A Failed System: The World Crisis of Capitalist Globalization and its Impact on China

By John Bellamy Foster
March 1, 2009

This article was originally a presentation delivered to the International Conference on *the Critique of Capital in the Era of Globalization*, Suzhou University, Suzhou, China, January 11, 2009.

In referring in my title here to "A Failed System" I do not of course mean that capitalism as a system is in any sense at an end. Rather I mean by "failed system" a global economic and social order that increasingly exhibits a fatal contradiction between reality and reason—to the point, in our time, where it threatens not only human welfare but also the continuation of most sentient forms of life on the planet. Three critical contradictions make up the contemporary world crisis emanating from capitalist development: (1) the current Great Financial Crisis and stagnation/depression; (2) the growing threat of planetary ecological collapse; and (3) the emergence of global imperial instability associated with shifting world hegemony and the struggle for resources. Such structural weaknesses of the system, as Joseph Schumpeter might have said, are the product of capitalism's past *successes*, but they raise catastrophic problems and failures in the present nonetheless. How we choose to act today in response to this failed system is therefore the most critical question that humanity has ever faced.

The Great Financial Crisis and Stagnation/Depression

The world economy centered in the advanced capitalist states is experiencing by far its worst economic crisis since the Great Depression. A Great Financial Crisis on a scale not seen in the United States and the other advanced capitalist states since the 1930s is leading to a major decline in world economic growth, and is pointing to a possible world depression.2 So severe is the current situation that even U.S. President George W. Bush, in prepared remarks for a November 2008 summit of the central bank governors and finance ministers of the G-20 economies, stated that what threatened, if decisive governmental action were not taken, could be a "depression greater than the Great Depression's."3

One way to understand the enormity of the world financial and economic crisis is in terms of what has been called *The Return of Depression Economics*. This was the title of a book that Paul Krugman, the most recent winner of the Bank of Sweden's Nobel Memorial Prize in Economics, first wrote in response to the Asian crisis of 1997–98. That book has now been released in a new edition, entitled *The Return of Depression Economics and the Crisis of 2008*. What Krugman means by this phrase is of course the return of the economics of John Maynard Keynes's *The General Theory of Employment, Interest and Money*, published in 1936 in the midst of the Great Depression. Everyone would agree that Keynes and his "depression economics" are in some sense back. But which Keynes? And if we take Keynes seriously as a critic of capitalism (although a limited one), is it not necessary to go back even further to the greatest critic of all: Karl Marx?

In *The General Theory* Keynes famously pointed to what he called the "outstanding faults" of the capitalist economy: its enormously unequal division of income and its inability to maintain a full-employment equilibrium. These outstanding faults produced instability in the investment process of capitalism, the engine of accumulation. Capitalism, according to Keynes, was a system characterized by uncertainty. Investment lost its dynamism when *expected profits* on new investment were depressed, due primarily to present and anticipated demand constraints. As investment outlets vanished, capital turned to speculation, giving rise to asset bubbles that generated financial instability and the prospect of more serious crises in the future.

The principal doctrine that Keynes challenged was Say's Law that supply creates its own demand. Orthodox economics, he argued, had never freed itself from this error and implicitly assumed in its basic analyses that "the economic system was always operating up to its full capacity." This meant that the orthodox view was "incompetent to tackle the problems of unemployment and of the trade cycle."6 The dominant tendency in modern capitalism, he believed, was the veering toward unemployment equilibrium and substantial excess capacity. Keynes, who was a defender of the system, but who advocated policies that went beyond what the capitalist class itself was willing to accept, proposed as solutions to these problems: the "euthanasia of the rentier," a substantial decrease in capital's share of income, and "a somewhat comprehensive socialisation of investment."7 He also pointed to the need for enhanced civilian government spending to fill the gap in effective demand and move the economy toward a full-employment equilibrium. And he argued for limited controls on international movements of capital.

In referring to his analysis as "the general theory" Keynes distinguished this from orthodox neoclassical theory, which he referred to as a "special case," the characteristics of which "happen not to be those of the economic society in which we actually live," and which therefore led to results which were "misleading and disastrous."

The reality of the Great Depression convinced many economists and business observers in the late 1930s that Keynes was right, and led to widespread references to the "Keynesian revolution." Keynes's proposals related to stimulating effective demand through civilian government spending were not directly applied in the 1930s, however, and it was the Second World War that lifted the United States and other advanced capitalist economies out of the Great Depression. After the war, Keynes's analysis was debased by such figures as Paul Samuelson at MIT, leading to what was sometimes called the "neoclassical-Keynesian synthesis," or more frequently the "neoclassical synthesis." In what Keynes's younger colleague, Joan Robinson, famously dubbed "bastard Keynesianism," Keynes's more revolutionary insights were all excluded and his analysis was reincorporated with the neoclassical theory in a subordinate form. Mainstream economists came to the conclusion that the capitalist economy could be effectively managed by monetary and fiscal policy fine tuning, with an emphasis on the former. This was because the economy was once again implicitly assumed to act in accordance with Say's Law, moving naturally toward a full-employment equilibrium, now redefined as a "natural rate of unemployment." Neoliberal globalization, deregulation, the removal of all restrictions on the movement of capital, the creation of sophisticated new financial architectures, were seen as constituting the essence of all economic logic on a world scale.

Hence, by the 1970s (and even more so after the stagflation crisis of that decade) Keynes had been relegated to a "special case theory of Depression economics," applicable only when monetary policy could no longer be effectively used to boost the economy.10 But such a condition was no longer believed to be relevant, since, as University of Chicago economist Robert Lucas declared in 2003 in his presidential address to the American Economic Association, the problem of depression and even of the business cycle had essentially been solved. This view was reiterated in 2004 by Ben Bernanke, then a Federal Reserve Board governor, now chairman of the Federal Reserve Board. For Bernanke the Great Depression was no longer of theoretical interest; rather the problem to solve was the "Great Moderation," i.e., the reduced volatility of the capitalist economy in the 1980s and '90s. What needed investigating, he argued, were the reasons for the effective end of the business cycle, which he attributed to more sophisticated monetary policy, arising initially out of the insights of Milton Friedman's monetarism.11

Today figures like Krugman are seen as partly challenging these conclusions, and as representing the return of Keynesian economics. But this is not a return to Keynes in the sense of his general theoretical critique of capitalism's fundamental flaws. Rather it is a return to Keynesianism as a "special case" of "depression economics," where monetary policy is ineffective and expansive fiscal policy needs to be given priority. The ascendancy of neoclassical economics, which bastardized and subordinated Keynes's mildly critical view of capitalism, is not itself challenged. Nor is capitalism questioned. Rather it is assumed that mistakes were made in monetary policy and in regulatory systems that have pulled the economy back down into the "special case" of Keynesian "depression economics."

Hence, what Keynes called the "outstanding faults" of the capitalist economy are hardly addressed as such. Keynes, is presented, by his most publicized (and reactionary) biographer, as the great "remedist" and little else.13 The resulting policy emphasis is on fiscal stimulus, a mild redistribution of income, renewed financial regulations, and international reforms in currency trading. The crisis is treated as a kind of external shock (or, as Krugman says, the spread of an unknown virus).14 The severity of the downturn would suggest that long-term forces (more than the normal business cycle factors) are concerned. Yet, the fact that capitalism is an inherently contradictory historical system, which displays increasing irrationality in its later stages is off limits within the economics mainstream, even among its supposedly left of center theorists, such as Krugman and Joseph Stiglitz.

Part of the problem is that although Keynes's thinking was too radical for the system he was trying to defend, it was at the same time not radical enough. It did not fully explain the core contradictions of capitalism. For a truly general theory of accumulation and crisis under capitalism Marx together with later Marxian political economy remain critical. For Marx the essence of capitalism lay, according to his famous shorthand, in the relation M-C-M′. Capitalism was a system in which money capital (M) was exchanged for commodities (C) that were transformed into new commodities through production, which were then sold again for more money M′ (or M + Δm, i.e., surplus value). The nature of this process was such that it was unending. The M′ was then reinvested in the next period of production, with the object of getting M′′ at the end, and so on, ad infinitum.15 Any interruption in the unending accumulation of capital in this sense pointed to a crisis. Moreover, the very existence of a system organized in this way made it possible for a crisis to occur through a shortage of effective demand. For Marx, there was never any doubt about the root cause of capitalist economic crises. “The ultimate reason for all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute consuming power of society constituted their limit.”16

With respect to financial expansion and crisis, Marx wrote in volume 3 of *Capital* that the whole “sphere of production may be saturated with capital,” with the result that profits increasingly enter into the sphere of speculation. “If…new accumulation,” he wrote,

> meets with difficulties in its employment, through a lack of spheres for investment, i.e., due to a surplus in the branches of production and an over-supply of loan capital, this plethora of loanable money-capital merely shows the limitations of *capitalist* production. The subsequent credit swindle proves that no real obstacle stands in the way of the employment of this surplus-capital. However, an obstacle is indeed immanent in its laws of expansion, i.e., in the limits in which capital can realise itself as capital.

The “credit swindle,” arising with the turn to money capital (represented by Marx as M to M′) as the basis of the amassing of wealth, inevitably precedes a bust. “Business always appears excessively sound right on the eve of a crash.” For Marx nothing was more natural than a liquidity crisis in an economic slowdown, where capital hungered insatiably for cash. Mimicking the 42nd Psalm, he wrote that the capitalist desires and hordes money in every form:

"As the hart pants after fresh water, so pants his soul after money, the only wealth."

Yet, if Marx constitutes the starting point for a general theory of capitalism and crises, his analysis doesn't encompass many of the specific problems of today, given the historical evolution of the system since his time. For Marxists, beginning with Hilferding, Lenin, and Luxemburg, the historical evolution of the system in the early twentieth century was understood primarily in terms of the development of a new stage of capitalism, often referred to as monopoly capitalism. This reflected the fact that the most significant change in the structure of capitalism in the twentieth century arose out of what Marx called the concentration and centralization of production, resulting in the rise of the giant firm and the modern credit system.

The most ambitious and sustained attempt to develop an analysis of how capital accumulation was altered in the economy of the giant firm was developed by Michael Kalecki, Josef Steindl, Paul Baran, Paul Sweezy, and Harry Magdoff. Kalecki was a Polish Marxist economist who also played a major role in the Keynesian Revolution, having introduced most of the fundamental innovations associated with Keynes's general theory before Keynes himself. Steindl was an Austrian economist who worked with Kalecki at the Oxford Institute of Statistics during the Second World War.19 Their work was extended into an analysis of the role of the state and popularized in Paul Baran and Paul Sweezy's *Monopoly Capital: An Essay on the American Economic Order* (1966).20 This theoretical perspective was later applied to the world economy and the creeping stagnation of the 1970s, '80s and '90s, in a series of works by Sweezy and Magdoff. These thinkers argued that the capitalist economy did not naturally tend toward rapid growth.21 Rather specific historical "developmental factors" were necessary for strong growth to appear for any length of time.22 This was particularly the case for a system dominated by monopoly capital, in which monopolistic price formation and profits were associated with certain restraints on accumulation. The main problem of accumulation for monopolistic corporations was to find sufficient investment outlets for the enormous and rising surplus at their disposal. Short of new historical factors that increased investment outlets, absorbing surplus capital, the accumulation system tended to sputter out. Hence, "the *normal* state of the monopoly capitalist economy," Baran and Sweezy argued, was "stagnation."23

In the decades immediately after the Second World War the United States and the other advanced capitalist economies experienced a period of prosperity, subsequently described as the "Golden Age." This was based on the stimulus from special historical factors such as (1) a high level of consumer liquidity immediately after the war; (2) the rebuilding of the war-devastated European and Japanese economies; (3) a second great wave of automobilization (which included the impetus to the rubber, steel, and glass industries, the building of the interstate highway system, and the suburbanization of the country); (4) the growth of the sales effort in the form of the expansion of advertising and other forms of sales-related waste; and (5) high military spending associated with two regional wars in Asia. But by the 1970s these countervailing factors to the tendency to stagnation were mostly on the wane. The result was a rapid slowing down of the economy. Net investment in the United States declined, with the investment that was taking place being fed largely out of corporate depreciation funds. In this situation, a new outlet for the surplus (profits) of corporations was needed.

This arose in the 1970s, and even more in the 1980s and '90s primarily through the development of the financial system, on a scale and with a duration that had no historical precedent. Capital, lacking investment outlets, increasingly flowed into financial speculation, while the financial services industry, so-called, was able to come up with more and more new instruments to absorb this capital. Hyman Minsky, a socialist-oriented economist inspired by Keynes, and influenced by Kalecki and Hansen, observing the new developments, formulated his now famous thesis that financial instability is an "inescapable part" of developed capitalism. Minsky's analysis was based on Keynes's notion that there was a flaw in the accumulation process of capitalism associated with speculative bubbles in asset price increases on top of a sluggish "real economy." For Keynes and Minsky, however, this was understood as a phenomenon that largely occurred at the peak of a boom.

In contrast, Magdoff and Sweezy argued, as early as 1970, that there was a "long-run decline in liquidity" arising from the putative "'success' in controlling the business cycle." The result was that the U.S. economy was faced with the growing problem of a major "debt-squeeze out," requiring that real and paper values be brought back into accord, sometime in the future. The longer that debt ballooned without a major contraction the bigger the problem would become. Incredibly, this process of financial expansion continued over the decades, with only relatively minor credit adjustments or "credit crunches," until the Great Financial Crisis of 2007–09.

Magdoff and Sweezy labeled this long-term contradiction (in the title of one of their books) *Stagnation and the Financial Explosion*, arguing that there was a kind of "symbiotic embrace" between the two.26 Eventually, this long-run process of financial explosion was to be characterized as the "financialization" of the capitalist economy, and monopoly capital was seen as having transformed into "monopoly-finance capital." The economy became increasingly dependent on the inflation of one financial bubble after another. Total debt in relation to GDP in the U.S. economy rose from 151 percent in 1959 to 373 percent in 2007, with the quality of debt decreasing as its quantity expanded. But the real economy showed an increasing addictive toleration—the need for more to get even a decreasing effect—to the expansion of debt. In the 1970s the increase in U.S. GDP was about sixty cents for ever dollar of new debt, by the early 2000s this had decreased to around twenty cents for every dollar of new debt.27

A critical element in the development of the United States as the center of what became a worldwide financialization of capitalism was the role of the dollar as the hegemonic world currency, allowing the U.S. economy essentially to print dollars as needed and to borrow on an unprecedented scale from the rest of the world. This turned the U.S. economy into both the consumer of last resort and the center of debt buildup for the world economy as a whole. The vast and growing U.S. current account deficit has meant that the United States has had to impose (or "attract") hundreds of billions of dollars a year in investments in paper—and increasingly fictitious—dollar assets on its trading partners. The process is coming to an end with the previously unimaginable extent of the new debt that must issue from the U.S. government in the coming year, as all previous bubbles are folded into a "Treasury bubble."

Jim Reid, a perceptive analyst at Deutsche Bank, wrote in mid-December 2008 that "if 2009 goes horribly wrong it's probably because there's a run on a major currency or a Government bond market" and suggests that "the UK remains the lowest hanging developed market fruit." Given the weakened role of the pound such a prospect can still be imagined as a normal *economic* event. Yet, although the U.S. dollar is subject to identical strains on an even greater scale, its role as the global settlement and reserve currency means that a run on it cannot be imagined as a normal economic event, but only as a sea change in the global political economy.

In 1997, Paul Sweezy declared that globalization was a very long-term trend of capitalism, traceable to its very origins in the fifteenth and sixteenth centuries. This globalizing trend had major effects in some periods such as the rise of China as a major force in the world economy. Nevertheless, the dominant phenomena governing world accumulation at the end of the twentieth century, he argued, were the trio of "(1) the slowing down of the overall rate of growth, (2) the worldwide proliferation of monopolistic (or oligopolistic) multinational corporations, and (3) what may be called the financialization of the capital accumulation process." It was clearly financialization that was the most startling and unstable development. If the financialization process were to go into reverse or even to slow, Sweezy suggested, the result would be a deep stagnation. There was no telling when this would happen. Financialization, Magdoff and Sweezy argued, could continue for some time. Still, at some point the rising mountain of debt would grow beyond the capacity of capitalist governments to intervene effectively as the lender of last resort, and a financial avalanche would result in an unprecedented crisis. Such a major, historic crisis of capitalism, arising out of conditions that were equally unprecedented, would pose not merely the "return of depression economics" as this was understood, in a very limited fashion, by orthodox economists, but would mean the collapse of an entire financialized regime of accumulation with lasting real world repercussions. The most likely long-term result was a deep slowdown in the trend-rate of growth.

With the Great Financial Crisis of 2007–09 and the advent of the most serious economic downturn since the Great Depression these expectations based on an understanding of the historical development of the system have come true. In terms of the conditions that are to be experienced by working populations around the globe as a result of this unprecedented downturn (comparable only to the 1930s) the worst is clearly still to come.

Already, emerging economies, where the crisis may turn out to be most wrenching, are finding their export markets drying up. For China, with exports in 2001–06 amounting to over 30 percent of GDP, and net exports close to 4 percent of GDP, the shrinking of markets in the United States, Europe, and Japan constitutes a serious threat. China currently is experiencing the sharpest deceleration in economic growth in thirty years. Chinese exports have dropped, auto sales have plummeted, and jobs are shrinking in the cities. House prices are now falling in major urban areas and there is a drastic decline in real estate investment, which spells a much bigger financial crisis. Millions of China's "floating population" of migrant workers who fueled industrialization are unemployed and are returning to rural areas. The sharp drop in economic growth and looming signs of deflation in China, it is feared, will pull world economic growth down to close to zero. To the not inconsiderable extent that the U.S. generated global financial explosion has contributed to the growth in the Chinese real economy the U.S. generated global financial implosion shall contribute to its contraction. Economic crises are endemic to capitalism, but the level of economic disaster affecting the system, as shown by conditions in the United States, on the one hand, and China, on the other, is now without precedent in the post-Second World War period, and the end is not yet in sight.

The Growing Threat of Planetary Ecological Collapse

In addressing capitalism as a failed system I have focused first on the deepening economic crisis. But this is not the worst of the world's problems. The greatest peril is the growing threat of planetary ecological collapse. Here the danger is much greater than in the case of the world economy but the sense of alarm and the call for immediate and massive action is less widespread. As the Swedish Tällberg Foundation stated in its 2008 report, *Grasping the Climate Crisis: A Provocation*,

The world [at present] faces a breakdown of the global financial system. The consequences are staggering, with ripple effects the world over that deliver the severest blows to the poor. Fear is rising. One would have expected somewhat of the same level of anxiety with regard to the looming breakdown of major parts of the Earth system—rapid deforestation, overfishing, freshwater scarcity and the disappearing Arctic sea ice. Reports of such events and processes are abundant, but the level of concern is still conspicuously low.

The most serious ecological threat is of course global warming, which is inducing widespread, multi-faceted climate change, with disastrous implications for life on earth. But in a wider sense, the global environmental crisis involves manifold problems and cannot be reduced to global warming alone. These multiple hazards have a common source in the world economy, including: the extinction of species, loss of tropical forests (as well as forest ecosystems generally), contamination of and destruction of ocean ecology, loss of coral reefs, overfishing, disappearing supplies of fresh water resources, the despoliation of lakes and rivers, desertification, toxic wastes, pollution, acid rain, the approaching exhaustion of easily available crude oil resources, urban congestion, the detrimental effects of large dams, world hunger, overpopulation, etc. Together these threats constitute the greatest challenge to the survival of humanity since its prehistory.

The global warming threat is rapidly closing in. The melting of sea ice in the Arctic, which some scientists believe could be ice free in the summer in less than a decade, is seen as threatening an "albedo flip," a drastic reduction in the reflectivity of solar radiation and an acceleration of climate change. Meanwhile, the melting of the ice sheets in West Antarctica and Greenland points to an irreversible "tipping point" within a decade that portends rising world sea levels that will eventually engulf major population centers in low-lying areas. The combination of momentous environmental tipping points and positive feedback mechanisms accelerating climate change have convinced a growing number of climatologists that irrevocable and catastrophic climate change is inevitable unless actions are taken in the next decade or so drastically to reduce greenhouse gas emissions.32The atmosphere is near the ceiling of CO_2 and other greenhouse gases that will produce the 2°C increase in average global temperatures that the United Nations' Intergovernmental Panel on Climate Change has sought to avoid. Moreover, the world is on a course under business as usual that could well lead to average global temperature increases two or even three times as high during this century, spelling an inferno for life on the planet.33

Indeed, new scientific data suggests that a 2°C increase would itself be disastrous, in terms of rising sea levels and the setting off of various self-reinforcing feedback mechanisms that could accelerate climate change throughout the earth system. This means that allowing for a stabilization of greenhouse gas concentration in the atmosphere at 550 parts per million (ppm), as envisioned in the *Stern Review*—characterized by most mainstream economists as a "radical" response to controlling carbon emissions—or even a buildup of carbon to 450 ppm (seen as consistent with a 2°C ceiling in average global temperature rise) are now viewed by many leading scientists as running the risk of catastrophic change.

James Hansen, director of NASA's Goddard Institute of Space Studies, and other climatologists, now claim that the goal must be to reduce the atmospheric carbon level *below* the present 387 ppm, to 350 ppm or less. This means that net CO_2 emissions must "approach zero." It also necessitates major changes in energy and land use, requiring massive social reorganization. According to Hansen and his colleagues, "if the present overshoot of this [350 ppm] target CO_2 is not brief, there is the possibility of seeding irreversible catastrophic effects." Indeed, "continued growth of greenhouse gas emissions, for just another decade, practically eliminates the possibility of near-term return of atmospheric composition beneath the tipping level for catastrophic effects." The world is now facing the prospect of irrevocably leaving the mild, protective climate of the Holocene, which has defined the environmental conditions for the entire duration of human civilization.

These new dire warnings by leading climatologists are based on a perception of the weaknesses of most earlier computer climate models, which do not account fully for "slow" climate feedback processes, such as "ice sheet disintegration, vegetation migration, and GHG [greenhouse gas] release from soils, tundra or ocean sediments." Hence, it is now recognized that climate change can accelerate out of control at lower levels of greenhouse gas accumulation in the atmosphere than previously supposed. In arriving at such conclusions Hansen and his colleagues themselves "do not rely on climate models, but rather…on empirical evidence from past and ongoing climate change," utilizing paleoclimatic data.

If scientists are telling us that ecological time is running out if we wish to avoid catastrophic global effects, mainstream economists addressing the climate issue claim that we still have plenty of room in which to maneuver. William Nordhaus, the leading orthodox economic analyst of global warming in the United States, argues for a "climate-policy ramp," in which modest reductions in greenhouse gas emissions in the near-term would be followed by more ambitious reductions in the long term.

Yet, Nordhaus envisions that under "optimal" conditions atmospheric CO_2 concentration will increase to about 480 ppm in 2050, 586 ppm in 2100, peaking at 700 ppm in 2175. Indeed, Nordhaus and other orthodox economists claim that the risks to the world of an average temperature of 5°C or more warmer than preindustrial times, which such atmospheric CO_2 concentrations would induce, can be offset by investments in other welfare-enhancing areas of the economy. But in reality, as opposed to bourgeois economics, this flies in the face of all scientific-ecological assessments, threatening absolute catastrophe to human civilization and the planet as we know it.

Indeed, there is only one way of accounting for the fact that orthodox economists constitute the leading ideological opponents of aggressive reductions in greenhouse gas emissions, even at the risk of a planetary inferno—and that is their primary role as ideological defenders of the capitalist system and promoters of its drive for profits and accumulation at any cost. Nothing so clearly demonstrates what John Kenneth Galbraith characterized (in the title to his last book) as *The Economics of Innocent Fraud*. “Capitalism, as we know it today,” James Gustave Speth, former head of the United Nations Development Programme, has written, “is incapable of sustaining the environment.” To turn to mainstream economics for answers is therefore a serious, perhaps fatal, error of current policy.

The fundamental ecological flaws of the capitalist system have been emphasized primarily by critical political-economic thinkers coming out of or deeply influenced by the Marxist tradition. In the United States environmental sociology has been deeply affected by two critical concepts arising out of Marx, the “treadmill of production,” and the “metabolic rift.” The treadmill of production concept is the notion that capitalism is geared above all to exponential growth, as suggested by Marx’s M-C-M′ shorthand. The level of economic activity in each period starts with the end point of the previous period, leading to a doubling of economic output in, say, a quarter-century at a 3 percent annual rate of growth—a process which is interrupted, but not brought to an end, by business cycle downturns. The driving force of this expansion is capital accumulation and the search for ever expanding profits. The country that has experienced the fastest rate of growth over a sustained period of time is of course China where the economy, according to the rather fantastic (and somewhat suspect) claim by Bloomberg.com, “has increased by 69-fold” since 1978. But exponential growth, if at lower levels than in China, is characteristic of capitalism in general, even where the economy, is experiencing only slow growth or stagnation, as has typified the advanced capitalist economies in recent decades. Under capitalism, Marx argued,

> We see how…the mode of production and the means of production are continually transformed, revolutionised, *how the division of labour is necessarily followed by greater division of labor, the application of machinery by still greater application of machinery, work on a large scale by work on a still larger scale.*

That is the law which again and again throws bourgeois production out of its old course and which compels capital to intensify the productive forces of labour, *because* it has intensified them, it, the law which gives capital no rest and continually whispers in its ear: "Go on! Go on!"

For Marx workers too were chained to the treadmill of production since their conditions were made tolerable for short periods only by rapid economic growth—even though this reduced their *relative* condition within the system, and hence made them ever more dependent on their capitalist overlords.

From an ecological perspective, of course, this system of growth at any cost, synonymous with capitalism, places the world economy in direct conflict with environmental sustainability. China's rapid growth in recent decades has also led to record rates of environmental degradation on its part. China is now close to the United States in annual carbon dioxide emissions, though far below the latter in emissions per capita. Yet, despite the seriousness of this contradiction between the capitalist economy and the planet, establishment economists generally argue against any major attempt to avert climate change, i.e., to bailout nature. At the same time they do not hesitate to advocate spending trillions of dollars to bailout banks. President-elect Obama's chief economic advisor, Larry Summers, is notorious for his anti-environmental diatribes. He has said, on more than one occasion, that it makes as much economic sense in terms of future welfare to spend on various non-environmental factors—for example, to rebuild infrastructure (roads, bridges, etc.)—as to seek to preserve the environment, say, tropical forests. In addressing the global warming problem, Summers naively stated in 1992, that under "the most pessimistic estimates yet prepared…global warming reduces growth over the next two centuries by less than 0.1 percent a year." Yet, under *the most pessimistic estimates of climatologists* at that time—now proving accurate—global warming under business as usual threatened both life on the planet and human civilization itself. Indeed, nothing is more deranged than the notion of Summers and other orthodox economists that the planet as we know it can be destroyed, while the capitalist economy can continue as before.

Ironically, the current slowdown of the capitalist economy may help temporarily to check some of the increasing burden on the biosphere, by reducing the rate of growth of the overall consumption of energy and materials. However, the usual response to economic crisis within capitalism is to remove protections previously applied to workers and the environment. Hence, the economic decline is likely to result in more intensive forms of ecological exploitation.

The growing scale of the capitalist economy and the weight that it is imposing on a limited biosphere are not everything. More important, ultimately, is the actual integrity of ecosystems and the basic biogeochemical processes of the earth system. Here Marx's theory of the metabolic rift helps us understand capitalism's *intensive*, not merely *extensive*, destruction of the environment. Marx's vision had included an ecological element from the beginning. In his *Economic and Philosophic Manuscripts of 1844* he wrote of the environmental damage wrought by industrial capitalism, in the form of the "universal pollution to be found in large towns." For Marx, "Man *lives* from nature, i.e. nature is his *body*, and he must maintain a continuing dialogue with it if he is not to die."40 But Marx's ecological critique of capitalism crystallized only with the publication of *Capital*, volume 1 in 1867. He was influenced by the critique of British industrial agriculture developed by Justus von Liebig, the leading German chemist of the day. Building on Liebig, Marx pointed to the fact that by shipping food and fiber hundreds and even thousands of miles to new urban centers (a reflection of the growing division between town and country) industrialized capitalist agriculture was in fact depleting the soil of basic nutrients (such as nitrogen, potassium, and phosphorus), which were no longer recirculated to the earth. This created a major crisis of the soil in Europe and the United States in the nineteenth century. Marx described this as an "irreparable rift in the interdependent process of social metabolism, a metabolism prescribed by the natural laws of life itself." He argued that society demanded the "restoration" of a sustainable human metabolism with nature, which however could only be accomplished under a society of associated producers.41 In the most radical conception of sustainability ever developed, Marx wrote:

> From the standpoint of a higher socio-economic formation, the private property of individuals in the earth will appear just as absurd as the private property of one man in other men. Even an entire society, a nation, or all simultaneously existing societies taken together, are not owners of the earth. They are simply its possessors, its beneficiaries, and have to bequeath it in an improved state to succeeding generations, as *boni patres familias* [good heads of the household].

During the present decade there has been a great deal of research applying Marx's overall concept of the metabolic rift to explain different disjunctures in the global ecology related to capitalism's exploitation of soils, forests, oceans, and the carbon cycle.43 This has led to the conclusion, in the words of environmental sociologists Brett Clark and Richard York, that "Capitalism is incapable of regulating its social metabolism with nature in an environmentally sustainable manner. Its very operations violate the laws of restitution and metabolic restoration. The constant drive to renew the capital accumulation process intensifies its destructive social metabolism, imposing the needs of capital on nature, regardless of the consequences to natural systems."44

Confronted with ecological crises, no attempt is made by the system to go to the root of the problem in the social relations that are undermining what Marx called "the vital conditions of existence." Rather the problem is shifted around, with capitalism continuing "to play out the same failed strategy again and again."45 The result is a compounding of ecological disaster. The solution that capitalism provided to the nineteenth century soil crisis that Liebig and Marx addressed was not to restore the human metabolism with the soil, but rather to develop synthetic, particularly nitrogen-based, fertilizers, which marked the beginning of modern agribusiness, and which (because of the high petroleum use) is a major source of global warming, as well as contributing to ocean dead zones. Capitalism's solution to world agricultural production in the form of modern agribusiness has resulted in a further polarization of wealth and hunger. Of the more than six billion people in the world today, the United Nation indicates that around one billion are hungry, and their numbers (both relative and absolute) are growing. In the United

States itself over 36 million people, about 12 percent of the population, were "food insecure" in 2007.46

Capitalism's ultimate solution to ecological problems—since fundamental changes in the system itself are off limits—is technological. But any technological gains in efficiency in the use of natural resources are overwhelmed by the extensive and ecologically disruptive pattern of growth that characterizes this rapacious system. Hence, capitalism is a failed system where ecological sustainability is concerned.

Global Imperial Instability

All of the foregoing has to be seen in terms of capitalism as a world system. Capitalism came into being in the fifteenth and sixteenth century, spreading out from a little corner of Europe, and was from its inception a globalizing economy. But its globalization took the form of a division, from the start, between center and periphery, and thus was imperial in nature. The system was geared from the first to the needs of accumulation in the center, or the top of the world-hierarchy. As time has gone by more and more external areas have been incorporated into the world-capitalist economy so that globalization, in the sense of the global ascendancy of capital, is now more or less complete. The most dramatic case in recent decades has been China's rapid integration into the world economy (and the breakdown of the Soviet bloc and subsequent integration of most of these states as dependent satellites of Western capitalism).

Yet, globalization taken in itself is not a very useful way of understanding the accumulation dynamic of the system at this specific stage of its development, which is better characterized, as Sweezy argued, in terms of the three elements of slow growth (in the center and in the world economy as a whole), monopolization via multinational corporations, and financialization. Continuing globalization, coupled with financialization, has created the illusion, propagated by some ideologues of the system, that "the world is flat." Yet, capitalism remains a world economic system divided into separate nation states with differing power resources—a contradiction that is impossible to transcend within the system. Meanwhile, the growth of multinational corporations based in the center countries has served historically to channel global surpluses away from the peripheries toward the centers. The concentration of power (economic, military, financial, communications) at the center is intrinsic to capitalism as a world system, although the specific nations that constitute the center and periphery (and semi-periphery) may change. The world economy is therefore disproportionately focused on the needs of accumulation at the core. The capitalist world system is most stable when governed by a single hegemonic power, such as Britain for most of the nineteenth century, and the United States for most of the twentieth. In periods of hegemonic instability and world economic crisis the system approaches conditions of total crisis, as witnessed by the First and Second World Wars.

The worldwide economic and planetary ecological disasters, already discussed, are occurring at a time when there is a tectonic geopolitical shift occurring within capitalism. The United States is continuing to decline in relative power, while no single power or group of powers can directly challenge it at present, particularly with the downfall of the Soviet Union. Under these circumstances, the U.S. state has sought to gain control of those strategic resources and geopolitical positioning that will generate a "new American century" in what is clearly an era of "naked imperialism." This has resulted in a new official doctrine of preemptive war, and the launching of such wars in Afghanistan and Iraq. At the same time, Washington has been the leading force in promoting neoliberal policies, imposing a Hayekian capitalism on the world—not in order to create a flatter world, but in order to consolidate the power of those states already at the top.

Such global ambitions of a single state, however, inevitably transmute from a source of hegemonic stability into a source of hegemonic instability for the world system. Despite its globalizing tendencies capitalism is unable to integrate politically to form a truly global governance. Instead the attempts of Washington to restore and expand its global hegemony, using its military power to enhance its economic position, are creating what is potentially the deadliest period in the history of imperialism. The United States has recently expanded its bases around the world to as many as seventy countries and territories, while U.S. troops are operating on an even wider field. U.S. military spending in 2007, according to acknowledged figures, is $552 billion, approximately equal to the estimated military spending of all the other nations in the world put together, while actual U.S. military spending in 2007 was $1 trillion. Amiya Kumar Bagchi, one of India's most distinguished economists, has called this a "third axial age," in which "the United States has emerged as the superimperialist,

and its government has claimed that no international law or organization can deter it from any material action it considers to be in the national interest (meaning, of course, the interest of big U.S. capital). At the same time that big capital, backed by the military might of the superimperialist, pursues its murderous course, the bargaining power of workers all over the world is pushed down to low levels through a combination of measures—totally deregulating finance, enfeebling the state, and depriving workers of all rights vis-à-vis capital through legislation.

There is no doubt that the national security apparatus in the United States, in this period, sees China, as the great Marxist philosopher István Mészáros has said, as its "ultimate target." This has been most evident in the last few years in: (1) report after report by the U.S. national security establishment warning of China's growing influence in Africa and access to African petroleum reserves, control of which are seen as vital to U.S. "national security" (2) continual fears within the U.S. intelligence community of a Chinese-Iranian or Chinese-Russian-Iranian alliance; (3) U.S. efforts to form a military pact with India; (4) concerns raised about Chinese advances in space; and (5) conflict regarding Tibet, Taiwan, North Korea, and the China Sea. Although the United States is economically bound to China at present through the production of multinational corporations and intensive trade and currency exchanges—so much so that the two economies appear to be in a kind of symbiotic embrace—increased geopolitical rivalry associated with declining U.S. hegemony and the rise of China as a world power create the possibility of a more explosive relationship arising.

At present there are very palpable fears in Washington's higher circles regarding the continuing—and from their perspective necessary and non-negotiable—role of the dollar as trade settlement and reserve currency, even in the face of current Chinese support for the dollar system. Washington understands that China's blind support for the dollar is problematic, especially in the event of a rapid devaluation of all existing dollar obligations resulting from Federal Reserve policy. China holds $652 billion in U.S. Treasury debt (an increase from $459 billion at the end of 2007). Altogether it owns 10 percent of the U.S. public debt. A rapid devaluation of the dollar would only be seen in China as an expropriation. An ensuing movement of China away from the dollar, however limited—and none but limited moves are immediately possible—could drastically destabilize the entire U.S. dominated world economic order.

At the same time as Washington is concerned about the increased potential threat to its hegemony posed by the rise of China, it is also striving to contain or weaken other states as well, such as Russia, Iran, and Venezuela. There is no doubt that the economic and ecological crises, to the extent that they worsen, will tend to destabilize the system, intensifying these and other imperial tensions.

Classic geopolitical theory suggests that only by containing the rimlands of Eurasia can a single power control the globe. U.S. strategy at present centers on the Middle East, as the strategic petroleum underbelly of Eurasia. But its primary goal is to defend and even expand its own weakening global ascendancy vis-á-vis potential economic and military rivals. With the spread of weapons of mass destruction—which U.S. attempts at consolidating global military and economic dominance actually encourage—it is not difficult to imagine a situation in which matters will get out of control. The terror of a global holocaust emerging from such economic, ecological, and geopolitical instability—threatened in the first instance by the refusal of the United States and its Israeli ally to accept the failure of their policies in the Middle East and the related mismanagement of world energy resources—is a danger that cannot be ignored. This grim reality marks the failed peace—*Pox Americana* rather than *Pax Americana*—of a failed system.

Beyond a Failed System

As the foregoing indicates, the world is currently facing the threat of a new world deflation-depression, worse than anything seen since the 1930s. The ecological problem has reached a level that the entire planet as we know it is now threatened. Neoliberal capitalism appears to be at an end, along with what some have called "neoliberalism 'with Chinese characteristics.'"54 Declining U.S. hegemony, coupled with current U.S. attempts militarily to restore its global hegemony through the so-called War on Terror, threaten wider wars and nuclear holocausts. The one common denominator accounting for all of these crises is the current phase of global monopoly-finance capital. The fault lines are most obvious in terms of the peril to the planet. As Evo Morales, president of Bolivia, has recently stated: "Under capitalism we are not human beings but consumers. Under capitalism mother earth does not exist, instead there are raw materials." In reality, "the earth is much more important than [the] stock exchanges of Wall Street and the world. [Yet,] while the United States and the European Union allocate 4,100 billion dollars to save the bankers from a financial crisis that they themselves have caused, programs on climate change get 313 times less, that is to say, only 13 billion dollars."55

The world economic crisis is now so severe that a figure like Martin Wolf, chief economic commentator for the *Financial Times* and longtime "Atlanticist" and apologist for U.S. policies, warns that the entire system of world trade could break down as in the 1930s. It comes as no surprise that Wolf lays the blame on "mercantilist countries" with large external surpluses and insufficient internal demand, such as China, Germany, and Japan. He singles out China as the main culprit. The so-called "mercantilist" countries are accused of carrying out beggar-thy-neighbor policies at the expense of the deficit countries (that is, above all, the United States) and the entire world. We have now reached the point where it is possible to ask what the consequences would be of the collapse of the dollar as unilateral global trade settlement and reserve currency, and this has thrown Wolf and the other Atlanticists into something approaching hysteria. It is just these same "mercantilist" states that are the plausible core of a new global multilateral currency, a prospect of unspeakable fear and horror to the Atlanticists, raising geopolitical tensions that obstruct any such project.

It is clear that neoliberal globalization has come to an end, and that capitalism is in a long-term crisis. We are now faced with "depression economics," not as a special case, but as a general one. As world-system theorist, Immanuel Wallerstein, has suggested for some time, what was called "globalization" in the last couple of decades was really at the global level an "age of transition" away from the current capitalist world-system towards something else.

What exactly this something else is we do not know, and cannot know at this point: because it depends on the responses not just of states and corporations, but more importantly the response of the world's populations. On top of the intense class alienation, exploitation, and inequality endemic to capitalism at every level, we are now faced with widening global fractures. So far, on a continental level, leadership in recognizing that the only answer is the revolutionary one—a new socialism for the twenty-first century—has been taken by the peoples of Latin America, in Cuba, Venezuela, Bolivia, Ecuador, and is also manifest in struggles taking place in Brazil, Mexico, Nicaragua, and elsewhere.58 Latin America, which was the first continent to feel the full brunt of neoliberal globalization, the hardest hit region outside of the Middle East in terms military interventions in the last quarter-century, and the region that was the initial basis of U.S. international hegemony, is now showing the way to the world—not only in relation to the struggle for substantive equality, which is essential, but also in relation to saving the planet from capitalism. As Morales has stated, "Humankind is capable of saving the earth if we recover the principles of solidarity, complementarity, and harmony with nature, in contraposition to the reign of competition, profits, and rampant consumption of natural resources" that distinguishes the failed system of capitalism.59

John Bellamy Foster is editor of *Monthly Review* and professor of sociology at the University of Oregon. He is coauthor, with Fred Magdoff, of *The Great Financial Crisis: Causes and Consequences* (Monthly Review Press, January 2009) among numerous other works.

Notes

1. Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper and Row, 1947), 61.
2. John Bellamy Foster and Fred Magdoff, *The Great Financial Crisis* (New York: Monthly Review Press, 2009).
3. George W. Bush, Summit on Financial Markets and the World Economy, Washington, D.C., November 15, 2008.
4. Paul Krugman, *The Return of Depression Economics and the Crisis of 2008* (New York: W. W. Norton, 2009).
5. John Maynard Keynes, *The General Theory of Employment, Interest and Money* (London: Mac-millan, 1973), 372.
6. Keynes, *The General Theory*, xxxv.
7. Keynes, *The General Theory*, 376–78.
8. Keynes, *The General Theory*, 3.
9. Joan Robinson, "Review of *Money, Trade and Economic Growth* by J. G. Johnson, *Economic Journal* 72, no. 287 (September 1962): 690–92; Lynn Turgeon, *Bastard Keynesianism* (Westport, Conn.: Greenwood Press, 1996).
10. Dimitri B. Papadimitriou and L. Randall Wray, "Introduction," in Hyman P. Minsky, *John Maynard Keynes* (New York: McGraw Hill, 2008), xii. This view of Keynes's general

theory as in reality a "special case" was initially and influentially propounded by Leijonhufvud, who argued that a compromise had emerged within majority economics, which assumed: "(1) the model which Keynes called his 'general theory' is but a special case of the classical theory, obtained by imposing certain restrictive assumptions on the latter; and (2) the Keynesian special case is nonetheless important because, as it happens, it is more relevant to the real world than the general (equilibrium) theory." Axel Leijonhufvud, "Keynes and the Keynesians," *American Economic Review* 57, no. 2 (May 1967): 401–02. Eventually, however, due to the rise of monetarism and other conservative doctrines, Keynes's analysis came to be treated as *less relevant* to the real world than the general theory, and his "depression economics" was reduced to a "special case" both theoretically and historically. See Robert Skidelsky, *John Maynard Keynes, 1883–1946* (London: Penguin, 2003), 846–51.

11. Robert E. Lucas, "Macroeconomic Priorities," *American Economic Review* 93, no. 1 (March 2003): 1; Ben S. Bernanke, "The Great Moderation," Eastern Economic Association, Washington, D.C., February 20, 2004, http://www.federalreserve.gov.
12. Krugman, *The Return of Depression Economics*, 181–84; see also Paul Krugman, *The Return of Depression Economics* (New York: W. W. Norton, 2000), viii, xiii.
13. Robert Skidelsky, "The Remedist," *New York Times*, December 14, 2008. Skidelsky proudly joined the British Conservative ("Tory") Party in 1992, at the darkest depths of the Thatcherite neoliberal "revolution." A Keynes biography far superior to Skidelsky's effort is D. E. Moggridge, *Maynard Keynes: An Economist's Biography* (London: Routledge, 1992).
14. Krugman, *The Return of Depression Economics*, 5. Krugman wrote an article in 1998 strongly attacking "vulgar Keynesians" of the "early Keynesian" type (and William Greider today) for their notions of "the paradox of thrift," maldistribution of income, and advocacy of increasing real wages. Such "vulgar Keynesians," he suggested, were not taken seriously by economists of today for reasons that could be summarized in "two words: Alan Greenspan." Greenspan, Krugman argued, had shown that the economy and unemployment could be managed. "It is obvious (to me)," he wrote, "that the average unemployment rate over the next ten years will be what the Fed wants it to be." Paul Krugman, *The Accidental Economist* (New York: W. W. Norton, 1998), 28–33.
15. Karl Marx, *Capital*, vol. 1 (New York: International Publishers), chapter 4; Paul M. Sweezy, *Four Lectures on Marxism* (New York: Monthly Review Press, 1981), 26–45,
16. Karl Marx, *Capital*, vol. 3 (New York: International Publishers, 1967), 484 (chapter 30).
17. Marx, *Capital*, vol. 3, 507 (chapter 32, section 2).
18. Marx, *Capital*, vol. 3, 484, 507 (chapters 30 and 32); Marx, *Capital*, vol. 1, 138 (chapter 3, section 3b). The 42nd Psalm (King James version) reads "As the hart panteth after water brooks, so panteth my soul after thee, O God."
19. See Michal Kalecki, *Theory of Economic Dynamics* (New York: Augustus M. Kelley, 1965); Josef Steindl, *Maturity and Stagnation in American Capitalism* (New York: Monthly Review Press, 1976).
20. Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966).
21. Paul M. Sweezy and Harry M. Magdoff, *The Dynamics of U.S. Capitalism* (New York: Monthly Review Press, 1972), *The End of Prosperity* (New York: Monthly Review Press, 1977), *Stagnation and the Financial Explosion* (New York: Monthly Review Press, 1987), and *The Irreversible Crisis* (New York: Monthly Review Press, 1988).
22. Kalecki, *Theory of Economic Dynamics*, 161.
23. Baran and Sweezy, *Monopoly Capital*, 108.
24. See Hyman Minsky, *Can "It" Happen Again?* (New York: M. E. Sharpe, 1982).

25. Magdoff and Sweezy, *The Dynamics of U.S. Capitalism*, 180–96.
26. Magdoff and Sweezy, *Stagnation and the Financial Explosion*, 22.
27. Foster and Magdoff, *The Great Financial Crisis*, 49, 63–76, 121.
28. Jim Reid quoted at the *Financial Times* blog, *Alphaville*, December 15, 2008. See also John Bellamy Foster, Harry Magdoff, and Robert W. McChesney, "What Recovery?" *Monthly Review* 54, no. 11 (April 2003): 8–13.
29. Paul M. Sweezy, "More (or Less) on Globalization," *Monthly Review* 49, no. 4 (September 1997): 3–4.
30. Minqi Li, "An Age of Transition: The United States, China, Peak Oil, and the Demise of Neoliberalism," *Monthly* Review 59, no. 11 (April 2008): 28; Kevin Hamlin, "China Property Slump Threatens Global Economy as Growth Slows," Bloomberg.com, December 7, 2008; "China Fears Restive Migrants as Jobs Disappear in Cities," *Wall Street Journal*, December 7, 2008; "Slowdown in China Gets Worse, Increasing Global Woes," *Wall Street Journal*, December 11, 2008.
31. Bo Ekman, Johan Rockström, and Anders Wijkman, *Grasping the Climate Crisis* (Stockholm: The Tällberg Foundation, 2008), 8, http://www.tallbergfoundation.org.
32. John Bellamy Foster, Brett Clark, and Richard York, "Ecology: The Moment of Truth—An Introduction," *Monthly Review*60, no. 3 (July-August 2008), 1–11.
33. Ekman, et. al., *Grasping the Climate Crisis*, 18; Mark Lynas, *Six Degrees* (Washington, D.C.: National Geographic, 2008).
34. James Hansen, et. al., "Target Atmospheric CO_2: Where Should Humanity Aim?" *The Open Atmospheric Science Journal* 2 (2008), 217, 221, 228–29, supplemental: xix.
35. Simon Dietez and Nicolas Stern, "On the Timing of Greenhouse Gas Emissions Reductions: A Final Rejoinder to the Symposium on 'The Economics of Climate Change: The Stern Review and its Critics," *Review of Environmental Economics and* Policy, posted online December 4, 2008; William Nordhaus, *A Question of Balance* (New Haven: Yale University Press, 2008).
36. John Kenneth Galbraith, *The Economics of Innocent Fraud* (Boston: Houghton Mifflin, 2004); James Gustave Speth, *The Bridge at the End of the World* (New Haven: Yale University Press, 2008), 63.
37. Bloomberg.com, "China Property Slump Threatens Global Economy." Bloomberg.com's growth claims for China are in monetary terms, and is considerably accounted for by the monetizing of pre-existing socialist public goods, previously valued for their utility rather than the amount of money for which they could be exchanged. Examples are urban land and housing, medical care, education, and to an increasing degree agricultural land.
38. Karl Marx and Frederick Engels, *Selected Works in One Volume* (New York: International Publishers, 1984), 88, 90. Marx here appears to be playing on a famous passage from the Talmud, popularly rendered: "Every blade of grass has its angel that bends over it and whispers 'Grow, grow.'" *Midrash Rabba*, Bereshit 10:6 (Talmudic commentary on Genesis).
39. Lawrence H. Summers, "Summers on Sustainable Growth," *The Economist*, May 30, 1992; see also John Bellamy Foster, *Ecology Against Capitalism* (New York: Monthly Review Press, 2002), 60–68.
40. Karl Marx, *Early Writings* (London: Penguin, 1974), 302, 328.
41. Karl Marx, *Capital*, vol. 1 (London: Penguin, 1976), 636–38 (chapter 15, section 10); Karl Marx, *Capital*, vol. 3 (London: Penguin, 1981), 911, 948–50; John Bellamy Foster, *Marx's Ecology* (New York: Monthly Review Press, 2000), 141–77.
42. Marx, *Capital*, vol. 3, 911 (chapter 46).
43. See, for example, Brett Clark and Richard York, "Carbon Metabolism," *Theory & Society* 34, no. 4 (2005), 391–428; Rebecca Clausen and Brett Clark, "The Metabolic Rift

and Marine Ecology," *Organization & Environment* 18, no. 4 (2005), 422–44; Philip Mancus, "Nitrogen Fertilizer Dependency and Its Contradictions: A Theoretical Explanation of Socio-Ecological Metabolism," *Rural Sociology* 72, no 2 (2007), 269–88.

44. Brett Clark and Richard York, "Rifts and Shifts: Getting to the Root of Environmental Crisis," *Monthly Review* 60, no. 6 (November 2008): 22–23.
45. *Ibid*., 23; Karl Marx, *Theories of Surplus Value*, vol. 3 (Moscow: Progress Publishers, 1971), 301–10.
46. Fred Magdoff, "The World Food Crisis," *Monthly Review* 60, no. 1 (May 2008): 1; "New USDA Statistics Highlight Growing Hunger Crisis in the U.S.," Reuters, November 17, 2008.
47. Thomas L. Friedman, *The World is Flat* (New York: Farrar, Strauss and Giroux, 2005).
48. See John Bellamy Foster, *Naked Imperialism* (New York: Monthly Review Press, 2006).
49. John Bellamy Foster, Hannah Holleman, and Robert W. McChesney, "The U.S. Imperial Triangle and Military Spending,"*Monthly Review* 60, no. 5 (October 2008): 1–19; Foster, *Naked Imperialism*, 55–66; Chalmers A. Johnson, *The Sorrows of Empire* (New York: Metropolitan Books, 2004); István Mészáros, *The Challenge and Burden of Historical Time* (New York: Monthly Review Press, 2008), 105–07.
50. Amiya Kumar Bagchi, *Perilous Passage: Mankind and the Global Ascendancy of Capital* (New York: Rowman and Littlefield, 2005), xvii.
51. Mészáros, *The Challenge and Burden of Historical Time*, 124–26.
52. "Dollar Shift: Chinese Pockets Filled as Americans' Emptied," *New York Times*, December 26, 2008.
53. See John Bellamy Foster and Robert W. McChesney, eds., *Pox Americana* (New York: Monthly Review Press, 2004); John Bellamy Foster, "The New Geopolitics of Empire," *Monthly Review* 57, no. 8 (January 2006): 4–6.
54. David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005), 120–51.
55. Evo Morales, "Save the Planet from Capitalism," November 28, 2008, http://links.org.au/node/769.
56. Martin Wolf, "Global Imbalances Threaten the Survival of Liberal Trade," *Financial Times* blog, *Economists' Forum*, December 2, 2008.
57. Immanuel Wallerstein, *The Decline of American Power* (New York: The New Press, 2003), 45–68.
58. If Latin America is playing the leading revolutionary role at a continental level, this is not to deny the importance of developments occurring elsewhere, such as in the rema http://webmessenger.yahoo.com/ rkable revolution in Nepal.
59. Morales, "Save the Planet from Capitalism."

Source:

MR

Monthly Review, 2009, Volume 60, Issue 10 (March)

monthlyreview.org/2009/03/01/a-failed-system-the-world-crisis-of-capitalist-globalization-and-its-impact-on-china