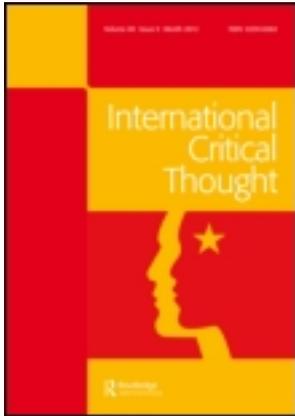


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### Dialogue on Occupy Wall Street movement between Sino-American economists

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## Dialogue on Occupy Wall Street movement between Sino-American economists

Cheng Enfu<sup>a</sup>, David M. Kotz<sup>b</sup>, David Laibman<sup>c</sup>, James Craven<sup>d</sup>, Yang Chengxun<sup>e</sup> and Zhang Xinning<sup>f\*</sup>

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**Editor's note:** The Occupy Wall Street (OWS) Movement began on 17 September 2011 in New York, the financial center of America, and originally started by a few hundred people, has spread to major capitalist countries and turned into a worldwide social movement. OWS is the largest protest both in scale and range since 1970s in the United States. However, the Western media beat the bush and distort the fundamental downside of American political institutions, which makes it difficult for people from other countries to uncover the real cause of the rise of the OWS movement. Here we invite both Chinese and American economists to assist us to deeply analyze the OWS movement.

### 1. Occupy Wall Street is the spread of financial crisis

**Zhang Xinning:** *Most people think that distorted financial institutions, the growing disparity between the poor and the rich, together with the high unemployment rate in the United States are the main causes of the resistance. Do you agree with them? What do you think has led to 'Occupy Wall Street'?*

**Cheng Enfu:** The Occupy Wall Street movement, initially a small scale protest started by a hundred of people on September 17 in New York, the financial center of the United States is a political campaign with specific target and protesters of many political persuasions, colors and genders. It quickly gained momentum and keeps spreading to major capitalist countries and turns into a worldwide social movement. The common feature of the protests is that 99% of the public fight the corporate greed and corruption of Wall Street and the control of society by the top 1%. OWS has increasingly more participants, wider range of cities occupied, more targets claimed, long-lasting time and is growing to the first large-scale social movement since the great depression of the 1930s and the anti-Vietnam war movement in the 1960s, and it shows several unique features from other social campaign. First, it is large in scale. Different from anti-wars, environment protection, and labor disputes which may be limited to one city or several cities, OWS is large in scale. Initiated in New York?the movement quickly spreads

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to other cities including Washington, Boston, Los Angeles, San Francisco and thousands of other cities, and to 82 countries including European countries. It has gone global and international. Second, it has clear claims. OWS protesters have clear claims, which seem to be fighting the 'greed' of financial wrongdoing in Wall Street, the high unemployment rate and inefficient government regulation, while actually expose the dissatisfaction with capitalist system. Protesters chose 17 September, the Constitution Day of the United States to start the movement and held signs such as 'We are the 99%', 'End the capitalist system', 'Debt is slavery', 'Corporations banks governments stop making us pay for your mistakes', 'Get money out of the election', 'Give us tax money back!', 'This is my occupation' and 'Make job not war'; not only economic claims but clear political claims as well. Third, it is ongoing. The movement keeps spreading with no signs of dying down in the foreseeable future as predicted by Western media. The more participants in wider range enable the protest to continue and it is going global. Since the unreasonable Western social institution won't change fundamentally in a short time, it can be predicted that the protest will continue in various forms on different occasions. Fourth, it is of the people. Though the participants were mainly college students and the unemployed at the beginning, it is not limited to a few classes and groups. With the spreading of the campaign, students, independent professionals, employees, some managers and public servants, such groups as trade union and anti-war organizations have joined the protests, which gain support from all fields of the public. In spite of different identities and occupations, they share one common claim that 'We are the 99% that will no longer tolerate the greed and corruption of the 1%'.

Marx pointed out more than 100 years ago that the world market crisis should be treated as the practical synthesis and forced balance of all contradictions of the capitalist economy. More than 100 years have passed, the capitalist economy still needs crisis to achieve forced balance and carry itself forward. The root of crisis, i.e. the basic economic contradictions of capitalism, remains, and what has changed is only its manifestation. When neoliberalism prevailed all round the world, and some hailed it for the 'end of history' for socialism, neoliberalism, which evolves into the economic paradigm and political program of international monopoly capital, didn't bring prosperity to the world economy. On the contrary, it led to global economic turbulence, and the polarization between the rich and the poor world-wide has been aggravated, gaps between regions, countries, ethnic groups and classes are widened. The stories of 'universal value' and 'end of history' have not come true, which announce that capitalist privatization and Western liberal democracy supplied human race with the direction of development. The world political and military situation decided by economic conditions have not been more stable with dominance by 'one super power' and the EU's 'collective imperialism' (as Samir Amin put it). What is brought to the world by capitalist values of economy, politics, culture and the military are the freedom of monopoly capital and the consequent unprecedented chaos and disorder, rather than the freedom of the working people.

Occupy Wall Street is a people powered movement for democracy that began in America on 17 September with an encampment in the financial district of New York City. The call for this action came from the anti-consumerist magazine *Adbusters*. The reason why OWS could grow and spread in such short period lies in the increasingly severe economic and social contradictions during capitalist economic crisis. Take America as an example, over 8 million workers have lost their jobs since the financial crisis in December 2007, which is the largest in number during the economic recessions since World War II. The US Labor Department data shows that the registered unemployment rate of America's non-agricultural sector was 9.1% last September, of which unemployment rate of young people was 20%. The US Department of Agriculture data shows that nearly 46 million people live on food stamps and people's living standard has dropped by 20–60% on average. In Europe, with the sovereign debt crisis growing in Greece, Ireland, Portugal, the crisis is spreading from peripheral eurozone countries to core eurozone countries of

France, Italy and Spain. Equifax report shows that in Britain, 120 companies breakdown every day on average since European debt crisis and the unemployment rate has reached the highest in the past 17 years. Though advanced capitalist governments like America have adopted rescue programs since the financial crisis, it cannot relieve the capitalist economic crisis fundamentally. Rather, capitalist countries have transferred the loss from private monopoly capital speculation to the general public, and attempted to relieve the crisis by war preparation and arms expansion, with the result of an endless crisis.

**David M. Kotz:** Economic conditions are the main cause for the rise of the Occupy Wall Street movement. The OWS movement had its roots in the new form of capitalism that arose around 1980. In the 1970s regulated capitalism stopped working effectively for the capitalists. The rate of profit fell, there was rising inflation and instability in international monetary system. Around 1980 big business in United States and United Kingdom imposed a new, free-market form of capitalism. Today it called neoliberal capitalism. The main features of neoliberal capitalism are as follows: (1) big business and government attacked the trade unions; (2) deregulation of business and banking; (3) social programs were cut back; (4) tax burden shifted from the rich and big business to the working people; (5) the government stopped using Keynesian policy to keep the unemployment rate relatively low; (6) neoliberal theory replaces Keynesian theory in academic economics and government policymaking.

The results of neoliberal capitalism include: (1) wages stagnated or fell while profits soared; (2) supporters of neoliberal capitalism claimed that, while inequality might rise, economic growth would accelerate. Hence, everyone would benefit. This was the ‘trickle-down economics’ claim. However, data show that US economic growth was slower in the neoliberal period than in the period of state-regulated capitalism. (3) In the 2000s neoliberalism became more extreme in the United States. Inequality rose to levels not seen since 1928. (4) The banks got involved in speculative activities that were very risky but brought huge profits. Financial sector profits doubled as a share of total corporate profits over the neoliberal era. (5) The huge bank profits in the 2000s came largely from speculative activities based on the real estate bubble. The banks were not doing anything productive, just packaging home mortgages into securities and making bets about them. New fortunes were made by bankers and traders who did nothing productive. However, it is difficult to mount an effective protest against capitalism when it is working well for the capitalists, even if it is not working well for the majority.

In 2008 neoliberal capitalism produced a big financial and economic crisis. Suddenly all the biggest banks were bankrupt. The US government bailed them out. The economy started to decline rapidly. Global output and trade fell faster in 2008–9 than in first year of Great Depression of the 1930s. The form of this crisis is similar to that of 1930s but big government was able to moderate it. Nevertheless, the unemployment rate in the United States jumped up over 10% – 15 million people. Millions lost their homes, saw their savings fall in half. For the past three years, the US economic recovery has been very slow. The unemployment rate is still 8.3%. Millions cannot find a new job. As tax revenues of state governments fell, state universities raised tuition so high that the average college student graduates with \$25,000 of debt and faces difficulty finding a good job.

People saw the government bail out banks and some big industrial corporations – but did little for ordinary people. Then big business began demanding ‘austerity’ – further cuts in social programs, firing state workers, and raising the retirement age. People watched as the bankers who caused the economic crisis were bailed out, and ordinary people who suffered from the crisis were told they would have to suffer more to fix the crisis! Big business had demanded the end of government regulation of the economy, and then they demanded and got bailouts when they needed them. This caused huge anger among the American people. At first they did not know

what to do about it. Then the OWS movement began, and millions of people said ‘it is about time something like this got going’.

**David Laibman:** I have been to Zuccotti Park (where the New York Wall Street occupiers are camped) and spoken with many people there. Of course the economic crisis and its effects on people’s lives are the main reason for the movement. The ‘We Are the 99%’ concept is very important, because it focuses the protest on social and class disparities ‘within’ (what the mainstream media and economists call) the ‘private sector’. So this provides us with an opportunity to break out of the anti-‘government’ ideology of the Tea Party, and to reach whatever base that right-wing operation has been able to create among the poor and working people. It is very interesting to me that the capitalist elites (e.g. Republicans) have been very quiet about the Occupy Wall Street events. They have previously used anti-Wall Street sentiment in the country in a hypocritical way, and now the left has a chance to expose that hypocrisy.

**James Craven:** I have been going to the demonstrations and talking at length with people from the various segments represented (gays, greens, anarchists, union representatives, unemployed, students, feminists, Democrats, Green Party, homeless, various shades of ‘left’, radical academics, hippies, etc.).

Although wealth and income inequality of the United States (Gini coefficient same as China overall at 0.5) is the highest of any ‘developed’ capitalist economy, most of the people in the street were not mentioning or protesting this two years ago. Most do not know the numbers or theories behind the inequalities of wealth and income; nor do they know the full implications even in bourgeois theory, but they are reacting at the ‘meme’ (thought virus) level. That is progress in terms of moving from reform of capitalism to wanting to see the end of capitalism and imperialism, but right now there is more of a carnival atmosphere than a climate of unified understanding of and struggle against capitalism here and US imperialism abroad and here.

**Yang Chengxun:** As Lenin put it, finance is the core of modern economy. According to the economic laws, it is inevitable that finance takes the leading status as the economic core and coordinates the whole economy, which is the enhancement for developed market economy. Yet there must be certain limits and constitution assurance and other supporting conditions. Once financial capital is deformed with immeasurable number, divorced from the real economy and turns into the tool for a small number of monopoly-finance capital giants, it will cause economic chaos and severe economic troubles, severely exacerbating the contradictions between socialized capitalist production and private ownership. Post-war America, through the dominance of US dollar, not only controls the country’s huge financial capital, but also the international finance, to form a connected device and accelerate the virtualization of the economy towards the bubble, ultimately leading to the unprecedented economic crisis. The Obama administration began to think about the financial regulation bill immediately after they took office. However, they have been obstructed by the Republican Party. With repeated compromises of the Democratic government, the bill was passed by the Congress in July 2010, yet the core contents have been transferred with financial derivatives in Wall Street remaining nearly untouched. It is generally believed that the Wall Street is the original reason that led to the 2008 financial crisis and the initiator of the current economic dilemma, yet it has received the government bailout and left the ‘bitter pill’ of crisis to the taxpayers to swallow. These are the underlying causes of the Occupation Wall Street movement.

**Zhang Xinning:** *The ‘Occupy Wall Street’ movement seems leaderless, with no focused demands. Who do you think will take the lead of the movement with the spreading of the protest? Will there be a common political aim?*

**David Laibman:** There is a predominant anarchist sentiment, but I think it is not the same as the much more arrogant stance of the anti-WTO [World Trade Organization] demonstrations in Seattle and elsewhere of about 10 years ago. The young activists are saying frankly that they do not have simple answers. They are calling for dialog and debate, and they have support from trade unionists and other organized working-class forces. I even saw some off-duty police officers on 14 October, who came to the occupation site to express their support! There will be repression, of course, we should have no illusions about that. The lack of demands coming from the Wall Street occupiers is deliberate, at this stage. These young people do not want to issue a list of specific demands, because doing so implicitly legitimates the political establishment's power and right to meet demands, to grant favors, etc. On the other hand, I think the protesters understand that they cannot simply 'opt out' of society and go off by themselves, in the manner of classical a-political protest movements. It is a question of finding, not 'demands', but rather a 'program' of creative solutions involving self-organization, so that a political road emerges that is not a set of things we ask 'them' to 'give' to 'us', but a clear taking control of our own resources and turning them to new, democratic uses.

**James Craven:** Bourgeois culture is by necessity (to create and expand markets and expand reproduction of capitalism as a system) one of ultra-individualism, greed, selfishness, competition, envy, narcissism, triumphalism, braggadocio, predation and other evils. The people on the 'left' may think they are special and untainted by the bourgeois culture in which they were also raised, but just as a fish in polluted waters will always absorb some toxins in its tissue, so many of the 'left' are infected with the same bourgeois or petty-bourgeois mentalities they decry. There is so much 'single issue-ism' and MY cause is paramount for special notice and concern. That is why the sign that I carry in the demonstrations says: 'Liberty [does not equal]' equal opportunity to become an 'oppressor'. Oppose US imperialism in 'our' name, [covers all pet issues] because we have in addition to a kind of carnival atmosphere, where the protesters are being so sweet and nice to the police and providing all sorts of nice photos for them to use, they are pushing for particular pet causes (gay rights, environmentalism, feminism, tax the rich, reform capitalism, forgive all student debt, more jobs, etc.). And you are correct that no real leadership exists except what the bourgeois media selects and appoints as 'leaders' of 'the movement' [when there are many and some contradicting the others under one umbrella]. So a lot of what is going on is indeed leaderless, mostly reaction to individual situations with individual and rather uncoordinated protests, and lacking in focus, direction, tactics, strategy and knowledge and experience in mass work and building united fronts against imperialism and proto-fascism.

## 2. Occupy Wall Street movement have intensified the basic contradiction of capitalist society

**Zhang Xinning:** *The basic contradiction of capitalism is the contradiction between the expanded reproduction and the private ownership of the means of production. Do you think that the current financial crisis and the Occupy Wall Street movement have intensified such contradiction?*

**Cheng Enfu:** Today, the basic contradiction of the world capitalist economy results in financial and economic crisis through four specific contradictions and some intermediate links. First, at the microscopic level, because of the private ownership and its business management model, it is easy for the senior management to obtain huge amount of personal income, and they increasingly use financial instruments of higher risk. Second, at the level of economic structure, under the conditions of private ownership the market economy produces more relative surplus, as well as the imbalance between the real economy and virtual economy. Third, in terms of economic

regulation, private ownership monopolies and the financial oligarchy are more likely to oppose the state supervision and regulation, and the capitalist countries serve the private economy, leading to the dual failure of the market and state regulation. Fourth, with regards to consumption, market economy under the conditions of private ownership leads to the differentiation of social wealth and income distribution between the rich and poor, leading to the contradiction between unlimited expansion of production and the mass' relatively narrowing ability to pay. The mass are forced to earn a living with excessive consumer credit, including 'sub-prime', which will lead to the various crises.

Occupy Wall Street is the outbreak of long-term accumulation of the capitalist world social contradictions, which will awake the people of Western countries to rethink the current system of capitalism. In May 2011, the American Nobel laureate economist Joseph Stiglitz analyzed the current social ills of the United States with the title of 'Of the 1%, by the 1%, for the 1%'. The protesters played on the slogan – 'We are 99%', which signified that they were opposing the capitalist economic and political system itself. From an economic point of view, financial capitalism cannot save the capitalists, and developing virtual economy cannot save the real economy with relative surplus. Over the past decades, the income growth of the richest 1% was 18%, while the actual income of the employed or so-called middle class has continued to fall. Today, the richest 1% earn one-quarter of the national income each year, which possess 40% of the national wealth, and the inequality of opportunity is expanding to a greater degree than 30 years ago. The income gap between the rich and poor in the United States is larger than that in Tunisia and Egypt. In terms of the level of polarization, the United States is the most serious 'failed-governance state' among developed countries. It can be said that American capitalism, labeled as people's capitalism of the people, by the people, for the people, has long been bankrupt. From a political point of view, if you want to grasp the unfair social distribution, you must trace the policymaking of the capitalist countries. As long as Western capitalist countries' politics is controlled by the financial monopoly of the Wall Street, the gap between rich and poor and social injustice brought by crony capitalism would never be stopped. As Chris Harman pointed out in his book *Zombie capitalism*, for the bourgeois financialization, the contradictions among the American social classes can not be bridged, so the crisis of capitalism is inevitable. In this sense, it is not surprising that the slogans of Occupy Wall Street are aiming at capitalist political and economic system.

**Yang Chengxun:** The financial crisis and Occupy Wall Street movement provide us with a profound understanding of the three major contradictions of modern capitalism: first, the virtualization by the financial capital aggravated the disorder of the capitalist market economy and thus are against the laws of the market itself. Second, the basic contradiction of capitalist society is advanced to an acute degree because of the combination of the high degree of monopoly and speculation. Third, the US-led modern capitalism dominates the world through a new form that exacerbates the contradiction with the people of the world. Oil crisis and food crisis arose with the financial crisis. The intertwined three crises are outbreak of the long accumulation of the basic contradiction of modern capitalist free market economic constitution, which completely violates the law of value determining prices and may ultimately endanger the constitution itself.

**David M. Kotz:** As I see it, the OWS movement has the potential to make an impact on capitalism. There are several favorable objective conditions for continuing growth of a mass movement against capitalism in the United States: (1) extreme inequality and widespread economic deprivation. A recent US Census Bureau study found one-third of the US population is either poor or near poor (less than 50% above the poverty line); (2) the contradictions of capitalism are suddenly apparent for all to see: (a) very high unemployment and unused productive capacity

alongside unmet needs; (b) millions of vacant homes alongside millions of people with no home or inadequate housing; (3) the previously dominant free-market ideology has been undermined by events; (4) the old belief that each generation will live better than their parents is no longer true; (5) the neoliberal form of capitalism can no longer promote economic expansion or even rising profits. History teaches that this means some kind of major economic restructuring will take place.

There are also serious obstacles to a successful anti-capitalist movement in the United States: (1) the anarchist ideas of the leaders of the OWS movement are an obstacle to the creation of a strong organization. Without strong organization, a movement tends to eventually die out. (2) The form of the OWS movement makes it difficult to win victories, which are necessary for sustaining a movement. (3) Unlike Tahrir Square, which was an uprising against a dictatorship, the OWS movement faces a bourgeois democratic state. The bourgeois democratic state historically has proved effective at containing anti-capitalist movements. Strong socialist/communist movements in bourgeois democratic states in the past have so far not succeeded in replacing capitalism with socialism. Insurrectionary methods have never previously gained mass support in bourgeois democratic states. Parliamentary methods have always led socialist and communist parties to turn into reformist parties. This has produced welfare state capitalism, not socialism.

**James Craven:** One of the central contradictions of capitalism is the contradiction between the forms of consciousness and basic values necessary for the expanded reproduction of capitalism (petty bourgeois ultra-individualism, selfishness, greed, need for some form of immortality, crude materialism, etc.) on the one hand versus the increasing socialization and integration of the productive forces of capitalism and the need for some social cohesion and integration on the other hand. The result of this on the 'left' in America and Canada is a form of 'single-issueism' (ME, ME, ME, MY cause is paramount) that produces reality of fragmentation and division of movements that may unite in action on a broad range of common interests but not see that these 'single issues' (environment, homosexual rights, increase taxes on the rich, rural development, union busting, anti-Iraq and Afghanistan illegal wars, feminism, globalization, etc.) all flow from one central source: the fundamental nature, contradictions, dynamics, 'logic', imperatives, trajectories, impacts and power structures of imperialism. According to the secret 'Plutonomy Report' from Citibank, the ultra-rich are worried about the fact that in a one-person-one vote system, the top 1% may have most of the wealth and a good chunk of total income, but they do not have 99% of the potential votes and thus they fear these kinds of reactions as they openly celebrate plutocracy which is inherently anti-democratic no matter anyone's definition of 'democracy'. So these demonstrations are important in consciousness raising, and they expose more and more people to the notion that capitalism and imperialism are the number one sources of terrorism today and the main threats to the survival of the whole human race, but they need to take more steps and learn more lessons to arrive at higher stages of consciousness than they presently demonstrate (like demonstrating for more 'optimum' arrangement of deck chairs on the Titanic). I've been living under the US imperialism as an American Indian for 65 years, studying it and struggling against it for over 40 years. I was a veteran of the US Army in 1963–66 where I saw the beast from the inside at levels that most soldiers never get to see. As an American Indian, who has lived and worked on the reserves and reservations of America and Canada, and as a tri-national (American, Canadian and Blackfoot) I have also seen the US imperialism (which I regard as the principal and most dangerous source of state-sponsored terrorism today) with and without a mask and with and without its sugar coated bullets.

### 3. Occupy Wall Street movement will transcend neoliberalism and Keynesianism in the future

**Zhang Xinning:** *The OWS movement is spreading through America and other capitalist countries, what do you think of its result? What kind of influence will it have on the capitalist system?*

**Cheng Enfu:** Occupy Wall Street reveals the truth of social contradiction in the United States, and shows that the economic reform carried out by its government since the financial crisis is disappointing and people's anger at the depression, corruption, degeneration, unemployment and hopelessness has reached its peak. Obviously, American financial crisis has led to a whole crisis of its economy, politics and culture.

Protesters cried 'Control Wall Street', 'Sue Wall Street' and 'Billionaires, your time is up'. While demonstrating their anger at bankers' greed, it reflects that capitalist financial system is beyond cure. In the eyes of protesters, excessive financialization and unequal income distribution have led to stagnation of the real economy and unemployment. The institutional root of the financial crisis lies in the capitalist society itself, which is based on private property and rejects effective state regulation. When a state has no effective regulation on capital market, privatization always brings about serious corruption and gap between the rich and the poor. Although the American government has invested lots of funds intervening in the market since the economic crisis, desires of financial capital in Wall Street can not be satisfied. There are still 2 million people unemployed and the debt crisis can not be eliminated. At the same time, private ownership is also the institutional root of unfair distribution of social wealth. If the private economy dominates in the national economy, the gap between the rich and the poor and social conflict will become more and more serious since distribution is primarily carried out by private enterprises, which directly result in serious gap in income, while reallocation only plays a limited role in bridging such gap. Besides, mass media and cultural education are controlled by oligarchs and state power, which make the bridging of the gap impossible in both policy and public opinion.

The OWS movement has made obvious the undemocratic nature and hypocrisy of capitalist political system. The democracy under capitalism is controlled by money and the bourgeois elites. The equality under the name of law conceals the reality of inequality. During the protest, ordinary people in the United States make a case for their legitimate rights, such the right to work. The United States always uses human rights as an excuse to oppress other countries and now common people cannot help but to point out that American freedom and democracy are only for the 1%. The police violence against protesters is hardly reported by the mainstream media in the United States, which only illustrates that the so called American democracy is not so perfect as it looks like. Equality is a quality hailed in capitalism. This protest shows that equality under capitalism is a formal concept that was raised against feudal hierarchy, and is therefore the equality in opportunity and procedure. For liberals, equality as such is both impossible and meaningless, which is good for nothing but eliminating individual difference and fostering social inertia. Marx holds that the problem of equality is actually whether to overcome capitalism. Lenin also properly indicates that capitalism is characterized by both quality in its formal sense and the economic inequality and social inequality.

In 1960s, the American young people holding fast to liberalism were labeled as 'the lost generation'. During the OWS however, the young people hold the slogan that says 'We are the revolutionary generation!', 'We need jobs! We need revolution!', 'Debt is slavery!', 'Capitalism has to go!'. All those slogans have rocked the cultural values of the American people. Mainstream scholars serving the Obama administration and financial capital in Wall Street once told people that

free market is a smooth shortcut to efficiency, economic growth and innovation, which enables those who wish to work hard and can grasp opportunities to enjoy fortune and prosperity. Yet the truth is, instead of fulfilling its promise for happiness, neoliberalism only leads to a trust crisis in the United States.

OWS protesters also pointed out directly that ‘Obama is a war criminal, not a peacemaker’. ‘The war in Iraq, recession, unemployment, the war in Afghanistan, who is making money? Wall Street!’ It is well known that the neoliberal government of the United States is a hegemonic power who heavily relies on the excessive use of the military. During the 17 years from 1991 to 2008 after the Cold War, the United States had been involved in 12 wars, which is one every 1.4 years. War is a form of capitalist expansion. Capital is inherently expansionist and war is its tool. The wars that the United States is involved in directly impose an economic burden over the American people, and the war against terror especially leaves people living in fear.

In short, the OWS and its expansion to the whole America and the world highlight the economic, political, cultural and diplomatic crisis of capitalist countries led by the United States. Protesters believed that ‘The whole system has to go, capitalism is organized crime’. Just as the British economist Harman pointed out in *Zombie capitalism*, capitalism is doomed to fail and be replaced by a more advanced social order.

Now, anyone without prejudice can clearly see that theories and policies of global neoliberalism cannot save capitalism but only deepens the contradictions of the world economic system, supplying good lessons for understanding history. Even Francis Fukuyama, who once announced ‘the end of history’, has to admit in his book *After the neo cons: Where the right went wrong*, that critique of the US conservatism is convincing, and the solution lies in changing the established reality and constructing a ‘multipolar world’.

The Occupy Wall Street movement reflects the direction of future development of the world. Under the capitalist crisis, tensions continue to grow between the demand for capital proliferation and the deteriorating of workers’ living conditions, between the expansion of international monopoly capital and development of national economy, and between economic growth and the ecological environment. This will significantly speed up the process of polarization, re-construction and re-establishment. It can be expected that three things will be superseded in the future of our world. First, we will transcend neoliberalism and Keynesianism in economic development and re-recognize the limitations of liberalization, privatization and marketization dominated by international monopoly capital. The effort of ordinary people to get rid of poverty will be based on real economic rights, especially the ownership of means of production, and equitable systems of economic globalization, localization and collectivization be constructed. Secondly, we will transcend the world political situation of ‘dominance by one super power’, stop interfering in other countries’ internal affairs and human rights issues, protect freedom and democracy for the people and the diversity of expressions of freedom and democracy, and construct democratic multipolarization in politics and mechanism of national self-defense. Thirdly, we will transcend capitalist value monopolism in cultural development, recognize the differences between national and ethnic cultures, and build systems of culture diversity and communication. We have every reason to believe that the deepening capitalist crisis will wake up working people’s aspiration all around the world for and exploration of a social formation of a higher level, and enhance theories and practices of world socialism.

**David Laibman:** The ultimate effect on the capitalist system, in the United States and elsewhere, depends, of course, on the extent to which working-class and popular forces can recuperate a confident sense of alternatives, of a path forward, and, eventually, of socialism. Marxists, I believe, must do two things simultaneously, and these two things should reinforce each other, not be in conflict. First, we need to continue to elaborate the theory and vision of socialism, drawing

where possible on the real experiences of socialist construction, past and present. Second, we must outline an intermediate path, toward a new ‘New Deal’ – winning major inroads and restraints on capitalist power, while remaining within capitalist social relations overall – which can serve as a focus of realistic organizing and incorporate the energy and activism of the new protest movements.

**David M. Kotz:** My research suggests that there are three possible directions of change. First, a shift to a neo-fascist statist regime. Right-wing forces have also been growing stronger and bolder in the United States (and more so in Europe). They might also move to crush opposition to capitalism by installing a neo-fascist statist regime, probably based on Christian fundamentalism. This could lead to a very dangerous period, with the possibility of rising international tensions and war. Second, another period of regulated capitalism. The capitalist class might compromise with the growing anti-capitalist movement. This could give rise to another long period of regulated, or social-democratic, capitalism. This would be an improvement for working people. However, this would require another long period of relatively rapid economic growth, to allow wages and profit to both grow. This would run into environmental constraints. Third, a transition to socialism. If the OWS movement shifts away from its current anarchist leadership and is transformed into a socialist movement, it would have a chance to bring about a transition to socialism. Socialism in the United States would bring economic justice and economic security for all, without a need for continuing growth in economic output. This would make possible an environmentally sustainable economy. Socialism in the developed capitalist countries could also bring a new international economic order based on cooperation instead of competition among workers of every country.

Which outcome emerges is not determined by any law of economics. The outcome will be determined by the struggles among classes and groups in the coming years.

**Yang Chengxun:** Capitalism in the United States has shown a series of new economic and political characteristics during the international financial crisis, which can be summarized as follows. First, the extreme imbalanced development of capitalism has led to the dominance of the United States in the world, which becomes the absolute leader of the capitalist world and the international military police, extending the so-called ‘national interest’ to the whole world. Second, there is a new form of post-colonialism, in which the powerful United States dominates the world and replace general international monetary relations with dollar hegemony. It controls the process of globalization and exploits developing countries through virtual economy which is unrelated with the real economy. Third, the most advanced technologies are monopolized by the United States, and financial liquidity and chaining enhanced. Fourth, the United States promotes the physical transfer of industries through transnational corporations so as to monopolize in new forms the international markets of commodity and technology. Fifth, it supports military superiority by virtual economy, controls the global use of nuclear weapons and space technology, and deploys military forces all over the world to particularly control the strategic geographical resources. Sixth, it establishes the ‘empire of ideas’, with neoliberal and democratic values ??as the dominating consciousness, which will supports a strategic policies around the world, striving for subversion of and infiltration into every country. Seventh, super economic virtualization in the United States leads to an overall bubble, with the financial crisis finally triggering an economic crisis, and passes the crisis to the rest of the world in various ways. The core of all these lies in the monopoly of super international financial capital, and the dominance of domestic and world economy by virtual economy. The above seven characteristics are conditional and complementary to each other. The virtual economy of the United States takes as much as 50 times of its gross domestic product (GDP), and monopolizes the right to speak of the trend of financial sector

and credit assessment, as well as controls or penetrates the national banks and the stock markets of other countries, to the extent of controlling their national finance. Besides, its military hegemony in the world is also supported by virtual financial capital.

**James Craven:** As Chairman Mao Zedong warned many times, socialism may be used to build and restore capitalism with the result of the longer-run demise of socialism which has happened in the former USSR and elsewhere. This is why the Chinese youth must be warned, not with slogans but with concrete evidence and reason, that the masks and sugar-coated bullets of imperialism represent not freedom but enslavement, not progress and development but backwardness and reaction, not personal 'liberty' but personal myopia and self-destructive and socially destructive forms of false freedoms and false liberties associated with narcissism, megalomania, selfishness and the mentality of 'serving oneself' which will destroy China and the whole world. I am hopeful in the long run that imperialism is a doomed system, doomed by the weight of its own internal contradictions and logic. As Bertolt Brecht said: 'In the contradiction lies the hope'.

**Zhang Xinning:** *Professor Cheng, as President of the World Association for Political Economy (WAPE), which is a global academic organization, what do you think Marxist economists should do today?*

**Cheng Enfu:** WAPE is an international academic organization founded in 2006 by Marxists economists and related groups around the world. Its mission is to utilize modern Marxist economics to analyze and study the world economy, reveal its laws of development, and offer policy proposals to promote economic and social progress at the national and global level. The last seven WAPE forums were successively held in Shanghai, Shimane (Japan), Beijing, Paris, Suzhou (China), Amherst (USA), and Mexico City (Mexico) between 2006 and 2012. Participants in past WAPE forums have come from over 50 countries in Asia, Australia, Africa, Europe, and North and South America. The Sixth Forum of the World Association for Political Economy was held on 29 May 2011 in the United States. A joint statement entitled 'Responses to capitalist crisis: Neoliberalism, Keynesianism and beyond' was presented at the forum. The Seventh Forum of the World Association for Political Economy was held from 25–27 May 2012 in Mexico City with the theme of 'State, market, the public and the human development in the 21st century', in which we discussed issues like the relationship between state, market, and the public under globalization, Occupy Wall Street movement and the critique of Capitalism.

The contemporary Marxist political economists have a role to play in the ongoing theoretical and policy struggles. Specifically, we may make the following contributions: (1) develop and promote economic programs and policies that would quickly reverse the worsening conditions faced by working people; (2) develop critique of the right-wing claims that divert attention from the real problems facing the working people; (3) develop and promote visions of an alternative socialism for the twenty-first century that would overcome the problems created by capitalism; (4) systematically analyze the roots of this economic crisis in capitalism in general and neoliberal capitalism in particular; (5) oppose imperialism and wars that would be a means to save capitalism from this crisis. The current economic crisis provides opportunities as well as challenges. The crisis has exposed the irrationalities of capitalism and delegitimized the neoliberal agenda. The fundamental theory and policies to solve the present financial and economic crisis and to prevent future economic crises require going beyond both neoliberalism and Keynesianism. Marxist political economists have an obligation to respond to the widespread craving for an answer to the enormous problems today created by capitalism. By means of research, writing, speaking, cooperating and organizing, Marxist economists of all countries should unite to pursue the above goals.

### Notes on contributors

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David Laibman is a retired professor of economics at Brooklyn College and the Graduate School of City University of New York, Editor of *Science & Society*, and the author of *Deep history: A study in social evolution and human potential* (2007) and *Political economy after economics: Scientific method and radical imagination* (2011).

James Craven (Blackfoot Indian name: Omahkohkiaaiipooyii) is Professor of economics and geography at Clark College, Vancouver, USA, and a Vietnam-era veteran of the US Army. He has published on political economy, international law on genocide and rights of nations, critical thinking, economic geography and imperialism, and taught in India, China, Europe, Canada, Puerto Rico and the United States.

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