Mylène Gaulard, *Karl Marx à Pékin – Les racines de la crise en Chine capitaliste* (Karl Marx in Beijing: Roots of crisis in Chinese capitalism),

David Bartel
Translator: N. Jayaram

Electronic version
URL: http://journals.openedition.org/chinaperspectives/6662
ISSN: 1996-4617

Publisher
Centre d'étude français sur la Chine contemporaine

Printed version
Date of publication: 1 March 2015
Number of pages: 62-63
ISSN: 2070-3449

Electronic reference

© All rights reserved
Mylène Gaulard’s book is as compelling as it is problematic. It is compelling because it offers new paths of reflection by challenging key concepts that a new globalised economic doxa wants to be taken at face value. In a world where economics seems to have become the very heart of political action, it is important to note that this discipline is not an exact science and that the grand certitudes of economism are quite often retrospective. As with history, economics is an account, which does not mean it is fiction but that some subjectivity is present in its structure. The lesson in political economy that the author offers with a rare polemical verve is thus a well-referenced package that reconsiders in light of the Chinese capitalist mode of production (p. 12). Gaulard is a development expert and has written a thesis comparing the economies of Brazil and China. Her papers include “Les limites de la croissance chinoise” (Limits to China’s growth) (Revue Tiers-Monde – Third Word Review, No. 200, December 2009) and “Changes in the Chinese Property Market: An indicator of the difficulties faced by local authorities” (China Perspectives, 2013/2). Her presentation entitled “L’économie chinoise, les dangers de la suraccumulation: une analyse marxiste” (Chinese economy and dangers of over-accumulation: A Marxist analysis) is available via the Internet and offers a good introduction to her work. (1)

At the book’s heart is a Marxist analysis of the dip in the rate of profits reported in China now, showing that efficiency of capital is falling (p. 147) and that the solution envisaged by enterprises – national and transnational – to continue raising their profit margins seems to be to keep producing more to make up for the fall (p. 151) or to invest massively in speculative bubbles, real estate being the most striking example (p. 157). Gaulard sees a danger in abandoning the production apparatus for real estate investment, more lucrative in the short term (p. 160). A quarter of Chinese billionaires consist of major real estate promoters (p. 161). Thanks to the absence of a sufficiently sound and developed financial sector, capital is oriented towards real estate. A fine study of real estate speculation – and local authorities’ indebtedness – is extended sufficiently in Chapter Six to radically challenge the “emergence” phenomenon. Generally speaking, the emergence presupposes the idea of a linear economic progression on a Euro-centred model (take off/maturity/golden age) whose main criteria would be economic and efficient work of an economist, Gaulard buttresses quite a convincing contestation of two fashionable ideas that display a certain conformism. Questioning the history and reality of the highly uncertain concept of the “middle class,” she casts doubt on the very idea of “emergence” favoured by the media and new globalised managerial discourse. In a review of the history of the two notions, she shows to what extent they are ill-suited to the Chinese situation and, moreover, how they have been ideologically constructed by the worlds of media and business. Without going into too much detail, the author most pertinently sets out that measurement of the middle class is entirely artificial and arbitrary, and often obscures the growing chasm between the dominators and the dominated. Massive revenue shortfalls, the growing share of value-added directed towards and exploited by capital, and moreover connivance between political and economic elites seem to exemplify another convenient idea, the widespread one of a “natural” linkage between the middle class and democratic culture. In fact, in emerging countries, the growth of a consumer elite with incomes much greater than the national average has no evident linkage with a desire for greater political representation or with subsequent demand for more democratic institutions (p. 103). This is even more the case in China, where this middle class shares well-understood interests with the evolution of capitalism and the state apparatus (p. 105).

The starting postulate encapsulated in the title alluding to the controversial book by Giovanni Arrighi, Adam Smith à Pékin – Les promesses de la voie chinoise (Adam Smith in Beijing: Promise of the Chinese path) (Max Milo, 2009), is itself provocative: what would Karl Marx make of China today? It is all the more interesting given that Marxism is still enshrined in the constitution as one of the Four Basic Principles on which the People’s Republic rests. The book opens with this observation: solutions attempting to deal with crises of capitalism that have occurred at regular intervals since the 1970s are “all equally ineffective” (p. 9). Gaulard prefers to look beyond the stage of blaming a vague neoliberalism, distinct from a cleaner capitalism that preceded it. She thus demolishes the first orthodoxy pitting bad financial capitalism against a good productive one. In her view, such an analysis completely misses a proper understanding of the very development of capitalist-mode production, whose only aim is limitless accumulation of profit.

Reviewing in a highly pedagogical way the basic principles of Marxist socio-economic analysis, the author touches on subjects as fundamental as the role of the state and thus the nature – capitalist or otherwise – of the Chinese economy, the effectiveness of the fight against poverty and the emergence of a middle class, the qualities and limits of the production apparatus, and the reality of Chinese financial might. Implicit in this careful and efficient work of an economist, Gaulard buttresses quite a convincing contestation of two fashionable ideas that display a certain conformism. Questioning the history and reality of the highly uncertain concept of the “middle class,” she casts doubt on the very idea of “emergence” favoured by the media and new globalised managerial discourse. In a review of the history of the two notions, she shows to what extent they are ill-suited to the Chinese situation and, moreover, how they have been ideologically constructed by the worlds of media and business. Without going into too much detail, the author most pertinently sets out that measurement of the middle class is entirely artificial and arbitrary, and often obscures the growing chasm between the dominators and the dominated. Massive revenue shortfalls, the growing share of value-added directed towards and exploited by capital, and moreover connivance between political and economic elites seem to exemplify another convenient idea, the widespread one of a “natural” linkage between the middle class and democratic culture. In fact, in emerging countries, the growth of a consumer elite with incomes much greater than the national average has no evident linkage with a desire for greater political representation or with subsequent demand for more democratic institutions (p. 103). This is even more the case in China, where this middle class shares well-understood interests with the evolution of capitalism and the state apparatus (p. 105).

At the book’s heart is a Marxist analysis of the dip in the rate of profits reported in China now, showing that efficiency of capital is falling (p. 147) and that the solution envisaged by enterprises – national and transnational – to continue raising their profit margins seems to be to keep producing more to make up for the fall (p. 151) or to invest massively in speculative bubbles, real estate being the most striking example (p. 157). Gaulard sees a danger in abandoning the production apparatus for real estate investment, more lucrative in the short term (p. 160). A quarter of Chinese billionaires consist of major real estate promoters (p. 161). Thanks to the absence of a sufficiently sound and developed financial sector, capital is oriented towards real estate. A fine study of real estate speculation – and local authorities’ indebtedness – is extended sufficiently in Chapter Six to radically challenge the “emergence” phenomenon. Generally speaking, the emergence presupposes the idea of a linear economic progression on a Euro-centred model (take off/maturity/golden age) whose main criteria would be economic and financial liberalisation. This schema remains largely impervious to the series of dramatic crises that gripped so-called emerging countries such as Mexico

1. www.youtube.com/watch?v=ezXfYRjAu-g, 12 April 2014 (accessed on 17 December 2014).
(1995), new industrialised countries (NICs) of East Asia (1997), Brazil (1999),
Argentina (2001), and more recently southern European countries. It seems
to confront several political and social weaknesses — above all economic —
that affect all these countries at special but different levels, which underline
again the extreme heterogeneity of national situations grouped under the
convenient but nevertheless rather irrelevant acronym BRICS.

By separating China from Chinese studies, the author has contributed a
salutary work. This is similar to other observers such as Arif Dirlik, who see
the Chinese economic structure as an immense enterprise where about 20% of
the population exploits the rest of the billion, most of whom are often
condemned to surviving on the margins and often in great precariousness
(migrants, the elderly, rural populations, and unemployed graduates). The
absence in the otherwise impeccable bibliography of the works of Dirlik, as
well as of other authors such as Maurice Meisner, who has also reflected
on the future of socialism in China, is surprising and regrettable. Gaulard’s
book can be counted among economic literature on China that leans more
towards the problems of the “Chinese model” than on developmentalist
successes of forced productivism. However — and this is where the book be-
comes problematic — torn between political economy and intellectual his-
tory, it seems to divide people into “vulgar economists” and “uncouth
Marxists,” the author leaving herself little room for being heard by experts
on Chinese economy and those engaged in Chinese studies in general. And
the deliberately iconoclastic and polemical — even mocking — tone, which
lends the book a freshness in the often arid domain of economics, could at-
tract a knee-jerk, ideological reaction that would miss the point and prevent
a thoughtful response to an otherwise fine and eloquent work that makes
for fascinating reading and which, it is worth repeating, has great pedagogic
and intellectual qualities.

Translated by N. Jayaram.

David Bartel is a PhD candidate with CECMC, EHESS, Paris and
doctoral associate with CEFC (db.chine@gmail.com).

2. Arif Dirlik (interviewed by Luciana Leitao), "Chinese Communist Party – World’s Biggest Corpora-