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The Epochal Crisis of Global Capitalism

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Abstract. The conflict in Ukraine escalated in 2022 and the West's radical political, military and economic response to it was but the *coup de grâce* of a decadent post-World War II western-centric order. However, the escalation of geopolitical tensions around the world in the wake its violent crackup is symptomatic of something more fundamental: the epochal crisis of global capitalism. The crisis is multidimensional, and its varied dimensions are interconnected. It is a structural crisis of overaccumulation, a political crisis of state legitimacy and capitalist hegemony, a social crisis of global social reproduction, a geopolitical crisis of escalating international conflict, and an environmental crisis that threatens the collapse of the planetary ecosystem. Unlike earlier crises of world capitalism (four crises are traditionally distinguished), we are reaching the historical exhaustion of the conditions for capitalist renewal. Capitalist reactivation may be possible in the coming years through redistributive and regulatory policies and through the application of new digital technologies, but such reactivation could not in the long run resolve the underlying contradictions of a decadent global capitalism. The author concludes that modern society is very far from a revolution against global capitalism, due to the underdevelopment of subjective and organizational conditions. The paper applies a comprehensive approach to the processes and phenomena under consideration, using the principles of comparative data analysis and critical assessment of information. The relevance of the topic of research is due to both the increase in political instability in the world, and the noticeable growth of rivalry and confrontation in global economic processes.

Key words: international order, Marxism, economic crisis, social crisis, geopolitical conflict

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Эпохальный кризис мирового капитализма

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Аннотация. Конфликт на Украине, обострившийся в 2022 г., и радикальный политический, военный и экономический ответ стран Запада на него стали смертельным ударом для упадочного западнцентричного порядка, сложившегося после Второй мировой войны. Однако эскалация геополитической напряженности во всем мире в результате насильственного распада этого порядка становится симптомом более фундаментального процесса — эпохального кризиса мирового капитализма. Этот кризис многомерен, и его разнообразные измерения взаимосвязаны. Это структурный кризис перенакопления, политический кризис государственной легитимности и капиталистической гегемонии, социальный кризис глобального социального воспроизводства, геополитический кризис эскалации международного конфликта и экологический кризис, который грозит крахом планетарной экосистемы. В отличие от более ранних кризисов мирового капитализма (традиционно выделяют четыре кризиса) в историческом плане условия для обновления мирового капитализма исчерпаны. Реактивация капитализма может быть возможной в ближайшие годы лишь посредством перераспределительной и регуляторной политики, а также с помощью применения новых цифровых технологий, однако в долгосрочной перспективе все это не сможет разрешить его глубинные противоречия. Автор приходит к выводу, что современное общество очень далеко от революции против глобального капитализма из-за незрелости субъективных и организационных условий. В исследовании применяется комплексный подход к рассматриваемым процессам и явлениям с использованием принципов сравнительного анализа данных и критической оценки информации. Актуальность темы исследования обусловлена как нарастанием политической нестабильности в мире, так и заметным ростом соперничества и конфронтации в глобальных экономических процессах.

Ключевые слова: международный порядок, марксизм, экономический кризис, социальный кризис, геополитический конфликт

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Introduction

The post-WWII international order had been gradually unravelling since the end of the Cold War in 1989 and the subsequent collapse of the Soviet system. The conflict in Ukraine escalated in 2022 and the West's radical political, military and economic response to it was but the *coup de grâce* of a decadent post-War order. However, the escalation of geopolitical tensions around the world in the wake its violent crackup is symptomatic of something more fundamental: the epochal crisis of global capitalism. Earlier crises in the five plus centuries of world capitalism have involved economic turbulence, social and

political upheavals, hegemonic transitions, wars and revolutions, followed by restabilization of the system through radical restructuring.¹ Waves of capitalist expansion historically resolved crises momentarily through their displacement in time and space (Harvey, 2006). But the current crisis, I will

¹ The literature on world capitalism and its recurrent cycles and crises is vast. My own approach has been informed by world-systems and Marxist accounts. In addition to the classical texts by Marx and the Marxists of the early 20th century, see, for example: (Wallerstein, 1974; Mandel, 1975; Cox, 1987; Kotz, McDonough & Reich, 1994; Beaud, 2001; Harvey, 2006; Arrighi, 2010). See also Schumpeter (1950) who although not a Marxist has helped me understand cycles of crisis in capitalism.

argue here, is like no other in that we are reaching the historical exhaustion of the conditions for capitalist renewal.

Crises are endemic to capitalism. Exogenous shocks such as stock market crashes, political turmoil, and wars may be precipitating events that trigger major crises. But these originate in the contradictions internal to the system, above all in capitalism's perennial problem of surplus capital. Crises of two types have been recurrent. The first are cyclical and appear typically about once a decade as recessions. The second are structural, or what I refer to as restructuring crises. The resolution of these types of crises passes through major upheavals and an overhaul of the system, including sweeping transformation of patterns and technologies of accumulation, the capital-labor relation, and permutation in the social, political, cultural, and ideological fabric of capitalist society. Restructuring crises impact on many levels but they have their structural origin in overaccumulation, a situation in which enormous amounts of capital (profits) are accumulated but this capital cannot find productive outlets for reinvestment.

The first structural crisis of worldwide impact, from the late 1870s to the early 1890s, led to a new wave of colonialism and imperialism, which restored profits and growth in a so-called *belle époque*, but in turn brought on the First (and later Second) World War and the Bolshevik revolution. The next structural crisis, the Great Depression of the 1930s, led to fascism and world war followed by the consolidation of Fordist-Keynesian and developmental capitalism in the post-War era. The new model, involving state regulation and redistribution as well as the expansion of public sectors, industrial policies and planning resulted in the post-WWII "golden years" of capitalist prosperity under U.S. hegemony but also generated a set of contradictions that undermined the system. Mass struggles by the working and popular classes, Third World

national liberation movements, and insurgent sectoral social movements of women, students, ethnic minorities, gays, and ecologists altered the worldwide correlation of class and social forces in favor of popular majorities.

These majorities refused to shoulder the burden of the next structural crisis that exploded in the 1970s in the form of stagflation (stagnation plus inflation). As capitalist hegemony waned, capital went global to beat back the power of the popular classes, undermine Third World revolutions, and restore profit rates. The campaign to reconstruct the hegemony of capital involved a radical restructuring of the world political economy through globalization and neoliberalism. An emergent transnational capitalist class (TCC) and its agents in states set about to bring down all regulatory and trade barriers to the free movement of capital within and across countries. They put in place a new globally-integrated production, financial and service system into which every country has been inserted — at times violently — over the past four decades as production sequences have been fragmented and decentralized across the globe. The resultant "globalization boom" of the 1990s momentarily restored profits and the power of capital.

But globalization unleashed unprecedented levels of inequality, undercutting opportunities for further capital accumulation and sparking a new worldwide wave of mass protest from below. The global financial collapse of 2008 marked the onset of a new structural crisis of world-historic importance that has continued, unresolved, to date. This crisis is multidimensional. If it is at the structural level one of overaccumulation, it is also a crisis of social reproduction, of state legitimacy and of capitalist hegemony. The ecological dimension — climate change and the threat of collapse of the biosphere — makes this crisis existential. What follows is an exploratory discussion on these multiple dimensions of the current global capitalist crisis.

The Structural Crisis: Overaccumulation

Marxist political economists have debated whether crises originate in the tendency of the rate of profit to fall or in overproduction and underconsumption.² While these two approaches tend to be counterposed as incompatible, we must recall that crises are located both in production and in circulation even if their inner starting point is the circuit of production. Capitalists, driven by competition and class struggle, seek to maximize profit by lowering production costs, in particular, lowering the wage bill. This can be done by seeking out cheaper sources of labor, that is, increasing absolute surplus value, by either increasing the number of hours worked without increasing the wage rate or by replacing more expensive labor with cheaper labor. Alternatively, capitalists can replace human labor with machinery and technology in order to raise productivity while lowering the wage bill, that is, increasing relative surplus value.

The triple processes of globalization, digitalization, and financialization over the past four decades have brought about an unprecedented concentration and centralization of capital on a world scale, resulting in a radical alteration of the global circuits of accumulation and an aggravation of the underlying structural contradiction of overaccumulation. Building on a mass of prior studies on this transnationalization (Robinson, 2004; 2008; 2014), sociologist Peter Phillips (2018) has documented that just 17 global financial conglomerates collectively managed USD 41.1 trillion, more than half the GDP of the entire planet, and that these conglomerates are so transnationally

² Hundreds of studies were published in the wake of the 2008 global financial collapse, but there is a lacuna in literature on the varied dimensions of global crisis seen in their unity. For a review of different crisis theories, see, for example, O'Connor (1987). Harvey (2006) is also an invaluable resource on understanding the structural dimensions of capitalist crises.

entangled among themselves that separating them out into national boxes or into clearly delineated companies, much less countries, is simply impossible — in his words, they constituted “a self-invested network of interlocking capital that spans the globe” (Phillips, 2018, p. 35).

Capitalists will only invest in the circuits of production if they calculate a rate of profit that is higher than unproductive profit-making activities, such as financial speculation, snatching up assets, or simply hoarding accumulated capital. Because only living labor can generate surplus value (profits), the greater the proportion of machinery and technology to living labor, that is, the greater the organic composition of capital, the less surplus value can be extracted. The decline in the average rate of profit in the post-WWII period has been broadly documented. It stood at about 15% in the post-WWII period, dropped by the end of the 1980s to 10% and continued to decline, to 6% in 2017 (Choonara, 2009, p. 120) while the Organization for Economic Cooperation and Development (OECD) has reported a steady decline since 1970 in the growth of the net stock of capital (a proxy for productive investment).³ The decline in the rate of profit therefore results in stagnation that can only be overcome by raising productivity above any increase in wages or by tapping into new sources of cheap, exploitable labor.

By going global, the TCC was able to tap into vast reserves of cheap labor made available to it as countries in the former Third World, China, and the former Soviet bloc opened up and integrated into the new global circuits of accumulation. In the long run, however, the flight of transnational capital from high wage to low wage zones only displaces the problem of surplus capital momentarily into the future. Social polarization

³ Economist Michael Roberts (2016, p. 241) presented a wealth of data on this decline from multiple sources.

and expanding inequality are inherent to the capitalist system since capitalists own the means of producing wealth and therefore appropriate as profits as much wealth as possible that society collectively produces. Social polarization can be offset by countervailing tendencies, such as workers' struggles for higher wages or state intervention to redistribute income. By going global, capital was able to undercut such mechanisms of redistribution at the level of the nation-state. What followed was a dizzying process of worldwide social polarization. By 2015 just one percent of humanity owned over half of the world's wealth and the top 20% owned 94.5% of that wealth, while the remaining 80% had to make do with just 5.5%.⁴

These expanding inequalities undermine the stability of the system since the mass of working people cannot purchase the wealth that pours out of the capitalist economy to the extent that capitalists and the well-off retain more and more of total income relative to that which goes to labor. Capitalists do not make a profit until they are able to actually sell, or unload on the market the products of their factories, farms, mines, and service complexes. They must convert the value embodied in the commodities produced into actual profit, that is, to realize surplus value. The more capitalists push down wages or replace workers with machinery and technology the more they exacerbate the contradiction between what the global economy can churn out and what the global market can absorb, that is, overproduction and underconsumption. Eventually, capitalists are unable to realize surplus value; the problem of surplus capital remains unresolved.

⁴ Hardoon D. Wealth: Having It All and Wanting More // Oxfam. January 19, 2015. URL: <https://www.oxfam.org/en/research/wealth-having-it-all-and-wanting-more> (accessed: 26.09.2023).

The same computer and information technology (CIT) that made possible globalization also accelerated the replacement of workers with technology in high wage zones, resulting in an expansion of relative surplus value. Corporations registered record profits during the second decade of the new century yet corporate investment declined as opportunities for profitable reinvestment dried up.⁵ In 2017 the largest U.S.-based companies were sitting on an outstanding USD 1.01 trillion in uninvested cash⁶ while worldwide corporate cash reserves topped USD 12 trillion, more than the foreign exchange reserves of the world's central governments.⁷ As uninvested capital accumulates, enormous pressures build up to find outlets for unloading the surplus. Capitalist groups pressure states to create new opportunities for profit making and turn to more savage forms of accumulation, from financial frauds and racketeering to predatory lending and extortion. By the turn of century, and especially since 2008, the TCC came to rely on debt-driven growth, financial speculation, the plunder of public finance, and state-organized militarized accumulation, to sustain global accumulation in the face of chronic stagnation (Robinson, 2020).

Stagnation is a state of crisis for capitalism. Capitalism can only reproduce itself through an endless process of expansion.

⁵ The Problem with Profits // The Economist. March 26, 2016. URL: <https://www.economist.com/news/leaders/21695392-big-firms-united-states-have-never-had-it-so-good-time-more-competition-problem> (accessed: 26.09.2023).

⁶ Pelisson A., Rapier G. CHART: The 17 US Companies with the Biggest Piles of Cash // Business Insider. December 4, 2017. URL: <http://www.businessinsider.com/chart-us-companies-with-largest-cash-reserves-2017-8> (accessed: 26.09.2023).

⁷ Asia's Multinationals Are Hoarding Cash Like Never Before // Nikkei Asian Review. September 28, 2017. URL: <https://asia.nikkei.com/Economy/Asia-s-multinationals-are-hoarding-cash-like-never-before2> (accessed: 26.09.2023).

Extensive enlargement refers to the outward expansion of world capitalism through the incorporation of new territories and populations. For five centuries the system expanded outward through colonialism and imperialism but now there are few places and peoples left on earth to incorporate. The world-historic process of original accumulation is coming to a close, especially after the incorporation in recent decades of China and the former Soviet-bloc countries. Intensive expansion refers to the commodification of more and more spheres of society. In recent decades capitalist expansion has involved ongoing campaigns to privatize publicly-owned enterprises, utilities, transportation systems, land, education and health care systems, and more recently even space exploration, nature reserves, and government itself. This drumbeat of commodification is ongoing, but intensive expansion too is finite and eventually runs up against limitations.

The German Marxist theorist Rosa Luxemburg (2015) argued in her classic study, *The Accumulation of Capital*, that capitalism needs to constantly expand into non-capitalist areas through imperialism in order to access new markets and reservoirs of labor and to unload surplus capital. The market within the fully developed capitalist system, she argued, could not absorb output because workers could not afford to purchase the commodities they produced, and therefore capitalists could not realize their profits, as I discussed above. Therefore, capitalism could not survive indefinitely into the future: the system would collapse once there were no longer non-capitalist areas that could be conquered. Her study generated fierce debates among Marxist and non-Marxist economists alike that we need not revisit here, save to note that her detractors argued that Carl Marx had demonstrated the possibility for capitalists to continue to accumulate in a closed capitalist system.

A decade later, in 1923, Henryk Grossman (1992) argued, that capitalism was doomed to collapse not because it could no longer expand into non-capitalist areas but because the organic composition of capital — the ratio of constant to variable capital — will rise and as a result of the rate of profit will fall. I believe it was Grossman's mistake to counterpose his theory to that of Luxemburg rather than see them as two complementary dimensions in our understanding of crisis. As opportunities become exhausted for the system to resolve crises by new waves of outward expansion, or by extensive enlargement, it must seek to expand from within, that is, by intensive enlargement, or the commodification of more and more spheres of social existence and by a further increase in the organic composition of capital.

The system has been undergoing a new round of restructuring and transformation since the financial collapse of 2008 based on a much more advanced digitalization of the entire global economy and society. At the core of this new wave of technological development is more advanced information technology or so-called fourth industrial revolution technologies, led by artificial intelligence, machine learning, and the collection, processing and analysis of immense amounts of data.⁸

Digitalization may act in the short and medium term as a countervailing tendency to the tendency of the rate of profit to fall, generating a productive reactivation and expansion. Productive recovery would require under the logic of capitalism that the rate of profit rises. This would come about, *ceteris paribus*, from a rise in productivity through digitalization without a corresponding rise in the overall wage rate, or at least that profits

⁸ There is a rapidly growing body of literature on these new technologies and the restructuring it is bringing about. See Robinson (2022) for my own extended discussion on digitalization and global capitalist restructuring.

rise more quickly than wages. Until now the ability of transnational capital to seek an expansion of absolute surplus value by tapping into new sources of cheap labor around the world through globalization has held back the potential opened up by new digital technologies for an exponential growth in productivity. That is to say that the possibility of super-exploitation has worked against productivity gains through digitalization.

But this has been rapidly changing especially in the wake of the coronavirus pandemic, which turbo-charged digitalization (Robinson, 2022). But even if the global economy as a whole has not yet experienced a widespread shift to full automation, it is undeniable that the first generation of CIT made possible globalization and led to the radical transformation of the whole world economy and society, starting with industry and more recently involving a very rapid transnationalization of services. The principal factor that has held back a more general automation across the whole global economy has been the availability of cheap labor held in tight control, access to which the TCC has achieved precisely as a result of globalizing technologies.

The contradictions in any new round of expansion based on digitalization will in the long run aggravate the underlying crisis tendencies. Digitalization greatly accelerates the process whereby machinery and technology replace human labor, thus expanding the ranks of those who are made surplus and marginalized. The processes that push capitalism towards laborless production also push marginal cost towards zero, that is, zero cost for each incremental unit of output. It is near impossible that we will ever reach the event horizon of laborless production or zero marginal cost, much less in the near future. Nonetheless, the more the system does away with labor and pushes towards zero marginal cost, the more it is faced over the

long run with a *crisis of value* since only living labor can generate value.

The Crisis of Social Reproduction

Reproduction in radical political economy refers to the constant renewal of the circuits of capital from one cycle of accumulation to the next (Marx, 1967; 1981). A breakdown of reproduction in this sense is a breakdown in capitalism. I argued at the start of this article that global capitalism faces the historical exhaustion of the conditions for its reproduction. *Social reproduction*, however, as I mean it here, is the process by which human beings reproduce their existence from one day to the next, one month to the next, one year to the next, and one generation to the next. Whereas other species withdraw directly from nature, our species' unique way of reproducing our existence is to produce — to transform nature through the collective labor process in order to supply ourselves with the necessities of life. Production of the material means of our existence — food, clothing, shelter, etc. — is the necessary condition for our reproduction. Without reproducing ourselves we perish and are therefore unable to continue to produce; without producing we are unable to reproduce ourselves. Production and social reproduction thus form a unity; two moments of a singular life process, separable only for methodological purposes.

To say that we produce to reproduce ourselves is an abstraction, because in fact, under capitalism, we produce in order for capital to accumulate. From the viewpoint of capital, the challenge is to reproduce not human beings but producers of surplus-value. “Capital has one single life impulse, the tendency to create value and surplus-value, to make its constant factor, the means of production, absorb the greatest possible amount of surplus-labor,” notes Marx (1967, p. 224). “Capital that has such good reasons for denying the sufferings of the legions of

workers that surround it, is in practice moved as much and as little by the sight of the coming degradation and final depopulation of the human race, as by the probable fall of the earth into the sun” (Marx, 1967, p. 256).

Unprecedented worldwide inequalities, the expansion of surplus humanity, below-subsistence wages, the displacement of hundreds of millions of people by climate change, economic collapse, wars, and political persecution — all this and more makes it increasingly difficult, and in more and more instances, impossible, for billions of people to survive, that is to reproduce themselves, their families, and their communities. Low-end estimates place the number of refugees and migrants around the world at 450 million, while the United Nations estimates that as many as one billion people will become climate refugees by 2050 (other estimates place this figure at 1.4 billion).⁹ The ten richest men doubled their fortunes during the COVID-19 while the income of 99% of humanity fell.¹⁰

This crisis of survival is an existential crisis for billions of people, but it is not necessarily a crisis for the system. It becomes a crisis for capitalism itself when so much of the population collapses that capital is unable to continue accumulating, i.e., when there is a shortage of workers to produce surplus value, or when there is not enough of a critical mass of labor to maintain vital infrastructure, agriculture and industry. It also becomes a crisis for the system when the

⁹ Vince G. The Century of Climate Migration: Why We Need to Plan for the Great Upheaval // *The Guardian*. August 18, 2022. URL: <https://www.theguardian.com/news/2022/aug/18/century-climate-crisis-migration-why-we-need-plan-great-upheaval> (accessed: 26.09.2023). See also: (Geisler & Currents, 2017).

¹⁰ Ten Richest Men Double Their Fortunes in Pandemic While Income of 99 Percent of Humanity Fall // *Oxfam*. January 17, 2022. URL: <https://www.oxfam.org/en/press-releases/ten-richest-men-double-their-fortunes-pandemic-while-incomes-99-percent-humanity> (accessed: 26.09.2023).

increasingly desperate struggles for survival lead to mass rebellion that undermines the stability and regularity that capitalism needs to function. The early years of globalization threw up vast new labor reserves for transnational capital to exploit and reverted the worldwide correlation of forces in favor of the TCC. Globalization has accelerated proletarianization worldwide, unleashing new waves of primitive accumulation as billions of people have been uprooted through capitalist expansion, wrenched from their communities, and thrown into a global labor market that is increasingly saturated and deregulated.

The global wage labor force doubled from some 1.5 billion in 1980 to some three billion in 2006, as workers from China, India and the former Soviet bloc entered the global labor pool,¹¹ and then increased by another 500 million by 2018, the largest size of the global labor force in recorded history.¹² Some of the uprooted millions are super-exploited through incorporation into the global factories, farms, and offices, while others are marginalized. The International Labour Organization (ILO) reported that in the late 20th century some one-third of the global labor forces had been made superfluous and locked out of the global economy.¹³

On the other hand, those workers integrated into the circuits of global capital have been subject to new regimes of “flexible

¹¹ The 2017 ILO Outlook placed the global working class in 2017 at 3.2 billion. See: *World Employment and Social Outlook 2017: Sustainable Enterprises and Jobs: Formal Enterprises and Decent Work* // International Labour Organization. URL: https://ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_579893.pdf (accessed: 27.09.2023). See also: (Freeman, 2007).

¹² *World Employment and Social Outlook: Trends 2019* // International Labour Organization. URL: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_670542.pdf (accessed: 27.09.2023).

¹³ *World Employment Report 1996/97. National Policies in a Global Context*. Geneva : ILO, 1996.

labor,” involving the fragmentation and cheapening of labor through widespread casualization or informalization of work. Precarious labor involves all sorts of unstable, contingent categories, such as temporary and part-time work, casual, seasonal and on-call work, non-unionized contract and piecemeal work.¹⁴ While precariousness has been the condition of most people brought into the capitalist economy over the centuries, precariatization now includes white and blue-collar work, service work, and professional and managerial work (Robinson, 2022). Hence the global working class brings together those exploited more intensively through precarious employment with those that have been excluded as the lines becomes blurred between informality and formal employment.

The International Labor Organization reported that 1.53 billion workers around the world were in “vulnerable” employment arrangements in 2009, representing more than 50% of the global workforce¹⁵ and that in 2018 a majority of the 3.5 billion workers in the world “experienced a lack of material well-being, economic security, equality opportunities or scope for human development.”¹⁶ It is estimated that 82% of non-agricultural labor is “informal” in South Asia, two-thirds in Sub-Saharan Africa, East and Southeast Asia, and 51% in Latin America (Van der Pijl, 2022, p. 42). This vast army of surplus labor that must survive on its own constitutes unpaid labor in the service of capital. It places downward pressure on wages and serves as a whip to discipline the laboring

masses. Moreover, the informal sector allows capital to super-exploit those with formal employment by externalizing to households and communities the cost of the reproduction of labor power.

Super-exploitation refers to the remuneration of labor power below its value, that is, below the value of the commodities needed for the worker’s social reproduction. Late 20th century globalization opened up vast new possibilities for the emerging TCC to seek out new pools of super-exploitable labor around the world. If wages sink below the actual value of labor power, corporations are more likely to pursue an accumulation strategy that seeks absolute over relative surplus value, that is, it becomes rational for capital to seek out living labor over an expansion of dead labor through digitally-driven automation. Marx described such a situation for an earlier era of industrial capitalism in Europe: “In the older countries, machinery, when employed in some branches of industry, creates such a redundancy of labor in other branches that in these latter the fall of wages below the value of labor-power impedes the use of machinery, and, from the standpoint of the capitalist, whose profit comes, not from a diminution of the labor employed, but of the labor paid for, renders that use superfluous and often impossible” (Marx, 1967, pp. 371–372). He went on to observe that English capitalists chose not to adopt a stone-breaking machine invented in the United States for the mining industry “because the ‘wretch’ who does this work gets paid for such a small portion of his labor, that machinery would increase the cost of production to the capitalist” (Marx, 1967, pp. 371–372).

We have seen in this age of globalization a two-fold process, whereby transnational capital has sought out cheap labor in low-wage zones around the world rather than digitalize the full sequence of production and circulation, and at the same time it has used digital technologies in higher wage zones to

¹⁴ See: (Sotelo Valencia, 2018).

¹⁵ Global Employment Trends 2011: The Challenge of a Jobs Recovery // International Labour Organization. URL: https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_150440.pdf (accessed: 27.09.2023).

¹⁶ World Employment and Social Outlook: Trends 2019 // International Labour Organization. URL: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_670542.pdf (accessed: 27.09.2023).

restructure local labor forces into a mass of increasingly deskilled and routinized “on demand” labor that is pushed into precarious work arrangements and wage stagnation. But a more extensive digitalization makes possible a drastic reduction in capital’s need for labor-power. Whether this possibility becomes a reality depends on the answer to the question: Is it more profitable and feasible to employ super-exploited labor or to employ digital technology in place of living labor?

But the capitalist does not necessarily exercise this choice: under the compulsion of competition and class struggle capitalists must employ the latest technologies and production methods lest they are run out of business. Until now the availability of labor that falls below its value has undercut the transition to a more thoroughly digitalized and automated global economy. However, super-exploitation becomes a less attractive option to transnational capital to the extent that competition forces capitalists to automate, that the laboring masses push back against the downward pressure on wages, and that extreme exploitation generates social unrest and political crisis that undermine the conditions for stable capital accumulation.

The case of *Foxconn*, the Taiwanese transnational corporation that assembles *Apple* and other electronic devices in China, is illustrative. *Foxconn* is one of the largest employers in the world, with 1.2 million workers in 2016, more than one million of them in China.¹⁷ The company began operations through a strategy of super-exploitation but is now shifting to the digital elimination of its workforce. The company announced in 2016 plans to automate

its factories in the face of competitive pressures and worker unrest, leaving them “with only a minimal number of workers assigned for production, logistics, testing, and inspection processes (in March of that year the company announced that it had already automated away 60,000 jobs at one of its giant factories).”¹⁸

Automation will spread as competitive pressures increase and as global class struggle heats up. A 2017 United Nations report estimated that tens if not hundreds of millions of jobs would disappear in the coming years as a result of digitalization. The report also said that the spread of on-line labor platforms would accelerate a “race to the bottom of working conditions with an increasing precarity.”¹⁹ Will we reach a point as global class struggle and political crisis intensify that the TCC chooses to undertake a more general shift towards digitalization throughout global value chains? Marx noted, that “Machinery not only acts as a competitor who gets the better of the workman and is constantly on the point of making him superfluous. It is also a power inimical to him, and as such capital proclaims it from the roof tops and as such makes use of it. It is the most powerful weapon for repressing strikes, those periodical revolts of the working-class against the autocracy of capital” (Marx, 1967, p. 410). Any general shift to automation — from absolute to relative surplus-value extraction — may give capital the upper hand in the short term. But in the long term it is likely to intensify the crisis of social reproduction, and with it, aggravate overaccumulation and spark uncontrollable social and political conflict.

¹⁷ Statt N. iPhone Manufacturer Foxconn Plans to Replace Almost Every Human Workers with Robots // *The Verge*. December 30, 2016. URL: <https://www.theverge.com/2016/12/30/14128870/foxconn-robots-automation-apple-iphone-china-manufacturing> (accessed: 27.09.2023).

¹⁸ Ibid.

¹⁹ Information Economy Report 2017: Digitalization, Trade and Development // UNCTAD. 2017. URL: https://unctad.org/system/files/official-document/ier2017_en.pdf (accessed: 27.09.2023).

Legitimacy Crisis, Mass Revolt, and Geopolitical Conflict

Global capitalism's crisis is also political, one of state legitimacy and capitalist hegemony. Rising inequality, impoverishment, and insecurity for working and popular classes after decades of social decay wrought by neoliberalism throw states into crises of legitimacy, destabilize national political systems, and jeopardize elite control.

In the U.S., according to a *Pew Research Center* 2019 poll, a full 42% of respondents had a favorable view of socialism,²⁰ while a 2018 *Gallup* poll found that 51% of those aged 18–29 had a favorable view.²¹ Seen in historical context, another *Gallup* poll found that support for socialism stood at 25% in 1942 among the U.S. population overall whereas this increased to 43% in 2019.²² Revealingly, another poll conducted in 2020 found that a full 60% of millennials and 57% of Generation Z supported a “complete change of our economic system away from capitalism.”²³

Escalating inequalities and mass deprivation are politically explosive and to the extent that the system is simply unable to reverse them or to incorporate surplus

humanity it turns to ever more violent forms of containment to manage immiserated populations (Robinson, 2020). Popular insurgencies that spread around the world in the wake of the 2008 Great Recession have continued to escalate in a tsunami of mass rebellion not seen since at least 1968. The *Global Protest Tracker* of the *Carnegie Endowment for International Peace*²⁴ shows a spike in mass protest actions around the world from 2017–2019, and then a renewed escalation after a short respite during the COVID-19 pandemic. However, to date the global revolt has spread unevenly and faces many challenges, including fragmentation, absorption by capitalist culture, and for the most part the lack of coherent left ideology and a vision of a transformative project beyond immediate demands. The 2008 crisis had a negative impact on a huge number of people around the world, resulting in a situation of mass social anxiety that provided opportunities for extreme right-wing, authoritarian and neo-fascist forces to exploit the masses of disadvantaged people for their political projects.

Against this background, geopolitical conflicts are escalating, as states, in their effort to retain legitimacy and to keep the internal social order from fracturing, seek to sublimate and to externalize social and political tensions in the face of capitalist crisis, the loss of legitimacy, chronic instability and social disintegration. Imperial states seek to displace internal contradictions to the Global South or to imperial rivals.²⁵ We appear to be at the onset of a radical reconfiguration of global geopolitical alignments to the drumbeat of escalating economic turbulence that will feed new political upheavals and violent conflicts.

²⁰ Hartig H. Stark Partisan Divisions in Americans' Views of 'Socialism,' 'Capitalism' // *Pew Research Center*. June 25, 2019. URL: <https://www.pewresearch.org/short-reads/2019/06/25/stark-partisan-divisions-in-americans-views-of-socialism-capitalism/> (accessed: 27.09.2023).

²¹ Elkins K. Most Young Americans Prefer Socialism to Capitalism, New Report Finds // *CNBC*. August 14, 2018. URL: <https://www.cnbc.com/2018/08/14/fewer-than-half-of-young-americans-are-positive-about-capitalism.html> (accessed: 27.09.2023).

²² Younis M. Four in 10 Americans Embrace Some Form of Socialism // *Gallup*. May 20, 2019. URL: <https://news.gallup.com/poll/257639/four-americans-embrace-form-socialism.aspx> (accessed: 27.09.2023).

²³ Fitzgerald D., Black G. Support for Socialism Jumps by Nearly 10 Percent Among U.S. Youth Amid Pandemic Depression // *World Socialist Website*. October 22, 2020. URL: <https://www.wsws.org/en/articles/2020/10/23/soci-o23.html> (accessed: 27.09.2023).

²⁴ *Global Protest Tracker* // *Carnegie Endowment for International Peace*. URL: <https://carnegieendowment.org/features/global-protest-tracker> (accessed: 27.09.2023).

²⁵ By imperial states I mean those that have the power to externalize these contradictions, and I do *not* mean “imperialist capital.”

Political systems, unable to retain the authority structure necessary to stabilize the social order, are in crisis everywhere. In some cases, such as in Haiti, states face outright collapse. The ruling groups appear unable to resolve the structural crisis nor reestablish hegemony as the global capitalist historic bloc constructed in the heyday of neoliberalism from the 1990s until 2008 disintegrates. Capitalism needs the state to establish the conditions for its reproduction and the world capitalist system as a whole requires an authority structure. But national governments do not exercise the transnational political authority that global capitalism requires in order to address the crisis. U.S. hegemony is unraveling but no new nation-state can provide the authority structure to stabilize the now-inextricably integrated global economy.

The U.S. is no longer the market of last resort and nor can it continue indefinitely to serve as the liquidity provider of last resort. The political control afforded to the U.S. state by a dollar-denominated global economy is at odds with increasing political multipolarity. The unprecedented sanctions slapped on Russia and heightened international political polarization in the wake of conflict in Ukraine has hastened the introduction of alternatives to the dollar-based SWIFT system of international payments, such as China's Cross-Border Interbank Payment System (CIPS) and Russia's System for Transfer of Financial Messages (SPSF).²⁶ Nonetheless, no national or regional economy can survive outside of its integration into the larger global economy. Consider as an indicator of this interdependence that trade in intermediate goods, such as semiconductors and other industrial inputs, now account for a

²⁶ Chowdhury A., Sundaram J.K. SWIFT Dollar Decline // Interpress Service (IPS). June 14, 2022. URL: <https://www.ipsnews.net/2022/06/swift-dollar-decline/> (accessed: 27.09.2023).

full 56% of all trade among the rich countries of the OECD that dominate the global trade system.²⁷

The crisis of hegemony in the international system thus takes place within this single, integrated global economy. No one state, no matter how powerful, can control the process of global accumulation. This disjuncture between a globalized economy and a nation-state-based system of political authority generates enormous geopolitical tensions. The end of Western domination of world capitalism is upon us as the center of gravity of the global economy shifts to China. But China will not become a new hegemon. Rather, we are moving towards political multipolarity at a time of acute crisis in global capitalism — prolonged economic turbulence and political decay. Transitions from one hegemon to another in earlier epochs of world capitalism were marked by political instability, intense class and social struggles, wars and rupture in the established international order. This time, however, there appears to be a more fundamental breakdown of the Westphalian order itself.

The Decay of Capitalist Civilization

Putting aside the structural, social, and political dimensions of crisis, even the best-case scenario for global capitalism, in which digitally driven restructuring and state intervention in markets and the circuits of transnational capital accumulation unleash a new round of productive expansion and international stability, the ecological crisis makes it very questionable that capitalism can continue to reproduce itself as a global system.

²⁷ Trade in Intermediate Goods and International Supply Chains in CEFTA // CEFTA Issues Paper. 2013. No. 6. URL: https://web.archive.org/web/20231201231324/https://www.oecd.org/south-east-europe/programme/CEFTA%20IP6_Trade%20in%20Intermediate_Web%20and%20Print.pdf (accessed: 27.09.2023).

Civilizations have collapsed throughout history when they have been unable to resolve through transcendence the contradictions that eventually come to tear them apart (Diamond, 2005; Chew, 2006). Collapse has involved environmental crisis in the past. But this time around civilization is global and collapse would be global. Never before has crisis and collapse involved such matters as human-induced climate emergencies and mass extinction.

Human-induced climate change is “already affecting many weather and climate extremes in every region across the globe,” including extreme heatwaves and fire events, heavy precipitation and devastating floods, droughts, tropical cyclones, melting polar ice and glaciers, a rapid rise in sea levels, and ocean acidification.²⁸ Climate change may have received the most attention but it is far from the only threat to humanity and all life on our planet. According to Barnosky et. al (2011) 90% of all known species were headed towards extinction and millions have already gone extinct. Even short of a mass extinction, which would be the sixth in planetary history, the loss of biodiversity threatens to undermine the fragile ecosystems needed for agriculture and animal husbandry on a scale needed to feed billions of people. The collapse of world agriculture together with climate change that makes major portions of the world uninhabitable would lead to mass death on a scale unprecedented in human history.

While it is important not to get swept up into catastrophism, it cannot be denied that the planetary ecosystem on which human civilization is based is breaking down under the impact of global capital accumulation, suggesting that any new phase of global capitalist expansion would be catastrophic in

itself. Capital is under the imperative to expand the frontiers of accumulation involving an ever-greater appropriation and commodification of nature (O’Connor, 1994; Moore, 2015; Foster, 2022). The abolition of perpetual economic growth that is necessary to avoid environmental disaster can only be achieved by the abolition of capitalism, since, by definition, capitalism is based on the endless accumulation of capital. At some point it will become impossible for the system to reproduce itself as the biosphere collapses.

Conclusion

The crisis of global capitalism, hence, is existential for humanity and for capitalism. In the long run, the only solution is to replace global capitalism with a system that replaces private capital accumulation with one based on rational planning, resource allocation according to basic social needs, and a radical reduction in waste and frivolous consumption.

Is revolution against capitalism on the horizon? The Bolshevik leader Vladimir Lenin, described the *symptoms* of what he called a revolutionary situation:

- 1) when there is a crisis in the prevailing system and it is impossible for the ruling classes to rule in the old way;
- 2) when the want and suffering of the oppressed classes have grown more acute than usual;
- 3) when as a consequence the masses increase their historical action.

These symptoms are clearly upon us. But if crises arise from the objective forces of capitalism their outcome is entirely dependent on subjective forces that develop through numerous political, cultural, and organizational mediations. Class consciousness develops at the level of these mediations. If capitalist crises are times of great upheavals and suffering for millions of people they also shatter complacency and activate mass struggles, for there is little room for reified illusions when

²⁸ Climate Change 2021: The Physical Science Basis // IPCC. 2021. URL: https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.pdf (accessed: 27.09.2023).

survival hangs on a thread. Crises mediate new forms of consciousness and organization that are requisite for any system change.

We are very far at this time from a revolution against global capitalism. The challenge is how to develop the subjective and

organizational conditions that would allow the mass of oppressed humanity to take advantage of the objective reality of the epochal crisis of global capitalism to push forward anti-capitalist emancipatory projects.

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