Abstract: After the world economic crisis broke out in 2008, some developed capitalist countries adopted right-wing policies to rob the poor for the rich, at the expense of developing countries with no concern over the ecological environment. They succeeded in helping the giant financial capitalists, but exacerbated the governmental debt crisis, and did little to relieve the unemployment crisis. They have increased the suffering of the majority of workers, did harm to the long-term ecological environment, and consequently caused the resistance and protest of workers at home and abroad. It has also forced developing countries to strengthen cooperation between each other, especially among the BRICS countries, and caused people to think about alternative institutions and specific programs which are better for ecology and human development. To that end, the World Association for Political Economy (WAPE) held the 7th Forum to make in-depth discussion on these issues.

Key words: World Association for Political Economy; world economic crisis; capitalist countries

“State, Market, the Public and Human Development in the 21st Century—The Seventh Forum of the World Association for Political Economy (WAPE)” was held at Universidad Autónoma Metropolitana, Mexico City, on 25–27 May 2012. The forum was attended by more than 150 scholars from over 20 countries, including China, Japan, the United States, Germany, Ireland, Austria, Norway, Belgium, Turkey, Australia, South Africa, Brazil, Mexico, Argentina, Colombia, India, South Korea, Vietnam and Thailand.
On the morning of May 25, busts of Adam Smith and Karl Marx were unveiled by Professor Enfu Cheng, Chairman of WAPE and Director of the Academy of Marxism of the Chinese Academy of Social Sciences, and Professor Salvador Vega y León, Principal of the Universidad Autónoma Metropolitana (UAM) Xochimilco, in UAM-X’s Red Square. Professor Enfu Cheng, Principal Salvador Vega y León, Professor David Kotz, Vice Chairman of WAPE and Professor at the University of Massachusetts Amherst, Professor Makoto Itoh, Vice Chairman of WAPE and Professor at Kyoto University, and Professor Paul Cockshott of Glasgow University spoke at the unveiling ceremony.

On the morning of May 26, Heinz Dieterich, Professor at UAM and Vice Chairman of WAPE, presided over the opening ceremony of the Seventh Forum of WAPE. Professor Enfu Cheng gave the opening address and Principal Salvador Vega y León welcomed the delegates. The names of the recipients of the Marxist Economics Award, Professor Makoto Itoh and Professor Xunhua Zhang, were announced, and the “Distinguished Achievement Award of World Political Economy of the 21st Century” was awarded to nine economists: Professor Shinjiro Hagiwara from Yokohama National University, Japan, Professor Luis Sandoval Ramirez from UAM, Professor Jianping Li from Fujian Normal University, Professor Peter Fleissner from Vienna University of Technology, Professor Radhika Desai from the University of Manitoba, Canada, Professor Leming Hu from the Chinese Academy of Social Sciences, Professor Kim Hyungkee from Kyung Nam University, South Korea, Professor Paul Cockshott from Glasgow University, and Professor Wen Zhou from Yunnan University of Finance and Economics. After the opening ceremony, scholars from eight countries delivered the first keynote speeches and opened up discussion.

On the morning of May 26, WAPE held a tree planting ceremony on UAM’s Xochimilco Campus. WAPE Chairman Enfu Cheng and the Principal Vega y León of UAM’s X-Campus planted the national tree of Mexico together, symbolizing the seventh forum of WAPE.

Focusing on the theme of “State, Market, the Public and Human Development,” participants discussed issues including the economic crisis and the debt crisis, post-crisis employment and development, post-crisis social movements and trends in political thought, human progress and the ecological economy, sustainable development and cooperation among developing countries in 13 parallel sessions on the afternoon of 26 May and the morning of 27 May, as well as in the second plenary session on the afternoon of 27 May.

The Economic Crisis and the Debt Crisis

Some Marxist analysts, such as Thomas Weisskopf, have argued that in Marxism, all tendencies toward crisis operate through their effect on the rate of profit. Professor
David Kotz, from the University of Massachusetts Amherst, makes the case that in structural crises of capitalism, as distinct from short-run business cycle recessions, the movement of the rate of profit is, in some but not all cases, the main factor for understanding the roots of the crisis. The main determinants of some types of structural crisis can be found in factors that cause the rate of profit to fall, which in turn explains the crisis. This view of crises fits the structural crisis of US capitalism in the 1970s. However, another type of structural crisis can result from crisis tendencies that do not operate through their effect on the rate of profit. Kotz argues that changes in the rate of profit fail to explain all the causes of the crisis. Structural crises—such as the neo-liberal structural crisis—cannot be explained by the tendency of the rate of profit to fall. Kotz’s paper presents evidence that the current crisis in the US is an example of the latter type of crisis, one that cannot be understood by analyzing movements in the rate of profit in the period preceding the crisis. The current crisis stems from unsustainable trends in consumer spending, investment, and debt produced by the neo-liberal social structure of accumulation. These unsustainable trends eventually triggered an economic crash that appears to have ended the viability of the social structure of neo-liberal capital accumulation. The paper concludes that the most general framework for analyzing the structural crises of capitalism is the circuit of capital approach, which can accommodate both movements in the rate of profit and other developments that are relevant to structural crises.

Professor Fangyi Jiao of the Economics and Management College, Heilongjiang University, analyzes the relationship between the polarization of rich and poor and the economic cycle. He holds that the root cause of the global economic crisis and European sovereign debt is the inherent contradiction between capitalism and the commodity-based economy, a contradiction which brings about polarization between the rich and the poor. Only by re-engineering our model of economic development and readjusting the structure of the world economy can we avoid economic downturns.

Professor Terrence McDonough of the National University of Ireland points out that the Irish crisis is both international and domestic. It is simultaneously a manifestation of the global crisis of neo-liberal capitalism and an expression of its own local dynamics. He notes that there are transitional demands for countries and areas in crisis. One category of transitional demands includes those demands which, if achieved, will strengthen the working class economically and politically. A second category of transitional demands consists of those demands which command wide support but which a capitalist society cannot accede to. A third category of transitional demands are those which will, through struggle, educate the public about the ills of capitalism and the desirability of socialism.

Ryoichi Mohri, Professor of Economics at Nihon Fukushi University, analyzes a number of features of postwar debt crises and the evolutionary changes in some of
these factors. He notes that financial capital is ever more distant from life and work in the real economy and can wreck people’s lives. Although there are different types of debt crisis, it is clear that in the lender-borrower relationship only 1 percent of people can be winners, while the remaining 99 percent will lose.

Professor Luis Sandoval Ramirez from UAM points out that it is not the first but the fourth time that Mexico has faced a heavy public sector external debt. The reason Latin American countries are so heavily indebted is because the initial purpose of borrowing was to serve the interests of the core capitalist countries instead of the debtor nations. Although earmarked for productive purposes, most loans were invested in unproductive activities. Many were of no benefit to tax payers in the debtor nations and had not undergone feasibility evaluations.

Professor Yongxiu Bai and Professor Hang Wu at the School of Economics and Management of Northwest University, Xi’an, believe that although at first glance the 2009 European debt crisis was caused by sovereign debt, it was essentially a conflict between the natural characteristics of the market economy and modern civilization. Specifically, they see the European Union’s economic development approach as marked by three underlying conflicts: (1) the conflict between equality and efficiency; (2) the conflict between the virtual economy and the real economy; (3) the conflict between rights and responsibility. In order to solve the crisis, systemic structural reform is needed. The lesson for China is that society should provide good treatment to labor, the real economy, and those who dare to take responsibility.

Post-Crisis Employment, Distribution and Development

Manuel Angeles, Professor at the Department of Economics, Universidad Autónoma de Baja California Sur (UABCS), Mexico, states that the global recession and its symptoms obscure the true nature of the global crisis, which is fundamentally a crisis of human rights (the right to food, employment, a decent income, a clean environment, health and education), principles basic to human survival. The crisis caused collateral damage to human rights, and especially to the right to employment. In Mexico, neo-liberalism greatly enlarged the gap between the rich and the poor, doing away with much of the partial “welfare state” gains that significant sectors of the population had come to enjoy.

Professor Alejandro Valle Baeza from the Universidad Nacional Autónoma de Mexico and Professor B. Gloria Martinez González from UAM point out that in the aftermath of the crisis, global unemployment has been increasing, and this situation is worst in underdeveloped countries. They provide an analysis of the reason why capitalism is unable to absorb all available labor in Latin America. In terms of labor value, the cost of exploiting workers in developed countries is higher than the cost of doing so in underdeveloped countries.
Professor Luis J. Alvarez Lozano from UAM analyzes a new principle of wealth distribution, one that transcends the capitalist market, the state and work. In other words, we should not connect the distribution of wealth with the idolization of labor, nor should we link it to the current separation of wealth production and labor idol. Instead, we should distribute wealth on the basis of the quality and quantity of an individual’s work, on the basis of the production status of individuals.

Professor Jianping Li, former President of Fujian Normal University, and Professor Huang Maoxing, Associate Dean of the School of Economics, Fujian Normal University, point out that the global financial crisis which erupted in 2008 was the product of intensified contradictions in global industrial development. It was also a major readjustment of global competition, one in which some new economies significantly increased their competitive strength in the course of overcoming the crisis. Technological innovation will become an important force driving breakthroughs in industrial development and readjustments in global industry profits. It is also a major source of competitive advantage among nations. Technological innovation should be developed more rapidly and in a timely fashion.

**Post-Crisis Social Movements and Trends in Political Thought**

Professor Hiroshi Setooka of Komazawa University, Japan, analyzes the influence of workers’ protests on political development, pointing out that such protests can lead to fascism or socialism. He believes that we need to be aware of the following points: (1) It is possible that the current capitalist system may be transformed into a completely different social system. (2) The protesters who could do this work for and serve the capitalist economy and rely on and support market systems. (3) These protest movements are unlikely to become socialist activists, but they could develop into extremist fascism. (4) Therefore, citizens’ long-term sustainable engagement in changing capitalism has an extremely important meaning today. (5) Working citizens can become real reformers through engagement in widespread citizens’ movements.

Professors Richard Corell and Ernst Herzog (Germany) have carried out research on German imperialism. They reveal the steps Germany took to recovery after the two world wars, and point out that with the country’s economic growth, right wing activists are claiming that Germany will become a world superpower for the third time.

Professor Sabah Alnasseri of York University, Canada, analyzes the developmental directions taken by imperialism, neo-fascism, and socialism after the crisis. He points out that we are living at the crossroads of the formation of a historical contradiction. On one hand, there are multiple crises of imperialism under US
hegemony. Simultaneously, popular struggles have appeared all over the Middle East, Europe, Latin America and North America. On the other hand, right-wing parties are on the rise, and try to make their opponents bow to pressure and accept the neo-liberal restructuring agenda.

Professor Shouqing Peng and Professor Minyong Wu from the Changjiang Normal University believe that the Occupy Wall Street movement highlights the intensifying political, economic, cultural and social conflicts of capitalism, indicating that capitalism faces multiple contradictions. China should learn from this and adhere to the path of socialism with Chinese characteristics.

**Human Development and Eco-Economics**

Dr Hermann Dworczak from the Austrian Social Forum analyzes the significance of Marxism in the contemporary development of human society. He points out that Marxism is the only theory that is capable of comprehensively examining the problems faced by human development today. What we are seeing is the open outbreak of at least four different crises: economic, social, ecological, and political. Marxism provides a comprehensive view of the disasters created by the financial crisis and the real economy crisis in the capitalist world, as well as helping the sustainable development of man and nature.

Professor Jinming Dong, Associate Dean of the School of Arts and Sciences, Shanghai Maritime University, analyzes the conflict between capitalism and the ecological economy. He notes that capitalism is based upon private ownership and profit maximization. Driven by the capital accumulation mechanism, the power of capital expands continuously and eventually dominates the economy, society, politics and culture. This creates the economic model of mass production, mass consumption and mass pollution. It is impossible to resolve the conflict between capitalism and the eco-economy; to do so requires socialist practice and exploration.

Professor Marco Vinicio Ferruzca Navarro at UAM speaks on trying to design a means of innovative economic activity that would provide better goods and services for human development.

Dean Jianjian Li, former Dean Tiemin Guo and Dr Junjun Li of the School of Economics, Fujian Normal University, believe that competition among low carbon economies has already become an important item of competition between states against the background of globalization. Although developing a low carbon economy and implementing these policies reduce a country’s comparative advantage in the short run, in the long run they increase its productivity, giving it a competitive advantage. They describe the manifestations of the competitive power of a low carbon economy across the four dimensions of a competitive base, competitive process, competitive form, and competitive objective.
Sustainable Development

Professor Enfu Cheng, Director of the Academy of Marxism, the Chinese Academy of Social Sciences, points out that in the 21st century, socialism with Chinese characteristics will focus on and perfect the four-in-one institutional system. First, in terms of economic institutions, socialism with Chinese characteristics will perfect the basic economic system with public ownership as the mainstay and the joint development of diverse forms of ownership. Second, in terms of the political system, socialism with Chinese characteristics will perfect the structure of “embodying the three principles with a four layered political system.” Third, in terms of the cultural system, socialism with Chinese characteristics will perfect the core socialist value system with Marxism as its soul to exercise leadership over various intellectual trends and social activities, promoting great cultural development and prosperity. Fourth, in terms of social institutions, socialism with Chinese characteristics will perfect the system of “one structure, three interactions, four mechanisms.” This involves, inter alia, “constructing a social management structure involving Communist Party leadership, government responsibility, social coordination and public participation,” as required for building socialism and a harmonious society; innovating the social management mechanism under Communist Party leadership and actively establishing a social management network which connects government control mechanisms and social coordination mechanisms; establishing government administrative functions which are complemented by society’s autonomous functions; and establishing government management power which interacts with society’s power of adjustment. This will result in scientific and efficient mechanisms for coordination of interests, expression of demands, conflict mediation and protection of rights and interests.

Professor Hiroshi Onishi of Kyoto University points out that China has enjoyed a high growth rate for some decades and may do so for another three decades or so, but this will not last forever. He fears that once these 30 years of rapid growth come to a halt, China will be in a difficult situation, as these conditions have always given rise to political instability. However, China registered a great achievement in 1978 in the sense that it transformed the whole society without any change of political leadership. Therefore, we need to learn from the political wisdom Deng showed in 1978 with regard to interest distribution; we should carefully apportion the fruits of reform among those who have lost out and effect a change in cultural concepts, so that the aim of reform ceases to be economic and becomes people’s welfare. He proposes a cultural revolution which, unlike Mao’s, will produce a sustainable and mature society for the next historical stage.

Professor Makoto Itoh of Tokyo University analyzes the theoretical possibilities of the socialist market economy in China, indicating that while a labor market is necessary in a socialist market economy, it should be differentiated theoretically.
from the complete commodification of labor power in a capitalist economy. It should develop social functions enabling the flexible and efficient movement of workers across workplaces, but should definitely be combined with a solid social security system and stable economic life for the workers as masters of society. So far, China’s emerging labor market is not suited to neo-classical economics or to the one-sided neo-liberal emphasis, based on neo-classical economics, on the efficiency of individualism and free market competition (including in labor allocation), with its demand to reduce labor management and social concern for working people. We should criticize and oppose this trend. In order to supplement and strengthen such policies toward a more egalitarian society, it would be desirable to reconsider the following three theoretical and practical problems. First, the Chinese tax system needs to be modernized and strengthened. Second, in order to realize a more egalitarian economic order, it must reconsider how to treat the logic of differential rent in a socialist market economy. Third, occasional rebellious social movements and strikes among rural farmers and urban workers, demanding better working conditions or against uneven income distribution as well as corruptions among administrative bureaucrats and managers in enterprises, should not be oppressed, but treated fairly in the socialist spirit to place working people at the position of real masters of society.

Professor Pham Van Duc, Director of the Institute of Philosophy at Vietnam’s Academy of Social Sciences, analyzes Vietnam’s strategy of sustainable economic, social and cultural development. At the present time Vietnam is pursuing a strategy of fast and sustainable development in which economic development is combined with political stability and environmental protection. Sustainable human development is located within this strategy. In the implementation of the strategy, Vietnam has focused on the human factor; the strategy’s ultimate goal is to promote human development and improve the quality of life.

**Development and Cooperation in Developing Countries**

Professor Jenny Clegg of the School of Languages and International Studies, University of Central Lancashire, Preston, UK, focuses on the BRICS’ transformative potential within the world economy by considering their role as a bridge for North-South dialogue as well as a driver of South-South cooperation. She considers some key developments amongst the BRICS as they diversify their economic strategies to emerge from world recession, as well as examining G20 summit proceedings. Her paper aims to highlight the role of China in particular. Dr Clegg’s argument calls for strategic considerations in formulating alternatives to the existing world economy. The unipolar-multipolar dynamic identifies China’s international stance as one of “multipolar developmentalism,” taking South-South cooperation
as the driver in shifting the world balance from unipolarity, and recognizing global reforms as creating strategic space for developing countries to pursue autonomous development. Lessons can be learnt from the past experiences of Third World counter-hegemony and the failed challenge of the New International Economic Order agenda in the 1970s. The search for an alternative platform for a Southern front needs to anchor the BRICS into regional and domestic strategies which, rather than reproducing hierarchies, build on developmental complementarities while at the same time addressing barriers to even and equitable development.

Professor Ma Antonia Correa Serrano, from UAM, argues that the growing Chinese demand for oil and raw materials has prompted the Beijing government to outline a business strategy to ensure their supply outside its territory. China’s increased demand for oil depends on “South-South Cooperation.” Hence the momentum that has been given to the Chinese oil companies, through financing, subsidies and tax exemption, to expand their operations to other countries. China’s strategy in terms of minerals supply has been the exploitation of mines via Foreign Direct Investment (FDI) in Latin America to acquire copper, tin, iron and steel, among others. The paper studies this investment’s positive and negative aspects.

Professor Vanessa Petrelli Corrêa and Professor Claudio Roberto Amitrano, Director and Associate Director of the Department of Macroeconomic Studies and Policies—IPEA (Brazil), present a brief comparative analysis of BRICS’ growth regimes in their paper. Their research analyzes economic data of the last 20 years and finds that Russia, India, China and South Africa are characterized by profit-led growth regimes, while Brazilian economic growth is characterized by a growth regime led by wages and government income transfers.

Professor Francesco Maletto of Centre Economique des Modes Industriels (CEMI), School for Advanced Studies in Social Sciences (Ecole des Hautes Etudes en Sciences Sociales), and Professor Abdelhafid Otmani of the Université de Paris 8 and Laboratoire d’économie dionysien (LED) focus on the oil-producing countries of the Middle East. They believe that the hegemony of Western capitalism in these economies has led to the “Dutch disease” or resource curse, implying that the countries rich in natural resources end up regarding them as a curse that undermines economic development and hinders economic growth. Since the economic crisis of 2008, the political and economic situation of oil-rich countries has become even more dependent on the West, because of the new geo-economic order emerging in the plan for a Greater Middle East and the uncertain outcomes of regime change in Tunisia, Egypt and in particular Libya, outcomes which will determine the configuration of a new political-economic order related to the dynamics which will define the management of oil resources in geo-economic terms. The role played by the oil-producing sector will be increasingly incisive in determining the accentuation
of processes of wealth accumulation by Western countries and thus the strengthening of the new order.

Dr Francisco J. Cantamutto and Agostina Costantino of Social Sciences FLACSO, Mexico, review the positive fruits of reform and the constraints on the Argentinian government over the past eight years, since the assumption of office by Nestor Kirchner and Cristina Fernandez, from the class viewpoint. Over these years, the government has had some positive results in resolving social problems, and the economic and social situation of the working class has made some progress. However, progress has lagged in recent years. In order to complete this picture, it is necessary to analyze the profits of the capitalist class. To accomplish this, various data sources are used: the Permanent Household Survey, the National Survey of Large Companies, and the Labor Statistics Bulletin. Since the government set up the National Statistics and Census Institute (INDEC), the consumer prices correction deserves special attention, which can lead to very different conclusions from the official ones.

After two days of intensive discussion, the scholars reached a consensus on the issues in question. The closing ceremony was presided over by the Vice Chairman of WAPE, Professor Hiroshi Onishi of Keio University. Vice Chairman David Kotz delivered the Statement of the Seventh Forum of WAPE. The Statement declares that after the crisis of 2008, the neo-liberal class continued in power and implemented “austerity” policies, reducing government expenditure, weakening employment, and intensifying the hardship of workers during the crisis. This has given rise to workers’ protests all over the world. The statement urges Marxist economists to reveal the limitations of capitalism and support the political rights of the public and the movement against neo-liberalism and its new “austerity” policies; to further expand and improve the functions of the public sector; to support the socialist theories and movements of Latin America in the 21st century; and to support the fight of the Greek people against the severe economic contraction demanded by the international capitalist class. Professor Enfu Cheng delivered the closing speech. The General Secretary of WAPE, Xiaoxin Ding, Research Associate at Harvard University Asia Center and Associate Professor at the Marxism Research Institute of Shanghai University of Finance and Economics, read out the names of the new council members and announced the theme for the next forum: “Inequality and World Capitalism: Analysis, Policy and Action.” The next forum will be held on May 24–26, 2013, at the Federal University of Santa Catarina in Brazil. The Seventh Forum ended with all participants joining in a rousing chorus of the Internationale.

Translated by Shan Tong

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