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

Review by Josh Dumont

The publication of Murray E.G. Smith's *Global Capitalism in Crisis: Karl Marx and the Decay of the Profit System* is a welcome occasion. Although the reader will find some sections challenging (particularly those technical materials that appear as appendices), this timely and important book is, on the whole, quite accessible to the non-specialist. Chapter Two provides a highly useful and succinct overview of Marx's basic understanding of the capitalist mode of production. Chapters One and Three put forward a compelling case for a "Marxist fundamentalist" value-theoretical account of the present economic crisis and its ultimate roots in a secular decline in the profit rate in the post-WWII era. Chapters Four and Five draw out some of the implications of this analysis for making sense of, and participating in, the political left and labor movement.

Marx's scientific socialist project is based on the proposition, as Smith formulates it, that "the working class not only has an abstract historical interest in abolishing capitalism but is also strategically positioned to end the rule of capital and undertake the socialist/communist reorganization of society" (p. 93). The need to transcend the "bourgeois horizon" is, for Smith, premised on the fact that the capitalist law of value has long since exhausted its historically progressive role. Humanity has for over a century confronted the stark choice famously outlined by Rosa Luxemburg: socialism or barbarism? The current economic crisis poses this question rather sharply for the hundreds of millions of working people who are being forced to bear the brunt of government and business "recovery" efforts.

Of the many qualities that commend Smith's book, one of the most important is its bold yet sophisticated reassertion of the necessity of a *class-struggle* perspective both to understand and to change the world. There are two broad dimensions of class struggle that Smith addresses from the standpoint of Marx's value theory: the "objective" factors shaping the composition and consciousness of the contemporary working class and "subjective" matters associated with socialist consciousness, organization and strategy. Smith's dialectical materialist social ontology understands the interconnectedness of these dimensions. For analytical purposes, however, it is helpful to examine them separately.

Smith discusses one of the central objective forces assisting the class struggle for socialism when he interrogates Marx's proleterianization thesis. Marx posited that capitalist development would tend to polarize society into two broad classes defined

by their relationship to the means of production: the bourgeoisie (capitalists) and the proletariat (workers), a class that would eventually constitute the mass of the population. Smith's own version of Marx's value theory lends itself to a broad conception of the proletariat and an affirmation that this "universal class" has, as Marx predicted, increased in absolute and relative size. The author sees the growth of the proletariat into its current form partly as the historical product 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 fact that a large, and likely expanding, majority of the population in advanced capitalist countries now belongs to the working class (or to a "contradictory class location" between the bourgeoisie and the proletariat) is a highly significant factor with the potential to propel the class struggle for socialism forward in the 21st century.

There are, however, objective forces that have mitigated the effects of proletarianization. The expansion of the working class under the conditions of a long, protracted decline of capitalism has led to a more complex, internally differentiated and, indeed, divided proletariat. In this connection, Smith discusses Marx's ambiguity on the valuation of labor power: the reproduction costs of this peculiar commodity are shaped in part by the bare minimum requirements of physical existence and in part by historical class struggle, which helps set the "normal" standard of living for working-class people in definite social settings. The inclusion of this "moral" or "historical" component alongside the "physical" component is not so much a matter of tergiversation on the part of Marx, as it is a reflection of the fact that the value categories must accommodate the ways in which social structures are internally shaped by real class struggle and attendant phenomena: "the value of labour power is determined to a considerable extent by prevailing social norms, lifestyle expectations, racial, ethnic and gender inequalities, and other strictly non-economic considerations" (p. 102). Smith points to the possibility that labor-market segmentation and working-class fragmentation along gender or racial lines may in fact reflect and reinforce a redistribution of value within the working class concordant with non-class cleavages, thus undermining unity and pro-socialist consciousness by supporting sexist and racist attitudes. Similarly, the tendency toward the formation of a truly global economy and the equalization of profit rates internationally – a tendency thwarted to varying degrees by counter-tendencies rooted in the system of distinct national states – "allows for the possibility of significant transfers of surplus value across national lines" (p. 104). This aspect of global capitalism could provide a material basis for the transmission of xenophobic and nationalist sentiments into the working class in the imperialist countries. It may also contribute to an account of the development of labor bureaucracies under capitalism.

Smith is, however, not a fatalist, and his value-theoretical approach – far from restricting itself to the operation of "objective" laws – is sensitive to the central role of the "subjective" side of things. Indeed, social reality does not simply develop on the basis of objective forces; such forces are themselves shaped by the inherent antagonism between the bourgeoisie and the proletariat and by the outcome of the real-life struggles between these two social classes. In this regard, Smith places great

emphasis on the key political conclusion that should be drawn from Marx's labor theory of value and critique of capitalism:

The programmatic upshot of Marx's analysis of capitalism is that the latter is not at all susceptible to socialist transformation through a process of gradual, incremental reform and that neither is it capable of a progressive crisis-free evolution that would render the socialist project, in some sense, dispensable. Capitalism must be destroyed root and branch before there can be any hope of social reconstruction on fundamentally different foundations, and such a radical reconstruction is vitally necessary to ensuring further human progress. (p. 106)

This anti-gradualist, anti-reformist political perspective is integral to a distinctly Marxist understanding of the class struggle. Such a revolutionary solution must, according to Smith, come to be embraced by the working class as the only viable way to rid the world of capitalist crisis once and for all. Thus the "vital task today is to bring human consciousness and activity – the 'subjective factor' – into correspondence with the urgent need to confront and transform" the objective situation capitalism has created in the course of its development (p. 134).

Objective deterrents to the growth of revolutionary socialist consciousness are powerful elements of the answer to Smith's question of why "the working class has so far failed to carry through its anti-capitalist struggle to the end" (p. 106). Yet Smith's class-struggle stance invites us to examine the real history of (potentially open-ended) conflicts and the impact of the subjective factor: "in part [...] strategic or even tactical errors on the part of revolutionary workers movements (for instance, Germany 1919-24) and in part [...] the outright betrayal of revolutions by the ostensible leaders of the working class (for example, Spain 1936-37)" (p. 106). In Smith's view, a "transitional program" linking the present needs of workers to the necessity of transcending private property in the means of production must be actively and skillfully introduced into the struggles of the labor movement by class-conscious militants:

The transitional program and the strategic orientation it embodies for mobilizing the working class against capital is consistent with Marx's critique of capitalism in the sense that it challenges the social logic of value relations.... [There is a] need for those who have achieved a revolutionary socialist consciousness to wage a determined fight to preserve and disseminate the programmatic legacy of Marxism, both through propaganda and cadre development and through exemplary forms of trade union activity and other mass work based on a transitional program. Only by waging such a fight (and not just on their own national terrains but on an international scale) can socialists prepare the way for linking the program of Marxist socialism to the mass anti-capitalist struggles that are likely to emerge and multiply as the crisis of capitalism deepens. (p. 109)

Whatever one might think of Smith’s resolutely anti-capitalist perspective, his analysis deserves close attention from critically-minded scholars and labor activists. If the origins of the global economic crisis are indeed to be found in the “decay of the profit system,” as Smith persuasively argues, then this book cannot be dismissed or ignored by serious people.