

Alternative thoughts and practice to contemporary capitalism: A response to Francis Fukuyama's criticism

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As Karl Marx revealed, the current deep crisis of capitalism is caused by the insurmountable interior conflicts along with its course of development. The capitalist world is facing a persistent crisis on the levels of economy, society, institution, and ideology. This paper from a global point of view summarizes the theories and practices of the alternatives to contemporary capitalism. The theoretical criticism and the innovative attempts on social reform and revolution against capitalism indicate the destiny of capitalist society and also reveal the future possibilities.

Keywords: Marxism; socialism movement; socioeconomic reform; financial crisis

1. Introduction

After the eruption of the 2008 global financial and economic crisis, the United States and most of the advanced capitalist countries in Europe have temporarily gave up the neoliberal policies. With the risk of being called 'communist', they have implemented a number of active bailouts. However, the monopolistic financial capitalists are rescued successfully while the general working class as a whole has been trapped by the debt crisis. And meanwhile, they have to bear the high unemployment and the reduced social welfare, when the financiers are still enjoying the high bonus and the lowest tax rate. The 'Occupy Wall Street' movement represents the emotional outbreak from the 99% of ordinary American people who do not have as much power as the financial and political elites who only account for 1% of the US population. Since the movement started, many scholars have blamed the current US policies. In the German version of the *Financial Times*, John Plender (2012) claimed that the participants of the 'Occupy Wall Street' are mainly feeling unequal instead of in poverty, such feeling is partially resulting from dissatisfaction with the high profit of the financial capital, its manipulation on politicking, and the arbitrary firing of labor by the managers seeking short-run profit in the background of financialization. This caused the legitimacy crisis of the capitalist system. Hence, breaking up the manipulations by the financial capital on the politics became an urgent matter. Many left-wing scholars supporting 'Occupy Wall Street' movement believe that the intension of this movement is to make the government more responsible, to alert the public about the failure of the whole system, therefore to push for changes. And some Marxist scholars had already pointed out the direction of the movement. For instance, David Laibman (2010), the

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editor of the journal *Science and Society*, suggested that Marxists do the following two things simultaneously: firstly, they should continue to perfect socialist theory and its spectrum; secondly, they must make a middle way towards a brand new ‘new deal’ – without being corroded and limited by the powerful capitalist governments. These two principles may be applied to realistic organizations, which may become the new driven force for the ‘Occupy Wall Street Movement’. As Hans Modrow (2011), the former Eastern German prime minister and the honorary chairman of European Left Party, said the lessons of the ‘Arabic Spring’ had told us that the movement of fighting for democracy and peaceful development could not be isolated from revolutionary movements. Otherwise, even if the old regime is crushed, the new one is still not democratic.

However, Francis Fukuyama (2012) argued in his article published in *Foreign Affairs*:

It has been several decades since anyone on the left has been able to articulate, first, a coherent analysis of what happens to the structure of advanced societies as they undergo economic change and, second, a realistic agenda that has any hope of protecting a middle-class society.

The main trends in left-wing thought in the last two generations have been, frankly, disastrous as either conceptual frameworks or tools for mobilization. Marxism died many years ago, and the few old believers still around are ready for nursing homes. The academic left replaced it with postmodernism, multiculturalism, feminism, critical theory, and a host of other fragmented intellectual trends that are more cultural than economic in focus.

This criticism of left wing might come from Fukuyama’s ignorance of relevant literatures and facts. In fact, during the current movement, a number of different trains of thoughts which try to replace neoliberalism and Keynesianism have been emerging. Among them, the School of Financial Institution Reform is one suggesting partial improvements; the School of Income Reform is the group bringing up comprehensive reform; the School of Long-run Nationalization Reform demands revolutions; and the School of Power Structure Reform is seeking ‘Twenty-first-Century Socialism’. All of these schools came up with their theories and realistic plans to replace capitalism, and some of them have already been implemented.

2. The current train of thoughts of the replacement of global capitalism

2.1. Partial improvement: The School of Financial Institution Reform

Some left-wing individuals believe, in order to deal with the crisis, all need to be done is implement financial reforms to make the financial system healthier. For example, the Americans for Financial Reform (AFR) is a joint union of more than 250 local groups across the United States. Its member include: consumers, civil rights activists, investors, retirees, communities, labor, and religious and commercial groups. Joined with the economic experts and others, this organization pushes reform of the financial industry. It focuses on more supervision and regulation of financial activities. The group is interested in the details of financial market regulation. The experts like James Crotty and Gerald Epstein (2008), and Jane D’Arista and Stephanie Griffith-Jones (2010) from the Political Economy Research Institute at University of Massachusetts and SAFER (A Committee of Economists and other Experts for Stable, Accountable, Fair and Efficient Financial Reform) are also part of the organization.

The group appeals for financial reform from time to time. And its theoretical foundation is close to the theory of the unstable financial system by Minsky, who is the successor of Keynesian, and is more Keynesian than Keynes himself. Their proposition has certain value in terms of improving the working-class condition, but we are expecting its actual effect. Its train of thought focuses its criticism on the notorious financial system of Wall Street, which has a broad ally with other areas’ capital. Its approach to unite comprehensive forces is available to

restrict the damages caused by monopolistic capital. But it did not reveal the inner connections between the financial monopolistic capital and the capitalist system. As long as the rate of profit has the tendency to fall, the monopolistic financial capital pursuing profits must make more plague. All technical means of supervision could be invalid. The continuous crises after the 1970s are good evidence. Although the financial capitalists today have a notorious reputation and receive much criticism from all directions, they still maintain a powerful influence on Western governments like the US government and block further financial reforms. In order to be more influential, the School of Financial Institution Reform has to promote its ideologies and actions to meet the demands of overall economic reform and even the revolution.

2.2. *Comprehensive improvement: The School of Income Reform*

On 21 November 2008, one year after the financial crisis accompanied with economic recession and turned into a real crisis, a small group of progressive economists gathered in New York to have a conference, which was sponsored by two left-wing think tanks: Schwartz Center for Economic Policy Analysis and the Political Economy Research Institute (PERI) of the University of Massachusetts. The conference was held after the US presidential election and before President Barack Obama took office. During this period, Obama constantly mentioned that in order to prevent the financial crisis from happening again, there needed to be a more powerful regulatory system. But Obama said more than he did. This school thinks that further economic changes need to be made in the future, especially changes on the government's role in the economy to solve the problems brought by neoliberalism in the last three decades. Most participants of the conference wish that the committee paper would be taken into consideration by the progressive members of the new administration and Congress. The declaration of the conference presented five basic principles (Balakrishnan et al. 2009).

The five fundamental principles for a healthy economy are:

- (1) Capitalism when is not regulated by something outside of itself is unstable (including major destructive episodes). To give it stability one needs government regulation, including government created automatic stabilizers.
- (2) To have socially beneficial markets, they must be 'embedded in society', managed by governments and other social institutions, and these in turn must be really publically controlled (or else even government oversight is just auctioned off to the highest bidders).
- (3) Beyond the oversight and control of all markets, the government needs to provide leadership in economic areas with major spillovers ('externalities'), which even in theory (and still more so in practice) fail to operate anywhere near optimally for providing human well-being. Important examples of this are health care, climate change and investment in public infrastructure.
- (4) Families are the most important (though not only) social structure for care-giving services (to young people, old people, and those in between in need of such services). Given that the economic system in the United States has demonstrated in practice that markets do not provide an acceptable material level of support for many families to carry out their necessary care giving services, the government should financially support families that need it.
- (5) A legal structure for working people to be able to self-organize to protect and promote their own interests needs to be created, such as for example the Employee Free Choice Act. The complete inadequacy of the present legal framework is shown by numerous recent polls reporting that over 50% of unorganized workers would like to be in

unions, while only 7% of workers in the private sector are in unions because it is so easy for employers to block workers' efforts to unionize.

The five broader goals are:

- (1) Fiscal policy to revive the economy through massive public investment and financial support focused on jobs, housing, state and local services, green investments and infrastructure investments, supported by expansionary monetary policy.
- (2) Make the financial sector bailouts fairer, less costly and more effective through greater oversight of the institutions, and further using government leverage to significantly change how these institutions work.
- (3) Re-regulate and restructure the financial sector while upgrading the ability of the public sector for such supervision and management.
- (4) Reverse the growing extreme inequality in society and increase both the prosperity and the power of families and communities.
- (5) Reform international economic governance for a more balanced, just, and prosperous world economy.

The 12 more specific aims are:

- (1) A well targeted spending program in the United States, which should be able to end the downward trend in the global economy and promote recovery.
- (2) The expansionary measures should be internationally coordinated, as should the anti-poverty programs that have become even more necessary in the face of the downturn.
- (3) Keep people in their homes – a moratorium on foreclosures, new financing mechanisms for mortgages and increased opportunities for renting.
- (4) Jobs at decent wages for all that need them, through public investment, fiscal expansion and employer of last resort programs.
- (5) Financing for state and local governments so they can maintain employment and services essential to family wellbeing, such as education, police and fire protection, and the maintenance of local infrastructure.
- (6) Affordable universal healthcare coverage, both for family well-being and to restore international business competitiveness.
- (7) Provide a guaranteed standard of living to all.
- (8) Promote the transition to a green economy, using public investments, tax credits and loan guarantees.
- (9) Replace the current financial system that is a safe haven for gambling and fraud, and which enriches a few while destroying the economy, with a stable and efficient financial system that provides for the needs of people, communities and businesses.
- (10) Support workers' right to organize as a key to restoring income, economic power and security to the bottom 80% of the populations who have done so poorly over the past decades.
- (11) Rebuild the nations' infrastructure, carried out by a massive public investment program.
- (12) Economically cooperate with, and aid, the poor countries that will suffer the most from the world economic crisis, which will be important to restoring the long-run health of the world economy (cited in Campbell 2011a).

The principles brought up by this comprehensive improvement demanded are in depth and 'undogmatic'. As long as it helps to reach the goal, discussions are welcomed. Secondly, although

this list contains many demands that want to reform or even redesign the financial sector, it is beyond the financial problems. It proved that the whole system needs to get back to the status that put people first, instead of technical financial and economic theory that only focuses on some details.

Like the School of Financial Institution Reform, its comprehensive improvement suggestions not only better and mobilize working people, but also have the possibility to be accepted partially by the government and Congress, which could be judged from the fact that this conference got sponsorship from the Ford Foundation and some open-minded Western capitalists look forward to getting reform ideas. Though the final policies may be quite different, there is still a slight chance for them. In general, these voices are likely to be seconded by different social classes, including some major capitalists. Like the ‘Wizard of Omaha’, Warren Buffett, once shouted: ‘raise my tax!’ (Wearden 2011). He wishes the government tax wealthy people like himself. It seems he answers the call from the proletariat’s demand on income distribution reform. However, Mr. Buffett has already donated his assets to the Gates Foundation, which are tax free according to the US tax code. We do not know whether Mr. Buffett would really wish to cancel the tax-free treatment from the Gates Foundation. Though the majority of capitalists are against income distribution reform, some capitalists who support the reform are commendable. However, in order to really achieve the goal, we cannot expect the capitalists to walk out the selfish economic rationalism assumption. Certainly, whether the left-wing power originally supporting these voices would succeed or not is dependent on factors such as strategies the left wing uses, and how severe the crisis is, etc.

However, this is not a demand for revolution, because it does not support and advance the awakening of the working class, and it does not capture the nature of the capitalist system and the roots of social-economic unfairness. This set of economic recovery and financial rebuilding plans, as a whole, still exists within the capitalist framework, which does not expose the systematic incompetence, and does not solve fundamentally the working-class problem. However, at the current stage, it is still worth commending and expecting.

2.3. Demand for revolution: The School of Long-run Nationalization Reform

After the financial crisis broke out, there were many arguments made about whether we should enhance the supervision on financial corporations or nationalizing the financial market. What is worth pointing out is that many capitalists support nationalization, but many leftists do not. The reason for this oddity is that there are two types of nationalization: one is short-term nationalization, according to which the financial firms dependent on the government to get through the crisis will be privatized again afterwards. The other one is long-term nationalization, i.e. complete and permanent elimination of the capitalists’ control. Capitalists, of course, support the former one. And although the left wing support the later one, they are afraid that the process eventually becomes the former one. Greg Albo et al. (2010) believe that in this case we have to think beyond capitalism, the most significant issue here is whether we can reach a democratic economy. Nationalization has to be sustainable in the long run, more importantly it has to be controlled, as Lenin demanded clearly, by society, with democracy, including the transitional businesses, making their services beneficial to social welfare. The General Secretary of the Communist Party of India (Marxist) Prakash Karat (2011) also pointed out, it will not be sufficient to inhibit the power of international financial capital if we just simply reform the economic policies and cannot effectively supervise the financial sectors, the major financial capitals have to be nationalized to break the control on economies and governments by the international banks and financial groups which are ‘too big to fail’. The fight of winning over the left-wing replacement plan has to deal with the neoliberalism driven by both international financial capital and imperialism. The book *In and Out*

of *Crisis* by Greg Albo, Sam Gindin and Leo Panitch (2010) touches upon more broad objectives, including the transformation of the workers per se. Al Campbell (2011b) summarized the related content into two principles, four broad goals, and eight specific goals.

Two principles for constructing a healthy and humane economy are:

- (1) An economic system is part of, or embedded in, some larger social system. The goals of the economic system for its members should be consistent with the goals of larger social system for its members. For example, if the larger social system aspires to democratic control by its members, the economy should aspire to democratic control by its members, and in fact the goal cannot be achieved for the larger society if it is not achieved for all components of that larger society including the economy.
- (2) There are two related but distinct components to the goal of a humane economic system. The first is provisioning its members with goods and services at a level adequate for dignified and qualitatively rich lives (including pensions for older members) in accord with its level of technology and labor productivity, and consistent with the goals of the larger society that it is part of concerning equity. Included in this is the requirement that this provisioning not destroy or downgrade the natural environment that humans live in, since if that occurs the continuation of this provisioning for dignified and qualitatively rich lives will not be possible. The second one is organizing the process of production consistently with the goals of the society concerning the human development of its members, the development of their multidimensional potential capacities, and the development of 'more fully human' humans.

Based on these principles, economic policy should promote the following broad goals:

- (1) Adequate food, education, healthcare, housing and transportation for a dignified and qualitatively rich existence, including for older social members who are retired.
- (2) Protection of the environment we live in as we carry out our economic activity.
- (3) Full employment.
- (4) The democratization of the economy – a process where everyone involved in and affected by social production comes more and more to have first voice in and eventually collective control over society's productive processes. The first step in this direction needed immediately in the United States is a new labor law that protects workers who try to form unions to collectively defend their rights from reprisals by the capitalists, and prevents capitalists from blocking any labor drive they choose to seriously oppose.

The following specific aims of economic policy are necessary to address the most negative impacts of the current crisis in a way consistent with the above principles and broad goals:

- (1) Society should guarantee the availability of jobs at a decent wage for all who desire employment.
- (2) Pensions must not be tied to the financial viability of a particular capitalist enterprise, but must be a social right that one has just for being a member of society.
- (3) Any public enterprise, like all aspects of the government which must be the representative of the people, must be democratically governed.
- (4) Healthcare can be provided at a lower social cost through a public healthcare system, and this can deliver healthcare universally to all members of society.
- (5) The government must take a series of steps to address the ecological disaster, and subsidize the green industry and jobs.

- (6) Decent housing at an affordable price should be available to all who want it, either long-term purchase or rent.
- (7) A comprehensive high quality public transportation system should be built to create jobs, and make a significant contribution to environmental improvement.
- (8) Nationalize the financial sector (as opposed to just ‘re-regulating’ it). Nationalization must involve two essential aspects in addition to the ownership of the financial institutions by society through its political representative, the government. First, like all other public institutions it must be democratically (and transparently) run. More specifically to a nationalized financial system, it must change its operational goal from maximizing the return on its capital to facilitating economic productive activity. And goods and services should be provided by public enterprises in general, with the goal of improving human well-being.

The nationalization reform plan made by Greg Albo et al. is no more than a transition program and similar to the previous comprehensive improvement plan. But in fact, it has far exceeded the regular reform demand, since they are looking for long-term stable political rights instead of temporary economic rights which can be expropriated by capitalistic rulers, and political rights are relatively harder to be stripped. Unfortunately, the ‘political right’ here is the right to participate in politics, which is still at a low level. It is only a right to have the right to pursue political rights, not a real ‘political rights’. In fact, without political rights, everything else is phrase mongering. Seeking for political rights with no rights to participate in politics is ridiculous. Therefore, in the Western countries where the power of working class is not strong enough, this nationalization reform plan will certainly face many obstacles, and be blocked by the right wing. Even though the realization of the reform is unlikely, its thoroughness and revolutionary characters are still commendable. And when the left wing becomes more powerful, it may be turned into one of the more realistic transition programs. It is worth noting that many contents from this progressive socialism reform plan are used as slogans for the capitalist political campaign. Certainly all these slogans ended up nowhere after a new capitalistic administration took office. Hence, whether a reform plan is socialist or not mostly depends on the degree to which it is implemented. Only if the policies are carried out in depth can it be a true socialism. And this is determined by the power struggle between the left and the right wings, and also proper applications of the political strategies.

2.4. *The ‘Twenty-first-century Socialism’: The School of Power Structure Reform*

The famous Latin Marxism scholar Heinz Dieterich from Universidad Autonoma Metropolitana-Xochimilco, Mexico City, is a representative of ‘Twenty-first-century Socialism’, which is a more progressive train of thought and a school demanding power structure reform, and emphasizing the importance of power within the socialism reform. Dieterich (Cockshott, Cottrell and Dieterich 2010) believes that to control political power is necessary, it is impossible to change the current financial system without changing the elites’ control in the political power structure. He thinks that in the past 300 years, the capitalist system was made of the following three mechanisms: (1) market economy; (2) parliamentary democracy; and (3) nation state. On the other side, the replacements from ‘Twenty-first-century Socialism’ are: (1) equal price economy; (2) participatory democracy; and (3) global management. However, these cannot become true overnight; there are still some transitional plans. A group of Marxist scholars, currently led by Dieterich, has designed and published the ‘Twenty-first-century Socialism’ transitional plans for Europe and Latin America. Meanwhile, they pointed out that in order to make these plans work they need the supports from leaders, labor unions, student organizations, and public movements. The Chairman of the Communist Party of the United States of America Sam Webb (2011) also

pointed out that there is no shortcut to socialism, and no specific direction one has to follow, the fight pursuing socialism has to pass some periods and stages. Hence, the political parties in the twenty-first century shall make specific strategies for each period. Within the different period, it is different in terms of the content for the subject and nature of the fight. But each fight shall keep extending the scale of democracy, and try to form a new combination of power, and a new task for democracy.

Dieterich et al. provided a general framework for the needed steps of the transition from capitalist economy into the socialist economy for the European Union and nations and organizations as such (Cockshott, Cottrell and Dieterich 2010). These measures are quite different from the policies of traditional democratic socialism in the twentieth-century Europe. Its major differences are: (1) it suggests firstly to take actions on eliminating exploits, and then fulfilling public ownership of productive means; (2) it suggests to take radical measurements against the accumulation of the private and public debts; (3) it believes the transitions into socialism shall not happen in a single European country, instead, it shall happen in the whole Europe or on the level of the continent; (4) it uses Marx's the labor theory of value as a realistic guidance of monetary policy; and (5) it suggests the financial foundation of the European Union be switched from indirect retrogression tax to direct regression tax. To achieve these, the following reforms are necessary: (1) implementing a form suited for income distribution based on work. The unit for currency is labor hour, and does not rely on the economist committee to adjust the value of euro. (2) At the level of state and bloc of nations, two accounts needed to be established – the labor account and the fund account. The firms add the labor hours into the output to establish a labor value for the final goods. (3) Establishing the sacred status for the labor rights by law, for example, the rights of freeing them from exploitation, and the rights on industrial democracy. (4) Eliminating the other forms of exploitations, like usuries, rentals, etc., and replacing the rentals by land taxes. (5) On the premise of controlling most of the banks, to have them issue zero interest loans for investment. Today's investment has to match with today's labor force. The government shall place income tax as the primary source of the investment fund. (6) By adjusting the volume of loan to the price level. (7) In terms of tax, the basic ones are changed from value added tax into income tax and asset tax. Based upon the voting results of the citizens within the geographic regions of the European Union, the European Parliament shall be able to adjust the tax rate that is paid to the European Union. The transitional plan for Latin America is similar to this, so no pleonasms here.

The 'Twenty-first-century Socialism' theory made by Dieterich goes a step further compared to the nationalization reform plan, and is more imaginative, for example, it brings up radical plans like the monetary reform using labor hour as its measurement. It will greatly change the social landscape and people's mind set. Dieterich's theory created a train of ideas on Socialism with Latin American Characteristics, which has been used to effect in Latin America. Although his theory has not been implemented in Europe, it is famous among the left wing there. However, these reform ideas are too radical for the capitalistic class, and even beyond the imagination of many proletariats. But it cannot be denied that the innovations of the reform plan are irresistible, which is going to attract its followers to develop and improve, and eventually, become an easy implementable reform plan with its revolutionary nature. This plan has simple and effective solutions to many capitalistic problems, if it can be implemented someday in the future it will become a reform experiment that is worth waiting for, and it will also enrich the options on developing socialism for sure.

3. A number of global socialist practices and our comments

3.1. *The development of the socialist movement of Latin American*

Hugo Chavez, the president of Venezuela, led the socialist movement in Latin America (Philip and Panizza 2011). He exerted the power of the presidency for transferring from the representative

democracy into participated democracy, and established a basic level power structure. In the aspects of social economics, he insists the government's leadership and interference in the economy and his nationalization is in large scale to push the social reform. In terms of foreign relations, he implemented policies leaning towards Cuba and against the United States, which are different from the democratic socialism of other countries in Latin America. He clearly pointed out to replace capitalism by socialism, and establish 'Twenty-first-century Socialism'. The 'Twenty-first-century Socialism' here certainly is not the same one mentioned in Dieterich's theory. On a certain level, it is a short version with an anti-imperialism nature, and an alternative of Dieterich's theory for a thorough socialism plan. The reason why the socialism plan did not get thoroughly implemented is probably the scruple on the pressure of the United States, which helps it survive. Even though it is not thorough socialism, it is a national movement against Western advanced capitalist countries with the influence of a train of socialist thoughts widely agreed by the left wing, and its influence is all over Latin America. The presidents of Ecuador, Bolivia, Brazil, and Nicaragua all showed their intentions of developing socialism.

The Latin America socialist movement led by Chavez relies on his country's rich oil resources. This country's economy is highly depended on oil drilling and exploiting, and its political influence to the outside world partially depends on its oil as well, which is also criticized by some Eco-Marxist scholars. However, this does not deny the fact that the socialist movement Chavez carried out in Latin America still brings new hope to the continent that was dipped in neo-liberalism for many years. The movement improved the welfare of most citizens, awakened the people in Latin America, and made its people eager for the freedom that leads them to socialism. However, Chavez still faces a huge threat from the domestic political conditions, and he is also severely restricted by the United States in international politics. In order to solve these problems, it needs both the continuous supports from its citizens and the union between socialist countries and groups. The right-wing power from the West can utilize different means to communicate with each other and promote their movements. Therefore, the socialist countries are also obligated to hold together and support together. If socialism can survive in Cuba which is geographically close to the United States, so can it in Venezuela. History proves that as long as a socialist state or a state with socialist tendencies truly controls the political power and serves its people indeed, no matter it is large or small, rich or poor, or where its geographical location is, it will be supported by its people and develop very well. Chavez et al. put forward and gradually practiced 'Twenty-first-century Socialism', and made this kind of socialism combine the theories of Marxism-Leninism, Mao Zedong Thought and Thoughts of Latin American ideologists such as Martí Pérez with the concrete experience from the Latin American countries. We have reasons to stay optimistic on its future.

3.2. *The market socialism model of Belarus*

Compared with the high profile movements in Latin America, the market socialism model in Belarus is hardly known; however, it is a relatively more successful socialist practice (Nutti 2007). Alexander Lukashenko was elected president of Belarus in 1994, and he established the market socialism model, which was called by the public 'the fittest economic transition model of Belarus'. The core of this model can be summarized as the following: hybrid ownerships led by state ownership; national economic management system combined with both government intervention and market automatic adjusting; social security system promoted on the basis of the one from the Soviet Union. It is a market socialism economic reform model that lays emphasis on social fairness and equality. After steady transitional practice for 18 years, Belarus has already proved the success of the first step for this economic model. Belarus's economic reform is not purely for the sake of reform, instead it is for improving the welfare of its people, and it

focuses both on economic growth and stability. Hence, its reform received support from its people. Its economy is prosperous, and its society is stable without fearing of the ‘color revolution’ from the West.

In terms of the relationship between socialist state ownership and market economy, market socialism reform may only focus on changing the highly centered planning economy system, management styles and operation mechanism to suit the market-oriented economy, instead of exploring a new form of state ownership that fits the market economy better in theory and practice. The judgment is reasonable in logic. However, Belarus’ state-owned enterprises almost remain intact, but still play major and leading roles in its economy, and its state-owned sector still has a share of more than 70% within its total industry after nearly 20 years’ economic reform. The Belarus market socialist model is successful, which is different from the systems of China’s and Vietnam’s socialist market economy with their own characteristics.

3.3. *The Mondragon Corporación of Spain*

In February 1941, Father José María Arizmendiarieta, the founder of the Mondragon Corporación or Mondragon Corporación Cooperativa (MCC) came to the village of Mondragon to preach cooperative economic idea, and established the Mondragon School of Technology in 1943 to train the locals. In 1956, the five graduates from this school established the first local industrial cooperative organization, which was further developed later, and nowadays it has become the largest inter-business cooperative group in Europe, which includes more than 120 individual cooperative organizations. Its employees are the shareholders with lifetime job guarantee besides receiving payments. But the wage difference among them is very small. When José María Arizmendiarieta retired in 1991, this chairman’s salary was only six times more than the lowest paid workers in the group. According to the person in charge of MCC, the key to MCC’s huge success is that it achieved the unification between the principles of the MMC and the market economy. Their core views of development are as follows: (1) cooperation: the group members are both workers and owners. It makes the development of the company tied to the members’ benefits. (2) Participation: everyone has the stock share of the firm, participates in the management, and shares the benefits. (3) Social responsibility: income distribution is based upon an equal stable foundation, which puts the group interest first to ensure the development of the MCC. Individual goals point in the same direction as the cooperation’s, which is coherent with its social role. Working is not just for the money, but for realizing the self-worth. (4) Innovation: MCC keeps its innovations. The firm’s development will have the driving force by its innovation in the long run. MCC has successfully implemented these ideas and principles, and formed the unique ‘Mondragon Experience’: (1) stock share – distributed evenly; (2) distribution – keeping balance between the fairness and efficiency; (3) management – democratic; and (4) individual development – guaranteed.

Professor Chen Enfu, one of the authors of this article, visited this company in March 2011 by himself. It is actually a corporation group or multinational company with better management and development. If Karl Marx was still alive, he would certainly have praised MCC. Even though the company only operates the cooperative mechanism within the Basque Country, it still carries the characteristics of a socialist collective cooperative nature. Its success shows that as long as the management goes well, cooperative firms are not less profitable than private firms, and cooperative firms completely exceed private ones in terms of social welfare, especially on the aspect of individual development. The triumph of MCC also indicates that the success of the Chinese collective cooperative economic model is not an individual case, and it is not inevitable even if it fails. We believe the Spanish MCC will keep its success in the future, and hopefully it can spread its cooperative economic style to the rest of the world.

3.4. The Yamagishi Movement of Japan

The founder of the ‘Yamagishi Movement’ is Miyozo Yamagishi, who was born in 1902, and passed away in 1961. He used to be an expert on chicken farming. In 1953, he sold off all his assets, pooled funds with another more than 20 ‘comrades’, and purchased some lands. Then they started running the first ‘*Jikkenchi*’. With the gradual development, now *Jikkenchis* engage in agriculture farming and its product processing, forming a unique operating and living style with the characteristics of all-in-one life and management. All assets and debts of the members of *Jikkenchis* are publicly-owned, but it is free to enter and quit *Jikkenchis*. It provides free meals and lodging, however, its members eat simple food, wear simple clothes, and no alcohol and cigarette are allowed for them. Reading and watching television are the only amusement.

On the other side, it engages in large-scale financial and trading activities with the outside world, strictly following the market rules. The green products it produces such as ‘*Jikkenchi* egg’, ‘*Jikkenchi* pork’, and ‘*Jikkenchi* beef’ are very popular in Japan. And there are several thousand people who work and live in it, which branches are among seven different countries. It does not have any religious color, and also did not claim to have relations with socialist ideologies, but obviously it is, we think after we visited it in October 2008, a socialist or communist collective economic organization similar to the communist economic organization in the United States conducted by the British man Robert Owen in the nineteenth century.

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