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Is the Falling Rate of Profit the Driving Force Behind Globalization?

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Abstract

This paper examines critically the role of the law of the tendency of the falling rate of profit in the geographic expansion (globalization) of competitive capitalism. It contends that Marx did not believe there was an iron-clad connection between the falling rate of profit and globalization; in addition, it argues that Marx believed that the capitalists' insatiable search for colonial markets was driven by their desire to overcome recurrent (and growing) realization problems in the home market arising from deficient aggregate demand on the part of both workers and capitalists.

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I. Introduction.

The increased integration of goods and financial markets that has accompanied the process of globalization in recent decades has, in the estimation of a number of Marxian scholars, served to confirm Marx and Engels' prescient analysis of capitalist development in the *Communist Manifesto*, *Capital*, and in their works addressing colonial matters, written more than a hundred fifty years ago (see Clarke, 2000; Dupuy, 1998; Foster, 2000; Jellison and Gottheil, 2009; Moseley 1997 and 2009; Sutcliffe, 2002; and Warren 1980). Moreover, several scholars contend that the main economic reason given by Marx for the geographical expansion of capitalism into a global system can be attributed to his so-called "law of the tendency of the rate of profit to fall" (see Jellison and Gottheil, *op. cit.*; Moseley, *op. cit.*; and Mandel, 1971).

This paper takes issue with this claim and argues that Marx was careful to emphasize the long-run nature of the "law as such," and that it would be subject to a number of offsetting forces that could slow down its fall or even arrest it completely. Marx also proposed other plausible economic reasons for the expansion of capitalism, viz., the capitalists' insatiable search for colonial markets in order to overcome recurrent [and growing] realization problems in the home market arising from deficient aggregate demand. Thus, contrary to Jellison and Gottheil's claim and other Marxist scholars, there is no "iron necessity" in Marx's mind between the advent of globalization and the law of the tendency of the falling rate of profit (see, pp. 44-5, *op. cit.*).¹

¹ Moseley (1997) contends that since the mid-1970s, capitalists in the developed nations have reacted to the significant decline in the rate of profit by "moving their operations to low-wage areas of the world (this has been the main driving force behind the "globalization" of recent decades)" (p. 27). See also his recent article (2009). Before him, the prominent Marxist Ernest Mandel [1971(orig.,1968)] argued that the export of capital and imperialism "...corresponds to a fundamental law of capital: the increase in its organic composition [and] and the tendency of the average rate of profit to fall" (p. 449).

The paper is organized as follows. The first section discusses Marx's writings on the "law as such," including those in the CM and *Capital*, and its role in explaining the geographic expansion of capitalism into a global system. Next, the paper examines whether Marx believed that under-consumptionist tendencies in Western Europe and England, in addition to the tendency of the falling rate of profit, are integral to the advent of globalization. Third, the paper delves briefly into the question of whether Marx believed that the geographical expansion of capitalism (globalization) was inevitable. The final section summarizes the main conclusions.

I. Is Globalization's Trigger Mechanism the "The Law of the Tendency of the Rate of Profit to Fall"?

Jellison and Gottheil claim that the "the trigger mechanism that guarantees globalization or the geographic and economic expansion of capitalism is Marx's "law of the falling tendency of the rate of profit," and that Marx believed that the "law" worked itself with an "iron necessity" via "foreign direct investment, technology transfer, and the internationalization of the working class," culminating in a "global, unified capitalist society" (see pp. 38 and 44). From which it follows that if this 'law' is invalid then was "Marx's call on globalization... just a lucky shot-in-the dark?" (p. 45).

Before addressing this claim, it is useful to summarize briefly what Marx had to say about the "law as such." He believed that competition for [expected] profits forces capitalists to search for new methods of production and markets [for goods and raw materials] in order to reduce their costs below the prevailing average costs of production. By and large, those capitalists who innovate first do so with labor-saving technology and are able to temporarily reap an above normal or super profit before competition forces

down prices in line with the lower unit costs, thus eliminating both super profits and the high cost producers. Marx generally assumed that the accumulation of capital generated by this fierce competitive struggle would lead to a tendency for the average rate of profit to fall $[r = s'/(q + 1)]$ because, *ceteris paribus*, the organic composition of capital ($q = c/v$) would rise more rapidly than the rate of surplus value ($s' = s/v$) [i.e., for a given absolute length of the working day]². But, according to several critics, nothing definite can be said about the law because the increase in the organic composition of capital that reflects the rising social productivity of labor also generates an offsetting increase in the rate of surplus value, one which might be strong enough to prevent a fall or even raise the rate of profit, particularly if the increase in productivity is greater in those industries producing wage goods (see Meek, 1967; Perlo, 1988, and Sweezy, 1970). However, Marx countered that as capitalism developed it would become increasingly difficult for capitalists to reduce the necessary labor time (in order to raise s') by raising the productivity of labor, while there would be no inherent limit to the increase in the average organic composition of capital (q) due to both the concentration (larger firms) and centralization (merger of existing firms) of capital. In his words, “Two laborers, each working 12 hours daily cannot produce the same mass of surplus-value as 24 who work only 2 hours, even if they could live on air [i.e., if necessary labor or variable capital=0]...In this respect, ...the compensation of the reduced number of labourers by intensifying the degree of exploitation has certain insurmountable limits. It may...check

² c refers to constant capital or value of means of production; v is variable capital or value of labor-power; and s is profits or surplus value which goes to capitalists. For Marx the value composition capital refers to the proportion in which capital-value is divided into constant capital and variable capital. Insofar as the value-composition of capital mirrors changes in the technical-composition of capital—the physical division between the mass of means production and the mass of workers employed in the production process—it is called by Marx the organic composition of capital (see *Capital* I, p. 612).

the fall in the rate of profit, but cannot prevent it altogether” (*Capital III*, p. 247). More precisely³,

$$r = s/(c + v) = s'(1 - q) \quad (1)$$

Differentiating eq. (1) totally,

$$dr = ds' - (s'dq + qds') \quad (2)$$

$$\text{or,} \quad dr = -s'dq + ds' (1 - q) \quad (2a)$$

Making the realistic assumption that $q \rightarrow 1$ over time, then $(1 - q) \rightarrow 0$ which implies that, for any s' , the rate of profit is falling ($dr < 0$).

Marx, to be sure, never tired of emphasizing that he viewed the law of the declining rate of profit to be just that, a “tendency” which would prevail in the long run, but one that would be subject to a number of counteracting forces which in the short to medium run would “cross and annul the effect of the general law” (see *Capital III*, Chp. XIV, pp. 232-40; for further details, see Sowell, 1967). Among the counterbalancing factors noted by Marx are increases in the intensity (“speedup”) of exploitation (which raises the rate of surplus value, s'), depression of wages below the value of labor-power (to the same effect), the growth of the relative surplus-population which encourages the expansion of labour-intensive industries (again raising s'), and of particular relevance to the geographic expansion of capitalism or globalization, and discussed below, is the growth of foreign trade [and the export of capital] (*Ibid.*, Chp. XIV).⁴ It is also important to

³ Eq. (1) can be rewritten as $r = (s/v)[v/(c + v)]$, which, in turn, can be expressed as $r = s'[(c + v - c)/(c + v)]$. Further simplification leads to $r = s'[1 - c/(c + v)]$ or $r = s'(1 - q)$, where $q = [c/(c + v)] =$ organic composition of capital.

⁴ Interestingly, Hunt (2002) points to strong parallels between J.S. Mill’s discussion of foreign trade and that of Marx, which paved the way for the works on European imperialism by Hobson, Lenin, and Luxemburg. He argues that for Mill “the export of capital was one of the most important counter-forces which check the downward tendency of profits” (p. 193). He also believes that, in several respects, Mill’s discussion of the counteracting influence of foreign trade (and the export of capital) on the fall of the rate of profit is far more extensive and sophisticated than that of Marx (see pp. 193-95 and 239).

emphasize that Marx discussed this ‘law’ in the context of cyclical crises, and although some Marxist scholars contend that Marx viewed the fall in the rate of profit as the sole or primary explanation for the onset of economic crises (e.g., Dobb, 1939 and 1973; and Mandel, 1971 [orig., 1968]), other scholars strongly disagree and argue that Marx had several competing explanations for business (industrial) cycles, including explanations based on disproportions between the various branches of production arising from the anarchy of capitalist production as well as those associated with under-consumptionist tendencies (see Brewer, 1984 and 1990; Howard and King, 1985; Perlo, 1988; Ramirez, 2007; Sherman and Evans, 1984; and Sweezy, 1970 [1942]) .

At this juncture, it is conceptually useful to group Marx’s analysis of the periodic fluctuations in the industrial cycle (as he called it) into two distinct theories: 1) those based on factors responsible for the production of surplus-value (and therefore profit), and 2) those that emphasize the conditions that must be present for its full realization. Marx forcefully makes this distinction in *Capital* where he observes that “the conditions of direct exploitation, and those of those of realizing it, are not identical. They diverge not only in place and time, but also logically...the first are only limited by the productive power of society, the latter by the proportional relation of the various branches of production and the consumer power of society” (Vol. III, pp. 244-5; and 258-59). In the language of current economic theory, the former can be conveniently referred to as supply-based theories, while the latter are clearly based on demand-side considerations. Marx’ falling rate of profit explanation is a supply-based theory that implicitly assumes that up until the precise moment of the crisis the surplus-value produced was being realized; i.e., “until the crisis actually breaks out, all commodities can be sold at their

values” (see Sweezy, p. 155). In other words, a falling rate of profit would not in and of itself create crises. By contrast, realization crises, whether they arise from disproportions between the major branches of production and/or a lack of purchasing power by the majority of the population are demand-side explanations (see Sweezy, pp. 180-9).

Now, Marxian economists, such as Jellison and Gottheil, Moseley, and Mandel, who posit a causal link between the falling rate of profit and the geographic expansion of capitalism generally make the following argument: the fall in the average rate of profit [itself the result of a fierce competitive struggle for expected profits] drives the capitalists from the more developed capitalist nations to seek out higher rates of profits in new markets via the expansion of foreign trade and the export of capital [globalization]. The reason that capital invested in “colonial trade” generates more profits for the capitalists in the advanced countries arises from the fact that they can undersell their competitors in the less developed countries who utilize inferior technology, yet still pocket a surplus-profit (by selling their commodities above their own cost of production and below that of pre-capitalist producers). In addition, Marx foresaw before many of his contemporaries that capital invested in less developed nations yields a higher rate of profit⁵ “for the simple reason that the rate of profit is higher there due to backward development [lower organic composition of capital], and likewise the exploitation of labour [higher rate of surplus value], because of the use of slaves, coolies, etc. Why should not these higher rates of profit, realized by capitals invested in certain lines and sent home by them, enter into the equalization of the general rate of profit and thus tend, *pro tanto*, to raise it, unless it is the monopolies that stand in the way” (*Capital* III, p. 238).

⁵ For example, see Lenin (1984 [1917], pp. 62-67; and Dobb, 1939, pp. 234-5).

But Marx was quick to point out that the expansion of foreign trade [and the export of capital which often accompanies it], by supplying capitalists with cheaper means of production and workers with less expensive food and clothing would also, *ipso facto*, strengthen the counteracting influences by enabling capitalists to raise the rate of surplus value while advancing the same amount capital. In Marx's words, "foreign trade partly cheapens the elements of constant capital, and partly the necessities of life for which the variable capital is exchanged, [thus] it tends to raise the rate of profit by increasing the rate of surplus-value and lowering the value of constant capital. It generally acts in this direction by permitting an expansion of the scale of production" (see Vol. III, p. 237).

Implicit also in Marx's argument is an idea which was to be developed more fully by Rosa Luxemburg in her seminal work, *The Accumulation of Capital* [1913], namely, that competition, driven by the pursuit of [expected] profits, forces domestic capitalists to search the far corners of the globe for cheap supplies of labor power [and raw materials]. In the absence of these readily available external supplies of labor and raw materials in pre-capitalist formations, the process of capitalist accumulation in the advanced countries might slow down or come to a standstill because of rising costs and recurring shortages of labor and key raw materials. Now, it is true that Marx argued that [in a closed economy] there is no inevitable shortage of labor because advances in labor productivity via labor-saving innovations induced by the rising labor costs would render workers redundant and replenish the reserve army of the unemployed, thus relieving the shortage and preventing a crisis by re-establishing the rate of surplus value [and profit] ; however, Brewer (1990) contends that Marx also believed that in the historical [competitive] capitalism of his day, the process of accumulation would, at times, expand at a faster rate

than labor productivity so that “Any external sources of labour-power [and raw materials] would be eagerly raided in order to stave off the crisis” (p. 43).

In essence, this constitutes an independent explanation for why capitalists export capital to pre-capitalist social formations, and it has the same effect on the rate of surplus value (and rate of profit) as the growth of the relative surplus population alluded to above in a closed-economy setting (see Brewer, 1990, pp. 58-62; and Sweezy, 1970, pp. 223-224). Thus, insofar as Marx is concerned, there is “no iron” necessity between the falling rate of profit and globalization because “the same influences which produce a tendency in the general rate of profit to fall, also call forth counter-effects [via foreign trade and the export of capital], which hamper, retard, and partly paralyze this fall...thus the law acts only as a tendency. And it is only under certain circumstances and only after long periods that its effects become more pronounced” (*Capital* III, p. 239).

II. Is Globalization Driven by Under-consumptionist Tendencies?

In view of Marx’s two-fold explanation of crises, several Marxian scholars contend that, although Marx gave a central role to those factors responsible for the production of surplus-value, he also believed that in the competitive capitalism of his day there were strong under-consumptionist tendencies which drove capitalists to seek out new markets, both at home and abroad, in order to fend off recurrent realization problems (see Amin, 1974; Brewer, 1990; Howard and King, 1985; Luxemburg, 1968 [orig., 1913]; Sherman and Evans, 1984; Sweezy, 1970 [orig., 1942]). In the CM, for example, Marx stresses the importance of colonial markets for the further development of capitalism when he declares that “The need for a constantly expanding market for its products chases the

bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere” (p. 63).

In *Capital* he elaborates further on this highly important point by noting that domestic industries are driven to sell their commodities abroad because, “too many commodities are produced to permit of a realization and conversion into new capital of the value of and surplus-value contained in them under the conditions of distribution and consumption peculiar to capitalist production” (Vol. III, p. 258; see also, p. 336). Marx goes on to observe that one of the “cardinal facts of capitalist production” is that it is compelled to continuously expand the market [create a world market] because its “stupendous productivity” generates a growing “rift...between the limited dimensions of consumption under capitalism and a production which *forever* [my emphasis] tends to exceed this immanent barrier...capital consists of commodities, and therefore over-production of capital implies over-production of commodities” (*Ibid.*, pp. 256 and 266; see also p. 237). Notably, in the preceding passage, he argues that, as capitalist globalization proceeds, domestic capitalists find themselves increasingly unable to sell their prodigious supply of commodities profitably [realize their surplus-value] in the home market *because* of the limited consuming power of society. Marx attributes the latter to “the antagonistic conditions of distribution, which reduce the consumption of the bulk of the population to a minimum varying within more or less narrow limits” (Vol. III, p. 244). He goes on to say that “in order to resolve this *internal* contradiction...The market must, therefore, be continually extended [abroad]” (*ibid.*, p. 245). Without question, in these and other passages in *Capital* III, Marx establishes an important (and overlooked) connection between the inherent tendency toward relative overproduction in the advanced capitalist

economies (and realization crises) and the search for markets abroad in order to relieve the constraint of inadequate aggregate demand [see also Vol. III, pp. 258-9].

In this connection, Jellison and Gottheil are correct to argue [but not necessarily for the reasons they ascribe to Marx] that the [early] Marx “was among the first—if not *the* first—of the modern social scientists to recognize the inevitability [and necessity] of globalization” (p. 36). Marx regarded the conquering and subjugation of India [and China] by European powers as vital to the further expansion and development of capitalism because it not only created new markets for its ever-growing and diverse products, but it also secured for them cheap raw materials and fresh supplies of labour power. Moreover, the [early] Marx believed that “Capitalism and the Globalization” process ...will create out of an economically diverse set of nations a ‘unified whole,’ more humane than any of its parts had ever been” (*ibid*). To their credit, Jellison and Gottheil also stress that, “Marx saw nothing inherently attractive about capitalism *per se* [but] To Marx, the globalization process which is possible only under capitalism promised the dispossessed of the less developed economies of the world an *eventual* escape from their unattractive and unchanging economic predicament” (pp.36-37.). This is echoed by Marx’s own words in the CM where he declares in no uncertain terms that, “The Bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most backward, nations into civilization... it compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois. In one word, it creates a world in its own image” (p. 64; see also his “On the Question of Free Trade,” p. 450). It is evident that the [early]

Marx of the CM viewed capitalist globalization as both inevitable and necessary [even desirable] in terms of expanding the size of the market, advancing the development of the forces of production, and last but not least, laying the pre-conditions for the ultimate attainment of human freedom or communism.

As noted above, Marx's explanation for what drives capitalists to seek ever-expanding markets is attributed by him to "the limited dimensions of consumption under capitalism" *relative* to its prodigious capacity to produce goods; however, "limited dimensions of consumption" in the Marxian paradigm should not be identified *solely* with deficient purchasing power on the part of the working class, despite his celebrated statement in *Capital, Vol. III*, to the contrary, viz., "The ultimate reason for all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces" (p. 484; for similar statements see Vol. III, pp. 244-5, 250, and 256-8; and Vol. II, p. 320).

We know this to be true because Marx was highly critical of vulgar underconsumption theories advocated by classical economists such as Chalmers, Malthus, Rodbertus, and Sismondi (see Brewer, 1984 and 1990; Howard and King, 1985; and Sowell, 1967). In fact, he warns his readers against a theory which explains crises solely in terms of a *direct* lack of workers' purchasing power because it is often the case "that crises are always prepared by precisely a period in which wages rise generally and the working class gets a larger share of that part of the annual product which is intended for consumption. From the point of view ... of sound and simple (!) common sense, such a period should rather remove the crisis" (Vol. III, p. 411).

Despite Marx's ambiguous statements on the causes of deficient aggregate consumption, several prominent scholars believe that the most plausible interpretation of Marx's views on aggregate effective demand is that it was generated not only by workers, but also by capitalists in the form of purchases of investment and consumer goods (see Amin, 1974, pp. 90-123; Howard and King, 1989, pp. 112-124; Robinson, 1942, p. 49; Sowell, 1967, pp. 50-74; Sherman and Evans, 1984, pp. 257-67; and Sweezy, pp. 176-8). Marx showed, for example, via his reproduction schema (departments 1 and 2) in Vol. II of *Capital* that capitalist (simple) reproduction is possible provided that capitalists buy those consumer goods that workers cannot afford to purchase. That is, assuming that the total outputs of departments 1 and 2 are, respectively, investment goods and articles of consumption for both workers and capitalists in both departments, then, for equilibrium to arise, the following conditions must be met: 1) the demand for investment goods by capitalists in both departments must be equal to the total output of department 1; and 2), the demand for consumption goods by workers and capitalists in both departments must be equal to the total output of department 2. More precisely,

$$c_1 + c_2 = c_1 + v_1 + s_1 = a_1 \quad (3)$$

and

$$(v_1 + s_1) + (v_2 + s_2) = c_2 + v_2 + s_2 = a_2 \quad (4)$$

Where c_i = constant capital in department i ; v_i = variable capital in department i ; s_i = surplus value in department i ; and a_i = total value of output produced in department i , $i=1, 2$. Both equations reduce to the equilibrium condition:

$$c_2 = v_1 + s_1 \quad (5)$$

In words, for the economy to reproduce itself on the same scale from year to year, an equivalent (in value terms) supply of consumer goods from department 2 (c_2) must be exchanged for and equivalent supply of investment goods ($v_1 + s_1$) from department 1 (see Vol. II, pp. 398-402).⁶

In expanded reproduction, on the other hand, capitalists still consume each others' surplus products, but now spend part of the (growing) surplus funds on additional means of production and labor (variable capital), with the ratios c/v and s/v held constant (see Vol. II, pp. 509-518). Marx arbitrarily assumes that department 2 (which produces articles of consumption) passively buys whatever department 1 (which produces investment goods) makes available, thereby making it possible for aggregate demand to expand in line with aggregate supply in successive cycles (see Brewer, 1984, pp. 113-123; and Harris, *op. cit.*).⁷ More precisely, the savings ratio of capitalists in department 2 (the proportion of their surplus-value that they save) is rendered variable and adjusts itself to the requirements of department 1 in order to produce equilibrium growth. Thus, Marx was able to show in a highly abstract, competitive, and closed economy that it is possible, but highly unlikely in reality, for capitalist accumulation (equilibrium growth) to take place on an ever-expanding basis. That capitalists spend an increasing share of the surplus product on means of production may strike under-consumptionists such as

⁶ Further manipulation of equation (5) shows that, if we divide by v_2 , it can be simplified to $c_2/v_2 = v_1/v_2 [1 + s_1/v_1]$, or more compactly, $v_1/v_2 = q_2 / (1 + s_1')$; i.e., simple reproduction requires that the employment of variable capital in each department stay in a definite ratio that is determined by the organic composition of capital in department 2 and the rate of surplus-value in department 1 (see Harris, 1972, pp. 505-522).

⁷ In the expanded reproduction case, the exchange relationships between the two departments must fulfill the following condition: $c_2 + \Delta c_2 = v_1 + \Delta v_1 + s_{c1} + \Delta s_{c1}$; where s_{c1} refers to the level of capitalists' consumption in department 1 in the preceding period, and Δs_{c1} represents the increment in consumption on the part of capitalists in department 1. v_1 and Δv_1 are, respectively, the level of workers' consumption in department 1 during the preceding period and the increment in workers' consumption. Similarly, c_2 and Δc_2 refer, respectively, to the level of constant capital in department 2 in the preceding period and the accumulation of additional constant capital (investment goods) in department 2 (for further details, see Sweezy, *op. cit.*, pp. 162-64; and Howard and King, *op. cit.*).

Chalmers or Malthus as absurd given their implicit assumption that production must have a purpose, viz., one directly connected to the consumption of workers, but as Marx well-understood, the capitalist system is a decentralized and anarchic one where production is undertaken for its own sake provided that it is profitable (e.g., see Vol. III, pp. 257-59).

III. Is Globalization Inevitable In the Marxian Paradigm?

Marx showed via his schematic models of reproduction that equilibrium growth (accumulation) is theoretically possible in a highly abstract and closed capitalist system, but, as attested by his incisive analysis in *Capital I*, Part VIII [Primitive Accumulation] and *Capital III*, he was well aware that it is a far cry from the way historical capitalism actually appeared and expanded in a non-capitalist world. Marx believed that competitive capitalism, although continually threatened by a lack of effective demand as a result of the exploitation of workers and the capitalists' drive to accumulate, needed to [and historically did] find enough outlets for its products via the conquering of new markets and the adoption of more efficient techniques of production. He also believed initially, as indicated by his writings in the CM, that the process of capitalist globalization would inevitably overcome any economic and geopolitical barriers to its further expansion and create "a world in its own image." That is, the [early] Marx believed that the falling rate of profit and/or under-consumptionist tendencies in the advanced capitalist nations inexorably push toward globalization because the preconditions for capitalism existed in other countries, and if not, they could be readily created by applying sufficient political pressure or lethal force.

However, in his [later] more mature writings [which would take us too far afield to discuss in this brief essay], Marx appears to have significantly revised his earlier views

on capitalist globalization and, far from being inevitable, he now believed it would be a highly protracted process that, under certain conditions, particularly in the case of China, might never take place owing to the nature and resilience of the Asiatic mode of production [see Avineri, 1969; Brewer, 1990; Howard and King, 1989; and Ramirez, 2011]. If this interpretation is accepted, the implications are considerable and far-reaching, because it not only challenges the universality and validity of Marx's materialist conception of history, but, by conceding that there may be a limit to the geographic expansion of capitalism, it also worsens the main internal contradiction of capitalism, viz., its ever-increasing creation of surplus-value [profit] and the restricted conditions for its realization. That is, if the economic preconditions for capitalism do not exist or cannot be readily created in other regions of the world, then capitalist globalization, whether driven by a falling rate of profit or strong under-consumptionist tendencies, is, at best, a highly localized, protracted, and uneven process or, at worst, doomed to failure.

IV. Conclusion

This paper has addressed the important issue of what role, if any, the law of the tendency of the falling rate of profit plays in the geographic expansion of competitive capitalism (capitalist globalization). Contrary to recent claims, it presents evidence which strongly suggests that Marx did not believe there was an iron-clad connection between the falling rate of profit and globalization. Moreover, the paper contends that in addition to Marx's supply-based explanation of crises, he also believed that the capitalists' insatiable search for colonial markets was driven by their desire to overcome recurrent

(and growing) realization problems in the home market arising from deficient aggregate demand on the part of both workers and capitalists. Finally, the paper suggests that in Marx's later (more mature) writings one finds a more nuanced view regarding the question of whether globalization would inevitably overcome any economic and geopolitical barriers to its further expansion and create "a world in its own image."

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