

# Is sustainable development compatible with present globalisation? The Chinese Case

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Qingzhi Huan's paper on the ecological impact of Chinese growth is an insightful and very informed analysis of the environmental policies followed by the Chinese political elite in the last three decades – a topic on which very little knowledge is available in the West. The crucial issue, which is implicitly raised by the paper, is whether sustainable development is compatible with the present internationalised market economy. To answer this question we have first to clarify the meaning of the terms “internationalised market economy” and “sustainable development” and then discuss the nature of the present Chinese economy in relation to the internationalised market economy and the sustainability of its economic growth.

## The Internationalised Market Economy

As I tried to show in the article on the present economic crisis,<sup>[1]</sup> the present opening and liberalising of markets was part of a historical trend<sup>[2]</sup> (which has been set in motion by the elites controlling the market economy since its establishment) to minimise social controls over markets and particularly those aiming to protect labour and the environment that interfered with economic “efficiency” and profitability. Thus, once the opening of markets was institutionalised, the uninhibited flow of capital and commodities across frontiers required the parallel liberalisation of all markets – i.e., the minimisation of social controls that have been imposed in the past, in the context of the social struggle, in order to protect human labour and society itself from the market. Therefore, although the labour markets were not fully opened (so that the exploitation of cheap local labour, particularly in the South, could continue) their liberalisation was also necessary in order for the advantages of opening the commodity and capital markets to be fully utilised. Labour had to be made as “flexible” as possible, so that it could become easily adjustable to the rapid changes in technology and the organisation of production. The institutional arrangements to liberalise markets included:

- The formal opening of capital markets – which were in a process of informal opening throughout the 1970s in Britain and the U.S.A. – at the end of this decade when capital and exchange controls were abolished, followed by the rest of the world in the 1980s and the 1990s.
- The setting up of international rules by the WTO (which succeeded the GATT) that

would make trade as free as possible, through the minimisation of the ability of national governments to impose effective controls to protect labour and the environment.

- The worldwide institutionalisation of flexible labour markets, so that the cost of production would be minimised making the movement of investment capital as profitable as possible.
- The privatisation of state enterprises, which not only “liberated” more sectors of economic activity from any effective form of social control, but also gave the opportunity to Transnational Corporations (TNC’s) to expand their activities in new areas.
- The drastic shrinking of the welfare state, so that, on the one hand, the expansion of the private sector in social services can be facilitated and, on the other, a drastic reduction of the tax burden on the economic elites is made possible, through the effective abolition of the “progressiveness” of the income tax system (i.e., the grading of tax rates according the level of income), the drastic cut in corporation tax rates, etc.

The arrangements to liberalise the markets constitute the essence of what has been called “neoliberalism”/“neoliberal policies” or “neoliberal globalisation”. Furthermore, as I tried to show in the same article, despite the present major financial crisis, which has been followed by a deepening global recession crisis, what one could, at most, expect is a replacement of the present neoliberal globalisation with a kind of social-liberal globalisation, in which the essence of the present internationalised market economy i.e., the open and liberalised markets, accompanied with some stricter global controls on the financial markets, would continue as before.

## Sustainable Development

The “sustainable development” approach, which was promoted by the Brundtland Report, [3] and embraced by the Green *realos* (i.e., the reformist ecologists) all over the world since then, aimed at achieving sustainable development, which was defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. [4] Growth in this context is distinguished from development in the sense that the former refers to the quantitative expansion of an advanced economy, measured in terms of increases in the real national income, whereas the latter refers to the qualitative social and economic changes needed for its transformation into an advanced “growth economy” (see next section). In other words, *development* is a broader term than *growth* since, apart from the quantitative expansion of some economic variables, it embraces also structural changes.

The Report was founded on three fundamental principles, according to which:

- Economic growth is the key to social justice, since it can eliminate poverty. [5]
- Growth is the key to environmental protection, mainly, because the elimination of poverty would eliminate a crucial eco-destructive factor. [6]
- Growth “could be environmentally sustainable, if industrialised nations can continue the recent shifts in the content of their growth towards less material and energy-intensive activities and the improvement of their efficiency in using materials and energy”. [7]

## ***Growth and poverty***

As regards the first principle, in fact, the result of the present universalisation of the market/growth economy – necessitated by the opening of the markets due to the massive expansion of TNC’s in the last quarter of a century or so – is, as I showed in the above mentioned article on the present crisis, the creation of a **bipolar world** consisting of one world which includes the privileged social groups benefiting from globalisation, either in the North or the South (what we call “the new North”) and another world, which is left out of the supposedly “universal” benefits of neoliberal globalisation and which includes the marginalised majority of the world population, either in the North or the South (“the new South”). Neoliberal globalisation has led to an unprecedented increase in world inequality, as confirmed also by the latest International Labour Organisation Report, which concluded that since the early 1990s, i.e., the time neoliberal globalisation began flourishing all over the planet, income inequality grew dramatically in most regions of the world.<sup>[8]</sup>

## ***Sustainable Growth and the Ecological crisis***

As regards the second principle, it clearly implies the possibility of a “green capitalism” and, I will add, a “green market economy”, which is particularly relevant to the Chinese case. But, this assumed possibility ignores the fundamental contradiction that exists between the logic and dynamic of the growth economy, on the one hand, and the attempt to condition this dynamic with qualitative criteria on the other. Thus, the contradiction that emerged in the past, when an attempt was made by both actually existing socialism in the East and social democracy in the West to introduce socialist criteria (equity and social justice) in the growth process, is certain to emerge again at present, if a similar attempt is made to introduce ecological criteria (e.g., sustainability and enhancement of the resource base) into the same process. This was amply shown in the West where sustainable development policies implemented by Green parties in Europe, in coalition with socialdemocratic parties, proved to be an abysmal failure in dealing with the main ecological problems and, particularly, the greenhouse effect. Furthermore, the fact that the sustainable development strategy in China coincided with the vast expansion of the market-economy based sector of the economy was clearly a significant cause of the worsening of the environmental situation in China during this period.

Finally, as regards the third principle, although one would agree that, in general, some gains have been made with respect to pollution control and the efficient use of energy and resources, yet, there is no sign that the ecological problems have become, as a result, less serious or threatening. Instead, the opposite seems to be the case with respect to all major ecological problems, that is, the Greenhouse effect, acid rain, salinity, ozone depletion, forest loss, desertification, soil loss and so on.<sup>[9]</sup> Therefore, despite the efforts of “eco-realists”<sup>[10]</sup> to give a rosy picture of the growth economy, and of mainstream Greens to blame “humanity” in general for the present ecological crisis rather than the growth economy, as I tried to show elsewhere, the size of the present crisis, as well as its systemic nature, are now evident.<sup>[11]</sup> Thus, as the latest IPCC report<sup>[12]</sup> points out, although *Homo sapiens* first appeared on Earth some five hundred thousand years ago, concentrations in the atmosphere of carbon dioxide (the principal greenhouse gas responsible for global warming) are presently at their highest levels for at least 650,000 years. Furthermore, they

show that these concentrations began rising only with the birth of the Industrial Revolution 250 years ago. The evidence therefore, clearly indicates a close connection between not just humanity and the crisis but between society and the way it is organized, (i.e., the kind of socio-economic system that has been established since the Industrial Revolution), and the present ecological crisis. From then on, carbon dioxide concentrations began to rise at accelerating rates, particularly since the universalisation of the growth economy after the Second World War. The outcome of this process was that carbon dioxide concentrations increased from 315 ppm 50 years ago to 382 ppm today. Furthermore, the growth rate of such concentrations has lately been rising rapidly, as the IPCC stressed with hardly disguised disquiet. Thus, whereas the average annual growth rate of concentrations was 1.4 ppm in the period between 1960 and 2005, it reached 1.9 ppm in the last decade (1995-2005) – a 36 per cent rise! At the same time, the planet's temperature kept on rising, accompanied not only by catastrophic heat waves, but also by devastating droughts and consequent water shortages, extreme storms, etc.

However, as I have tried to show elsewhere,<sup>[13]</sup> the Industrial Revolution assumed the particular form that we are familiar with, simply because it took place in a society in which control of the means of production belonged to minorities (merchants, landowners, etc). Had the means of production belonged to communities as a whole, technological progress would have led to a very different kind of Industrial Revolution, which in all probability would not have led to a growth economy and the present ecological crisis. Thus, the Industrial Revolution in the 19<sup>th</sup> century became an integral part of the system of the capitalist market economy that emerged at the same time, the dynamics of which inevitably led to continuous economic growth and development, consumerism and a growing concentration of income and wealth at the hands of the elite. This was inevitable because of the paramount need of those controlling the means of production to maximise profits – through improvements in economic efficiency (narrowly defined<sup>[14]</sup>) and competitiveness – which was ensured, also, by the minimisation of social controls over the market protecting labour and/or the environment. It is, therefore, obvious that the rise of the growth economy was not simply the result of changes in values, the imaginary, or ideology, but that it constituted, instead, the result of the dynamics of a concrete economic system in interaction with the outcome of social struggle. This is why the growth economy that developed in the countries formerly of “actually existing socialism”, although sharing several characteristics with the capitalist growth economy (and leading to a similar environmental disaster!) was very different from it, as it was not the result of the dynamics of the market economy<sup>[15]</sup>.

One may, therefore conclude, that the fact that the sustainable development approach ignores the phenomenon of the concentration of power, as a fundamental consequence and also a precondition of growth, is not irrelevant to the essential solutions proposed by it: more growth, more effort and better policies, laws and institutions, as well as increasing efficiency of energy and resource use. It is, therefore, obvious that the real aim of this approach is not to propose ways to achieve sustainable development but, instead, ways to create an “eco-friendly” market/growth economy, which is an obvious contradiction in terms.

## **The nature of the Chinese economy and the ecological crisis**

As regards in particular, the extent of the eco-catastrophic growth in China, despite some improvements noted in Qingzhi's paper, the general situation is grim, as a relatively recent report also pointed out:<sup>[16]</sup>

Nearly 500 million people lack access to safe drinking water (...) Only 1 percent of the country's 560 million city dwellers breathe air considered safe by the European Union (...) Experts once thought China might overtake the United States as the world's leading producer of greenhouse gases by 2010, possibly later. Now, the International Energy Agency has said China could become the emissions leader by the end of this year (2007), and the Netherlands Environment Assessment Agency said China had already passed that level (...) In 2005, China became the leading source of sulfur dioxide pollution globally, the State Environmental Protection Administration, or SEPA, reported last year (...) China's environmental monitors say that one-third of all river water, and vast sections of China's great lakes, the Tai, Chao and Dianchi, have water rated Grade V, the most degraded level, rendering it unfit for industrial or agricultural use.

The effects of this kind of growth on public health could not only be imagined but, lately, had been verified as well, as the same Report shows, despite the usual efforts of the elites everywhere in such cases to submerge the relevant information:

An internal, unpublicized report by the Chinese Academy of Environmental Planning in 2003 estimated that 300,000 people die each year from ambient air pollution, mostly of heart disease and lung cancer. An additional 110,000 deaths could be attributed to indoor air pollution caused by poorly ventilated coal and wood stoves or toxic fumes from shoddy construction materials, said a person involved in that study. Another report, prepared in 2005 by Chinese environmental experts, estimated that annual premature deaths attributable to outdoor air pollution were likely to reach 380,000 in 2010 and 550,000 in 2020. This spring (2007), a World Bank study done with SEPA, the national environmental agency, concluded that outdoor air pollution was already causing 350,000 to 400,000 premature deaths a year. Indoor pollution contributed to the deaths of an additional 300,000 people, while 60,000 died from diarrhea, bladder and stomach cancer and other diseases that can be caused by water-borne pollution. China's environmental agency insisted that the health statistics be removed from the published version of the report, citing the possible impact on "social stability," World Bank officials said. But other international organizations with access to Chinese data have published similar results. For example, the World Health Organization found that China suffered more deaths from water-related pollutants and fewer from bad air, but agreed with the World Bank that the total death toll had reached 750,000 a year.

Of course, as mentioned in the last section, these are not the specific implications characterising the flourishing of the Chinese growth economy, but the general characteristics of any growth economy. However, is China a "growth economy" or, as Qingzhi argues, a "growing economy", which is undoubtedly gaining some features of a growth economy?

A growth economy, as I defined it elsewhere,<sup>[17]</sup> is the system of economic organisation whose basic aim is the maximisation of economic growth, whether this aim is “objectively” determined – as in the case of the capitalist market economy, whose dynamic inevitably leads to it– or not, as in the case of the ex “actually existing socialism”, where the development of productive forces was an ideological aim. On the other hand, by a “growing economy” Qingzhi means an economy characterized by rapid, although temporary, economic growth, which is socially controlled and extends to only a certain stage of development aiming at the satisfaction of the basic needs of its people and those non-basic needs which are economically and ecologically sustainable.

I would disagree with this claim and argue instead that, even if the Chinese economy could perhaps legitimately be classified as a “growing economy” for the first three decades since the creation of the People’s Republic in China in 1949, it certainly entered the stage of a growth economy once it began abandoning the centrally planned economy model in 1978 and began its transition to what could be described as a “state-controlled market economy fully integrated into the internationalised market economy”, with a continuously declining state role in the running of the economy.

Thus, in China, for the last 30 years, it has been created what was formally described in the last congress of the Chinese Communist Party in 2007 as a “socialist market economy with Chinese characteristics”. That is, a model that aims to combine statism with market forces,<sup>[18]</sup> with an ever-increasing segment of the economy being channelled to the market sector. However, it is not difficult to show<sup>[19]</sup> that the bipolar power structure, which is created by this system, coupled with the dynamics of the market economy, inevitably leads to the final prevalence of the capitalist market economy and, eventually, its political complement in terms of some kind of representative “democracy”. Thus, the gradual abolition of state planning and the growing restriction of non-market forms of ownership in the last three decades or so, was bound to lead to a market economy and then to a growth economy, irrespective of the real intentions of its political elite. Furthermore, the gradual opening and liberalisation of markets for goods and services, capital and labour, which was certified by its entry into the World Trade Organisation, would inevitably have led – as it did – to the full integration of the Chinese economy into the internationalised market economy. This further restricted any existing potential to impose effective social controls on the markets aiming to protect the environment or labour in a way that would contravene the profit targets of the TNC’s – which play a crucial role in the country’s export performance and growth.

Today, although the state still dominates in some strategic industries (such as energy and heavy industries), private enterprise accounts for approximately 70% of China's national output, up from 1% in 1978, with about 200 large state companies –(basically in utilities and some in heavy and resource industries) but, as Fan Gang, who directs the National Economic Research Institute, points out, if you take away China Mobil and China Telecom which are huge, natural monopolies, “China is a private-sector economy”.<sup>[20]</sup> On the other hand, in the financial sector, reform has been much delayed and banking is still a state monopoly.

So, although mandatory planning still exists in China, the economic activities on which there is no direct central planning control, but just a kind of indicative planning (in which

central planning of economic outcomes is indirectly implemented), or are simply governed by market forces, have continuously grown in the last three decades at the expense of the first, despite the fact that goods of national importance and almost all large-scale construction still come under the mandatory planning system. Therefore, to the extent that the role of the market forces has been expanding in the last thirty years, at the expense of social control exercised by the state through central planning, to a corresponding extent the basic condition distinguishing a growing economy from a growth economy, according to Qingzhi's criteria, is not met. Similarly, to the extent that private enterprises control most of the Chinese GDP the main aim of their production is not anymore meeting the basic needs of the people and those non-basic needs that are economically and ecologically sustainable. Clearly, the aim of a private enterprise is primarily the maximisation of profit and growth and only secondarily, to the extent that the government can impose some indirect controls on its activity, meeting the people's economic and ecological needs in a sustainable way. But, it is exactly these social controls over markets, which particularly had been phased out during neoliberal globalisation as a result of the integration of a country into the internationalised market economy!

Chinese growth is, crucially, based on exports, the related massive public investments in the infrastructure and foreign capital – namely, the TNCs which were established in the country to exploit the relatively very low local wages reaching one thirtieth<sup>[21]</sup> of those in the West. The outcome of this process was to turn the country into the “assembly line” of the transnational elite, with over 60% of Chinese exports and almost all its high-tech exports consisting of products “made in China” by foreign companies, mostly TNC's from the countries of the transnational elite.<sup>[22]</sup> Here is how Will Hutton summarises Chinese development:<sup>[23]</sup>

China is certainly emerging as a leading exporter, but essentially it is a sub-contractor to the west. It has not bucked the way globalization is heavily skewed in favour of the rich developed nations. Its productivity is poor; it lacks international champions; its innovation record is lamentable; it relies far too much on exports and investment to propel its economy.

Given, therefore, the degree of dependence of Chinese growth on Western capital and trade (which explains, also, the fact that the Chinese elite is one of the warmest defenders of further liberalisation of world trade and the internationalised market economy!), any crisis in the West reflects directly on China, as was shown by the current financial crisis. Thus, the dependence of Chinese growth on the Western economy became obvious in October 2008, when in response to the news that the giant mining company Rio Tinto was revising its capital spending plans (leading to a plummeting of its shares) warning at the same time of a major slowdown in China, a chain reaction was set up in China. Then, the Aluminium Corporation of China (Chalco) decided to reduce its Chinese output while at the same time came the news that<sup>[24]</sup>:

“Chinese economic indicators from steel prices to housing sales suggest a severe economic slowdown could be in prospect and that Chinese factories are reporting that export orders are down sharply. Last week, the government said that half the country's toymakers had gone out of business (...) The stock market is sharply down, so too are house prices, while car sales have slowed dramatically. Consumers are cutting down on spending as they believe there are

tougher times ahead.”

Needless to add that the global recession crisis, which has followed the financial crisis, is already seriously affecting China, given its full integration into the internationalised market economy and its critical dependence of its growth on exports of commodities to the West and particularly the U.S.A. and a similar dependence of its income from abroad on the toxic US securities, where a significant part of its foreign reserves had been invested in the last few years.<sup>[25]</sup> No wonder that several Western analysts today express the view that “the rulers of the world's most populous nation have presided over a bubble economy that is just waiting to pop”<sup>[26]</sup>.

This implies that the conclusions drawn by neo-Marxists like William Tabb<sup>[27]</sup> that contemporary capitalism faces a crisis created by the emergence of a multi-polar world are false and based on the usual statistics used by orthodox economists. Thus, the author draws his conclusion by uncritically accepting at face value such projections as that of a 2006 study by PriceWaterhouseCoopers LLP that “in the year 2050 the Chinese economy would be almost as large as that of the United States in dollar terms, and India would be the third largest”. However, such conclusions are based on comparisons of absolute economic indices on income, production, etc., which of course do not make much sense when referring to a country that concentrates 21% of the world's population. That is, if we take into account the enormous differences in population sizes, then, the per capita income of China (in terms of purchasing power) is only 17% of the corresponding per capita income of the advanced economies in the North.<sup>[28]</sup> However, even the much advertised, by neo-liberals and social-liberals, record-growth of China, following the full integration of the country into the internationalized market economy, disguises an almost negligible increase in per capita income. Thus, in 1994, after 14 years of GDP growth at a record rate of 10%, China's per capita income was about 10% of that of the US.<sup>[29]</sup> After 10 more years of a record-growth, in 2003, China's per capita income had just reached 13% of that of the U.S.A!<sup>[30]</sup> This means that, even if China could continue, indefinitely, the growth rates of that period –something almost impossible for economic and ecological reasons– again, it would take the Chinese, not a few more decades, but some centuries even to approach the per capita income of the US and that of the advanced capitalist countries in the EU! Similar considerations apply to the other “miracle” of capitalist development, India, which, even more than China, consists of a few “islands” of development within a vast sea of poverty and underdevelopment.

At this point, neoliberals and social-liberals usually refer to the alleged dramatic reduction of poverty in China, which, however, is almost entirely due to the fact that the political elite removed from the list of poor Chinese 422 million in the 1981-2001 period, because they had reached the “respectable” income of \$1 per day (the arbitrary criterion used by international organisations to define absolute poverty<sup>[31]</sup>), reducing with a stroke by a third the number of absolutely poor, from 634m in 1981 to 212m in 2001!<sup>[32]</sup> In the meantime, as a result of Chinese growth, the country today, according to official figures, has one of the most unequal income distributions in the world, with 20% of the richest Chinese holding 50% of the country's wealth, while the poorest 20% holding only 4.7%. No wonder China has today one of the highest Gini coefficients (this is the index used to measure inequality) in the world –even worse than that of neo-liberal Britain and the U.S.A. and almost twice as that of the Nordic countries!<sup>[33]</sup>

## Is sustainable development compatible with present globalisation?

Coming now to the crucial question we set at the beginning of this article, on the basis of the above analysis, I would disagree with Qingzhi's conclusion that "the real challenge for the future of China's ecology is not that to what extent the environment is now being polluted or contaminated, but the increasing dependence of Chinese economy and society upon economic growth". First, as the present global crisis showed, it is at least doubtful that China will continue enjoying the rapid growth rates of the recent past. Second, the continuation of the current growth is not sustainable, not only because of the pressures it imposes on world energy resources, but also, because of the accelerating damage caused by a rapid growth in China not only to the Chinese but also to world environment. Last, but not least, even if the continuation of the present rapid economic growth was made somehow possible, what has to be blamed is not growth per se, which is only a symptom of a market-based economy in an internationalised market economy, but the cause itself: the increasing dependence of Chinese economy and society upon the internationalised market economy system, which brought rapid growth, but also a dramatic deterioration to the environment and to social stability through the vast expansion of inequality accompanying any market economy! The very fact that the economic elites did not see any incompatibility between competitiveness (the fundamental requirement of an effective market economy) and environment-friendliness, when they adopted the "scientific concept of development" approach in 2002, is indicative of how they would react in practice in case of a conflict between the former and the latter. Particularly so, when it is well known that the cases where the two objectives are in conflict with each other are far more than the opposite, while, at the same time, both can be justified on "rational" grounds! The "greening of capitalism" thesis anyway on which this approach is based has become bankrupt both at the theoretical<sup>[34]</sup> level and the practical level, as shown by the continuous deterioration of the ecological crisis despite technological innovations in renewable resources, etc. This is because of the non-competitive nature of many of these technological innovations, of the fact that saving energy or reducing pollution through various innovations in one sector may lead to more waste or pollution in another within the overall limitations of an environmental-friendly policy, etc.

But if growth per se is not the cause of the ecological crisis, and rather, constitutes the symptom of a market-based economy in an internationalised market economy, could we blame instead growth ideology, as Qingzhi does when he points out that "it underlies and dominates all the environment-friendly political thinking and policy approaches"? To my mind, the answer to this question is negative because, as I attempted to show elsewhere,<sup>[35]</sup> whereas objective factors were particularly important with respect to the rise and reproduction of the **capitalist** growth economy and subjective factors –the growth "values"– mainly played an ideological role, in the sense of justifying the emerging market economy, the opposite was true in **socialist** growth economies where subjective factors, (in particular the Enlightenment's identification of Progress with the development of productive forces and the influence that the Enlightenment ideas had on the rising socialist movement), played a crucial role with respect to the rise and reproduction of the "socialist" growth economy. Therefore, growth ideology can indeed play the active role implied by Qingzhi only in a planned economy where growth is a chosen objective at the macro level,

but not in a mainly market economy (as the present Chinese economy) where it simply plays a passive role of justifying the growth that the dynamics of the market economy creates at the micro level.

### ***The utopianism of the red-green perspective***

According to Qingzhi, only the eco-socialist version of the “ecological civilisation” approach can constitute a real and fundamental solution to the environmental problems. This aims to transcend both the green capitalism of the sustainable development approach and the greening of actually existing socialism in at least three senses, as Qingzhi puts it:

- a. “People’s well-being rather than the profits-making of capital becomes the fundamental purpose and motivation mechanism of economy (...) As a result, economy will retreat to its historical status as a part of society, socially meaningful and socially controlled”. However, it is evident that this principle can only constitute a pious hope in a market economy (which is not rejected by this approach), as the motives of producers in a market system can only be to make profits. Furthermore, the assertion that “people will have learned how to arrange their economic activities socially and democratically and as a result, economy will retreat to its historical status as a part of society, socially meaningful and socially controlled” is obviously false. This is a crucial point usually not understood not just by “pink” supporters of the sustainable development approach (social democrats and the like) but also by “red-green” supporters, who still think that they can keep the market system and somehow restrict it from developing into a growth economy. In other words, they cannot understand what Karl Polanyi<sup>[36]</sup> showed long ago, and recently myself<sup>[37]</sup> and others<sup>[38]</sup> attempted to verify on the basis of recent evidence, that the dynamics of the market, within the context of an industrialising commercial society and wage labour, is bound to lead to a market economy and then to a growth economy. Therefore, the claim for a return to the socially controlled markets of the past is, not only untenable in a globalised economy, but also betrays ignorance of the history of the historical transition from pre-capitalist markets to market economies.<sup>[39]</sup>
- b. “Ecological sustainability replaces the economic development as the first policy goal for the governments at different levels (...) Thus, it will become least likely for those developing projects violating this principle to be put forward or to be approved”. However, this presupposes that it is the government at various levels which decides which development projects are approved and which are not – a condition which puts severe restriction to the activities of TNC’s and other private enterprises seeking the approval of their projects from a government, which is well aware that rejection of a particular big project on ecological or other grounds will simply persuade the company involved to move its operations to a neighbouring country that does not have so many qualms! In other words, market competition will ensure that this principle of the red-green perspective will simply remain fictional.
- c. Economic growth in general, and that brought about by large-scale economic development projects and worldwide trade in particular, is no longer preferred or desirable. But then the question is, who will be the agent of economic growth? Clearly, if it is the transnational corporation, or private enterprise in general, as at present, the economic dynamics is determined by the decisions of hundreds if not thousands of similar economic agents, and not by governments at different levels. On the other hand, if it is governments which take the decisions on economic projects, we no

longer talk about a market economy but about a planned economy (mixing of the two in any real sense is impossible in a globalised economy of open and liberalised markets as at present) and we come back to the actually existing socialism system, which is definitely preferable than the present system, since –at least– it covers the basic needs (albeit at a low level) of all people, whereas the present system covers more than adequately all the needs of some, (even the fancy ones!) at the expense of the basic needs of the vast majority. Of course, the ideal system would have been an Economic Democracy, as the one described elsewhere,<sup>[40]</sup> where the growth ideology is neither a part of its value system nor necessary to justify the democratic institutions.

Accordingly, the real issue facing the Chinese people today is not the old dilemma of “capitalism vs. Socialism” nor of course the corresponding dilemma raised by Qingzhi, the “present system vs. a socialist ecological civilisation” which, in the system of open and liberalised markets required by the internationalised market economy (and World Trade Organisation) –to which China is fully integrated– looks more like a “science fiction” rather than “science”! I will therefore, end this article with my prologue to the Chinese edition of a restatement of Inclusive Democracy, which I think effectively summarises my view on the real dilemma facing the Chinese people and on the real way out of the present crisis that I proposed<sup>[41]</sup>:

Today, and as a direct or indirect result of neoliberal globalisation, not only both the Soviet type of socialist statism in Eastern Europe and social democracy in the West have collapsed, but also Western representative “democracy” is being questioned as never before, following the deepening crisis in what passes as politics in the West. There is therefore an imperative need for a new universalist project that would represent both the synthesis as well as the transcendence of the two major historical traditions, namely, the democratic and the socialist ones, as well as the anti-systemic currents within contemporary movements for emancipation (the anti-globalisation “movement”, the Green, feminist and radical movements in the South). China is in an excellent position for such a project to take deep roots, given the preponderance of socialist traditions in this country and the present popular thirst for a genuine democracy beyond so-called Western representative “democracy”, which, in the last fifteen years or so, has even been exported by force all over the world. This is particularly so if one takes into account the fact that the Western kind of economic growth, which has been imported in this country, has led to spectacular growth rates, but also to huge inequalities and a serious damage to the environment. Furthermore, the fact that not only the subjective conditions, but also the objective conditions for a genuine political, economic, social and ecological democracy, i.e., an inclusive democracy, are well advanced in China makes the project for an Inclusive Democracy particularly relevant to this hugely important country...The project for an Inclusive Democracy therefore, which aims at re-integrating society with polity, the economy, and Nature represents, perhaps, the only realistic way out of the chronic and presently generalised crisis.

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[1] Takis Fotopoulos, “[The myths about the economic crisis, the reformist Left and economic](#)

democracy”, (in this issue),

[2] See Takis Fotopoulos, *Towards An Inclusive Democracy*, (London/N.Y.: Cassell/Continuum 1997/1998).

[3] World Commission on Environment and Development, *Our Common Future* (United Nations, 1987).

[4] World Commission on Environment and Development, *Our Common Future*, p. 87.

[5] The Report, for instance, states that the aim should be “an economy geared to growth and the elimination of world poverty”; World Commission on Environment and Development, *Our Common Future*, p. 18. Similarly, it is stated that sustainable development, “requires (...) an assurance that those poor get their fair share of the resources”; p. 8.

[6] The Report calls for economic growth and at the same time it takes for granted that this is compatible with the aim to “enhance” and “expand the environmental resource base”; World Commission on Environment and Development, *Our Common Future*, pp. 1 & 364.

[7] World Commission on Environment and Development, *Our Common Future*, p. 51.

[8] ILO, *World of Work Report 2008: Income Inequalities in the Age of Financial Globalization*, (Geneva: International Labour Office, 2008).

[9] Ted Trainer, “A Rejection of the Brundtland Report,” *IFDA Dossier* 77 (May-June 1990), p.74.

[10] See, for instance, Greg Easterbrook, *A Moment of the Earth* (New York, 1995).

[11] Takis Fotopoulos, “[The Ecological Crisis as Part of the Present Multi-dimensional Crisis and Inclusive Democracy](#)”, *The International Journal of Inclusive Democracy*, Vol. 3, No. 3 (July 2007).

[12] See The United Nations Intergovernmental Panel on Climate Change (IPCC), *Fourth Assessment Report: Climate Change 2007*.

[13] See T. Fotopoulos, *Towards An Inclusive Democracy*, ch. 1; For an online version see *The Multidimensional Crisis and Inclusive Democracy*, (2005).

[14] Efficiency in a market economy is defined on the basis of narrow techno-economic criteria of input minimisation/output maximisation and not on the basis of the degree of satisfaction of human needs, which is supposed to be the aim of an economic system. The usual definition of *economic efficiency* in terms of *technical efficiency*, *production efficiency* and *exchange efficiency*, although supposedly ‘neutral’, in fact assumes away distributional aspects, so that it is perfectly possible for a particular allocation of resources to be ‘efficient’ and at the same time incapable of meeting adequately (or at all) even the basic needs of many citizens.

[15] See *The Multidimensional Crisis and Inclusive Democracy*, [ch. 5](#).

[16] Joseph Kahn & Jim Yardley, “[As China Roars, Pollution Reaches Deadly Extremes](#)”, *New York Times* (26/8/2007).

[17] See Fotopoulos, *Towards An Inclusive Democracy*, ch. 2.

[18] Michael Sheridan, “[China puts limit on free enterprise](#)”, *The Sunday Times* (21/10/ 2007).

[19] See *Inclusive Democracy: 10 Years Later* (Athens, 2008), ch. 2.

[20] *BusinessWeek* (August 22, 2005).

[21] Will Hutton , “[Mao's children seek their fortune](#)”, *The Observer* (20/3/2005).

[22] Will Hutton, *The Writing on the Wall: China and the West in the 21st Century* (Little, Brown, 2007).

[23] Will Hutton, “[Power, corruption and lies](#)”, *The Guardian* (8/1/2007).

[24] *BBC News*, “[Chinese economy growth rate slows](#)” (20/10/2008).

[25] Robert Wade, “[Financial regime change?](#)”, *New Left Review*, No. 53 (September-October 2008).

- [26] Terry Macalister, “[The crisis crosses the Pacific: Rio Tinto warns of Chinese economy's «pause for breath»](#)”, *The Guardian* (16/10/2008).
- [27] See William K. Tabb, “Four Crises of the Contemporary World Capitalist System”, *Monthly Review* (October 2008).
- [28] World Bank, *World Development Indicators 2005* (Table 1.1).
- [29] World Bank, *From Plan to Market, World Development Report 1996* (Table 1).
- [30] *World Development Indicators 2005* (Table 1.1).
- [31] See on the manipulation of statistical figures to justify the case of elimination of poverty today, Takis Fotopoulos, “[The «elimination» of poverty](#)”, *The International Journal of Inclusive Democracy*, Vol. 4, No. 1 (January 2008).
- [32] *World Development Indicators 2005*, Table 2.5a.
- [33] *ibid.* Table 2.7.
- [34] See e.g. Takis Fotopoulos, “The ecological crisis as part of the present multi-dimensional crisis and inclusive democracy”, *The International Journal of Inclusive Democracy*, Vol. 3, No. 3 (July 2007); Ted Trainer, “[The Greenhouse Problem: The refusal to recognise the situation](#)”, *The International Journal of Inclusive Democracy*, Vol 4, No. 2 (April 2008); Serge Latouche, “[The globe downshifted](#)”, *Le Monde Diplomatique* [English edition] (January 2006).
- [35] See Fotopoulos, *Towards An Inclusive Democracy*, p. 65.
- [36] Karl Polanyi, *The Great Transformation, the Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944/1957), chs. 3-4.
- [37] Fotopoulos, *Towards An Inclusive Democracy*, chs. 1-2.
- [38] See e.g. Ted Trainer, “The Greenhouse Problem: The refusal to recognise the situation”, *The International Journal of Inclusive Democracy*, Vol. 4, No. 2 (April 2008) and Serge Latouche, “[De-growth: an electoral stake?](#)”, *The International Journal of Inclusive Democracy*, Vol. 3, No. 1 (January 2007).
- [39] Fotopoulos, *Towards An Inclusive Democracy*, pp. 7-8.
- [40] Takis Fotopoulos, *Towards An Inclusive Democracy*, ch. 6 and *The Multidimensional Crisis and Inclusive Democracy*, (IJID, 2005), [ch. 14](#).
- [41] 当代多重危机与包容性民主 (Multi-Dimensional Crisis and Inclusive Democracy), [希] 塔基斯·福托鲍洛斯 (Takis Fotopoulos), (Shandong University Press, 2008).