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

Author's Reply by Murray E. G. Smith¹

Many thanks to the editors of *Global Discourse* for organizing this symposium and to J.E. Castro, Josh Dumont and Thom Workman for the serious efforts they have made to summarize and evaluate my arguments in *Global Capitalism in Crisis (GCIC)*, while exploring the theoretical, political and methodological implications of my analysis of “the decay of the profit system.” Dumont and Workman in particular offer particularly appreciative commentaries that deepen and develop my ideas in a number of fruitful ways, while also (alas!) presenting me with few opportunities for disagreement. Fortunately, through his more critical engagement with my book, Castro has created a welcome opening for me to clarify several points and to elaborate on some of the more strictly political arguments in my book, a task that I will undertake toward the end of this contribution.

It is disappointing that the fourth review, by J. O. Andersson, fails to rise to the same high standard of intellectual honesty and fair-minded engagement as the other reviews. The sole redeeming feature of the Andersson piece is that its misrepresentations, errors and ideological prejudices draw attention to several central concerns of *GCIC* that are mentioned only in passing by the other contributors. These concerns include: Marx’s law of the falling tendency of the rate of profit; the problem of unproductive labour in contemporary capitalism; the relationship between the financial crisis of 2007-09 and what I refer to as the “historical-structural crisis” of world capitalism; and some of the intellectual and political pathologies afflicting the contemporary reformist left. It is to these issues that I will devote most of my attention in what follows.

As I made clear in the book’s preface, my purpose in bringing together both new and previously published material in *GCIC* was *not* to provide a detailed description or analysis of the events that shaped and triggered the financial crisis of 2007-09. Rather, my aim was to disclose the “essential relations” (to use a phrase favoured by Thom Workman, following Marx) that are the backdrop to a decades-old malaise of the world capitalist economy and to the associated “financialization” process whose phenomenal forms and results have been the almost exclusive concern of mainstream commentators and many leftist intellectuals. These essential relations are precisely *the relations of capitalist production/reproduction* and *the growing contradiction* between these social relations and the increasingly sophisticated forces of production that mark contemporary capitalism. In this connection, my goal was to show that Marx’s account of the fundamental contradictions and “laws of motion” of the capitalist mode of production is indispensable to an adequate analysis not only of the Great Recession, understood as a conjunctural crisis of global capitalism, but also to an understanding of the historical impasse that humankind now confronts and has confronted (albeit in different ways) for over a century. Politically, this theoretical

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undertaking points to the necessity of responding to the manifest decay of the capitalist profit system with a bold reassertion of the fundamental programmatic tenets of Marxist socialism. Accordingly, what the current global slump demands by way of a truly progressive response is not a reformist attempt to attenuate the contradictions of capitalism or to rehabilitate the idea of “capitalism with a human face,” but a revolutionary-transformative perspective of replacing the capitalist profit system with a collectivized and democratically administered global socialist economy geared to the satisfaction of human needs.

The greater part of *GCIC* constitutes an elaboration of a series of arguments broached in its first chapter and summed up in the following ten theses²:

1. The global slump that began in 2008 as well as the crisis of global capitalism referred to in the title of the book should be understood in two distinct senses: as a *conjunctural* crisis of overproduction, credit and finance, and as a deep-seated *systemic* crisis. In other words, 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. (p. x)
2. 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. These laws inform and give expression to a growing incompatibility between the ‘technical-natural’ and ‘social’ dimensions of capitalism. (p. 6)
3. The financial and debt crisis that erupted in 2007-08 is the outcome of a decades-long effort on the part of the capitalist class, in the U.S. and elsewhere, to arrest and reverse the long-term decline in the average rate of profit that occurred between the 1950s and the 1970s. It is the cumulative and complex result of a series of responses by the capitalist class to an economic malaise that can be traced to the persistent profitability problems of productive capital. (p. 8)
4. Rigorous empirical studies by the Marxist economist Anwar Shaikh have established that the fall in the average rate of profit in the U.S. economy was significantly correlated with an increase in what Marx called the ‘organic composition of capital’ – the ratio of ‘dead labour’ (above all, accumulated fixed capital) to living labour in production. The profitability crisis of the 1970s in the U.S. and Canada resulted from the displacement of living labour from production and its replacement by labour-saving technologies, a process encouraged by both competitive cost-cutting and capital-labour antagonism. Marx’s law of the tendency of the rate of profit to fall holds up remarkably well in light of the empirically verifiable performances of the U.S. and Canadian economies over the course of the second half of the twentieth century. Hence, an adequate scientific analysis of the recent trajectory of the world capitalist economy must take into account the phenomenon of a high organic composition of capital in the advanced capitalist countries as a persistent obstacle to global profitability. (pp. 12, 14-15)

² The opening arguments of my book are reproduced here in the form of ten theses with some minor changes to the cited text from *GCIC*.

5. The response of the social capital to the profitability crisis of the 1970s involved a three-fold strategy with regard to investment: to restrain new capital formation in industries deemed to be ‘overcapitalized’ and burdened by a high-wage labour force; to concentrate investment in technological innovation (such as information technology) in the financial sector; and to direct an increasing share of productive-capital investment to ‘newly industrializing’ regions....This new investment strategy can be viewed as a determined effort by the dominant fractions of the social capital to mobilize what Marx called the ‘counteracting tendencies’ to the falling rate of profit. One important consequence was the redirection of a great deal of surplus value into the circuit of capitalist revenue (that is, into the bloated executive pay and bonuses that made possible ever more obscene levels of luxury consumption by the capitalist class) and away from accumulation (that is, new capital formation). But the other major consequence was financialization – significantly increased investment in financial activity, the appearance of new financial instruments like derivatives and hedge funds, frenzied speculation surrounding a growing volume of fictitious capital, a massive overloading of the credit system and a generalized ‘irrational exuberance’. (p. 15)
6. The contribution of the People’s Republic of China to the stabilization of global capitalism during the heyday of financialization deserves special attention.... With its opening to the world market, the Chinese Stalinist bureaucracy has sought to use its monopoly of political power and the surviving elements of ‘socialist planning’ to harness market forces and capitalist enterprise to the essentially nationalist project of modernizing China and transforming it into a ‘great power’.... In counterpoint to the notion that capitalism ‘rescued’ China from economic stagnation, China’s transitional economy is playing a helpful, even crucial, role in rescuing Western capitalism from its worst profitability crisis since the 1930s. (pp. 16, 18)
7. The future of China’s deformed workers’ state and ‘socialist market economy’ remains very much in doubt and with it China’s continuing ability to contribute to the stabilization of world capitalism. But one thing is certain: either the Chinese working class will settle accounts with the Stalinist oligarchy and usher in a revolutionary workers’ state committed to socialist democracy and working-class internationalism, or the oligarchy will continue to prepare the ground for a full-scale capitalist counter-revolution. (pp.19-20)
8. Between 1991 and 2007 the U.S. profit rate wasn’t restored to the average levels that prevailed between 1950 and 1968, but it did show some promise of overcoming the malaise of the late 1960s to the early 1990s. Much of this apparent improvement is attributable to the above average returns of the financial sector in the late 1990s and after the 2001 recession. But following that recession, U.S. manufacturing continued its decline while the role of the housing bubble in fuelling growth became crucial. The result was not only a huge expansion of credit market debt but also overproduction in the housing sector – a glut of overvalued homes for which there turned out to be insufficient effective demand. The ensuing wave of mortgage foreclosures precipitated a sharp decline in housing prices, igniting the financial crisis and setting the stage for a severe economic downturn with dire implications for the economy-wide rate of profit. (p. 20)

9. Thirty years of neoliberalism, corporate globalization and financial chicanery did not succeed in completely reversing the profitability crisis that has long plagued the core of the capitalist world economy – a crisis deeply rooted in capital’s persistently high organic composition. These class strategies could only postpone the day of reckoning for capital – which is now looking less like a rationally calculating vampire lurking within the sphere of production and much more like a rampaging zombie gorging itself at a casino crime scene. (p. 22)
10. The time has come for a revival of Marx’s scientific socialism. The time has come for a class-struggle, socialist program that appeals boldly to working people’s own most fundamental interests. Furthermore, the time has come for a socialist message that declares loudly and clearly that our species can no longer afford an economic system based on class exploitation – a system whose social relations imperiously necessitate the outmoded measurement of wealth in terms of ‘abstract social labour’ and that must, as a consequence, deny humanity the full benefits of scientific rationality while plunging us recurrently into economic depression and war. (pp. 25-26)

In elaborating the above arguments, I explore three issues pertaining to the “deepening structural contradiction between the development of the productive forces and the reproduction of capitalist social relations.” The first is the negative impact on profitability of a rising or persistently high organic composition of capital (OCC) in the capitalist core – the issue highlighted by Marx in his “law of the tendency of the rate of profit to fall” (LTRPF). According to Marx’s theory of labour-value, living labour is the sole source of the “new value” that finds expression in capitalist profits and in the wages of *productive* workers. Accordingly, its displacement from production through labour-saving technological innovation tends to depress the average rate of profit.

The second issue is the negative impact of the growing specific weight of unproductive capital and of “socially necessary unproductive labour” in the advanced capitalist economies -- an issue that not only enormously complicates any empirical evaluation of the LTRPF, but also points to a certain corruption or *adulteration* of Marx’s law. This adulteration has become rather pronounced since World War II and calls for a new way of conceptualizing the declining dynamism of the capitalist mode of production:

If Marx argued that the rate of profit would fall ...due to progressive increases in the technical and organic compositions of capital, profitability now seems to be subject to a downward pressure stemming from technical changes enforced by capitalist competition *and* from the circumstance that a diminishing percentage of the working class is involved in surplus-value production, as distinct from realization. If capitalism’s tendency to promote the “objective socialization” of labour and of production once reflected its historically progressive role in developing the forces of production, it now *also* reflects a hypertrophy of the capitalist state and the sphere of circulation – a hypertrophy which impedes the advance of the productive forces by diverting enormous economic resources *away from* production. (Smith 1994: 180-81; cited in *GCIC*, p. 90)

The third issue is that the systemic costs associated with the expansion of unproductive capital relative to productive capital, and involving significant growth in the wage-bill of socially (“systemically”) necessary unproductive labour (SNUL), should be regarded as elements of the *constant capital flow*: “[If] the growth of constant capital in relation to newly created value once signified a growth in the productivity of labour, it now *also* signifies a relative diminution of productive labour in relation to socially-necessary unproductive labour” (ibid.). As a manifestation of the historical-structural crisis of capitalism, this phenomenon points to the fact that a growing share of economic resources is being used to sustain and perpetuate the distinctive institutional and class-antagonistic structures of capitalism. It signifies, in other words, that the social relations of capitalist production and reproduction are more and more an obstacle to the *progressive* development of the productive forces (understood, above all, as productive capacities to meet human needs and promote social progress).

Originally proposed by Mage (1963), the value-theoretical specification of the unproductive “overhead” costs of the capitalist system as elements of constant capital is controversial and stands against a well-entrenched convention among Marxist political economists to treat such costs (that is, tax revenues and the wages of unproductive workers in general) as non-profit elements of social surplus-value and/or as part of variable capital. In a series of publications (Smith 1993, 1994, 1994-95, 1996, 1999, 2010), I have documented the uncertain status of these costs in Marx’s own writings while defending a constant-capital specification of SNUL and most tax revenues.

The treatment of SNUL wages and tax revenues as elements of constant capital permits me to agree with the critics of the productive-unproductive distinction that these costs are indeed *systemically necessary* from the point of view of the social capital while also agreeing with my fellow defenders of the productive-unproductive distinction (Moseley 1991; Shaikh and Tonak 1994; Mohun 1996) that it is incorrect to treat the labour (and wages) of workers employed in finance, trade and many service industries as part of variable capital (that is, as directly productive of surplus value). The constant-capital specification of these systemic overhead costs compels us to recognize that unproductive capital and SNUL are at once *necessary* to over-all capitalist profitability and *hazardous* to it. But to theoretically justify this specification we are obliged to conceptualize the category of constant capital (which Marx calls “previously existing value”) as the value expression not only of physical means of production (its operational definition at the level of abstraction of the first volume of *Capital*) but of *all* the expenses and investments implicated in the total process of capitalist production and reproduction *apart from living, productive labour*. Again, for Marx, it is only the latter that creates the *new value* that enters into profit-of-enterprise, interest and rent (the principal components of surplus value) as well as the wages of productive workers themselves.

Such a conceptualization of constant capital has important implications for the calculation of Marx’s fundamental ratios (the rate of surplus value, the rate of profit and the OCC) and for empirical Marxist analysis in general. For it suggests that the *flow* of constant capital (as distinct from its *stock* expression) represents a much larger share of the total value of gross output than is usually thought – and this is especially true for the most developed capitalist economies with expansive state, commercial, service and financial sectors. Other things being equal, real growth in the SNUL wage-bill and tax revenues must produce an increase in what I call the “value composition of output” – the ratio of the annual flow of constant capital to the total

value of gross product – and “this is likely to be associated with a declining average rate of profit” (*GCIC*, p. 89).

Marx’s hypothesis of a rising OCC leading to a falling rate of profit (ROP) finds support in my own empirical study of the Canadian economy from 1947 to 1991 (Smith and Taylor 1996). This study (reported in *GCIC*) produced what might be considered an “ultra-Marxist” set of conclusions regarding the long-term dynamics of capitalist development between 1947 and 1975: a falling ROP, a gradually increasing rate of surplus-value and an impetuously rising OCC. In the ensuing 1976-91 period of capitalist “restructuring” in response to the profitability crisis, the trend lines for the ROP and the OCC stabilize and the rate of surplus value rises sharply.

In his contribution to this symposium, Andersson implies that there is some sleight-of-hand or trickery involved in the way that I measure the rate of profit and the OCC in relation to constant capital. He suggests, erroneously, that I can only derive a falling rate of profit and a rising OCC for the 1947-75 period by including taxes and unproductive wages as elements of constant capital in these ratios. But the constant capital measure that is relevant to calculating the ROP and the OCC in my analysis is the constant capital *stock*, not the constant capital flow. My constant capital stock (the denominator of the ROP and the numerator of the OCC) is in fact the standard one employed by most other Marxists, including Moseley (1991), Shaikh and Tonak (1994) and Brenner (1998): namely, the current-cost value of the fixed capital stock. My calculations differ significantly from those of Shaikh-Tonak and Moseley, however, in what I define as surplus value in the numerator of the ROP and the denominator of the OCC. By counting only *after-tax* profits as surplus value (and refusing the notion of a “gross” or a “maximum” rate of profit that would include SNUL wages), I argue that the rate of profit that actually drives the investment decisions of the capitalist class can be more accurately established.

Curiously, Andersson fails to elaborate on his bald assertion that my “reformulation” of taxes and unproductive wages as elements of the constant capital flow is “astonishingly unmarxian.” Instead of engaging with my extensive argumentation on this issue, which is most fully developed in the second appendix of *GCIC*, he is content to make dismissive statements and to egregiously misrepresent my analytical procedure by implying that I lump together fixed capital, SNUL wages and tax revenues in an expanded measure of the constant capital stock. To repeat, that is *not* my procedure. Indeed, I would consider such a procedure no less problematic than the conventional Marxian approach of lumping together profit-of-enterprise, ground rent and interest with tax revenues and SNUL wages into an expanded measure of “gross surplus value.”

My analysis and empirical findings are in many respects unique compared to those of other participants in recent Marxist debates concerning the link between trends in profitability and the Great Recession. In addition to rejecting a measure of “gross surplus value” that includes tax revenues and/or SNUL wages, I have sought to defend the idea that the LTRPF expresses itself in “adulterated” form in what I consider to be an epoch of capitalist decline. Accordingly, while there are clear affinities between my analysis and theoretical position and those of other proponents of the LTRPF, it seems fair to say that I am more explicitly concerned than many of these theorists with articulating the particular features of the current crisis with the dynamics of capital’s longer-term “historical-structural crisis.” At the same time, my empirical findings for the post-World War II trends in the key Marxian ratios are remarkably consistent with Marx’s theoretical expectations concerning the LTRPF and its counteracting tendencies.

How then does this analysis assist us in understanding the process of financialization and the proximate causes of the financial crisis of 2007-09? In brief, the profitability crisis of the 1970s, particularly as it afflicted productive capital in the core capitalist countries, was never fully resolved due to the determination of capital and capitalist states to a) avoid the kind of deep global depression that would involve widespread bankruptcies and a significant devalorization of capital stocks, and b) restore profitability through a *gradual* erosion of working-class living standards and a steady increase in the rate of exploitation, but in ways that would not provoke a major politico-ideological crisis for world capitalism in the era of the Cold War. Furthermore, to sustain effective demand and to mitigate crises of overproduction, the credit system was overhauled and extended in ways that allowed for the accumulation of dramatically larger volumes of debt across the world economy. Along with the globalization of capitalist production and the creation of significant new sites of surplus value production in Asia and Latin America, the expansion of the debt bubble helped restore profitability and conferred upon financial capital a much enhanced role in maintaining the conditions of capital accumulation and economic growth, even as the rate of new capital formation and the growth rate of global GDP slowed in the 1980s and 1990s. Under these circumstances, the phenomenon of *fictitious capital* (and fictitious profits) became a much more prominent feature of global capital markets.

Fictitious capital is capital seeking to enlarge itself through speculative claims on future income. It signifies an attempt on the part of a fraction of the social capital, centered in the financial sector but involving other sectors as well, to liberate itself from the malaise of the “productive economy” and thereby from the constraints of the law of value. The proliferation of fictitious capital and the build-up of ever-greater debt between 2001 and 2007 stimulated an anomalously high rate of profit in the U.S. and robust global economic growth. But the escalating financial panic of 2007-08 signaled a growing recognition that the rising value of an array of dubious financial assets (collateral debt obligations and other derivatives) was wildly out of line with the “economic fundamentals” (the precarious realities of the sub-prime mortgage market, the profitability problems of productive capital, the stagnancy of real wage growth, etc.). In the end, the capitalist law of value asserted itself as a kind of gravitational force, pulling down the financial house of cards and precipitating the worst global recession since the 1930s.

This analysis suggests that the Great Recession is not a typical periodic crisis of capitalism (that is, a “normal” phase of the business cycle), but rather an extreme manifestation of a longer-term crisis of capitalist profitability rooted in a persistently high organic composition of capital in the “advanced” core of the world economy. Short of a complete collapse of the latter into deep depression, the immediate prospect is for a major escalation of the offensive by capital against labour on a world scale. The gradual erosion of working-class living standards that marked the neoliberal era (1980 to 2008) is being succeeded by a major restructuring of class relations, involving truly draconian attacks on real wages, pensions and social programs. In this context, no serious constituency exists within ruling class circles for a revival of Keynesian palliatives and nostrums. The role of liberal Keynesians like Michael Moore, Paul Krugman and Robert Reich is to sustain the illusion that a kinder and more “progressive” capitalism remains possible in the twenty-first century, and that a decisive break from the U.S. Democratic Party and the European parties of “the Left” is unwise and unnecessary. Not surprisingly, these stalwart defenders of a “humane capitalism” are finding many willing allies among “left” social democrats, trade union

bureaucrats and even radical leftists who profess to be Marxist socialists. It is on behalf of this new “popular front” that Andersson seems to be speaking.

Before expanding on the political implications of the above analysis and engaging with Castro’s review of my book, I should make two final comments on the Andersson piece. Against my “view of Marx’s theory of value in general,” Andersson writes that capitalism “is not a system characterized by ‘the social practice of measuring (valuing) wealth in terms of labour time’” and that “even less is it an ‘imperative of the capitalist mode of production’ to measure wealth in this way.” Typically, Andersson provides no further elaboration, except to say that such notions are alien to neoclassical economics! I have no idea how Andersson understands Marx’s theory of value, but it is surely uncontroversial to attribute to Marx the position that the measurement of wealth in terms of labour time is an inherently *unconscious* process under capitalism, and one that is necessarily mediated by the money commodity whose social substance is precisely “abstract labour.” I provide several passages from Marx to support this “view” of his value theory, and I devote Appendix One to a more detailed elaboration of my own take on the finer points of value theory. Evidently, Andersson failed to read any of this with even a modicum of care. Nor apparently has he read the famous passage from the *Grundrisse* where Marx contrasts the “real wealth” of the future communist society to the alienated wealth of capitalism, suggesting that, under communism, the “measure of wealth is then not any longer, in any way, labour time, but rather disposable time” and that “labour time as the measure of value posits wealth itself as founded on poverty” (Marx 1973: 708).

Andersson also takes me to task for my “stream of critiques” against those who “do not aim for a direct transition to global socialism,” citing my “disapproval” of such diverse figures as Mikhail Gorbachev, Michael Moore and Naomi Klein, among others. This part of Andersson’s polemic borders on the absurd. Is he suggesting that Gorbachev, Moore and Klein are in some way aiming for an “indirect” transition to socialism? Is this what Andersson himself is hoping for? What on earth could this possibly mean? At bottom, of course, Andersson is simply reacting against my “self-assured” arguments on behalf of the revolutionary socialist perspective and in favour of a “direct attack” on capitalism in general (as opposed to a particular “type” of capitalism such as neoliberalism). Once again, instead of engaging with the substance of my arguments, he resorts to ad hominem ridicule, apparently in the belief that an entire political tradition can be dismissed with the sarcastic statement that “only Smith – based on Marx and Trotsky – knows the truth”!

In the end, Andersson’s efforts to discredit my work succeed only in exposing some of the baser prejudices and pathologies of the contemporary reformist left. At the same time, the very poverty of his polemic reveals just how defenseless this left has become in the face of a “self-assured” revolutionary Marxist critique. In Chapter 5, I point out that a “neo-reformist perspective” has long been “championed by many social-justice activists, independent socialists and Marxist intellectuals without any attempt to link it to a theoretical analysis of contemporary capitalism that clearly supports it” (p.127). The accuracy of that judgment, I believe, has only become more apparent with the very weak political response of the liberal and radical left to the Great Recession. I make no apologies for taking a clear stand in favour of revolutionary Marxism at a time when so many ostensible Marxists are signing programmatic statements of Keynesian inspiration directed to the U.S. Congress, writing books and articles that call for the nationalization of the banks by a

“democratized” capitalist state, and campaigning for “unity” around a program for reforming rather than abolishing the capitalist profit system.³

This brings me, finally, to a consideration of Castro’s thoughtful and appreciative but also somewhat confused critique of my book. Castro asserts that my “main argument” is that “the current global crisis of capitalism is terminal.” While I appreciate his assessment that my argument is made “convincingly in many respects,” I am nevertheless obliged to correct him on this score. The current crisis, which I characterize as both conjunctural and systemic, was never described by me as terminal. Such a diagnosis would imply a “breakdown” or “final collapse” theory of the end of capitalism, one to which I have never subscribed. Like Lenin, I believe that no periodic crisis of the capitalist system can be seen as irresolvable barring the revolutionary transformation of society by the working class. The current slump is now slowly being surmounted through a successful offensive by capital against labour on a global scale, largely as I anticipated. But this offensive is also planting the seeds of new forms of systemic crisis, both economic and political. What’s more, these new crises will continue to reflect, in ever-changing ways, the more general historical-structural crisis of capitalism that I have defined in *GCIC* in terms of the growing incompatibility between the forces and relations of production of global capitalism (see my discussion on pp. 57-59).

Castro’s misreading of my argument in this regard is significant inasmuch as he asserts that the fifth chapter of *GCIC*, to which he devotes most of his attention, “builds on this diagnosis.” Indeed, he goes on to write that “Smith’s argument in Chapter 5 is largely exaggerating both the terminal state of the capitalist system and the capacity that a vanguardist left could eventually have in the present circumstances.” The implication of much of the argument that follows is that the “vanguardist” strategy and revolutionary-socialist programmatic perspective that I advocate could only make sense if global capitalism were indeed facing a “terminal crisis” that was in some sense independent of human volition – a “structural breakdown” of the system that would preclude, anywhere and everywhere, any kind of successful struggle for progressive reforms within capitalism. The problem with Castro’s argument is two-fold: first, it underestimates the extent to which my Leninist-Trotskyist strategic and programmatic conceptions are predicated on a solid appreciation of the resilience of the capitalist system, the uneven geographical expressions of its historical-structural crisis and its capacity to survive even the most severe of conjunctural crises, *barring the intervention of a class-conscious working class with adequate revolutionary leadership*; and second, it seems to overestimate the degree to which contemporary capitalism is actually capable of accommodating significant structural reforms that might somehow prepare the working masses for socialist transformation in a later “stage” of struggle.

Castro is clearly a sincere and committed socialist with an appetite to challenge capitalism “directly.” But like many militants active on the left, he appears to entertain strategic conceptions that owe much to the gradualist reformism of the social-democratic and Stalinist traditions. I suspect that his enthusiasm for recent developments in Latin America – the popular struggles and left-reformist political

³ See, for example: “A Progressive Program for Economic Recovery & Financial Reconstruction” issued by Political Economy Research Institute/Schwartz Center for Economic Policy Analysis and signed by such prominent Marxist economists as David Kotz and Fred Moseley; and the many left-reformist proposals offered up by Greg Albo, Sam Gindin and Leo Panitch in their *In and Out of Crisis* (PM Press, 2010) and by contributors to the 2011 *Socialist Register: The Crisis This Time*, edited by Panitch, Albo and Chibber (Merlin, Monthly Review and Fernwood, 2010).

experiments in countries like Bolivia, Ecuador and Venezuela in particular – has also led him to imagine that there are “progressive possibilities” that remain open in our era short of a working-class-led socialist revolution. While I share Castro’s interest in the Latin American ferment, I do not agree that genuinely “anti-capitalist systemic alternatives” have made much headway as yet, and I continue to believe that a *sine qua non* for real anti-capitalist breakthroughs remains the construction of revolutionary workers’ parties (with bases of support in non-proletarian strata as well) committed to the fight for a transitional socialist program.

I could continue at length on these important political themes, but it is time to conclude. For further discussion, the reader is referred to Chapters 4 and 5 of *GCIC* as well as to the excellent summary provided by Josh Dumont in his contribution to this symposium.

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