

BOOK REVIEW

Li, Minqi. 2008. *The Rise of China and the Demise of the Capitalist World Economy*. New York: Monthly Review Press. ISBN 9781583671825. Paperback: 16.95 CAD. Pages: 208.

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It is difficult to ignore the centrality of China as we enter the second decade of the 21st century. The biggest industrial revolution in history is underway in the world's most populous country. This fact is forcing many to rethink old orthodoxies. This book is an important contribution to this project. Minqi Li is very successful at posing the big questions, no small achievement in itself. But his analysis is premised on a questionable political economy and an overly 'rosy' view of the Mao period. The answers provided are not always convincing, and sometimes schematic in a way which detracts from the overall effect of the book itself. These weaknesses notwithstanding, this is a book with which any who are interested in the current dilemmas of world capitalism, and the prospects for building an alternative, should be familiar.

The first dozen or so pages are the first reason to read this book. Li sketches out in spare, but gripping prose, the horrendous history of China's (and India's) encounter with European 'civilization.' With an analysis rooted in World-Systems theories, Li shows clearly the key role that both of these countries played in the rise to dominance of European capitalism. 'The tributes from India played a crucial role in the British rise to world financial and commercial supremacy' (6). But through a systematic outline of the wars waged by Europe and Japan on China in the 19th and 20th centuries, and the punishing tribute extracted from the country, Li shows that China was at least as important in this process.

The second reason to read Li's book is his notion that the enormous pool of cheap labour, created in this process of imperialist depredation, has become one of two important 'strategic reserves' for world capitalism. 'China's deeper incorporation into the capitalist world-economy helps to lower the global wage cost and restore the global profit rate' (16). This is an indispensable insight toward explaining the long expansion of the 1990s and the intense economic boom experienced by the world economy just before the so-called 'Great Recession.' Theorists who have attempted

to understand the dynamics of the world economy without this appreciation for the role of China have been forced either to deny the fact of economic expansion over this fifteen year period, or to see this expansion as proof that neoliberalism had gone some distance to overcoming capitalism's internal contradictions. Properly theorizing the role of China allows Li to escape both traps.

But there are some matters that need further discussion. First, his political economy rests on an assumption that capitalism cannot survive industrial and economic development in the 'semi-periphery.' In an interesting discussion of the potential trajectories of the periphery and semi-periphery, he suggests that if Chinese wage rates 'converge upwards towards the semi-peripheral levels' – an important possibility to discuss, given the upward pressure on wages in China's urban areas – 'this will greatly reduce the share of the surplus value available for the rest of the world' (111). This neglects the fact that with an increasing organic composition of capital, wage rates and overall surplus can (and in fact do) both increase. It is not a zero-sum game. China's impact on world capitalism, then, cannot just be seen in terms of its impact on wage rates. It has also become an enormous market for commodities to feed its industrial revolution. It is also China's emerging home market which is transforming the world economy. Li is aware of the central role of organic composition to Marx's theory of capitalism, he mentions it, but does not integrate into his own political economy.

Second – his relationship to the Mao era is problematic. He makes the very interesting observation that 'it took the entire Maoist era to develop the necessary industrial and technological infrastructure before China could become a major player in the global capitalist economy' (13). This is an important insight, and it opens the door to understanding the Maoist era as one of the assertion of sovereignty, allowing for national economic reconstruction and repairing the damage done by imperialism. But that is not the entirety of Li's view. He calls the Mao era 'Chinese socialism' and in clinging to an understanding of that era as being socialist, he is driven to either minimize its problems, or worse. He has a completely positive view of the Cultural Revolution, arguing that university students 'were required to return to work in their home areas after graduation, so that university education would not become a path for careerist students seeking to join the elite class' (38). There are other analyses which suggest that once Mao's section of the bureaucracy had emerged victorious, radical students were exiled to the countryside, where they could not coalesce as a threat to the reconsolidated Maoist leadership. Li also has an unnecessary

section (39-42) where he challenges statistics which call the Great Leap Forward the catalyst for one of the largest famines in human history. His statistics don't challenge the fact that something happened in that period leading to a great increase in 'excess deaths.' Surely the point should not be to argue definitions as to whether this constituted a famine or not, but to address the fact that something calamitous happened in that period, and that this calamity needs to be explained.

In addition, World-Systems theory, which is such a strength in an understanding of the past of capitalist development, becomes a barrier when trying to peer into the future. Li approvingly quotes Wallerstein's assertion that 'after 2050 or 2075...we shall no longer be living in a capitalist world-economy' (174). However, it is as important in this century, as it was in the past, to insist that there is a difference between seeing the contradictions of capitalism, and predicting its collapse. We can with confidence predict recurring capitalist crises, but its collapse and replacement by a new system requires political action and organizing, and the success of that action and organizing is not inevitable.

Furthermore, his image of a post-capitalist future is not comforting. He builds his case on the interesting insight that the second of the reserves on which capitalism is calling is in the sphere of the ecology, 'the remaining resources, and the remaining space for pollution' (13). This is a very valid observation. But Li asserts that even with a socialist transformation, it is too late to stop catastrophic climate change. With echoes of Malthus, Li asserts that a socialist world will have to oversee, 'an orderly, long-term decline of the world population so that eventually it falls back to a level consistent with the earth's sustainable ecological carrying capacity' (188). Even in a socialist world, 'there will be re-ruralization and a large portion of the world's labor force will need to return to agriculture' (187). Our choices, he says, are to do this in an orderly fashion through a socialism 'which might share important similarities with the historical socialist states,' or in a catastrophic fashion through 'a neo-feudalist outcome (which might resemble today's North Korea)' (181). While 'some form of socialism would be preferred' he argues, 'even feudalism is better than capitalism' (187). If our alternatives are East Germany or North Korea – then the future is grim indeed.

Li has begun a conversation. His insights into China's role in the reshaping of modern world capitalism are important. Coming from a theorist who spent two years in jail for his role in the Tiananmen Square rebellion of 1989, this should give many pause. Too many on the left in the west dismissed that rebellion as being 'anti-socialist.' That this rebellion

has generated such an important Marxist theorist means that such attitudes will need to be reconsidered.