



Publication details, information for authors and referees and full contents available at: <http://global-discourse.com/>

ISSN: 2043-7897

Suggested citation:

Workman, T. (2011) 'Review of "Global Capitalism in Crisis: Karl Marx and the Decay of the Profit System" by Murray E. G. Smith', *Global Discourse* [Online], 2: 1, available from: <<http://global-discourse.com/contents>>.

All copyrights of this article are held by the author/s.

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

Review by Thom Workman¹

Murray E. G. Smith's *Global Capitalism in Crisis* is a timely scholarly achievement that establishes a *de facto* measure of the plethora of assessments on the global economic crisis. At a time when much factual commentary rhapsodically marks the elements of the crisis without sufficient regard for relative importance, especially failing to distinguish cause from effect, Smith has cogently identified the central and peripheral elements of the socio-economic decline. In an era when far too much analysis eclectically borrows from a breathtaking array of intellectual traditions, usually without much regard for analytical inconsistencies, Smith has outlined an account of the crisis that is theoretically coherent, self-conscious and unambiguous. And at a moment when most recent commentary seems overwhelmed by the welter of political responses, utterly unable to respond with either consistent policies or a coherent vision that takes us beyond salutary gestures and tiresome shibboleths, Smith has outlined a lucid short-term and long-term programmatic political strategy which cannot to be dismissed casually.

This is a study of the highest scholarly calibre. *Global Capitalism in Crisis* derives much of its strength from the fact that it sins against the smothering epistemic virtues of our age in two telling ways. It is informed neither by the liberal orthodoxy that dominates the academy, nor does it conform to the prevailing notion of a proper scientific accounting in contemporary sociological commentary. We are well served by both transgressions. And both breaches of the prevailing intellectual idioms of our times are related to the fact that Smith's work builds upon the Marxist tradition of critical political economy. Since labels like *Marxism* and ideas like *scientific socialism* are subject to ideological opprobrium in the academy and beyond, and since such perennial hostility has contributed to a misunderstanding of Marx's legacy as a scholarly critic of political economy, an elaboration Smith's transgressions will provide insight into the scholarly and political merits of his study.

The first epistemic sin centres around the liberal orthodoxy of the intellectual world. Smith links political and institutional developments, especially the range of neoliberal policies that have rendered the crisis more acute for so many people around the world, to underlying forces of the global capitalist formation. This analytical

¹ Professor of Political Science, University of New Brunswick.

sensibility runs headlong into the prevailing liberal predilections of the social sciences, predilections informed by the supposition that public policy somehow swings free from the exigencies generated by capitalist production, and predilections which, in their turn, permit academics to charge scholarly malefactors with the crime of “economism” or “reductionism” in a strikingly self-satisfied manner. Smith shares with radical political economists the assessment that the problems of today are rooted in the profitability crisis that had set in by the early 1970s. Capital responded to this crisis by restructuring production and by embracing neoliberal accumulation strategies at the level of public policy. Underlying economic forces rendered the drift towards crisis inevitable and the hegemonic neoliberal practices of recent decades could not prevent it, although they have often exacerbated the sheer quantity of human misery and suffering. *Global Capitalism in Crisis* is undergirded by the assumption that a proper account of the crisis must extend far beyond liberal sensibilities typically content to blame the downturn on such things as inadequate market regulation or an overreaching working class. Indeed, Smith is inclined to regard such unsuspecting attitudes about capitalism’s causal potential as being directly related to obfuscation rooted in the prevailing social relations of power. The “ideological guardians of the status quo,” he baldly observes at one point, “are putting forward various accounts that absolve the capitalist system itself of responsibility.” The pleasures of liberal orthodoxy are an Eleusinian mystery to enough of us, and so it is with some satisfaction that we have encountered a book stressing that a full explanation must make an rigorous connection between “the Great Recession” and the underlying dynamics of capitalist production.

Yet *Global Capitalism in Crisis* commits a much deeper epistemic sin. Were Smith’s study merely to offer a counter to liberal analyses of the crisis it would be on par with other marginal traditions of the academy including *Social Structure of Accumulation* (SSA) theory or *Regulation theory*. But it goes much further than this. It holds that the immanent tendencies within the global capitalist formation ineluctably spawn crisis after crisis. “The crisis of global capitalism referred to in the title,” Smith summarizes in his preface, “should be understood in two distinct senses: as a *conjunctural* crisis of overproduction, credit and finance, and as a deep-seated *systemic* crisis. The current crisis should be viewed against the backdrop of a historical-structural crisis of capitalism—as an extreme conjunctural expression of the decay of the profit system.” The crisis is a crisis of capitalism *qua* capitalism. Other more critical traditions may be inclined to overcome the liberal bias of the academy and connect the world of public policy to the world of productive life, but the question of how to conceive of the economic sphere might still lead analysts to suppose that the connection between capitalism and crisis is merely *contingent* as opposed to being inscribed into the very inner-workings of capitalist social formations. The deliberate titular banality of Smith’s book is informed by the profound analytical conviction that the relationship between capitalism and crisis is one of *necessity*.

And therein lies the rub that sets the work apart even from most critical commentary. It is not merely the economy in some vague and indeterminate manner that shapes public policy and impels us towards crisis, but rather the fact that “capitalism is dominated by historically specific laws — the law of value and the law of the tendency of the rate of profit to fall — that involve a deepening structural

contradiction between the development of the productive forces and the reproduction of capitalist social relations.” Immediate causes of the crisis abound and everyone has endured the “relentless chatter” about hedge funds, Ponzi schemes and credit default swaps. But the real cause of the current malaise is the press of capitalism’s tendencies that encouraged *inter alia* the historic growth of finance capital and the “persistently lacklustre” performance of productive capital.

The second transgression is now in full relief. His account of the crisis distinguishes between *essential social relations* within capitalist social formations on the one side and *phenomenal social relations* on the other side. In keeping with his immersion in the Marxist tradition the essential sphere of social relations is highlighted by the *labour theory of value* and necessarily declining rates of profitability. And it is this sphere of productive life and exchange which frames socio-political struggles. To use Leibniz’s classic distinction, in Smith’s accounting of the crisis rests on a conception of society as a “dynamic singularity” with an *essence* and a governing *logos*. Smith’s work thus rejects the notion that society should be conceptualized as an “aggregate” comprised of many related parts, like a teapot (Wittgenstein’s oft-cited example) with lids, spouts and handles all serving some recognizable function or purpose. Smith’s work implicitly criticizes those rarer writings that overcome the liberal biases of the academy, like SSA theory, but then fail to regard the global capitalist social formation in terms of its inner dynamics and necessary trajectories.

Conceiving of society in terms of an *essence* and a *dynamic logos* is bound to feel unfamiliar to we late moderns. It is precisely this kind of thinking that has been repudiated in the post-metaphysical, anti-essentialist or anti-totalizing writings dominated by the philosophical likes of Rorty, Derrida, Foucault and Lyotard and so many others. It is the unfortunate fact that the intellectual paradigm that structures the kind of Marxist analysis of the contemporary crisis offered by Smith has been repudiated at this most basic socio-philosophical level. Marx distinguished between *essential* and *phenomenal* social relations, and he believed that he had placed an analytical finger on the driving forces of capitalist society. Writers like Smith follow this path, and much of *Global Capitalism in Crisis* is devoted to an exploration of key theoretical notions (chapters 2, 3 along with Appendix 1). The scientific attitude informing such analyses is both richly theoretical and thoroughly empirical. Beginning with Marx we have seen this notion of science oscillate between contemplation and empirical observation, carefully comparing competing accounts of the world, synthesizing, testing, measuring and mulling all for the sake of theoretically fixing the essence of capitalist society in a manner that accounts for its phenomenal forms. Marx had recognized that capitalism was prone to certain tendencies, like discharging its workers from the factories, long before he had developed his full accounting of these tendencies in the pages of capital. Smith’s work is a splendid example of this scientifically critical tradition. But this version of a proper scientific accounting has lost much credibility. The hegemonic intellectual climate of our age, a climate marked by the post-Nietzschean “linguistic turn” in philosophy and emphatically endorsed by the American philosopher Richard Rorty, will not be receptive to Smith’s manner of analysis just as it has discredited Marx’s

mature critique as outlined in *Capital*. The ideological forms that encourage a rejection of Marxist criticism by encouraging a rejection of its most basic philosophical assumptions are ubiquitous. From this perspective Marxist analysis has been attacked “through the floor,” and a detailed and refined study like *Global Capitalism in Crisis* sadly reminds us of the extent of our loss.

In the end this genuinely critical work boldly reiterates that capitalism in an untenable form of life. Smith declares unequivocally that capitalism and sustained human misery necessarily go together. For some of us it is a sobering reminder of the power of ideological obfuscation to dwell on the fact that capitalism is not usually suspected to be at the root of our global suffering. Most academics, many activists and typically all politicians are reluctant to draw such connections, despite the mounting ecological toll, depraved Euro-American military aggression and rising wretchedness. *Global Capitalism in Crisis* concludes with an impassioned argument for a programmatic and strategic socialist politics informed by the scientific appreciation of the “historical limits of capitalist production.” Politics matters — particularly a politics that is programmatic and strategically guided by insights of scientific socialism: “Capitalism may be digging its own grave,” Smith colourfully writes along the way, “but it will never carry out its own execution.”