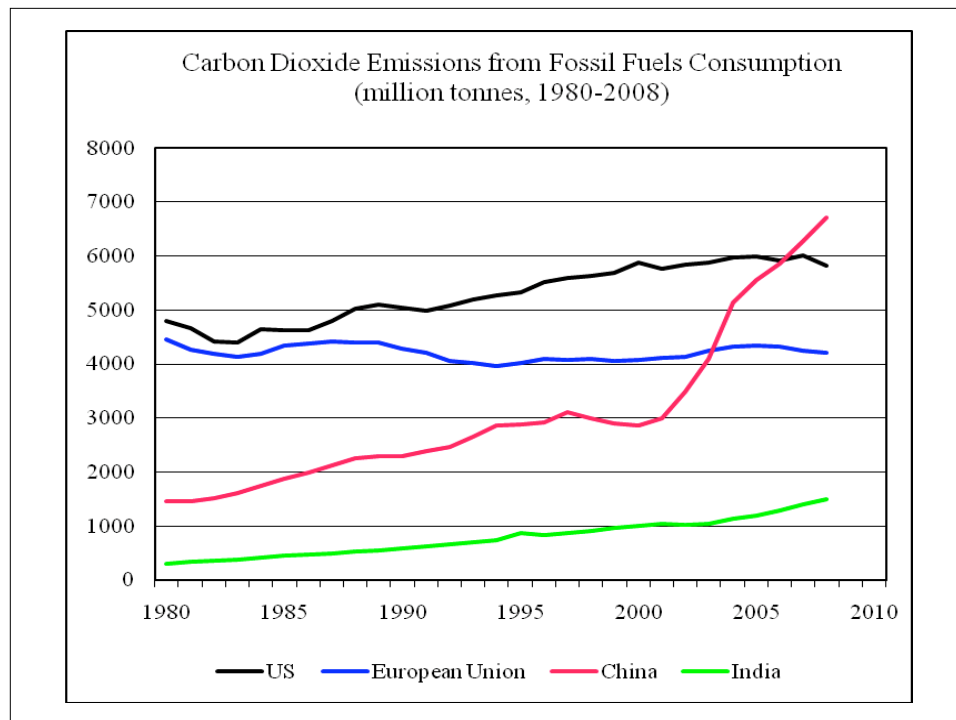
- IPCC: 50 -85 emissions reduction from 2000 levels by 2050 is required to prevent global warming by 2 -2.4°C
- 2°C Warming: Tipping Points / Climate Feedbacks
- 3°C Warming: Global Sea Level Rising by 25 Meters / Destruction of Amazon Rainforests
- 4°C Warming: Global Population Reduction by 90%? (James Lovelock)
- James Hansen : 350 ppm is required to prevent 2°C Warming (IPCC: 450 ppm)

### **Capitalism and Global Climate Crisis**

- Capitalism: Endless Accumulation of Capital
- Environmental Sustainability: Requires Stable and Sustainable Flows of Material Consumption / Environmental Impact







## **Class Struggle and Global Revolution**

- Core (US / Europe): Exhaustion of Historical Space for Social Reform ∴ Accumulation Crisis of Legitimacy Crisis?
- Periphery (Africa / Middle East / South Asia): General Societal Collapse?
- Semi-Periphery (BRICs): Centers of Global Accumulation / Convergence of Multiple Social and Environmental Contradictions – the Decisive Battleground of Global Class Struggle?

## **China: Class Struggle and Revolution**

- The Urban Proletariat: Socialist Experience / High Class Consciousness
- The Semi-Proletariat (migrant workers): Most Intensely Exploited / But Low Class Consciousness / Potential Ally of the Urban Proletariat
- Petty-Bourgeoisie: Used to Be Capitalist Ally / Now Threatened by Unaffordable Housing, Unemployment, Insecurity
- Rapid Growth of Young, Leftist Activists (in China, “Left” = “Maoism”)
- Bourgeoisie: Wealth Based on Privatization and Sweatshops / Legitimacy Crisis