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Reviews

Can global capitalism endure?

- Reviews section -

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Can global capitalism endure? William Robinson tries to answer this question in his book entitled with the same question. Robinson is professor of sociology at the University of California, Santa Barbara. In a fast-moving account, Robinson covers a lot of ground in offering the reader a vision of the global capitalist crisis and the accompanying international conflagration.

It flows like an essay rather than a stodgy full-length book. As Robinson says, “my aim is to present a “big picture” snapshot in a shorter work and from the vantage point of global capitalism theory that takes into account some elements of global capitalism that have come further into focus in recent years, especially the ever-deeper financialization and digitalization of the global economy and society.”

As such, the book offers no original research and relies on the work of others. Fair enough, as Robinson's objective is to convince the reader that the “survival of global capitalism beyond the present crisis requires a substantial restructuring involving a measure of transnational regulation of the global economy and a redistribution of wealth downward. Even at that, though, a new period of economic reactivation and prosperity will not bring to an end the threat to our survival. For that, we must do away with a system whose drive to accumulate capital puts it at war with the mass of humanity and with nature. Only an ecosocialism can ultimately lift us from the threat.”

Robinson bases his theory on the nature of crises in capitalism on Marx's law of profitability, but with his own attempt to reconcile that law with alternative theories. “Marxist political economists have debated whether overaccumulation and attendant crises are caused by a fall in profitability or by overproduction and underconsumption. I am not convinced that these two approaches must be incompatible so long as we start the analysis in the circuit of production.”

Robinson agrees that capitalist crises have their origin in over-accumulation or the overproduction of capital. And that this overaccumulation originates in the circuit of capitalist production, ultimately in the tendency for the rate of profit to fall. And the evidence for this is strong. “While figures for the rate of profit tend to vary depending on who is doing the reporting and through what methodology, one report after another has confirmed the long-term secular decline in profitability, notwithstanding short-term fluctuations, and along with it, the steady decline since 1970 in the growth of the net stock of capital (a proxy for productive investment) in the rich countries of the Organization for Economic Cooperation and Development.”

Robinson agrees with me (see my book, *The Long Depression*) that crises in capitalism are both cyclical and secular, or ‘structural’. “In the history of capitalism there have been periodic crises of two types, cyclical and structural. Cyclical crises, sometimes called the business cycle, occur about once a decade and show up as recessions. There were recessions in the early 1980s, the early 1990s, and at the turn of the twenty-first century. World capitalism has experienced over the past two centuries several episodes of structural crisis, or what I call restructuring crises, so-called because the resolution of such crises requires a major restructuring of the system.” Here Robinson sympathises (as I do) with ‘long wave’ theory, namely that capitalist growth tends to take place in long waves beyond cyclical crises.

For Robinson, the most important structural change in capitalism in the last half of the 20th century was globalization and rise of the multi-nationals. And in “this age of global capitalism the world economy is now inextricably integrated and functions as a single unit in real time.” But that trend came to an end in the 21st century and capitalism is now in

a period of stagnation. “Wild financial speculation and escalating government, corporate, and consumer debt drove growth in the first two decades of the twenty-first century, but these are temporary and unsustainable solutions to long-term stagnation.”

Robinson argues that the accumulation of fictitious capital gave the appearance of recovery in the years following the Great Recession. But it only offset the crisis temporarily, while in the long run it exacerbated the underlying problem: “the key point with regard to the crisis is that the massive appropriations of value through the global financial system can only be sustained through the continued expansion of fictitious capital, resulting in a further aggravation of the underlying conditions of the crisis.”

Robinson makes the correct point, that “so gaping is the chasm between fictitious capital and the real economy that financial valorization appears as independent of real valorization. This independence, of course, is an illusion. The entire financial edifice rests on the exploitation of labor in the “real” economy. If the system came crashing down, the crisis would dwarf all earlier ones, with the lives of billions of people hanging in the balance. The unprecedented injection of fiat money into the financial system may result in a new kind of stagflation, in which runaway inflation is induced by such astronomical levels of liquidity even as acute inequality and low rates of profit prolong stagnation.”

Capitalism can only endure if it can find some new structural change. This Robinson sees coming possibly from “digital restructuring and through reforms that some among the global elite are advocating in the face of mass pressures from below”. That could unleash a new round of productive expansion that attenuates the crisis for a while. So capitalism could manage to “catch its breath again” through digitally-driven productive expansion that becomes strong enough to restore sustained economic growth and launch a new long boom.

However, Robinson counters, that any such expansion will run up against the problems that an increase in the organic composition of capital presents for the system, namely the tendency for the rate of profit to fall, a contraction of aggregate demand, and the amassing of profits that cannot be profitably reinvested. “But before such a time that a crisis of value would bring the system down, it is certainly possible that restructuring will unleash a new wave of expansion.” Robinson makes the pertinent point that “the breakdown of the political organization of world capitalism is not the cause but the consequence of contradictions internal to a globally integrated system of capital accumulation.”

But a new boom to happen, the state would have to intervene to build new “political structures to resolve the crisis, stabilize a new global power bloc, and reconstruct capitalist hegemony, given the disjuncture between a globalizing economy and a nation-state-based system of political authority.” And that seems unlikely, given the break-up of the US hegemony and the rise of a multi-polar world.

Robinson’s pessimism about the ability of capitalism to find a way out is compounded by the ecological crisis, which “makes it very questionable that capitalism can continue to reproduce itself as a global system.” Never before have crisis and collapse involved such matters as human-induced climate emergencies and mass extinction.

As Robinson sums it up: “the literary critic and philosopher, Frederic Jameson, once observed that: “it is easier to imagine the end of the world than it is to imagine the end of capitalism.” But if we do not imagine the end of capitalism—and act on that imagination—we may well be facing the end of the world. Our survival requires that we wage a battle for political power; to wrest power from the multi-nationals and their political, bureaucratic and military agents before it is too late.”

Source: Michael Roberts blog-><https://thenextrecession.wordpress.com/2022/12/20/can-global-capitalism-endure/>

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