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**Global Capitalism in Crisis:
Karl Marx and the Decay of the Profit System
By Murray E. G. Smith's**

Review by Jan Otto Andersson¹

The book contains two quite different themes. The first is an effort to reformulate Marx's theory of crisis concentrating on the tendency of the rate of profit to fall. The other is an exhortation to join the imminent class struggle for a global socialist revolution. While the first theme tries to be as close to Marx as the author possibly can, the second repeats Trotsky's old battles against social democratic reformism and Stalinist deformations of the socialist project.

Although Smith takes his departure in the ongoing economic crisis he does not try to analyse it in any detail: for Smith, it stems directly from the tendency of the rate of profit to fall. However, the same tendency has been visible for at least the last century, so the decay of the profit system has plagued world capitalism since the days of Lenin, if not earlier. Smith does not bother to make any distinction between different types of capitalism or different types of crisis. Capitalism has been decaying for a very long time, and today's crisis is just another manifestation of this "Marxist truth".

Smith does not bother to answer the many critiques that even renowned Marxists have levelled against an excessively straightforward use of Marx's "law of the falling rate of profit". Instead he reformulates the concept of the organic composition of capital by including "unproductive but socially necessary work" in constant capital. Through this astonishingly unmarxian reformulation he is able to show empirically that the law has been operating in North America for a long time. I find this "solution" unconvincing.

I also find difficulty in the author's view of Marx's theory of value in general. Capitalism is not a system characterized by "the social practice of measuring (valuing) wealth in terms of labour time". Even less is it an "imperative of the capitalist mode of production" to measure wealth in this way. If neoclassical economics is seen as the self-reflection of mature capitalism, the opposite seems to be true.

The political part of the book is even more disappointing. It lacks any effort to analyse the contemporary international political situation, but contains a stream of critiques of different radical struggles that do not aim for a direct transition to global socialism. Mikhail Gorbachev, Michael Moore, Naomi Klein, Susan George, Robert

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Brenner, Eric Olin Wright, as well as many Marxists and Trotskyites, get their due share of Smith's self-assured disapproval. The reader gets the feeling that only Smith – based on Marx and Trotsky – knows the truth.

To complete this sour review it feels appropriate to cite a few quotations. To me, they exemplify the difficulties in using general abstract theories in order to understand concrete historical events and struggles. According to Smith:

Socialists have a responsibility to say what is: the crisis unfolding before our eyes confirms (yet again) that capitalism has reached its “historical limits”. (p. 3)

The expansion of a socially necessary yet unproductive workforce may be seen, after all, as a by-product of a rather long and drawn-out historical-structural crisis of the capitalist mode of production. Even so, the proliferation of such labour can only be properly understood in light of the operations of the capitalist law of value, in particular the effects of the law of the falling tendency of the rate of profit. (p. 94)

the problems of value production and realization call forth an ever-more elaborate technical and social division of labour – that is, an increasingly differentiated occupational structure that tends to obscure the real contours of the class structure. (p. 97)

Are there reasonable grounds for claiming that the twentieth century witnessed several opportunities for working-class revolutions, opportunities thwarted by the weakness, ineptitude or betrayal of working-class leadership? (pp. 131-2)

As a conclusion we are also told:

The objective, historical conditions for socialist transformation are not only ripe; they have become altogether rotten. (p. 134)

This is not a book about global capitalism, not about the contemporary crisis, not even about the only alternative to “human annihilation”: “a planned, collectivized world economy under the democratic control of a world socialist government.”