US, China, and the Structural Crisis of Global Capitalism:
What Will be the Next?

Dr. Minqi Li, Assistant Professor
Department of Economics, University of Utah
Salt Lake City, Utah 84112
E-mail: minqi.li@economics.utah.edu
Phone: 801-828-5279

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What Will Be the Next?

• 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 Workshop / 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
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
Macroeconomic Structure of the Chinese Economy
Share of GDP, 1980-2007

- Household Consumption
- Investment
- Government Consumption
- Net Exports

China: Labor Income and Household Consumption
Share of GDP, 1980-2007

- Household Consumption
- Labor Income
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, trade deficits, global trade surpluses concentrated in oil/commodities exporters, 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