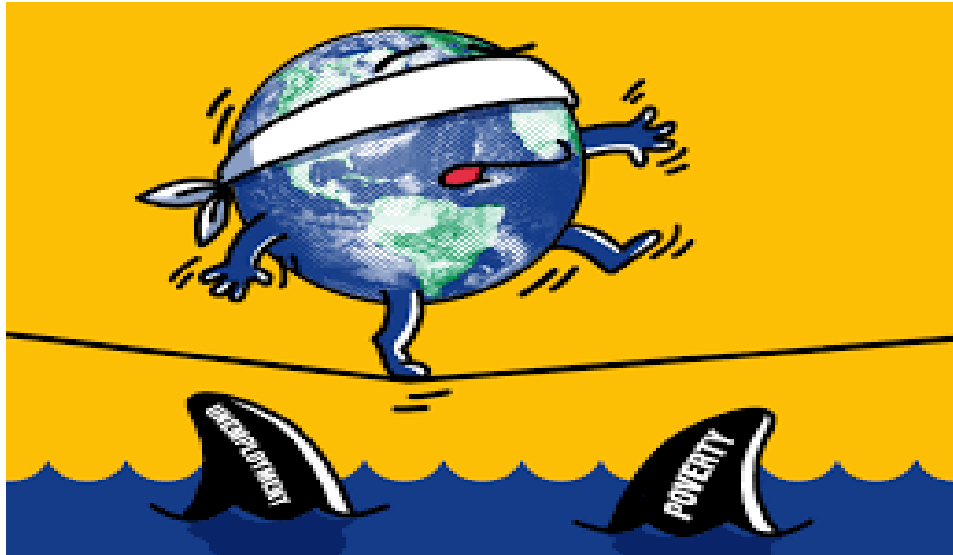


Discussion and Debate

Whither Global Capitalism?



February 14
Friends,

See recent reports on US and world economy. Shows effects of semi-monopoly capitalism, with trends toward increased inequality, stagnation, and instability.

Subject: NYT on "World Inequality Report"

<https://www.nytimes.com/interactive/2017/12/14/business/world-inequality.html>

Wayne

February 14
Wayne,

Haven't we been here before? I mean: no competition; stagnation; da-da-da-da -- then under the auspices of Messrs. Baran and Sweezy. Then whoops -- along came the microelectronics revolution, and small fry starting up businesses in their homes and garages that swelled to gigantic size. Some -- e.g., Apple, with its world-leading stock market valuation, are now the very monsters

now cited as strangling competition. I don't think that we're witnessing the end of history -- i.e., I anticipate that there will be new breakthroughs (technological and otherwise) and renewed growth (although likely there will be one or more bubble burstings in the interim).

Jack

P.S. When I get a chance -- maybe this weekend -- I want to write a reply to Ron's short document on the economy. I largely agree with it, but want to especially comment on a few areas that Ron didn't discuss much -- e.g., China; robotization; web commerce.

February 15

Jack,

I do not share the faith in the health of the capitalist economy/society, which you have, and others have. You not merely claim to *not know* whether things will get worse or not, but *you believe that they will get better*, writing, "*I anticipate that there will be new breakthroughs...and renewed growth....*" (You do not add that increased technological growth is exactly what threatens the world ecology.)

Sure there have been ups and downs. As Ron pointed out, capitalism's disproportionalities (if nothing else) cause it to move in lurches. Even at the height of the 30-year post-WWII boom, there were downturns. And even after the end of that boom, there are upturns. But overall, the system has been going downwards since about 1970 or so, as is generally accepted I think. The post-Great Recession recovery has been slow, shallow, and vulnerable.



To be sure, the continuing trend toward centralization and concentration of capital has not, and will not, end competition. Monopolization and competition have a reciprocal relationship. Not that we can know the day and hour when the next crash will come; the system rolls on (overall downward) until global warming gets too hot for the current civilization to survive without collapse or at least drastic changes, or until there is a nuclear war. Or a workers revolution. Whatever.

Recently Ron wrote that "economics" was not a "science." I am not sure what a real science of economics would look like--but I believe that we can commit to applying scientific method to economic behavior as best as we can. Meteorology is regarded as scientific, although predictions are still highly probabilistic. Geology is a science but no one can be sure when the next really big earthquake will shake California. Unlike human studies, the weather and the tectonic plates do not have free will, yet our knowledge of them is probabilistic at best. Why? Because they are very complex, with many variables about which we know so little. This is true even more so about human behavior, individually or in mass. Plus there are vested interests, which interfere with disinterested human study (psychological taboos, self-interested institutions, ruling classes). It is remarkable that any sort of prediction, even very probabilistic ones, can be made. Of course, a belief in anti-authoritarian socialism is a moral decision, but it doesn't prevent us from examining what forces are likely to prevent or support a socialist reconstruction of the world.

Wayne

February 15
Wayne,

Please explain the enormous expansion of Chinese industry and the Chinese working class as consistent with your belief that "the system has been going downwards since 1970 or so." To pick just one glaring hole in what you're presenting, apparently, as "scientific."

Do you really think that economics is on a scientific footing? Which flavor of economics might that be? Bourgeois? Marxist (if the latter, which variety? Surely not Picketty. Bob Brenner? Michael Roberts? Anwar Shaikh? Baran and Sweezy? David Harvey? Nikolai Bukharin? Lenin? Luxemburg? ...They violently disagree with each other.)

I am not arguing that capitalism is good for the planet, the environment, species, etc. I am arguing that it has not been stagnating since 1970. The size of the world economy, the size of the world proletariat, etc argues against that. You do agree that China is capitalist, don't you? And Singapore. And South Korea. And Malaysia. And Taiwan. Etc. Not to even touch on microelectronics and how it has changed the way we work and live. Stagnation? Really? Please.



Also: Marxists have been predicting the imminent demise of capitalism for nearly two centuries. But capitalism has, unfortunately, proved to be more resilient than the economic "scientists" predicted. I don't rule out the system breaking down soon. But it doesn't have to happen, at least not now, and I don't think that it will.

As far as comparing economic modeling with meteorology: yes, meteorology's predictions are probabilistic. As is all scientific modeling. But astrologers make predictions too. The fact that economists make predictions does not make economics a science. For one thing, it has never been able to adequately account for human behavior / human nature -- although Keynes himself posited it as critical, as do acclaimed neo Keynesians like Robert Shiller (the housing index guy). Anyone can predict.

Jack

February 15

It might not be that the capitalist system breaks down but that it breaks the living system that sustains it, and therefore itself.

Robin

February 16

All,

Regardless of the level of competition and innovation (there will be more), capitalism in the U.S. still looks sick on its own terms. In particular, the rate of stock buybacks is increasing. So far this year 61 corporations have announced \$89 billion in buybacks. Last year at this time the figure was 58 companies and \$40 billion. This is not what capitalism's apologists tout; that is, invest capital, hire workers, make and sell useful products, reap profits, and then turn around and re-invest, produce, sell and reap again and again at higher levels. Instead, the companies are using substantial sums to buy their own stock. This raises earnings per share--and executive salaries and bonuses--but produces absolutely nothing socially useful.

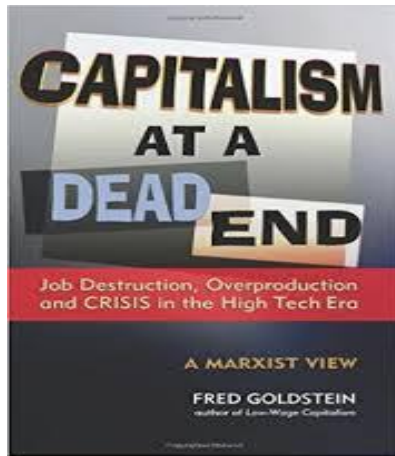
Peace,
Bill

February 16

Jack,

I do not claim "economics" is "on a scientific footing." I would not even claim that for my field, psychology. I gave reasons why this

known. Meanwhile the U.S. has developed the Internet and smart phones for almost everyone--while rushing to destroy the ecological foundation of society.



I have written about these topics elsewhere. Some of the books you mention are worth reading, including Bob Brenner, Michael Roberts, and even the Monthly Review people.

Wayne

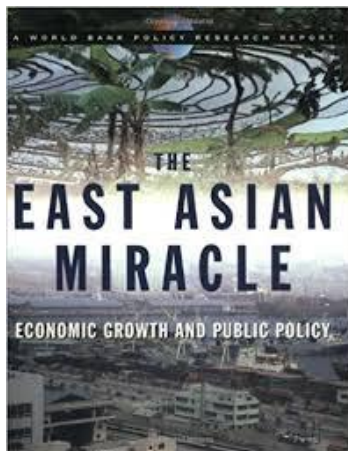
P.S. I would add: the original articles that began this discussion were not by any Marxist, anarchist, or other far-out-niks, but reports in the NY Times from reputed bourgeois scholars.

February 16
Wayne and all,

Thank you Wayne for calling attention back to the article that you posted. The article, as I read it, focuses on the global increase in inequality -- not about global stagnation. The former doesn't imply the latter. Indeed, the article says the following about China:

China's economic miracle was an unprecedented feat: in one generation, an unproductive communist nation of farmers transformed itself into a manufacturing export colossus, a giant of capitalism. Since 1980, its share of the world's income has grown to 19 percent from 3 percent. Its income per person has grown almost 15 times as fast as that of the United States and Canada, and almost 19 times as fast as that of the European Union — to 90 percent of the world average, from 15 percent. Once at the bottom

of the world's income distribution, Chinese are now much more broadly represented across the spectrum of the world's income.



Nor, despite the authors' phrasing, is China alone in such growth. The South Korean economy went from one of the poorest in the world in 1962 to where it is today -- the fourth largest economy in Asia (behind only China, India, and Japan). Indeed, its spectacular growth has been called "the miracle on the Han River." Since 1970 - - i.e., since the end of the postwar boom in the west -- the South Korean economy has grown by a factor of roughly 40 (and nearly 100-fold since 1962 -- from \$2.7 billion to \$230 billion; note that in 1965, South Korean GDP was lower than North Korea's). South Korea is now one of the world leaders in several major areas, including among others shipbuilding, electronics / microelectronics (consumer and industrial), and auto manufacturing.

Nor are China and South Korea the only instances of rapid economic growth since 1970. There are Singapore, Malaysia, Taiwan, and several others. Indeed, in the growth of the working class overall and of the industrial proletariat in particular; in the growth of GDP, of income, of education levels across a multi-national populous region, the best comparison I can think of is with the Industrial Revolution of the 19th century -- but of course on a much larger scale, at least population-wise. (Parenthetically: the 19th century Industrial Revolution savagely despoiled the environment.)

I think that those who, in your words, "generally acknowledge" that "the system has been going down since the early 1970s" do so by ignoring the tremendous growth in the East Asian economies. I think that many leftists -- and some others -- do so because they don't think that China (for example) is part of "the system", but

rather they think that it is some form of progressive, or at least preferred, post-capitalist society. There's another possible explanation: a Eurocentric view of the world (or, perhaps, a Euro-and-U.S.-centric view of the world). Some put forward both explanations. But we agree that China is capitalist; we reject Eurocentrism; so we should not make such mistakes.

There's a lot more that I would like to say, but in my opinion the above -- the post-1970 enormous industrial and overall economic growth in, especially, East Asia -- is key to why I reject the thesis that capitalism has been stagnating since 1970.

Jack

February 19

Jack and fellow utopians,

The first NY Times article is by Eduardo Porter (a well-known bourgeois economic reporter). He focuses on the growth of semi-monopolization, the decrease of competition, and the increase in profits from "rent." While not denying that competition still continues--fiercely in some areas--he points to the growing concentration of businesses as a major cause of low productivity, low wage growth, inequality, overvaluation of equities (stocks, bonds, housing, etc.--fictitious capital in effect), and a vulnerability, as he sees it, to an crash.

What about China? asks Jack. Chinese economy is booming, so it is euro-&-north-american-centric (also Japan-centric) to see world capitalism as doing poorly over all. It is not I but world capitalism which is euro-&-n.a.-centric. The big capitals of the U.S., Europe, & Japan still dominate the world. China's state has done well for itself by buying and selling on the world market, becoming a middleman in the global system of production, and renting out its working class. If Europe, the U.S., and Japan were to collapse, or even to have a hard downturn, it would gravely wound China. At the same time, the Chinese economy has some tight bottlenecks, which get worse as it develops. One, especially, is its destruction of its own environment and the health of its people. But all modern capitalism is stuck in a deep contradiction: industrial growth is essential for the health of capitalism but catastrophic for the health of the world environment on which civilization depends.

I highly recommend Richard Smith's essay, "China's Drivers and Planetary Ecological Collapse," Real-World Economics Review, no.82, 13 December 2017

<http://www.paecon.net/PAEReview/issue82/Smith82.pdf>

or:

<http://www.richardanthonysmith.org/articles-1>

Solidarity,
Wayne

February 25

Hi all,

Wayne says,

China's state has done well for itself by buying and selling on the world market, becoming a middleman in the global system of production, and renting out its working class. If Europe, the U.S., and Japan were to collapse, or even to have a hard downturn, it would gravely wound China.

This view of China as essentially a mercantilist state is, in my opinion, simply wrong. An increasing amount of production in China is for its domestic market, this has increased markedly over the past decade, and the trend, the plan, and projections are for this to increase markedly. As far as renting out its working class, we are increasingly seeing the opposite. Here are just a few examples: the new eastern span of the San Francisco Oakland Bay Bridge was contracted to a Chinese company, Shanghai Zhenhua (<http://www.nytimes.com/2011/06/26/business/global/26bridge.html>) which built and largely assembled the new span in its giant Shanghai manufacturing complex, then "rented" American labor for the final installation; Chinese have bought up much of Italian manufacturing, so much so that it has become a major national issue (see <https://fashionista.com/2013/02/as-more-chinese-factories-pop-up-in-italy-what-does-it-mean-for-the-made-in-italy-label>); China is investing heavily in auto production, with its goal being domination of global auto and parts manufacturing

(<https://www.wsj.com/articles/china-aims-to-take-over-car-industry-one-part-at-a-time-1500370204>). And these are just a few examples -- China is investing heavily in Central Asia, in Africa, in Latin America. If, as Wayne posits, Europe, the U.S. and Japan were to suffer a major downturn, I expect that the Chinese would rely still more on their large and expanding domestic market as well as to their investments outside of the West, and I expect that other Asian countries would look more towards China. Indeed, a sharp downturn in the West may well result in China displacing the U.S. as the leader of the world economy, with South Korea, Japan, Pakistan, and many others strengthening ties to China at the expense of the U.S.

China is not a small East Asian cape. Its population, nearly 1.5 billion, is equal to that of the entire Western Hemisphere PLUS all of the European Union COMBINED. Its "unprecedented economic miracle", the largest industrial revolution in the history of the world, dramatically increased production and labor productivity, while increasing the Chinese labor force by hundreds of millions and its urban manufacturing work force by tens of millions. According to the United Nations, the number of people living in poverty in China fell by 627 MILLION PEOPLE between 1981 and 2005 -- from 835 million to 208 million. (In other words: in 1981, 60% of China's people lived in poverty; by 2005 fewer than 15% did. It has fallen still further since 2005.) South Korea, although much smaller than China, has made similar gains in production and similar reductions, proportionately, in poverty -- and in the process, this nation of only 50 million has gone from extreme backwardness (per capital GDP below North Korea) to the fourth largest economy in all of Asia. And other Asian states -- Malaysia, Taiwan, Singapore, Indonesia, India -- have made huge leaps in manufacturing production. Globally, on the order of one billion people have been lifted out of poverty. The Asian working class has grown enormously -- and most enormous of all has been the increase in the number of women workers and in their militancy.

The above are a sampling of reasons why I reject the assertion that global capitalism has stagnated and been in decline since 1970, and why I think that -- unless one doesn't think that China is capitalist - - such a view must be Eurocentric.

I'm going to leave it here, at least for now.

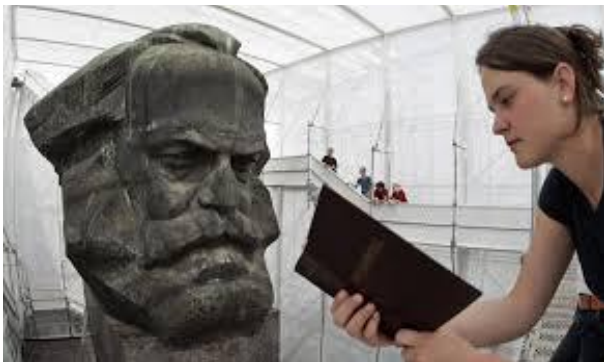
Jack

February 26

Friends and Utopians,

In response to Jack's last comments. First, to be clear, *Jack does not challenge* my statements that capitalism in the centers of the North-American-European-Japanese major economies (with ups and downs) has been generally stagnating, increasing in inequality, overvalued (bubbling), and increasingly vulnerable to another crash. He does not deny this, but argues that capitalism is ok because China, and also South Korea, is booming. But this fails to look at capitalism as a world system. He also does not respond to the article by Richard Smith on the ecological catastrophe which is unrolling in China, as a major cost of the boom.

I wrote to Loren Goldner to comment on this topic. Loren is a Marxist economist of a left-communist/libertarian-Marxist persuasion, with various political problems, but he has studied Asia closely (he has a job in South Korea). He responded:



I would basically say that the boom in East Asia has to be offset against rollback and austerity in the US, Europe, Russia, Eastern Europe (including the Balkans) the non-oil Middle East, Africa and Latin America. I don't think the expansion of workers and workers' incomes in East Asia compensates for the decline in all those places. Things are not so rosy in China either: 1 million people a year die of diseases related to pollution and the environment; whole previous cultivated regions have been desertified. The "middle class" in China is only 10% of the population: true, that's 140 million people,

but about 500 million are still trapped in the countryside, and another 280 million make up the transient population searching for work.

Let me end with **a broader comment about the Utopian tendency**. In the 70s, Ron Tabor and the rest of the RSL used Marxist political economy to describe capitalism as having ended the post-WWII boom. This included (we said) the way capitalism had misused the environment to promote the boom but was now going to have to pay for its ecological destructiveness. We said that the world economy would be going downhill overall, with ups and downs, with an eventual danger of a major collapse at some point. When events would happen was not specified--it was a probabilistic prediction.

This analysis and prediction turned out to be pretty much true. *This is especially clear currently*. Yet at this time, former RSLers have decided that the analysis was wrong, that predictions cannot be made (even probabilistically), that even if things get bad for a while, they can be expected to improve, and the Marxist economic analysis is no good (it is too tied to totalitarian aspects of Marxism). In my opinion, this development is all too bad. I have affection for all you folks, former RSLers and friends, and continue to learn from things you write and say--but I am disappointed in this development. Not that you owe me anything, but that is how I feel.

Wayne

February 26
Everybody,

Wayne is certainly entitled to his opinion. I am sorry he is disappointed in the Utopian tendency, merely, it seems because some of us have expressed opinions with which he disagrees.

As far as the issues are concerned, I believe we were generally correct in 1970 and thereafter to argue that, while other people thought that the post-World War II prosperity was a permanent state of capitalism, we argued that it was (for a variety of reasons, including the vast expansion of debt, government and private) temporary, that at some point in the relatively near future,

capitalism would experience a serious crisis, and that there would be the emergence of mass fascist movements and a substantial increase in the class struggle. Despite this, I think I was wrong in several respects. (I will try to summarize my own personal views, to avoid implicating others in positions they may not agree with):



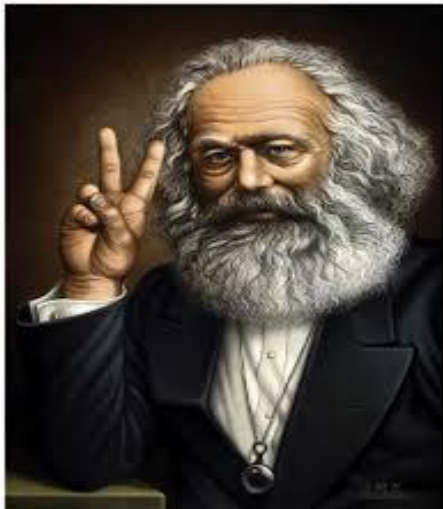
1. The crisis was staved off for much longer than I expected, eventually occurring in 2008.
2. The crisis, although serious, was not as deep as I expected.
3. The crisis did not lead to a drastic increase in the class struggle, although it has led to a significant growth of far-right and outright fascist organizations.



4. I was wrong to believe that this crisis was emblematic of what Leon Trotsky called the "Epoch of Capitalist Decay."

I no longer accept Trotsky's analysis of the Epoch, which was his attempt to apply Marxist concepts to his era. (Neither Marx nor Lenin ever explicitly articulated the notion of such an epoch,

although Trotsky's position was a reasonable extension of their positions.) I do not believe capitalism is in decline. I believe it will continue to expand and grow until or unless it destroys itself or is overthrown. As I have tried to explain over the past few years, I do not think it likely that capitalism will destroy itself by destroying the environment. I believe it is highly likely that global warming will wreak considerable havoc, causing a great deal of environmental and human damage, but I do not believe it will wipe out the human species nor throw us back to some pre-industrial age. I believe that there is a risk of nuclear war, but I do not think such a war is likely. The world's leaders seem to have figured out that that is not in anybody's interest. Nor do I think any kind of socialist transformation of society is on the agenda for the foreseeable future, not least because I see very little sign of revolutionary socialist consciousness in any sector of society, including the working class.

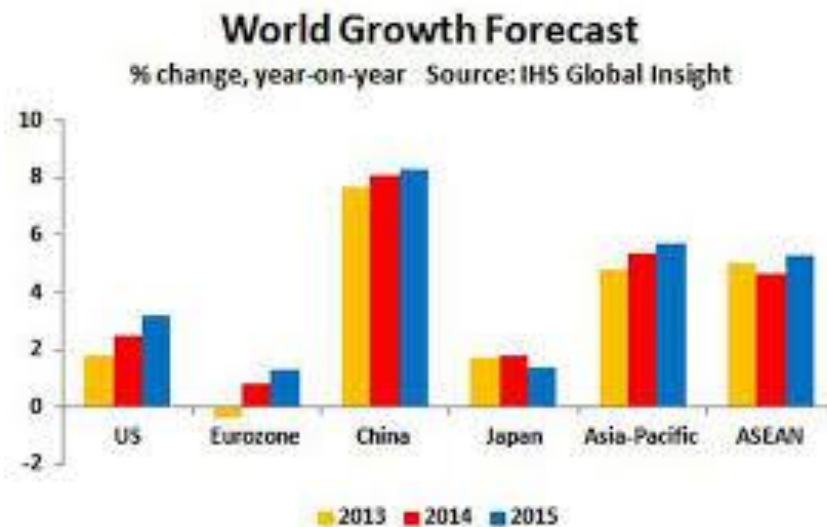


I believe that it is essential that those of us who consider ourselves to be libertarian revolutionaries look reality in the face and not allow ourselves to be imprisoned in theoretical constructs. I believe Marxism is such a theoretical construct, and as the title of my book on Marxism (*The Tyranny of Theory*) implies, I think it has become a prison in which much, perhaps most, of the left has become ensnared. The vast majority of the left, including some large chunk of the anarchist movement, is incapable, for both intellectual and emotional reasons, of thinking outside the categories of Marxism. I think we need to recognize that a theory that was developed 170 years ago is not likely to be able to explain everything that is happening today.

If we look at global capitalism with open eyes, one of the most striking things about the past several decades to note is the emergence of China, and with it, other Asian countries, to global importance. In 1980, China, Taiwan, South Korea, Taiwan, Malaysia, Singapore, Indonesia, India, et. al., were economic backwaters, "basket cases" of "underdevelopment." Today, these nations are among the fastest growing, most dynamic, countries in the world. By some measures, China's economy is the world's largest, edging aside that of the United States. Has this development been without costs? Absolutely not, among others, vast environmental destruction, severe social dislocation, and vast human suffering. Are these societies without problems? No. Capitalism development has always been accompanied by serious environmental destruction, an increase in income inequality, human misery, and other grievous problems. But we cannot, and should not, blind ourselves to the fabulous economic growth that has occurred in this part of the world over the past 30-40 years, nor let ourselves be deluded that this is somehow temporary or artificial. According to several sources, more people have been lifted out of poverty (not only in Asia, but in Africa, and Latin America) than in all previous history!!! This is not an illusion, a sleight-of-hand, a trick of statistics, the result of some kind of bubble that is going to collapse because of the "contradictions" of capitalism. This is real, and we need to come to grips with it. Among other things, it explains, to a significant degree, the rise of Donald Trump, who represents a section of the US ruling elite, supported by broader layers of the population, who are deathly frightened of the prospect that the United States and its partners in western Europe are losing their position of global hegemony to the Chinese and other Asian elites.

They are right to be worried. If we look at history with a long view, I think it is reasonable to believe that we are in the midst of a highly significant historical change: the eclipse of Western Europe/North America and the emergence of China and other Asian nations to global hegemony. European global dominance began in the early 16th century and has lasted for 400 years. Before that, for centuries, China was the most advanced civilization in the world. Remember Marco Polo, the Venetian merchant who traveled to China in the late 13th century and stayed there for 24 years? Although Venice and the other Italian cities represented one of

the most advanced areas of western Europe, Polo was overwhelmed by the magnificence, the wealth, splendor, and culture, of China in that era, then under the rule of the Mongol (Yuan) dynasty. So, the idea that China and the surrounding nations might, after several hundred years of European/North American domination, re-emerge as global powers is really not so strange, especially if we allow ourselves to think past/beyond the many categories that have defined our view of the world.



I am not afraid to admit that what I thought 45-50 years ago was wrong. I believe that I was right about some things and wrong about others. I accept this; I see it as part of my intellectual growth. One gets older, looks at things from a wider, longer, deeper, and (hopefully) wiser perspective, and perhaps learns some things. One of these is that theories/ideologies can obscure reality as much as, or even more than, they elucidate it.

As I said, I'm sorry Wayne finds the Utopian tendency to be disappointing. As part of his argument, he tries to utilize our/my earlier analyses to buttress his case against our/my current positions. Perhaps he might consider that, since we were right then (even when he disagreed with us), we might be right now, even though we are saying something different. I, as an anarchist, believe in freedom, first and foremost, in the realm of consciousness and ideas. This means being willing to discard old ideas, old ways of looking at things, old constructs, and to look for new conceptions that better explain what is happening in the world.

Reality is real. Theory is an attempt to explain it; it does not define it, let alone determine it (as Marx thought). To use a hackneyed but worthy expression, we need to start thinking "outside the box."

Ron

February 27
Ron and All,

I agree with Ron's comments to Wayne on past, present and future.

I would add that, while I expect capitalism to continue to grow (i.e., not experience any 'terminal crisis'), it is likely to have crises in the form of cyclical ups and downs, some of which may be severe. I do not expect that Ron disagrees with this, based on comments he has made previously on the economy. I would also add (and I think this is implicit in Ron's email), that continued capitalist growth in no way implies harmony, prosperity for all, a healthy environment, etc. Quite the contrary, the exploitation, degradation, violence and war that have always been essential features of capitalism will continue to be present.

Rod

February 27
Everybody,

I agree with Rod's caveat to my comments, that capitalist growth will continue to involve economic (and political, and environmental) crises of varying dimensions in depth and scope.

I would also like to make clear another point that is implied by my remarks. This is that, in contrast to the RSL and the IS, the Utopian tendency is not defined around agreement on theoretical issues. (I doubt, for example, that I could convince many people of my views on materialism, idealism, the epistemological status of science, and other philosophical questions, although I have taken a stab at this in my book on Marxism.) Thus, people in and around our milieu may have a variety of views on theoretical questions, and this does not in any way determine whether they can be, or ought

to be, part of our group. Participation is completely voluntary, and nobody is compelled to conform to any specific "line."

Ron

February 28
Jack and All,

I have learned a great deal from Jack's posts on economic development in China, and Asia more broadly. I was inclined to see capitalism as a surprisingly adaptive and resilient system without the detailed information Jack provided on Asian development, and am all the more persuaded of this by his posts.



I am curious how Jack sees Xi Jinping's move to be a 'new Mao.' Totalitarian dictators have been responsible for remarkable economic development—Stalin has the leading role in this (human cost aside)—but China went through devastating instability under Mao's various campaigns. I wonder how you, Jack, see this development affecting Chinese economic progress. With my limited knowledge, I have seen China as having had a remarkably 'steady hands at the tiller.' Is significant change afoot?

Rod

March 1
Everybody,

Jack is not the only one who has recently referred to Xi as trying to set himself up as the "new Mao." However, I think this is meant

mostly in terms of Xi wanting to project himself as the God-like embodiment of the country, akin to the Chinese emperors of the past, rather than predictions about upcoming instability. This is in contrast to the image recent Chinese leaders have projected, that of a being "one among many," that is, as leaders of a "collective leadership" that embodies the collective wisdom of the Communist Party.



I think Rod's contrast between Stalin and Mao is only partially accurate. Much of Stalin's reign was also characterized by extremely destructive and destabilizing campaigns, such as forced collectivization (which resulted in a mass famine [10-20 million dead] and the destruction of Soviet agriculture) and the purge trials, which jailed, exiled, and killed yet more people and (temporarily) destabilized the ruling class. Throughout this, however, Stalin managed to keep himself firmly in control, unlike Mao, who was sidelined as a consequence of the Great Leap Forward (which resulted in 45 million dead) and launched the "Cultural Revolution" in an unsuccessful attempt to regain his former status and power.

Finally, I wish to indicate my full agreement with what Jack has recently written and to thank him for that.

Ron

March 1
Ron, Jack and All,

I appreciate the distinction Ron has made between Stalin and Mao, which seems primarily to be that one of the two, Stalin, maintained

a firm grip on power (even if in his possible-to-likely clinical paranoia, he didn't always think his grasp was firm), while Mao's lost significant power as a result of the Great Leap Forward. My point, however, was not about power, but about stability, particularly as it affects economic growth.

It strikes me that both China and Russia experienced enormous (and wasteful) instability under these two 'Great Helmsmen,' though Stalin, no doubt, 'got the job done' (if our measurement is how ready was the USSR for Hitler by 1942). It is my impression that the CCP, under its more collective form of (single-party) leadership, has had a fairly lengthy period of stable, centralized rule, that has contributed significantly to the conditions in which China's "economic miracle" has taken place. My question to Jack (perhaps an overly speculative one) was how he assessed the possible shaking up of a steady and stable approach that Xi's move might represent. If I read you right, Ron, you're saying you think Xi's power grab (based in large measure, I would think, on this stability and economic growth) is less substantive and problematic than I might be suggesting.

Rod

March 1

A few thoughts.

I'm glad that Rod and Ron got something from my exchange with Wayne. But to be honest, although I have tried to follow China -- off and on -- for more than 40 years, I only have tentative thoughts on the current situation.

I do have to say: I don't recall referring to Xi as "the new Mao." I think that there's much more to consider. Mao on the one hand was a revolutionary leader -- not a socialist revolution, but an anti-imperialist, anti-feudal revolution that led in short order to a state capitalist, authoritarian regime. Unlike Xi (although Xi's father was a close associate of Mao.) That's one of many considerations.

In trying to understand the current news from China, I try to keep a few things in mind:

First, regime change is problematic in all authoritarian statist regimes. The USSR after Stalin; Yugoslavia after Tito; China from 1956 to 1978 (and in some ways on down to the present) are cases in point. China seems to be handling this better than most, but....

Second, Xi has been purging opponents and potential opponents in the leadership for years, trying especially to secure the armed forces, the security forces, and the political committee.

Third, Xi's ending term limits doesn't really stand against the past, far or near. Mao held onto power for as long as he could, risking destroying the country to keep or return to power. Teng Hsiao-peng ran China for years after Mao. Xi is returning to this tradition.



Fourth, from what I can gather, Xi and his associates push Han nationalism vigorously, cracking down on minorities, especially the Uighurs. Such ethnic / racial nationalism frequently accompanies statist regimes, exalting the superiority of their national people type.

Fifth, I think that Xi's ambitious global economic campaign, centered on the Belt and Road initiative, is well beyond what were the capacities of Mao (or Stalin).

Sixth, despite China's impressive economic growth -- or perhaps as a byproduct -- inequality has increased. Billionaires on one side; on the other, state social benefits denied to undocumented workers from rural areas who migrate to the cities for work (about seven million of such migrants in Beijing alone). On top of this, the environmental destruction brought on by the push for accumulation.

Finally, China is / remains very fragile. I have stressed it's economic growth, but that has been accompanied by an enormous amount of dissent. We read about the suppression of intellectuals, but not as much about the thousands of strikes and other job actions and protests that go on every month, despite the brutal regime, despite the denial of the right to organize and the right to strike. I suggest looking at the China Labour Bulletin (published in Hong Kong), and at articles by Eli Friedman). That fragility, and the protests, could at some point undermine Xi, but at this point I think that they actually serve his interest by convincing party leaders that a strong permanent hand is needed at the helm.

Jack
