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## General Intellect

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### Abstract

As part of the *Historical Materialism* research stream on immaterial labour, cognitive capitalism and the general intellect, begun in issue 15.1, this article explores the importance of the expression ‘general intellect’, proposed by Marx in the *Grundrisse*, for an analysis of linguistic and intellectual work in contemporary capitalism. It links the notion of general intellect to the crisis of the law of value, the political significance of mass intellectuality, and the definition of democracy in a world where knowledge is a productive force in its own right.

### Keywords

abstraction, administration, cognitive capitalism, cynicism, democracy, general intellect, immaterial labour, law of value, post-Fordism, public sphere

Marx’s ‘Fragment on Machines’,<sup>1</sup> from the *Grundrisse*, is a crucial text for the analysis and definition of the post-Fordist mode of production. Written in 1858, in the midst of urgent political commitments but in a kind of deep isolation, these reflections on the basic tendencies of capitalist development are not to be found in any of Marx’s other writings and in fact seem alternative to his habitual formulas.

Here Marx defends what can hardly be called a ‘Marxist’ thesis. He claims that, precisely due to its autonomy from production, abstract knowledge (primarily but not only scientific knowledge) is in the process of becoming nothing less than the main force of production and will soon relegate the repetitious and segmented labour of the assembly-line to a residual position. What is at stake is the knowledge objectified in fixed capital and embodied or enmeshed in the automated system of machinery. Marx makes use of a very suggestive metaphor to refer to the set of knowledges that make up the

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1. This was the title given to this excerpt by the journal *Quaderni Rossi*, which published its first Italian translation in 1962.

epicentre of social production and pre-ordain all areas of life: he speaks of the ‘general intellect’.

The development of fixed capital indicates to what degree general social knowledge has become a direct force of production, and to what degree, hence, the conditions of the process of social life itself have come under the control of the general intellect and been transformed in accordance with it.<sup>2</sup>

‘General intellect’: this English expression of unknown origin is perhaps a rejoinder to Rousseau’s *volonté générale*, or a materialist echo of the *nous poietikos*, the impersonal and separate ‘active intellect’ discussed by Aristotle in *De Anima*.<sup>3</sup>

Given the tendency for knowledge to become predominant, labour-time becomes a ‘miserable foundation’: the worker ‘steps to the side of the production process instead of being its chief actor’.<sup>4</sup> The so-called law of value (that the value of a commodity is determined by the labour-time embodied in it) is regarded by Marx as the armature of modern social relations, yet it is both eroded and refuted by capitalist development. Nonetheless, capital continues undeterred to ‘want to use labour time as the measuring rod for the giant social forces thereby created’<sup>5</sup> (Marx here speaks of capital, but we could add that the organised workers’ movement also made the centrality of wage-labour into its own *raison d’être*).

It is at this juncture that Marx suggests an emancipatory hypothesis which differs radically from the more renowned ones exposed in other texts. In the ‘Fragment’ the crisis of capitalism is no longer due to the disproportions intrinsic to a mode of production based on the labour-time of individuals (that is, to the imbalances related to the full operation of the law of value, for instance to the fall of the rate of profit). Instead, what comes to the fore is the lacerating contradiction between a productive process that now directly and exclusively relies on science and a unit of measure of wealth that still coincides with the quantity of labour embodied in products. According to Marx, the widening of this gap between productive process and unit of measure leads to the ‘breakdown of production based on exchange value’ and therefore to communism.<sup>6</sup>

In post-Fordism, the tendency described by Marx is actually fully realised but surprisingly with no revolutionary or even conflictual repercussions. Rather than a seedbed of crises, the disproportion between the role of the

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2. Marx 1974, p. 706.

3. Aristotle 1986, pp. 201–3 (III, 429a–430a).

4. Marx 1974, p. 705.

5. Marx 1974, p. 706.

6. Marx 1974, p. 705.

knowledge objectified in machines and the decreasing relevance of labour-time has given rise to new and stable forms of domination. Excess time – that is, a potential wealth – manifests itself as misery: forced redundancy, early retirement, structural unemployment (triggered by investments, not the lack of them) and the proliferation of hierarchies. The radical metamorphosis of the very concept of production has nevertheless not left the ambit of subordinated work. Rather than alluding to the overcoming of the existent, the ‘Fragment’ is a sociologist’s toolbox and the last chapter of a natural history of society. It describes the empirical reality that is under everyone’s gaze. For example, at the end of the ‘Fragment’ Marx claims that in a communist society the whole individual, rather than an amputated worker, will produce. That is, the individual transformed by a large amount of free time, cultural consumption and a sort of ‘capacity to enjoy’. Most of us will recognise that the post-Fordist labour-process actually takes advantage in its own way of this very transformation, albeit depriving it of any emancipatory aura. What is learned, experienced and consumed in the time of non-labour is then utilised in the production of commodities, becoming a part of the use-value of labour-power and computed as profitable resource. Even the greater ‘capacity to enjoy’ is always on the verge of being turned into labouring task.

In order to recapture the conflict at stake in this new situation we need to level a fundamental criticism at the ‘Fragment’. According to Marx, the general intellect – that is knowledge as the main productive force – fully coincides with fixed capital, that is the ‘scientific power’ objectified in the system of machinery. Marx thus neglects the way in which the general intellect manifests itself as living labour. The analysis of post-Fordist production compels us to propose such criticism; the so-called ‘second-generation autonomous labour’<sup>7</sup> and the procedural operations of radically innovated factories such as Fiat in Melfi show how, rather than being exhausted by the system of machinery, the relation between knowledge and production is articulated through the linguistic co-operation of men and women and through their concrete acting in concert. In post-Fordism, conceptual constellations and logical schemata that cannot be reduced to fixed capital play a decisive role, since they are inseparable from the interaction of a plurality of living subjects. The ‘general intellect’ comprises formal and informal knowledge, imagination, ethical inclinations, mentalities and ‘language-games’. In contemporary labour-processes there are thoughts and discourses that function as productive ‘machines’ in their own right, not needing to take on a mechanical body or even an electronic soul. The matrix of conflict and the condition for small and

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7. See Bologna and Fumagalli 1997.

great ‘disorders under the sky’ is to be found precisely in this progressive rupture between general intellect and fixed capital, taking place through the partial redistribution of the former within living labour.

I will call ‘mass intellectuality’ the entirety of post-Fordist living labour (not merely of some particularly qualified branch of the tertiary sector), to the extent that it is the depository of cognitive competencies that cannot be objectified in machinery. Mass intellectuality is the prominent form in which the general intellect is manifest today. What is at stake is obviously not the scientific erudition of the individual labourer. Rather, only (but this ‘only’ is everything) the more generic attitudes of the mind come to the fore as productive resources; these are the faculty of language, the disposition to learn, memory, the capacity to abstract and relate, and the inclination towards self-reflexivity. General intellect needs to be understood literally as intellect in general: the faculty of thought, rather than the works produced by thought (a book, an algebraic formula, etc.). In order to envisage the relationship between general intellect and living labour in post-Fordism it suffices to refer to the act through which every speaker draws on the inexhaustible potential of language to execute a contingent and unrepeatable statement. Like the intellect and memory, language is the most common and least ‘specialised’ thing we can conceive of. A good example of mass intellectuality is the simple speaker, not the scientist. In this regard, mass intellectuality has nothing to do with a new ‘labour aristocracy’; it is actually its exact opposite.

In so far as it organises the production process and the ‘life-world’, the general intellect is certainly an abstraction, but a real abstraction with an operational materiality. However, since the general intellect comprises knowledge, information and epistemological paradigms, it also sharply differs from the ‘real abstractions’ typical of modernity, that is those which embody the principle of equivalence. Whilst money – precisely as the ‘universal equivalent’ – embodies in its independent existence the commensurability of products, labours and subjects, the general intellect establishes the analytical premises for any kind of praxis. The models of social knowledge do not equate varied labouring activities; rather, they present themselves as ‘immediately productive force’. They are not units of measure; they constitute the immeasurable presupposition of heterogeneous operative possibilities.

This change in the nature of ‘real abstractions’ – the fact that social relations are ordered by abstract knowledge rather than the exchange of equivalents – has significant repercussions on the realm of affects. More specifically, it constitutes the basis of contemporary cynicism (an atrophy of solidarity, belligerent solipsism, and so on). The principle of equivalence used to be the foundation of the most rigid hierarchies and ferocious inequalities, yet it ensured a sort of visibility for the social nexus as well as a simulacrum of

universality. This meant that, albeit in an ideological and contradictory manner, the prospect of unconstrained mutual recognition, the ideal of egalitarian communication and sundry ‘theories of justice’ all clung to it. Whilst determining with apodictic power the premises of different production processes and ‘life-worlds’, the general intellect also occludes the possibility of a synthesis, fails to provide the unit of measure for equivalence and frustrates all unitary representations. Today’s cynicism passively reflects this situation, making a virtue out of necessity.

In his own operative context, the cynic recognises the primary role of certain epistemic models, as well as the absence of real equivalences. He sets aside any aspiration to transparent and dialogical communication. From the outset, he relinquishes the search for an intersubjective foundation to his praxis or a shared criterion of moral judgement. The cynic forsakes any illusions regarding the prospects of egalitarian ‘mutual recognition’. The demise of the principle of equivalence manifests itself in the cynic’s conduct as the impatient abandonment of the demand for equality. Consequently, the cynic entrusts his self-affirmation to the unbound multiplication of hierarchies and inequalities that seems to be entailed by the increasing centrality of knowledge in production.

Contemporary cynicism is a form of subaltern adaptation to the central role played by the general intellect.

According to a long tradition that goes from Aristotle to Hannah Arendt, thinking is a solitary activity with no exterior manifestation. The Marxian notion of the general intellect contradicts this tradition: when speaking of the general intellect we refer to a public intellect. In post-Fordism, the ‘life of the mind’ becomes extrinsic, shared, and common. We can identify at least two main effects of this public character of the intellect.

The first one concerns the nature and form of political power. The peculiar public character of the intellect indirectly manifests itself in the domain of the state through the hypertrophic growth of the administrative apparatus. The heart of the state is no longer the political parliamentary system but the administration. The latter represents an authoritarian concretion of the general intellect, the point of fusion between knowledge and command and the inverted image of social cooperation. This indicates a new threshold, beyond the long-debated growing relevance of bureaucracy in the body politic and the priority given to decrees over laws. We are no longer confronted with the well-known processes of rationalisation of the state; on the contrary, we must acknowledge the reality of the statification of the intellect. For the first time, the old expression *raison d’état* acquires a non-metaphorical meaning.

The second effect of the public character of the intellect concerns the very nature of post-Fordism. Whilst the traditional process of production was

based on the technical division of tasks (the person making the pinhead did not produce its body, and vice versa), the labouring action of the general intellect presupposes the common participation to the ‘life of the mind’, the preliminary sharing of generic communicative and cognitive competencies. The sharing of the general intellect becomes the effective foundation of every kind of praxis. All forms of concerted action based on the technical division of labour thereby shrink in significance.

However, since it is accomplished under a capitalist régime, the end of the division of labour translates into a proliferation of arbitrary hierarchies that is into forms of compulsion no longer mediated by tasks and roles. Putting the intellect and language – that is, what is common – to work, renders the impersonal technical division of labour spurious, but also induces a viscous personalisation of subjection. The inescapable relationship with the presence of another, which is entailed by the sharing of the intellect, manifests itself as the universal restoration of personal dependency. It is personal in two respects: first, one is dependent on a person rather than on rules invested with an anonymous and coercive power; second, what is subdued is the whole person, the very disposition to thought and action, in other words, each person’s ‘generic existence’ (to use Marx’s expression for the experience of the individual who reflects and exemplarily exhibits the basic faculties of the human species).

Finally, our question is whether the peculiar public character of the intellect, which is invoked today as the technical requirement of the production process, can be the actual basis for a radically new form of democracy, a public sphere antithetical to the one anchored in the state and its ‘monopoly on political decision’. There are two distinct but interdependent aspects to this question: on the one hand, the general intellect can affirm itself as an autonomous public sphere only if its bond to the production of commodities and wage-labour is rescinded. On the other, the subversion of capitalist relations of production can only manifest itself today through the institution of a public sphere outside the state and of a political community that hinges on the general intellect.

*Translated by Arianna Bové*

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## On Materiality and Social Form: A Political Critique of Rubin's Value-Form Theory

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### Abstract

This paper critically examines I.I. Rubin's *Essays on Marx's Theory of Value* and argues that two different approaches to value theory can be found in that book: a more 'production-centred' value-form theory uneasily co-exists with a 'circulationist' perspective. This unresolved tension, the authors claim, reflects a more general theoretical shortcoming in Rubin's work, namely, a problematic conceptualisation of the inner connection between materiality and social form that eventually leads to a formalist perspective on the value-form. Furthermore, the paper argues that all those antinomies are an expression of the historical and political context underlying Rubin's work, in which Marxism was being codified as state ideology. The political implications of Rubin's formalism are explored through the critical examination of its consequences for the comprehension of the social determinations of the revolutionary subjectivity of the working class.

### Keywords

value-form, abstract labour, Isaak I. Rubin, Circulationism, materiality/social form

### Introduction

The early 1970s saw a resurgence of interest among Marxist theorists in revisiting Marx's analysis of the commodity contained in Chapter One of *Capital*. The guiding thread of this reconsideration of Marx's main work was the reaction to what was seen as the (mis)reading of his work along Ricardian and/or left-Keynesian lines throughout much of the twentieth century. This debate gained momentum over the following two decades, engendering a variety of novel interpretations of Marx's theory of value. However, since the late 1990s, the vitality of the debate appears to have faded away and the issue came again to be increasingly consigned to oblivion, as evidenced by its loss of importance in academic journals and conferences.<sup>1</sup> In this paper we shall insist

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1. The debate has been kept more or less alive by a small group of theorists associated with the International Working Group on Value Theory ([www.iwgvt.org](http://www.iwgvt.org)) and by those gathering

on the primordial importance of a debate which, we believe, is far from being resolved.

The eminently political nature of the debate on value theory was consciously recognised by those who took part in that early stage of its resurgence in the 1970s.<sup>2</sup> However, the failure of many of the contributions to establish a firm link with the concrete forms of the political action of the working class generated the appearance that the debate was an abstract scholastic dispute, irrelevant for those outside academic circles.<sup>3</sup>

The object of this paper is to bring politics back into value theory. This shall be done through a discussion of a particular version of value-form theory which, as we argue below, can be said to contain the germ of contemporary ‘circulationist’ interpretations: Isaak Illich Rubin’s *Essays on Marx’s Theory of Value*.

In a nutshell, one central theoretical idea characterises Rubin’s circulationist perspective, namely, the argument that abstract labour and value can only acquire reality through the exchange of products against money. It is this line of reasoning that inspired most of the contemporary circulationist readings of Rubin’s work.<sup>4</sup> However, as Mavroudeas points out, Rubin’s interpretation of Marx’s value theory is more nuanced and has actually been misappropriated by many of his modern disciples.<sup>5</sup> In effect, he notes that it is possible to find places where Rubin himself seems to disagree with the circulationist line of argument.

Now, although we concur with Mavroudeas on the existence of a more ‘production-centred’ Rubin, we do not think that one can read his work simply along those lines. Instead, it will be argued that *both* readings of the *Essays* are possible. And the reason for this is that, in the book, circulationist

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around the International Symposium on Marxian Theory. The latter’s works have been published in a series of books about the three volumes of *Capital*. See Bellofiore and Taylor (eds.) 2004, Campbell and Reuten (eds.) 2002, Arthur and Reuten (eds.) 1998.

2. Clarke 1980.

3. Mohun 1994, p. 4.

4. The contemporary circulationist approach is sometimes associated with a group of theorists inspired by Backhaus’s pioneering work from the 1960s (Backhaus 1980), and which was developed in the English-speaking world firstly by Eldred and Haldon 1981 and, more recently, by Reuten and Williams (Reuten 1988, Reuten and Williams 1989, Reuten 1993). In addition to their circulationism, these contributions also share a methodological preoccupation with the reconstruction of Marx’s critique of political economy along ‘systematic-dialectical’ lines. However, the central substantive aspects of the approach can be found in a broader number of authors writing from rather diverse methodological traditions and which include, among others: Himmelweit and Mohun 1978, de Vroey 1982, Kay 1999, Lipietz 1982 and Roberts 2004.

5. Mavroudeas 2004, p. 189.

passages uneasily co-exist with numerous other places where the opposite perspective seems to prevail.

In this paper we provide an interpretative hypothesis to solve this apparent paradox. We argue that two different theoretico-political imperatives underlie the *Essays*. On the one hand, the book constituted an attempt to provide a response to the attacks on Marx's analysis of the value-form; in particular, those systematised by Böhm-Bawerk's *Karl Marx and the Close of His System*.<sup>6</sup> Thus, Rubin observes that most widespread interpretations of Marx's work, both within and outside Marxism – for instance, among popular versions of Marx's work – took as their starting point the identification of value simply with embodied labour.<sup>7</sup> It is this imperative that would lead Rubin to emphasise the importance of the notion of specific social form and, eventually, to a circulationist argument. On the other hand, and maybe under the pressure of a political context in which Marxism was undergoing a process of codification as state ideology, Rubin seems to have felt obliged not to give up his 'orthodox credentials'. This led him both (formally) to recognise the centrality of the productive forces and to provide a more 'production-centred' approach. As we shall see below, Rubin's attempt to sustain both viewpoints results in a conceptual tension that he was unable to resolve in any consistent fashion. In effect, a close scrutiny of Rubin's *Essays* reveals a broader theoretical question underlying his otherwise pertinent emphasis on the fundamental importance on the notion of social form, namely a problematic conception of the place of the material determinations of human life in the critique of political economy. In turn, an expression of what ultimately is a formalist approach to the value-form.

Furthermore, this engagement with Rubin's work will also allow us to uncover a 'darker' side of his intervention, which is hardly mentioned in the literature that recovered his thought, and which is of paramount importance for any attempt at a politically-inspired critique. We are referring to the practical implications of such a formalist approach. In particular, we shall argue that, when we take into consideration the historical and political context of Rubin's thought, his form-analytical approach is not as radical as it is usually assumed. This critique is then necessary in order to avoid an uncritical appropriation of his thought that reproduces the latter's shortcomings. Thus, the final part of this paper also examines the consequences of Rubin's formalism for the comprehension of the social determinations of the revolutionary subjectivity of the working class.<sup>8</sup>

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6. Böhm-Bawerk 1975.

7. Rubin 1973, p. 62.

8. For the general methodological approach to the critique of political economy as practical criticism this paper draws on the work of Iñigo Carrera (2003). In English, see Starosta 2005 for a detailed reconstruction of Marx's *Capital* along those lines.

## The antinomies of Rubin's thought

### *The value-form and the social productive forces of the human individual*

Compared with more recent formulations of the circulationist approach – such as the value-form school deriving from Backhaus mentioned above, with their characteristic extreme formalism in the understanding of the value-form<sup>9</sup> – Rubin's point of departure in the *Essays* appears, at first sight, as thoroughly materialist. In effect, unlike many other contributions to value-form theory, Rubin's presentation starts out by explicitly posing the problem of value in relation to the more abstract determinations of human life giving content to its history, namely: the development of the productive powers of the social individual as a working subject. Thus, after referring approvingly to Hilferding's views of this question, Rubin states:

The capitalist economy represents a union of the material-technological process and its social forms, i.e. the totality of production relations among people. The concrete activities of people in the material-technical production process presuppose concrete production relations among them, and vice versa. The ultimate goal of science is to understand the capitalist economy as a whole, as a specific system of productive forces and production relations among people.<sup>10</sup>

Yet, we think that, on further inspection of Rubin's argument, these initial words on the ultimate goal of science turn out to be an unfulfilled promise. The conceptual tensions in his value-form approach eventually appear, and his attempt to grasp the unity of the capitalist economy as a whole – that is, the inner connection between its specific productive forces and social relations – ends up as an utter failure. In our view, these initial references to the productive forces reflect more Rubin's struggle to keep in line with the 'orthodox' imperative mentioned above than a genuine attempt to integrate the discussion of the capitalist productive forces into the heart of the critique of political economy.

Thus, it should come as no surprise that the discussion of the connection between productive forces and social relations is developed in the introduction to the book. And, on this score, Rubin's text can hardly be distinguished from any other contribution to the vulgate dominating much Marxist theorising of those times, and which would eventually crystallise as the Marxist orthodoxy of the twentieth century. This involves a dogmatic starting point with the

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9. Likitkijsonboon 1995, p. 92.

10. Rubin 1973, p. 1.

enunciation of the ‘principles of historical materialism’, as allegedly laid out by Marx in the 1859 ‘Preface’ to the *Contribution*, in order to only then move to the concrete question at stake (in this case, Marx’s theory of value). In fact, it is worth noting that in these passages Rubin almost paraphrases the 1859 ‘Preface’.<sup>11</sup> In other words, Rubin is prepared to deal with the productive forces only when discussing abstract generalities.<sup>12</sup> But, as we argue further on, Rubin cannot say anything significant about the specific qualitative determinations of the materiality of the capitalist productive forces and even less so about their inner connection with the determinations of the value-form of the product of labour.

In fact, one could argue that the whole point of Rubin’s vague reference to the productive forces – that is his purely general and formal acknowledgement of their determination as the content of human practice, whose organisation and development takes the necessary concrete form of historically-changing relations of production – is not to put them at the centre of his scientific enterprise, but actually to displace them from that fundamental place. In other words, Rubin starts by simply enunciating the necessary relation between productive forces and social relations only to end up positing a strict separation between them, where the former are downgraded to an objective context or background for the self-movement of social relations.

But, to approach this ultimate goal, science must first of all separate, by means of abstraction, two different aspects of the capitalist economy: the technical and the social-economic, the material-technical process of production and its social form, the material productive forces and the social production relations. Each of these two aspects of the economic process is the subject of a separate science. The

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11. See Rubin 1973, pp. 1–2. Incidentally, let us point out, against one of the widespread assumptions of many ‘Western’-Marxist currents, that the 1859 ‘Preface’ does not constitute a sort of late ‘infantile disorder’ in Marx’s thought (see Gunn 1992). What Marx claims in those passages is, we think, essentially correct as a summary of his materialist approach to the study of history. However, it is the fact that those pages provide no more than a ‘stylised’ and concise rendition of the materialist approach to history that makes them incapable of going beyond the more general determinations of the relations at stake – that is, between the productive forces and social relations of production. In other words, it is precisely the general character of the connection posed that makes those passages incapable of casting any light on the specific mediation between materiality and social form characteristic of the capitalist mode of production (with all the necessary concrete forms of the case). This connection is explicitly spelled out and unfolded by Marx in the chapters on the production of relative surplus-value in *Capital*. The historical result of the whole movement is summarised only at the end of Volume I, in the chapter on the ‘Historical Tendency of Capital Accumulation’.

12. Or, alternatively, when dealing with the quantitative dimension of the value-form (more on this below).

science of social engineering – still in embryonic state – must make the subject of its analysis the productive forces of society as they interact with the production relations. On the other hand, theoretical political economy deals with production relations specific to the capitalist economy as they interact with the productive forces of society. Each of these two sciences, dealing only with one aspect of the whole process of production, presupposes the presence of the other aspect of the production process in the form of an assumption which underlies its research.<sup>13</sup>

For Rubin, then, productive forces are only a presupposition of what he considers the one and only genuine object of inquiry of ‘Marx’s economic theory’, namely, social forms. Despite the praise found later on in his book of Marx’s ‘Hegelian’ conception of the immanent connection between content and form,<sup>14</sup> Rubin postulates here what undoubtedly is an external relation, namely, that of presupposition or assumption of an abstract material content by capitalist social forms.

Now, having granted social relations ‘relative autonomy’ from productive forces and having expunged the latter from his theoretical political economy, Rubin then hastens to reintroduce them back again through the reassertion of their determining role (‘in the last instance?’) in the change of the social relations of production.

Marx’s theory of historical materialism and his economic theory revolve around one and the same basic problem: the relationship between productive forces and production relations. The subject of both sciences is the same: the changes of production relations which depend on the development of productive forces.<sup>15</sup>

This re-introduction of the productive forces in the picture does not substantially alter the problematic nature of Rubin’s formulation. On the one hand, the above propositions still remain at the level of vague generalities. On the other, as the subsequent unfolding of Rubin’s argument in the rest of the book reveals, he manages to posit a more-or-less necessary connection between the productive forces and social relations mostly (if not only) when discussing the problem of the magnitude of value and, more concretely, its changes. That is, when dealing with the quantitative variations in the productivity of labour.<sup>16</sup> There he can present the productive forces not simply as an objective context for the autonomous movement of capitalist social forms (as he does when addressing the qualitative connection between them), but even in their ‘interaction’ with the latter.

13. Rubin 1973, pp. 1–2.

14. Rubin 1973, p. 117.

15. Rubin 1973, p. 2.

16. See, for instance, Rubin 1973, pp. 66–7, 72–3, 119–20, 126.

Again, this should come as no surprise, since it actually expresses the more orthodox strand in Rubin's thought. In fact, his one-sided focus on the quantitative manifestations of the transformation of the productive forces brought about by the capital-form of social relations is perfectly in line with the underlying principles of Russian Marxism of his day,<sup>17</sup> and which would eventually crystallise as the Marxist-Leninist orthodoxy for most of the twentieth century: a preoccupation with the *growth* of the productive forces (i.e. their *quantitative* progression) without even the attempt to reflect on their *development*; which could only be problematised by looking at the *qualitatively specific* determinations immanent in their very materiality.<sup>18</sup> But this is precisely the conceptual step that Rubin does not dare make. As we argue below, this inability to deal with the qualitative significance of the commodity-and capital-forms as (alienated, yet historically necessary) modes of development of human productive subjectivity (i.e. the productive forces of society), expresses two broader fundamental aspects of Rubin's thought: first, his troubled relationship with the material determinations of the direct production process of human life, in turn a reflection of, second, the ideological determination underlying his work.

At any rate, Rubin's attempt to integrate the productive forces in Marx's 'economic theory' is rather short-lived. Only a few lines later, his exposition oscillates again: after having reintroduced productive forces in the field of inquiry of theoretical political economy, he then proceeds to their renewed exclusion.

Political economy does not analyze the material-technical aspect of the capitalist process of production, but its social form, i.e., the totality of production relations which make up the 'economic structure' of capitalism. Production technology (or productive forces) is included in the field of research of Marx's economic theory only as an assumption, as a starting point, which is taken into consideration only in so far as it is indispensable for the explanation of the genuine subject of our analysis, namely production relations.<sup>19</sup>

Through this back-and-forth, hesitant movement, Rubin tries to find a compromise solution to the conceptual struggle between the formalist and

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17. Sirianni 1982.

18. When qualitative changes are thematised (Lenin, Hilferding), they are mostly grasped in their outward manifestation through the institutional transformation of property-forms but not in their essential determination: the historically-changing forms of the real subsumption of labour to capital. See the excellent discussion of this in Veraza Urtuzuástegui 1987. Thus, the true critique of the crude materialism of orthodox Marxism does not consist in giving primacy to social relations over productive forces (the common 'Western'-Marxist critique), but in grasping the essentiality of the latter in their qualitative historical specificity.

19. Rubin 1973, p. 2.

orthodox impulses in his thought (in turn springing from the two theoretico-political imperatives mentioned above): theoretical political economy, he concludes, deals only with social forms, but must always ‘keep in mind’ that their self-movement always presupposes a certain level of development of the productive forces. Hence a change in the latter must presumably entail some influence on the former.

In our view, this compromise is far from satisfactory and amounts to a spurious, extrinsic mediation between material content (productive forces) and social form (relations of production). In fact, in the conceptual struggle, ‘Rubin the formalist’ ends up having the upper hand, thus relegating all the references to the productive forces to mere ‘lip-service’. All in all, Rubin’s approach shows a certain ‘discomfort’ with the materiality of the production process of human life. And this thwarts his otherwise valid attempt to comprehend the inner unity between material content and social form. This failure can not only be found in the general discussion of the connection between productive forces and social relations. The idiosyncratic separation between material content and its social form will actually impinge, with grave consequences, on the whole of Rubin’s work. Crucially, it will crop up again in his more concrete discussion of the determinations of the value-form and will have a two-fold manifestation: first, it will lead to the emergence of new antinomies in Rubin’s treatment of the material and social determinations of value-producing labour; secondly, it will lead him to an inverted conception of the relationship between production and exchange.<sup>20</sup>

#### *Abstract labour and the historical specificity of value-producing labour*

The first step Rubin makes to distance himself from Ricardian conceptions – that took as their starting point the identification of value simply with embodied labour<sup>21</sup> is to highlight the ‘social’ character of economic categories. In seeing value as embodied labour, Ricardian readings confine their analysis to the ‘material-technical’ aspect of the production process. But, as shown above, Rubin considers that there must be a clear-cut separation between the material and the social-formal aspect of the process of reproduction of human life. In keeping in line with this methodological postulate, he thereby subjects value, one of the fundamental economic categories of Marx’s *Capital*, to the scrutiny of ‘theoretical political economy’, the science of pure social forms. In

20. This oscillating argumentative pattern is repeated in Chapter 4 of the *Essays*. See Rubin 1973, pp. 39–41.

21. Rubin 1973, p. 62.



Rubin's own words, he sets out to examine value 'conceived from the standpoint of its [capitalist – GS and AK] social forms, i.e., value as form'.<sup>22</sup>

What is, according to Rubin, that which makes value a social form and, hence, historically-determined? Rubin's line of argument is very simple. The Ricardian version of value theory maintains that labour creates value. If this were the case, then all forms of society would produce commodities. And yet, only in a particular kind of society does the product of labour assume the commodity-form. Rubin thereby concludes that it cannot be labour *sans phrase* that creates value. The explanation of the particular historical-social character of value must therefore involve the search for the specific form taken by labour in a commodity-producing society.<sup>23</sup> Since, according to Marx, the substance of value is abstract labour and not just 'labour', then it logically follows for Rubin that only in a commodity-capitalist society does labour become abstract. In brief, the very logic of Rubin's argument inevitably leads him to conclude that abstract labour is a category exclusively pertaining to commodity-producing societies and, hence, that it is the abstract character of labour in capitalism that gives the product of labour its value-form. Rubin's rethinking of Marx's analysis of the commodity thus confronts him with the logical necessity properly to 'construct' the 'concept' of abstract labour in order to have a consistent, pure science of social forms.<sup>24</sup>

We shall provide a more detailed reconstruction of the specifics of Rubin's argument in the following section. For the moment, the general aspects that are relevant for the discussion of the historical specificity of abstract labour will be explored. According to Rubin's construction of the concept of abstract labour, it is the act of exchange that transforms particular concrete labours into abstract general labour. In equalising the products of different particular labours through the mediation of money, the market also equalises the different concrete labours, thereby becoming human labour in general, i.e. abstract labour. And, in the same act, through the equalisation of labours, private labour becomes social.<sup>25</sup> Rubin sees his own construction as a truly 'sociological' theory of abstract labour, since exchange is a social process that transforms labour itself, thereby bestowing upon it its particular social determination as abstract labour. In other words, abstract labour is concrete labour equalised through the act of exchange between ordinary commodities and money. Thus, we see how Rubin arrives at the result he was looking for, namely: only in a

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22. Rubin 1973, p. 68.

23. Rubin 1973, p. 71.

24. Rubin 1973, p. 135.

25. Rubin 1973, pp. 141–2.

commodity-producing society labour becomes abstract. This is, for Rubin, the adequate interpretation of Marx's exposition of these questions in *Capital*. And yet, he claims, most Marxists did not fully understand it.

In this way, Rubin thinks he has secured his two-fold objective. On the one hand, he provides an account of the specific kind of labour which produces value, thus freeing his 'theoretical political economy' from any risk of contamination with the material determinations of the social-production process of human life and also from the naturalisation of value-producing labour. Therefore, he critically distances himself not only from classical political economy but also from those Marxists who, by taking abstract labour as physiological, were, in Rubin's view, unable to account for the historical character of value-producing labour. The physiological version of abstract labour makes it impossible to understand value as a social phenomenon.<sup>26</sup> On the other hand, in expunging every transhistorical element from his theoretical political economy and focusing on what indubitably is a social process, that is, the act of exchange, Rubin seems to be able to provide a tight and consistent form-analytical account of capitalist society. But this can be contested.

What is at stake, in short, is the search for a consistent answer to the following question: Where does the value-form of the product of labour, which distinguishes commodities from any other form of social wealth, come from? In order to answer this question, it is necessary to look closer at the precise form of Marx's argument in *Capital*.<sup>27</sup>

The value-form of the product of labour is its power of general exchangeability. This potentiality immanent in the individual commodity consists of the aptitude to be transformed into any other commodity without the mediation of any material transformation in its bodily existence. It is this power that gives commodities such a mystical character, the genesis of which the critique of political economy needs to explain. Without the slightest change in their materiality, they can be transformed into another use-value through the exchange relation. On the other hand, it is clear that such social power is intrinsic to the object itself. In other words, it is neither a subjective attribute generated by the individuals carrying out the exchange process nor a relational property of the object.<sup>28</sup> In effect, as the specific social attribute of the commodity, the value-form is materially and individually borne by its generic

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26. Rubin 1973, p. 135.

27. We are indebted to long discussions with Juan Iñigo Carrera for many of the insights in the following reconstruction of Marx's exposition of the determinations of the commodity-form in Chapter 1 of *Capital*.

28. See Kliman 2000 on value as an intrinsic property of the commodity.

character as use-value,<sup>29</sup> this being the reason why it is ‘inseparably connected with the commodity, inherent in it’.<sup>30</sup> Value cannot exist outside some use-value, the latter being its material bearer. What necessarily follows from this is that the human action that posits value in the commodity must also be the same action that posits its use-value. But, as stated above, the action of exchange does not alter an iota of the materiality of commodities. Thus, exchange is not the action that posits the use-value of the commodity and, consequently, it cannot possibly be the action that posits its value either.

In Chapter 1 of *Capital*, Marx also takes another analytical path that turns out to be impotent to account for the power of general exchangeability of commodities. Thus, he considers the action of natural forces as the possible source of that power immanent in commodities. Is it possible that purely natural actions posit the value-form in commodities? As Marx’s exposition shows, the answer must be negative. Qualitatively different natural actions certainly intervene in the constitution of the distinctive material properties of each commodity which make them different use-values.<sup>31</sup> But the analytical process has already revealed to us that the exchange relation, although necessarily involving two different use-values, actually takes place on the basis of something that makes commodities identical (generally exchangeable entities), so that, when in appropriate quantities, one is as good as any other.<sup>32</sup> In brief, it is not as results of purely natural actions that commodities possess the unity of exchangeable beings. As Marx states in the first edition of *Capital*, the unity or identity among commodities as exchangeable things ‘does not arise out of nature but out of society’.<sup>33</sup> The analytical process must therefore consider the only other option left: the realm of human actions. In actual fact, the only human action whose result is the positing of the use-value of the commodity is human productive action or productive labour. That is why labour is the only possible common social substance of value.

On the other hand, it is also evident that the action positing value and use-value cannot be exactly the same action, since they are two different attributes of the commodity. Were it exactly the same action, it would not be possible for it to posit two different attributes. How can this paradox be solved? Basically, by realising that human labour is an action which involves two different

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29. Marx 1976a, p. 126.

30. Ibid.

31. As Marx reminds the reader in *Capital*, the use-value of commodities is the ‘joint product’ of labour and the action of purely natural forces, Marx 1976a, pp. 133–4.

32. Marx 1976d, pp. 8–9.

33. Marx 1976d, p. 9.

aspects or, as Marx puts it, contains a two-fold character. On the one hand, it is an action whose realisation entails a particular concrete form of application of human capacities. It is as an expression of that concrete character that it results in the particular use-value of the commodity produced. Marx calls this aspect of the productive action of human beings concrete labour. But, if we set aside that particular form in which human capacities are exercised, the fact remains that any productive activity entails an expenditure of the human body, of human vital energies. As such, human productive action can be termed abstract labour. While, in the former aspect, the different kind of labours are qualitatively different (hence, their objectification as different use-values), in the latter aspect they constitute a qualitatively homogeneous social substance (which, therefore, can only be distinguished quantitatively). The value of commodities is therefore the specific form in which objectified (or congealed, in the words of Marx) abstract labour is represented in capitalist society. In sum, the action that posits value is human labour in its abstract character.

Although this may have an air of simplicity surrounding it, it is systematically forgotten not only by those who follow Rubin in claiming that labour becomes abstract through exchange, but by all authors who claim that abstract labour, the substance of value, is the specific kind of human labour in capitalism. Because this analytical discovery of the substance of value does not only reveal to us its purely material determination, but it also makes evident that concrete and abstract labour are not two different kinds of labour but two different aspects of the same human productive action. Now, to claim that abstract labour is the specific form of human labour in capitalism means precisely to see it as a kind of human labour in general instead of as an aspect of it.<sup>34</sup> In fact, most authors – Rubin included – generally derive it as such; abstract labour is claimed to be the mode of existence of labour in capitalism.<sup>35</sup> But this renders inexplicable the two-fold objectification of labour in the commodity, which, as stated above, can only be posited by one and the same human action. Or, alternatively, this would require abstract labour itself to entail a double character, that of being concrete labour and that of being abstract labour, with the absurd result of the latter being just an aspect of itself as a whole. In the particular case of Rubin's argument, these problems are even worse. Because it is to be noted that what the analytical discovery of abstract labour as the substance of value shows is that it is not abstract labour in act, but its objectification that is specifically represented as the value of the commodity. This might seem yet another obvious point, but it is clearly

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34. See Elson 1979, p. 148; Iñigo Carrera 2003, p. 36; Murray 2000, p. 49.

35. Rubin 1973, pp. 70–1, 97, 116, 140–4, 146, 152–3.

overlooked by Rubin's train of thought, which claims that value and abstract labour are not presupposed by the actual exchange of commodities but come into being through it. And this is something rather difficult, given that the exchange of commodities does not entail any process of material production. And the latter is the only moment at which (productive) labour can properly exist; at least according to any meaningful definition of it. At the moment of exchange, abstract labour is already materialised, therefore its existence is compromised.

Finally, it is important to highlight that the objectification of the abstract character of labour is socially represented in the form of value only inasmuch as it is socially necessary in a two-fold sense: first, it corresponds to the normal conditions of production, and, second, it satisfies a social need (this is actually implicit in the fact that value must be materially borne by a social use-value).<sup>36</sup>

The whole confusion, we think, derives from the following fact. Marx's analytical discovery of abstract labour as the substance of value in the first pages of *Capital* is not synonymous with his discovery of the specific mode of existence of labour in capitalism. As any attentive reader can tell, the analytical process continues and it is only in the section on the dual character of labour that Marx finally finds the specific social form of labour that produces commodities and, hence, value. 'Only the products of mutually independent acts of labour, performed in isolation, can confront each other as commodities'.<sup>37</sup>

That is, the 'labour of private individuals who work independently of each other',<sup>38</sup> or private labour, which constitutes the historically-specific mode of

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36. The second sense of 'socially necessary' has nothing to do with assigning a role to the actual exchange process in the determination of value. The point is whether the labour expended in a determinate commodity is socially useful (that is, whether it is materially capable of satisfying an existing social need) at the very moment of direct production. Abstractly considered, this is independent of the concrete form that mediates the establishment of the unity between social production and consumption when social labour takes the form of private labour (exchange of commodities against money, i.e. social need backed by purchasing power, which is dependent on the value of commodities). To put it differently, a certain amount of labour is socially useful if its product satisfies a certain social need at whatever price over zero. This means that we need to distinguish between the case of commodities which have been produced in excess, relative to the magnitude of 'effective demand', and those use-values which have been produced in excess of all existing social needs (or, alternatively, whose very materiality make them socially useless, i.e. a three-legged chair). The former's value is determined by the socially-determined technical conditions of production but will not be realised in its plenitude in circulation (there will be a 'loss' of substance, which will be appropriated by the buyer). In the latter case, those products were socially useless and, hence, not bearers of value (the power of exchangeability) from the very start. See Marx 1976a, pp. 201–3.

37. Marx 1976a, p. 131.

38. Marx 1976a, p. 165.

existence of social labour in capitalism. Alternatively, the analytical reduction of value to its substance does not answer the question about the ‘specific social character of the labour which produces’ commodities.<sup>39</sup> It only tells us what the material determination is of that which is socially represented in the form of value. This materiality underlying the value-form is that of being the objectification of the abstract character of human labour.<sup>40</sup> What this stage of the analytical process does not show, and that is why we need to carry on with the search of the ‘formal determinants that it contains as a commodity and which stamp it as a commodity’,<sup>41</sup> is what historical form of the process of production of human life makes this generic materiality take the social form of value. Thus, commodities certainly ‘possess an objective character as values *only in so far* as they are all expressions of an identical social substance, human labour’<sup>42</sup> *but not simply because* of that. The confusion between these two aspects of the question is what lies at the basis of both the abstract naturalism of classical political economy and the abstract formalism of those who identify abstract labour as the historically-specific mode of existence of labour in capitalism.

Now, despite all his efforts to demonstrate that abstract labour must be (and is for Marx) specific to capitalist society, Rubin cannot but surrender to the self-evident fact that the identity between different concrete labours contains a physiological or material determination.<sup>43</sup> Rubin bypasses this problem by developing his own contributions to the ‘sociological theory of abstract labour’ in order to reconcile the idea that different labours can be identical in a physiological sense but still not be abstract labour. This leads Rubin to construct additional intermediate concepts which have the result of ‘purifying’ social forms by severing their immanent connection with the material determinations of human life. Thus, Rubin distinguishes between three kinds of equality among different concrete labours: physiologically-equal labour, socially-equalised labour and abstract, or abstract-universal labour, i.e., socially-equalised labour in the specific form which it acquires in a commodity economy.<sup>44</sup>

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39. Ibid.

40. Marx 1976a, p. 128.

41. Marx 1976c, p. 1059.

42. Marx 1976a, p. 138; our emphasis.

43. See especially Marx 1976a, p. 164. Rubin is, of course, aware of the philological difficulties his reading gives rise to; see Rubin 1973, pp. 117–18, 134. Thus, he tries out different explanations for the presence of passages in Marx’s text which contradict his interpretation; see Rubin 1973, pp. 147–50. Unfortunately, reasons of space do not allow us to discuss this important exegetical question. Here we can only point out that we think that Rubin’s textual evidence is contentious to say the least.

44. Rubin 1973, p. 139.

At first sight, the whole discussion seems to revolve around terminological subtleties since, in his idiosyncratic way, Rubin himself seems to be recognising that abstract labour entails both a generic material determination and a historically-specific role as the substance of value. Moreover, Rubin himself acknowledges that the problem might seem merely terminological since ‘every writer has the right to give any term he chooses to a phenomenon’.<sup>45</sup> But, he goes on, ‘such arbitrary terminology can be very dangerous and creates great confusion in science’.<sup>46</sup> We could not agree more with this. Yet, we think that the implications to be drawn from this are exactly the opposite of those drawn by Rubin. That is, we do not think that the scientific way to deal with the contradictory existence of abstract labour in capitalism and avoid confusions is to construct three different categories to refer to the same real form. Rubin’s strategy can clearly be understood as an emphatic reaction to Ricardian interpretations. The problem is that it actually constitutes an *overreaction* whose consequence is a formalist approach. Furthermore, the extrinsic interjection of categories has serious methodological consequences. For, in stopping short ‘at the fixed determinacy and its distinctness vis-à-vis other determinacies’,<sup>47</sup> that is, in Rubin’s extreme attempt to separate as much as possible the material and social determinations of abstract labour, science becomes impotent to comprehend the movement of contradiction – the inner negativity – that constitutes the immanent unity between the different determinations of real forms. In other words, the way to avoid the abstract identity between material and social determinations of value-producing labour characteristic of Ricardian interpretations is not to replace it with an abstract difference. As Marx puts it in ‘Moralising Criticism and Critical Morality’, those two procedures can hardly take science beyond the ‘whole grobianism of “sound common sense”’,

... that where it succeeds in seeing differences, it does not see unity, and that where it sees unity, it does not see differences. If it propounds differentiated determinants, they at once become fossilised in its hands, and it can see only the most reprehensible sophistry when these wooden concepts are knocked together so that they take fire.<sup>48</sup>

In brief, Rubin’s ‘sociological theory’ of abstract labour substitutes a ‘general theory of equalised labour’ for the reproduction in thought of the contradictory movement of the real determinations of the commodity.<sup>49</sup>

45. Rubin 1973, p. 140.

46. Ibid.

47. Hegel 1991, p. 125.

48. Marx 1976b, p. 320.

49. Rubin’s difficulties have been nicely and succinctly pointed out by Patrick Murray in what

In short, we could say that Rubin's antinomies spring from his dogmatic exclusion from the critique of political economy of any reference to the materiality of the production process of human life. The commodity, he correctly claims, is a useful product of labour which possesses value. Value, hence, must be the specific social form of the product when it takes the commodity-form. On the other hand, Marx states that abstract labour is the substance of value. Therefore, Rubin concludes, abstract labour must be a specific social form. In fact, this follows from Rubin's view of Marx's *Capital* which, *by definition*, is seen as dealing only with specific social forms. Hence, Rubin is forced to rule out from the outset the possibility that value is the specific social form of the product determined as a commodity while its substance bears no historical specificity at all. The socially specific value-form cannot be made of a generic material substance. This, for Rubin, does not stick to the correct methodological postulates of the science of pure social forms. The problem is that, when one does follow those rules, one gets caught, as we have attempted to show, in a web of logical antinomies. Moreover, the shortcomings of Rubin's method are actually broader than leading to irresolvable antinomies. More importantly, Rubin's 'scandal and abomination' before the materiality of abstract labour does not allow him to grasp what is the real 'genuine' object of the critique of political economy, namely: not the pure realm of social forms, but the contradictory unity between the materiality of human life and its historically-determined social forms. In order to see some of the implications of this, a more detailed look is needed for the precise way in which Rubin discusses the determinations of the value-form.

### *The value-form and the direct process of production of human life*

It is rather difficult to come to grips with the specifics of Rubin's theory of value. In effect, the presentational structure he gave to his work (namely, essay-like chapters organised around different themes) means that there is no single

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he calls 'Rubin's dilemma', also showing that Rubin's way out of the dilemma as a non-solution (Murray 2000). See also Reuten's reply to Murray (Reuten 2000) and the latter's rejoinder, Murray 2002. A proper discussion of Murray's own solution exceeds the scope of this paper. Here, we would only like to note that Murray's remarkable merit is to grasp the importance of highlighting the materiality of abstract labour whilst making clear that this does not necessarily lead to an asocial perspective on the value-form. In this way, his recent contribution to the debate provides a necessary correction to the formalist overreaction of much recent theorising on the value-form. Whilst still seeing abstract labour as capital-specific, Robles Báez offers probably one of the best treatments of the movement of the contradiction (that is, affirmation through self-negation) between the generic, physiological materiality of abstract labour and its historically-specific social determination as the substance of value deriving from the private character of labour in capitalism (Robles Báez 2004).



place where to find the positive unfolding of the determinations the value-form. It is perhaps only in Chapter 14, called ‘Abstract Labour’, where one can find the clearest and more systematic exposition of Rubin’s value-form approach, one that goes beyond the disorganised bits and pieces scattered throughout the book. Our discussion will therefore focus on a close reading of that text.

Rubin starts off by self-consciously acknowledging the difficulties he seems to be facing and by addressing the accusation of ‘circulationism’ that many of his contemporary critics had levelled at him. In a nutshell, at stake is the fundamental question of the precise relation between production and exchange.<sup>50</sup>

From the exegetical point of view (that is, regarding ‘what Marx really said’), Rubin concedes that, in principle, both the production-centred and the circulationist readings are plausible. Thus, sometimes Marx states that value and abstract pre-exist the process of exchange and sometimes he states they presuppose the process of exchange. In our view, Rubin’s confusion (or rather, inversion) stems from the fact that he reads Marx’s passages where he states that exchange (as a necessary mediating form of the essentially private character of the direct process of production in capitalism) manifests outwardly the inner determinations borne by the direct process of production, as implying that it brings those determinations into existence.<sup>51</sup> In other words, he confuses the qualitative determination of those more abstract forms (hence, of the social objectivity of value) with its concrete mode of realisation.<sup>52</sup> For Rubin, then, abstract labour has no existence prior to the exchange process but comes into being through it, by subjecting concrete labour to a ‘social transformation’.

After highlighting the significance that the introduction of an additional sentence in the French edition has as evidence of a two-fold definition of abstract labour in Chapter 1 of *Capital* (one production-centred and one exchange-centred), Rubin moves to address the obvious question of the inconsistency in Marx’s text that such a reading seems to imply.<sup>53</sup>

According to Rubin, ‘it is not hard to reconcile these views’.<sup>54</sup> The key resides in a definitional or terminological problem, namely: the true meaning

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50. Rubin 1973, p. 147.

51. See, for instance, Rubin 1973, p. 148.

52. The qualitative determination of value addresses the question of where the attribute of general exchangeability comes from. In short, it inquires into the reason to be or genesis of a social form. Only once we have answered that question can we adequately address the self-negating forms through which those abstract determinations are realised (for instance, the mediation of ‘effective demand’ in the establishment of the actual price at which commodities exchange, which could deviate from their values). See note 37 above.

53. Rubin 1973, p. 148.

54. Rubin 1973, p. 149.

of the process of exchange. In its essential determination, Rubin argues, the latter actually is the very social form of the process of reproduction as a whole.<sup>55</sup> Thus, the argument states that the exchange process must be understood as denoting the specificity of the social relations of production, that is, of the way in which the organisation and development of social labour takes place. Thus, he claims, ‘exchange is above all a form of production process, or a form of social labour’.<sup>56</sup>

How to grasp the meaning of what at first sight sounds rather counterintuitive? Two possibilities spring to mind when Rubin refers to exchange as the form of social labour. First, that exchange is not just occasional but is a general social feature of the organisation of human life. In this sense, exchange appears to be synonymous with generalised commodity exchange, and in it is this general character that the definition tries to highlight. What characterises value-producing labour is, for Rubin, the fact that the whole product of social labour is meant for the market. This would refer to the quantitative extension of the exchange phenomenon.

But, in addition, Rubin seems to be implying that there is a kind of dialectical transformation of quantity into quality at play, so that this extension of exchange actually defines the very specificity of the process of production of human life. Thus, in the second place, ‘exchange-as-social-form’ would capture the (logical) moment of qualitative determination of the historical specificity of what Rubin calls ‘the commodity economy’. Although, even according to this broader definition, the exchange process actually means the metamorphosis undergone by the commodity, it does grasp the specific determinations of the process of social reproduction as a whole inasmuch as, once constituted as the general social relation, it ‘leaves its imprint’ on the direct process of production.

What are the implications of this conception of the historical specificity of the commodity-form of social relations? To begin with, let us highlight that this simply means that the essence and ground of the specificity of the commodity-form of social relations is not immanently carried by the direct process of production. In itself, the latter carries no historically specific

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55. Rubin says that exchange can also be understood in a more restricted sense as only one of the phases of the process of social reproduction, alternating with the phase of direct production, Rubin 1973, p. 149. This is the usual, uncontroversial meaning of the term. As such, it is not relevant for the problem of the qualitative determination of value with which we are concerned here. We shall therefore concentrate on the other, more fundamental meaning ascribed by Rubin to the term ‘exchange’, namely: exchange as social form.

56. Rubin 1973, p. 149. See also Rubin 1973, pp. 16, 21, for an elaboration of this notion of exchange as the social form of the reproduction process.

determination and is seen as a purely material process. The essentiality of the social determination is borne by the exchange process and is only (logically) later 'projected' onto the production process by means of the conscious action of the commodity producer. Rubin thus manages to expunge the foundation of the historically-specific character of capitalist labour from the immediate process of production through its displacement into the exchange process. This, we would like to argue, constitutes an inversion of the real relation, which can only result in an external relation between the value-form and the direct production process. The latter is represented as a purely material-technical and extrinsic mediation of the historically-specific form of the circulation of social wealth, which becomes inverted as the ground of the whole movement. Some further implications of this inversion can be highlighted by looking at the way in which Rubin elaborates on the concrete form in which 'exchange-as-social-form' impregnates the direct process of production with historical specificity.

Thus exchange is above all a form of production process, or a form of social labour. Since exchange is actually the dominant form of the process of production, it leaves its imprint on the phase of direct production. In other words, since a person produces after he has entered the act of exchange, and before he enters the next act of exchange, the process of direct production acquires determined social properties which correspond to the organization of the commodity economy based on exchange. Even though the commodity producer is still in his workshop and in a given moment does not enter into exchange with other members of society, he already feels the pressure of all those persons who enter the market as his buyers, competitors, people who buy from his competitors, etc., in the last analysis, the pressure of all members of society. This economic relation and these production relations that are directly realized in exchange, extend their influence even after the given concrete acts of exchange have ended. These acts leave a sharp social imprint on the individual and on the product of his labour. Already in the very process of direct production, the producer appears as a commodity producer, his labour has the character of abstract labour, and his product has the character of value.<sup>57</sup>

The first striking point in the above quote concerns Rubin's peculiar conception of the way in which commodity producers integrate their individual action in the all-rounded system of material interdependence characteristic of the generalised production of commodities. According to Rubin, the reason why the process of exchange affects the direct process of production resides in the fact that the commodity possessor can only set the production process into motion (hence actually becoming a commodity producer) in between two

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57. Rubin 1973, pp. 149–50.

different acts of exchange. And this means that she makes her conscious productive decisions already with the form-determinations ‘in mind’, i.e. that she produces with the thought that she needs to sell her commodity for some money already in her head. But this is a very peculiar manner of depicting the workings of a ‘commodity economy’, which begs the following question: where does the initial ‘endowment’ of commodities exchanged come from? As happens in the fantastic world of neoclassical economics, Rubin has to assume that commodities have ‘descended “from the heavens” during the preceding night’, ‘like the manna of the Children of Israel’.<sup>58</sup>

Marx’s order of determination in *Capital* goes from the form and content of the commodity-form of the product of labour (Sections 1–3 of Chapter 1) to the alienated subjectivity of the commodity producer as its personification (Section 4 of Chapter 1); in order only then to move to the actual process of exchange, where the commodity producer appears as commodity possessor (in turn, concretely developed in the juridical form of private property owner). Rubin, however, posits the latter moment as the essential starting point of the investigation of the ‘commodity economy’ (hence as the most abstract form of capital). As the above quote makes clear, for Rubin, the private individual is not immanently determined as a commodity producer from the very start, but becomes one (literally, appears as one) through the externally-imposed ‘pressure of all members of society’. In Rubin, then, everything is turned upside down. As we have argued above, the historical specificity of the capitalist mode of production lies in the private and independent form through which the social character of the direct process of production of use-values (hence, of human life) is organised. Given the private character of the direct process of production as the general social relation, the exchange process develops as the necessary mediating concrete form for the circulation of social wealth.

Now, this inversion of the real relation between production and circulation is not the only difficulty that crops up in Rubin’s discussion of the qualitative determinations of the value-form. A further complication arises when we examine more closely the concrete mediation he postulates in order to make the exchange process leave ‘a sharp social imprint’ on the phase of direct production. For Rubin seems to be arguing that it is the consciousness of the private individual which, under the subjectively ‘felt’ pressures objectively emanating from the market, ideally or latently posits the value-determinations already during the direct process of production.<sup>59</sup>

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58. Patinkin 1989, p. 4.

59. Rubin 1973, p. 150.

Rubin does not dwell further in this chapter on this notion of value (and abstract labour) as existing only ideally before the exchange process, by consciously being taken into consideration (or anticipated) by the commodity owner.<sup>60</sup> However, this conception can be found in other places in Rubin's text.<sup>61</sup> In particular, it is in Chapter 8 where he spells out with utmost clarity the meaning of this notion of 'ideal' value. In summary, 'ideal' value means, for Rubin, the subjective representation of the value-determinations in the consciousness of the commodity producer.<sup>62</sup> And it is only this purely subjective existence that the value-form enjoys within the direct process of production. According to Rubin, in this latter sphere, the value-form has, to borrow an expression from Marx, no socially-valid objectivity.<sup>63</sup> In the direct process of production, the consciousness of the private individual ceases to be the concrete expression of her alienated social being (materialised or reified in the commodity). Rather, Rubin sees the latter as ideally posited by the abstractly free consciousness of the commodity producer inasmuch as she 'feels the pressure to produce for the market'. Furthermore, Rubin's argument goes on, the same follows for abstract labour; the latter has only latent or ideal existence before the exchange of commodities. But abstract labour actually comes into being through the conversion of the ordinary commodity into the money-form.<sup>64</sup>

Here we arrive at the crux of the matter and the source of the whole of Rubin's confusion. For this makes clear that, for Rubin, the exchange process does not manifest the material and social determinations already possessed by commodities as they emerge out of the direct process of production. Instead, Rubin conceives of the exchange process as engendering those very determinations which leads him to put forward some rather problematic formulations. Thus, for instance, Rubin claims that, in the 'commodity economy',

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60. This argument about the 'mental anticipation' of the abstract character of labour in the direct process of production is replicated by contemporary circulationists such as Reuten and Williams 1989.

61. Rubin 1973, pp. 80–1, 128, 141–2, 144.

62. Rubin 1973, pp. 70–1.

63. Marx 1976a, p. 169. In a very broad sense, and as Marx puts it in the section on commodity fetishism, all categories of political economy are objective forms of thought and, hence, a 'phenomenon of consciousness'. But this in the sense that they are objectified forms of existence of the alienated consciousness of the commodity producer. They are, as Reichelt puts it, 'unconsciously posited forms of thought of universal validity' (Reichelt forthcoming). However, this is clearly not what Rubin had in mind in the passage cited. In other words, here he is not referring to the process of qualitative determination or constitution of the value-form, which, in his approach, occurs in the sphere of exchange, but to the conscious reflection of the private individual on an already constituted social form.

64. Rubin 1973, pp. 150–1.

labour has no actual social character before its ‘verification’ through the exchange process. He even states explicitly that the social relation between commodity producers is actually created by exchange.<sup>65</sup> This is, we think, absolutely incorrect. Whatever its specific social form (and this includes private labour), all act of labour has an immanent two-fold character, individual and social. What happens in a ‘commodity economy’ is that the general social character of labour is not consciously organised by the individual labourers in their direct process of production, which is precisely why it can only manifest through the exchange of the products of labour as commodities. Rubin, however, inverts this determination and completely deprives the direct process of production of its inner social determination in order to displace it to the sphere of exchange.<sup>66</sup>

Now, in order to support his case, Rubin cites from the 1859 *A Contribution to the Critique of Political Economy*.<sup>67</sup> The second passage he cites, in particular, comes from Marx’s discussion of the functions of money and, more precisely, from the concrete development of the money-form as measure of value. As such, it does not actually correspond to the level abstraction of Chapter 1 of *Capital* (where the simplest determinations of the commodity-form are presented) but to what would correspond to Chapter 3 of *Capital* (where their more concrete development into the money-form and its functions are presented). Thus, as should be obvious from a cursory reading of the second passage, Marx is not referring to the more abstract, essential determinations of the value-form as such, but to its more concrete mode of existence as price. It is only the further realisation of the determinations of the price-form (and hence, only indirectly of the value-form as such) that is concretely mediated by the ideal representation of value in the consciousness of the commodity producer.

In brief, it is not the inner qualitative determination of value simply as such (hence the abstract labour materialised in the commodity in the direct process of production), but its outer mode of expression as exchange-value (more concretely, as price), that necessarily acquires an ideal form as a mediating first stage before its real conversion into money in the phase of exchange. Only the expression of value, to put it in Rubin’s terms, is ‘represented in consciousness’. Inasmuch as the commodity is an inert being lacking in consciousness and will, it needs the alienated consciousness of the private individual to personify the concrete realisation of its social essence as the reified bearer of the value-determinations. And this does not only include taking commodities to

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65. Rubin 1973, p. 80.

66. Inigo Carrera 2003, p. 34.

67. Rubin 1973, p. 151.

the market,<sup>68</sup> but also giving concrete expression to their value by ideally representing it as an imaginary sum of money or as having a determined price. To put it differently, commodity producers have not only to act as the vehicle of the real circulation of commodities but also of what Marx called in the 1859 *Contribution* their ‘theoretical circulation’ (i.e. the more abstract determinations of the commodity which are the presupposition of its actual circulation on the market and which culminate with the concrete fixing of prices – ‘sticking up the price tag’ – by individual commodity producers).<sup>69</sup>

We would like to argue that it is the above distinction between the essential determinations of value (qualitative and quantitative) and their concrete realisation (including the distinction between ‘theoretical’ and ‘actual’ circulation of commodities) that Rubin’s notion of ‘ideal value’ conflates. More broadly, as Likitkijsonboon nicely puts it,<sup>70</sup> Rubin’s approach to value-form theory suffers from conceptual collapse or amalgamation of categories which, we add, expresses a more general problem of conflation of different levels of abstraction or of social forms of different degrees of concreteness.

After having completed his account of the qualitative determination of value and abstract labour, Rubin moves to their quantitative determination. Actually, he deals with the quantitative determination of abstract labour (which shows how, despite all he previously said about the fundamental distinction between value and abstract labour, he nonetheless feels free to use both categories interchangeably). In order to show the possibility (!?) of a quantitative characterisation of abstract labour, Rubin does not face the real form (value) itself but, again, resorts to the extrinsic comparison between abstract labour and the socially-equalised labour found in a socialist community.<sup>71</sup> Through this comparison, Rubin tries further to make the point that it is not objectified physiological labour that constitutes the substance of value. Why? Simply because not even in a socialist community would physiological labour be the unit of ‘social accounting’. Even in this (allegedly) non-reified society there would be some need of social equalisation of labour

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68. Marx 1976a, pp. 178–9.

69. Marx 1987, p. 303. The ‘theoretical phase of circulation’ of commodities is then ‘preparatory to real circulation’ (Marx 1987, p. 303.), since the latter can only take place once, ‘as a result of establishing prices, commodities have acquired the form in which they are able to enter circulation’ (Marx 1987, p. 323.). This ‘theoretical circulation’ comprises Chapters 1, 2 and the first section of 3 (the functions of measure of value and standard of prices) of *Capital*. Only then the actual movement of circulation of commodities is reproduced in thought, revealing the subsequent functions of money not as its preconditions (presupposed more abstract forms) but as its results (developed concrete forms).

70. Likitkijsonboon 1995, p. 91.

71. Rubin 1973, p. 152.

and, therefore, it would be ‘socially equalised labour’ (i.e. ‘the units of a homogeneous mass of social labour’) the basis for social accounting. And if this is so in a socialist community, Rubin argues, all the more must it be so in a commodity economy! Thus, he concludes, the magnitude of value must also have a purely social substance as its determinant and, hence, it cannot be a purely material form like labour in the physiological sense.

Leaving aside the peculiar, ‘roundabout’ form Rubin gives to his argument (where he wants to make a case about the determinations of value-producing labour by facing the determinations of labour in an alleged socialist community), there are still some problematic aspects to it. To begin with, from the fact that it is not individual labour-time that determines the magnitude of value, it does not necessarily follow that abstract labour in a physiological sense cannot be the substance which underlies its immanent measure. Certainly, it is socially necessary labour-time (as opposed to individual labour-time) that determines the magnitude of value. However, this might as well mean that it is only the amount of physiologically expended individual labour-time that accords with the normal technical conditions of production that counts for the determination of the magnitude of value (at the most general level of abstraction this norm can be regarded as a simple average). In other words, only insofar as it is socially necessary (both qualitatively and quantitatively) does the abstract character of individual private labour become socially represented in the form of value. Since the private character of labour entails the dissolution of all direct social relations, each individual only counts as a personification of average labour-power.<sup>72</sup> Therefore, as far as the value-determinations are concerned, the singularity of each act of labour only matters as the expenditure of an identical aliquot part of the total labouring capacity of society.<sup>73</sup> But this does not do away with the physiological materiality of abstract labour. It only tell us that, from the social point of view, that part of the expenditure of human corporeality that is socially necessary is represented in the form of value.

At this juncture, Rubin’s own exposition faces a potentially serious blow to the orthodox, non-revisionist credentials he is struggling to preserve. As he self-consciously recognises, the idea that abstract labour (and hence ‘real’ value) only results from the equalisation of the products of labour in the exchange process which seems blatantly to clash with any conceivable notion of a ‘labour theory of value’, in which the labour-time expended in production determines the magnitude of value, and hence regulates the quantitative proportions in which two commodities exchange.<sup>74</sup>

72. Colletti 1974, pp. 84–6, is good on this.

73. Marx 1976a, p. 129.

74. Rubin 1973, p. 154.



How does Rubin try to get round this antinomy? Again, he proceeds by resorting to strikingly idiosyncratic categorial distinctions and convoluted arguments of contentious logical status. Through the example of the ‘socialist’ community, Rubin constructs a distinction between the characteristics on the basis of which labour is equalised (which could be drawn from outside the sphere of exchange), and the act of equalisation itself (which, in the case of the commodity economy, has already been shown by Rubin to occur in the exchange process).<sup>75</sup> With this distinction in mind, he then makes the decisive final step in his whole argument.

Thus we assert that in a commodity economy, the social equality of two labour expenditures or their equality in the form of abstract labour is established through the process of exchange. But this does not prevent us from ascertaining a series of quantitative properties which distinguish labour in terms of its material-technical and its physiological aspects, and which causally influence the quantitative determination of abstract labour before the act of exchange and independent of it. The most important of these properties are: 1) the length of labour expenditure, or the quantity of working time; 2) the intensity of labour; 3) the qualification of labour; and 4) the quantity of products produced in a unit of time.<sup>76</sup>

Rubin seems to be suggesting that the qualitative determination of value (and hence abstract labour) is the result of the process of exchange, whereas its quantitative determination ‘is influenced by’ the material determinations of the direct process of production. We can now appreciate how Rubin unsuccessfully tries to square the circle: not only does he rigidly separate materiality and social form but he also ends up raising a wall between the qualitative and the quantitative determination of value. Regarding the former, Rubin’s argument is undoubtedly circulationist and it is in this way that he tries to keep any naturalistic, Ricardian reading of Marx’s theory of value at bay. Concerning the latter, Rubin puts forward a rather traditional, production-centred ‘labour theory of value’. With this latter move, Rubin attempts to preserve his orthodox credentials intact. In this way, he tries to stick to the two theoretico-political imperatives that, as we mentioned in the introduction, underlie his intellectual enterprise: rejecting the ‘naturalistic’ retrogressions whilst avoiding being accused of revisionist.<sup>77</sup> Unfortunately, the consequence

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75. Rubin 1973, p. 155.

76. Ibid.

77. In the final part of the book, with the problem of the qualitative determination of value behind, Rubin can afford the luxury of coming across as an orthodox defender of the ‘labour theory of value’. Thus, when dealing with the concrete form of market value and price of production taken by the value-form (more specifically, with the quantitative differences between them), he can offer a straight production-centred account. See Rubin 1973, pp. 179–84, 190–3, 206, 212, 224–5.

of this attempt was that of theoretical incoherence. The conceptual tensions in Rubin's thought actually turn out to be veritable antinomies. In the end, the two theoretico-political imperatives cannot be said to co-exist in peace but rather undermine each other.

### **The material and social determinations of value-producing labour in Marx's critique of political economy**

In opposition to Rubin's theoretical political economy, it can be suggested that it is the contradictory unity between materiality and social form that forms the movement which Marx expounds in the whole of Chapter 1 of *Capital*. The commodity becomes known in its essential social being as a materialised social relation, a determination with which it emerges from the immediate process of production and, therefore, which is the premise of the act of exchange. In other words, in becoming a commodity, the material product of human labour negates itself simply as such to become a use-value which is, at the same time, the bearer of the fetishised general social relation between human beings (value, exchange value being its concrete form of appearance).<sup>78</sup> It is this contradiction that gives commodities what Marx termed in the final section of Chapter One of *Capital* its fetishistic character. Moreover, in the first chapter of *Capital*, Marx expounds how that contradiction objectified in the product of labour is, in turn, the realised necessity of the specific contradiction immanent in the capitalist form that social labour takes. It is here that we arrive at the crux of the matter. For no conceptual acrobatics or 'dialectical' subtlety can ignore the hard reality that Marx states without ambiguity that this specific form is not that of being abstract labour, but that of being performed as private and independent labour.<sup>79</sup> What is more, Marx states explicitly that it is not from labour's abstract aspect that the fetishism of commodity derives.<sup>80</sup> Let us examine the matter more closely.

However different the concrete forms of labour, they all consist in a material expenditure of human 'brains, muscles, nerves, hands, etc.,' i.e. of 'human labour-power pure and simple'.<sup>81</sup> This, we think, is the only meaningful definition of abstract labour, which, as much as its concrete aspect, is a purely material form, bearing no social or historical specificity. And yet, when performed privately and independently, and once congealed in the natural

78. Inigo Carrera 2003, p. 295.

79. Marx 1976a, p. 165.

80. Marx 1976a, p. 164.

81. Marx 1976a, pp. 134–5.

materiality of the product of labour, that purely material form acquires the form of the value of the commodity, i.e. a purely social form that embodies ‘not an atom of matter’.<sup>82</sup> In this way, the materiality of the abstract character of human labour negates its generic role as the homogeneous element in the production of different useful objects to become a material form which acts as the substance of the fetishised social relation objectified in the product of labour. Now, it is to be noted that, in this process, abstract labour does not cease to be a material form. What happens is that, when performed privately, the materiality of the abstract character of (objectified) human labour plays a particular social role in the process of social metabolism by being represented as the social objectivity of value. It is only that social role that is peculiar to capitalist social relations. As Marx puts it in the first edition of *Capital*,

The commodities’ social form is their relationship to one another as equal labour; hence – since the equality of *toto coelo* [utterly] different labours can only consist in an abstraction from their inequality – their relationship to one another as human labour in general: expenditures of human labour power, which is what all human labours – whatever their content or mode of operation – actually are. In each social form of labour, the labours of different individuals are related to one another as human labours too, but in this case this relating itself counts as the specifically social form of the labours.<sup>83</sup>

This is what Rubin’s one-sided focus on social forms fails to recognise. The reason for this is that, despite his references to the distinctiveness of Marx’s dialectical method vis-à-vis classical political economy, of which Ricardian Marxists are direct heirs, his own methodological approach could be said to be the mirror image of the latter. In other words, it is an application of formal logic, which is thereby impotent to reproduce in thought the contradictory movement of determination of real forms, that is, the process through which they realise their immanent potentiality through self-negation, by becoming another. For classical political economy, the question was very simple. If the source of value is a purely material form, there is no way in which its objectification could be a purely social form. Hence, the naturalisation of the value-form of the product. Now, paradoxical though as it may seem, the logic of Rubin’s argument is exactly the same, albeit emphasising the historicity of economic categories: value being a purely social form, so must be its substance. Thus, this train of thought cannot shed light on the specific determination of capitalist society whereby the process of expenditure of human ‘muscles, brain

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82. Marx 1976a, p. 138.

83. Marx 1976d, p. 32.

and nerves', negates itself as such to affirm itself as a material process that simultaneously produces the general social relation (value). And notice that we are not referring to the generic fact that all processes of human material reproduction reproduce the social relations in which they take concrete form. That generic contradiction acquires a specific capitalist expression by virtue of the private form that social labour takes, so that the generic material determinations of the human life-process, including both the abstract and concrete character of labour, can only affirm themselves by becoming the immediate bearers of objectified forms of social mediation. In displacing the qualitative determination of the value-form from the direct process of production, Rubin actually misses this fundamental specific aspect of capitalist society, namely: that the immediate process of production of material wealth becomes, at the same time, the production of the general social relation.

Moreover, this is the only way in which the process of human metabolism can reproduce itself, given a particular historical stage in the development of the material productive forces of society. Namely, the historical stage in which human productive subjectivity develops to the point where it can no longer be ruled through relations of personal dependence, but where it cannot yet be ruled as a self-conscious collective potency either. Hence the conscious productive capacity of the individual to control the individual character of her labour (thus her individual freedom) as the necessary historical precondition of capitalism, but also the cost at which this freedom comes. That is, the incapacity to recognise and organise (i.e. the unconsciousness about) the social determinations of human individuality and the consequent inversion of those social powers into attributes of the product of labour. In other words, the freedom of the commodity producer is actually a concrete form of her alienation.<sup>84</sup>

Now, in its more developed form of capital, this materialised general social relation among private individuals does not simply mediate their process of social metabolism; in addition, it becomes the very (alienated) subject of the movement of social reproduction itself. And yet, the material specificity of this fetishised social form – its reason to be in human (pre)history – consists, precisely, in the development of the human productive capacity to organise social labour in a fully conscious fashion. More concretely, capital is the social form that transforms the productive powers of free but isolated individual labour into powers of directly and consciously organised social labour.<sup>85</sup> As Chattopadhyay nicely puts it in his critique of the Leninist view of the

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84. Inígo Carrera 2003, pp. 3–4.

85. Marx 1976a, pp. 453, 928–9; Inígo Carrera 2003, p. 37.

transition, ‘capitalism itself is the transition to communism’.<sup>86</sup> Hence the crucial importance of grasping the specificity of value-producing labour, deriving it from the private character of labour. Rubin’s representation of the historical character of value-producing labour as simply residing in abstract labour, coupled with his dogmatic exclusion of the ‘material-technical aspects’, actually obscures this material specificity of capital and leaves us with a purely formalistic understanding of the capitalist mode of production. As we shall see in the next section, this formalistic understanding deprives the critique of political economy of its critical-revolutionary force.

### **The materiality of value-producing labour and revolutionary subjectivity**

At this stage of our argument, it is necessary to emphasise that the mode of existence of social labour as private labour is not a juridical form referring to the fragmentation of the property of means of production (though that is certainly its *simplest* juridical expression).<sup>87</sup> But neither should it be understood as an abstract atomisation of social production unilaterally seen from an exclusively formal point of view. That is, as just another social form of the production process that constitutes the present-day objective conditions in which human individuals exercise their abstractly free productive subjectivity.<sup>88</sup> As a social form, the private character of labour must be understood in its essential determination as a mode of development of the material productive forces of society borne by individual labour, i.e. of human productive individuality. In other words, it must be comprehended in relation to the development of the subjective material powers of human individuals consciously to organise their own transformative action upon their natural environment, the productive consciousness of human beings as working subjects. If human beings invert their social powers as the value-form of the product of social labour it is because they have developed the individual character of their productive powers to a degree that cannot be further expanded under relations of personal dependence. However, the other side of this coin is that they have not yet created the universality of the material powers needed to regulate their social reproduction in a fully conscious form either. This is why the product of their social labour still confronts them as

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86. Chattopadhyay 1992, p. 94.

87. See Chattopadhyay 1996.

88. As is the case, for instance, with the representation of the private character of labour as dissociation – which would constitute the logical negation of the ‘concept’ of sociation and with association (exchange) as the mediating term in the logical contradiction – by contemporary authors within the ‘systematic-dialectics approach’ (Reuten 1988, pp. 48–50; Arthur 1993, p. 71).

an alien power in the form of capital and the material development of their productive subjectivity takes the form of the production of relative surplus-value.

But it is an insipid notion to conceive of this merely objective bond as a spontaneous, natural attribute inherent in individuals and inseparable from their nature (in antithesis to their conscious knowing and willing). This bond is their product. It is a historic product. It belongs to a specific phase of their development. The alien and independent character in which it presently exists vis-à-vis individuals proves only that the latter are still engaged in the creation of the conditions of their social life, and that have not yet begun, on the basis of these conditions, to live it. ... [U]niversally developed individuals, whose social relations, as their own communal [*gemeinschaftlich*] relations, are hence also subordinated to their own communal control, are no product of nature, but of history. The degree and the universality of the development of wealth where this individuality becomes possible supposes production on the basis of exchange values as a prior condition, whose universality produces not only the alienation of the individual from himself and from others, but also the universality and the comprehensiveness of his relations and capacities.<sup>89</sup>

In brief, although capital is the historical producer of the powers of directly social labour, it achieves this by subordinating the conscious organisation to the autonomised movement of social life alienated as an attribute of the material product of labour. In other words, by determining social labour as a concrete form of development of the powers of private labour, i.e. a mode of existence of capital's self-valorisation through the production of relative surplus-value. This is capital's formal specificity, the necessary social form in which the aforementioned transformation of the materiality of the production process of human life is historically achieved. Thus, in this inverted social form, capital fulfils its *raison d'être* in the development of human species-being.<sup>90</sup>

The creation of the material conditions engendering the social necessity for the 'suspension of this basis itself' does not have to be understood as the historical positing of abstractly objective conditions, to be complemented with equally self-moving subjective ones. Rather, it needs to be grasped as the development of the subject bearing the socially and historically developed material powers to strip the 'objective moments of production of this form of alienation'. It is about the inner unity of 'the objective and the subjective conditions, which are only the two distinct forms of the same conditions'.<sup>91</sup>

89. Marx 1993, pp. 161–2.

90. See especially Marx 1993, pp. 831–2; on the relative historical necessity of capital.

91. Marx 1993, p. 832; our emphasis.

In effect, this contradictory socialisation of labour as an alienated attribute of capital can only proceed by the constant revolution in the material conditions of social labour and, consequently, it also entails the permanent revolution in the productive subjectivity of wage-labourers according to a determinate tendency, namely: the development of the universality of their productive powers as self-conscious individual organs of a fully socialised productive body.<sup>92</sup> This is the essential contradiction of the capitalist mode of production that needs to be analysed in its historical unfolding until reaching a concrete form in which it can only move forward in the transformation of the materiality of human life by revolutionising its social forms themselves.<sup>93</sup> That is, by abolishing the determination of material forms as bearers of objectified social relations.

As the material subject whose productive subjectivity this historic-economic process transforms ‘behind its back’ in the direction of a fully developed universality, the collective labourer thereby becomes determined to personify through its conscious revolutionary action the alienated necessity of social capital to be superseded in the free association of individuals. Inasmuch as the critique of political economy entails the reproduction in thought of the concrete unity of all these determinations of social existence, it becomes determined as the self-consciousness of the working class of its own determination as an alienated subject. An alienated subject, however, that eventually develops the material powers and historic task to put its own alienation (and hence its existence as working class) to an end. Blinded by his own formalism to the material content of social forms, and through the substitution of abstract labour for private labour as value-producing labour, Rubin and his ‘theoretical political economy’ are unable to shed light on any of these questions. That is, they leave out of scientific reflection the very material basis of the revolutionary action of the working class.

With this in mind, we can now briefly explore the politics behind this kind of formalism in the understanding of the capitalist mode of production by taking the socio-historical context of Rubin’s writings into account. In general, Rubin’s emphasis on social forms (abstract labour among them) has been

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92. Iñigo Carrera 2003, pp. 10–12.

93. Needless to say, in the course of its unfolding throughout capitalist development that tendency towards a universal productive subjectivity can only push forward through its own negation. That is, not only through the formal inversion between subject and object of social production implicit in the general determination of capital as self-valorising value, but also by subjecting the different organs of the working class to all kinds of material mutilations of their productive subjectivity. The extreme manifestation of this is the production of a surplus population relative to capital’s needs of exploitation of living labour.

generally taken as a sound basis for a critical-revolutionary approach. However, in light of the argument above, one wonders if there is not an ideological determination in Rubin's ambiguous and hesitant treatment of the materiality of the process of production of human life. In effect, even a superficial observation of the transformation taking place in the materiality of the immediate production process in Russia in the late 1920s revealed a 'striking' similarity with the kind of development of the productive forces in Western capitalist countries.

Now, for Rubin's formalist approach, the difference between capitalism and socialism boils down to the way in which labour and things are 'socially equated': whether through the market or through the plan established by the 'social organs' of the socialist community. The materiality of the production process seems to be completely immaterial for that distinction. Moreover, for Rubin, those 'social organs' which determine the allocation of total labour-power of society into its different concrete forms are not the self-consciously (hence, freely) associated individuals themselves.<sup>94</sup> Rather, he claims that 'in a society with an organized economy, the labour of an individual in its concrete form is directly organized and directed by a social organ'.<sup>95</sup> But what is this 'social organ' which, as a power distinct from human individuals themselves, organises and directs the general social character of their labouring activity according to the 'goals of social policy'?<sup>96</sup> Although not stated explicitly by Rubin, one is tempted to conclude that this 'social organ' is the state and the plan which establishes the 'social equalization of labour and things' in the 'large socialist community' is the state-plan. Apparently, Rubin's form-analytical approach did not escape the ideological identification of socialism with state planning.<sup>97</sup>

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94. At least not in the early phase of the socialist society, 'when the labour of individuals is still evaluated by society' (Rubin 1973, p. 141). Clearly, Rubin cannot see that the whole point of the socialist/communist transformation consists, precisely, in the overcoming of the existence of 'society' as a potency standing over and against the conscious human individual.

95. Rubin 1973, p. 129.

96. Rubin 1973, p. 98. See also Rubin 1973, pp. 96, 154–5.

97. Needless to say, this is not to depict Rubin as a Stalinist. Yet, Rubin's assassination under Stalin does not speak necessarily of the critical and revolutionary nature of his work as such but of the degree of ideological and material violence that the centralised process of accumulation of capital as state property had to deploy for its original accumulation and expanded reproduction. Even the ambiguous formulations in Rubin's work were insufficient to escape the Stalinist purges and he certainly had to pay with his life for that (Íñigo Carrera 2003, p. 314.). Only complete and dogmatic compliance to every letter of the Stalinist codification of Marxism as state ideology was accepted. Such were the brutal forms taken by that absolutely centralised process of accumulation.



### Concluding Remarks

Evidently, the debate among contemporary Marxists over the crucial question of the specificity of value-producing labour is far from being closed. As with many other contemporary currents, Rubin attempted to transcend the shortcomings of the Ricardian readings of Marx through the conception of abstract labour, the substance of value, as a specific social form of the capitalist mode of production. Moreover, albeit in a nuanced fashion, he offered the germinal elements of the circulationist approach. In this article, and through a close critical reconstruction of the *Essays*, we have attempted to lay bare the shortcomings of what still is a very influential contribution to the Marxist theorising on the value-form. The implications of our critique are, however, more general, and will, we hope, throw some light on more contemporary debates on value-form theory.

These questions are far from being simply academic. In effect, we have attempted to show that the very social determinations of the revolutionary action of the working class are among the ‘further developments’ of the commodity-form. In fact, one could even argue that the very term ‘value theory’ is misleading when referring to the investigation of the determinations presented by Marx in the first chapters of *Capital*. What Marx provided in the first chapter of *Capital*, and what we should develop in order to find the determinations of contemporary political action, is the ideal reproduction of the commodity-form of the product of labour. This is not part of a self-contained ‘theory of value’ but the discovery and exposition of the movement of the more abstract forms of the alienated social being of human individuals in capitalism. In this sense, so-called ‘value theory’ is actually but the first step in the broader process of dialectical cognition through which the working class comes to discover the alienated character of its social being and, consequently, of its consciousness and will. A process, however, that also produces the awareness of the historical powers developed in this alienated form and, hence, of the necessity (i.e. the social determinations) of conscious revolutionary action as the form in which capital is abolished. Starting with the simplest expression of alienated social life, the critique of political economy must therefore grasp the intrinsic connection among all the forms that this alienation takes, their form of movement, and their contradictory historical development into their own annihilation through the political action of the working class. The key to this movement consists, precisely, in the contradictory socialisation of labour – coupled with the corresponding development of the universality of human productive subjectivity – determined as a concrete form of development of the powers of private labour, i.e. as an alienated attribute of social capital.

Thus, the self-awareness of the working class about its historic task in the communist abolition of capital necessarily involves grasping capital as the unity of its social and material specificity. Or rather, as the specific social form in which that material specificity develops. It is this inner unity that Rubin's theory of value-producing labour fails to grasp.

In sum, the investigation of the determinations of the value-form should not be seen as a separate, self-contained field of research, with no connection to political action. Rather, it must be seen as an abstract yet necessary moment of the fully conscious organisation of the revolutionary activity of working class.

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## Symposium on Ellen Meiksins Wood's *Empire of Capital*: Editorial Introduction

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### Abstract

Ellen Wood's study of the new imperialism represents the latest instance of her broader project of reconstituting a non-deterministic form of Marxism which is able both to explain the historical specificity of capitalism and to inform socialist political activity. This essay seeks to locate her analysis of imperialism both in the wider political context within which it was written and as an example of the fecundity of her re-interpretation of historical materialism. After outlining the main themes of Wood's 'political-Marxist' project, I move on to overview the thesis of her book *Empire of Capital* (2003) before finally pointing to the main themes of the ensuing debate.

### Keywords

imperialism, state, Marxism, empire, capital

Wars have always acted to test the Left. Classically, the outbreak of the First World War posed fundamental and catastrophic questions to the Second International: no longer could revolutionaries and reformists join together under a programme that obscured their differences when the reformist leaderships of most of the national sections of that organisation sacrificed, for short-term political popularity, the very internationalism that supposedly united the workers' movement. If, in 1914, the immediate priority for the revolutionary minority within the International was to take a political stand against the War, no less urgent was their need to explain both the War itself and the majority's capitulation to nationalism. On both fronts, the reaction of the revolutionary Left was outstanding. Subsequently, while the collapse of the Second International was a catastrophe of the first order, we are at least fortunate in being heirs to the rich intellectual and political legacy of the Left's response to this collapse. For the studies of imperialism penned by Bukharin,

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1. Thanks to my comrades on the editorial board of *Historical Materialism* for comments on an earlier draft of this essay.

Lenin and Luxemburg armed generations of militants in the twentieth century with a precious resource from which to draw to counter capitalism's drive to war.

Nevertheless, if these works provided a powerful basis from which to explain the underlying dynamic of both colonisation and two world wars, post-1945 processes of, first, decolonisation and, second, globalisation, have acted to pose questions of their continued adequacy. As Sam Ashman recently noted on these pages, 'there is general agreement that the classical theorists of imperialism . . . may be important reference points but they are not an adequate guide to the contemporary world'.<sup>2</sup>

Against the backdrop of these developments, wars in Iraq, Afghanistan and, before that, the Balkans, demand, once again, political and theoretical responses from the Left. It was with the aim of contributing to this task that the editors of *Historical Materialism* first invited David Harvey and Ellen Meiksins Wood to engage with each others studies of the new imperialism in these pages, before extending this invitation to others researching the field, with a view to providing a substantial intellectual contribution to the anti-imperialist movement.

The first instalment of this double symposium was published last year in issue 14.4 of *Historical Materialism*, and the continuities across the debate are clear for all to see. On the one hand, we have already published Wood's response to Harvey's book, while, on the other, contributors to the previous symposium, especially Bob Sutcliffe, engaged with themes from Wood's study alongside those from Harvey's. The articles published in this edition subsequently act, more than is usual, as a direct complement to and continuation of the debates published last year. Precisely because of this overlap, and because the general thrust of Wood's thesis has been repeated by various contributors to the symposium, I will not give more than the briefest of overviews of her book here. In any case, readers are encouraged to read both Wood's and Harvey's books as prerequisites to understanding the modern world. I have, however, taken the opportunity afforded by this introductory essay to locate her arguments within the context of her *œuvre*, and the broader tradition of political Marxism with which she is associated.

### **Political Marxism**

The term 'political Marxism' itself was originally coined by Guy Bois as a critical epithet for Robert Brenner's work on the transition from feudalism to

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2. Ashman 2006, p. 3.

capitalism. Bois argued that Brenner's thesis 'amounts to a voluntarist vision of history in which the class struggle is divorced from all other objective contingencies and, in the first place, from such laws of development as may be peculiar to a specific mode of production'.<sup>3</sup> Despite this deprecatory pedigree, Wood has enthusiastically embraced the term political Marxism as a reasonable description of both hers and Brenner's work, but denies that it implies a voluntarist interpretation of history.<sup>4</sup> Rather, she insists that political Marxism overcomes the weaknesses of previous mechanical versions of Marxism by 'simply [taking] seriously the principle that a mode of production is a social phenomenon'.<sup>5</sup>

Wood differentiates political Marxism from traditional interpretations of historical materialism in two fundamental ways. First, she rejects the classical-Marxist model of historical change as outlined in Marx's 1859 'Preface' to *A Contribution to the Critique of Political Economy*. Second, and in place of this model, she maintains that explanatory primacy in history should be accorded to changes in the relations of production, or property relations as she prefers to call them. Political Marxism, Wood suggests, subsequently combines an application of Edward Thompson's critique of the crude utilisation of the base-superstructure metaphor, with Brenner's alternative account of capitalist development in a synthesis that aims to re-establish a firm grounding for a non-teleological account of history.<sup>6</sup>

Wood is keen to reaffirm an anti-teleological reading of Marx, and she offers two reasons, one scholarly the other political, for doing so. The orthodox-Marxist case which ascribes explanatory primacy in history to the development of the productive forces assumes, she claims, that a peculiar rationality, characteristic only of the capitalist mode of production, is a constituent element of human nature. Consequently, in the orthodox model, capitalist rationality is naturalised in a fashion that both acts as an impediment to our cognition of the past, and as an obstacle to our realisation of socialist hopes for the future. Thus, if human history is read as a process leading to the unleashing of capitalist rationality, then scholars will fail to grasp the specificity of this type of rationality, and politicians will fail to grasp the possibility of its transcendence.<sup>7</sup>

While Althusser and his followers attempted to move beyond this model, Wood suggests that their alternative involved 'a rigid determinism... in the

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3. Bois 1985, p. 115.

4. Wood 1995, p. 23.

5. Wood 1995, p. 25.

6. Wood 1999a, p. 59.

7. Wood 1999a, p. 7.

realm of social structure, ... while the real, empirical world remains effectively contingent and irreducibly particular'.<sup>8</sup> She claims that Edward Thompson avoided this unpalatable dichotomy through his insistence that 'we should not assume any automatic, or over-direct, correspondence between the dynamic of economic growth and the dynamic of social or cultural life'.<sup>9</sup> Elsewhere, Thompson argued that, because historical materialism attempts to study the social process as a totality, then it must reject reified conceptualisations of the 'economic' and the 'political' etc.<sup>10</sup> Wood suggests that Thompson's theoretical framework requires

a conception of the 'economic', not as a 'regionally' separate sphere which is somehow 'material' as opposed to 'social', but rather as itself irreducibly social – indeed, a conception of the 'material' as constituted by social relations and practices. Furthermore, the 'base' ... is not just 'economic' but also entails, and is embodied in, judicial-political and ideological forms and relations that cannot be relegated to a spatially separate superstructure.<sup>11</sup>

Consequently, as opposed to traditional applications of the base-superstructure metaphor, Thompson suggested that particular social formations must be analysed historically as evolving totalities. Wood argues that, '[w]here Thompson's critics see structures as against processes, or structures that undergo processes, Thompson sees structured processes'.<sup>12</sup>

Developing this point, whereas Perry Anderson was at a loss to explain Thompson's decision, after writing *The Making of the English Working Class*, to focus his research on the eighteenth century rather than looking forward towards the twentieth, Wood answers that Thompson was attempting to 'explain the establishment of capitalism as a social form': a task to which Brenner has so forcefully applied himself. Moreover, by breaking with a crude application of the base-superstructure metaphor, Wood believes that political Marxism realises the power of Marx's own historical methodology.

By contrast with Marx, she argues that it is Weber's work that can be characterised by its teleological theory of history, for Weber 'looked at the world through the prism of a unilinear, teleological and Eurocentric conception of history, which Marx had done more than any other Western thinker to dislodge'.<sup>13</sup> Indeed, Weber's concept of the Protestant ethic 'cannot account

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8. Wood 1995, p. 50.

9. Thompson, 1980, p. 211.

10. Thompson 1978, pp. 70–8.

11. Wood 1995, p. 61.

12. Wood 1995, p. 79.

13. Wood 1995, p. 146.



for the ‘spirit of capitalism’ without already assuming its existence’.<sup>14</sup> In this sense, Weber’s approach is, Wood argues, a variation of the ‘commercial model’ of capitalist development first articulated by Adam Smith. According to this account, capitalism is associated with towns and cities, and the triumph of capitalism is associated with the triumph of the town and city dwellers, the bourgeoisie, over the precapitalist country folk.<sup>15</sup>

In contrast to this model, Wood defends Brenner’s reading of capitalist development as originating in England as a form of agrarian capitalism: only on the basis of capitalist development in the countryside was it possible that the towns could take on a capitalist, as opposed to a merely bourgeois, character. Thus, for the political Marxists, the key task facing those of us who would desire to develop a clear understanding of the contemporary world does not lie in a search to discover the basis for the unleashing of the creativity of the bourgeoisie under feudalism, but rather lies in explaining the growth of capitalist social relations in the (English) countryside. For his part, Brenner argues that capitalism – the specific form of surplus appropriation through the economic exploitation of wage-labour rather than through those forms of extra-economic compulsion characteristic of precapitalist modes of production – originated not as a result of a victory of the peasantry over the feudal nobility in the class struggle, and still less the product of a rising bourgeoisie, but as an unintended consequence of the class struggle under feudalism.<sup>16</sup>

Subsequently, Wood deployed Brenner’s interpretation of the rise of capitalism to challenge Perry Anderson’s claim that Britain’s economic woes could in large part be explained by her archaic political superstructure.<sup>17</sup> She countered that it is precisely the ‘pristine’ capitalist nature of the British state that explains its economic decline: ‘It is not . . . the gentility of British capitalism that has hindered its development but, on the contrary, its unbridled rapacity’.<sup>18</sup> Consequently, for Wood, the Left’s fight, in England at least, is not against any elements of the *ancien régime*, but against capitalism pure and simple.<sup>19</sup>

The concrete political shape of her project was perhaps best elucidated in her Deutscher prize-winning book *The Retreat from Class*. Here, she argued that, while capitalism is characterised by the separation of the economic from the political, this separation could be overcome in periods of crisis. Published

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14. Wood 1995, p. 164; 1999a, p. 17.

15. Wood 1999a, p. 13.

16. Brenner 1985, p. 30. For a critical discussion of these arguments, see Blackledge 2006, pp. 119ff.

17. Anderson 1992.

18. Wood 1991, p. 167.

19. Wood 1991, p. 18.

in 1986, the most obvious contemporary example of political class struggle in the West was the British Miners' Strike of 1984–5. Wood argued that this conflict 'demonstrated how "merely economic" class struggles, even when their objectives are limited, have a unique capacity to alter the political terrain and to unmask and confront the structures of capitalist power, the state, the law, the police, as no other social force can do'.<sup>20</sup>

Thus, Wood defended the socialist project in the aftermath of one of the biggest defeats in British working-class history. Indeed, the thesis of her book was a critique of those post-Althusserian socialists who had rejected the working class as the potential agency of socialist transformation. Wood recalled a phrase from *The German Ideology* to describe these thinkers as the 'New True Socialists',<sup>21</sup> and argued that this tendency was characterised by its 'autonomization of ideology and politics from any social basis, and more specifically, from any class foundation'. Moreover, she insisted that, politically, 'New True Socialism' was characterised by the 'repetition of banal and hoary right-wing social democratic nostrums'.<sup>22</sup> Against them, Wood maintained that the working class

can uniquely advance the cause of socialism (though not completely achieve it) even without conceiving socialism as their class objective, by pursuing their material class interests, because these interests are by-nature essentially opposed to capitalist class exploitation and to a class-dominated organization of production.<sup>23</sup>

Wood ended this book with a discussion of the practical implications of her criticisms of 'New True Socialism'. One key programmatic policy that she rejects is dogmatic electoralism: a strategy that is blind to the processes that have over the last century or so robbed democracy of its social content.<sup>24</sup> For, because the economic and the political are separate under capitalism, the self-limitation of socialist politics to the electoral arena would ensure that socialists would remain excluded from the real locus of decision-making. A socialist strategic perspective based upon the struggles of the working class could, in comparison, hope to overcome the dualism between economics and politics.

If Wood's interpretation of Marxism informed her rejection of simple electoralism, it also informed her rejection of market socialism; for this ideology, she insists, ignores the fact that capitalist social relations are based

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20. Wood 1986, p. 183.

21. Wood 1986, p. 1.

22. Wood 1986, pp. 2, 7.

23. Wood 1986, p. 189.

24. Wood 1986, p. 198.

upon compulsion rather than opportunity.<sup>25</sup> She has suggested that this criticism is securely underpinned by Brenner's economic analysis of capitalist crises which both undercuts political reformism, and strengthens the case for working-class industrial militancy. In contrast to reformism, Wood insists that socialists should foster the fights for reform within capitalism and attempt to link them to a broader, if more difficult, struggle against capitalism.<sup>26</sup> More generally she notes that, while socialists should recognise the resilience of working-class reformism, they should be wary of retreating from revolutionary politics before its seeming omnipotence.<sup>27</sup>

Political Marxism therefore aims to be more than just another academic sub-discipline, but rather hopes to continue the classical-Marxist tradition of developing theory that might act as a guide to socialist practice. Wood's study of the new imperialism should consequently be judged both on its political as well as its theoretical merits.

### *Empire of Capital*

If the main political target of *Empire of Capital* was Bush's drive to war, its key theoretical aim was to counter the argument, made in different ways by such as Philip Bobbitt and Michael Hardt and Tony Negri,<sup>28</sup> that the old national states were becoming things of the past. Opening with the proposition that, uniquely, capitalist exploitation is realised by economic rather than extra-economic means, but that this form of exploitation depends for its ultimate reproduction upon the existence of political power in the form of states, Wood argues that the specific form of capitalist imperialism is best understood as a consequence of this separation between economics and politics. Indeed, precisely because there is a division of labour between capitalist exploiters and the state, capitalist property relations can be extended far beyond the territorial limits of the state.<sup>29</sup> However, she is insistent that, while the economy exercises a degree of autonomy from the state, it can never free itself from its ultimate dependence upon existing capitalist states.<sup>30</sup> Thus, states and capital exist as a contradictory unity, with the latter expanding its influence beyond, but ultimately dependent upon, the power of the former.

This argument not only differentiates Wood's understanding of the contemporary world from Hardt and Negri's hyper-globalisation thesis, it also

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25. Wood 1999a, p. 119.

26. Wood 1999b.

27. Wood 1995, p. 107.

28. For more of her criticisms of Hardt and Negri, see Wood 2003b.

29. Wood 2003a, p. 12.

30. Wood 2003a, pp. 22–5.

effectively extends her own interpretation of Marxism. For *Empire of Capital* overcomes the ‘uncharacteristic tentativeness’, noted by one of her friendliest critics, of her earlier attempts to conceptualise the role of the state in the reproduction of capitalist relations of production.<sup>31</sup> Moreover, it suggests a potential divergence between her interpretation of imperialism and that articulated by Brenner in his contribution to the Harvey symposium. For whereas Brenner emphasises the enormity of the political shift in American foreign policy executed by the neocons under Bush II,<sup>32</sup> Wood tends to see their perspective, as we shall see below, as the logical outcome of more long-term and structural processes.

In her explanation of the new imperialism, Wood insists that the novelty of this form of class rule is obscured by our use of the language of imperialism to describe it. For this language is derived from the very different form of imperialism characteristic of Rome. Indeed, the core of the book is a lively and provocative survey of differing types of empire from Rome through China, Spanish America, Venice, the Arab Muslim Empire, the Dutch Republic, and the British Empire. Her discussion of the last of these examples perhaps most clearly expresses her distinctive approach to these issues. For she claims that, while Britain was a capitalist nation, it resorted to the use of precapitalist forms of control in India and elsewhere which, ultimately, reflected the gap between the epoch analysed by Lenin and Luxemburg and the modern world. For whereas they attempted to conceptualise a period characterised by a clear division between the capitalist metropolis and the rest of the precapitalist world, we live in a world in which capitalism has become universalised. If it is unfortunate that her discussion of the classical debates mentions only those works, by Lenin and Luxemburg, which most closely fit her argument, and not those by Bukharin and Hilferding that perhaps have more salience to the modern world,<sup>33</sup> she is undoubtedly on solid ground when she claims a turning point in this history of capitalism from around the end of the Second World War.<sup>34</sup>

Moreover, Wood makes the fundamentally important point that it is not enough for radicals to point the finger of blame at transnational corporations for the ills of global capitalism. She insists that they should also fight both capitalism as a system and the states that act as the foci of its power.<sup>35</sup> Against the boosters of globalisation theory, for whom globalisation entails the death

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31. Barker 1997, p. 58.

32. Brenner 2006, pp. 102–5.

33. For an attempt to explore and develop some of these insights, see Harman 2003.

34. Wood 2003a, p. 131.

35. Wood 2003a, pp. 137–42; 2003b, p. 66.

of the state, she argues that, while the vast power of the American military machine is inexplicable from their perspective, once we understand capitalism to be a global system of exploitation that depends upon a plurality of national states for its reproduction, then the present obscene levels of arms spending make sense from the perspective of capital as the flipside to its unending and global struggle to ensure its own reproduction.<sup>36</sup> Beyond this, she claims that the contradictory unity between states and capital noted above creates an unstable system where capital ultimately depends upon state power for its reproduction, but that the reliability of small states to play this role is ultimately ensured by the military might of, primarily, the Americans.<sup>37</sup> Thus Wood explains Bush's goal of 'full spectrum dominance' not as a fundamental break with the foreign policy of previous administrations, but as the ultimate working out of America's post-1945 strategy of making the world safe for capital generally and US capital more specifically.<sup>38</sup> She concludes that, while the world is obviously a much more dangerous place because of this strategy, the strategy itself 'testifies to the risks and instabilities of a global empire that relies on many local states... which are vulnerable to challenge by truly democratic struggles'.<sup>39</sup>

If her stress on the logic of the attack on Iraq differentiates her argument from Brenner's more political analysis, this symposium focuses upon other concerns. Specifically, Bill Robinson takes issue, on the one hand, with Wood's narrow definition of capitalist imperialism, and, on the other, with what he suggests is her failure to take full cognisance of the process of globalisation. He argues that it is a mistake to label the increasingly transnational Fortune 500 companies as US corporations, and that, by making this mistake, Wood misunderstands the nature of contemporary capitalism. Thus, where she, rightly in his opinion, stresses the continuing reliance of capital on states for its reproduction, she mistakenly confuses this argument with the entirely different claim that capital will continue to depend on the existing nation-states and not some new configuration that is evolving to meet the changing needs of transnational capital. Thus, Robinson's key claim is that Wood's conception of the separation of economic and political power under capitalism leads her to misunderstand the changing nature of the capitalist state itself.

For Harvey, Wood's mistake consists primarily not in her interpretation of the new imperialism, but, rather, in her belief that the old imperialism was

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36. Wood 2003a, p. 146.

37. Wood 2003a, p. 164.

38. Wood 2003a, pp. 159, 162.

39. Wood 2003a, p. 168.

adequately conceptualised by Lenin and Luxemburg. This leads her to underestimate the degree of continuity between Bush II and other American administrations going back as far as Woodrow Wilson's. Conversely, like Robinson, he suggests that she underestimates the changes wrought by globalisation on state structures such that, he claims, her analysis of the nature of the capitalist state is inadequate to the task of explaining contemporary developments – though he also admits that his analysis was little better in this regard.

Like Harvey and Robinson, Bose takes issue with Wood's conceptualisation of the capitalist state. Specifically, he argues that, through her characterisation of capitalism by the separation of economics and politics, she fails to analyse the economic role of states and therefore the changed nature of that role as globalisation led to both qualitative and quantitative increases in the ties across national boundaries. Similarly, Chesnais takes issue with Wood's understanding of the complex processes of economic appropriation under capitalism, which, he suggests, she tends to over-simplify, leading her to misunderstand both the continuities and changes in the relationship of states to capital since Marx's day.

So, while all of the contributors to the symposium have welcomed Wood's insistence that radicals foreground the importance of the role of the state to the new imperialism, they have all, in one way or another, come to focus on what they see as weaknesses with her conceptualisation of the evolving relationship between capital and nation-states over the history of capitalism. Whatever else may be said of this debate, therefore, it points to the continuing theoretical and political importance of this issue to Marxists and to the urgent need for more research to be carried out in this area.

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## In What Ways Is ‘The New Imperialism’ Really New?

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### Abstract

This essay argues that it is a matter of vital concern to develop a theoretical apparatus that is adequate to the inherent spatiotemporal dynamics of capital accumulation and the changing practices developed to manage the crisis tendencies of those dynamics. This requires integrating the a-spatial theory of capital accumulation and its internal contradictions with the spatial/geographical theory of imperialism that invokes geopolitical and geo-economic struggles between nation-states. I argue that the two are linked by the way capital deals with the problem of absorbing capital surpluses, namely through geographical (and temporal) fixes. The geographical fix requires imperialist expansionism and the battering down of all barriers to the spatial movement of capital. Such a conception provides the necessary clarity in formulating the relations between capital and state that are sometimes missing from Ellen M. Wood’s arguments in *Empire of Capital*.

### Keywords

capital surpluses, geography, imperialisms, neoliberalism, spatial scale, the state

Whatever is new about ‘the new imperialism’ can be understood from two different perspectives. The newness can arise because the material conditions have changed so radically that what were once plausible and appropriate theories have become outdated. It can also result from the deployment of a new conceptual apparatus to interpret what has been happening all along. These two approaches are not mutually exclusive. Those who follow the first have to construct a new conceptual apparatus suited to the contemporary situation and this often prompts the re-evaluation of past theorisations. Those that follow the second need to shape concepts that can account for radical changes in material conditions and imperialist practices over time.

While both Ellen Meiksins Wood and I do some mixing and matching of these two perspectives, differences arise because she is fundamentally concerned in *Empire of Capital* with the first perspective while, for some years now, beginning with *The Limits to Capital* and passing through analysis of the

geopolitics of capitalism and the role of uneven geographical development, I have been much more concerned with a conceptual reformulation of the imperialism question in relation to the inherent spatiotemporal dynamics of capital accumulation. This is the underlying concern in *The New Imperialism*. Given our different perspectives, I am surprised at how much concordance there seems to be between us. Wood's basic argument is this:

The classic theories of imperialism belong to an age when capitalism, while well advanced in parts of the world, was very far from a truly global economic system. Capitalist imperial power certainly did embrace much of the world, but it did so less by the universality of its economic imperatives than by the same coercive force that had always determined relations between colonial master and subject territories.

However, we now live in 'a world of more or less universal capitalism',<sup>1</sup> and this world 'in which capitalist imperatives are universal instruments of capitalist domination, is a very recent development'.<sup>2</sup> We have yet to see, she says, 'a systematic theory of imperialism designed for a world in which all international relations are internal to capitalism and governed by capitalist imperatives'.

We cannot, therefore, look to Lenin, Luxemburg, Bukharin, Kautsky and so on, for a coherent theory of imperialism appropriate to our time.

I do not disagree with the broad outline of the changes Wood describes and I am wholeheartedly in agreement that, inspirational as reading them may be, the classical theorists do not provide an adequate framework for confronting our contemporary condition. I have long dwelt, however, upon the serious difficulty of integrating the a-spatial theory of capital accumulation and its internal contradictions derived from a reading of Marxian political economy and the spatial/geographical theory of imperialism that invokes geopolitical and geo-economic struggles between nation-states. There are some interesting ideas and hints of how to construct that integration in the classical works, including those of Marx himself. In the *Grundrisse*, he includes in his list of things to do, topics such as 'the colonies, international division of labour, international exchange, export and import, rate of exchange', culminating with 'the world market and crises'. I did my best to excavate from Marx's opus fragments of his thinking on several of these topics and to integrate them into some tentative theoretical schemata in *The Limits to Capital*. This led me to conclude that the classical theorists of imperialism had not completed Marx's theoretical project. They were desperately anxious – understandably so – to

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1. Wood 2003, p. 127.

2. Ibid.

construct a conceptual apparatus to confront the rapidly deteriorating national and international conditions that were of immediate concern to them. The result was a body of theorising (or, in Lenin's case, pamphleteering) that was deeply marked by the conditions of the time. But I would go much further than Wood and argue that the theories they produced were not adequate to their time either, and that much of the bickering between the participants (such as Lenin, Luxemburg, Bukharin and Kautsky) reflects not only fundamentally different political positions over what was to be done, but also a theoretical failure to find a way to deal with the spatiotemporal dynamics that had long been constructing a global imperialist system and which was, during the twentieth century, going to produce the very conditions that Wood describes.

The insights generated from the classical debate are not, however, empty of contemporary significance. To begin with, they added to Marx's list of things to do, another set of questions about nationalism and national self-determination (place-bounded loyalties), territorial class alliances (trade-union consciousness), the continuing significance of primitive accumulation, the distinctive roles of monopolies and finance capital, relations with non-capitalist social formations, the agrarian/peasant society question, how the 'inner-outer' dialectic of capital accumulation might work across borders of nation-states, and a deepening of our understanding of the role of crises, finance and urban transformations in the ongoing saga of capitalist uneven geographical development. But their proposed solutions to these questions were invariably ad hoc. Much of the work in Marxian theory since that time unfortunately fell back (particularly during the halcyon days of the 1970s) into constructing more and more sophisticated renditions of the a-spatial crisis theories derived from Marxian political economy (pitting profit-squeeze, underconsumption and falling-rate-of-profit advocates against each other) and ad hoc and fragmented debates over the relative autonomy of the state, urbanisation and, of course, an extensive literature on the various forms of capitalist imperialism. Occasional stabs at broadening and integrating theoretical understandings (as in Baran and Sweezy's classic text on *Monopoly Capitalism* or Mandel's *Late Capitalism*) provided some hopeful signs as did the *Monthly Review*'s consistent 'Third-Worldism' backed by the cogent writings of Samir Amin and many others who saw the imperialism question as the primary contradiction of capitalism from the mid-1960s onwards. But there was little convergence in the theorising between classical Leninist, Luxemburgist, Maoist, Trotskyist, development-of-underdevelopment theorists and the Bill Warren school that drew from Marx the idea that imperialist-led bourgeois revolutions had a progressive role to play in world history.

I mention all this to signal that anyone who sets out to conceptualise a ‘new imperialism’ is stepping into a cauldron of dissenting views carrying on their backs the huge baggage of past controversies. But here the parallel with the classical period is of more than passing interest because we, too, are faced with immediate and compelling questions, highlighted by the invasion of Iraq and the re-emergence of a right-wing literature in praise of naked imperialist practices. All of this commands our immediate attention. Both Wood and I (and many others too) have felt compelled to respond as best we can, even in pamphlet form (both our books are short and polemical as well as substantive). In so doing, however, both she and I draw upon a long history of engagement with Marxian thinking over more than three decades. The way we analyse the question of imperialism is deeply marked by the nature of those engagements. The evident convergence, at least on some points, arises because our very different trajectories can be construed as mutually reinforcing rather than contradictory, though there are several points where the differences clearly matter. If I concentrate on these differences, then I hope this does not detract from advancing the evident commonalities.

In *The New Imperialism*, I argued that there have been many kinds of empire and that we should therefore entertain the idea of many imperialisms.<sup>3</sup> Wood sheds light on this idea, and neatly synthesises her historical overview into a typology of forms, varying from land and bureaucratic through trade and commerce to the distinctive form of capitalist imperialism. I bow before her superior historical knowledge in all of this and find her typology interesting and informative. And I agree entirely with her analysis of the British nineteenth-century case as combining traditional master-subject territorial systems (as in India) with expansive engagements through capitalist accumulation in foreign parts (the Atlantic economy).<sup>4</sup> I found her analysis of the rise of British imperialism (particularly with respect to the role of Ireland) revealing and her insistence on the paramount importance of value production rather than exchange in the British case incredibly accurate. This meant the transformation of the conception of empire to one ‘that is not simply about establishing imperial rule or even commercial supremacy but about extending the logic and imperatives of the domestic economy and drawing others into its orbit’ is pithily (and, in my view, correctly) argued.<sup>5</sup>

But instructive and revealing though this typological approach is, it occludes some issues that are of great importance. Consider, for example, an alternative

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3. Harvey 2003, p. 5.

4. Harvey 2003, p. 140.

5. Wood 2003, p. 100.

approach spelled out in Arrighi's work in *The Long Twentieth Century*.<sup>6</sup> This has the virtue of examining more closely how the transformations from one imperial and hegemonic form to another occurred. From this standpoint, Wood's refusal to dub Venice and Genoa or even Holland as in any sense 'capitalist' poses a problem. Arrighi sees the rise of Venice and Genoa, the subsequent shift of hegemony to the Dutch and then the British followed by the United States as a long continuous historical geography of capitalism. Arrighi does not deny the inner transformations that took capitalism through merchant to industrial forms, though some of this is rather muted in his account. But he also notes the key role of financialisation as preceding hegemonic shifts and exposes the radical transformations in geographical scale that have accompanied each transition. This last point is of great importance and is something that Wood's typology fails to capture. While weak on dynamics, Wood's typological approach does, however, reveal important information about inner structures. I was not initially sure, however, whether this typological/structural approach was a tactical way to represent more fluid processes (in which case, I have no objection) or whether it is fundamental to Wood's method. As I read on, I began to think the latter and this marks a radical difference between us.

The inherent weakness in Wood's typological approach checks her ability to interpret the true import of the new conditions she outlines. Globalisation, for example, is evoked as the problem but her analysis of what it actually is or what produced it is cryptic if not overly simplistic (though I appreciate her desire for economy of language and of expression). On this point, I can perhaps complement her account. But, first, I have to re-write her account in rather more dynamic form. Capitalism arose out of surpluses piled up by localised groups of traders and merchants who pillaged the rest of the world at will from the sixteenth century onwards (this is what Wood so deftly analyses as the imperialism of trade and commerce). But the failure to absorb these surpluses productively merely produced the grand European inflation. The agrarian and industrial forms of capitalism that arose in eighteenth-century Britain successfully absorbed these surpluses in productive ways at the same time as they expanded them by internalising value production (again, as Wood describes, quite correctly emphasising the transformation in social relations that this entailed). Based on wage-labour and factory production, the capacity for surplus-value production was internalised, systematised and enhanced in part by structuring the capitalist world more clearly and expansively around the capital-labour social relation. This entailed the successful internalisation of

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6. See Arrighi 1994.

the forces of technological change and rising productivity to generate ever-larger surpluses. Where could these surpluses be profitably deployed? Capitalists have to confront the perpetual difficulty of finding profitable ways to dispose of the ever-increasing quantities of surplus-value they produce. 'Crisis' is the name for large scale and system-wide phases of devaluation and destruction of capital surpluses that cannot profitably be absorbed.

Surplus capital can appear in many guises. There can be a glut of commodities on the market (hence the appearance of underconsumption). It can sometimes appear as a money surplus or as an excess of credit (hence the appearance of financial and monetary crises and of inflation). It can sometimes appear as a lack of profitability because costs of production (labour-power, raw materials, intermediate products, machinery, physical infrastructures) are too high and market prices (effective demand) too weak. Or it can appear as surpluses of productive capacity (idle factories and machinery characteristic of deflationary phases of devaluation). It can appear as an excess of capital invested in built environments (property-market crashes), in other assets (speculative surges and crashes in stocks and bonds, commodity-futures and the like) or as a fiscal crisis of the state (excess expenditures on social infrastructures and welfare state functions – perhaps forced through by organised labour). The form the capital surplus takes is not determined in advance and situations arise in which many forms arise together.

There are various options to prepare the way for absorption of this capital surplus. Since it is easiest to move money around, then conversion of, say, surplus physical infrastructures or raw commodities into a monetary equivalent (hence the importance of financialisation in overaccumulation crises) is crucial and, for this to happen, state powers are invariably involved. Beyond this, barriers of whatever sort to surplus (money) absorption have to be smashed, violently if necessary (particularly if the primary barrier is working-class or popular resistance). But geographical expansion is one of the most potent of paths for surplus absorption and this was achieved by the British, with considerable help from the newly independent United States and the enforcement of the Monroe doctrine (which was first enunciated in Britain by Canning) through the construction of an open Atlantic economy (as opposed to the closed Empire of India). This required, however, that capitalism find a way to tear down all spatial barriers, in part through technological changes in modes of transport and communication (an obsession within the history of capitalism) but also by breaking down artificial barriers (tariffs and other state-imposed or imperial barriers) and cultural barriers (such as popular resistance to commodification not only of goods but of labour-power) to movement. Legitimate legal claims within the rules of private property law

had also to be elaborated to underpin such geographically expansionary practices. On this point, I found Wood's discussion of the deployment of the *res nullius* (in the hands of John Locke and others) as justification and legitimation for the occupation of unused and unfruitful land enlightening.<sup>7</sup> Appeals to this principle have long been with us and continue to play a role. Here, for example, is that great liberal figure and advocate of the right of national self-determination, Woodrow Wilson (cited in Chomsky), speaking in 1919:

Since trade ignores national boundaries and the manufacturer insists on having the world as a market, the flag of his nation must follow him, and the doors of the nations which are closed against him must be battered down. Concessions obtained by financiers must be safeguarded by ministers of state, even if the sovereignty of unwilling nations be outraged in the process. Colonies must be obtained or planted, in order that no useful corner of the world may be overlooked or left unused.<sup>8</sup>

There is a deep continuity, as Neil Smith points out in *The Endgame of Globalization*, between Woodrow Wilson and George W. Bush, a connection that Bush frequently and freely acknowledges. Proudly pointing out in his Whitehall Speech in Britain that he was the first president since Woodrow Wilson to sleep at Buckingham Palace, he lauded Wilson's approach in his speech and even went so far as to say that 'if Americans are too fond of freedom and liberty it comes from reading too much John Locke and Adam Smith'.<sup>9</sup> The imposition of a set of fundamentalist free-market institutional arrangements on Iraq, the attempt to construct a pure neoliberal state there, now makes a lot of sense in ways that I did not fully appreciate when writing *The New Imperialism*. I thought that all that rhetoric about bringing democracy and freedom to the Middle East was hot air, but now I see that the neoconservatives in particular really mean it. This is a fundamental tenet of what US imperialist practices in particular have always been about (I take this up more explicitly in *A Brief History of Neoliberalism*). Battering down the closed doors of other nations, by military, economic, political, subversive or cultural means continues to be central to the way US imperialism both works and legitimises its global actions.

But, beyond this, there lies the problem of the where and the when of capital surpluses. The two grand innovations of *Limits to Capital*, echoed in

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7. Wood 2003, pp. 94–9.

8. Cited in Clovisky 1990, p. 14.

9. Smith 2005, pp. 30–9; Bush 2003, A14.

*The New Imperialism*, were to introduce the idea of location of surpluses and of spatiotemporal displacements as a primary means to their absorption. The temporality (orchestrated through the credit system and state debt-financed expenditures) involved long-term capital investments (like, say, the Channel Tunnel) while spatial displacement entailed geographical expansions – the creation of the world market, foreign direct and portfolio investment, capital and commodity exports, and, more brutally, the deepening and widening of colonial, imperial and neocolonial practices on the part of that territorial power where the surpluses were piling up. The coupling of temporal and spatial displacements (e.g. credit-financed foreign direct investment) offers mechanisms for broad-based and highly significant, even though, in the long-run, always temporary, answers to the capital surplus absorption problem. The integration of uneven geographical development into our understanding of the historical geography of capitalism then follows. This opens up consideration of localised place-based devaluations of capital (de-industrialisation here and a financial crisis there) as one way to defuse the global problem of aggregate surplus absorption/devaluation. Some of these elements have a shadowy presence in Wood's account but, for me, things get more interesting when they are brought out into the full light of day.

Surplus absorption (overaccumulation) is, then, the central problem. Crises of devaluation result when the capacity for that absorption breaks down. Overcoming crisis tendencies entails smashing down all barriers to surplus absorption. In *A Brief History of Neoliberalism*, I take up the story of how these mechanisms have operated in the global economy since the 1970s. A number of basic points can be extracted from that account. First, the power of organised labour was seen by the capitalist class and its allies everywhere in the 1970s as a primary barrier that had to be smashed, and it was destroyed within a decade (e.g. the coup in Chile and Thatcher's brutal crushing of organised labour in Britain). But the general attack on the power of organised labour and the social wage meant an attack upon welfare-state expenditures within nation-states. This blocked the ability to absorb surpluses through the welfare statism of the postwar period (though it did not prevent the military Keynesianism of Reagan and George W. Bush from becoming vital to global economic stability – a point Wood hints at in her discussion of 'perpetual war'). Secondly, what is called 'globalisation' is nothing more than a massive resort to geographical displacement and restructuring, the systematic breaking down of all spatial barriers and the 'battering down' of the closed doors of recalcitrant nations (dramatised by the end of the Cold War and the opening of China to capitalist forms of development). Thirdly, the wave of privatisation of state-owned enterprises (from Europe to China) and a new round of 'enclosure of the commons' (everything from the privatisation of social housing in Britain, of



the *ejido* system of peasant landholding in Mexico, of community services such as water provision in Argentina and South Africa) has opened up new terrains for surplus absorption. Fourthly, surpluses have flowed into assets – the US stock market in the 1990s, property markets after 2000 and, via hedge funds, into all manner of speculative activities with the potentialities for ‘bubble formation’ and ‘asset bubble bursts’. Lastly, localised rather than system-wide devaluations have been rampant. Localised fiscal crises have cascaded all around the world, often with devastating local effects (Mexico in 1982 and 1995, Indonesia, Russia and South Korea in 1998, Argentina in 2001 and the US has not been immune with \$7 trillion lost on Wall Street in the crash of 2000). De-industrialisation has wrecked community after community even in the advanced capitalist world as an intense bout of geographical restructuring has been engineered. The losses have been distributed in many cases through the rise of what I call ‘accumulation by dispossession’ (an adaptation of Luxemburg’s arguments on primitive accumulation) administered in part through financial institutions (both corporate and public), state powers and what many now refer to as the Wall Street-Treasury-Washington alliance that still lies, albeit rather shakily, at the core of today’s managed imperialism. We have to look no further than the structural adjustment programmes of the IMF to understand in principle what such imperialist practices are about.

Wood’s account of these events both supplements and diverges from mine in interesting ways. In part, I suspect, because of a compelling need to dispute Hardt and Negri’s theory of Empire, Wood insists upon the continuing importance of the state in understanding the mechanics of capitalist imperialism. ‘The more purely *economic* empire has become, the more the nation state has proliferated.’<sup>10</sup> The ‘state still provides the indispensable conditions of accumulation for global capital, no less than for very local enterprises; and it is, in the final analysis, the state that has created the conditions enabling global capital to survive and navigate the world’.<sup>11</sup>

But this carries risks because these states ‘are subject to their own internal pressures and oppositional forces; and their own coercive powers can fall into the wrong hands, which may oppose the will of imperial capital’.<sup>12</sup> It therefore ‘matters more than ever what coercive forces govern them and how’.<sup>13</sup>

If they cannot govern themselves effectively to do the job required of them, then a little help (from whom?) will bring recalcitrant and ‘rogue

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10. Wood 2003, p. 154.

11. Wood 2003, p. 139.

12. Wood 2003, p. 155.

13. Ibid.

states' (to use the official US designation) into line. But from this arises a paradox. Globalisation, Wood concludes, 'has been as much about *preventing* integration'<sup>14</sup> as it has been about creating that 'flat earth' about which neoliberal ideologists such as Thomas Friedman now fantasise so freely. This is so because the nation-state 'must perform the delicate balancing act between opening borders to global capital and deterring a kind and degree of integration that might go too far in levelling social conditions among workers throughout the world'.<sup>15</sup> Global capital thus 'benefits from uneven development... The fragmentation of the world into separate economies, each with its own social régime and labour conditions, presided over by more or less sovereign states, is no less essential to "globalisation" than is the free movement of capital'.<sup>16</sup>

This is a conclusion with which I might be expected to agree. But, on closer inspection, I find a series of revealing problems.

The relevant passages in *Empire of Capital* are ambiguous. On the one hand, the account of the role of the state reads as if an almighty placeless capital now roams across the mosaic of differentiated and unevenly developed nation-states, using them at will for its own nefarious purposes. On the other hand, the origin of a new imperial order is 'precisely dated' and located during and immediately after the Second World War when the US emerged as the grand hegemon and shaped the Bretton Woods institutions to its own needs. The 'specific rules of the world economy' were transformed 'in keeping with the needs of US capital'.<sup>17</sup> The rise of West Germany and Japan challenged this dominance, however, and the abandonment of the Bretton Woods arrangements in the early 1970s and the crisis of accumulation that then followed posed anew the problem of 'how to displace the crisis, in space and in time'.<sup>18</sup> Again, I could be expected to agree to phrases such as that, but Wood fails to examine the nature of these displacements (where were the capital surpluses now concentrating in Germany and Japan to be absorbed?) and to the 'solutions' they engendered. We are told, however, that the US 'postpone[d] the day of reckoning for its own domestic capital'<sup>19</sup> by shifting the burden elsewhere (where, exactly?) and easing 'the movement of excess capital to seek profits wherever they could be found in an orgy of financial speculation'.<sup>20</sup> The conclusion is that

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14. Wood 2003, p. 136.

15. Ibid.

16. Wood 2003, pp. 136–7.

17. Wood 2003, p. 131.

18. Wood 2003, p. 133.

19. Ibid.

20. Ibid.

the kind of control of the global economy enjoyed by the US, while it cannot resolve the contradictions of the 'market economy', can be used, and is being used, to compel other economies to serve the interests of the imperial hegemon in response to the fluctuating needs of its own domestic capital – by manipulating debt, the rules of trade, foreign aid and the whole financial system.<sup>21</sup>

In all of this it is not clear, however, whether it is the US state (the imperial hegemon), US-based capital or capital in general that is in charge and the theory of the state (other than that of the hegemon) is peculiarly passive. Moreover, the US-centred account is incredibly conventional, if not simplistic.

Within this account there lies the problem of how to understand the state and, on this point, neither Wood nor I did a very good job (I covered it over in the generic term of a territorial logic of power). Not only do we need a new theory of imperialism to match the conditions of our time but we also need a new theory of the capitalist state. And we need that theory urgently because state institutional forms and powers and what Tim Mitchell likes to call 'state effects' are now radically different from what they were thirty years or so ago.<sup>22</sup> The difference is in part registered by that pesky problem that Arrighi identifies as the question of geographical scale and which I for one consider vital. Look no further than the European Union, NAFTA, CAFTA, Mercosur and the informal currency co-ordinations now being constructed between China, Japan and South Korea for evidence of this trend to redefine the spatial scale of capitalist organisation. But then note the rise of urban entrepreneurialism as well and it becomes clear that capitalism now works within a hierarchy of scales that are not necessarily easily co-ordinated together and, while what we conventionally refer to as the state (and I think putting 'nation' in front of that as Wood always does is problematic) is still important, it now nestles within a newly constructed hierarchy of institutional arrangements that have much to do with how the 'new' imperialism is being constructed. Put bluntly, the state may be fundamental but its sovereign powers have changed along with the range over which state effects are felt.

I do not think it quite accurate to say, therefore, that 'the specific rules of the world economy have been transformed, in keeping with the changing needs of US capital'<sup>23</sup> because it is not entirely clear to me that the category of 'US capital' (as opposed to the territorial entity of the US state) makes sense any more. This is not to deny that the territorial where and when of capital surpluses piling up is irrelevant, but to suggest that the dialectical relation

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21. Wood 2003, p. 134.

22. Mitchell 1999.

23. Wood 2003, p. 129.

between what I call the territorial and capitalistic logics of power is in flux and that we need to reinterpret state-capital relations accordingly if we are to better understand imperialism today. Obviously, I cannot follow this up in any detail here, but I would submit that the way I tried, following Arrighi, to formulate that problem in *The New Imperialism* as a ‘dialectical relation between the capitalistic and territorial logics of power’<sup>24</sup> may be a helpful starting point for exploring such a reformulation.

This brings me finally to admit to some confusion as to exactly what Wood is saying about the role of military power and perpetual war in the new imperialism. I understand that her insistence on the importance of the state implies risks. What to do with ‘rogue states’ (to use official US terminology) like Iran, Cuba and now Venezuela is a serious problem for the global capitalist order in general and for the US in particular. She seems at first to argue that the ‘boundless domination of a global economy, and of the multiple states that administer it, requires military *action*’ (my emphasis).<sup>25</sup> This underpins a doctrine and an actual practice of perpetual war and this seems to be, Wood suggests, what the new imperialism is all about. But citing the rantings of Richard Perle and a variety of Pentagon militants (such as Wolfowitz) in support of this idea is hardly convincing. Wood herself warns that we should not be misled by the ‘idiosyncratic irrationalities or the extremist politics surrounding Bush’.<sup>26</sup> She later argues that constant war would ‘be too disruptive to the economic order’ and that it is ‘this endless *possibility* [again, my emphasis] of war that imperial capital needs to sustain its hegemony over the global system of multiple states’.<sup>27</sup> I am unclear as to what ‘imperial capital’ here refers to and I am equally unclear as to exactly what she means when she says that war at some point gets embedded in the more general ‘doctrine of extra-economic, and especially military, coercion’.<sup>28</sup>

War, military coercion and subversions (such as coups) have always been central to imperial practices and it is hard to say what, exactly, is new about Wood’s formulations. She seems here to be mixing up the specificities of US actions in recent times and the deeper impulses that define what a new imperialism might be about. I fully accept, of course, her argument that the economic dominance that the US once had has diminished and that ‘the US is increasingly turning to military force to consolidate its hegemony and the economic advantages that come with it – for instance with control of oil’.<sup>29</sup>

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24. Harvey 2003.

25. Wood 2003, p. 144.

26. Wood 2003, p. 161.

27. Wood 2003, p. 165.

28. Wood 2003, p. 164.

29. Wood 2003, p. 160.

I do insist in *The New Imperialism*, however, that it is as much control over Europe's and East Asia's oil supplies that is at issue here and that the long history of US efforts to control the global oil spigot by control of the Middle East creates its own path-dependency on the terrain of geopolitical struggles. But this puts us back on the terrain of the idiosyncratic politics of the neoconservatives that are not necessarily indicative of what a contemporary form of imperialist practice consistent with an adequate management of the capital surplus absorption problem would be all about. One can only speculate on this point and the examination of potential alternatives is not a pretty sight. I should make it clear, for example, that when I suggest that something like the collective imperialism that Kautsky described would appear more suited, less dangerous and more benign than the current penchant on the part of the US for 'domination without hegemony', I am not in any way an advocate for that solution. I worry about the potential resurgence of geopolitical rivalries between power blocs of the sort that produced World War II (and there are abundant signs of this sort of geopolitics in the US approach to the China question). It does, however, seem to me that Kautskyism is what the more cosmopolitan wing of the contemporary bourgeoisie is proposing and that the resistance of the global South at Cancun to the collective plundering of their resources marked a strong point of resistance to exactly that solution. But this does not solve the overwhelming problem of how to absorb the capital surpluses (some of which are now piled up in the global South) without catastrophic collapses and devaluations of the sort experienced in recent years throughout East and South-East Asia, Russia and much of Latin America. This, it seems to me, is the core problem from which contemporary imperialist strategies and politics derives.

The main thesis of both *The New Imperialism* and *A Brief History of Neoliberalism* is that, something radical occurred in global capitalism after 1970 or so and that, if we are to look for what is 'new', then we have to analyse the transitions that were set in motion through the neoliberal counter-revolution that began at that time and became consolidated around the Washington Consensus of the mid-1990s (with, ironically, Clinton and Blair as principle advocates). The new imperialism that evolved after 1970 entailed the construction, under the hegemony of Europe, North America and Japan, of battering rams to smash down all barriers to capital surplus absorption wherever they were to be found. The inner connection between the rise of these new imperial forms and the neoliberal counter-revolution engineered by capitalist class intent upon restoring and reconstructing its power is vitally important (and by no means fully or properly articulated in *The New Imperialism*). And, in this project, the classical range of forces – military, political, cultural as well as economic – got freely deployed in highly destructive

ways. An anti-imperialist politics has now evolved through deflection, diversion and outright opposition to all of this. An organic unity between anti-imperialism and anti-neoliberalism is beginning to take shape within the fledgling global justice movement.

But I cannot remain true to my emphasis upon dialectics and dynamics without also emphasising that the ‘solutions’ arrived at are temporary, unstable and contradictory and that the incredible imbalances within the global economy and the volatility we are now witnessing may well be harbingers of yet another major shift in what imperialist practices are all about. We live in a world where the surplus absorption problem is as chronic as ever but now truly enormous surpluses are largely piled up in East and South-East Asia. Identifiable imperialist practices are beginning to emerge in that quarter too, with China looking good to search out ways to dispose of its own capital surpluses by re-asserting a very ancient logic of its own conception of territorial power. There is not, therefore, a singular imperialism that we now face but a series of different imperialist practices dispersed through the uneven geography of capital surplus distribution. This leads me to insist on the one simple golden rule if we are to identify what is ‘new’ about the new imperialism: follow the capital surpluses and look for the geographical and territorially-based practices that attach to their absorption or devaluation!

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## The Pitfalls of Realist Analysis of Global Capitalism: A Critique of Ellen Meiksins Wood's *Empire of Capital*

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### Abstract

The dynamics of the emerging transnational stage in world capitalism cannot be understood through the blinkers of nation-state-centric thinking. In her study *Empire of Capital*, Ellen Meiksins Wood exhibits the reification and outdated nation-state-centric thinking that plagues much recent work on world capitalism and US intervention, expressed in the confusing notion of a 'new imperialism'. The overarching problems in Wood's study – and, by extension, in much of the 'new-imperialism' literature – is a reified notion of imperialism, a refusal to draw out the analytical, theoretical, methodological, and epistemological implications of capitalist globalisation, and an incessant reification of the state. Instead of a 'new US empire', the current epoch is best understood as a new transnational phase in the ongoing evolution of world capitalism, characterised in particular by the rise of truly transnational capital, globalised circuits of accumulation, and transnational state apparatuses. 'US imperialism' refers to the use by transnational élites of the US state apparatus to continue to attempt to expand, defend and stabilise the global capitalist system. US militarisation and intervention are best understood as a response to the intractable contradictions of global capitalism.

### Keywords

globalisation, transnational, global capitalism, imperialism, US hegemony, US intervention, realism, nation state

Ellen Meiksins Wood sets out in *Empire of Capital* to place Iraq and other recent US military campaigns in the context of a broader historical analysis and theorisation of imperialism. This is a lofty intellectual, not to mention politically vital, undertaking. The essay is full of timely analysis, valuable insights and engaging commentary. While I do not want to negate these contributions, the work, in my view, is ultimately a disappointment. Although I agree with much of what Wood has to say, I wish to focus in this critical review on what I see as several overarching problems that work against what she sets out to accomplish. One of these problems is her demarcation between

capitalist and non-capitalist imperialism in the modern era. Second is her longstanding and dogmatic refusal to take seriously the concept of globalisation. Third, and closely related, is her insistence on analysing current global dynamics from a nation-state-centric framework and an incessant reification of the state.

### **Non-capitalist imperialism in the modern era?**

The principal goal Wood sets out to achieve is to ‘bring into relief the specificity of capitalist imperialism’ in distinction to earlier forms. For Wood, what makes capitalist imperialism specifically capitalist is ‘the predominance of economic, as distinct from direct “extra-economic” – political, military, judicial – coercion’.<sup>1</sup> By itself, this proposition is logically coherent insofar as market coercion reproduces through its ‘normal’ functioning the class relations of economic exploitation, once primitive accumulation has separated producers from the means of production. The problem is that the ‘normal’ functioning of the market is hardly normal to capitalism. All class relations of exploitation are ultimately backed up by direct coercion and any conception of imperialism cannot dispense with coercion as immanent to the concept itself. Wood is aware of this: ‘Capitalist imperialism even in its most mature form’ – she notes – ‘requires extra-economic support. Extra economic force is clearly essential to the maintenance of economic coercion itself’.<sup>2</sup>

But, on closer inspection, the argument that twenty-first-century ‘capitalist imperialism’ is defined by its economic compulsion flies in the face of Wood’s looming object of inquiry – the ‘new imperialism’ and the US-led ‘war without end’. Is Wood arguing that the coercive practices of recent capitalist imperialism are intended to shore up strictly economic compulsory mechanisms, whereas, in previous eras in modern world history, imperialism involved the naked, forcible appropriation of wealth or coercive organisation of social and economic processes? If force is required on an ongoing basis to reproduce market relations then clearly it is not external to capitalism. What then can we make of a theoretical construct in which the contrast and dichotomisation of economic and extra-economic coercion becomes the basis upon which we are to draw a definitional distinction between non-capitalist and capitalist imperialism? If the coercion of the market rests on direct force, as it does, then the analytical bases for Wood’s demarcation between capitalist and non-capitalist imperialism becomes all the more dubious.

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1. Wood 2003, p. 4.

2. Ibid.



The notion of capitalist imperialism as a moment that only appears in the late twentieth century is problematic. On the one hand, Wood notes that imperialism is rooted in the more general logic of the capitalist system and ‘its complex of contradictory relations between economic and political/military power’;<sup>3</sup> on the other hand, she claims that ‘this imperialism [the “new imperialism”], which emerged only in the twentieth century, or even only after World War II, belongs to a capitalist world’.<sup>4</sup> In order to sustain the proposition of a demarcation between capitalist and non-capitalist imperialism in the modern era, and to define the two on the basis of extra-economic and economic coercion, Wood must draw a rigid demarcation between capitalist and non-capitalist institutions that I do not believe actually exists in modern world history.

Wood does not engage here the long-standing debates on the transition to capitalism, even though they have a direct bearing on our understanding of imperialism and would seem essential to the proposition of a capitalist and a non-/precapitalist imperialism in the modern era. If capitalism is singularly defined, as it is for Wood, as a production relation that only fully emerged in the English countryside over the past two centuries and spread subsequently to other regions, then, by definition, capitalist imperialism is a recent phenomenon. But, if it is a broader system whose genesis took place earlier in conquest, pillage, and militarised commerce, and in which the transformation of the English countryside was more of a culminating moment than an initial transition, then modern world imperialism is certainly an imperialism of the capitalist system, spanning the whole modern epoch of conquest and colonialism.

This rigid demarcation leads to the fantastic argument that British colonisation of India was not a capitalist enterprise, or not strictly capitalist imperialism, since it relied on ‘non capitalist extra-economic exploitation in the form of tax and tribute’.<sup>5</sup> But was this ‘tax and tribute’ not internally related to the development of capitalism in the metropolitan centres, or more broadly, to the development of world capitalism? The construct collapses into a capitalist/non-capitalist dualism parallel to the economic/extra-economic dualism. As in all such dualist constructs, things that are internally (dialectically) related are made external to each other. Just as extra-economic coercion is internal to economic compulsion under capitalism, so too such ‘non-capitalist’ forms of appropriating wealth as ‘tax and tribute’ in the British colonies

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3. Wood 2003, p. x.

4. Wood 2003, p. 151.

5. Wood 2003, p. 111.

were internal to the development of world capitalism. Wood does acknowledge that, in some way, slavery and colonialism contributed to the rise of capitalism in Europe. Nonetheless, the logical basis of Wood's construct leads to the conclusion that the entire sweep of imperial history from the symbolic date of 1492, through the conquest of the Americas, the slave trade, the colonisation of Africa and India, the creation of the Third World and so forth, constitutes some form of precapitalist imperialism rather than historical processes that themselves gave birth to world capitalism.

The way out of the antinomies of these capitalist/non-capitalist and economic/extra-economic dualist constructs is to see capitalist dynamics at the core of a more encompassing world-capitalist system that has involved the articulation of numerous modes of production and forms of social organisation over the past five centuries. Imperialism from 1492 into the post-World-War-II period is better seen as the long historic sweep of a capitalist imperialism, defined as the transfer of wealth from one region to another along with the military, political, cultural and ideological mechanisms that facilitate and assure such a transfer, in function of capitalist development.

But what about Wood's argument, with which I agree, that capitalism had, by the late twentieth century, become a universal social/class relation? 'We have yet to see a systematic theory of imperialism designed for a world in which all international relations are internal to capitalism and governed by capitalist imperatives', asserts Wood, rightly in my view. 'That, at least in part, is because a world of more or less universal capitalism, in which capitalist imperatives are a universal instrument of imperial domination, is a very recent development'.<sup>6</sup> Might such a 'universalisation' of capitalism involve something qualitatively new in the world capitalist system that could explain some of the developments associated with what Wood refers to as exclusively late-twentieth/early twenty-first-century imperialism? It is here that the pitfalls of Wood's conception of capitalist imperialism become apparent. Let me now turn to the core of my difference with her: the matter of globalisation.

### **Nation-state capitalism and global capitalism**

As in her other recent works, Wood in *Empire of Capital* does not give any theoretical treatment or attribute any importance to the concept of globalisation. She places the term 'globalisation' in quotation marks throughout her essay. More specifically, she collapses the concept into her own definition

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6. Wood 2003, p. 127.

of capitalist imperialism, stating that the term ‘globalisation’ is synonymous with her concept of capitalist imperialism.

Wood puts forward as a key tenet of her thesis the continued existence and causal centrality of national capitals. The global capitalist system, for Wood, is characterised by discrete national economies, national capitals, and national circuits of accumulation connected through an international (not fully integrated) market, that is, by trade and financial flows. Asserting that ‘the national organization of capitalist economies has remained stubbornly persistent’,<sup>7</sup> she repeatedly refers to ‘US’ capital, to other competing national capitals, and to economic competition among core nation-state rivals. Over and over again, we find this insistence on the existence of ‘US’ capital and its defence as the driving force in the ‘new imperialism’. We are told that globalisation represents the continuation of a US effort to expand, not markets more generally for transnational capital, but ‘*its own* markets’,<sup>8</sup> and that globalisation is all about ‘changing the specific rules of the world economy... in keeping with the changing needs of US capital’ (my emphasis).<sup>9</sup> ‘The purpose of military power shifted decisively away from the relatively well defined goals of imperial expansion and interimperialist rivalry to the open-ended objective of policing the world in the interest of (US) capital’ (parenthesis around ‘US’ is in original, but emphasis mine).<sup>10</sup> US foreign policy is an effort on the part of Washington to shore up ‘*its own domestic capital*’ (my emphasis),<sup>11</sup> to ‘compel other economies to serve the interests of the imperial hegemony in response to the fluctuating needs of its own domestic capital’,<sup>12</sup> and so on and so forth.

We are expected here to assume, as Wood does, without providing one shred of empirical evidence, that capital remains organised, as it was in earlier moments of the world capitalist system, along national lines and that the development of capital has stopped frozen in its nation-state form. Yet this insistence on a twenty-first-century world of national capitals flies in the face of all the empirical evidence we have of the transnationalisation of capital. The actual evidence strongly suggests that the giant conglomerates of the Fortune 500 ceased to be ‘US’ corporations in the latter part of the twentieth century and increasingly represented transnational capitalist groups.<sup>13</sup> Indeed,

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7. Wood 2003, p. 23.

8. Wood 2003, p. 132.

9. Ibid.

10. Wood 2003, p. 129.

11. Wood 2003, p. 133.

12. Wood 2003, p. 134.

13. See, for example, a summary of this evidence in Robinson 2004a.

one is hard pressed to understand what Wood is referring to by ‘US’ capital. That the global capital conglomerates that dominate the world economy represent distinct national capitalist groups is something that must be demonstrated, not assumed. Wood’s essay is entirely void of any empirical evidence to support its proposition that what predominates in the world is not transnational but ‘US’ and other national capitals. We have entered a world, according to Wood, of ‘universal capitalism’ (a proposition with which I agree), yet, at the same time, we are to suppose that this universal capitalism remains organised as national capitals in competition with one another.

On what basis does Wood reject the notion of the transnationalisation of capital? First, she says, ‘the most elementary point is that so-called “transnational” corporations generally have a base, together with dominant shareholders and boards, in single nation states and depend on them in many fundamental ways’.<sup>14</sup> Yet she presents no evidence for this assertion. The mounting body of evidence actually does suggest the process of the transnationalisation of share ownership, of boards of directors, and so on, is well underway.<sup>15</sup>

Second, says Wood, the globalisation thesis is off the mark because markets are not necessarily more integrated than in earlier moments of the world economy. In fact, the data does show, contrary to Wood, that global trade integration is considerably greater in the twenty-first century than at any previous time. But this is largely a straw-man argument (the first of several such straw-men) because the globalisation thesis is not particularly concerned with the quantitative increase in trans-border trade but rather with what is qualitatively different in the world economy in the current epoch. Earlier integration was through ‘arms-length’ trade in goods and services between nationally based production systems. In that period, national capitalist classes organised national production and service chains and produced commodities within their own borders that they then traded for commodities produced in other countries. It is in contrast to the transnationalisation of the production of goods and services. Suffice it to note that up to two-thirds of world trade by the turn of the twenty-first century was not arm’s length trade but intra-firm trade. Such intra-firm trade, far from the arm’s length transactions in an international market between discrete nation-state-based economic agents that characterised pre-globalisation world trade, is itself but a commercial expression of the rise of a globally integrated production system.

Marxist analyses of globalisation are less concerned with trade flows, as Wood suggests, than with transnationalised circuits of production, accumulation,

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14. Wood 2003, p. 135.

15. Robinson 2004a.

and finance. The transnationalisation of capital in the late twentieth and early twenty-first centuries is qualitatively different from internationalisation processes of the early twentieth century, in that it involves not merely the geographical extension of economic activity across national boundaries (a phenomenon that may be consistent with Wood's thesis) but also the functional integration of such internationally dispersed activities. The globalisation of production has entailed the fragmentation and decentralisation of complex production chains and the worldwide dispersal and functional integration of the different segments in these chains. The formula for the circuit of capital,  $M-C-P-C'-M'$ , representing accumulation, has transnationalised. In the earlier period, the first part of this circuit,  $M-C-P-C'$ , took place in national economies. Commodities were sold on the international market, and profits returned home, where the cycle was repeated. Under globalisation,  $P$  is increasingly globally decentralised, and so too is the entire first part of the circuit,  $M-C-P$ . Globally produced goods and services are marketed worldwide. Profits are dispersed worldwide through the global financial system that has emerged since the 1980s and which is qualitatively different from the international financial flows of the earlier period. This transnationalisation of production involves not merely the spread of transnational corporate activities, but the restructuring, fragmentation, and worldwide decentralisation of the production process. Global capitalism is, therefore, not a collection of 'national' economies. It is not, as Wood insists, made up of discrete national economies, national capitals, and national circuits of accumulation connected through a (not fully integrated) international market.

The restructuring crisis that began in the 1970s signalled the transition to a new transnational stage of world capitalism, in which truly transnational capital has emerged through globally integrated production and financial circuits made possible by information technology and organisational innovations in capitalist production, and that have modified how value is created, circulated, and appropriated.<sup>16</sup> Transnationally-oriented capitalists in each country shift their sights from national markets to global markets. These circuits are global in character, in that accumulation is embedded in global markets, involves global enterprise organisation and sets of global capital-labour relations, especially deregulated and casualised labour pools worldwide. Competition dictates that firms must establish global as opposed to national or regional markets. Each 'national' economy has experienced over the past several decades a re-articulation through globalisation that has affected capital, labour, and the state in all their dimensions and is linked to global circuits of accumulation,

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16. My arguments on globalisation are contained in Robinson 2003, 2004a, 2004b.

not the national economy of the US or any other particular country (or sets of national economies in competition).

The picture Wood paints of discrete national economies and national capitals in a not-fully integrated market is what I term a world economy, put in place during the formative centuries of the world capitalist system. In this world economy, each country developed a national economy and the different national economies were linked to each other through trade and finance in an integrated international market. Different national economies and modes of production were ‘articulated’ within a broader social formation. Nation-states mediated the boundaries between a world of different national economies and articulated modes of production. In the new transnational phase of the capitalist system, we are moving from a world economy to a global economy, in which the increasing globalisation of the production process itself breaks down and functionally integrates national circuits into expanding global circuits of accumulation.

Yet this unprecedented fragmentation and decentralisation of production processes has involved as its flip side the unprecedented concentration and centralisation of worldwide economic management, control, and decision-making power in transnational capital and its agents. There is a new transnational bourgeoisie or transnational capitalist class (TCC), a fraction of capital grounded in global markets and circuits of accumulation over national markets and circuits. This TCC is comprised of the owners of transnational capital, that is, the group that owns the leading worldwide means of production as embodied principally in the transnational corporations and private financial institutions. This class fraction is transnational because it is tied to globalised circuits of production, marketing, and finances unbound from particular national territories and identities, and because its interests lie in global over local or national accumulation. The TCC therefore can be located in the global class structure by its ownership and/or control of transnational capital.

This does not mean, as Wood would suggest in her rejection of the globalisation thesis, that there are no longer local, national, and regional capitals, or that the TCC is internally unified, free of conflict, and consistently acts as a coherent political actor. We can study the relationships among these different capitals and between them and transnational capital. Such relationships may be contradictory and conflictive. Nonetheless, the TCC has established itself as a class group without a national identity and in competition with locally or nationally-based capitals. What distinguishes the TCC from national or local capitalists is that it is involved in globalised production and manages globalised circuits of accumulation that give it an objective class existence and identity spatially and politically in the global system above any local territories and politics, and a set of class interests distinct from local and national capitalists.

Transnationally-oriented fractions achieved hegemony over local and national fractions of capital in the 1980s and 1990s in most countries of the world. They captured a majority of national state apparatuses (or key branches within those states), and set out to advance their project of capitalist globalisation and to achieve a transnational hegemony. Transnational capital constitutes the ‘commanding heights’ of the global economy and has become the hegemonic fraction of capital on a world scale. Globalisation creates new forms of transnational class alliances across borders and new forms of class cleavages globally and within countries, regions, cities, and local communities, in ways quite distinct from the old national class structures and international class conflicts and alliances that frame Wood’s analysis.

Wood points out that labour still remains subject to national borders and distinct national jurisdictions, an observation with which I concur. In my view, the continued existence of the nation-state becomes functional to global capitalist accumulation and to the power of transnational capital over popular classes worldwide. But there is nothing in this observation that justifies the conclusion that the world is still characterised by national capitals in competition, rather than the conclusion that a fragmentation of formal political authority is functional to global capital accumulation. In fact, I believe there have been major changes in the nature of state power, class relations, and domination in the epoch of globalisation, as I will allude to below. But, even when we acknowledge the particular political structure of a nation-state-based world order in which economic globalisation has unfolded, there is no logical reason to conclude, on this basis alone, as Wood does, that capital therefore still remains national capital. The one does not flow from the other.

The national state, for Wood, is more important than ever before, and hence ‘popular struggles for truly democratic states, for a transformation in the balance of class forces in the state, with international solidarity among such democratic national struggles, might present a greater challenge to imperial power than ever before’.<sup>17</sup> While no one in their right mind is suggesting that popular forces should abandon struggles for local (national) state power, the fact is that capitalist globalisation in recent years has altered the global balance of class and social forces away from popular and working classes and towards transnational capital and its allies and agents.<sup>18</sup> The globalisation of the circuit of capital and concomitant processes unfolding under the global economy redefine the phase of distribution in the accumulation of capital in relation to nation-states. Specifically, the circulation of capital tends to become de-linked from production and removed more directly from nation-state-based political

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17. Wood 2003, p. 155.

18. For my full argument, see Robinson 2003, 2004a, 2004b.

and institutional control relative to earlier epochs.<sup>19</sup> This ‘liberation’, by helping to free emergent transnational capital from the compromises and commitments placed on it by working and popular classes in the nation-state phase of capitalism, dramatically altered in the late twentieth century the balance of forces among classes and social groups in each nation of the world and at a global level towards emergent transnational capitalist groups. This was expressed as the enhanced structural power of transnational capital over the direct power of nation-states and nationally-based popular classes in the momentary historical juncture of the late twentieth and early twenty-first centuries, as such popular and revolutionary forces in Cuba, Brazil, Venezuela, and elsewhere discovered. This does not mean that we should abandon struggles for local state power. Rather, we need more than ever to link these to transnational popular struggles, political strategies, and transformative projects, well beyond the ‘international solidarity among democratic national struggles’ that Wood calls for.

### **The state and globalisation**

Wood’s thesis on the ‘new imperialism’, we have seen, rests on the notions of a demarcation between non-capitalist and capitalist imperialism, and of a world of discrete national economies and competing national capitals. Yet a third plank in her thesis is the immanence of the nation-state as the political form of capitalism and the centrality of this particular political structure to capitalist imperialism. ‘The state is more essential than ever to capital, even, or especially, in its global form’,<sup>20</sup> asserts Wood.

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19. One out of many an example will suffice (and of course here I must simplify). As the bourgeois order crumbled in Venezuela during the 1990s and it became increasingly likely that popular classes could win state power (which they did, in part, with the election of Hugo Chavez in 1998), groups of state bureaucrats and private investors close to the state oil company, PDVSA, began to set up subsidiaries abroad in conjunction with private transnational oil companies, and to transfer the country’s oil wealth out of the country and into the private sector accounts of transnational investors (among them Venezuelan nationals) via price transfers between the company’s headquarters in Caracas and this network of worldwide subsidiaries (see, e.g., Lander 2003 and Niemeyer 2004). Such a circulation of oil-generated capital only became possible in the globalisation phase of capitalism. In this way, the popular classes, even as they won a foothold in the state, were less able to utilise that state as an institutional lever to wrest wealth from a transnationalised bourgeoisie.

20. When Wood refers to the ‘global form’ of capital, she does not mean by this what I mean by transnational capital. Rather, she means that national capitals now have global reach as capitalism has universalised.



The political form of globalization is not a global state but a global system of multiple states, and the new imperialism takes its specific shape from the complex and contradictory relationship between capital's expansive economic power and the more limited reach of the extra-economic force that sustains it.<sup>21</sup>

Wood dismisses the proposition that a 'global state' – or what I have termed in my own work a transnational state (TNS) apparatus – may be coming into existence because, in her view, any such argument is based on the idea that the territorial state is increasingly obsolete. In Wood's view, those who refer to current world processes as globalisation define them as 'the decline of the territorial state'.<sup>22</sup> Yet this is an outright straw-man. No one, beyond a few bourgeois commentators,<sup>23</sup> suggests that the nation-state is disappearing. I know of no Marxist or critical analysis of globalisation that maintains that capital can now, or ever has been able to, exist without a state. Wood's claim that global capital needs (local) states is neither original nor particularly controversial. Indeed, I, among others, have argued for many years that a fundamental contradiction of global capitalism is that, for historical reasons, economic globalisation has unfolded within the political framework of a nation-state system. The real issue is not whether global capitalism can dispense with the state – it cannot. Rather, it is that the state may be in a process of transformation in consort with the restructuring and transformation of world capitalism. The question is: to what extent and in what ways may new state forms and institutional configurations be emerging, and how may we theorise these new configurations?

Wood, here as elsewhere,<sup>24</sup> sees the nation-state not as an historical outcome but as immanent to capitalist development. But why should we assume that the nation-state is the only possible political form for organising social life in the capitalist system? Wood's reasoning in emphasising territoriality seems to be tautological: capital needs the state and the states that we have happen to be national states. What is the theoretical justification for assuming that the state is necessarily territorial? If the state is an institutionalised class relation, why must it have to be territorially conceived? Concomitantly, why should we assume that social classes – and specifically with regard to the topic at hand, the capitalist class – are necessarily organised along national lines? That they have been is something which must be problematised, that is, explained with reference to how the course of history actually unfolded and not by reference

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21. Wood 2003, pp. 5–6.

22. Wood 2003, p. 152.

23. See, for example, Omhae 1996.

24. See, for example, Wood 2002.

to some abstract law or principle of the capitalist system and the modern world. The nation-state system, or inter-state system, I suggest, is an historical outcome, the particular form in which capitalism came into being based on a complex relation between production, classes, political power and territoriality. In order to understand the transformation of the state and the rise of a TNS, not to mention twenty-first-century imperialism, we need to return to an historical-materialist theoretical conceptualisation of the state, not as a ‘thing’, or a fictional macro-agent, but as a specific social relation inserted into larger social structures that may take different, and historically-determined, institutional forms, only one of which is the nation-state. Nothing in the current epoch suggests that the historic configuration of space and its institutionalisation is immutable rather than itself subject to transformation. This is to say that the political relations of capitalism are entirely historical, such that state forms can only be understood as historical forms of capitalism.<sup>25</sup>

There are vital functions that the national state performs for transnational capital, among them, sets of local economic policies aimed at achieving macroeconomic equilibrium, the provision of property laws, infrastructure, and, of course, social control and ideological reproduction – and, here, Wood and I are in agreement. However, there are other conditions that transnational capitalists require for the functioning and reproduction of global capitalism. National states are ill-equipped to organise a supranational unification of macroeconomic policies, create a unified field for transnational capital to operate, impose transnational trade regimes, supranational ‘transparency’, and so forth. The construction of a supranational legal and regulatory system for the global economy in recent years has been the task of sets of transnational institutions whose policy prescriptions and actions have been synchronised with those of neoliberal national state that have been captured by local transnationally-oriented forces. Marxists who theorise a TNS apparatus do not argue, as Wood would have us believe, that supranational institutions such as the IMF or the WTO replace or ‘render irrelevant’ the national state. Rather,

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25. Although the proposition cannot be explored here, I suggest that the explanation for the *particular* geographic expression in the nation-state system that world capitalism acquired is to be found in the historical uneven development of the system, including its gradual spread worldwide. Territorialised space came to house distinct market and capital accumulation conditions, often against one another, a process that tended to be self-reproducing as it deepened and became codified by the development of national states, constitutions, legal systems, politics and culture, and the agency of collective actors (e.g., Westphalia, nationalism, etc.). This particular spatial form of the uneven development of capitalism is being overcome by the globalisation of capital and markets and the gradual equalisation of accumulation conditions this involves.

we argue that the national state is being transformed and increasingly absorbed functionally into a larger transnational institutional structure that involves complex new relations between national states and supra- or transnational institutions, on the one hand, and diverse class and social forces, on the other.

A TNS apparatus is emerging under globalisation from within the system of nation-states. An emergent TNS apparatus need not have a centralised form as historically developed in modern nations; it may exist in both transnational institutions and the transformation of national states. Transnational bodies such as the IMF and the WTO have worked in tandem with national states to re-articulate labour relations, financial institutions and circuits of production into a system of global accumulation. As national states are captured by transnational capitalist forces, they tend to serve the interests of global over local accumulation processes. The TNS, for instance, has played a key role in imposing the neoliberal model on the old Third World and therefore in reinforcing the class relations of global capitalism.

We cannot, as Wood does, simply shrug off the increasingly salient role of a transnational institutional structure in co-ordinating global capitalism and imposing capitalist domination beyond national borders. Even if one were to disagree with my particular thesis of a TNS, this transnational institutionality needs to be theorised. Clearly, the IMF, by imposing a structural adjustment programme that opens up a given country to the penetration of transnational capital, the subordination of local labour, and the extraction of wealth by transnational capitalists, is operating as a state institution to facilitate the exploitation of local labour by global capital, and is hence engaging in imperialism as defined by Wood. How are we to understand these IMF practices? Standard dogma would reduce them to instruments of 'US' imperialism. Yet I know of no single IMF structural adjustment programme that creates conditions in the intervened country that favours 'US' capital in any special way, rather than opening up the intervened country, its labour and resources, to capitalists from any corner of the world. This outcome is in sharp distinction to earlier imperialism, in which a particular core country sealed off the colonised country or sphere of influence as its own exclusive preserve for exploitation. Therefore it is more accurate to characterise the IMF (or for that matter, the World Bank, other regional banks, the WTO, etc.) as an instrument not of 'US' imperialism but of transnational capitalist exploitation.

The continued existence of the national state is a central condition not for 'US hegemony' or a 'new US empire' but for the class power of transnational capital. The TCC has been able to use local core states to mould transnational structures and to impose these on distinct nations and regions. The real issue is not the continued existence of national states and of powerful national states

in a globalised system – a fact that does not contradict the thesis of a TCC and a TNS – but their function. So how, then, are we to understand the role of the US national state?

### **Global capitalism and the US state**

What are the political implications of the transnationalisation of capital? Wood does not entertain this matter, since she continues to see capital as nationally organised. Her nation-state-centrism leads us down a path that inevitably employs reified categories, and substitutes Marxist class analysis with Weberian state analysis. Realism presumes that the world economy is divided up into distinct national economies that interact with one another. Each national economy is a billiard ball banging back and forth on each other. This billiard image is then applied to global political dynamics. To the extent that real social relations become rigid national state relations, the whole construct becomes a reification. The starting point of the typical analysis is the presumption that twenty-first-century capitalism is characterised by national capitalist classes and states that defend the competing interests of these respective national groups against each other. Indeed, for Wood, world political dynamics are to be explained by competition and rivalry among national units, and US foreign policy is seen as an instrument to advance the interests of 'its own domestic' capital in the face of competition from other national capitals. But, she adds, 'for the first time in the history of the modern nation state, the world's major powers are not engaged in direct geopolitical and military rivalry. Such rivalry has been effectively displaced by competition in the capitalist manner'.<sup>26</sup>

But can states 'compete in the capitalist manner'? Here, we must point out the reification at work in Wood's construct. To see states as actors as such is to reify them. Nation-states do not compete; they do not 'do' anything per se. Social classes and groups are historical actors. Social classes and groups acting in and out of states (and other institutions) do things as collective historical agents. These social groups and classes act through collective organisation and through institutions, one of the most important being the state. State apparatuses are those instruments that enforce and reproduce the class and social-group relations and practices that result from such collective agency.

Now, if one wants to be consistent with a Marxist approach to the state as an institution arising out of the configuration of class and social forces in civil society – indeed, as a class relation – then it is incumbent upon us to analyse

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26. Wood 2003, p. 143.

those class and social forces in particular historical periods. If groups of capitalists are nationally organised, they may turn to 'their' national states in their competition with each other and hence their competition may take the form of state rivalries. This is exactly what we have witnessed in the earlier nation-state phase of world capitalism. But, then, to say that 'nation-states' ('the world's major powers') are 'competing', as Wood does, is merely shorthand for saying that 'capitalist groups grounded in specific territories and pursuing their competitive interests via particular national states are competing'. If we were to rephrase Wood's affirmation by reverting the shorthand, expunging state reification and applying Marxist class analysis, we could state something like the following: 'For the first time in the history of the modern nation-state system, capitalist groups based in particular national territories have not, through their respective national states, confronted one another through geopolitical and military rivalry, but through direct capitalist competition.' The proposition is now rephrased so that reification of the state is expunged. But would it still be an empirically accurate explanation for the twenty-first-century reality, if dominant clusters of national capitals can be shown to have interpenetrated and integrated into transnational circuits?

Let us return to Wood's thesis on US imperialism. Earlier, she affirmed: 'for the first time in the history of the modern nation state, the world's major powers are not engaged in direct geopolitical and military rivalry. Such rivalry has been effectively displaced by competition in the capitalist manner'.<sup>27</sup> Now she adds:

Imperial hegemony in the world of global capitalism, then, means controlling rival economies and states without going to war with them. At the same time, the new [US] military doctrine is based on the assumption that military power is an indispensable tool in maintaining the critical balance, even if its application in controlling major competitors must be indirect.<sup>28</sup>

The construct appears here as an updated version of the old balance-of-power theory, whereby a dominant power is seen to keep the equilibrium among competing powers. But what evidence do we have that the US state has acted in recent years to protect and defend specifically US capital and to exclude or undermine other specifically national capitals, which is what Wood suggests and what the classical-Marxist theory of imperialism would predict? The approach appears vacuous of empirical content; it simply assumes the US state acts to benefit 'US' capital in competition with other core country national

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27. Wood 2003, p. 143.

28. Wood 2003, p. 157.

capitals. On what basis we should conclude that the giant transnational corporations as putative beneficiaries of US state action represent ‘US’ capital? The issue is not even problematised, much less documented. Yet it is precisely on this basis that Wood, along with much recent literature, advances the US-imperialism argument in the current epoch.

The evidence indicates that US policies in the current era – such as the imposition of neoliberal structural adjustment programmes and the sponsorship of free-trade agreements – by and large served to further pry open regions and sectors around the world to global capitalism. Approached from an empirical standpoint, there is little evidence to suggest that US state policies in recent years have advanced the interests of ‘US’ capital over other ‘national’ capital. To the contrary, the US state has, in the main, advanced transnational capitalist interests. The Bush régime, for instance, consistently ratified and pursued a policy not of national economic retrenchment but of neoliberal global market integration. And an analysis of TNS institutions suggests that they act not to enforce ‘US’ policies but to force nationally-oriented policies in general into transnational alignment.

But the problem with Wood’s construct, let us recall, is twofold: in the first instance, it assumes that capital is still in the main nationally organised. Second, it reifies the state. What are the logical and analytical consequences of making states and ‘the US’ into reified actors, of arguing that each state represents ‘its own national’ capitals in competition, that US international policies are intended to advance the interests of ‘US’ capital, to ‘control rival economies and states’ and ‘maintain a critical balance’ among them? Wood advances the following proposition:

The kind of control of the global economy enjoyed by the US, while it cannot resolve the contradictions of the ‘market economy’, can be used, and is being used, to compel other economies to serve the interests of the imperial hegemon in response to the fluctuating needs of *its own domestic capital* [my emphasis – W.R.]. . . . One minute, *it* [‘it’ meaning the US state, my emphasis – W.R.] can force subsistence farmers to shift to single cash-crop production for export markets; the next, *accord to need, it* [my emphasis – W.R.] can effectively wipe out those farmers by demanding the opening of third world markets. . . . *It* [my emphasis – W.R.] can temporarily support industrial production in emerging economies by means of financial speculation; and then suddenly pull the rug out from under those economies by cashing in the speculative profits, or cutting losses and moving on.<sup>29</sup>

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29. Wood 2003, p. 134.

Now, by 'it', to reiterate, Wood is referring to the US state as a reified actor. The approach shifts the focus of agency from social classes and groups to states. Moreover, it inverts the real relationship between social groups, classes, and states, in that states do not compel economies to secure their interests; social groups and classes 'compel' (act through) states to secure their class and group interests. There are two assumptions contained in the proposition. The first is that states are actors, and the second is that 'US capital' is the presumed beneficiary of such US state actions as forcing subsistence farmers to shift to cash crop production, and so on. When the rug is pulled out from under the 'national' economy of a given country – say Argentina in the crisis that began in late 2001, or Mexico in the 1995 peso crisis, or Asia in the 1997/98 financial meltdown – who is doing the pulling? In fact, the agents at work are transnational investors, not an 'it' (US state) but a 'they' (transnational capitalists). Second, in the same vein, when we empirically study any recent example of the rug being pulled out from a country as transnational investors cash in on their speculative profits and move on, we find that those who pull their capital out of one region, or shift it instantaneously from one to another, are nationals of numerous countries. Indeed, as the analysis of 'cashing in on speculative profits, or cutting losses and moving on' shows in the case of Argentina, Mexico, Russia, or any other recent example, the nationals from the self same country (that is, Argentine, Mexican, or Russian capitalists) often participate in this transnational capital movement, since they are themselves transnational investors.<sup>30</sup> Can we conclude that whatever particular action the US state may have taken in these cases, such action was aimed at advancing the particular interests of 'US' capital in competition with other national capitals, to 'control rival economies and states' and to 'maintain a critical balance' among them? Or are the empirical facts more consistent with the analytical conclusion that whatever the US state did in Argentina or elsewhere to facilitate the profit-making of capitalists, that it did so in the interests of transnational capitalists?

The evidence in the age of neoliberalism suggests that, regardless of what country we study, the particular institution more likely to 'force subsistence farmers to shift to single cash-crop production for export markets' is likely to be a supranational organisation such as the World Bank. The evidence of the role of these supranational institutions does not support the proposition of US hegemony as much as the proposition that a TNS apparatus operates in the interests of global capital. Moreover, the actual historical process in recent years suggests not that subsistence farmers are forced to shift to cash-crop

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30. For the particular case of Argentina, see, for example, Halevi 2002.

production, but, rather, that subsistence farmers over the past few decades have tended to lose their land to agribusiness, and that agribusiness generally brings local capitalist investors together with transnational corporations from around the world. We see less an imperial nation-state promoting ‘its’ capital than the agency of local groups as part of a transnational class structure, in which the US state and transnational institutions are working together to advance global capital accumulation.<sup>31</sup>

‘The European Union’, Wood writes later on, ‘is potentially a stronger economic power than the US’.<sup>32</sup> Yet any empirical study of the global economy reveals that sets of veritably transnational corporations operate both inside as well outside of the territorial bounds of the EU, that transnational investors from all countries hold and trade in trillions of euros each day, that European investors are as deeply integrated into transnational circuits of accumulation that inextricably pass through the ‘US’ economy as are US investors into such circuits that pass through the ‘EU’ economy. In the end, the only thing that makes transnational capitalists from around the world ‘US’, or ‘European’, or ‘Malaysian’, and so on, is not their control over distinct national capital circuits in competition with other such national circuits, as Wood would have us believe, but, increasingly, simply the passport they carry and certainly some cultural attributes and residual regional histories and interests which are ever more severed from nationally-distinct material and class interests.

Shortly before preparing this article (July 2004), I came across a report during a July 2004 visit to Chile that Chilean capitalists had invested in 2003 some \$40 billion around the world in diverse pension funds, securities, and other financial outlets. An IMF report that same month explains that that Malaysian, German, Russian, Japanese and US investors are among those thousands of holders of Argentine bonds that have demanded from the IMF and the G8 that the Argentine government reverse its default and honour these bonds. Hence, when the US state, the IMF or the G8 pressure the Argentine government to honour its debt to private capitalists from around the world, is this a case, as Wood would have it, of the US state serving the interests of ‘its own domestic capital’ or the even more amorphous ‘interests of the imperial hegemon’? Or is it that the US state, together with the IMF and the G8, are serving the interests of transnational capital, and the interests of global capitalist circuits over those of specifically local or national circuits? Also, in July 2004, *Le Monde Diplomatique* informed us that Thailand’s largest corporate conglomerate, the Charoen Pokphand Group (CPG), employs

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31. For a detailed analysis of this process in one region, Central America, see Robinson 2003.

32. Wood 2003, p. 156.



100,000 people in 20 countries in operations ranging from poultry and other food production to seeds, telecoms, feed, and franchise on 7-Eleven retail shops. Clearly, whenever US or IMF pressures open up any of those 20 countries to the global economy, CPG and its investors are just as much the beneficiaries as are transnational investors from the US or elsewhere. And, surely, the CPG would be pleased to sell its cut chicken pieces (for which it is best known) in a new Iraqi market opened up by the US invasion.<sup>33</sup>

As the most powerful component of the TNS, the US state apparatus defends the interests of transnational investors and of the system as a whole. Military expansion is in the interests of the TNCs. The only military apparatus in the world capable of exercising global coercive authority is the US military. The beneficiaries of US military action around the world are not ‘US’ but transnational capitalist groups. This is the underlying class relation between the TCC and the US national state. More generally, the structural changes that have led to the transnationalisation of national capitals, finances, and markets, and the actual outcomes of recent US-led political and military campaigns, suggest new forms of global capitalist domination, whereby intervention creates conditions favourable to the penetration of transnational capital and the renewed integration of the intervened region into the global system. There is no better example than Iraq of how the US military constitutes a naked instrument for forcibly integrating a region wholesale into global capitalism. Shortly after the invasion, for instance, the US occupation force decreed ‘Order #39 on Foreign Investment’, which opened the doors of Iraq to investment by capitalists from anywhere in the world, allowing for 100 percent foreign ownership, ‘national treatment’ of foreign firms, unrestricted tax-free remittance of profits and other funds, and 40-year ownership licenses.<sup>34</sup> Contrary to what we would expect from Wood’s construct, the US occupation force did not establish any special advantage for ‘US’ capital, for ‘its own markets’.

In sum, the dynamics of this emerging stage in world capitalism cannot be understood through the blinders of nation-state-centric thinking. There is a new relation between space and power that is only just beginning to be theorised, along with novel political, cultural and institutional relations that are clearly transnational in the sense that the nation-state does not fundamentally mediate these relations as it did in the past. This is not to say that the nation-state is no longer important but that the system of nation-states as discrete interacting units – the inter-state system – is no longer the organising principle

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33. For these details, see, *inter alia*, DelForge 2004, pp. 5; IMF 2004.

34. Docena 2004.

of capitalist development, or the sole institutional framework that shapes social and class forces and political dynamics. If we are to properly understand the role of local and regional economies and class structures, they must be studied from the perspective of their point of insertion into global accumulation rather than their relationship to a particular national market or state structure. This does not mean ignoring local conditions, history or culture.<sup>35</sup> But the key becomes their relationship to a transnational system and the dialect between the global and the local.

### **Concluding comments: capitalism and the theory of imperialism**

Let us return, by way of conclusion, to Wood's claim that the current moment is defined by a new capitalist imperialism that emerges in the latter part of the twentieth century in distinction to previous imperialisms in the modern era. Is there something novel in the relations of political domination and economic exploitation in the twenty-first-century global system? I believe there is, and that we can explain what is new not by the categories and analytical framework that Wood has erected but by the concept of globalisation as an emergent (still unfolding) transnational stage in the ongoing evolution of world capitalism.

I agree fully with Wood that it is only in recent decades that capitalism as a social relation has become universalised, so that our theorisation of imperialism in the current epoch must acknowledge that 'capitalist imperatives are a universal instrument of imperial domination'.<sup>36</sup> There are two interlinked components to the classical-Marxist theory of imperialism: rivalry and conflict among core capitalist powers; and the exploitation by these powers of peripheral regions. Imperialism, if we mean by it the relentless pressures for outward expansion of capitalism and the distinct political, military and cultural mechanisms that facilitate that expansion and the appropriation of surpluses it generates, is a structural imperative built into capitalism. In this sense, imperialism remains a vital concept for the twenty-first century. But there is nothing in this imperialism that necessarily links it to a concomitant view that capitalism, by definition, involves competition among national capitalist combines and consequent political and military rivalry among core nation-states. The current (post-9/11) moment may represent some new escalation of imperialism in response to the crisis of global capitalism. But, to acknowledge

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35. Indeed, my theoretical propositions are built around the understanding of such conditions. See, in particular, Robinson 2003.

36. Wood 2003, p. 127.

this ‘new’ imperialism is not to suggest, as does the received literature these days, a resurgent ‘US’ imperialism understood in the old nation-state framework.

There is little disagreement among global élites, regardless of their formal nationality, that US power should be rigorously applied (for example, to impose IMF programmes, to bomb the former Yugoslavia, for ‘peacekeeping’ and ‘humanitarian’ interventions, etc.) in order to sustain and defend global capitalism. Military intervention has become a major instrument for forcibly opening up new regions to global capital and sustaining a process of ‘creative destruction’. In this regard, ‘US’ imperialism refers to the use by transnational élites of the US state apparatus to continue to attempt to expand, defend and stabilise the global capitalist system. The US state is the point of condensation for pressures from dominant groups around the world to resolve problems of global capitalism and to secure the legitimacy of the system overall. The question is, in what ways, under what particular conditions, arrangements, and strategies should US state power be wielded? We face an empire of global capital headquartered, for evident historical reasons, in Washington.

The US state has attempted to play a leadership role on behalf of transnational capitalist interests. That it is increasingly unable to do so points not to heightened national rivalry or competition but to the impossibility of the task at hand given the crisis of global capitalism. Global élites have mustered up fragmented and at times incoherent responses involving heightened military coercion, the search for a post-Washington consensus, and acrimonious internal disputes. The opposition of France, Germany and other countries to the Iraq invasion indicated sharp tactical and strategic differences over how to respond to crisis, shore up the system, and keep it expanding. That this is not about nation-state rivalry should be obvious from the fact that a good portion of the US élite came out against the war – not just Democrats but such Republican national security doyens as Brent Scowcroft and Lawrence Eagleberger.

By the early twenty-first century, global capitalism was in crisis. This crisis involves three interrelated dimensions. First it is a crisis of social polarisation. The system cannot meet the needs of a majority of humanity, or even assure minimal social reproduction. Second is a structural crisis of overaccumulation. The system cannot expand because the marginalisation of a significant portion of humanity from direct productive participation, the downward pressure on wages and popular consumption worldwide, and the polarisation of income, have reduced the ability of the world market to absorb world output. The problem of surplus absorption makes state-driven military spending and the growth of military-industrial complexes an outlet for surplus and gives the current global order a frightening built-in war drive. Third is a crisis of

legitimacy and authority. The legitimacy of the system has increasingly been called into question by millions, perhaps even billions, of people around the world, and is facing an expanded counter-hegemonic challenge.

Neoliberalism ‘peacefully’ forced open new areas for global capital in the 1980s and the 1990s. This was often accomplished through economic coercion alone, as Wood would likely agree, made possible by the structural power of the global economy over individual countries. But this structural power became less effective in the face of the three-pronged crisis mentioned above. Opportunities for both intensive and extensive expansion dried up as privatisations ran their course, as the former ‘socialist’ countries became re-integrated into global capitalism, as the consumption of high-income sectors worldwide reached a ceiling, and so on. The space for ‘peaceful’ expansion, both intensive and extensive, became ever more restricted. Military aggression has become in this context an instrument for prying open new sectors and regions, for the forcible restructuring of space in order to further accumulation. The train of neoliberalism became latched on to military intervention and the threat of coercive sanctions as a locomotive for pulling the moribund Washington consensus forward. The ‘war on terrorism’ provides a seemingly endless military outlet for surplus capital, generates a colossal deficit that justifies the ever-deeper dismantling of the Keynesian welfare state and locks neoliberal austerity in place, and legitimates the creation of a police state to repress political dissent in the name of security. In the post 9/11 period, the military dimension appeared to exercise an overdetermining influence in the reconfiguration of global politics. The Bush régime militarised social and economic contradictions, launching a permanent war mobilisation to try to stabilise the system through direct coercion.

But was all this evidence for a new US bid for hegemony? A US campaign to ‘compete’ with other major states? To defend ‘its own domestic capital’? To ‘maintain a critical balance’ and ‘control major [state] competitors’? I trust my reasons for rejecting such an argument have been made clear in this critical article.

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## **‘New’ Imperialism? On Globalisation and Nation-States**

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### **Abstract**

A major contradiction of globalisation lies in the universalisation of the imperatives of international finance-capital. The ascendancy of international finance has kept inter-imperialist rivalry under check since the past few decades, and imperialist nation-states under its imperatives have displayed greater unity under the leadership of the US. But the dominance of speculative finance and the deflationary impact it generates, threatens to precipitate worldwide recession. The US is trying to pre-empt any potential competition in this milieu, by pursuing an aggressive and unilateralist military policy of endless war. However, the capacity of the US to sustain such high levels of military expenditure and debt-induced consumer spending is circumscribed by the fragility of the dollar hegemony in the backdrop of the growing indebtedness of the US vis-à-vis the rest of the world. Re-appearance of recessionary conditions in the US would be set the stage for inter-imperialist contradictions as well as the contradiction between imperialism and the Third World to play themselves out and create possible ruptures in the present world order.

### **Keywords**

imperialism, globalisation, nation-states, international finance-capital

## **I**

Against the backdrop of the US-led aggression on Afghanistan and Iraq and the outrage that it evoked worldwide, the publication of a theoretical work on imperialism could not have been better timed. Much has already been written on the confluence of the antiglobalisation movement with the worldwide antiwar movement, which made the huge mobilisations possible on the streets of London, Berlin, New York and other places during the War. Although the enthusiasm of the antiwar movement dampened considerably following the eventual occupation of Iraq, mass dissent against the present world order, which is being intolerably and despicably dominated by the United States, has definitely risen. It is therefore crucially important to lay bare the undemocratic politics, predatory economics and anti-popular ideology of imperialism in its

totality before the growing ranks of dissenters. Ellen Meiksins Wood's *Empire of Capital* is not only an effort in that direction but is also sure to generate debates around critical issues which would theoretically enrich the global movement against imperialism.

Wood's book is not a lengthy one, given the expanse of the historical period it covers, which compares with the celebrated volumes by Eric Hobsbawm. While very much focused on contemporary imperialism, she has chosen to make a comparative historical analysis of precapitalist and capitalist empires from the ancient Roman to the British and the American. Not claiming to be a history of imperialism, the purpose of the historical arguments of the book as stated in the Introduction itself is to 'bring into relief the specificity of capitalist imperialism by observing it against the contrasting back-ground of other imperial forms'.<sup>1</sup> It is further stated that, rather than being a comprehensive history of capitalist imperialism, the purpose is 'to define the essence of capitalist imperialism, the better to understand how it operates today'.<sup>2</sup> The approach reminds one of Harry Magdoff's caution that one 'cannot really understand the problem of colonial world and of neocolonialism if one concentrates exclusively on the new features stressed by Lenin'. Wood has not only departed from those Marxist critiques of imperialism whose entry point is either Lenin's or Rosa Luxemburg's theory. She has in her historical analysis gone beyond capitalism itself, not only its 'monopoly stage', in order to posit the defining characteristics or 'essence' of capitalist imperialism and the 'power of capital'.

The main argument of Wood, summed up in the Introduction and Chapter 2 that are the main theoretical chapters, goes as follows. The process of surplus appropriation under capitalism, in contrast to the precapitalist forms, is based upon 'economic' coercion mediated through the market. The state under capitalism plays a central role in maintaining the property relations essential for market-based surplus appropriation, but does not play a direct 'extra-economic' coercive role in surplus appropriation *per se*, imparting an opacity to class exploitation under capitalism. Similarly, Wood argues, while capitalist imperialism by nature operates through market imperatives rather than 'extra-economic' coercion, in order to transfer wealth from weaker to stronger nations, on the other hand it depends upon extra-economic coercion for the maintenance of that economic coercion. The very uniqueness of capitalism is traced in its capacity to 'detach economic from extra-economic power', with its economic coercion or market based surplus appropriation operating at a scale much beyond the 'grasp' of state power; 'a more or less clear division of

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1. Wood 2003, p. 6.

2. Ibid.



labour between the exploitative powers of the capitalist and the coercive powers of the state'.<sup>3</sup> However, this economic coercion cannot exist without the support of extra-economic force provided by the capitalist state. This dialectic of 'economic imperatives', in contrast to 'extra-economic coercion' exercised by the state, being the principal mode of surplus appropriation and reproduction under capitalism, on the one hand, while the state through its 'extra-economic' coercive role being 'essential' to the existence and sustenance of capitalism, on the other, assumes a central place in Wood's scheme of analysis.

This is further built upon to argue, 'old colonial empires dominated territory and subject peoples by means of "extra-economic" coercion, by military conquest and often direct political rule. Capitalist imperialism can exercise its rule by economic means, by manipulating the forces of the market, including the weapon of debt'.<sup>4</sup> Historically, the development of capitalism is seen in terms of an increasing separation between capitalist power operating through the market and power exercised by the nation-states, with the 'economic hegemony of capital' extending 'far beyond the reach of direct political domination'. Under the present stage of globalisation, 'the power of capital seems to have become even more diffuse, and the problem of locating and challenging the centre of capitalist power has apparently become even harder'.<sup>5</sup> Saying this, Wood takes issue with the argument that globalisation implies the declining power of the nation-states. That globalised capital has escaped the control of the territorial state rendering it powerless and irrelevant, giving way to a 'new form of stateless "sovereignty" that is everywhere and nowhere', has indeed become a fashionable argument, both within the Left as well as within the mainstream academic and policy circles. As opposed to this influential view, Wood proposes what appears to be her central thesis:

...no transnational organisation has come close to assuming the indispensable functions of the nation state in maintaining the system of property and social order, least of all the function of coercion that underlies all others.... The world today, in fact, is more than ever a world of nation states. *The political form of globalization is, again, not a global state but a global system of multiple local states, structured in a complex relation of domination and subordination.*<sup>6</sup>

The most important function of both metropolitan as well as subordinate local nation-states is identified to be the imposition of market imperatives all

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3. Wood 2003, p. 9.

4. Wood 2003, p. 11.

5. Wood 2003, p. 12.

6. Wood 2003, p. 17 (emphasis added).

over the world and sustaining them through ‘extra-economic’ coercion. Wood also qualifies this by stating that the imperialist metropolitan states have not encouraged the development of capitalism in the subordinate economies. They have not created ‘a world after its own image’ as Marx had suggested, but, rather, opened up the subordinate economies and restructured their societies and production conditions through the imposition and manipulation of the markets to establish imperial domination. In the establishment of this domination, the nation-state has historically played and continues to play a vital role.

Wood identifies the main contradiction under globalisation within the expanding geographical reach of capitalism beyond the control area over which the writ of territorial nation-states can run even while capital’s dependence upon the nation-states to enforce the rules of the game remains essential.

On the one hand, the expansion of capital is possible precisely because it can detach itself from extra-economic power... on the other hand, the same detachment makes it *both possible and necessary* for capital’s economic hegemony to be supported by territorial states. As the *gap* between the economic reach of capital and the extra-economic reach of territorial states grows wider, imperial powers, and the US in particular, have experimented with new forms of extra-economic force to deal with *the contradiction*.<sup>7</sup>

It follows from Wood’s argument that she considers this to be the ‘core’ contradiction under globalisation, since she emphasises the uniqueness of this contradiction under capitalism and tries to explain the ‘new forms of extra-economic force’ adopted by the imperial powers, ‘the US in particular’, in terms of the widening of the ‘gap’, which implies intensification of this contradiction.

## II

Several problems arise from this proposition. Capitalism, as Wood herself explains in several places, has an intrinsic tendency for self-expansion. Capital accumulation, the appropriation, realisation and reinvestment of surplus on an ever-expanding scale, is, by its very nature, a process that continuously expands its boundaries of operation. The spatial movement of capital to geographically distant locations has historically accompanied the development of capitalism within the country/countries of origin.

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7. Wood 2003, p. 21 (emphasis added).

The origin of modern nation-states is also intricately linked to the requirements of capitalist development and nation-states in turn have played a vital role in the further development and expansion of capitalism, both within as well as outside its territorial boundaries. Lenin's analysis of the monopoly stage of capitalism was also premised on the requirements of national blocs of monopoly capital for markets, raw materials, investment opportunities and 'spheres of influence' across the globe and the consequent rivalry between imperial nation-states for the division and redivision of the world to suit those requirements. The 'disconnection between the economic and political moments of capital' does not seem to have appeared as a contradiction in the earlier historical stages of capitalism. Nation-states under capitalism were born out of the needs of capitalism and have historically played a vital role in the process of capital accumulation, territorial expansion and imperial domination.

To argue that such a contradiction has emerged under globalisation, it logically follows that one of two things have to be demonstrated. Either it has to be shown that the process of capital accumulation itself has undergone changes, which throws up fresh requirements which capitalist nation-states of the older pattern are being unable to meet. Or else it needs to be argued that the normal functions of the capitalist nation-states are not being fulfilled today, due to certain changes in the character of nation-states themselves that have been brought about by globalisation. In fact, it can also be argued that both have occurred. One does not find in Wood any of these arguments. Apart from stating that the 'gap between the economic reach of capital and the extra-economic reach of territorial states grows wider', there is nothing to suggest whether any change has occurred in the nature of capitalism under globalisation. Although Wood suggests the evolution of a new form of empire under globalisation ('the new system of capitalist imperialism') there is no analysis of any novel aspect of the nature of capitalist imperialism under globalisation, other than suggesting that the geographical reach of capital has been enhanced in the present phase. Even then, there is no specific reason cited why it is so. One gets the impression from reading Wood that, in the continuity-versus-change debate surrounding globalisation, she sides with the view that the change is merely in certain quantitative aspects related to the increased global reach of capital, the qualitative aspects remaining the same.

This impression gets strengthened from the absence of a systematic analysis of the economic functions of the nation-state under capitalism. While her entire discourse is dominated by repeated emphasis on 'extra-economic' coercive powers of the state in order to impose and sustain capitalist property relations and maintain social order, being at an 'arms length from capital', there is

no effort to delve into the whole set of economic functions that the state performs under capitalism. In Chapter 2, Wood does mention some of the functions of a nation-state in some places. However, it is easily seen that the functions she mentions are all of a nature which is externally supportive of the process of capital accumulation and the functioning of markets, rather than being an integral part of it. In other words, they can all be clubbed together as ‘extra-economic’ functions, since Wood uses the category ‘economic’ to denote that which is internal to the process of capital accumulation. To say this is not to deny the importance of those ‘extra-economic’ functions but to underline the conspicuous absence of at least two important ‘economic’ functions that the nation-state plays which is internal to the process of capital accumulation.

Firstly, the market, whose imperatives distinguish capitalism from the rest, cannot function without the stabilising role of the state in managing aggregate demand or in other words its role in avoiding generalised overproduction. Rosa Luxemburg’s emphasis on the role of external markets in sustaining capital accumulation was premised upon the inability of markets under capitalism to behave in a manner where continuous realisation of surplus is possible, given the unplanned and anarchic character of investment decisions. Baran and Sweezy’s *Monopoly Capital* elaborated upon the same theme and identified the role of the state in incurring fiscal deficits or undertaking military expenditures, as a major arena for the realisation of surplus. This role of the state is internal to capital accumulation in the sense that the former is not ‘detached’ from the latter like, for instance, the ‘extra-economic’ role of the state in maintaining capitalist property relations. Secondly, markets under modern capitalism cannot function without a stable medium of exchange, which also has to function as a store of value. Money, which plays this role under capitalism, has to be backed by the state, in order to generate confidence among wealth-holders, so that it can be held as a store of value. In a world where different economies have their own national monies, the role played by the nation-states in backing those national monies also becomes internal to the process of capital accumulation. These two ‘economic’ functions of the state do not figure in Wood’s arguments.

It can be argued that she has chosen her boundary of discourse in the book in a way wherein such economic functions of the state are ignored in favour of its ‘extra-economic’ and political functions to serve some specific analytical purpose. Neither is such a purpose explicitly stated nor is it possible, in my view, to analyse contemporary capitalism in isolation of the economic role of the state. It is because globalisation has had important implications for the two economic functions of the nation-state mentioned earlier, impinging

upon it in significant ways. The changed role of the nation-states has followed from the changes that have come about in the nature of capitalism itself, under globalisation. While those changes will be discussed in greater detail in a following section, it should be emphasised here that the changes are not only about the enhanced geographical reach of capitalism.

Another problem in Wood's analysis is her juxtaposition of surplus appropriation through class exploitation under capitalism with the imperialist exploitation of subordinate economics. This has followed from her exclusive attention on the distinction between 'extra-economic' political power and the 'economic' power of the market. While one cannot contest the fact that capitalist imperialism, especially in the contemporary setting, does not generally operate through direct colonial rule, to posit that it does so in a way which is similar to class exploitation within an abstract model of a closed capitalist system, through the imposition of market imperatives, is a theoretical oversimplification. The relation of unequal interdependence between the metropolitan imperial powers and the subordinate peripheral nations in its totality constitute modern imperialism. The relationship has complex dynamics and it continuously influences as well as gets influenced by domestic class struggle within the imperial as well as the subordinate nations. While Wood mentions that 'subordinate economies must be made vulnerable to the dictates of the capitalist markets',<sup>8</sup> she hardly goes deeper into the aspects of either those vulnerabilities or those dictates, apart from some references to the opening up of the markets of subordinate economics and imposition of export oriented agriculture.

In this context, the category of 'market imperatives', which she has used to define domestic class exploitation, becomes insufficient to grasp the complex relationship of imperialist exploitation. The relationship of unequal interdependence underlying imperialism leads to a transfer of wealth and resources from the subordinate economies to the metropolis in myriad ways, perpetuation of the international division of labour being just one of them. Moreover, in the example of export agriculture, Wood talks about 'market imperatives' being imposed by the imperial states wherein farmers of subordinate economies are forced to compete with the highly subsidised agriculture of the metropolis in the world market. But it is the state that subsidises and imposes tariffs and import controls to protect domestic agriculture of the metropolitan countries. Why is it necessary, therefore, to distinguish between the 'extra-economic' role of the imperial state in imposing

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8. Wood 2003, p. 17.

export agriculture on subordinate economies and its economic role of protecting its domestic agriculture through subsidies and import tariffs? Further discussions of contemporary imperialism are contained in later sections dealing with the two concluding chapters of the book. It is enough to mention here that Wood has underemphasised the importance of the economic functions of the metropolitan state under contemporary imperialism, while discussing the 'extra-economic' role it obviously plays.

Having said this, I should express my agreement with an important argument of the book, which is related to praxis. Wood states in Chapter 2: 'A central theme of this book is that the state remain a vital point of concentration of capitalist power, even, or especially in today's global capitalism, and that the empire of capital depends on a system of multiple states'.<sup>9</sup> This assertion is important in the context of the popular protests against global capitalism remaining confused, as Wood rightly mentions, as to whether the adverse effects of globalisation are due to its being 'global' or because it is capitalism. The nation-state as the source of capitalist or imperial power has become obfuscated under globalisation, making it difficult to be identified as 'a major target of resistance' or 'a potential instrument of opposition'. Therefore it is necessary to bring into sharp focus the role that the nation-state continues to play in the sustenance of global capitalism and compel it to bear its responsibility for all its perverse outcomes. The argument regarding the helplessness of nation-states under globalisation has been most rampantly espoused by states themselves as an apology for the institutional changes that have been brought about across the world to facilitate the increased predatoriness of global capitalism as well as its withdrawal from activities meant to provide some relief to the working masses. In countering that argument, it is important to note and analyse the changes that have come in the nature of capitalism and in the functioning of the nation-states under globalisation. No matter whether one agrees with her analysis of those changes, the political objective of Wood's work remains vital.

### III

Having made her theoretical case, Wood proceeds in Chapters 3 and 4 to study two categories of precapitalist empires, one that was based upon a system of private property and another based upon commerce. The choices are made on the basis that private property and commerce are generally associated with capitalism. Wood shows that both private property and commerce existed at

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9. Wood 2003, p. 12.

the heart of earlier empires which were still not capitalist. What distinguishes these precapitalist forms of empire from capitalist imperialism is, in her view, the non-existence of market imperatives and the dependence upon the 'extra-economic' power of the state for surplus appropriation. Unlike capitalism, economic power could not be exercised in these empires beyond the reach of the coercive powers of the state. Thus it is the absence of the detachment of the 'economic' from the 'political' which signals precapitalist empires; 'the transparency of one case and opacity of the other tell us a great deal about the differences between capitalist and non-capitalist empires'.<sup>10</sup>

Discussing the ancient Chinese and Roman empires and the Spanish empire, Wood notes that they were based upon an elaborate system of property. The Chinese and the Roman empires offer contrasting pictures though, in terms of the role their property relations played in imperial expansion. The Chinese empire was one where taxation of the peasantry by the bureaucratic state was the principal means of surplus appropriation and the state consciously inhibited the development of powerful landed aristocracies in order to maintain its absolute hegemony. This, Wood notes, set limits to the territorial reach of its empire. Romans, on the other hand, depended less upon state-based appropriation and more upon the building of a 'wide-ranging coalition of local landed aristocracies, with the help of Roman colonists and colonial administrators'.<sup>11</sup> Wood traces the vast expanse of the Roman empire to the logic of 'a land-hungry aristocracy of private property' as opposed to 'tax-hungry office holders' of the Chinese imperial state. This is cited as the reason for the eventual fragmentation and implosion of the Roman empire too.

The same trend is noted in the imperial expansion of 'post-feudal' Spain, which relied on landed property rather than direct state appropriation as the basis of imperial expansion. The military conquests, the quest for gold and silver and augmentation of domestic wealth through bullion imports from colonies by the Spanish empire was based upon the dependence of the imperial state on local landed powers based in the colonies. Both in the case of the Roman and the Spanish empires, Wood notes that 'the economic reach of the imperial state had already exceeded its political grasp. Yet the essential dependence on extra-economic force... meant that the economic hold of the empire was always limited by the capacities of its extra-economic power'.<sup>12</sup>

Thus we arrive at the contradiction mentioned in Chapter 2; the 'economic' reach of an empire expanding beyond the purview of the state and yet

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10. Wood 2003, p. 22.

11. Wood 2003, p. 24.

12. Wood 2003, p. 27.

depending upon it in order to sustain itself. The effort to locate this contradiction within the ‘empires of commerce’ is made in Chapter 4. Here, ‘economic’ power is located within surplus appropriation through trade and commerce in contrast to the ‘empires of property’, where it was located within the surplus appropriation through landed property. The Arab-Muslim empire, the Venetian empire and the Dutch empire were based upon wide networks of trade among geographically separated locations, and ‘the connecting threads in the commercial empires were supplied, above all, by merchants and traders’.<sup>13</sup> In bringing out the essence of commercial empires, Wood states:

[...] the age-old practice of commercial profit taking, buying cheap and selling dear... as distinct from the production of surplus value in capitalism – depended not on superiority in competitive production but on various extra-economic advantages, from political power or religious authority, which allowed the imposition of unfavourable terms of exchange on producers, to widespread mercantile networks and command on trade routes, guaranteed by military power.<sup>14</sup>

The distinction that has been made between the categories of ‘economic’ and ‘extra-economic’, while analysing the precapitalist empires seems problematic. If the advantages derived from political power being used to enforce ‘unfavourable terms of exchange on producers’ are considered to be ‘extra-economic’, then what constitutes ‘economic’ under the commercial empires? This is far from clear. Neither is it clear what ‘economic’ implies under the ‘empire of property’, apart from a vague suggestion that direct taxation by the state is ‘extra-economic’ while the building of a coalition of landed aristocracy is not. From the point of view of surplus appropriation, it is actually impossible to even conceptually distinguish between the ‘economic’ and ‘extra-economic’ within commercial profits and feudal rents. Therefore, to talk in terms of the ‘economic’ reach expanding beyond the scope of ‘extra-economic’ power under precapitalist empires does not make analytical sense. The problem lies in trying to explain the differences between capitalist and precapitalist imperial forms solely in terms of the ‘economic’ and the ‘extra-economic’, categories which Wood has not been able to define with clarity in the precapitalist context. If the effort is simply to point out the greater reliance of the precapitalist empires upon the direct coercive role of the state for surplus appropriation, as distinct from capitalist imperialism, the point, although not a new one, is well made. But Wood has tried to make a more sophisticated

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13. Wood 2003, p. 40.

14. Wood 2003, p. 43.



analysis in terms of a contradiction between the expansion of ‘economic’ forms of surplus appropriation and the limited scope of the ‘extra-economic’ powers of the state, surfacing under different forms of imperialism. The outcome is not very encouraging.

While discussing why the Dutch economy, despite being highly commercialised was not a capitalist one, she says: ‘...the Dutch Republic in many fundamental ways still operated on *familiar non-capitalist principles*, above all its dependence on extra-economic powers of appropriations’.<sup>15</sup>

In the same context she later mentions:

...the reliance on commercial sophistication as distinct from competitive production, was always essential to the Dutch economy. The commercial interests that dominated the economy were always... semi-detached from production and *ready to shift their investments into other, often non-productive fields*. Their vocation was... circulation, not production, and profit was generated by that means.<sup>16</sup>

While the ‘economic’/‘extra-economic’ distinction does not enter in the latter argument, the distinction between commercial profits and profits from investment in competitive production is clearly made. However, why the former non-capitalist principle should be considered to be ‘above’ the latter is asserted without justification. Moreover, the contradiction identified by Wood has not been systematically shown to play a central role in the decline of the various empires analysed by her.

Rather than the effort to trace the economic/extra-economic dialectic in precapitalist empires, it is the discussion on the ideologies of the different imperial forms in Wood’s book which is really illuminating. It would have been better if these discussions had received greater and sharper focus in the book. Wood looks at the ideologies of the empires, mainly the religious and legal aspects, to bring out the justifications they have provided for the ruthless military conquests and domination associated with imperial expansion. The transformation of Christianity from a radical Jewish sect to a universal spiritual doctrine encouraging obedience towards the imperial authority, along with the needs of Roman imperial expansion and the debates within Christian theology on the legitimacy of war and conquest against the backdrop of Spanish colonisation is succinctly discussed. The links between the origin and development of Islam and the commercial empire of the Arabs have also been dealt with tidily. What strikes one however, regarding the detailed discussion

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15. Wood 2003, p. 54 (emphasis added).

16. Wood 2003, p. 56 (emphasis added).

on Hugo Grotius's theory on just and unjust wars under the conditions of commercial imperialism in the seventeenth century, is the jump that Wood makes in discussing ideologies of imperialism. Grotius's theory belongs to an age where notions of law, morality, rights of individuals and nations as well as just and unjust wars had become somewhat autonomous from religion. The transition from ideologies of imperialism wedded to religion to those based on laws autonomous from religion is left unexamined.

#### IV

A clearer picture of what Wood tries to define as 'economic imperatives' appear in her discussion on the emergence of English capitalism and the colonisation of Ireland in Chapter 5. While discussing the growth of agrarian capitalism, the concentration of land and eviction of small producers following the enclosure movement, it is noted:

As landlords lost their extra-economic powers to an increasingly centralized state... their wealth increasingly depended on *the productivity and commercial success* of their tenants... Even without coercive eviction, customary tenures were increasingly replaced by economic leases and competitive rents. The increasing polarization between successful capitalist farmers and customary tenants operating on older principles, hastened – *by purely economic means* – the displacement of small producers with inflexible rents and neither the means nor the incentive to produce competitively.<sup>17</sup>

Although Wood has not gone into the details of the transition debate, the superiority of the productive forces is considered as the key element in her understanding of capitalism. Thus 'economic imperatives' can be understood in terms of competition-induced increases in productivity. These imperatives, as Wood herself points out, are unique to capitalism where production itself, not exchange, becomes the centre of surplus creation and appropriation. To look for these imperatives under precapitalist conditions, therefore, is not a fruitful exercise. The economic imperatives of Wood are uniquely capitalist imperatives, which does not apply in the absence of capitalist production relations.

The colonisation of Ireland is analysed as the first case of overseas expansion of agrarian capitalism which developed in England giving rise to new principles of imperialism. Wood discusses in some detail the theoretical justification for settler colonialism in the writings of Thomas More, John Davies and William

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17. Wood 2003, p. 67 (emphasis added).

Petty. The essence of colonial expansion under capitalism is derived as the expropriation of land for imposing capitalist agriculture. The development of the concept of value of land, ‘understood in a specific English sense’ i.e. in the sense of its productivity under capitalist production relations, is traced through those writings. The best exposition of the theory is found in John Locke:

Locke does invoke a theory of ‘just war’ for the purpose of justifying slavery... yet his theory of colonization is not a theory of war or international law but a theory of private property... he grounds colonial expansion in a new, and essentially capitalist, conception of property. In his theory of property, we can observe imperialism becoming a directly *economic* relationship, even if that relationship required brutal force to implant and sustain it. That kind of relationship could be justified not by the right to rule, or even simply the right to appropriate, but by the right, indeed the obligation, to produce exchange value.<sup>18</sup>

This is Wood’s classic case of colonialism which involves, ‘extending the logic and the imperatives of the domestic economy and drawing others into its orbit’.<sup>19</sup> However, her generalised scheme of ‘overseas expansion of ‘economic’ imperatives’ for analysing capitalist colonialism runs into problems on at least two counts. Wood discusses the growth of slavery in the British colonies in terms of a ‘striking example of how capitalism has, at certain points in its development, appropriated to itself, and even intensified, non-capitalist modes of exploitation’. She traces the origin of racist ideology in the need to justify such ‘non-capitalist modes of exploitation’, which were concomitant to ‘purely economic’ means of capitalist exploitation from where the ideology of universal freedom and equality was born. The contribution of such non-capitalist exploitation to capitalist industrialisation is also accepted. But there is no attempt to explain why, despite being a system based on ‘economic imperatives’, capitalism depends upon these non-capitalist forms of exploitation. It needs to be emphasised here that the ‘extra-economic’ role of the state, which is central to Wood’s scheme, is not the issue here. The dependence of cotton textiles-based British industrialisation upon cotton produced by the slaves in colonies, or the surpluses generated from slave trade itself, is different from its dependence upon the coercive powers of British state in enforcing capitalist property relations. The non-capitalist exploitation in this case plays a distinctly ‘economic’ role. Wood’s analysis leaves out of its scope the primitive accumulation of capital or the continuous economic interaction between capitalist and precapitalist sectors, which is so essential for capitalism even today. Capitalism, besides

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18. Wood 2003, p. 87 (emphasis in original).

19. Wood 2003, p. 88.

being a system of production-based surplus appropriation has historically appropriated surplus through non-capitalist means. Although conceptually possible, it is difficult to segregate the two modes of exploitation to be belonging to historically different epochs.

The second problem is related to the contradiction identified by Wood in the geographical expanse of the empire and the limited scope of the imperial state. While discussing the breakdown of British colonialism in America, Wood's analysis is almost identical to that of the decline of the Roman empire:

At such great distance, with more or less self-sufficient agriculture, and with colonial markets nearer to hand, the colonies were not so easily kept within the economic ambit of imperial power; and direct political control by the state was even harder to maintain. . . . A colonial economy with a strong foundation of its own, dominated by local elites with their own distinct interests and enjoying substantial degrees of self-government, was bound sooner or later to break the imperial connection.<sup>20</sup>

Coming to the discussion on the differences in the case of the British empire in India, Wood suggests that the imperial power 'had learned some lessons' and thereby installed a 'non-capitalist' empire where capitalist imperatives were not transplanted like the cases of the settler colonies of Ireland and America. The phases of the establishment of trade monopoly by the East India Company, to the company transforming itself into an instrument of surplus extraction through tax and tribute and finally the establishment of a territorial empire are seen as a deeply contradictory exercise in imperial domination, where there was constant tension between efforts to 'achieve some kind of separation of the economic and political in the capitalist manner', on the one hand, and 'a non-capitalist logic of rule . . . designed to enable the extraction of revenues by the company and state, presided over by an all-embracing military power' operating on the other.<sup>21</sup> Finally, it is argued that the 'conditions in India' tilted the balance in favour of an 'imperial military state' and a 'revenue-extracting non-capitalist empire'. However, Wood considers this as a vindication rather than a refutation of her argument that colonialism under capitalist conditions extends capitalist property and production relations, since such an exercise 'was bound to fail' as is exemplified by the American case.

A serious implication which follows from this is that the contradiction of capitalism diffusing into the colonies and growing beyond what the imperial

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20. Wood 2003, p. 95.

21. Wood 2003, p.100.

state can dominate is resolved by resorting to precapitalist imperial forms of domination. Wood does not engage with this serious implication, which follows from her argument. She rather makes an observation regarding the British empire in India ‘clearly, and inevitably’ falling between ‘two stools’. Her argument circumscribes the possibility of capitalist industrialisation at the imperial metropolis coexisting with and depending upon non-capitalist colonial exploitation for surplus extraction, and together in unity constituting the totality of capitalism. Although not clearly stated, her sympathy towards the argument that the ‘costs’ of British colonialism were more than its ‘benefits’, thereby precluding the possibility of colonial transfers contributing to the development of capitalism itself, is a major weakness of her analysis.

Wood goes on to redefine capitalist imperialism, which

comes into its own only when economic imperatives become strong enough on their own to extend beyond the reach of any conceivable extra-economic power and to impose themselves without day-to-day administration and coercion by an imperial state.<sup>22</sup>

Such capitalist imperialism, where economic imperatives have become ‘powerful enough’ is said to have existed only in the twentieth century. If that is so, then British colonialism in the nineteenth century, as experienced in the colonial rule in India, would not qualify as capitalist. This, to my mind, is theoretically erroneous. The error follows once again from the exclusive focus on the detachment of ‘economic’ and ‘extra-economic’ surplus appropriation in order to define capitalism, notwithstanding the historical coalescence of the two.

## V

In the penultimate chapter of the book, Wood extends her arguments regarding economic imperatives to analyse contemporary imperialism. It is argued that capitalism within Britain’s European rivals, France and Germany, was imposed from above, under the compulsions of inter-imperialist rivalry and war. Therefore, despite capitalism developing within the rival imperial powers, it did not ‘have the effect of replacing geopolitical and military rivalries with economic competition’. The ‘classic age of imperialism’, which witnessed intense inter-imperialist rivalry, according to Wood, was one where capitalism was well advanced in some parts of the world but did not emerge as a ‘truly global economic system’. The obsolescence of Lenin’s and Rosa Luxemburg’s

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22. Wood 2003, p. 102.

theories is then declared because they all belong to the age where capitalism was far from being ‘universal’ and also because of their belief that it would ‘end before the non-capitalist victims... were finally and completely swallowed by it’. An explicit statement in this regard follows:

...in these theories of imperialism, capitalism by definition assumes a non-capitalist environment. In fact capitalism depends for its survival not only on the existence of these non-capitalist formations but on essentially pre-capitalist instruments of ‘extra-economic’ force, military and geopolitical coercion, and on traditional interstate rivalries, colonial wars and territorial expansion... we have yet to see a systematic theory of imperialism designed for a world in which all international relations are internal to capitalism and governed by capitalist imperatives. That, at least in part, is because *a world of more or less universal capitalism, in which capitalist imperatives are a universal instrument of imperial domination, is a very recent development.*<sup>23</sup>

This sums up, more than anything else, Wood’s basic understanding of the current world conjuncture. And this is precisely where I profoundly disagree with her. Many contestable formulations which she has made from then on arise out of the basic understanding, that imperialism has taken a ‘new’ form where it is based upon an universal capitalism with its reliance on ‘the economic imperatives of “the market” to do much of its imperial work’.<sup>24</sup>

Rather than contesting her arguments on a point-by-point basis, I would take up two key issues, which Wood analyses within her framework, and make some alternative arguments. The first of these relates to the understanding of globalisation. Wood dates the beginning of what she considers to be the ‘new’ imperial order, to the period of the aftermath of the Second World War. The establishment of the economic hegemony of the US was achieved through the formation of institutions like the IMF, World Bank and later the GATT, whose ultimate purpose is understood to be the opening up of markets and resources across the world for exploitation by metropolitan, especially US capital. The booming economy of the US in the postwar period, we are told, enabled the imperial power to be ‘interested in a kind of “development” and “modernisation” in the third world, as a means of expanding its own markets’.<sup>25</sup> However, the long boom came to an end by the 1970s; ‘the US economy entered a long period of stagnation and declining profitability, a characteristically – and uniquely – capitalist crisis of overcapacity and overproduction, not least because its former military adversaries, Japan and

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23. Wood 2003, p. 110–11 (emphasis added).

24. Wood 2003, p. 133.

25. Wood 2003, p. 115.

Germany, had become extremely effective economic competitors'.<sup>26</sup> Wood has followed Robert Brenner's analysis of stagnation within the US economy in the 1970s.

Globalisation, according to her, is an effort to spatially displace this crisis on to countries outside the US. Fundamental processes under globalisation, 'internationalization of capital, its free and rapid movements and the most predatory financial speculation around the globe' are explained in terms of an effort 'to postpone the day of reckoning for its (US) own domestic capital, enabling it to shift the burden elsewhere, easing the movements of excess capital to seek profits wherever they were to be found, in an orgy of financial speculation'.<sup>27</sup> The essence of her argument is that globalisation is a response to stagnation and crisis faced by US and metropolitan capital, brought about by declining profitability of investment within the metropolis. It works primarily in order to give a vent to metropolitan surplus, by providing profitable avenues for investment across the globe.

Robert Brenner's thesis, to begin with, is an erroneous one. Firstly, he makes a mistake in assuming that investment depends upon the profit margin and not the rate of profit. This theoretical confusion between the profit margin and the profit rate is not unique to Brenner, and many of those who tried to explain economic stagnation became victims of it, including those whom Brenner denounced as 'supply-side' theorists in his essay. Unfortunately, he committed the same error himself. But even if one overlooks this error, despite its theoretically indefensible nature, but only to explore the entire logical structure of his argument, a second problem arises. If economic competition under capitalism either between price-setting oligopolistic firms or between national blocs of capital leads to continuous cost-cutting innovation or currency devaluations, as Brenner has suggested, bringing down the mark-up or the margin of profit progressively, then capitalism would soon be confronted with a zero-mark-up situation, bringing about a complete collapse of investment, following his argument. The basic purpose of oligopolistic collusion is to prevent such progressive squeeze on profit margins brought about by destructive competition. Competition, under the normal functioning of capitalism, is primarily non-price competition based upon capturing larger market shares and erecting barriers to entry. Price wars or competitive currency devaluations do take place sporadically, but they are more of an exception than a rule.

Profit margins under monopoly capitalism tend to stabilise at a minimum level, if not rising with a rising 'degree of monopoly' or concentration of capital. Profitability, on the other hand, depends upon the level of re-investment of

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26. Ibid.

27. Wood 2003, p. 116.

surplus, which, in turn, depends upon the size and growth of markets. Lenin's theory of imperialism, which focused on the concentration of capital under monopoly capitalism, underlined the need for capital to look for an ever-larger theatre of operation arising out of its growing concentration. Capital exports, in Lenin's scheme, did not arise out of falling profitability within the imperial economies. They were associated with higher profit margins along with rising concentration of monopoly power in industry. Inter-imperialist rivalry was a competition over markets, raw materials, and more profitable avenues for investments.

This is not to deny that stagnation did not occur in the US in the 1970s. In fact, it occurred not only in the US but encompassed the entire advanced capitalist world simultaneously, defeating the logic of Brenner's argument that economic stagnation occurs in one country because it has been outcompeted by labour productivity growth in others. The reason for that stagnation and the long-term decline in the rate of capital accumulation from then on, which continues till today, lies somewhere else. What had underlined the economic success of metropolitan countries in the postwar period was extensive state intervention in demand management within national economies to maintain full employment and restrictions on the cross-border flows of speculative capital. Both of these were put in place after the experience of the Great Depression, when the entire capitalist world had plunged into a massive crisis. In the 1970s, both of these bulwarks of capitalist prosperity were seriously undermined.

The reasons behind the collapse of the Bretton Woods system need not detain us here. The increasing US current account deficit was definitely a cause, along with the oil price shock and pervasive inflationary fears. The most significant thing that happened with the Bretton Woods collapse was the undermining of the postwar system of state intervention in demand management and control over speculative capital. In fact, the two were not unrelated to each other. The 1970s witnessed an unprecedented growth of finance capital within the metropolitan economies. While arising out of greater concentration of capital, this finance-capital differed from Lenin's category in two significant ways. It was neither linked to industry nor was it based on nation-states. This new form of finance-capital, huge amounts of hot money circulating in financial markets, independent of industrial activities or trade flows and engaged in speculation, became highly mobile across domestic and international financial markets. Its mobility arose from its growing concentration and power and was enhanced by progressive dismantling of capital controls within and across developed and developing countries. State intervention, not only because it entails curbs on its freedom, but also because



it is deemed to be inflationary, had to recede under pressure from finance. What is more, private investment was also undermined since the growth of finance imparted a short-termist speculative bias to the entire corporate sector, which increased the inertia for undertaking long-term capital investments. To put it briefly, the growth of speculative finance-capital created recessionary conditions, since such conditions are necessary for its smooth operations. Stagnation in 1970s, and the downturn since then, cannot be analysed without understanding these processes.

At the heart of globalisation lies the operation of international finance-capital, which has reached an unprecedented magnitude today, amounting to trillions of dollars being transacted across financial markets on a single day. While its growth can be traced from the collapse of the Bretton Woods and the floating of the dollar, continued liberalisation of financial markets across the world in the 1980s enabled its global reach. The collapse of the Soviet Union and the erstwhile 'socialist' countries of Eastern Europe have led to a consolidation of its hegemony in the 1990s. Wood rightly points out that commodity markets or labour markets have not been integrated under globalisation; 'globalization has been as much about preventing as promoting integration'. That is because the globalisation of finance is not only autonomous from increased commodity flows or capital exports, but actually impedes them by creating deflationary conditions. Multinational corporations are often identified with globalisation. It is true that their capital investments to a few select locations within the developing world have increased. Without going into any detailed analysis, it can be safely stated that the magnitude of such productive investments is a miniscule proportion of the hot-money flows, which have gone in and out of countries over the past decade, often precipitating currency crises. Moreover, multinational corporations themselves are heavily engaged in financial operations and speculative activities, often rendering it difficult to decipher whether it is capital-in-production which is getting invested or capital-as-finance seeking speculative gains that is moving under its cover. The transnational mergers and acquisitions by the multinational corporations backed by global financial entities as well as the spate of financial scandals involving the giant corporations in the US like Enron clearly expose this nexus.

Globalisation is indeed a deeply contradictory process. But the contradiction lies in the universalisation of the imperatives of finance-capital which precipitates recession, undermines profitability and thereby disrupts capital accumulation in the real productive sectors. Wood's causality seems to run from stagnation due to profit squeeze, to accumulation of 'excess capital', to its onward movements 'in an orgy of financial speculation'. This vent-for-excess

capital theory, where globalisation primarily implies export of capital due to stagnation at home is, according to my opinion, wrong. Globalisation is the ascendancy of international finance-capital, which precipitates stagnation not only at home but worldwide. Saying this, however, it needs to be asserted that it does not nullify Lenin's theory of imperialism. I disagree with Wood in her understanding of the globalised world as being different from the 'classic age of imperialism' because capitalism has become more universal. Unfortunately, she seems to be under the mistaken impression that a significant diffusion of capitalism is taking place from the metropolis to the developing world. Far from being so, the basic structure of imperialist exploitation based upon the dualism of advanced industrial capitalism in the metropolis and backward capitalism enmeshed in a swamp of precapitalist relations at the periphery, remains largely intact. Although there are instances of a limited diffusion of capitalism in countries of South East Asia, China and India under the aegis of globalisation, the scale of such diffusion in these countries is far too restricted, both spatially as well as sectorally to enable their transformation into industrialised capitalist countries by overcoming the dualism inherent in their economies. If the developing countries of Asia, Africa, Latin America (including Mexico and Central America) and Eastern Europe are taken together, it becomes more evident that rather than a 'catching-up' with the industrialised metropolis, the dualism in the periphery is being amplified under globalisation. The most significant change, however, which has followed from the ascendancy of international finance, has been in the nature of inter-imperialist rivalry of Lenin's time.

This brings us to the second critical issue that has attracted much of Wood's attention; the role of nation-states under globalisation. As has been mentioned earlier, nation-states under modern capitalism play vital economic roles besides providing the extra-economic basis for the sustenance of capitalism. Despite the importance of the issue, Wood has avoided any analysis of these roles, while discussing the development of capitalism in Britain or later France and Germany. We consider here, two important roles which were mentioned earlier in Section II. As has already been discussed, ascendancy of finance-capital undermines state intervention in the economy. This does not imply that the nation-state is rendered irrelevant, but it can act only in certain ways which are permissible under the rule of finance. The capacity of a state to intervene in economic activity depends upon the extent of the expansionary role it can play by incurring expenditures in excess of its revenues. This capacity of demand injection in turn depends upon the state's ability to incur debt in terms of its own national money. Within a closed economic setting, this capacity is infinitely stretchable since the money that the state borrows is also

issued by it and its value backed by it. But, once international finance-capital forces itself into the economy, opening up its currency and financial markets, the picture changes completely. Neither can the state maintain the value of its own money according to its liking, nor is it possible for it to borrow as much as it wishes in order to spend. Since any expansionary move by the state is deemed to be inflationary and also provokes apprehensions of an activist state likely to impose capital controls, finance flows out of an economy where an independent expansionary programme is undertaken. The value of the domestic currency, which in an open economy is maintained in terms of a dominant currency (the US dollar), collapses in the wake of a sudden and massive capital outflow, precipitating crisis in the economy. This is not to say that finance flows out only when a state undertakes an expansionary programme. It can flow out in the absence of any state intervention as well, depending upon its own speculative logic. But an expansionary programme invariably precipitates that possibility. Therefore the state is held hostage to the dynamics of speculative finance and its role gets constrained by the need to ensure that finance stays within the economy. Much of the conventional role of the nation-state under modern capitalism, be it in terms of generating employment, making public investment, providing social services or undertaking welfare schemes, are premised on the capacity of the nation-state to make expenditures by incurring debt. Under the rule of finance, it is this role which is undermined and is replaced by the role of pursuing deflationary policies in order to ensure as low an inflation rate as possible and keep conditions conducive for finance, maintaining, for instance, a high interest rate.

This attenuation of the autonomy of nation-states, however, is not uniform. The leader of the imperial powers, whose national money is the dominant currency, against which all other currencies are valued, is immune to the threat of capital outflow in many ways. The fact that a bulk of the wealth of the *élites* across the world is held in dollars, which is also backed by an exceptionally powerful military state which ensures that the value of all commodities (especially oil) does not rise vis-à-vis the dollar, gives the US state a great degree of autonomy. This autonomy, however, is not absolute, in the sense that neither can it borrow infinitely to undertake expenditures domestically, nor endlessly borrow from the rest of the world through commodity imports financed by capital inflow. Moreover, being the home country of the dollar, it cannot afford to adopt policy stances which run contrary to the direction which finance-capital wants every nation-state to follow. The extent of deflationary stances taken by the nation-states of the junior imperial powers, depend upon the levels of confidence that international finance rests on the value of their currencies vis-à-vis the dollar. The degree of freedom for Japan

or the European imperial powers is much less than that enjoyed by the US state. Although the creation of the euro is meant to enhance that degree of freedom, that creation per se does not imply that the euro has become equivalent to the dollar or the European Union to the US. The EU (or any of its constituent nations like France or Germany) or Japan cannot unilaterally decide upon an expansionary programme for employment generation for instance, despite high levels of domestic unemployment, nor undertake tax-cuts to increase its fiscal deficit in a manner that the Bush Administration can do in the US. Over the past decade, the financial systems of EU and Japan have been moulded to imitate the speculation-friendly Anglo-Saxon model in order to win greater confidence of finance, which shows the authority which finance commands over the junior imperial powers. The authority of finance has also meant that inter-imperialist rivalry between imperial nation-states has been superseded by the imperatives of winning its confidence. This does not mean that inter-imperialist rivalries over markets and investment opportunities have become a thing of the past. But all these rivalries are worked out within the broader ambit of imperialist unity, imposed by the imperatives of international finance.

Nation-states of the Third World are the worst victims, since their currencies are not considered to be reliable mediums of holding wealth by international finance. Their currencies often melt down under its depredations, causing severe crisis of credibility for their nation-states. However, the élite of countries like South Korea, Russia, Argentina or Turkey hold much of their wealth in dollar-denominated assets, so that, far from losing out, they have gained from such catastrophes. Their interests, being the plinth on which their nation-states stand, are best served in alliance with finance. The victims are the people. Moreover, Third-World economies under globalisation have undergone large doses of privatisation, trade liberalisation and deregulation of foreign investment apart from financial opening, which has further integrated them with the world imperialist system, reproducing their manifold backwardness. The limited gains that were made by several nation-state-based capitalisms in the Third World, in pursuing an autonomous development trajectory, have got rolled back and their economies have descended into the quagmire of IMF-World-Bank conditionalities. With depressed world markets and deflationary policies being pursued at home, Third-World economies as a whole are increasingly witnessing domestic de-industrialisation, peasant distress under export agriculture and the sale of national assets for a song to domestic and transnational monopoly capital.

Against this backdrop, let us look at Wood's point that, 'the very essence of globalisation is a global economy administered by a global system of multiple

states and local sovereignties, structured in a complex relation of domination and subordination'.<sup>28</sup> The global economy is undoubtedly being managed by multiple states that are all working in the interests of international finance-capital. These nation-states are more or less sovereign, vis-à-vis the dictates of finance, depending upon whether it is the US state, a junior imperial state or a Third-World nation-state with a descending order of autonomy. And the relation of domination and subordination is rendered more complex by the superimposition of the imperatives of finance-capital on the basic structure of unequal interdependence between the metropolis and the periphery.

I had earlier expressed my agreement to an important issue raised by Wood, regarding the continued importance of the nation-state as a 'target of resistance' as well as an 'instrument of opposition'. While reiterating that agreement, it needs to be added that any attempt to transcend the present world conjuncture would necessarily involve reining in the dominance of speculative finance. While reclaiming the nation-state from the hegemony of international finance capital has to be the focus of antiglobalisation resistance, any successful attempt to control international finance would necessarily entail policy coordination between nation-states at the global level.

## VI

The concluding chapter of the book is a discussion on the hegemonic military doctrine of the present US administration. For some unspecified reasons, Wood calls the current phase of imperialism 'surplus imperialism' which has generated the military doctrine of 'war without end'. The 'new' imperialism had earlier been defined by her as the universalisation of capitalism. This global capitalism, according to her, while expanding the empire through economic imperatives, depends crucially upon the nation-states to impose and sustain it. She argues that, while the dependence on nation-states has increased, the 'gulf' between the 'global economic reach of capital' and the 'local powers' has grown, and the military doctrine of the US is meant to fill that gap by establishing the US as guardian of the guardians. The problems with her arguments become evident once they are elaborated. In one place she writes,

That is the paragon of the new imperialism. *This is the first imperialism in which military power is designed neither to conquer territory nor even to defeat rivals.* It is an imperialism that seeks no territorial expansion or physical dominance of

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28. Wood 2003, p. 123.

trade routes. Yet it has produced this enormous and disproportionate military capability, with an unprecedented global reach. It may be precisely because this imperialism has no clear and finite objectives that it requires such massive military force.<sup>29</sup>

Then, later, she argues:

In the Middle East, we are already seeing something like a return to an earlier imperialism, with the fairly explicit intention of restructuring the region even more directly in the interests of US capital. The new imperialism may here be coming to full circle. Like the British in India, when commercial imperialism gave way to direct imperial rule, the US may be finding that empire creates its own territorial imperative.<sup>30</sup>

This contradictory approach arises out of the mistaken notion that a ‘new’ form of imperialism had emerged after the Second World War, based upon the ‘economic imperatives’ of a universalising metropolitan capitalism. Actually, there is nothing ‘new’ about US imperialism apart from the increasing enormity of its military machinery. The aggression against Iraq was, at the most obvious level, meant to capture its nationalised oil industry, on behalf of the petroleum giants based in the US and countries which are willing to ally with it. Therefore neither is there anything unclear about its objective nor is this a return to some earlier form of imperialism based upon ‘extra-economic’ force. It is the most aggressive manifestation of the fundamental tendencies of imperialism in the absence of a countervailing socialist force.

Military interventions by the US have occurred so many times in the postwar period, from overt aggressions as in Vietnam to covert operations as in Chile, that Wood’s ‘new’ imperialism becomes very difficult to locate historically. What needs an explanation is the timing of the new endless war doctrine, shrouded under the label of a ‘war against terrorism’. To put it briefly, this has grown out of the US recession. The doctrine of absolute domination of the world is not a new one within the US, as Wood herself points out, by tracing the origins of the Bush doctrine in older strategic visions of US foreign policy. It is the timing of its implementation that is intricately linked to the US recession in the early years of this decade. Wood correctly mentions the military-industrial complex, which definitely is an important factor. But there are reasons beyond that. After the petering out of the so-called ICT

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29. Wood 2003, p. 123–4 (emphasis added).

30. Wood 2003, p. 145.

boom and the collapse of stock prices, the phase of consumption-spending-induced expansion of the US economy in the 1990s came to an end. Consequently, the capitalist world was threatened with a generalised recession. Confronted with this situation, and given the fact that it requires enormous amounts of capital inflows to sustain its large current account deficit, the US wanted to forestall any challenge to the economic hegemony of the dollar. An important way of doing it is to control the supply of oil. This control is not only meant to ensure super-profits for its petro-giants or to hold other economic rivals to ransom by controlling their oil supplies. Control over oil is also important for the US to maintain the value of the dollar within a world economy dominated by speculative finance, by ensuring that bulk of the international oil transactions are made in dollars so that the demand for dollars does not fall, with petrodollars then being recycled to hold dollar-denominated assets. Wood makes an interesting point regarding the objective of the US military doctrine being dominance over potential competitors such as China or the European Union. The importance of such dominance for the US can be seen from the fact that, if the OPEC changes its transaction standard from the dollar to the euro as Iraq did before the invasion, all oil-importing nations, including the US itself, would have to shift from dollar-to euro, denominated assets on a significant scale, weakening the dollar, vis-à-vis the euro. If a capital outflow from the US happens at a time when the current account deficits are already high, it would have severe adverse consequences of its own as well as for the global economy. Thus besides the military industrial complex, the imperatives of the 'Wall Street-Treasury complex' has had a decisive role in shaping the 'war against terror'. Here lies the importance of the new military doctrine of the US. It is clearly meant to establish pre-emptive hegemony over other imperialist powers, even before inter-imperialist rivalry has re-emerged at any significant scale. The divergence of opinion (arising out of a divergence of interests) between the US and its former NATO allies France and Germany on the Iraq question was a symptom of serious inter-imperialist contradictions visible in many years. Such contradictions, however, did not ripen to the extent of open interimperialist rivalry which would have had a bearing on world events, since the economic fortunes of junior imperial powers like the European Union or Japan are too intricately tied to the US for them to gain strategic autonomy.

Wood, by trying to look for a contradiction between 'economic imperatives' and the 'extra-economic' force of the state, has missed the point. Her historical comparison of empires from ancient to modern times, in order to locate some common fundamental contradiction, is highly problematic, because empires across historical periods, although displaying various similarities, have been

driven by entirely different economic processes. She could have done better, in my view, in analysing capitalist imperialism, globalisation and war in terms of more conventional tools of analysis.

In the absence of a socialist challenge, inter-imperialist contradictions assume greater importance in shaping world events. The ascendancy of international finance-capital has kept inter-imperialist rivalry under check over the past few decades, and imperialist nation-states under its imperatives have displayed greater unity under the leadership of the US. But the dominance of speculative finance, and the deflationary impact it generates, threatens to precipitate worldwide recession. The US is trying to pre-empt any potential competition in this milieu, by pursuing an aggressive and unilateralist military policy of endless war, in order to undertake massive military expenditures and maintain the hegemony of the dollar. However, the capacity of the US to sustain such high levels of military expenditure and debt-induced consumer spending is circumscribed by the fragility of the dollar hegemony in the backdrop of the growing indebtedness of the US vis-à-vis the rest of the world. Reappearance of recessionary conditions in the US would set the stage for interimperialist contradictions as well as the contradiction between imperialism and the Third World to play themselves out and create possible ruptures in the present world order. Whether this develops into intensive inter-imperialist rivalry or dissipates under the imperatives of international finance-capital is the major question of our epoch.

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## The Economic Foundations of Contemporary Imperialism

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### Abstract

This paper argues that present-day imperialism is strongly related to the domination of a precise form of capital, namely highly concentrated interest- and dividend-bearing money-capital which operates in financial markets, breeds today's pervasive fetishism of money, but is totally dependent on surplus-value and production. Two mechanisms ensure the appropriation and/or production of surplus-product and its centralisation to the world system's financial hubs. In the 1980s, foreign debt prevailed. Foreign production and profit repatriation by TNCs now represent the main channel. Following the transfer abroad of part of its production by US TNCs, the issue for the US in their relations with the rest of the world is not the commercialisation of surplus through exports, but dependency on imports and, more crucially, on large inflows of money-capital to support the stock market, buy T-bonds and refinance mortgage. This new dependency helps to explain the 'paradox' that US imperialism is increasingly forced to try and offset this through extra-economic and even military coercion where it can.

### Keywords

concentrated interest- and dividend-bearing money-capital, fetishism of money, United States external dependency

In *Empire of Capital*, Ellen Meiksins Wood pursues two objectives. One is to contribute to filling a theoretical gap, namely the lack of 'a systematic theory of imperialism designed for a world in which all international relations are internal to capitalism and governed by capitalist imperatives'.<sup>1</sup> The other, linked to the first but more specific, is to offer an interpretation of the principle of 'war without end', whether it be 'in purpose or in time', proclaimed by the US at the outset of the G.W. Bush administration and put into practice in the wake of the 9/11 attacks. Here, Wood argues that the new ideology of 'war without end' answers the particular needs of what she names 'the new imperialism'.

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1. Wood 2003, p. 127.

I am grateful to Wood for the contribution she makes on both scores. I found the sections of the book dedicated to the relationships between imperialism and the theory of capitalist property (Locke) and international relations (Grotius) important and a stimulant both for intellectual research and the clarification of political issues and objectives. I am in particular agreement with her recognition of the role of state power in imperial domination and the strong recommendation she makes to the antiglobalisation movement to campaign against institutions which are the most crucial. ‘Ne pas se tromper d’ennemi’ is one of the book’s central messages:

The state, in both imperial and subordinate economies, still provides the indispensable conditions of accumulation for global capital no less than for very local enterprises; and it is, in the final analysis, the state that has created the conditions enabling global capital to survive and to navigate the world. It would not be too much to say that the state is the *only* non-economic institution truly indispensable to capital. While we can imagine capital continuing its daily operations if the WTO were destroyed... it is inconceivable that those operations would long survive the destruction of the local state.<sup>2</sup>

The comments which follow address mainly issues related to the foundations of contemporary imperialism and the economic needs to which it responds. They point in general to what I consider to be theoretical gaps and/or ambiguities which weaken the argument unnecessarily and could be easily corrected. In other cases, as in that of Wood’s recourse to the notion of ‘surplus imperialism’, the comments are rather more critical. My contribution should however be read against the background of deep appreciation of Wood’s contribution and the recognition that it raises important and urgent questions.

### **Imperialism and the present phase**

I will start by sketching out in a lapidary way the meaning I give to the term imperialism and my own approach to the problems of interpreting imperialism in its present phase. I hope that this should make the nature of my comments easier to understand.

1. Taking a lead from Marx’s analysis of industrial, commercial and money-capital as representing ‘distinctions within a unity’, or component elements within a totality, I view imperialism as being centrally related to the

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2. Wood 2003, p. 139.

domination of a precise form of capital, namely highly concentrated interest- and dividend-bearing money-capital. This form of capital operates in financial markets and reaps financial revenue, which requires the prior appropriation of surplus, both as surplus-value, but also very heavily as surplus-product in other varieties. This appropriation takes place at an international and today at a truly global level. The intermediate vehicles are direct investment by transnational corporations (TNCs) and a wide range of financial operations (loans and short-term investment in government bonds and all sorts of financial assets) in ‘emerging’ (financial) markets.

2. The growth of highly concentrated interest- and dividend-bearing money-capital is the result of a number of specific mechanisms of financial accumulation, centralisation and concentration. These are much broader and more numerous than simply Hilferding’s and Lenin’s oft-quoted merging of bank capital with industrial capital and the creation on this basis of finance-capital. The sources of ‘financial accumulation’ include the profits made in industrial production which are neither invested nor consumed by capitalists. This requires an immediate comment. The theoretical framework I am sketching here views overaccumulation as one of the mechanisms feeding ‘financial accumulation’, one which is particularly attractive when governments are putting Treasury bonds on the market at interest rates above the rate of industrial profit most firms can hope to make.<sup>3</sup> The sources of financial accumulation also include rent of all types and, since the 1970s also very significantly, the contemporary large-scale remittances made by workers and/or employers to the funding of financial market-based retirement schemes (pension and mutual funds).
3. These mechanisms have led to the re-emergence, consolidation and domination of a form of capital which appears to produce ‘money from money’. Alongside the foreign debt of developing or emerging economies, the servicing at high interest rates of advanced industrialised industrial countries’ government debt played a key role in the growth of the stock of financial assets and so in the consolidation of what Marx describes as the ‘most fetish-like’ form of accumulation, namely ‘M-M’, along with all the illusions about the origin of wealth the latter generates. Interest-bearing capital is nothing but the consummate *automatic fetish*, self-expanding value, money making money, and in this form it no longer bears any trace

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3. It is in fact the earliest one, dating back to US TNC deposits in banks in the City in the late 1960s and the creation of the first deregulated offshore financial Eurodollar market. See *inter alia* Chesnais 2004.

of its origin. The social relation is consummated as a relation of things (money, commodities) to themselves.<sup>4</sup>

4. Self-expanding value in the form of money is, of course, a mirage. The exponential growth of stock-market capitalisation and the surge in the accumulated stock of financial assets represent an expansion of financial-market-based fictitious capital. Since the late 1980s, and still more since the late 1990s, only the injection of massive quantities of bank credit, that is, another form of fictitious capital, have avoided its collapse. Money can seem to be made from money only on condition and to the extent that surplus is created and appropriated both as surplus-value and as surplus-product in other forms. As long as a crash has not wiped them out, financial assets generate legally protected claims on the current and future production and centralisation of surplus. Today, one of the capitalist system's major problems and one the driving forces behind imperialism, is the relative dearth of such surplus vis-à-vis the size of the stock of claims. In as much as interest and dividends are deductions on profit, the rise and consolidation of capital geared to the production of 'money from money' requires that particular attention be paid to the combined and contradictory 'unity and antagonism between financial and surplus-value producing operations'.<sup>5</sup> Profits made in industrial production which are neither invested nor consumed by capitalists are the initial building blocks of financial accumulation but, at a given point, the scale of the deductions on profits made in the form of interest and dividend are likely to affect the rate of accumulation.
5. Production of surplus-value on the basis of the exploitation of wage-labour backed by the use of machinery and the harnessing of science and technology to industry and to war represents the backbone of capitalist and of imperialist domination. But, as a means of satisfying the claims of shareholders and bond holders, the production of surplus-value based on the appropriation of unpaid labour is insufficient. In order to satisfy the appetite of concentrated interest- and dividend-bearing money-capital (and also, in today's circumstances, to meet the needs of paying retirement pensions), recourse must be made to the large-scale appropriation of

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4. The quotations are from Marx's *Theories of Surplus Value*, Annex 1 on 'Revenue and Its Sources'. The author consults Marx in French. For easily available English editions, see <[www.marxists.org](http://www.marxists.org)>.

5. Harvey, 1982, p. 319. Harvey is one of the very few authors to have identified the two theoretical strands behind the notion of finance-capital and to have attempted to bring them together. These strands are the process of circulation of interest-bearing capital and the identification and analysis of 'the institutionalised power block within the bourgeoisie' which emerges *circa* 1890. See Harvey 1982, p. 316.

surplus-product through taxes and rent. This requires the activation or reactivation of very wide range of mechanisms of ‘accumulation by dispossession’.<sup>6</sup>

6. Contemporary large-scale appropriations of surplus-product and their centralisation through mechanisms which channel revenue to the financial centres of imperialism imply that a central notion of Lenin’s *Imperialism* must be retained. This notion is that of the ‘*rentier* state’ or ‘usurer state’ and of the international division between usurer states and debtor states which has played once again a key role in the re-establishment of the deep subordination of many economies.<sup>7</sup> Some adjustments are however required. The first concerns the role now also played by foreign direct investment (FDI) and the production of surplus-value in subordinate economies (generally in combination with usurer-debtor relationships). The second relates to the emergence of a novel form of international *rentier* relationship among the industrialised countries themselves. All enjoy to some degree or other, flows of money stemming from the servicing of Third-World debt, while accepting to finance US budgetary deficits. Finally, a high degree of co-ordination now exists between financial centres and institutions from North America, Europe, Japan and China in the management of the international usurer-debtor relationship and more important still in supporting the ‘value’ of the fictitious capital accumulated in the major stock and government bond markets.
7. Another core component of imperialism stressed by Lenin and other illustrators of the ‘classical’ theory must also be retained and incorporated into a comprehensive theory in the form the phenomenon takes today. This feature is the concentration of production and the ownership of the means of production and so the decisive economic and political power wielded by monopoly-capital. Indeed, a central feature of globalisation, understood as the contemporary configuration of imperialism, is ‘global oligopoly’ resulting from the combined interplay of concentration and

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6. This notion is borrowed from Harvey 2003. However, I use it in a way which establishes a direct relationship, not really present Harvey’s analysis, between this very important phenomenon and the scale of the claims on present and future production stemming from the contemporary process of semi-autonomous fictitious capital accumulation in the form of shares and bonds. Short of the complete collapse of stock markets, the owners of shares consider their claims as genuine property and will seek to enforce the related ‘remuneration’. In my work, I am seeking to take Harvey’s analysis of fictitious capital, based in his 1982 book mainly on the creation of credit by banks and which was then essentially sufficient, the several steps forwards required by the full blown restoration of stock and bond markets and all the fictitious capital-creation which surrounds them (derivatives, etc.).

7. Lenin 1982, Chapter 8.

internationalisation. It is under the sway of funds – pension, mutual and hedge funds – rather than banks as it was in Hilferding's and Lenin's time. If the term 'finance-capital' is retained, the intermeshing is between corporations and funds under the latter's authority.

8. To an even greater extent than at the time Lenin wrote, imperialism represents a system of global capitalist domination which is imposed on the working people of the imperialist home countries. Through processes such as the moving of production and jobs abroad by FDI or by international sub-contracting using ITC technology, the capitalists of the system's core countries have acquired new means of disciplining their 'own' proletariat. Another hold is through the dependency of working people on stock-market-related retirement schemes and so on the 'health' of interest- and dividend-bearing capital.
9. Economic coercion, or rather the appropriation of surplus by purely economic mechanisms, cannot be insured for capitalist classes in a stable way on the scale required by interest- and dividend-bearing capital. As rightly stressed by Wood, non-economic means of coercion are required at every point of the set of social relationships which constitute imperialism as a global system.
10. Finally, I come to issues where I can only raise questions and have no firm answers. These questions are based on the following facts. Cross-investment by TNCs, in particular between the two sides of the Atlantic, and the international pattern of financial portfolios following the liberalisation of financial flows and the opening of stock markets have created a deep intermeshing of capital. Likewise, the re-emergence and rapid growth of concentrated interest- and dividend-bearing money-capital appears to have heralded an era marked by an unprecedented degree of recognition of common interests among the banks, funds and corporations participating in the surplus-value creation and surplus-product appropriation. However severe it can become at times, competition between capitals of different nationalities has been bounded by community of interest and close co-operation on many key issues, notably the support of fictitious capital. The other development, parallel in time, has been the rise of the United States to a level of military power which seems to make the reappearance of inter-imperialist military conflict of the type experienced in the twentieth century impossible. The question to which I have no clear-cut answer myself concerns the extent to which both processes are irreversible. But I think that even those who have fought hardest against the idea of the 'end of history' should ask themselves whether their theoretical positions could not be unconsciously permeated by the idea in one form or another.

### Capital, surplus-value and surplus-product

A central building block of Wood's thesis concerns the detachment of economic from extra-economic power. She postulates that domestic capitalist class domination, but also imperialism, are 'specifically *capitalist*' only when 'the predominance of economic, as distinct from "extra-economic" – political, military, judicial – coercion' prevails.<sup>8</sup> This leads her to consider explicitly that by resorting to territorial domination the British Empire in India was built on 'a non-capitalist logic' but also to suggest implicitly that late nineteenth-century imperialism, because it involved territorial domination and even direct colonial rule, was not fully capitalist.<sup>9</sup> By this reckoning, *only* the 'new imperialism', namely that which emerges after 1945 and more clearly yet once the national-liberation movements and decolonisation had taken place, is *capitalist*. The postulate leans heavily on Wood's previous historical research about the emergence of capitalism in England. It is strongly, indeed almost exclusively, oriented towards the particular traits of the class relationship between capitalists and wage-labourers and the appropriation by the former of surplus-value, or surplus-product, through industrial production. Wood argues that in the same way as 'the means by which the capitalist appropriates what the labourer produces is by its very nature obscure', in the case of 'capitalist imperialism', 'it is harder than it was in earlier colonial empires to detect the transfer of wealth from weaker to stronger nations'.<sup>10</sup>

While Wood does make a passing reference in the same paragraph to the fact that 'formally recognised relationships between legally free and equal entities' can and do extend beyond the buyers and sellers of labour-power and include, in the case of international imperialist relationships, 'lenders and borrowers, and even ostensibly sovereign states' her analysis tends to present contemporary capitalism as a mode of domination in which the overriding, if not the sole, category of surplus-product appropriated by capital is that which is produced by firms in the course of industrial production and takes the form of surplus-value.<sup>11</sup>

This was an excessively narrow definition of capitalist appropriation even in the heyday of industrial capitalism. Today, in the context of forms of capitalism and imperialism characterised by the central role played by highly concentrated interest-bearing capital (interest-bearing referring to dividends as much as to interest *stricto sensu*), not only in the form of very large internationalised

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8. Wood 2003, p. 4.

9. Wood 2003, pp. 3–4.

10. Wood 2003, p. 4.

11. Ibid.

banks, but also, to an even greater extent, of pension and mutual funds and very large insurance companies, it is crucial that this narrow approach be abandoned. A long time ago, Marx made the observation in Chapter 1 of Volume II of *Capital* that ‘industrial capital is the only mode of existence of capital in which not only the appropriation of surplus-value, or surplus-product, but simultaneously its creation is a function of capital’.<sup>12</sup> He follows this up immediately with a further remark that, nonetheless, for those possessing money-capital:

the process of production appears merely as an unavoidable intermediate link, as a necessary evil for the sake of money-making. All nations with a capitalist mode of production are therefore seized periodically by a feverish attempt to make money without the intervention of the process of production.<sup>13</sup>

With the accumulation of huge concentrations of money-capital in the hands of the very powerful institutions listed above, the emergence of liquid secondary asset markets for shares and all types of bonds (starting with Treasury notes) and the establishment of new forms of control over industrial corporations with the help of the theory and practice of contemporary ‘corporate governance’, the attempt has ceased to be ‘periodical’ and become consubstantial with the very existence of capitalism and imperialism.

I will return to the contemporary phase later. Here, it should be stressed that, even after the Industrial Revolution, the particular mode of existence of capital marked or rather dominated by the creation of surplus-value, was *never exclusive*. By the early nineteenth century, the exploitation of wage-labour, coupled with the use of machinery and the harnessing of science and technology to industry and to war, had provided capitalist accumulation and capitalist-imperialist domination a base which neither commercial or money-capital could ever have provided them. But, with the aid of this base, what can be named the ‘appropriation of surplus-product without prior creation’ also proceeded on a scale that would have been otherwise impossible. One of the arenas for this was India. Once the decision had been taken to make India one of British industrial production’s main captive markets and so to destroy its domestic textile and cloth manufactures, the dominant form of appropriation of Indian surplus-product was inevitably taxes and rent and not surplus-value created through the exploitation of ‘free’ wage-labour.

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12. Again, see <[www.marxists.org](http://www.marxists.org)>.

13. See above



This, of course, required territorial empire, along with what Wood names a ‘plague of insurmountable contradictions’.<sup>14</sup> It is not clear to me that the contradictions would have been less severe and that British domination of India and extraction of Indian wealth would have lasted longer than it did (close to a century, not counting the period of the East India Company’s domination) had Britain decided to let Indian manufacturing thrive, with the rise of an indigenous industrial bourgeoisie which this would have inevitably hastened. After all, was it not once inter-imperialist war in Europe forced Britain to build a fall-back industrial base in India in the 1930s, and so give an industrial bourgeoisie the opportunity to start accumulating, that the Indian independence movement became an irresistible force?<sup>15</sup>

What the particular form of capitalist imperial domination and appropriation of surplus-product in India did do was to strengthen qualitatively the accumulation of capital in Britain as money-capital, as interest- and dividend-bearing capital increasingly bent on ‘producing money from money’. Revenue extracted in India became the backbone of ‘financial accumulation’ as defined earlier and the motive for further and/or aggravated imperial expansion.<sup>16</sup> This gave the City and its capital markets the means of commanding the dominant heights of British capitalism. It consolidated the aristocratic component of the British bourgeoisie and all the traits that accompanied it. It led Britain to experience the first form of financial oligarchy. The structure and thrust of Keynes’s *General Theory*, with the role it sees the stock market and financial investment behaviour as playing in the creation and certainly the aggravation of economic depression, is rooted in the account of an economy distorted by a given form of accumulation dominated by financiers and ridden by the ‘reproduction’ of fictitious capital, but this accumulation is capitalist and so are the imperial foundations on which it was based.

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14. Wood 2003, p. 115.

15. See Metcalf and Metcalf 2001, Chapter 6.

16. J.A. Hobson was, of course, the first to have analysed this process. The point is also made by Hannah Arendt in her little studied Volume 1 on *Imperialism* of her major broader work on *Totalitarianism*. The analysis focuses quite heavily on the causes and consequences of British domination in India. Arendt calls for a careful analysis of the process in which ‘the overproduction of capital and the emergence of “superfluous” money, the result of over-saving, which could no longer find productive investment within the national borders’ led to a situation in which the ‘export of power followed meekly in the train of exported money, while uncontrolled investments in distant countries threatened to transform large strata of society into gamblers, to change the whole capitalist economy from a system of production into a system of financial speculation, and to replace the profits of production with profits in commissions’. See Arendt 1968, p. 15.

### The ‘new imperialism’ and globalisation

The notion of the ‘new imperialism’ is central to *Empire of Capital*. Each time Wood uses the term, she does so in a slightly different way. The nuances may seem small. In some cases, as in that of the nature and viability of present US foreign and military policy, they reflect difficulties in reading the situation which we *all* share. In others, they can be seen as expressing insufficiencies in the underlying analysis which could be resolved quite easily. This is the case for the relationship between the ‘new imperialism’ and globalisation. The ‘system of multiple and more or less sovereign states’ which characterises the ‘new imperialism’ in contrast to older forms of colonial empire, stems from the ‘fact that globalisation has extended capital’s purely economic powers far beyond the range of any single state. This ‘means that global capital requires many nation states to ... sustain the system of property’.<sup>17</sup>

The term ‘system of *multiple* and *more or less* sovereign states’ (my emphasis) suggests a hierarchical system in which the sovereignty of some states is real and of others purely nominal. It also suggests that even sovereign states are not on an equal footing: some are closely associated with the economic management of the system and others less so or not at all. In my work, I have approached globalisation as a differentiated and hierarchically structured whole (or totality) and attempted to make the hierarchy as explicit as possible. This is lacking in *Empire of Capital*. Since Wood invokes the needs of ‘global capital’, a discussion of her presentation of globalisation cannot be avoided. She starts with a broad and somewhat vague one in which the phenomenon is related to the contradictions of capital accumulation. Hence, she writes of ‘the internationalization of capital, its free and rapid movements and the most predatory financial speculation around the world ... a response not to the successes but to the failures of capitalism’.<sup>18</sup> But, a few lines later, in the same paragraph, the phenomenon would seem to concern mainly (or solely?) the US which uses

its control of financial and commercial networks to postpone the day of reckoning for its own domestic capital, enabling it to shift the burden elsewhere, easing the movements of excess capital to seek profits wherever they were to be found in an orgy of financial speculation.

This leads to the statement that ‘actually existing globalization means the opening of subordinate economies ... to imperial capital, while the imperial economy remains sheltered as much as possible from adverse effects’.<sup>19</sup>

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17. Wood 2003, p. 141.

18. Wood 2003, p. 133.

19. Wood 2003, p. 134.

All this is rather messy. To take the simplest example, is 'the imperial economy sheltered from adverse effects' of liberalisation just that of the United States or does it include all the older member countries of the OECD, those of the 'Triad'? Facts like the Multi-Fibre Agreement extended decade after decade, or, despite tensions internal to the Triad, the protection of agriculture, the extended unilateral use of non-tariff barriers or, more simply, the asymmetric relationships created by huge differences in productivity, suggest that all the Triad countries are 'sheltered' and not just the United States. Have not the European and Japanese data-processing, telecommunications, pharmaceutical, agrochemical corporations been just as much involved as the US ones in enforcing intellectual and industrial property rights which impede the autonomous technological development of latecomers, deprive hundreds of million people from access to drugs and prepare the final onslaught of the world's remaining peasants and small farmers?

This means that a proper theory of the hierarchical organisation of this system has to be provided showing how and why some states are 'more' sovereign than others. In my own work, I have argued that the core of what I call the globalisation of capital and its operations, its modes of surplus appropriation and its forms of economic domination, rest on two main economic pillars. The first is the prevalence of global oligopoly as the dominant form of market or supply structure in practically all sectors of manufacturing, services, mining, large-scale tropical agriculture and international commerce. Global oligopoly is the outcome of a combined process of concentration and internationalisation (cross-acquisitions and mergers between major Triad corporations) and of their absorption of a great number of Third-World corporations following privatisation in the case of public enterprises and trade and investment liberalisation in others. The second pillar is the centralisation of money-capital in the hands of a reduced number of very large institutional financial investors and the possibility offered to these investors of operating in highly vulnerable liberalised small foreign-stock and government-bond markets all over the world. While the foundations of both pillars go back to the 1960s and early 1970s, their emergence as global phenomena and processes and continual reinforcement has only been rendered possible by the policies of financial, trade and foreign-direct-investment liberalisation and deregulation. This process has been cumulative. There has been mutual reinforcement between concentration and centralisation and the political and social power wielded by capital and the advance of policies enhancing accelerated liberalisation and deregulation.

In my understanding, countries (i.e. bourgeoisies and states) which possess both two pillars, namely which are home countries to a number of corporations part of whose firm-specific advantages are rooted in their domestic technological

and industrial base and which can also boast (so to speak!) large institutional financial investors, not to mention a domestic financial market, are all partners in the global system of imperialist domination. The orientation of their foreign policy and the level of their military expenditures does not call into question this common membership. This group of countries is hierarchically structured, both economically and politically, and accepts that it will finance US government expenditure and support US financial markets, but, given its relationship with subordinate economies, all its members must be seen as imperialist.

Turning to subordinate economies, these are marked by quite strong differences in the degree and in the precise form of their subordination. At one end of the spectrum are a handful of economies, now led by China, where large firms in some sectors are fighting to make their way into the world oligopoly and where quite large amounts of money-capital are also accumulated domestically and sent to the imperialist financial centres for juicy financial-market investment. At the other end of the spectrum, we find the numerous economies whose very substance has been tapped and exported following the levying of taxes on local citizens coupled with the enacting of processes pertaining to accumulation by dispossession.<sup>20</sup>

### **Foreign debt and contemporary imperialism**

A major, if not the absolutely decisive factor determining the degree to which countries have been able to follow self-determined development trajectories remains the size of their foreign debt, notably their government debt. Finance, meaning money-producing investment by concentrated money-capital leading to the large-scale appropriation of surplus-product has played and continues to play an absolutely central role in creating contemporary subordination and in determining the degree to which different countries are affected by it. This is an aspect of imperialism where Wood could improve and strengthen her analysis at little cost. The charge she makes against ‘predatory financial speculation’ and the ‘orgies’ in which it indulges, have a smack of superficiality for which I was unprepared on the basis of Wood’s previous publications.<sup>21</sup>

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20. The *locus classicus* of Marxist analysis of the mechanisms of expropriation and forced incorporation of self-dependent producers into the market in countries and regions progressively subjected to capitalist property and production relationships are Chapters 27 to 30 of Luxemburg’s *Accumulation of Capital* which have rightly inspired Harvey’s recent work. See Luxemburg 1971.

21. This might be due to an overdose of Susan Strange’s ‘casino capitalism’ and ‘mad money’. See Strange 1986 and 1998.

Singling out ‘speculation’ instead of providing a proper analysis of money-capital and the levies it makes on the economic substance of countries is exactly what many people have been doing in the antiglobalisation movement, notably those about whom she is so rightly critical. ‘Speculation’ is no explanation for the huge interest payments flowing year after year, decade after decade from Third-World debtor countries to the US international banks and also possibly even more strongly to the European ones.

In a passage with which Wood is familiar, Marx wrote that:

On the whole, interest-bearing capital under the modern credit system is adapted to the conditions of the capitalist mode of production. . . . [However] interest-bearing capital retains the form of usurer’s capital in relation to persons or classes, or in circumstances where borrowing does not, nor can, take place in the sense corresponding to the capitalist mode of production.<sup>22</sup>

Here we have the clue for a proper analysis of the Third-World debt trap. The trap was set by European and US international bank consortia in response to the opportunity offered to them of making profits from the large-scale recycling of so-called ‘petrodollars’ after 1976. The banking consortia offered developing countries loans at what seemed very low interest rates and which were indexed to US rates. When these interest rates rose in the early 1980s, following the triumph of monetarism and the liberalisation and securitisation of US Treasury bond markets in 1979, these countries were trapped.

Research carried out during the 2000 Jubilee Campaign on the cancellation of Third-World debt documented the dramatic effects of the mechanisms of debt rescheduling and compound interest.<sup>23</sup> Suffice to take the example of Argentina. During 2001, the year leading up to the fall of the De la Rúa administration, the IMF provided \$20 billion as bail-out loans, but the servicing of previous debt plus reimbursement of outstanding premium for that year amounted to \$27 billion. The loaned money never left the United States, where it served to pay creditors and bondholders (notably members of Argentine bourgeoisie benefiting from organised capital flight), while the country’s total debt grew by \$7 billion.

Over the last fifteen years, it is estimated that about \$1.3 trillion was paid by the developing nations to creditors in the form of loan repayments and

22. See Marx’s *Capital*, Book III, Chapter 36 at <[www.marxists.org](http://www.marxists.org)>.

23. See *inter alia* the data and references on the website of the Committee for the Abolition of Third World Debt, <[www.cadtm.org](http://www.cadtm.org)>. These calculations belie Wood’s assertion that ‘it is harder than it was in earlier colonial empires to detect the transfer of wealth from weaker to stronger nations’. A large sector of the antiglobalisation movement understands and fights this very perceptible form of wealth transfer.

interests on loans. Every month, about \$12 billion is remitted in debt servicing from debtor countries to financial institutions in countries where these institutions and financial markets are located. This truly usurious relationship has been one of the key foundations for the semi-autonomous accumulation of money-capital, as well as the main lever for IMF intervention and its imposition of privatisation, liberalisation and deregulation on debtors.

Debt has been the cornerstone for the 'Washington Consensus'. The self-reproductive, cumulative mechanism which siphons off year after year the economic surplus of debtors blocks all accumulation in the case of many countries and, in that of others, it puts in motion selection processes which result in conformity to the requirements of the imperialist economies. Debt has forced several large Latin-American countries, some East-Asian ones such as Indonesia, and all African ones, to destroy the manufacturing base they had started to build and to renew or to consolidate a trade specialisation in raw or semi-processed metals and agricultural products or in forestry. Debt has been crucial in triggering off again accumulation by dispossession before being relayed by other major forms of claims on the part of fictitious capital.

### **Overproduction and 'surplus imperialism' or a dearth of surplus-product?**

The singling out and presentation to readers of paradoxes is something about which researchers in social science must be wary. Does the paradox reflect contradictions in the real world or rather express insufficiencies in his or her theoretical construction? I regret that Wood did not ask herself this question when writing that 'globalization, the economic imperialism of capital taken to its logical conclusion, has, paradoxically required a new doctrine of extra-economic and especially military coercion'.<sup>24</sup> After having trouble with capitalist Britain and the capacity its industrial base should have given it to impose something else than the allegedly 'non-capitalist' type of imperial domination Britain built in India, Wood finds it again 'paradoxical' that US imperialism should now be increasingly forced to resort to extra-economic and even military coercion. She senses that British domination in India and US domination today may have something in common and so she comes up with the remark that the US may be finding that 'empire creates its own territorial imperative'.<sup>25</sup> This has become extremely clear in the Middle East following the invasion of Iraq.

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24. Wood 2003, p. 164.

25. Wood 2003, p. 167.

As far as I am concerned, this particular hypothesis is a non-starter. Whatever the strength of US imperialism and its present degree of domination, it does not possess the requisite military capacity for territorial domination (which is not high-technology, based, as Iraq demonstrates), nor does it enjoy the necessary international political relationships (nor probably the domestic political relationships) necessary for territorial empire. The *only* relationships on which imperial domination can be established today are those in which as she says, ‘global capital requires many nation states to... sustain the system of property’.<sup>26</sup> Hence Wood is on a better track when she discusses the contradictions, flaws and possibility of rifts contained in the *sole* form of domination, which either global capital or the US as a state can realistically contemplate.

So we are back to the question of the economic forces and contradictions driving both imperialism as a whole and the United States, as an economy dependent in a way no major capitalist state has ever been on the securement of all types of resources, starting with financial liquidity, from abroad. Here, all Wood has to offer is the Brennerian interpretation of what economic forces and contradictions might be. This is surplus-capitalism, that is a capitalism whose major, overriding problems lie in overproduction and a falling rate of profit, essentially caused by extremely strong competition in manufacturing and services between advanced country firms, seconded if need be by their governments.<sup>27</sup>

Present-day imperialism attempts to answer, in the context of the system of many states, Wood rightly stresses (but which she proves incapable of keeping to as we shall see below), what I am arguing to be contemporary capitalism’s much broader, all-embracing and serious problem. This is that surplus-value created through the exploitation of wage-labour and surplus-product appropriated through taxes and rent and the re-activation of accumulation by dispossession, are, taken together, incapable of meeting the gigantic claims on value and surplus which shareholders and bond-holders believe they hold as a result of the self-reproducing financial market mechanisms enjoyed by fictitious capital. Overproduction, which means, at least in a Marxist perspective, the incapacity of capital to *realise all the value and surplus-value*

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26. Wood 2003, p. 141.

27. I sense that Ellen Wood has a strong personal obligation to Robert Brenner. I do not know the reasons, but suppose they must relate to support in intellectual-*cum*-political battles inside institutions of the Anglo-Saxon Left. The absence of any reference to Harvey may confirm this guess. As an outsider, I can only decide on the basis of my appreciation of the adequacy or the inadequacies of Brenner’s interpretation of the internal contradictions of contemporary capitalism.

which has been produced, is both a direct outcome of the insufficient level of demand in economies built on the relationships of production between capital and labour, which financial revenues, with their even higher degree of income concentration, now seriously aggravate and *one* of the *symptoms* of the new problem of insufficient value and surplus creation. Likewise, overaccumulation which is rooted in declining profitable investment opportunities in societies founded on private property, also means that capital which *could* be producing value and surplus-value, is *remaining idle* or, worse still, is increasing financial accumulation and so the *scale of the claims on present and future production* and hence aggravating the underlying problem posed the level of these claims.

It is only quite recently that bourgeois economic policy has had to grapple with this particular contradiction. Intestine inter-imperialist conflict with its huge destruction of human and physical capital as well as of fictitious capital, have provided, up to recently, a response both to overaccumulation and to the building-up of massive amounts of claims. The only fleeting moment when the particular problems that this could entail came to the surface was during the boom leading up to the 1929 crash. Given the incapacity of monetary and financial policy at the time, not only of limiting the crash's depth and immediate destructive effects on fictitious capital, but even of stopping contagion in direction of the banking system and of avoiding its collapse, fictitious capital was wiped out on a huge scale. This is where the 'progress' of monetary and financial policy has brought about a real change. Since the 1987 crash on Wall Street, US and international monetary authorities led by the Fed have shown themselves to be extraordinarily clever and successful in avoiding both any really important destruction of fictitious capital and any serious harm to the banking system and its credit-creation capacity. Containment, through monetary policy, of the effects on financial markets at the heart of the system of the Mexican and then of the Asian and Russian financial crises, has proven very successful. Neither, owing to massive credit creation by the Fed, did serious financial contagion take place after the collapse of NASDAQ in 2000–1.

The contradictory effect of this success has been that the endogenous financial-market mechanisms for the expansion of fictitious capital have been preserved, and even consolidated, and, along with this and because of it, the almost unbroken accumulation of claims by financial-asset-holders on present and future production. In a parallel way, Marxist economics has been proceeding as if this development had not occurred, as if capitalism and capitalist policies had not evolved and so shifted the apex of the contradictions confronting the system.



### **The United States and the rest of the world: not surplus but dependency**

Today, more than ever, one of the hallmarks of imperialist policies is the tendency to rush blindly headlong in attempts to respond to contradictions. This is true of the United States in particular. All of us experience difficulties in defining the limits and contradictions of US hegemony, so we can only be sympathetic to Wood's own difficulties. But I really think she is on the wrong track when she sees the 'new imperialism' as being in need of a state behaving in the way the United States behaves. The 'new imperialism' is defined as one needing 'administration and enforcement by a system of multiple states' but nonetheless 'ultimately *requiring* a single overwhelming military power (e.g. the United States) which can *keep all the others in line*'.<sup>28</sup>

This line of thought is expressed in Wood's difficulty in deciding whether 'global capital' is 'US-led' or simply 'US' and culminates in the assertion that 'the new ideology of war without end answers to the particular needs of the new imperialism'.<sup>29</sup> This is wrong. 'War without end' answers to the *particular* needs of *US* imperialism, those which have emerged as a result of the US's particularly close identification with the interests of dividend- and interest-bearing capital and led to a quite unique form of dependency by the United States on the rest of the world.

Here, Wood is handicapped even more strongly than before by her weakness in economics and so her call on notions as inconsistent as that of surplus-imperialism. I am in fact taken aback by her apparent disregard for the discussion (which began well before she finished and indeed started her book) about the origins, implications and long-term viability of the United States's external and budgetary deficits and the brutal fall of its rate of domestic saving. A parallel surprise is the absence of any discussion about the dollar as a basis for US hegemony.

Wood may feel that this aspect has been given too much stress by some authors, but this is no justification for disregarding the monopoly held up to very recently by the United States over money creation for the currency acting as 'money of the world'. Indeed, this monopoly must be identified as one of the factors leading to the contradictions in which the US economy is now trapped. Using this monopoly, coupled with the United States's strong advance in the possession of well-developed, under-utilised financial markets, the US government under Reagan and Paul Volcker, chairman of the Fed, built from

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28. Wood 2003, pp. 141–2, emphasis added.

29. Wood 2003, p. 151.

1980 onwards new forms of support for accumulation in the United States. A sharp rise in interest rates and the exchange rate of the dollar, coupled with financial liberalisation, attracted massive amounts of foreign ‘savings’. These served to finance large-scale government expenditure, notably on arms (e.g. the very expensive Star Wars programme) and to help manufacturing offset overproduction partly and temporarily. The really lasting result was the qualitative boost given to interest-bearing capital as a result of the shift to the ‘securitisation’ of government debt (e.g. the shift from the tapping of resources within the banking system to the auctioning of Treasury bonds on specialised financial markets at very high interest rates – 8–10% real interest rates over most of the 1980s).

The very rapid, almost exponential growth in the value of assets held by institutional investors (insurance companies, mutual funds and pension funds) in that period was not, as it became later, a simple outcome of fictitious capital’s mode of reproduction. It represented a genuine transfer of wealth to interest-bearing capital amounting to significant percentages of Gross Domestic Product. The channel was the government servicing of debt through the budget. While the transfer affected all tax-payers, the structure of the fiscal system meant that workers and poorer people were hit hardest.

Once this initial huge transfer of wealth to interest-bearing capital had taken place and that the international transfer of wealth, i.e. real economic resources, was also underway through the servicing of foreign debt (see above), the ‘commanding heights’ of the economy were controlled by financial markets and a very powerful bloc of interests had emerged around financial operators, the financial ‘industry’ and the major share- and bond-holding institutions. There was a partial change of ownership of corporate capital and new criteria instituted for corporate governance. Domestic demand came to be boosted on a continual basis by the so-called wealth effect – the alignment of middle-class private expenditure through stock-market-related consumer credit and expectations of stock-market earnings.

The combination of a high exchange rate of the dollar and the more-than-satisfactory remuneration of share and bond holdings attracted large amounts of liquidity to the financial markets. This offset the immediate effects in the fall in the rate of saving, which thus went on falling without this seeming to matter. During these years, economic activity was high, with the additional boost of genuine new investment in IT. FDI also flowed in, allowing US firms to invest abroad. The high exchange rate of the dollar penalised exports. Since US firms had decided to take on cheap educated labour abroad and source a large part of their components from foreign sites, imports grew rapidly. But, again, this did not seem to matter since the commercial deficit was ‘paid for’

by the inflow of FDI and portfolio-capital. Finally, during a short transitory phase, the budget deficit fell owing to high growth and some cut backs in expenditure.

Such was the virtuous circle behind the miracle years of the ‘New Economy’. It was founded on the mirage of the endless self-expansion of fictitious capital. When the mirage ended with the collapse of NASDAQ and the significant drop on the NYSE, the US economy was left with a negative rate of domestic saving, an obligation to offset the fall in the ‘wealth effect’ by large-scale credit creation entailing very sharp cuts in the rate of interest, a sharp slowing down of inward FDI, but also with a very large stock of foreign-owned assets demanding remuneration but ceasing to feed their dividend and interest earnings back into the US financial system as automatically as they had done previously.

Data by Duménil and Lévy show the spectacular growth of foreign holdings.<sup>30</sup> In 1952, they amounted to 5% of Gross Domestic Product (GDP). In 1985, at an early stage of financial liberalisation, it reached 20%, but, over the next two decades, the holdings of the rest of the world on the United States rose sharply, reaching 70% of NDP in 2003. The scale of financial accumulation and so the level of claims by foreign investors, are such that, since 2002, during given quarterly recording periods, the United States paid more income to foreigners than the new liquidity it managed to attract. This would cause the external capital account to fall as well as the balance of trade in goods and services, were it not for the profit and royalties remittances from direct investment by US corporations abroad. In 2000, they amounted to 53% of domestic profits. Given that a fraction of domestic profits are in fact profits at least partly created abroad through international production networks, it gives an idea of the magnitude of the centralisation process from the rest of the world to US financial markets. If revenue from external financial investment by US banks, insurance companies and pension and mutual funds in foreign capital markets is added, the ratio between total capital income flows to domestic profits reached 100% in 2000 (with the same additional element of under-calculation).

US external commercial and capital accounts are an expression of what it implies for the United States to have modelled its whole economy along the needs of contemporary money-bearing capital, concentrated notably within

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30. This paragraph is based on a part of the valuable data published by Duménil and Lévy 2004. It is now available in English in an abbreviated form on their web-site <[www.jourdan.ens.fr/~levy/](http://www.jourdan.ens.fr/~levy/)>. The interpretation is mine. It coincides on a few points with theirs, but overall it is very different.

pension, mutual and hedge funds. The US has become a haven and a heartland both for its own financial investors and for wealth owners, governments with export surpluses and funds from all other parts of the world. The Iraqi adventure, with its tragic consequences for the Iraqi people, cannot be abstracted from these very particular economic relationships between the United States and the rest of the world.

China is the theatre of another response driven by the contradictions just briefly discussed. There we see the attempt to solve overaccumulation and dearth of surplus-value through methods which will lead quite quickly to a qualitative jump in overcapacity and overproduction, with foreseeable consequences for competition, price-cutting and crises of overproduction. There we also see US capital, in a blind headlong rush, actively contributing to the strengthening of its only potential real rival. If the process of global capital accumulation is dominated by the appetite of highly concentrated dividend- and interest-bearing capital, the present moment in the history of imperialism is dominated by the huge direct investment occurring in China. The Japanese made a prudent start, before US capital started moving in massively, now followed by almost all European manufacturing and many utilities-producing TNCs. Part of this investment is going to the structuring of existing industrial capacity in co-operation with the new Chinese capitalists, but a significant part is green-field investment which is creating new capacity. The two combined are producing an enormous increase in world manufacturing capacity, which the world market will have to absorb on account of the extremely strong dualism and export-oriented bent of Chinese growth.

China is also the most important destination for US TNCs and these have made China the US's principal commercial partner. A third of China's exports go the US, over two-thirds of this trade being intra-firm trade organised by US TNCs. What US capital has done is tantamount to transferring part of its domestic industrial base to China. In today's necessarily transitional situation, Chinese industrial and technological development pertains to a variety of massive outsourcing. But it will not remain so very long. The transfer of production has not been limited to low-technology industries. It has involved technology-intensive ones as well, while a gigantic process of appropriation in technological but also managerial (surplus-value maximising) skills is underway in industries where China was backward. Recent developments, such as the agreement signed by IBM (one which it refused to sign with Japan thirty years ago), indicate that the catching-up process is real. The key to both developments – the massive creation of new capacity in the midst of overproduction and the help provided to a major new rival's rapid emergence – is the need to fight the dearth of surplus-value based in declining profitability and rising claims from fictitious capital and so to seize the possibility offered by bureaucratic-capitalist

alliance now in power in China to come and create and appropriate surplus-value at a very high rate of exploitation, while enjoying the possibility of selling in a new market which is small in relation to China's total population and minute in relation to the capacities being created, but very big at a time of very slow-growing, if not falling, demand.

In conclusion, I can only stress again that the doctrine of war without end is a response to the tangle of contradictions created by the remodelling of the whole of the US economy to meet the needs of fund-dominated finance-capital. It is an attempt to answer the never explicitly recognised but permanently present anguish of the US's citizens of belonging to an economy and to a country highly dependent on the rest of the world and yet not superior to it save in two areas: the possession of weapons of mass destruction and the symbolic control of the minds of men and women through an exploitation of commodity and financial fetishism. Recourse to such fetishism is a natural breeding ground for religious fetishism, while the latter provide a cover-up to the blindness of policy and the pitiful mediocrity of the 'values' which are really being defended. One last point: the fact that war without end answers mainly to the particular needs of US imperialism, and only in a very subordinate manner to those of dividend- and interest-bearing capital in other imperialist countries and of oligarchies around the world, does not imply that it will be opposed by them. Specific common interests are numerous and of paramount importance. Yet, more crucially, they are cemented by the shared institution of private property. Even bourgeoisies and governments that were most strongly opposed to the invasion of Iraq are fearful of the consequences of a political defeat of the United States. Analysing the real existence and at the same time the limits of these contradictions would call for a further essay. Wood recognises them, for instance when she observes that 'imperial hegemony in the world of global capitalism' means the most powerful state 'controlling rival economies and states without actually going to war with them'.<sup>31</sup> Her contribution is a stimulant to such an analysis, even if her theoretical framework does not enhance its advancement. Once again I am grateful to her, and to *Historical Materialism*, for allowing this debate.

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## A Reply to Critics<sup>1</sup>

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### Abstract

Ellen Wood replies here to the symposium on her book, *Empire of Capital*, by laying out her views on the specificity of capitalism and capitalist imperialism, the relation between global capital and territorial states, the problematic concepts of 'globalisation' and 'financialisation', and how our understanding of capitalism affects our conceptions of oppositional struggle.

### Keywords

capitalism, imperialism, state, globalisation, financialisation

It is always puzzling, not to say dispiriting, when critics attribute to you positions antithetical to what you believe and have repeatedly said. There are some particularly striking examples in this symposium, all the more striking when they occur in the context of serious and relatively sympathetic, though severe, critiques.<sup>2</sup> For instance, David Harvey attributes to me a 'typological' approach, as distinct from a dynamic analysis of processes and transformations, while Prasenjit Bose argues that:

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1. As so often before, I would like to thank David McNally, George Comninel and Bob Brenner for comments on an earlier draft. I am also very grateful to Hannes Lacher and Sébastien Rioux for their incisive suggestions, and to Patrick Camiller for his sharp editorial eye in matters of both style and substance.

2. One minor point that appears in a couple of the essays may require clarification: people seem to have failed to notice the scare quotes around 'surplus imperialism' and the question mark that heads the section with that title. I am not entirely sure what the critics thought I was doing with it, but they attribute far too much theoretical significance to my somewhat offhand usage of the phrase. For me, it was simply a phrase (suggested ironically by Bob Brenner somewhere, or maybe just in conversation) that seems to suggest a kind of mismatch between the goals of US imperialism and the massive military means it uses to achieve them. My point is that what may appear to be an inexplicable 'surplus' (maybe in the sense of 'surplus to requirements') is not really inexplicable or even a mismatch but a contradictory relation rooted in the fundamental contradictions of global capitalism.

Her historical comparison of empires from ancient to modern times, in order to locate some common fundamental contradiction, is highly problematic, because empires across historical periods, although displaying various similarities, have been driven by entirely different economic processes.

Yet, if I were asked to characterise my own work, in *Empire of Capital* and just about everywhere else, I would say, above all, that it seeks to replace typology with an emphasis on historical process – in particular, to identify the specificities of capitalism and the social transformations that brought it about, giving rise to its very distinctive dynamics, in contrast to all other social forms and processes, and producing new forms of imperialism with, precisely, ‘entirely different economic processes’.

So how is it possible that my intentions have gone so badly astray? I could, of course, dismiss these misrepresentations as careless misreadings, but experience suggests that, when misunderstandings are so fundamental, there is usually something more systematic at work than the reader’s carelessness or even the writer’s failures of clarity.

### 1. What happened to the specificity of capitalism?

The problem, I think, is that these critics are looking at my argument through a distorting lens. I shall – provocatively – characterise the distortion as a failure to appreciate the specificity of capitalism, though it affects their arguments in different ways. Let me start with Harvey. To explain his criticism of my ‘typological’ approach, he contrasts my argument to Giovanni Arrighi’s and castigates me for my ‘refusal to dub Venice and Genoa or even Holland as in any sense “capitalist”’, while Arrighi sees the rise of Venice and Genoa, the subsequent shift of hegemony to the Dutch and then the British followed by the United States as a long continuous historical geography of capitalism. Arrighi does not deny the inner transformations that took capitalism through merchant to industrial forms, though some of this is rather muted in his account. But he also notes the key role of financialisation as preceding hegemonic shifts and exposes the radical transformations in geographical scale that have accompanied each transition.

Harvey then goes on to elaborate on these processes:

Capitalism arose out of surpluses piled up by localised groups of traders and merchants who pillaged the rest of the world at will from the sixteenth century onwards (this is what Wood so deftly analyses as the imperialism of trade and commerce). But the failure to absorb these surpluses productively merely produced the grand European inflation. The agrarian and industrial forms of



capitalism that arose in eighteenth-century Britain successfully absorbed these surpluses in productive ways at the same time as they expanded them by internalising value production (again, as Wood describes, quite correctly emphasising the transformation in social relations that this entailed).

The trouble with these arguments is that there is no specific conception of capitalism here, no indication that capitalism is a historically specific social form, with its own systemic logic that distinguishes it fundamentally from other social forms. This also means that the question of origins is simply evaded, as it has been so often by those who take for granted that capitalism is just a quantitative increase in age-old practices of trade. I freely acknowledge that there is no general agreement about the meaning of capitalism or its basic dynamics. But we can hardly begin to talk about the origin of capitalism if we offer no account of its specificity, what differentiates it from non-capitalism, how we know when we have moved from one to the other, from a non-capitalist systemic logic to a new, capitalist set of ‘rules for reproduction’.

For me, capitalism is a system in which both appropriators and producers are subject to certain imperatives – the capitalist imperatives of competition, profit-maximisation and accumulation – because they are market-dependent. Appropriators no longer have access to what Marx called ‘extra-economic’ powers of appropriation, while direct producers have been separated from non-market access to their conditions of subsistence and, in particular, the means of production. Without these fundamental conditions, no amount of trade will produce capitalism. There have been many societies with a highly developed trading system and widespread commerce which have not produced anything like a capitalist dynamic. There has, in other words, been no fundamental incompatibility between trade and non-capitalist social relations, nor has trade by itself, however widespread, brought about a transition to capitalism. So, if we want to say anything useful about the origin of capitalism, we have to say something about the emergence of its specific dynamics and the social-property relations that set them in motion.

Now, obviously, I cannot expect Harvey simply to agree with my definition of capitalism, but I do think it is fair to expect some kind of definition which alerts us to what we should be looking for in distinguishing capitalism from non-capitalism or tracking the transition from one to the other. What struck me most immediately about the passages I have just quoted was that they beg the question in a truly fundamental way (and I am using ‘beg the question’ precisely in its technical meaning, referring to the logical fallacy of assuming the very thing you have set out to demonstrate). Readers of *Historical Materialism* who have also followed the symposium on Harvey’s book may have noticed that he is here confirming something I said in that discussion,

namely that his understanding of ‘primitive accumulation’ has more to do with Adam Smith than Marx, in the sense that capitalism is, for him, simply the product of accumulated wealth and not the result of a distinctive social transformation such as Marx had in mind (in the passages I have quoted, Harvey speaks of social transformations, at best, as if they were consequence rather than cause). If anything, historical process in Harvey’s account is largely illusory. I will not repeat my argument against his interpretation of ‘primitive accumulation’, but I do hope readers will notice that there is, in his account, no explanation of the origins of capitalism and that there is no process of historic transformation from non-capitalism to capitalism, because he takes capitalism more or less for granted.

Harvey starts from the premise that capitalism is the accumulated wealth of traders and merchants, and the essential factor appears to be simply the amassing of wealth by people of that kind, which becomes somehow decisive when it reaches some kind of critical mass. Problems arose, he suggests, when this wealth could not be productively absorbed, and then conditions had to change to permit its absorption, conditions achieved by industrial capitalism.

But this account cannot get us very far in explaining the origin of capitalism or the social transformations that brought it about, because it begins by assuming that wealth amassed by merchants and traders is already *a priori* capitalist (or, at least, proto-capitalist, or, at the very least, capitalist in inevitable tendency). It is no use objecting to my refusal to recognise, say, Genoa or Venice as in any way capitalist unless you are going to explain very carefully in what sense they are capitalist, how their economic ‘laws of motion’ or ‘rules for reproduction’ differ from non-capitalist social forms, and what unites them with other very different cases such as early-modern English capitalism or contemporary US capitalism, despite all their other divergences. This is something that neither Harvey nor, for that matter, Arrighi, ever do.

For instance, when Harvey approvingly cites Arrighi’s observation about ‘the key role of financialisation as preceding hegemonic shifts’, are we really to understand that the process of ‘financialisation’ at work in Genoa or Venice is essentially the same as the process driving US imperialism today, with only differences of quantity or geographic scope? Is it really possible to imagine that Genoese banks were performing the same function or operating according to the same imperatives and logic as global banks in today’s global capitalism? Is it really enough to say that the difference lies simply in the size and organisation of political units, without taking any notice of huge differences in the economic dynamics at work in these cases and the social relations that determine them?

When I insist on the specificity of capitalism and how it has differentiated itself from other social forms, Harvey may want to call this enterprise ‘typology’. I call it an attempt to explain a historical process of change.

## **2. The non-history of capitalism – yet again**

For Harvey, since the ‘capitalist’ is simply someone who puts money into circulation in order to appropriate more money, capitalism is nothing but more of the same. In this respect, there is no difference between the merchant acquiring profit on alienation – buying cheap and selling dear – and the capitalist whose profit takes the form of surplus-value. In fact, money making more money without even the mediation of commodities or even commodified services would suffice, so that the most ancient practices of usury would satisfy this definition.

To the extent that Arrighi offers us a definition of capitalism and capitalist imperialism, its common characteristic is a form of domination based on control of money-capital and credit.<sup>3</sup> Everything from the Genoese case to the contemporary American ascendancy is, in his view, capitalist, because of the role played in all of them by rich financiers and merchants – though the commercial agents, and the forms of commerce in which they were engaged, differed widely among all these cases. The trouble is that there appears to be no essential difference between capitalism and any other form of commerce, and it is hard to see why some kind of capitalism, or proto-capitalism, could

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3. Ostensibly drawing on Marx’s formula to explain the circuits of capital, Arrighi divides his economic history into two distinct phases, the phase of ‘material expansion’ (which he defines as M-C), and then, after this exhausts itself, ‘financial expansion’ (C-M). There is nothing particularly ‘capitalist’ about either of these; but, in any case, treating them as if they were historical stages rather than ‘moments’ in the circuit of capital completely distorts Marx’s argument. It has been argued that Arrighi loses sight of ‘the most basic question about the M-M<sup>1</sup> circuit, which is, where do the profits come from if not the production and exchange of commodities?’ (Pollin 1996, p. 115.) But even the exchange of commodities has nothing intrinsically capitalist about it, even when it takes place at a profit. Using money to acquire commodities to sell for more money is the age-old practice of profit on alienation, buying cheap and selling dear; and the same logic can, in the context of non-capitalist social relations, apply even to the production of commodities for sale at a profit. Capitalism’s logic of process is something quite different, as Marx made very clear. As for Harvey, although he sometimes invokes the formula M...C...M<sup>1</sup>, he seems perfectly happy with a definition of capital which not only confines itself to simple profit on alienation but can also dispense with the mediation of commodities altogether and treat plain old usury as the essence of capitalist appropriation. However useful this may be in the moral condemnation of capitalism, it tells us very little about how the system operates as distinct from other social forms, and nothing at all about how it came into being.

not, for example, be said to have existed, at least in embryo, in ancient Rome (as Max Weber, for one, suggests it did).

Capitalism, in this conception, has no defining logic or dynamic which clearly differentiates it from other social forms. In particular, the specific imperatives of capitalist competition, its specific rules for reproduction – the need for maximising strategies, profit-maximisation and the need constantly to improve labour productivity – are not, apparently, essential to the definition of capitalism. They were not, for instance, at work in the Genoese case or in the Spanish and Portuguese. Nor is it at all clear – in either Arrighi's argument or Harvey's – why and how these new imperatives came into being at all, and not in Genoa or Iberia but in England, at a time when merchant wealth there was very much more modest than it was elsewhere in Europe.

Arrighi suggests that the critical variable in distinguishing among the different stages of capitalist development has to do with the particular political agents of the capitalist strategy of control – so there is a big difference, for instance, in the dynamics of a system in which a city-state presides over the control of money capital and credit, and an imperial system in which the principal agent is the nation-state. But this argument, whatever its virtues, tells us nothing about the social relations that constitute capitalism, the social transformations that produced them, or the specific dynamic that they set in train, an economic dynamic fundamentally different from anything that had ever existed before.

We certainly get no sense here of why, for instance, Marx felt compelled to insist that there was something very distinctive about the real primitive accumulation, the transformation of agrarian relations in the English countryside which produced effects fundamentally different from the accumulation of wealth by Genoese, Spanish, Portuguese, French or even Dutch merchants and traders. No one would deny that the origin of capitalism presupposed an already existing (non-capitalist) commercial network. But it is clear from Marx's account that the critical issue is not simply an accumulation of wealth adequate to permit reinvestment, nor the form of political control, but rather the social property relations within which appropriation takes place.

If the decisive factor is accumulation of commercial wealth, why England? Why should an English transition to capitalism occur at a time when England was far from the richest of the major European states, or indeed the largest or strongest, and when it possessed far more limited accumulations of commercial wealth? What explains the emergence of agrarian capitalism in England before, and indeed as a condition of, its later commercial supremacy? If it is mainly a matter of different political strategies of control, in particular the replacement of city-states by larger nation-states, why not the Spanish

or French? It also remains unclear in Arrighi's and Harvey's accounts why England alone was spared when other European economies hit the buffers in the seventeenth-century crisis, how it came to be the sole economy in which a social transformation had produced a new dynamic that promoted self-sustaining growth, as the other economies did not. Industrial capitalism was the result rather than the cause of this historic transformation.

If what we want is an understanding of process in the history of capitalism, it seems profoundly unhelpful to lump the distinctive formation of capitalism – whether in its agrarian, commercial or industrial forms – together with commercial economies in which no comparable dynamic was at work, and without really explaining how we got from one to the other, as if we could take it for granted that one form of commerce intrinsically contained the other and there were no transformation to explain. Far from explaining a historic transformation, this just conceptualises it away.

### **3. Defining capitalism and capitalist imperialism**

This is probably the moment to answer an objection raised by François Chesnais, which relates to my own definition of capitalism. In an otherwise sympathetic account of my argument, which emphasises (and essentially agrees with) what I have to say about the continuing importance of the state in today's global economy, he takes issue with what he understands to be my excessively narrow definition of capitalism. It is, he maintains, 'almost exclusively oriented towards the particular traits of the class relationship between capitalists and wage-labourers and the appropriation by the former of surplus-value, or surplus-product through industrial production', while it fails to appreciate that capitalism benefits from other forms of surplus appropriation.

Let me begin by saying that this account of how I define capitalism is simply wrong. On the bare facts alone, it should be clear that my insistence on the importance of agrarian capitalism belies this interpretation. It may also be necessary to remind ourselves here that labour can produce surplus-value for capital not only in the production of material commodities but also in the provision of services, which means that, even in industrial capitalism, 'productive' labour is not necessarily confined to industrial production.

But the issue is rather more complicated. First, I should emphasise again that, for me, any definition of capitalism must identify its specific logic of process, the particular imperatives that mark it off from other social forms. The failure to define capitalism in this way tends to produce many misleading

conflations and confusions. To begin with, it is one thing to acknowledge the benefits capital derives, in various conditions and at various stages in its development, from various forms of surplus appropriation other than the extraction of surplus-value. It is quite another matter to describe all these forms of exploitation as capitalist. This makes it impossible, among other things, to consider how they themselves are affected by the specific social relations and mode of exploitation that give capitalism its distinctive dynamic and specific imperatives. Although slavery, for instance, was profitably integrated for a time into a capitalist economy (which, by the way, does not mean it was necessary to the emergence of capitalism or that capitalism could not have developed without slavery), slavery in a capitalist economy was something very different from slavery in ancient Greece and Rome.

We also need to distinguish between the original emergence of capitalism, which clearly did not abolish pre-existing social relations at a stroke, and cases in which an already existing capitalism has spread into dependent territories and imposed its imperatives on existing social relations, as has typically happened in the 'Third World'.<sup>4</sup> Both these cases also differ from those in which capitalism spread by means of state-led economic development, as major non-capitalist powers responded to commercial and/or geopolitical and military pressures from the first capitalist society. In each of these cases, capitalism coexists or interacts with non-capitalist forms; but it does so in various different ways. We have to consider carefully whether, or when, capital's resort to non-capitalist forms of appropriation is driven by essentially capitalist imperatives and, alternatively, whether, or when, non-capitalist forms of exploitation signify the absence or underdevelopment of capitalist relations and imperatives.

If we start with Marx's real 'primitive accumulation', the critical turning point in the emergence of capitalism, with its wholly new logic of process, was the establishment of new agrarian relations in England. The result was a system of social-property relations in which both appropriators and producers were dependent on the market for the conditions of their self-reproduction. Instead of relying on what Marx called 'extra-economic' exploitation (or what Bob Brenner has called politically-constituted property) – surplus extraction by direct coercion, whether in the form of rent, tax or tribute, by means of political and military power, juridical privilege, the fruits of jurisdiction, etc. – English landlords increasingly made use of purely 'economic' modes of appropriation, which also meant that both landlords and tenants came to

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4. This issue has been a matter of some confusion in discussions of the 'articulation' of modes of production.

depend on the systematic improvement of labour productivity. This happened before the mass proletarianisation of direct producers. Tenants, although still in possession of land, were subjected to the conditions of competitive production in unprecedented ways. They were free to act, and, at the same time, compelled to act, in response to those imperatives of competition, while landlords increasingly relied for their wealth not on extra-economic powers or privileges but on purely economic advantage – their tenants' competitiveness and profitable production. The consequence was a thoroughly new economic dynamic of self-sustaining growth, and also the increasing dispossession of unprofitable producers.

It is because of this completely new dynamic that it makes sense to speak of agrarian capitalism, even before the mass proletarianisation of the labour force; but even those who prefer to reserve the term 'capitalist' for the mature relation between capital and wage-labour must keep in mind that the complete dispossession of direct producers that created a mass proletariat came as a result, not as the cause, of this new economic dynamic. At the same time, it is certainly true that the capitalist dynamic would come fully into its own only with the complete commodification of labour-power.

Once we have characterised the new economic logic of capitalism, we can still acknowledge that capital can benefit from forms of surplus appropriated by means not essentially different from non-capitalist exploitation. But it remains important to register the differences between capitalist exploitation, with its particular imperatives, and other exploitative forms. It is also important to recognise how capitalist property relations affect non-capitalist appropriation mobilised in the service of capital.

To recognise all this is critical not only to understanding how capitalism operates but also to characterising the distinctive forms of imperialism it has created. Imperialism, like class exploitation, can take economic or 'extra-economic' forms, and imperial appropriation by extra-economic means needs to be distinguished from imperial domination imposed through the medium of market imperatives. It is also important to distinguish between cases in which extra-economic appropriation is responding to the needs of a well-developed capitalism and cases in which the presence of non-capitalist appropriation signals the absence or weakness of capitalist imperatives.

I think Chesnais makes problems for himself by conflating various modes of surplus appropriation as all more-or-less equally capitalist and obscuring the differences among them. This leads him to treat all stages of modern imperialism as equally capitalist, today as in Lenin's and Luxemburg's time. The effect is to make it difficult to explain where we are today and why. If the early twentieth century, as Lenin saw it, already represented late capitalism

with fully developed capitalist imperatives and contradictions, then how are we to explain the specificities of capitalism and capitalist imperialism in the early twenty-first century? If, in the ‘classic’ age of imperialism, major colonial powers were engaged in interimperialist rivalries to divide and redivide the territories of a largely non-capitalist world, how should we compare it to the capitalist imperialism of today, when conflicts among capitalist powers take a very different form? And so on.

Since my central theme has been the specificity of capitalism and capitalist imperialism, I have to admit that I was – and to some extent still am – completely mystified by Prasenjit Bose’s suggestion that my fundamental error is that I try ‘to locate some common fundamental contradiction’ among the various historical cases I survey. He informs us that ‘empires across historical periods, although displaying various similarities, have been driven by entirely different economic processes’. But is not this precisely my point? Surely it is clear that the contradiction I was looking for was not only specific but unique to capitalism, and that the particular relationship between ‘economic’ and ‘extra-economic’ forces that I talk about is one that exists only in capitalism. Bose’s objection seems particularly strange, because he begins by apparently agreeing with much of what I have to say about the specificity of capitalism and its distinctive separation of economic from extra-economic power.

So why does Bose conclude that, in the end, I am trying to fit capitalism, for all its specificities, into a conceptual framework that identifies a contradiction common to all imperialisms, and that this leads me to miss the point about the specificities of contemporary imperialism? Let me give you my short answer first, and then try to explicate it. Paradoxically, I would say that, like Harvey, Bose is, in his own way, eliding the specificity of capitalism, and, in a manner somewhat different from, though probably related to, Harvey and Arrighi, he is reading capitalism back into precapitalist history, while mistaking changes brought about by the emergence of capitalism for changes within capitalism.

Consider, for example, his observation that ‘The “disconnection between the economic and political moments of capital” does not seem to have appeared as a contradiction in the earlier historical stages of capitalism’. Nation-states under capitalism’, he goes on to say, ‘were born out of the needs of capitalism and have historically played a vital role in the process of capital accumulation, territorial expansion and imperial domination.’ This is problematic from the start. The issue between us is not whether nation-states have served, and continue to serve, the needs of capitalism. I wholeheartedly agree both that the state is today indispensable to capital accumulation and that it played a crucial role in the early rise of capitalism. These propositions are central to



my argument, as they appear to be for Bose. Nor do I disagree that the contradictions of late capitalism or the 'new' imperialism are different from those of capitalism in its earlier stages. But, even if we agree that the state has served capital in both earlier and later stages of capitalist imperialism, the question remains: how does the role of the state in capitalist appropriation differ from its role in non-capitalist forms?

Bose seems to assume either that modern imperialism (or even the nation-state?) is by definition capitalist, or, again, that non-capitalist or proto-capitalist imperial plunder simply and naturally gave rise to capitalism by creating a critical mass of wealth – as in the classical non-Marxist view of 'primitive accumulation'. But this approach makes it impossible to assess the relation between capitalism and imperialism or to consider how capitalism (which emerged in England before it was a major colonial power) transformed imperialism by imposing wholly new imperatives.

I am not at all sure what nation-states Bose thinks were born out of capitalism and in response to its needs; nor am I sure about his view of the connections between capital accumulation, territorial expansion and imperial domination. If we are talking about the original emergence of nation-states, there never was such a state born out of capitalism or in response to its needs. Certainly not, for instance, France or England, both of which went through a process of state-formation before they underwent a transformation to capitalist social-property relations. And there have been many cases, not only in earlier historical stages but even in the modern age, where territorial expansion and imperial domination were not propelled by capital accumulation in any precise sense of the term.

I have no doubt that all forms of territorial expansion and imperial domination throughout history have been concerned with acquiring wealth of one kind or another, and the state has been central to all of them; but the issue here is whether, or how, an imperialism driven by capitalist accumulation differs from other forms, or when and how imperialist domination came to be associated with capitalism as a specific form of acquisition. At least part of Bose's misunderstanding of my arguments results from his elision of the differences among these various cases and a failure to recognise the processes of transformation that produced a specifically capitalist imperialism.

#### **4. Global capital and territorial states**

This failure is even more strikingly apparent in William Robinson's critique. Indeed, he seems to have no clear conception of capitalism at all; and, when

he identifies three essential problems in *Empire of Capital*, each of his criticisms is vitiated by this conspicuous absence: ‘One of these problems’, he says,

is her demarcation between capitalist and non-capitalist imperialism in the modern era. Second is her longstanding and dogmatic refusal to take seriously the concept of globalisation. Third, and closely related, is her insistence on analysing current global dynamics from a nation-state-centric framework and an incessant reification of the state.

I hope that, by now, it is unnecessary to dwell on the latter two points. It should be blindingly obvious that what I refuse to ‘take seriously’ is not the process of globalisation – if by that is meant the transnationalisation of markets and capital. Nor do I reject the idea that national states are compelled to adapt to the requirements of transnational capital, as Robinson suggests. What I object to is certain conventional conceptions of globalisation, which involve indefensible assumptions about the inverse relation between a globalised economy and the importance of the territorial state. Since conventional conceptions of globalisation typically entail such assumptions, I have sometimes preferred to avoid the term. But it is surely clear that my argument, whether it is right or wrong, is neither about dismissing the globalisation of capital nor about ‘reifying’ the state but rather about the uniquely complex and contradictory dynamics in the relation between the state and globalisation.

Something else should, I hope, also be clear: when I argue that global capital today needs the territorial state more than ever, or that the political form of globalisation is not a global state but a system of multiple territorial states, I am not arguing, as Robinson maintains I am, that the nation-state is ‘immanent to capitalist development’ rather than ‘an historical outcome’. I have often, even obsessively, taken great pains to insist that the nation-state is *not* a product of capitalism, *nor* was it born in conjunction with capitalism. I have repeatedly challenged theories that identify the nation-state with capitalism; and I have repeatedly insisted that capitalism emerged within an already existing state system, the configuration of which was not determined by capitalist social property relations.

The association between capitalism and the nation-state is certainly ‘historical’ rather than ‘immanent’, in the sense intended by Robinson. In fact, it is a ‘historical outcome’ in an even stronger sense than Robinson acknowledges. For him, the territorial state rises and falls in more or less mechanical response to the movements of capital. The state is, after all, simply capital in its political aspect. So, just as global capitalism must, in his view, mean the transnationalisation of the state, the nation-state seems to have

originated as a response to the requirements of capital – precisely the kind of argument I have often sought to challenge. As we shall see in a moment, he reads capitalism far back into the early history of European nation-states, in a way that completely ignores the non-capitalist dynamics of the inter-state system long after what he takes to be the turning point of capitalist development.<sup>5</sup> One way of describing his approach might be to suggest that he treats the relation between state and capital as ‘immanent’, even if that immanence varies its historical form. But, in any case, I venture to say that I take the historicity of the relation between capitalism and the nation-state far more seriously than Robinson does.

Yet to say that the association of capitalism and the territorial state is a ‘historical outcome’ is not enough, for at least three principal reasons, which I have often spelled out. First, to put it briefly, the territoriality and sovereignty of the state, while they were not created by capitalism, were, so to speak, perfected by it. It was only the separation of the political and the economic that permitted an unambiguously sovereign state, without challenge from, or overlapping jurisdiction with, other forms of ‘politically constituted property’. Second, and related to the previous point, it is only in capitalism that it is even possible for conditions of appropriation to be sustained and enforced by ‘extra-economic’ powers not coextensive with the power of appropriation – to have, in other words, global accumulation protected by very local states, without a global state to match. Third, as I have argued endlessly (not least in a recent issue of *Historical Materialism*, in my contribution to the Harvey symposium), this conjunction of global capital and territorial state has also created wholly new and profound contradictions between capital and state. Yet, at the same time, there are fundamental characteristics of capitalism that reproduce and benefit from the fragmentation of political space and uneven development, so that the current association of capitalism and the territorial state – with all its attendant contradictions – is not just a historical relic but is reinforced by the essential dynamics of capitalism.

In case the latter point requires elaboration, let me quickly summarise arguments I have made many times before. Capitalism is, to begin with, an anarchic system, and one in which appropriating classes do not themselves directly wield the ‘extra-economic’ power that sustains their economic powers of appropriation. Yet it is a system that needs social, legal and administrative stability, predictability and regularity more than any other social form, in order to sustain the stringent conditions of capital accumulation. The kind of

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5. For powerful arguments on the precapitalist dynamics of the state system, see Lacher 2006 and Teschke 2003.

close regulation the system requires has so far been supplied by the territorial state, and no form of ‘global governance’ is as yet conceivable that can supply the necessary day-to-day legal and administrative order. At the same time, the processes of capital accumulation and, indeed, the processes of global integration operate not simply to forge global bonds but to reinforce divisions.

As I wrote some years ago (and have repeated in various forms since),

the development of a rudimentary global society is, and is likely to remain, far behind the contrary effect of capitalist integration: the formation of many unevenly developed economies with varied self-enclosed social systems, presided over by many nation-states. The national economies of advanced capitalist societies will continue to compete with one another, while ‘global capital’ (always based in one or another national entity) will continue to profit from uneven development, the differentiation of social conditions among national economies, and the preservation of exploitable low-cost labour regimes, which have created the widening gap between rich and poor so characteristic of ‘globalization’.<sup>6</sup>

And, of course, the preservation of national frontiers in order to control the movements of labour while permitting the mobility of global capital. Whatever else we can say about the role of the state in today’s global capitalism, it is clear that states have become more, not less, involved in organising economic circuits, often through the medium of inter-state relations.

This is not to say that no other political form is conceivable for capitalism, at least in principle. But it seems to me a bad mistake to treat the continuing connection between capital and territorial state as nothing but a historical relic and to neglect the structural and systemic pressures inherent in capitalism which have reproduced, and continue to reproduce, this political form, and all the contradictions that go with it. Allowing for the specificity of capitalism makes it possible both to recognise the non-capitalist origins of the territorial state and the particular ways in which capitalism reproduces it. This is what is missing from Robinson’s account. The failure to appreciate the structural determinants of capital’s continuing and contradictory relation to the territorial state is associated with a tendency to take for granted that the movements of capital and state will inevitably run parallel – so that the globalisation of the one is inevitably accompanied by the transnationalisation of the other. Even if Robinson grudgingly acknowledges the continuing

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6. Wood 2002, p. 180. And, in case it needs emphasising, while I stress these structural determinants, here, as elsewhere, I also emphasise the historicity of the connection between capital and territorial state, arguing no more (and no less) than that ‘until now’ capital has found no better way of meeting its distinctive requirements than the territorial state and is unlikely to do so in the foreseeable future, for reasons that are not just contingently historical but related to the conditions of capitalist reproduction.

importance of the territorial state, he treats its transnationalisation as fairly unproblematic, effectively automatic, and there is little indication here of what is a deeply contradictory process.

Let me put it this way: if the political and the economic were connected in the precapitalist manner, it would be reasonable to assume that they will always advance together, in one way or another. But the capitalist separation means that we cannot make such an assumption, and therefore the relation between the processes of economic and political development in capitalism is problematic in a distinctive way. This is not, of course, to deny the relation between capital and state. But it means that we have to recognise that this relation is uniquely complex and contradictory. People like Robinson seem to think *a priori* that the two processes are conjoined and that the burden of proof is on the other side. But, if we begin by acknowledging that political and economic are separate in capitalism in distinctive ways, the burden of proof is on Robinson et al. They have to demonstrate and explain the connections much more convincingly than they have ever done.

As it stands, the conception of a transnational capitalist class and a transnational state apparatus owes more to that *a priori* assumption about the parallel development of capital and state than to any persuasive demonstration of how it operates in practice or how capital transcends the contradictions in its relations with the state, in the relation among capitals or in the reproduction of capital by means of uneven development. Robinson's views about the 'harmonisation' of relations among national capitalisms, and about the resolution of their contradictions in the 'transnational realm', are sustained not by exploring but rather by evading the contradictions of capitalism.<sup>7</sup>

This evasion is, so to speak, 'immanent' in Robinson's argument, because he starts from the unexamined premise that there is nothing specific about capitalism and its logic of process. Oddly, he accuses me of failing to 'engage the long-standing debates on the transition to capitalism, even though they have a direct bearing on our understanding of imperialism and would seem essential to the proposition of a capitalist and a non-/pre-capitalist imperialism in the modern era'.

This strikes me as very strange, since much of my writing over the years has been precisely about the transition to capitalism and debates about it; and *Empire of Capital* is an attempt to build on that work, together with everything

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7. For a trenchant critique of arguments like Robinson's, see Lacher 2006, especially Chapter 8, where, he deals specifically with Robinson on pp. 158–62. I am also indebted to Sébastien Rioux, for his illuminating critique of Robinson in a postgraduate seminar paper this past autumn.

it has taught me about the specificities of capitalism. But let us leave that self-defence aside and look at where Robinson goes from there: 'If capitalism', he argues,

is singularly defined as it is for Wood, as a production relation that only fully emerged in the English countryside over the past two centuries and spread subsequently to other regions, then by definition capitalist imperialism is a recent phenomenon. But if it is a broader system whose genesis took place earlier in conquest, pillage, and militarised commerce, and in which the transformation of the English countryside was more of a culminating moment than an initial transition, then modern world imperialism is certainly an imperialism of the capitalist system, spanning the whole modern epoch of conquest and colonialism.

Robinson himself has elsewhere in his work described the rise of capitalism as a Europe-wide phenomenon which began about half a millennium ago, more or less with the conquest of Latin America. This is the kind of argument I and others (notably, of course, Robert Brenner) have often challenged, not because we fail to acknowledge that capitalism in England arose in the context of a wider commercial, geopolitical and military network, in Europe and beyond – which is surely self-evident – but rather because it is so question-begging. It depends entirely on evading the specificities of capitalism and conceptualising away the need to explain its origins, so that the argument assumes the very thing that needs to be explained.

I have nothing against treating 1492 as, in one way or another, relevant to the development of capitalism. We can go even further back. Feudalism, after all, is at least as relevant to the development of capitalism. In fact, I am more than happy to push back the boundaries of historical investigation even further in order to trace to their sources the many factors relevant to the rise of capitalism; and I have happily gone back even to Graeco-Roman antiquity to track certain distinctive developments of Western property forms and processes of state-formation. But, even if we want to argue that some of these developments were somehow relevant to the later emergence of capitalism, none of this means that Graeco-Roman antiquity was capitalist, or that capitalism inevitably followed from its property and state forms. Nor does it mean that even European feudalism inevitably gave rise to capitalism. We still have to identify what distinguishes capitalism and its specific rules for reproduction from any other system of social-property relations – and, once we do that, we are forced to ask real historical questions, about how, why and where the transformation took place that brought these social-property relations into being and set in motion a new and unprecedented historical dynamic. English capitalism and, say, French absolutism may have had common ancestors and interacted in a common historical space. But this tells

us very little about why and how English feudalism was transformed into capitalism and the French variety was not.

It is hard to imagine an argument more circular and unhistorical than Robinson's. Yes, of course, how we define capitalist imperialism depends on how we define capitalism. I can hardly dispute that, since my whole case rests on just such a proposition. But then what we need is precisely a definition of capitalism. What we need is precisely an account of how capitalism differs from non-capitalism, both by definition and in practice. And then we need seriously and systematically to consider the historical processes of transformation. We cannot simply evade the need for an answer by failing to ask the question. We cannot just proceed as if the absence of a definition, or the absence of any attempt to characterise capitalism's specific mode of operation, amounts to a refutation of any account that does delineate its specificities. This is exactly how Robinson does proceed – not least, for instance, when he objects to my account of the British Empire in India. Instead of engaging with the complexities and contradictions in an imperial system where both non-capitalist and capitalist modes of appropriation were at work, with different rules for reproduction and in complex interaction with each other, he simply dismisses my arguments more or less by definition (or, to be more accurate, by non-definition): the British Empire in India must have been unambiguously capitalist because Europe and its empires had long been capitalist.

I have tried to demonstrate, here and elsewhere, that much of what passes for analysis of capitalism and capitalist imperialism rests on studious avoidance of any questions about the specificity of capitalism as a historical form. If nothing else, I have been painstaking in my efforts to define capitalism, to identify its particular dynamics, to explain how its 'rules for reproduction' and its 'logic of process' differ from other social-property relations and to identify the new forms of domination it makes possible; and I have tried to explore its historical development. It is on that basis that I have constructed my argument about the particularities of capitalist imperialism. If Robinson wants to take issue with my definition or my historical accounts of the origin of capitalism, of capitalist social-property relations, capitalist domination and capitalist imperialism, that, needless to say, is his right. But until then, I fail to see what case there is to answer.

## **5. Changes within capitalism**

Some years ago, when I was writing about conceptions of modernity and postmodernity, I had occasion to consider Harvey's important work on this subject. I suggested then that his periodisation of capitalism had something

important in common with traditional ‘non-explanations’ of capitalism and its emergence, which assumed its prior existence in order to explain its coming into being, as if it were the natural product of transhistorical processes, in particular the apparently inevitable processes of technological progress and commercial expansion. It seemed to me then that the idea of postmodernity as he elaborated it belonged to a view of history in which ruptures within capitalism – in particular, the rupture between modernity and postmodernity, which apparently occurred in about 1972 – loomed much larger than the rupture between capitalism and the non-capitalist social forms that preceded it. In fact, in Harvey’s account, there was no obvious social transformation that produced capitalism out of something distinctly non-capitalist, and certainly nothing as dramatic as the passage from modernity to postmodernity.<sup>8</sup> In other words, this account not only conceptualised away the need to explain the emergence of capitalism but also tended to obscure the specificity of capitalism itself and its fundamental ‘laws of motion’. This had the apparently paradoxical effect of also making it harder to understand the changes within capitalism.

It is certainly essential, in my view, to explore the constant changes the capitalist system undergoes, but that cannot be done without first making it clear what capitalism is. What is the constant underlying logic that makes a society capitalist throughout all this continual change; what essential conditions determine the operation of this distinctive logic; and how did it come into being? Failing an answer to questions like this, we cannot give a clear account of either the origin of capitalism or the changes within it.

The failure to take adequate account of capitalism’s specificities forces theorists of today’s imperialism to place too great an explanatory burden on changes within capitalism, while at the same time depriving us of the means clearly to characterise and explicate those changes. Some, for instance, ascribe massive changes simply to new technological capabilities – notably information technology. We used to hear a lot, for example, about post-Fordism or the passage from Fordism to ‘flexible accumulation’ (not least, from David Harvey). It seemed to me at the time that something serious was wrong with how these changes were explained when they were treated as major epochal shifts in the logic of capitalism. ‘The old Fordism’, I once wrote,

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8. I should probably stress that introducing bourgeois revolution into the narrative, as Marxist accounts have traditionally done, is not the same as acknowledging a historic rupture in the transition to capitalism. Conceptions of bourgeois revolution have typically finessed the question of social transformation in the origin of capitalism by simply assuming, without explanation, the prior existence of capitalist forces, which then engage in revolutionary struggle to break the fetters that prevent their free development.



used the assembly line as a substitute for higher-cost skilled craftsmen and to tighten the control of the labour-process by capital, with the obvious objective of extracting more value from labour. Now, the new technologies are used to the same ends: to make products easy and cheap to assemble (how else, for instance, would outsourcing be possible?), to control the labour-process, to eliminate or combine various skills in both manufacturing and service sectors, to replace higher with lower-wage workers, to 'downsize' workers altogether – again to extract more value from labour. What is new, then, about this so-called new economy is not that the new technologies represent a unique kind of epochal shift. On the contrary, they simply allow the logic of the old mass production economy to be diversified and extended. Now, the old logic can reach into whole new sectors, and it can affect types of workers more or less untouched before.

To see these developments as a major epochal rupture, we must focus on the more or less autonomous logic of technology, whether the technology of the labour process or the technology of marketing. My emphasis here is on the logic of capitalism, not some particular technology or labour-process but the logic of specific social property relations. There certainly have been constant technological changes and changes in marketing strategies. But these changes do not constitute a major epochal shift in capitalism's laws of motion.<sup>9</sup>

Something analogous can be said of theories that try to explain far too much by invoking the financialisation of capital (usually coupled with, or enabled by, the new technologies). Arguments about financialisation can, to begin with, be very misleading because the role of finance-capital has so long been a major factor in the capitalist economy (as is clear from Lenin's analysis of capitalism's 'highest' stage in the early twentieth century), while the differences between capitalism and precapitalist finance are far more substantial than the differences between one stage of capitalism and another. In today's theories of financialisation, finance is finance is finance – only sometimes there is more of it. The dominant social-property relations seem to make no difference in determining how financial wealth operates, the conditions in which it circulates, or what imperatives it answers to.

I will come back to finance in a moment. But first, let me stress that, when I object to the explanatory burden placed by some theorists on stages within capitalism, my point is certainly not that capitalism undergoes no change. On the contrary, its laws of motion imply constant change. But it seems to me misleading in the extreme to treat these changes as somehow greater than the transformations that brought into being the specific logic of capitalism itself, while at the same time, paradoxically, depriving us of the means clearly to differentiate among the stages of capitalism – so that, for instance, we lose our

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9. Wood 1997.

capacity to explain with any clarity the difference between Lenin's 'highest' stage of capitalism and today's 'new' imperialism. If we obscure the very nature of the capitalist logic, we can talk about the stages of capitalism till the cows come home, but we will not give an adequate account of the changes involved. We shall certainly be unable to account for changes that represent not a new dynamic within an already developed capitalism but rather the capitalist dynamic differentiating itself from non-capitalist forms and finally coming into its own – with all its internal contradictions and ever-decreasing external escape routes.

My own argument suggests that capitalism emerged in the process of internal social transformations in relations among agrarian classes, and then – in a long process of development, and in an international context of commercial, geopolitical and military relations – produced its own specific form of imperialism. There was a complex interaction between capitalism, with its own specific imperatives, and the commercial, geopolitical and military requirements of non-capitalist states, which I try to sketch out in my book. The era of 'classic' imperialism was not unambiguously driven by a capitalist logic, and was complicated by a confluence of capitalist social relations and non-capitalist modes of surplus appropriation.

I also suggest – and this is a somewhat different point – that even capitalist states, well into the twentieth century, were not yet able to mobilise economic imperatives strong or expansive enough to dominate the colonial world and continued to depend to a great extent on modes of 'extra-economic' domination not fundamentally different from precapitalist forms. The British Empire in India is a dramatic case in point. Britain was certainly a capitalist economy, in fact the most developed capitalism in the world; but even here a commercial empire gave way to a tribute-extracting military dictatorship.

Yet capitalism had created its own distinctive form of economic domination (that is, domination not simply by means of extra-economic coercion but by means of imposing market dependence) which continued to develop and gradually overtook non-capitalist forms. As the capitalist economy developed especially in the US, this form of domination finally came into its own in the twentieth century and especially after World War II, creating a new imperialist world, the dynamics of which we are all still trying to understand.

## **6. 'Financialisation'**

The notion of 'financialisation' nicely illustrates the problems in many accounts of the new imperialism. David Harvey, as we have seen, adopts a conception of financialisation that draws no essential distinctions between the current

global capitalist economy and the early commercial empire of Genoa or Venice. At the same time, he has described financialisation as a strategy adopted by the United States in the 1970s in order to strengthen the power of finance in place of manufacturing and productive capital, at a time when US dominance in production was in decline, as production moved elsewhere, while its financial power remained strong. Now, I certainly agree with Harvey about the importance of understanding the US response, in the 1970s and thereafter, to the global downturn after the end of the long postwar boom. There can be little doubt that the US used its unparalleled control of financial and commercial networks to postpone the day of reckoning for its own domestic capital, as its domination of production gave way to competing economies. But we have to be very sure that we do not mistake this process of ‘financialisation’ for something that it is not.

Harvey’s definition does not necessarily imply that finance-capital, with a specific logic different from other capitalist forms, somehow replaced productive capital in the capitalist economy as a whole. In fact, his own work has often emphasised the role of finance-capital in promoting production. But the identification of late-capitalist ‘financialisation’ with earlier commercial practices does tend to suggest the complete severance of finance from production and could be seen as lending support to those conceptions of financialisation today that do imply the detachment of financial from productive capital. While Harvey’s empirical account of the process seems to avoid this kind of slippage, I am not sure his theoretical apparatus provides any protection against it. Given his conception of capitalism, we can, again, easily imagine a contemporary ‘capitalism’ with none of the imperatives of competitive production and driven by requirements not fundamentally different from profit on alienation or age-old usurious practices. We can imagine a form of finance-capital which is the highest form of profit unmediated by production or even the provision of services – not even a process of buying cheap and selling dear but simply an updated version of ancient usury.

Conventional conceptions of globalisation on the Left often seem to suggest that we are witnessing a completely new dynamic engendered by financialisation. The days of productive capital, maybe even capitalism itself, are over, especially now that new information technologies permit the wide and rapid circulation of money or virtual money unmediated by material commodities or marketable services. We are given to understand that recent economic crises have been caused simply by the vagaries of financial speculation, in ways quite different from old forms of capitalist crisis, in some wild and untrammelled pursuit of pure money unsullied by productive capital.

But finance operates in accordance with a specific logic determined by the dominant social-property relations and the prevailing conditions of social

reproduction. It will, and must, behave differently in a precapitalist commercial society than in a society where social-property relations have set in motion the specific imperatives of capitalism. In current theories of financialisation, as David McNally has written,

It appears here as if capital has found its pure form: money begetting money without passing through the mediation of labor and concrete use-values. Indeed, this is the form of capital that entrances both vulgar economics and postmodern theorists of the information economy.

But, as he goes on to say, ‘In fact, interest-bearing money capital cannot escape its ties to the mundane world of labor and production.’<sup>10</sup>

The whole point about crises in the latest period of ‘financialisation’ is that they, like other capitalist crises but unlike economic crises in a precapitalist world, have to do with the specific imperatives of competitive production, which inevitably give rise to productive overcapacity and overaccumulation. It is significant, of course, that capital still tends to flow largely to already developed capitalisms. When it goes elsewhere, it is generally in pursuit of profits created by economies that appear to be in the process of productive growth and development. Finance-capital will do its best to cash in on productive booms wherever they are or seem likely; and it will aggravate, or even generate, crisis by cashing in speculative profits or pulling out the moment profitable production declines. But, in either case, it is following the fortunes of productive capital, responding to the usual capitalist imperatives and reinforcing the usual capitalist contradictions.

It should probably be emphasised here that when Lenin adopted Hilferding’s notion of finance-capital, he was thinking of something quite different from many current conceptions of financialisation which sometimes invoke his name. He was certainly not talking about the severance of financial from productive capital but, on the contrary, had in mind the very particular role of German banks in consolidating industrial production into ‘cartels’ and thus, in the process, fusing with industrial capital. Let us leave aside the question whether fusion in the sense he had in mind ever occurred elsewhere, notably in Britain or the US. His formulation provides little support for conceptions of financialisation that factor out the process of production or, more precisely, the production of capital, whether through the medium of material commodities or marketable services. (I might even be tempted to argue that the German case had as much to do with the survival of precapitalist

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10. McNally 1999, p. 41.

forms as with capitalism, but this really is not the place to pursue that line of argument.)

Another approach that I have encountered suggests that, although Lenin lived in different times, he foresaw the connections between then and now. According to that argument, he only claimed to be describing the beginning of a new development in capitalism, which would increasingly be dominated by finance-capitalism. While he understood that this stage might take a very long time to play itself out, he was predicting that capitalism would never again exist without financial domination; and it was only in this sense that he described his own time as the ‘highest’ stage. What we are seeing today, then, would simply be Lenin’s prediction come true. As an interpretation of Lenin, this may have much to recommend it. But I have problems with an analysis of imperialism in Lenin’s day that overlooks the ways in which that imperialism was still significantly shaped by non-capitalist relations and forces. Yet, even leaving aside this rather fundamental objection, I do not think this interpretation would compensate for a failure adequately to apprehend both what binds the capitalism of Lenin’s day to our own and what differentiates one from the other.

## 7. Universal capitalism

I have argued, in *Empire of Capital* and elsewhere, that what distinguishes our world today from earlier stages of capitalism is the universalisation of capitalist imperatives, something that has happened fairly recently. We now live in a world no longer characterised by the external relations between capitalist powers and non-capitalist dependencies but in a new kind of world universally driven by the capitalist system’s internal imperatives and contradictions. I have tried to explicate the consequences of this ‘universal’ capitalism. I have tried to make clear that, contrary to Bose’s criticism, this does not mean simply a spatial expansion of an already developed capitalism; and – as I have often emphasised – it certainly does not mean that the world is now full of more-or-less developed capitalist economies. It does not even mean that all non-capitalist forms have disappeared.

What I have argued is that capitalist imperatives and new forms of specifically capitalist economic domination now encompass the globe. These imperatives have penetrated ever more deeply into every aspect of life within the developed economies, as every sphere of life becomes commodified; and the major capitalist powers have been able to dominate dependent economies not simply in the old colonial manner – by means of extra-economic coercion – but by imposing and manipulating market imperatives. To say that capitalist

imperatives have become universal is not to say that every dependent economy has become or is becoming a developed capitalism. On the contrary, it can have the effect of marginalising and impoverishing them. But that effect, too, is the product of a ‘universal’ capitalism.

I have preferred, on the whole, to describe these processes as the ‘universalisation’ or ‘internationalisation’ of capitalist imperatives rather than simply ‘globalisation’ – though I inevitably find myself using the latter term too. My unease with conventional notions of globalisation, as I have said, has above all to do with their assumptions about the relation between a global economy and the system of multiple territorial states. In any case, when I do use the term, I argue that ‘globalisation’ – as the transnationalisation of markets and capital – has, in many ways, made the territorial state more, not less, important to capital, and that certain contradictions flow from this. I have also argued that this is an essential factor in the new militarism. The importance of the territorial state in organising the world for global capital puts an even greater premium on maintaining compliant régimes – not least, of course, though not solely in oil-rich regions; and this encourages not only wars directly intended to achieve ‘régime change’ but, in an even more dangerous and open-ended strategy, wars whose main purpose is the ‘demonstration effect’. Since no existing military power can be everywhere at once, the project of policing a global system of multiple states has generated this open-ended militarism which displays to the world a constant threat of war, any time anywhere, with no clear objective or end-game, and regularly demonstrates its powers of destruction.

Bose and Chesnais seem generally to agree with me about the continuing importance of the territorial state, and this makes it possible for them to appreciate the importance of oppositional struggle at the level of the state. It also makes them more sensitive to the possibilities of rivalry among the capitalist powers. But, here too, their arguments are weakened by a failure to acknowledge the specificities of capitalism. As I have already suggested, the specific quality of today’s imperialism cannot be adequately captured by the classic notion of interimperialist rivalry. I have no doubt that the likelihood of conflict, of one kind or another, among capitalist powers (to say nothing of aspiring powers) has increased since the fall of Communism and is likely to continue; but it seems virtually certain to me that those conflicts will never again take the form of earlier interimperialist territorial rivalries among colonial powers.

Today, we have to deal with much more complex interactions between, on the one hand, economic competition among well-developed national capitalisms, and on the other hand, their need for co-operation to sustain

global markets and the conditions of accumulation. The ‘new’ imperialism certainly has its own massive military needs, as I have just suggested and as I argue at length in my book; and there are certainly times when it takes territorial forms. But policing the global capitalist economy in the interests of imperial capital has requirements very different from those of territorial expansion by colonial powers; and the tensions generated by the concentrations of geopolitical and military power organised to keep order in the global economy, in the interests of imperial capital, are substantially different from the territorial rivalries of the old imperialist states. One need only consider the extent to which, even now and even in the midst of heightened tensions, the major capitalist powers have ceded military predominance to one superpower – in a way that would have been inconceivable when the main form of conflict was a zero-sum contest over colonial territory. It is certainly true that aspiring superpowers, notably China, seem intent on challenging US supremacy; but – even if we leave aside any doubts about the extent of China’s territorial ambitions – the degree of its dependence on global capital and global markets with national bases in rival states, not least the US, is an indication of the complexities and contradictions that are shaping today’s global capitalism.

## **8. A word on Bob Sutcliffe’s comments**

I have left Bob Sutcliffe’s comment for last at least partly because, unlike the others, it does not seem to be based on a fundamental misunderstanding of my argument but also because the principal question he raises is how the whole story will end. Harvey and I both, he maintains, present a very bleak picture of where the world is headed and what the possibilities are for opposition. He seems to attribute this in part to what he calls our ‘disdain’ for systematic empirical analysis. If we had explored realities on the ground more concretely, he suggests, we might have been more optimistic – not least because we might have been more inclined to recognise the weaknesses of the imperial hegemon. He then invokes (somewhat mysteriously) Michael Hardt and Antonio Negri by way of comparison, contrasting their (excessive) optimism to our (excessive) pessimism, though, as he says, they are far more allergic to empirical analysis than Harvey and I. More empirical analysis, he suggests, would probably yield a position somewhere between these two extremes.

I cannot, of course, speak for Harvey – though I suspect that, like me, he would vigorously deny the charge of ‘disdain’. Let me just say for myself that disdain is very far from what I feel about systematic and detailed empirical analysis. I have nothing but respect for that kind of work, effectively done. But

that was not the kind of book I set out to write. So I will not try to answer the charge by claiming more empirical analysis than Sutcliffe gives me credit for. What I will try to do is argue very briefly for the usefulness of the kind of book I did intend to write – whether or not I managed to pull it off.

My emphasis here, as in my book, has been on the specificity of capitalism, its logic of process and its specific imperatives. I have tried to show how identifying that specificity in historical perspective, even without a detailed empirical apparatus, can help to explain some of the realities confronting us today. Let me just conclude, then, with some suggestions about how my conceptual and historical enterprise, while different from the kind of empirical analysis Sutcliffe has in mind, can help to illuminate the question he raises about the possibilities of opposition.

I could just point out that I am very far from treating the imperial hegemon as all-powerful. The essence of my argument, after all, has to do with the contradictions of the new imperialism. But I would like to make a more general comment about the political conclusions that I derive from my analysis – and here I have to disagree strongly with Sutcliffe's comments on my pessimism. Since he makes his point by contrasting me to Hardt and Negri, I will take it from there.

It is striking that, while Sutcliffe understands Hardt and Negri as more optimistic than I am, my own reading is just the opposite – and I have said this in print. For me, *Empire* is a counsel of despair, which holds out little hope for effective oppositional struggle. There is, as I have suggested in a critique of their book, a fundamental misconception at the very heart of *Empire*, which effectively denies us any tangible targets, any oppositional agencies, and any concrete modes of struggle.<sup>11</sup> This misconception comes into play before, or without, any empirical analysis and vitiates even the book's rare confrontations with concrete reality. My own analysis, by contrast, is far more hopeful about the possibilities of opposition, both in the imperial hegemon and elsewhere. This is how I conclude my critique:

An analysis of power as it operates in the real world of global capitalism is certainly sobering. But it also carries a more optimistic message about the possibilities of opposition, because, unlike *Empire*, it allows us both the targets and the means of struggle.<sup>12</sup>

(This, by the way, seems to me exactly the balanced position, somewhere between excessive pessimism and excessive optimism, that Sutcliffe thinks we should take.)

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11. Wood 2004.

12. Wood 2004.



‘In this smooth space of Empire,’ Hardt and Negri tell us, ‘there is no place of power – it is both everywhere and nowhere. Empire is an ou-topia, or really a non-place.’<sup>13</sup>

The idea of counter-power and the idea of resistance against modern sovereignty in general thus becomes less and less possible.<sup>14</sup>

Their position is, as I argue in my critique of *Empire*, akin on a global scale to much older ‘pluralist’ arguments in political science, the kind of thing that was challenged by Marxists in the 1970s. Like Hardt and Negri, that old liberal orthodoxy denied any concentrations of class power in the liberal-democratic state, insisting that there was only an infinite diffusion of countervailing powers throughout society. Today we are being told, by Hardt and Negri no less than by many conventional theories of globalisation, that even the state itself is effectively powerless, and political domination in the form of the state is, like class rule, a thing of the past, while the power of capital is more diffuse and intangible than ever. Any political forces intended to challenge the power at a point of concentration in the state (or anywhere else) are even more irrelevant than they were in an earlier pluralist world.

It is not, then, surprising that whatever Hardt and Negri say about the possibilities of opposition is very much less clear and concrete than what they say about the kinds of oppositional struggle that are not possible, such as organised struggles at the level of the state or struggles by organised class forces. All we really get from them as an alternative is some inchoate and immaterial resistance to some mystically ubiquitous force, in some unspecified form, outside any comprehensible space or time. This becomes even more apparent when they spell out their views on today’s oppositional agency, the ‘multitude’, in their book of that name.<sup>15</sup> The problem is not just an inadequate assessment of empirical evidence – the question of empirical evidence hardly arises. Their politically disabling conclusion is based on a theoretical conception of capitalism and its relation to the state or political sovereignty, a conception arrived at pretty much in abstraction from concrete realities, current or historical.

While *Empire* may be unusual in its degree of abstraction, it is certainly not alone in attempting to construct an emancipatory politics on the basis of a theoretical analysis of the relation between economic and political power in capitalism – and there is surely nothing illegitimate or useless about that. My

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13. Hardt and Negri 2000, p. 190.

14. Hardt and Negri 2000, p. 308.

15. Hardt and Negri 2004.

own argument is an attempt to clarify that relation in broadly conceptual and historical terms, by exploring the essential specificity of capitalism and the processes that have brought it to where it is today.<sup>16</sup> This argument is certainly something different from the kind of empirical study Sutcliffe has in mind, but it is not constructed out of thin unempirical air or purely philosophical reflection. My conception of capitalism and how it operates is, I hope, based on a serious appreciation of concrete historical processes. And the conclusion I draw from it is that power in contemporary global capitalism is not the omnipotent force of nature suggested by standard conceptions of globalisation, nor the timeless, placeless and mystical force of Hardt and Negri's imagination. There are indeed tangible concentrations of power and identifiable targets, and counter-power is indeed possible. My book may fall far short of spelling out in detail the necessary agencies, modalities and strategies of opposition. But I cannot help thinking that what we need first is some pretty fundamental clarification about the nature of capitalism, in all its historical particularity, and about its specific forms of power. Dare I say that my critics themselves have demonstrated how much of that clarification we still need to do?

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16. Sutcliffe seems to think my book was intended as a response to Hardt and Negri. That happens not to be true. Most of the work on it was done before I ever read *Empire*, and, if I had any specific target in mind, it was more conventional accounts of globalisation. At the same time, I do believe that Hardt and Negri's book, at bottom, gives us something very much like a dressed-up restatement of precisely such theories of globalisation.

## Intervention

### The Zimbabwe Question and the Two Lefts

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#### Abstract

This article identifies the two currents that have divided the Left over the Zimbabwe question. It argues that in the course of the radicalisation of the Zimbabwean state, ‘Two Lefts’ emerged, the so-called ‘internationalist’ and the ‘nationalist’, to take up opposite positions over a series of political questions, most notably the agrarian question and the national question. The article defends the nationalist Left and offers a critique of the ‘internationalist’ Left through a discussion of contemporary imperialism, the neocolonial state, and civil society.

#### Keywords

Zimbabwe, agrarian question, national question, imperialism, neocolonialism, civil society

#### Introduction

The debate surrounding the land reform in Zimbabwe has developed into an exchange of positions on a wide variety of issues that, by their nature, are of universal relevance.<sup>1</sup> At the crux of the Zimbabwe question are two historical questions, the national and the agrarian, which have focused the minds and actions of the Left internationally for well over a century. Both questions were conceived before modern imperialism – gradually taking shape in the aftermath of the French and Haitian revolutions, through the European revolutions of 1848 and the Paris Commune of 1871 – but they were globalised in form and altered in substance from the 1870s onwards, with the onset of the new imperialism. Henceforth, the resolution of both questions became contingent

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1. We thank the editorial board of *HM*, and especially Liam Campling, for insightful comments on earlier drafts.

on the defeat of imperialism itself. Yet, in the century that followed, imperialism remained in full force, surviving two world wars, two world economic crises, several social revolutions, and countless more national-liberation struggles. What is more, with the crisis of the 1970s and the defeat of the anti-imperialist struggle worldwide, the two historic questions were demobilised and sent into neoliberal ‘hibernation’.

Alongside structural adjustment, a process of intellectual adjustment took place, whereby both questions were pronounced ‘resolved’. A two-fold claim was made: first, that the transition to capitalism in agriculture need no longer be articulated with comprehensive industrialisation in the periphery, or, in other words, with the creation of a national economy to consummate political independence; and second, that, in any case, decolonisation was being buttressed in the 1970s by a new round of capital export, such that the coveted ‘convergence’ between former coloniser and colonised would be realised in an evolutionary manner. The claim was doomed, of course, and in time the ice would thaw – or shatter. In Latin America, the symbolic reawakening came with the Zapatista uprising in 1994; in Africa, it came in 2000, with a radical-nationalist land occupation movement.

Posing the contemporary problematic in terms of these two historic questions remains a matter of difficulty. Thus far, not all participants in the debate accept these terms without hesitation, or without confusion about their meaning. This is reflected in recent critiques of our own position, which we review in this essay. The difficulty in facing up to these questions, we argue, springs from two contradictions: the Eurocentric assumptions which imbue our critics and, in most cases, their persistent refusal to submit class relations to rigorous analysis. The first contradiction has to do with the age-old infiltration of the Left by the ideology of imperialism; the second is simply a case of populism.

In previous articles, we distinguished between two Lefts in Zimbabwe, one associated with urban working-class politics, conventional trade unionism, and civil-society organisations, the other inclining to the countryside, focusing on less organised forms of working-class politics, and urging trade unionism to take note.<sup>2</sup> These two Lefts co-existed in Zimbabwe without major contest between them and without full cognisance of the depth of their differences; for, as Hegel would say, ‘the owl of Minerva spreads its wings only with the falling of the dusk’. The moment of truth was the political crisis of the late 1990s, when ‘Two Lefts’ faced off on opposite sides of the land question. Although neither Left claimed ideological purity in a crisis situation, they did

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2. Moyo 2001, Yeros 2002, Moyo and Yeros 2005a.

spring from two distinct ideological roots: a so-called ‘internationalist’ Left and a ‘nationalist’ Left. These two Lefts have a longer historical dispute in which the ‘internationalist’ tendency has predominated, and continues to do so today in the context of the World Social Forum (WSF) – what we might call the ‘Fifth International’. It is interesting to note that the debate over the ‘Two Lefts’ has now spread to Latin America as well, following the radicalisation of nationalism in Venezuela since 2004 and Bolivia in 2006, thereby amplifying the new wave of contradictions and possibly laying the ground for a more generalised split among the movements and intellectuals that in recent years have converged around the WSF.<sup>3</sup>

We do not intend in this article to delve into the history of nationalism and internationalism in socialist politics. Instead, we refer the reader to two important works by Samir Amin, *Class and Nation* and *Delinking*, written in the late 1970s and early 1980s,<sup>4</sup> just as the national question was entering its winter slumber, and to our own recent critique of the dominant tendencies within the World Social Forum.<sup>5</sup> Suffice it to note that, following Amin, we dispute the universalist claims of the so-called ‘internationalist’ Left. This ‘universalism’ is the expression of a particular Marxism which has analytically obscured the centre-periphery structure of imperialism, politically submerged the national question under a formal ‘equality’ of nations and proletariats, failed to recognise the validity of political questions that are specific to the periphery (especially the agrarian question), and, in its dominant social-democratic expression, has actively sought to disorganise progressive working-class politics in the periphery, not least through international trade unionism. We also reject the suggestion that the ‘nationalist’ Left, to which we belong, is deficient in universalism. On the contrary, we maintain that our own Marxism consists of a more committed internationalism, which insists on the substantive, not cosmetic, dissolution of hierarchies among nations and proletariats in the struggle against capital.

We preface this discussion with a schematic description of these two Lefts in Zimbabwe, as well as the general analytical and political posture which the ‘internationalists’ have assumed in the course of Zimbabwe’s radicalisation.

The nationalist Left is characterised by its advocacy of delinking from the world economy, that is, the progressive ‘nationalisation’ of the law of value. As such, it recognises that nationalism is a necessary, but not sufficient, ideological

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3. This debate is mainly in Spanish (see the issues of *Nueva Sociedad*, 197: 2005 and 205: 2006, <<http://www.nuso.org>>), although two important contributions are in English, by Castañeda 2006 and Petras 2006; for an overview of the debate in Portuguese, see Yeros 2007.

4. Amin 1980, 1990 [1985].

5. Moyo and Yeros 2005b.

force in the periphery; that the deep social transformation entailed in delinking cannot be brought to fruition from within civil society, which is embedded in existing structures; and that rural movements in the periphery, where the agrarian question remains unresolved, remain crucial to any meaningful social transformation. This Left remains critical of the populism of such nationalist forces, whenever necessary, but also remains in constructive engagement with them, for they are the bearers of unique revolutionary potential.

The internationalist Left, on the other hand, shuns nationalism, even (or especially) in the periphery, and defends competitive insertion in the world economy – including against other peripheral states – as a means of growth and redistribution. It also commits itself to the institutions and procedures of bourgeois democracy, to civil society organisations with external patronage, and especially to urban movements, at the neglect of their rural counterparts. This Left continues to employ the concepts and methods of historical materialism and recognises the bourgeois nature of its platform, but resorts to a political ‘pragmatism’, typically justified by reference to ‘adverse’ objective conditions internationally, which it exaggerates. In this sense, it is also the case of *reformist opportunism*.

We might even identify a ‘third’ Left, though only tentatively, given that it is organically marginal and instinctively converges with the second Left in critical junctures. This ‘internationalism’ is characterised by its rhetorical refusal to take sides in the polarisation for not being sufficiently ‘democratic’ or ‘socialist’ on either side. Nonetheless, like the second Left, it vehemently shuns peripheral nationalism, underestimates rural movements and land reform, and privileges civil-society organisations, especially the urban. Moreover, it places its hopes on an advanced form of ‘international solidarity’, especially North-South, whose contradictions it fails to interrogate. It is, in fact, the case of *ultra-leftism*, which exaggerates the subjective conditions of sociopolitical forces, especially in the imperialist centres, and lacks any viable tactical/strategic footing of its own; hence its instinctive convergence with reformist opportunism.<sup>6</sup>

In the course of Zimbabwe’s crisis, the politics of the internationalist Left as a whole have congealed in a concrete political position. First, it has celebrated bourgeois political institutions, whereby civil society, the rule of law, corporate media, and parliamentary democracy have been extolled. Second, it has propagated a human-rights moralism, by which human rights have been routinely detached from their social context and suspended in mid-air, above

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6. We are expressly using the term *ultra-leftism* *not* in the opportunist way in which it has been used in South-African debates.

social rights and the right of national self-determination. Third, it has woven a discourse of 'crisis, chaos, and tyranny', by which the need for urgent external interference is evoked, in the interest of 'régime change'. And, fourth, it has explicitly supported, denied the existence of, or remained silent about, imperialist sanctions. And, here, the chosen political strategy is not to mobilise and capacitate the working class for sustained ideological and political struggle against the state and capital. It is to rely on externally imposed sanctions as a means of undermining the land reform, the economic recovery, and thereby the 'tyrant'. Economic recovery is their worst enemy.

This Left in Zimbabwe has found ready allies among the European Left. This was generally to be expected, given the historic (post-1920, post-1968) degeneration of political organisation and consciousness on the continent.<sup>7</sup> But what was not expected was that its posture would gain allies even among segments that have generally remained astute in their analysis of international affairs. Yet, in relation to the Zimbabwe question, they abandoned the land occupations early, absorbing international media reports uncritically, and allowing themselves to be swept away by liberal critique and banal prejudice against black nationalism. They remain silent on imperialist sanctions.

Our response to our critics is organised around two themes: imperialism, including the instrument of sanctions; and the neocolonial state.<sup>8</sup>

## **Imperialism**

The theory of imperialism has enjoyed a revival in the last decade, and, of late, it has come to focus on Africa. However, the debate has lacked the analytical rigour necessary for an effective anti-imperialist politics: economic questions are routinely divorced from political questions, in the familiar economism charged by Lenin.<sup>9</sup> More specifically, current analyses abstract the fundamental contradiction of the capital-labour relation from the principal contradiction of the centre-periphery relation, in which the fundamental contradiction manifests itself concretely.<sup>10</sup> As such, current analyses lose sight of the key political questions that pertain to the neocolonial situation.

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7. Anderson 1976, 1983.

8. We will not address here the escalation of contradictions post-2000 or the mass urban evictions of 2005; for these, see Moyo and Yeros 2007.

9. Lenin 1903.

10. Amin 1990, 2003; for a seminal statement, see Mao 1990.

*Obscuring imperialism*

Two authors in particular, Patrick Bond and Henry Bernstein, have sought to understand the political economy of Africa from a ‘world-historical’ perspective, one that, purportedly, takes into account the location of the continent in the world economy and its transformation over time. They are eminent scholars, ‘internationalists’ and prime examples of ultra-leftism.

Bond has written extensively on Zimbabwe and South Africa.<sup>11</sup> His basic argument, which draws from classical-Marxist thought, is that financial power is the essence of imperialism. As such, it is the source of domination of centre over periphery, and the source of recurrent authoritarianism in the latter. However, financial power also has vulnerabilities, which inevitably lead capitalism to crisis. Bond argues that resistance to imperialism must develop tactics to ‘trip up’, as it were, the financial circuit. But, according to Bond, resistance cannot come from nationalism in the periphery, which is either comprador (as in contemporary South Africa) or exhausted-comprador (contemporary Zimbabwe), and which typically ‘talks left and walks right’. Resistance must come from ‘mass-based social movements and radical NGOs’ and their global allies, not least in the North, who are involved in the struggle against debt, the International Financial Institutions (IFIs), and corporate malfeasance.<sup>12</sup> Nonetheless, Bond tells us, social movements must also focus their energies on the nation-state in the interest of scaling back financial power at the national level.<sup>13</sup>

What is wrong with this formulation? At the heart of the problem is the failure to recognise the depth of the principal contradiction. Despite his prolific writing on financial power, Bond neglects that imperialism is built on working-class alliances within imperialist states, historic alliances founded on chauvinist/racial ideology; he also neglects the real conflicts between financial power and nationalist movements in the periphery.

We must recognise, first, that the Western labour aristocracy – that stratum of the working class, identified by Lenin a century ago, that is both powerful in the international working-class movement and co-opted by imperialist bourgeoisies – is today structurally incorporated into the financial circuit by means of its savings, as Peter Gowan has shown, such that the pension funds to which they subscribe have an objective interest in global and deregulated financial markets.<sup>14</sup> In Bond’s analysis, such an objective contradiction among

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11. See, especially, Bond 1997, 2001, 2002, 2004, 2006.

12. Bond 2001, Chapter 11, Bond 2006, Chapter 7.

13. Bond 2001, Chapter 12, Bond 2002, Chapter 5.

14. Gowan 1999.



the workers of the world does not seem to be worthy of analysis. He seems to suggest the contrary: that this contradiction may be overcome by 'ethical' arguments, such as by the campaign against World-Bank bonds, which has led to the withdrawal of a major pension fund from the Bank (but not from the global financial circuit).<sup>15</sup> While transnational alliances such as this are surely needed, such campaigns and victories cannot be taken out of their context, or exaggerated in the interest of 'internationalism'. Second, we must also recognise that nationalism is not comprador by 'nature'. *Pace* Bond, previous nationalist movements have not had negligible impact on the financial circuit. Arrighi has convincingly shown that the crisis of the 1970s, and the end of the Bretton-Woods system, was owed to a number of factors, including economic competition among imperialist states and revived class struggle in the centre, but, above all, the national-liberation struggle in Vietnam.<sup>16</sup>

There is, in Bond's analysis, a recurring underestimation of certain forces in the periphery (the nationalist) and overestimation of forces based in imperialist countries (the 'internationalist'), compounded with an inability to identify the racialised hierarchy between the working classes from which they spring. Of course, it is true that capital exploits workers everywhere, in the centre and the periphery, but, in fact, it exploits workers in the periphery more brutally, in alliance with Northern labour. This is a political-historical fact. The same problem of racialised hierarchy is also not taken seriously within the states to which Bond devotes so much attention, treating race merely as a 'deviation' from class politics, not a constitutive feature of class politics. This explains Bond's disdain for nationalism generally – which, we should add, is by no means compensated for by his repeated, and highly problematic, references to Frantz Fanon.

It is no surprise that Bond has instinctively attached himself to Zimbabwe's political 'opposition' clamouring for 'régime change'. Of course, to his credit, he has pointed out the bourgeois nature of the MDC, even its dependence on white agrarian and industrial capital and foreign donors. But, ultimately, the political solution to Zimbabwe's crisis, according to Bond, 'will necessarily require a change of ruling party', on the presumption that a bourgeois MDC would be 'more tolerant of dissent and diversity'.<sup>17</sup> Somehow, Bond has continued to put his faith on class and race reversals within the MDC, given its alliance with 'mass social movements and radical NGOs'. But nowhere has Bond ever undertaken a serious class analysis of civil society in Zimbabwe, whose severe limitations include its membership (largely urban, in a largely

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15. Bond 2006, p. 146.

16. Arrighi 2003.

17. Bond 2002, pp. xiv and 113, respectively.

agrarian country), its leadership (largely middle-class professionals), its autonomy (heavy donor dependence, even among trade unions), and ideology (petty-bourgeois, bourgeois, neocolonial). It is not clear to us why Bond has failed so stunningly in this task.

It is perhaps easier to explain why Bond has failed to analyse rigorously the ruling party, the war veterans' association, and the land-occupation movement, given that they all have espoused black nationalism. Indeed, the land-occupation movement has appeared as a conspiracy (more on this later), the war veterans as mere 'shock troops', and ZANU-PF as an intrinsically violent political phenomenon, almost atavistically so. Indeed, in Bond's hands, 'authoritarianism' in Zimbabwe becomes detached from its political-economic substance, such that Zimbabweans can be compared generically to 'other oppressed people' in the world, such as in Palestine, Burma, and apartheid South Africa!<sup>18</sup> Thus, not only is the distinction between colonialism and neocolonialism obliterated, but also an anti-imperialist nationalism is equated to Zionism.

So blinding is Bond's disdain for black nationalism that he fails to give the radicalised ZANU-PF government any credit for standing so courageously – and often single-handedly in Africa – for nearly all the progressive foreign-policy causes that Bond holds so dear: Zimbabwe effectively defaulted on foreign debt and has imposed heavy controls on its capital account and banks; Zimbabwe has been a leading player in the global alliances that stalled WTO negotiations in Seattle, spoke truth to power at Doha, and rejected opportunistic reform of the United Nations; and Zimbabwe has single-handedly undermined NEPAD and repeatedly confronted South-African sub-imperialism and US imperialism, including in the Democratic Republic of Congo (DRC), at great cost to itself. So blinding is Bond's disdain for black nationalism that he cannot even see a substantive class difference between comprador/sub-imperialist nationalism in South Africa and radical/anti-imperialist nationalism in Zimbabwe.

Bond, finally, calls for a particular 'internationalism', one which is in vogue among reformist, single-issue NGOs with a human-rights ideology; its strategic priority, he tells us, should be on external, stateless enemies, namely the Bretton-Woods institutions.<sup>19</sup> To this, Bond adds a complementary national project focused on capital controls, and his formula thus becomes 'internationalism plus the nation state'.<sup>20</sup> But algebraic equations of this kind do not add up in politics. And its contradictions are clearly evident in

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18. Bond 2006, p. xvi, Bond 2002, p. 184.

19. Bond 2001, p. 236.

20. Bond 2001.

Zimbabwe, where Bond has suggested the imposition of imperialist sanctions in the interest of ‘political’ but not ‘economic’ liberalisation, without explaining to us how a neoliberal civil society and political opposition, once in power, would confront economic liberalisation.<sup>21</sup>

A second critic of left nationalism has been Henry Bernstein, who for three decades has devoted his work to the agrarian question – and has also had significant influence on our own understanding of agrarian change. Moreover, unlike most of the recent critics, he has never abandoned class analysis and has even shown some sympathy for the nationalist position. However, this has been ambivalent, for in Bernstein’s work there is no systematic theory of centre-periphery relations and no systematic link between the agrarian and national questions.

In recent years, Bernstein has published several articles of historical and theoretical import.<sup>22</sup> His main arguments may be summarised as follows. The agrarian question ‘ended’ in the 1970s without having been ‘resolved’; this means that agriculture completed its historic transition to capitalism worldwide but without a comprehensive transition to industrial society in the periphery. What has ended, therefore, has been the agrarian question ‘of capital’, industrial capital specifically, while what remains is an unspecified agrarian question ‘of labour’. At the same time, redistributive agrarian reform has also ‘ended’ due to the dismantling of the ‘developmental’ state, and has been followed by a new period of market-based land reforms whose objectives are unrelated to the classical agrarian question. He goes further to claim that whatever redistributive land reforms may take place in the current period (as in Zimbabwe), they are exceptional and are not part of a wider phenomenon. Meanwhile, the agrarian question ‘of labour’ may not have yet expressed itself in clear political terms, but it does have a common social basis, which is the post-1970s fragmentation of labour and the deepening crisis of social reproduction under structural adjustment; its specific expression, Bernstein tells us, will depend on ‘local features’ within the ‘complex variations in time and place’ which characterise African polities.<sup>23</sup> With respect to the land question in Zimbabwe specifically, he has taken the ambivalent position that land reform has contained progressive potential, given that the national-democratic revolution has been compromised in the transition to black majority rule, as in South Africa, but he has lamented the dismantling of ‘well-established and successful capitalist farms’, and has complained there have been too many losers,

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21. Bond 2002, p. 184; Bond 2005.

22. Bernstein 2002, 2003, 2004a, 2004b, 2005.

23. Bernstein 2002, p. 437; Bernstein 2005, p. 82.

especially among farmworkers, and too many winners among the ‘state class and (black) bourgeois elements’.<sup>24</sup>

Bernstein has maintained his silence on imperialist sanctions and their effects on agrarian change,<sup>25</sup> while his ambivalence over black nationalism seems to have hardened over time to assume a clear oppositional stance. More recently, the *Journal of Agrarian Change* (which Bernstein co-edits) has published a critique of our work by Ben Cousins, which was more vigilant in its defence of white agrarian capital on similar ‘productivity’ grounds.<sup>26</sup> Ostensibly, both analysts prefer nationalised or socialised agriculture on a large-scale basis, but their ‘dialectical’ understanding of social change permits of only one (‘productive’ and ‘non-racial’) path to rural social transformation, which rules out nationalist mobilisation, the re-division of land, and new forms of co-operativism/collectivism among smallholders (i.e. the attainment of new economies of scale). And so, when the reality of mass land occupations and radical nationalism clashed with their economic blueprints, these internationalists closed ranks with reaction and sanctions.

The classical agrarian question has not been resolved, but it is also unjustifiable to declare it dead. Bernstein’s conclusion derives from two assessments regarding, first, the relationship between the state and rural social movements, and second, an atrophic link between the agrarian and national questions. With respect to the first, Bernstein argues that postwar redistributive reforms derived from the historical coincidence of ‘the developmental state’ and ‘local tensions’, of which the former has now been ‘rolled back’, while the latter have remained diverse and undefined. We have argued against this position elsewhere:<sup>27</sup> postwar land reforms, while deriving from local contradictions in the first instance, were contingent upon the larger international contradictions and class balances of the Cold War. In this context, the state was not ‘developmental’ but fulfilled a specifically neocolonial function, streamlining or suppressing demands for land reform. In this light, credit for land reforms is due to the political agency of rural movements against the neocolonial state, while the ebb in land reforms under structural adjustment has been a function of the strengthening of the neocolonial state against progressive social forces. It follows then that the resurgence of rural movements under neoliberalism is neither exceptional nor a dead letter.

Second, the new agrarian question ‘of labour’ to which Bernstein refers may indeed lack political definition on the part of the new rural movements.

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24. Bernstein 2005, pp. 89–90.

25. Bernstein 2004a, p. 217.

26. Cousins 2006.

27. Moyo and Yeros 2005b.

However, it is the purpose of social theory to provide such definition. We must ask, therefore, what is the purpose of an agrarian reform ‘of labour’? Is it not the resolution of the national question? Is it not the defeat of imperialism? These remain burning political questions and are essential to the formulation of anti-imperialist politics. And what exactly is the international context of the ‘complex variations’ from which local contradictions spring? Is it not the centre-periphery structure of the international system? Is it not the world economic crisis and the imperialist methods of crisis management? Again, anti-imperialist Marxism cannot fail to connect the local and the global, or obscure it under so-called ‘complex variations’.

### Imperialist sanctions and silences

Beyond the above two authors, there has been another attempt in a *Review of African Political Economy* article by Ian Phimister and Brian Raftopoulos to interpret, not the world-historical nature of the Zimbabwe question as such, but its current international politics.<sup>28</sup> And, in this case, we find the classic reduction of democratisation to a ‘human-rights’ question, over and beyond the agrarian and national questions, typical of reformist opportunism.<sup>29</sup> We also find not so much a silence on sanctions, but innocuous mention of them. It amounts to a calculated silence on the strategy and impact of imperialist sanctions.

In their article, Phimister and Raftopoulos seek to understand the ‘politics of anti-imperialism’ in Southern Africa, and specifically the form that this politics has taken in the alliance between the two presidents, or ruling parties, in Zimbabwe and South Africa. Their argument is that President Mugabe has manipulated the ‘liberal imperialism’ of the West, and especially of the United Kingdom, in order to bolster his own ‘authoritarian’ rule. For its part, the ANC in South Africa has provided cover for ZANU-PF for three reasons: fear of the ‘unsettling precedent’ that an MDC victory in Zimbabwe would have in South Africa; the popular appeal of President Mugabe in South Africa; and a ‘liberation solidarity’, broadly understood. This anti-imperialist politics, they argue, constitutes a ‘misplaced sense of Pan-Africanist solidarity’, which follows a long tradition in African politics to the effect of legitimating internal

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28. Phimister and Raftopoulos 2004.

29. In later, more reflective, articles, specifically after the split within the MDC, Raftopoulos (2005, 2006) has acknowledged the ‘dangerous rupture’ in the ‘discourse’ between human rights and economic rights among civic organisations; however, the basic contradictions in the analysis, discussed below, remain unresolved.

oppression. They conclude that Southern African states have yet to embrace a pan-Africanism that rejects both external dependence and internal authoritarianism, the two being unconnected.

Despite suggestions as to a more progressive pan-Africanism, however, we are led to believe that a 'human-rights' politics is sufficient for the task. In practice, this 'pan-Africanism' is none other than the 'liberal imperialism' from which they pretend to distance themselves. Indeed, they offer no tangible critique of liberal imperialism, while they devote the whole of their energy to a critique of populist anti-imperialism from a human-rights perspective. This liberal politics is supported by a bourgeois 'discourse analysis', based largely on press reports, by which they strip imperialism of its material basis. Thus, if the anti-imperialism of the ruling party in Zimbabwe is a mere manipulation of liberal imperialism, as they argue, theirs becomes a manipulation of populist anti-imperialism for imperialist ends.

The absence of class analysis is a serious handicap. Nowhere do we find a systematic inquiry into the class dynamics of neocolonialism in Zimbabwe, save for the ritual charge of 'corruption' against the black bourgeoisie (but not the white). Instead, we are presented with a simplistic contest between 'authoritarianism' and 'human rights'. Nor is the 'opposition' questioned in terms of its social basis, its reactionary ideology and strategy, its direct financial relations with imperialist forces, and its own corruption. The authors tell us that 'the regime [meaning ZANU-PF] has been able to represent the fundamental human and civic rights questions placed on the Zimbabwean political agenda since the 1990s as marginal, élite-focused issues, driven by western interests, and having little relation to urgent problems of economic redistribution'.<sup>30</sup> But they do not tell us why the government is wrong in its assessment of the opposition.

The authors also tell us that the South-African leadership is constrained by the popular appeal of President Mugabe, but they do not inquire into the sources of this appeal. Could it be the bankruptcy of bourgeois democracy in South Africa? Could it be the absence of land reform? Could it be the perseverance of extreme class and race divisions? Our authors do not wish to get to the heart of the matter. We are also told that the 'quiet diplomacy' of the ANC is simply acting out the sub-imperialist role of South Africa – that is, doing the bidding of the US government; they state that 'when push came to shove, neither Bush nor Powell were actually prepared to go beyond the limits preferred by Pretoria'.<sup>31</sup> The fuel and electricity subsidies extended by South

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30. Phimister and Raftopoulos 2004, p. 399.

31. Phimister and Raftopoulos 2004, p. 393.

Africa to Zimbabwe and its defence of the latter in international fora now appear as a mere imperialist ploy. In the same way that they do not identify the contradictions of neocolonialism, they also do not see the contradictions of sub-imperialism.

But most of all, they maintain a deafening silence on the strategy and impact of sanctions – sanctions that go far beyond the ‘preferred limits by Pretoria’. Any analysis of the Zimbabwe question, and especially one that claims to deal with its international dimension, could not fail to provide an analysis of sanctions. They are, after all, the concrete policy of ‘liberal imperialism’, and the central strategy of the domestic ‘opposition’. Their mention of sanctions is brief and concerns only the ‘targeted’ sanctions against government officials and the suspension of Zimbabwe from the Commonwealth.

A closer look would reveal a much more robust sanctions policy, one which is both formal and informal. Any sanctions policy requires a normative framework for its implementation. Since the 1990s, the framework has been that of ‘good governance’ – the ‘liberal imperialism’ to which our authors refer – which comprises of both economic and political criteria of proper international behaviour and which constitute the basis of lending by the IFIs (the IMF and the World Bank) to indebted peripheral states. The majority of peripheral states, outside ‘emerging markets’, have depended almost exclusively on the IFIs for credit, given that they have been shut out of private capital markets ever since the onset of the debt crisis of the early 1980s. What is more, private capital today tends to follow the credit ratings of the IFIs and a handful of credit-rating agencies for their own lending decisions, such that the global management of good governance becomes highly centralised. And, given that the IFIs are dominated by the imperialist states, they are subject to their geopolitical interests, while simultaneously the same states employ the IFIs as a ‘multilateral’ cover for their aggression against indebted peripheral states; that is, imperialist states need not necessarily impose ‘formal’ sanctions of their own against transgressors.

But even beyond the IFIs, imperialist states, together with their corporate media allies, can punish a target state informally by increasing the level of economic and political ‘risk’ associated with it; this is done by propagating a discourse of ‘roguey’, whereby capital responds spontaneously by fleeing. In this context, good governance has come to include not only economic conditionalities but also the political conditionalities of multi-party elections, respect for the rule of law, and respect for human rights. In theory, these conditionalities apply to all transgressors; in practice, they are selectively demanded of certain states whose ‘roguey’ threatens world order, and

suspended for others that demonstrate commitment either to macroeconomic reforms or to the geo-strategic plans of the transatlantic alliance.

In the case of Zimbabwe, as long as the state (under ZANU-PF) was implementing IFI-led macroeconomic reforms in the early 1990s, there was no need to sanction its repression against social forces. It was only after 1997 that relations with the IFIs and the West soured, resulting from the political-economic turn-around in Zimbabwe that entailed the suspension of structural adjustment, the beginning of active state intervention in the land question, intervention in the DRC, and debt default. At that point, all the economic and political conditionalities began to be invoked, beginning with the suspension of balance of payments support by the World Bank, and followed by a broad range of formal and informal sanctions, including a sustained propaganda campaign against Zimbabwe to the point of comparing 'Mugabe' to 'Milošević'.

From 1998 onwards, formal sanctions consisted of an embargo on the sale of military equipment by the UK (hitherto a key supplier), due to Zimbabwe's entry into the DRC conflict against US-backed rebels; and, less formally, of the UK's renunciation of its historic obligations in the funding of land reform after the international donors' conference of the same year. Then, in 1999, relations with the IMF deteriorated, leading to the suspension of lending.<sup>32</sup> Thereafter, the confrontation escalated rapidly, such that, in 2000, with the onset of fast-track land reform, the door was shut by the whole of the donor community. It is estimated that overall development assistance contracted from a peak of US\$562 million in 1994 to US\$190 million by 2000, which was thereafter limited largely to 'humanitarian aid'.<sup>33</sup> These sanctions have been 'informal'.

In addition to these, from 2002 onwards, the UK, EU, and US governments began to formally freeze the assets of state officials, impose travel bans, and authorise funding for NGOs in opposition to the government; in the same year, the Commonwealth suspended Zimbabwe – which retaliated in late 2003 with its complete withdrawal from the organisation.<sup>34</sup> The confrontation escalated especially with the US government, which in the initial stages had taken a back seat to the UK. In late 2001, the US Congress passed the Zimbabwe Democracy and Economic Recovery Act, which consisted of a formal injunction to US officials in the IFIs to oppose any lending and debt cancellation for Zimbabwe, and also granted the White House authority to

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32. Bond 2002, Chapter 2.

33. UNCTAD 2002.

34. Elich 2002, p. 4; see also CPIA 2005, pp. 69–70.



fund ‘independent’ media organisations in the country.<sup>35</sup> Thereafter, attempts were made to refer Zimbabwe to the UN Security Council, culminating in the labelling of Zimbabwe as an ‘outpost of tyranny’ in 2004. In the meantime, the UK government appointed High Commissioner Brian Donnelly to Zimbabwe, previously the British ambassador to Yugoslavia, most likely due to ‘the experience he gained in undermining the Yugoslav government’.<sup>36</sup>

This set of events was accompanied by several other more surreptitious acts of aggression. US travel warnings were issued against Zimbabwe, which impacted directly on the tourism industry. Food aid was blocked, while the land reform was failing to recover domestic production, and then unblocked and used as a political and economic tool. Assistance to the country’s HIV/AIDS programme was also blocked due to ‘technical problems’; this resumed in 2005, but remains by far the least funded national programme by the Global Fund, despite attending to the fourth highest infection rate in the world.<sup>37</sup> The domestic NGOs that did not conform to the ‘opposition’ line saw their own aid blocked; while pro-opposition NGOs were systematically financed by the US and UK governments via such agencies as the Westminster Foundation for Democracy, the Zimbabwe Democracy Trust, the Southern African Media Development Fund, and USAID, including its Office of Transition Initiatives.<sup>38</sup>

The economic siege, political destabilisation, and propaganda war has stopped short of military aggression, and for this, the regional and larger geopolitical context has played a role. Undoubtedly, South Africa has provided a buffer against the militarisation of sanctions, in sharp contrast to the proxy role that it had played during apartheid and the Cold War via the policy of destabilisation. Yet, the content of its ‘quiet diplomacy’ has vacillated, generally providing diplomatic and some material cover to Zimbabwe, but in a deeply contradictory context, characterised by South Africa’s larger continental sub-imperialist policy and Zimbabwe’s confrontation with both imperialism and sub-imperialism. In 2005, South Africa went on to enlist in an IMF-led attempt to bring Zimbabwe back into international policy-based lending – as South Africa had done before for the DRC.<sup>39</sup> We might say that South-African sub-imperialism – post-apartheid and post-Cold War – has made the transition from a policy of destabilisation to one of ‘stabilisation’. Meanwhile, the other SADC states have defended Zimbabwe at great cost to themselves; indeed,

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35. ZDERA 2001.

36. Elich 2002, p. 5.

37. ACF 2006, p. 19.

38. Elich 2002, pp. 6–7.

39. Bond 2005.

they have been subject to repeated threats of financial punishment, especially Malawi and Mozambique, unless they condemned Zimbabwe.<sup>40</sup> The larger geopolitical context is also important. After 9/11, the sights of the US-UK alliance shifted decisively to Central Asia and the Middle East, culminating in the invasions of Afghanistan and Iraq. We do not know how the sanctions might have escalated in the absence of such a geopolitical diversion. But we do know that the effects of economic and political sanctions alone, both formal and informal, have been grave.

It is estimated that the economy has shrunk by over thirty per cent since 2000, with drastic contractions in all sectors of the economy, while press reports routinely remind us that ‘Zimbabwe is the fastest shrinking economy in the world’. Inflation now runs above 4,000 per cent; foreign exchange is scarce; fuel queues are endless; and speculation and profiteering are endemic. It is, of course, true that the land reform has disrupted – as any land reform would – the existing production and distribution systems in agriculture, as well as the wider economic and financial linkages in the economy. This is especially true of the tobacco industry, which was previously concentrated in large-scale farming and was the principal source of foreign exchange. But it is also true that other commodities grown by smallholders, especially maize and cotton, were not affected directly by the land reform. These were hard hit by prolonged draught and poor rainfall distribution (2001–5), the worst in the post-independence period.<sup>41</sup> They have also been hard hit by the economic siege. It is very likely that, in less hostile circumstances, recovery would have made reasonable progress, and this despite the drought (which a decade earlier had been dealt with effectively), despite the lack of initial infrastructural support, and despite corrupt practices by elements within the ruling party. Indeed, because of the land reform, the potential for agricultural growth in resettlement areas is now far greater, given that the new farmers (small and middle capitalists) find themselves in more favourable agro-ecological conditions, and also may crop more extensively on land which previously had been greatly underutilised (as much as forty per cent of the white large-scale sector). However, the economic siege has gravely undermined the procurement of inputs (seeds, fertiliser, tillage) and, no less importantly, has had deleterious effects on the national health system and, consequently, the HIV/AIDS pandemic – a crucial factor in smallholder productivity.<sup>42</sup> This economic siege has been accompanied by ‘humanitarian aid’. That is, instead of providing

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40. Elich 2002, p. 4; see also CPIA 2005, p. 63.

41. World Bank 2006, pp. 65–70.

42. ACF 2006, pp. 18–20.

financial and technical aid, donors have opted for ‘food aid’, which accounts for eighty per cent of total aid, and which further undermines local food production and recovery; the same donors have explicitly opposed any aid to resettlement areas.<sup>43</sup>

Imperialist sanctions and silences are accompanied by other ‘explanations’ of economic decline.<sup>44</sup> The land reform has pride of place in these explanations. We are routinely told that the land reform ‘disrupted’ an erstwhile ‘productive’ agricultural sector; that the new black farmers are incapable of farming productively; or that they are not compelled to do so, because they received the land at zero cost; or that property rights are insecure and cannot mobilise financial resources. To these are added the macroeconomic ‘mismanagement’ of the government, which continues to reject neoliberal orthodoxy, as well as its ‘incompetence’ and ‘corruption’.

A proper explanation of economic decline must be capable of combining the external contradictions of Zimbabwe – the international context of sanctions – with its internal contradictions, the two being dialectically related. It would thus become clear that the land reform in Zimbabwe has taken place against an array of hostile forces whose objective has been either to co-opt and streamline its transformative potential, or to reverse the land reform altogether and subvert radical nationalism itself. That our internationalist critics remain silent on the issue of sanctions is not merely a failure of analysis but a case of political bankruptcy.

## Neocolonialism

The political crisis that culminated in radical land reform in Zimbabwe has brought about a new round of inquiry regarding the nature of state-society relations. There are several critics of left nationalism that have focused their analyses on this issue. However, as we will see, they have operated without a coherent theory of the state and civil society. The result is that the neocolonial situation is obscured, and the national and agrarian questions are replaced by a formalistic defence of civil society and procedural democracy.

Historical-materialist analyses of the state and civil society in Africa went into long decline with the onset of structural adjustment. During this time, liberal theories led the way, in support of ‘getting the prices rights’, while a new breed of Weberian approaches trailed closely behind. In the 1990s, these streams of theorising converged towards the new objective of ‘getting the

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43. ACF 2006, p. 22–3.

44. In addition to the authors above, see also Sachikonye 2005a, 2005b, and Davies 2005.

politics right'. It is clear that these approaches have weighed heavily on debates in Zimbabwe, infiltrating and emptying out historical-materialist approaches, to the ultimate effect of converging programmatically on the issue of 'régime change'.

### *Historical-materialist exceptions*

For our purposes, it is important to preface our discussion with two exceptions that punctuated the decline of state theory on the continent: that of Ibbo Mandaza on the neocolonial state in Zimbabwe, and that of Mahmood Mamdani on the 'bifurcated' state in Africa. It is worth taking a closer look.

Mandaza drew on a longer, indigenous debate on neocolonialism in Africa, whose most eloquent exponents have been Frantz Fanon and Amílcar Cabral.<sup>45</sup> Neocolonialism commonly refers to the type of state and society that succeeded formal colonialism and that has been characterised, in the first instance, by the transfer of the state apparatus to an indigenous conservative petty bourgeoisie, and, thereafter, by the dual process of indigenous capitalist class formation and compradorisation. Mandaza argued that, despite a decade of armed struggle in colonial Zimbabwe, a negotiated settlement had bequeathed precisely a neocolonial state, but one which was 'non-conventional' insofar as formal political power had not been ceded to an African petty bourgeoisie alone but jointly to a 'constitutionally safeguarded' white settler-bourgeoisie.<sup>46</sup> This produced a special sub-type of neocolonial politics. The 'post-white settler colonial state' was characterised, first, by the persisting obstruction of an African 'national' bourgeoisie by the settler presence, which in turn offered prospects of advancement only to a section of the petty bourgeoisie; and second, by the petty bourgeoisie's own use of the settler presence as an excuse for developmental delays and as a means of extracting concessions for itself, while in the long run nurturing a class alliance with it, against peasants and workers. In this process of embourgeoisement of the liberation movement lay also the roots of state repression against the disenfranchised. Alongside these observations, Mandaza made the case for the centrality of African nationalism, but also its contradictions: 'African nationalism is the indispensable force in the movement of national liberation', he argued; 'and yet is the basis for neocolonialism by which the masses were betrayed'.<sup>47</sup> Mandaza thus captured the contingency of neocolonialism, its fate being subject to the power struggle

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45. Fanon 1967, Cabral 1979.

46. Mandaza 1986a, 1986b.

47. Mandaza 1986a, p. 8

between the masses and imperialism over the political orientation of the petty bourgeoisie. Mandaza concluded that the neocolonial state was also a 'schizophrenic state', one that pursued developmental objectives in response to popular aspirations, at the same time as it employed the state apparatus in the suppression of popular demands; the ideology of this schizophrenia was none other than a populist myth of national homogeneity, which the leadership defended fiercely.

The importance of Mandaza's interpretation, apart from its intrinsic contribution, is that it continued to link the national question – including its authoritarian manifestations – to the neocolonial situation, at a time when state theory was deep in structural adjustment. Yet, the weak point of Mandaza's thesis was his élitist treatment of social contradictions. By focusing solely on the petty bourgeoisie occupying the state apparatus and its relations with white capital, Mandaza confined himself to a view of the national question 'from above', making references to 'the masses' casually, and shedding no light on the politics of peasant-workers and the strategies of the state to control them.

A decade later, Mamdani engaged more directly with the strategies of control by deploying the concept of 'civil society', which by then had gained wide currency.<sup>48</sup> In his landmark book, *Citizen and Subject*, Mamdani proposed that the institutional 'bifurcation' of African states between 'tribal' and 'civil' domains had constituted a 'mode of rule' peculiar to Africa. If in other parts of the world peasants had historically been tied by obligations to feudal overlords, or bonded as slaves to landlords, in late-colonial Africa peasants came to be subjected to a 'decentralised despotism' of chiefs and customary law with authority over peasant land and labour; civil law, by contrast, was reserved for urbanites (colons and later Africans). This system of 'indirect rule' on the part of colonial administrations evolved in various ways after decolonisation, but its essence of control over peasants by central government via local government, and especially by control over peasant land, has remained. The political implication of Mamdani's thesis is that the expansion of the civil law to local government – in replacement of chiefs, customary law or other postcolonial mutations of indirect rule – would have gone a long way to strengthen internal resistance to external forces, especially the imposition of structural adjustment.

The theory of the 'bifurcated' state has raised an important issue peculiar to Africa. However, we wish to diverge on three points. First, it is our view that late-colonial and neocolonial rule in Africa has been more 'direct' than

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48. Mamdani 1996.

Mamdani has posited. As we have argued elsewhere,<sup>49</sup> the labour question (the organisation of the production process) and the blunt coercion associated with it, especially against ‘uncivil’ (non-conformist) working-class organisations, has been underestimated in the equation. Second, the specificity of settler-capitalism has not been fully reflected in the theory of bifurcation. On the one hand, the historic concentration of capital in the hands of a white minority and the resulting class-race dynamics captured by Mandaza above, are not easily grasped by the theory. On the other hand, Southern-African forms of ‘direct’ landlordism in the countryside, deriving from the same particularities above, have also been left out.

Third, Mamdani seems to gravitate to a formal concept of civil society when he suggests that indirect rule is separable from (i.e. not intrinsic to) the neocolonial situation, such that it can be overcome by enlightened bourgeois policy – while all else would remain equal in terms of the fundamental (capital-labour) and principal (centre-periphery) contradictions. Our premise is that civil society is the basic mode of rule of capitalist society, across centre and periphery. Thus, it is civil society that defines the various cultural-institutional exclusions, on behalf of capital, deploying coercion against them, backed by the state, and devising means to control them. The fact that in Africa the uncivil domain continues in large part to be institutionalised on the basis of ‘tribe’ is a particularly severe application of the logic of civil society itself. It is part and parcel of the neocolonial situation, and this cannot be undone by reforms led by the capitalist class. This is a point on which we elaborate below.

### *Coercion, hegemony and civil society*

Mamdani’s contribution has been fundamental in reshaping the debate in Africa. More generally, however, the debate has suffered from the assimilation of historical materialism to the terms of the liberal mainstream, not least via the misuse of Gramsci. In the case of Zimbabwe specifically, Gramscian concepts have provided our internationalist critics with an exit strategy from proper class analysis. Before responding directly, it is necessary to clarify our reading of Gramsci.

Gramsci’s particular contribution to historical materialism has been his analysis of the superstructure of the capitalist system.<sup>50</sup> In Gramsci’s view, which we broadly share, the superstructure is determined by the economic base of society, but it is not determined directly. This means that there exists a

49. Moyo and Yeros 2005a.

50. Bobbio 1988, Anderson 1976/77.

specifically political domain under capitalism, with constraints and opportunities, struggles and indeterminacies, victories and defeats. However, this does not mean that the possibilities in the political domain are infinite, for the constraints and opportunities presented at any given moment derive from the objective economic conditions: men and women make history, but not in circumstances of their own choosing. To understand this political domain, Gramsci advanced a series of concepts, including hegemony, civil society, Caesarism, position, and movement.

What are hegemony and civil society? Gramsci believed that capitalist transformation entailed a cultural transformation of society, but also that capitalism presented functional problems when culture was not coherently organised around the productive system. The aim of the state, he argued, 'is always that of creating new and higher types of civilisation; of adapting the "civilisation" and the morality of the broadest popular masses to the necessities of the continuous development of the economic apparatus of production'.<sup>51</sup> The problem, therefore, was how to create 'consent', or 'hegemony'. And here, for Gramsci, the state played the crucial role, through education ('positively') and through the repression of the law ('negatively'); the objective of both was precisely the 'civilisation' of society, or the creation of a 'free' civil society in which the state would no longer be called upon to intervene. On the other hand, where hegemony was not, or could not, be realised, the state simply ruled by coercion. For Gramsci, a political order based on naked coercion was the antithesis of a civilised, hegemonic order.<sup>52</sup> Gramsci went on to distinguish between two types of political systems, those of the 'West' and the 'East', by which he meant advanced bourgeois democracies and czarist Russia, respectively.<sup>53</sup> In other words, the objective economic conditions in the West and in the East gave rise to different superstructures, hegemonic and coercive respectively, with different constraints and opportunities, and ultimately different types of struggles. He went further to define the revolutionary strategy appropriate to each case. In the West, the 'war of movement increasingly

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51. Gramsci 1971, p. 242.

52. Gramsci's prison writings evince, on crucial points, substantial conceptual slippage, such as in the precise relation between the state and civil society, as Anderson (1976/77) has shown. Our own view approximates the 'second solution' to the problem presented by Anderson, in which consent and coercion are present in both the state and civil society, but in which there exists a 'structural asymmetry' between the two, whereby the state reserves for itself exclusively the exercise of repression.

53. The conceptual slippage extends to this distinction as well, specifically on the issue of whether, in the West, the state was ontologically prior (an 'outer ditch') or posterior to ('behind') civil society. For us, the latter is the correct formulation: the state is the ultimate political obstacle.

becomes war of position'; in other words, frontal attack on the state (in the manner of the Bolsheviks), gives precedence to the pursuit of political leadership within civil society, until the ripe moment for frontal attack on the state. In the East, where civil society was irrelevant, war of movement was the only relevant strategy.<sup>54</sup>

There is in fact a significant amount of dissonance in the use of the concept of civil society, even among Marxists, for the concept has been employed in different ways. Marx himself, and especially in his early writings, located civil society not so much in the superstructure as in the base of society; for Marx, civil society was primarily a mode of economic behaviour (as opposed to political behaviour) deriving from the capitalist mode of production.<sup>55</sup> Specifically, civil society was the domain of market transactions within a generalised system of commodity production and in which the state did not meddle directly – in contrast to feudalism. In this sense, we might say that the 'mode of rule' of civil society is the 'dull compulsion of the market'. And, in this light, we might also say that if civil society for Gramsci referred primarily to *homo civicus*, for Marx it referred to *homo economicus*. Yet, even in their own work, the two were not irreconcilable and, indeed, they are inseparable: we cannot understand class politics without considering the underlying movement of capital, and we cannot understand the movement of capital without considering class politics.

Now, what precisely is the nature of hegemony and civil society in the periphery? Is contemporary neocolonialism closer to the 'democratic West' or to the 'czarist East'? And what exactly is the relationship of civil society to hegemony? For Gramsci, civil society was the condition of hegemony, and incivility the condition of coercion. Is 'indirect rule' in Africa a case in which hegemony, in lieu of coercion, governs the uncivil? Is indirect rule a distinct and complementary site of hegemony?

Neocolonialism is a halfway house between bourgeois dictatorship and bourgeois democracy. Hegemony and civil society (in the Gramscian sense) have either been absent or, when they have existed, they have been weak and unstable; direct coercion has been an ever-present factor in the reproduction of neocolonialism. It is useful to approach the problem in world-historical terms and distinguish between two recent periods. In the early postwar period, coercion took two principal forms: the periodic suspension of formal democratic procedures, when progressive social forces matured to threaten the reproduction of capital; or the implementation of formal democratic

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54. Gramsci 1971, p. 243.

55. Marx 1978.



procedures but together with the corporatisation of peasants' and workers' organisations. The latter case has had variations, such as in the cases where trade unions escaped the patronage of states and attained a measure of civil status under the patronage of international trade unionism, itself in alliance with imperialist bourgeoisies. Both of these cases (dictatorial and corporatist) have been highly coercive: naked violence was systematically deployed against non-conformist, anti-imperialist forces, typically of mass nationalist or socialist orientation, seeking agrarian reforms and the nationalisation of the economy. Both cases, however, also exhibited a degree of 'schizophrenia', within a populist ideological framework, pursuing developmental objectives on the one hand and suppressing popular demands on the other; such instances of schizophrenia are not to be seen as instances of secure hegemony. As a whole, the early postwar period constituted a long process of civilisation of society, in which transnational society was not trustworthy enough to be set 'free'.

In the last quarter-century, the periphery has made a transition to a specifically neocolonial hegemony and civil society, but also one in which society has again not been entirely trustworthy so as to be spared of violence. Thus, hegemony and civil society have been weak and unstable. This is the period of neoliberalism, in which the following processes have been underway: domestic capital, and particularly industrial capital, has abandoned whatever introverted ambitions it may have entertained and has adopted extroversion as its preferred strategy of accumulation, under the wing of international capital; statist planning has lost legitimacy worldwide, consequent upon the defeat of the Soviet Union; international trade unionism has been restructured, such that Western-based, market-friendly labour internationalism has become the single and dominant labour internationalism; serial 'régime transitions' have taken place in the periphery, where formal democratic procedures within a multi-party framework have been implemented/restored; political space has formally re-opened but substantively restricted to neoliberal macro-economics; and civic organisations have proliferated, with highly 'civilised' traits, such as donor dependence, narrowness or absence of social base, and welfarist and 'human rights' moralisms. The neocolonial hegemony that has resulted has been historically significant, but it has dovetailed with economic crisis and stagnation, as well as the opening of a political vacuum in national politics, given that the mass of the urban and rural population has remained in an unorganised state. For this reason, neocolonial hegemony has also been unstable and has relied on the recurrent coercion and co-optation of non-conformist social forces. We may conclude that civil society under neoliberalism has obtained significant 'freedom' (in the Gramscian sense), but one which remains highly conditional.

If hegemony and civil society in the periphery exhibit the general tendencies outlined above, the relationship between the two in Africa requires special attention. For here we are presented with a rural domain in which *homo economicus* operates not only with the institutional formalities that pertain to *homo civicus* but also with institutionalised tribalism. This does not mean that the latter is not an extension of the former – it is. The institutionalisation of tribe was devised by colonial authorities as a means to exert moral and political control over petty-commodity producers and the (mainly male) labour force in towns, mines, and farms, as well as to expel the costs of social reproduction ‘outside’ the circuit of capital – the family farm, mainly female-operated, and incorporated into the system of generalised commodity production. Bestowing civil rights upon peasants and workers may have been deemed counter-productive (literally), but so was the constant use of force over the totality of the population which was characteristic of the early colonial period and associated with chartered companies. Thus, in late-colonial Africa, the institutionalisation of tribe was both the logical and perverse extension of civil society. Yet, it was neither self-contained nor sufficient to organise the labour process; direct coercion was a necessary feature of ‘indirect rule’.

In the contemporary neocolonial context, the co-existence of *homo civicus* and institutionalised tribalism continue to be intrinsically related, but their institutional exclusivity has come undone; the two are highly interpenetrated, partly functional, but generally contradictory. Today, the semi-proletarianised peasant under customary law has formal rights of movement and association; thus she may migrate to seek work, join community associations, farmers’ unions, and trade unions, and vote for local councillors, members of parliament, and presidential candidates. The peasant-worker today is formally subject to the rules, culture, and coercion pertaining to civil society, as well as to customary law.

This situation, finally, is by no means contrary to the interests of the capitalist class, given that the latter, as a comprador, extroverted class, does not view the working class as a source of purchasing power for its products, but as labour-power for the production of goods consumed externally. Thus, there is no structural compulsion for the capitalist class to create a stable, industrial working class, subject to the logic of a ‘free’ civil society. The contrary in fact holds: semi-proletarianisation continues to offload the costs of social reproduction to the family farm and continues to lower wages below the cost of reproduction, while civil society and customary law continue to provide (ever-weaker) moral-institutional props. In this context, it is a mistake to see this semi-proletariat as an eternal prisoner of either civil or tribal logic – or even of an economistic ‘agrarian question of labour’. This class, and this class

alone, carries the historic burden of resolving both the agrarian and national questions; and, with the definitive failure of neoliberalism, the opportunities are there to be grasped. Events in Zimbabwe clearly show that the peasant-worker is fully capable of challenging both civil and tribal order, by enlisting him/herself in radical political movements.

### *Coercion and hegemony in Zimbabwe*

We return finally to Zimbabwe and its radicalisation. In the sterile intellectual context of the neoliberal 1990s, it was to be expected that most of social science would fail to grasp its revolutionary meaning or explain its contradictory movement. The ‘internationalists’ sought to recover Marxian concepts, mainly from Gramscian political theory, but once again they demonstrated their confusion, populism and Eurocentrism. We will briefly reconstruct their arguments, before we provide some further definition to the case of Zimbabwe.

Raftopoulos and Phimister’s thesis in their *HM* article is that nationalism in Zimbabwe consistently enjoyed ‘consensus’ or ‘hegemony’, until its ‘breakdown’ in 1996.<sup>56</sup> This hegemony was contested at times and its critics marginalised, but it ‘nonetheless represented a unifying ideological vision that promised a broad vision of liberation and development’; even the Matabeleland conflict in 1982–7 between the two liberation armies, which resulted in the death of thousands of civilians by state security forces, did not, according to the authors, ‘immediately disturb’ the nationalist hegemony.<sup>57</sup> From 1996 onwards, this hegemony began to unravel, they tell us, consequent upon economic decline, increasing corruption, and political mobilisation led by the Zimbabwe Congress of Trade Unions (ZCTU). Furthermore, the establishment of the Movement for Democratic Change (MDC) in 1999 was a ‘watershed’, ‘as issues of democracy and civic rights, once part of the liberation agenda but subsequently sidelined, were returned to the centre of political debate’.<sup>58</sup> These events, according to the authors, coincided with an intra-ZANU-PF struggle, led by veterans of the liberation war who rebelled against their ‘neglected status and welfare’; they were then compensated by the state, re-co-opted into the ruling party, and deployed violently against the opponents of the party. This further coincided with the assertion of black business organisations which demanded state intervention, in the form of cheap credit and access to land,

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56. Raftopoulos and Phimister 2004, p. 356.

57. Ibid.

58. Raftopoulos and Phimister 2004, p. 359.

to redress their own exclusion from the white-dominated private sector. This series of coincidences culminated in a 'politically driven' land reform and the systematic use of security and paramilitary forces by the ruling party, along with a series of repressive pieces of legislation, to contain dissent. At the climax of the land reform, over one hundred people lost their lives. The argument closes with the accusation that Moyo and Yeros 'have little to say about the internal reconfiguration of Zimbabwean state politics'; that we offer 'a casual treatment of the various forms of violence that have become the Zimbabwean state's favoured form of dealing with its citizenry'; and that, in our hands, 'classes are reduced to ahistorical, economistic figures', with 'little attention to how politics is actively constructed'.<sup>59</sup>

A similar rendition is offered by Moore. In his article, Moore identifies two 'clusters of intellectuals' in Zimbabwe, one essentially 'ZANU', the other 'MDC', who differ on 'the rights they articulate'.<sup>60</sup> The 'ZANU' intellectuals are best described as 'patriotic agrarianists', who advocate 'a series of rights contingent on the construction and consolidation of domestically-based ruling classes'. They are in 'objective alliance' with these classes, which in turn 'rely on a lot of state force' to bolster 'sovereignty', and which is celebrated 'with great pomp and ceremony'; these are not 'democratic Marxists', and some people even consider them 'scoundrels'. The other camp, by contrast, consists of 'critical cosmopolitans', who emphasise 'liberties' and procedural democracy, who perhaps have emphasised these a bit too much, but who in any case also place 'very strong emphasis on democratic participation in processes of material production'; 'they are closer to socialists'.<sup>61</sup> According to Moore, the two intellectual-political camps are vying over a 'destroyed' working class in a 'politics of stalemated classes' and 'exhausted accumulation strategies'.<sup>62</sup> While these are rooted in 'the stalled processes of primary accumulation' characteristic of all African states, it is in Zimbabwe that the correlation of forces began to change. In this case, however, the social forces were weak, and the state intervened in a 'Bonapartist' fashion – a historically reactionary form of Caesarism. More generally, Moore suggests that the political economy of Africa is characterised by 'the uneven articulation of many modes of production' which all of us, Right and Left, have failed 'to take into account'.<sup>63</sup> This, finally, presents a problem for theories of the state, including our own theory of the 'schizophrenic state'; in particular, we fail to see that the land reform was

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59. Raftopoulos and Phimister 2004, p. 377; this charge is echoed by Sachikonye 2005b.

60. Moore 2004, p. 409.

61. Moore 2004, p. 410.

62. Moore 2004, p. 411.

63. Moore 2004, p. 413.

‘rooted in the state’ and not in society. He concludes that, in such cases of crisis, Marxists should avoid ‘authoritarian closure’ and support ‘deliberative debate’ based on ‘simple principles and light theory’.<sup>64</sup>

To begin with Raftopoulos and Phimister, the claim that hegemony existed in Zimbabwe until 1996 is flawed. First, it imputes consent to neocolonialism, effacing the systematic violence which has sustained the embourgeoisement of national liberation. The most cynical of claims is that the deadly violence in Matabeleland in the early 1980s was negligible: for our critics, this was an instance of secure hegemony, while the much lesser violence, by a vast margin, of fast-track land reform in 2000 has been the only notable instance of coercion and, hence, collapse of hegemony. Second, the argument erroneously disconnects hegemony from civil society, which, for Gramsci, are identical: civil society is hegemony.

A more careful assessment would point out that, in the first half of the 1980s, society was under a systematic process of civilisation to capital by means of blunt violence, on the one hand, and the corporatisation of town and country, on the other; the latter was pursued by the installation of ZANU-PF cadres in the leadership of the new-born ZCTU, the co-optation of farmers’ unions, and the restoration of the authority of chiefs. During this time, social resistance was expressed largely outside formal channels, by illegal strike action in towns and what we have called ‘low-profile, high-intensity’ land occupations in the countryside. The only sections of society civilised enough to be allowed to operate freely were the main local agencies of imperialism, the organisations of white farmers and industrialists, the CFU and CZI, respectively. Moreover, the weakness of the new petty-bourgeois leadership was all too apparent in its ethnicised scramble for power, which resulted in the violent crackdown in Matabeleland. We must conclude that, in this period, the nationalism of the ruling party was not hegemonic, and society was not sufficiently civilised.

Then, in the second half of the 1980s, coercion is also prominent. This period was marked by the disentanglement of the labour centre from the state and the assertion of an independent politics. However, this partial prying open of political space by the labour centre did not herald the birth of a ‘free’ civil society, and hence hegemony, for the labour centre used the political space to confront the state and capital – the state had not civilised society enough. It is no coincidence that, at this time, the ruling party attempted to establish a one-party state – in effect, a bourgeois dictatorship. The ZCTU, along with other civic organisations, mobilised and obtained a crucial victory against the one-party state. But, soon after, the state and labour locked horns

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64. Moore 2004, p. 421.

again over structural adjustment. The ZCTU used the political space to lead a mass campaign against economic liberalisation, but this time without success. Importantly, on both fronts – the one-party state and ESAP (Economic Structural Adjustment Programme) – the ZCTU was in constant confrontation with the security forces of the state. Meanwhile, in the countryside, land occupations entered a period of ‘normal low intensity’ activity, while the state began to withdraw from its land reform agenda and to implement a ‘squatter control’ policy in its place. This was marked by rural evictions, colonial style. Thus, if, in the first half of the 1980s, hegemony and civil society were virtually absent, in the second half, hegemony and civil society were fragile; coercion carried the day throughout the 1980s.

In the 1990s, the tables began to turn. This is the period in which a proper neocolonial civil society emerged, alongside the embourgeoisement of the liberation movement. For Raftopoulos and Phimister, this period remains one of ‘nationalist hegemony’, and indeed we might finally call it that, but only tentatively, and as long as we understand its new class structure. On the one hand, capitals across all sectors – agrarian, industrial, commercial and financial – and across both races, accepted the basic logic of structural adjustment; for its part, aspiring black capital adapted it to the discourse of ‘national liberation’. On the other hand, the labour centre was eventually cajoled by the state and co-opted by international trade unionism into a policy of ‘social dialogue’ over structural adjustment. Thus, by the mid-1990s, there had emerged a more generalised neocolonial civil society and neocolonial hegemony; we must add, however, that both of these remained fragile, given that strike action over declining living standards and repression by the state persisted. In the countryside, the squatter control apparatus remained in full swing, but without being able to stem the flow of land occupations; these were on a growth trajectory, on account of job and wage losses brought about by structural adjustment.

The final period, from 1997 onwards, is the rare case in which society remained civilised on a neocolonial basis, even adopting the language of ‘good governance’ against the state, while the state became radicalised against neocolonialism, in a revolutionary situation. And, here, the hegemony of the state did vanish – neocolonial hegemony specifically. This is the period in which land occupations gained a militant character, outside and against civil society; they gained also a militant leadership in the form of the war veterans’ association. At this time, the state both adopted and streamlined the demands of the land-occupation movement and resorted to a new wave of violence against the opposition, as contradictions escalated.<sup>65</sup> But, again, it would be a

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65. Moyo and Yeros 2007.

failure of analysis if we did not identify the class structure of this violence. In contrast to the violence of structural adjustment (bourgeois), as well as the ethnicised violence in Matabeleland (petty-bourgeois), this time violence was deployed against reaction and in defence of land reform, whose main social base was the rural semi-proletariat. This does not mean that violence did not serve other ‘political’ ends as well, such as the retention of power by the ruling party. Nor does it mean that the semi-proletariat gained control of the means of violence, which in fact remained in the immediate control of the black bourgeoisie, albeit insecurely, especially in 2000–2, until it regained full control in Operation Murambatsvina.<sup>66</sup>

We have provided considerable analysis of the nature of this violence elsewhere, and specifically the violence against farm workers; we can only invite our readers to have a closer look.<sup>67</sup> Suffice it to conclude that the basic argument made by our critics – that hegemony gave way to coercion in 1996, that in our own work we evade the question of violence, and that we downplay its ‘real’ nature – is both mis-targeted and flawed. It is our ‘internationalist’ critics that downplay the coercion of neocolonialism and overplay it when it serves their interests, such as against black nationalism; and, here, their preferred mode of ‘analysis’ is simply to list the number of casualties, rather than shed light on the changing class structure of both nationalism and violence.

A similarly blurred view of neocolonialism is provided by Moore in his use of the concepts of ‘Caesarism’ and ‘articulation of modes of production’. Caesarism would be a useful concept if, like hegemony, it were not abused for political ends. Gramsci was conscious of this possibility when he warned that identifying the social structure of the bureaucracy ‘is indispensable for any really profound analysis of the specific political form usually termed Caesarism or Bonapartism’.<sup>68</sup> Central to his own analysis was the identification of the ‘fundamental classes’ which underlie the Caesarist phenomenon. Nowhere in Moore’s analysis do we get a clear picture of what the fundamental classes are; the only classes that seem to matter are the ‘corrupt’ black bourgeoisie and the ‘destroyed’ working class.

Elsewhere, we have delved a great deal into the changing class dynamics of neocolonialism in Zimbabwe.<sup>69</sup> Our premise has been that there are two axes by which to understand the politics of capitalist society, the inter-class axis and the intra-class axis, which are dialectically related and in no way coincidental. We have gone on to show that relations within the capitalist class changed

66. An urban mass eviction campaign implemented in June 2005; see Moyo and Yeros 2007.

67. Moyo and Yeros 2005a, Chambati and Moyo 2004.

68. Gramsci 1971, p. 215.

69. Moyo and Yeros 2005a.

remarkably in the twenty years of independence. Their initial conflict was over the pattern of accumulation – introverted versus extroverted – pitting industrial capital against financial, commercial and agrarian capital, both domestic and foreign. By the end of the 1980s, industrial capital had been co-opted, mainly via the World Bank's 'export-revolving fund', into an extroverted position, thus setting the stage for consensus among big capitals on the issue of liberalisation. Meanwhile, the aspiring black bourgeoisie had reconciled its ethnicised divisions by the Unity Accord of 1987, and by this time, it had either been compradorised in the financial sector, or, having been shut out of the white private sector, had resorted to accumulation via the state ('corruption'). The aspiring black bourgeoisie jumped on the liberalisation bandwagon as well, but it also began to make vocal demands for 'affirmative action' by the state, for access to land and credit, in favour of black capital. Ultimately, this set the stage for the main intercapitalist conflict of the 1990s. With full consensus over extroversion and with liberalisation underway, intercapitalist conflict became a straightforward racial competition over the spoils of structural adjustment. This, in turn, set the stage for a cross-class black-nationalist alliance on the land question, resulting eventually in the fast-track land reform process.

The dynamics within the working class and across the classes is something we have also discussed in detail, and we need not go on at length here. The main point to stress is that the semi-proletariat remained politically divided throughout the period of independence. The small- and medium-scale farmers' union remained under bourgeois control, while the ZCTU never established a foothold in the countryside; only in the commercial farming sector did it unionise, and here it espoused a weak workerist agenda. By the 1990s, when a neocolonial civil society emerged, no organisation could claim to represent a peasant-worker agenda. This political vacuum, combined with the adverse socio-economic effects of liberalisation, was to be filled by a radical land-occupation movement, led by the war veterans. At the end of the 1990s, the war veterans and their radical land reform agenda received the endorsement of the aspiring black bourgeoisie. Thus, two blocs clashed: on one side, the black bourgeoisie and the rural landless organised by the war veterans, under a ZANU-PF banner; on the other side, international capital, all sectors of the white bourgeoisie, a small section of the unaccommodated black bourgeoisie, and workers organised by the ZCTU, with the help of imperialist forces, under an MDC banner. A cross-class nationalist alliance versus a cross-class international 'post-national' alliance.

These are the fundamental classes which Moore blurs. It is no surprise that, in his hands, 'Caesarism' parachutes on Zimbabwe, to become as conceptually



valuable as ‘bad governance’.<sup>70</sup> Likewise, the state apparatus becomes unproblematic, as much for Moore as for Raftopoulos and Phimister: it is a monolith, with no tensions or contradictions, and undisputedly in the hands of one class, the black bourgeoisie. In turn, the war veterans’ association, which has spanned all strata of Zimbabwean society – from peasant and worker, to petty-bourgeois and bourgeois – and permeates all sections of the state, becomes, in Moore’s hands, free of class contradictions and unworthy of closer analysis. ‘State’ and ‘society’ appear to be on different planets, in liberal fashion. Thus, Moore is left with no choice but to conclude that the land reform in Zimbabwe was ‘rooted in the state’ and not in society; furthermore, he has no choice but to explain the radical land-occupation movement as a conspiracy between the war veterans’ association and the Central Intelligence Organisation. When class analysis is cast away, conspiracy theory saves the day.

In fact, socially rooted fast-track land reform has transformed both state and society in Zimbabwe. It has broadened the landholding structure (the base) of society, and while this has not been revolutionary, it has also transformed state attitudes in relation to property: agricultural land has been nationalised by constitutional amendment; efforts have been underway to gain majority stake in the mining industry; and the state has intervened heavily in production, distribution, and finance. Second, we cannot miss the fact that, in agriculture itself, Zimbabwe has made a lateral shift to a new agrarian path, from the predominant ‘Junker’ path of settler-colonialism to one which combines strong elements of the ‘merchant’ and ‘peasant’ paths; these elements now set the framework for a more broad-based accumulation process – as well as for new class contradictions. Third, Zimbabwe has shed its ‘settler’ characteristics once and for all, has revitalised the debate in Africa on how to engage the world economy on new terms, and has laid bare the illusion of the so-called ‘democratic developmental state’, which is currently being invoked on the continent, especially in South Africa: Zimbabwe clearly shows us that

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70. Even with the fundamental classes identified, it is difficult to transport the concept to the present situation. If nineteenth-century France provides the benchmark, having produced the two classic Bonapartisms, we would need to specify which type of Bonapartism it resembles. Clearly, it does not resemble the second Bonaparte, who was brought to power by a politically uneducated, unorganised and reactionary peasantry. Nor does it resemble the first Bonaparte, who stabilised bourgeois rule, after the left-right swings of the Girondins, Jacobins, and Thermidors. On the other hand, if the suggestion is simply that President Mugabe presides over weakly organised interests, upholding and stabilising bourgeois rule by means of military force, this too is inaccurate. What characterises the present situation is political polarisation, not Bonapartist stability, where the bourgeoisie is split into rather well-organised factions, the nationalist and the ‘post-national’, the former with immediate control of the military, the latter allied to imperialist states with the capacity to impose sanctions.

any meaningful democratic transformation in the periphery will either escalate to a revolutionary state, or stall in the polarisation of a radicalised state, or regress to restoration and neocolonial capitulation. Finally, the above transformations and contradictions are in no way grasped by Moore's attempted analysis of the 'various modes of production' in Zimbabwe and Africa, and the 'stalemate' between them. Peripheral capitalism is not a 'stalemate', as Moore concludes, it is a victory for imperialism. Zimbabwe remains the principal source of resistance on the continent, its contradictions and regressions notwithstanding.

## Conclusion

The events that have followed the land reform, including the moves towards 'normalisation' from 2003 onwards, and of which the mass urban evictions of 2005 have been a crucial part, cannot be addressed in this article.<sup>71</sup> However, they have *de facto* brought an end to the revolutionary situation that took hold of Zimbabwe from the 1990s, and have altered significantly the co-ordinates of political action. The nationalist Left has lost its social agent, in the form of the radical land-occupation movement, but also the still-born urban social movement that momentarily held out the prospect of re-radicalising the urban question and re-igniting the revolutionary situation. The internationalist Left, for its part, has retained its social agent, especially the trade unions, but continues to be mired in an opportunist and fundamentally reactionary course of action. Its objective is not to organise peasant-workers on a proletarian agenda, and on a sustainable basis, but to exploit the economic decline and the widespread dissatisfaction so as to obtain control of the state. It is true that such an eventuality would alter once again the co-ordinates of political action, with a probable stabilisation of the economy on the basis of external support. But it is either naïve or disingenuous to suggest that such a unilateral submission to imperialism and return to IMF tutelage would guarantee political space for social movements or improve the prospects for the resolution of the national question.

It is, indeed, time for a new Left, which would take stock of the successes and failures of the last ten years. This should indeed seek the re-opening of political space, not merely to secure a launching pad for political office, but for a longer-term project of uniting peasants and workers, creating autonomous structures, cultivating proletarian consciousness, and confronting imperialism on a sustainable basis.

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71. See Moyo and Yeros 2007.

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## Review Articles

*Postmoderner Links-Nietzscheanismus. Deleuze & Foucault. Eine Dekonstruktion*, Jan Rehmann. Hamburg: Argument, 2004

Each of the three monographs Jan Rehmann has published so far has intervened into the respective field in a way that has redefined the field itself. His first book (*Die Kirchen im NS-Staat. Untersuchung zur Interaktion ideologischer Mächte*, published in 1986) explores the many struggles during German Nazism about and within the main Christian churches, the Catholic and the Protestant. The investigation emerged from the Ideology Research Group at the Freie Universität Berlin (Projekt Ideologietheorie – PIT), which modified the approaches of Gramsci and Althusser by re-articulating them with Marx's and Engels's critical concept of ideology as alienated socialisation from above. It started from the following working definition: 'By the ideological we mean the operative network of ideal [i.e., mental] socialisation from above'.<sup>1</sup> This historical-materialist approach, whose works have not been sufficiently received yet in the Anglo-American world, enabled Rehmann to lay bare the contradictory interactions between and within ideological powers. For instance, he was able to demonstrate in what areas Nazi attempts to control the churches were successful, and where and why they failed.

Rehmann's second book (*Max Weber: Modernisierung als passive Revolution*, which appeared in 1998) investigates Weber's political and theoretical writings from a Gramscian perspective, thus revealing a specific project of bourgeois hegemony as the hidden centrepiece of his sociology. Weber, who engaged in a sightseeing tour at the Stock Yards in Chicago in 1904 and was enthusiastic about the recklessness of American capitalism, studied the first indications of a Fordist-Taylorist revolution in the US in order to enhance a modern Fordist class constellation and, most notably, a strategic alliance between bourgeoisie and 'labour aristocracy' in the German Reich. Rehmann shows that it is this simultaneously economic and ethico-political perspective that informs Weber's sociological ideal types. *The Protestant Ethic* is thus interpreted as a hegemonic project that opposes the 'capitalist spirit' of Anglo-Saxon Protestantism (Calvinism, Methodism, and other sects) to the 'traditional' ideologies (Lutheran and Catholic) of the feudal-capitalist power-bloc in Germany. The way Weber's modernisation is analysed as a specific variety of 'passive revolution' (Gramsci) also shows the preparation of German fascism in a completely different light.

Rehmann's third and most recent book applies the analytical tools of a critical theory of ideology to a highly influential phenomenon of today's intellectual landscape: 'leftist Nietzscheanism' and its constitutive role for postmodernist theories. Looking at the ideological field the book intervenes in, one has to consider that postmodernist theory in

1. Haug 1987, pp. 59–87.

Germany is, to a large degree, the result of a complex genealogy that proceeds from France to the US and then back again to Europe. As François Cusset has demonstrated, ‘French theory’ is, by and large, a product fabricated in the academia of the United States by way of a de-contextualising appropriation. As soon as it became predominant in the American Humanities and Literature departments, it lost its influence in France.<sup>2</sup> At the same time, however, it was re-exported from the US to Germany (among many other countries) where it succeeded in pushing the academic positions of Marxism and critical theory to the sidelines. Against this backdrop, Rehmann’s book reveals itself as a vital antidote against a predominantly decontextualised and fashionable theory consumption. Going back to the 1960s and 1970s in France, he deciphers the attempts by Deleuze and Foucault to superannuate Marxism by means of a Nietzsche-turned-‘leftist’ and reconstructs the foundational frontlines that have been efficiently repressed.

To be sure, the fact that postmodernist theories emerged from left-wing interpretations of Nietzsche is in itself neither new nor disputed. Habermas already treated Nietzsche as the decisive entry point into postmodernism.<sup>3</sup> According to Manfred Frank, neo-structuralism overthrows structuralism by means of a philosophical thesis ‘attained through a reconsideration of Nietzsche’s overcoming of metaphysics’.<sup>4</sup> As Resch observes, ‘the Nietzschean left was postmodernism avant la lettre’.<sup>5</sup> According to Geoff Waite, poststructuralism must be defined as an ‘overwhelmingly positive, assimilative embrace of Nietzsche. And it is as such that it persists today’.<sup>6</sup>

What was still lacking in the debates, however, was the question of how Deleuze and Foucault succeeded in turning Nietzsche into an appealing reference point for leftist and alternative milieus. Not only Deleuzians like Ansell Pearson or Foucauldians like Dreyfus/Rabinow, but also those highly critical of today’s neo-Nietzscheanism, like Habermas or Ferry/Renaut, tend to take postmodernist readings of Nietzsche for granted, without confronting them with the original texts.

What is new and specific in Rehmann’s new book is that he examines postmodernist neo-Nietzscheanism as an ideological construct that is to be ‘deconstructed’, thus applying one of the postmodernist key concepts to postmodernism itself. Methodically speaking, he proceeds in two steps. First, he starts with the philological question of how Deleuze and Foucault ‘read’ Nietzsche and thereby transform his writings into a set of interpretations that perfectly fitted into the mood of a generation disappointed by the failures of 1968. Secondly, he evaluates the theoretical question of how this kind of reading and transvaluating of Nietzsche affects their own theory, most notably the claim of a subversive critique of Western power relations. He comes to the conclusion that postmodernist theories, in so far as they founded themselves on a watered-down Nietzscheanism, have generated a hyper-radical rhetoric while diluting the analytical foundations of a critique of class and gender domination. The perspective of Rehmann’s critique is therefore the exact opposite to the attack on postmodernism by right-wing ‘humanists’ à la Ferry/Renaut or Richard Wolin, who contend themselves to raging against a subversive deconstruction of

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2. See Cusset 2003, p. 22.

3. Compare with Habermas 1987, p. 83ff.

4. Frank 1989, p. 22.

5. Resch 1989, p. 514.

6. Waite 1996, p. 108.

occidental 'values' and 'norms'.<sup>7</sup> Applying a key term of Gramsci's theory of hegemony, he analyses postmodernist neo-Nietzscheanism as a 'passive revolution' that capitalises on the disappointed milieu of a deadlocked ultra-leftist radicalism (p. 9), from where it moves to the mainstream of the academia, successfully subverting and marginalising the positions of critical theories.

Part One deals with the discursive strategies that allowed Deleuze to turn Nietzsche into a 'nomadic rebel'. Already in 1962, in his book *Nietzsche and Philosophy*, which became formative for several generations of intellectuals, Deleuze developed the image of Nietzsche as a representative of pluralistic differences raising his voice against the 'totalitarianism' of dialectics: 'Nietzsche's "yes" is opposed to the dialectical "no"; affirmation to dialectical negation; difference to dialectical contradiction; joy and enjoyment to dialectical labour; lightness and dance to dialectical responsibilities'.<sup>8</sup>

What Cornel West has described as Deleuze's 'resurrection of Nietzsche against Hegel',<sup>9</sup> turns out to be an early postmodernist manifesto playfully deriding any project of critical social theory (p. 38). As Rehmann demonstrates, Deleuze's argument is flawed in several respects. First, he draws a caricature of what dialectics is or might consist of: a hermeneutics which allows the conceptualisation of a moving and contradictory context is reduced to a set of the most speculative principles detached from any reality.<sup>10</sup> Secondly, Deleuze's interpretation that Nietzsche's approach was essentially anti-dialectical is at least one-sided, since Nietzsche, in spite of his criticism of Hegel, was in fact skilful in his use of various figures of dialectics when he confronted fixed notions of truth or morality (p. 34ff).

But Rehmann's main interest is to observe how Deleuze draws his interpretation of pluralistic difference from Nietzsche's 'pathos of distance'. Whereas Nietzsche uses the term in the sense of the social distinctions of an original aristocracy,<sup>11</sup> Deleuze waters it down to an anti-dialectical notion of 'difference' thereby repressing all traces of Nietzsche's explicitly anti-democratic élitism. Whereas Nietzsche underlines that

everywhere, 'noble', 'aristocratic' in terms of social rank [*im ständischen Sinne*] is the basic concept from which, necessarily, 'good' in the sense of 'spiritually noble' ... 'spiritually high-minded' ... developed.<sup>12</sup>

Deleuze re-defines Nietzsche's 'noble' and 'master' as 'active force' or 'affirmative will', and his 'base' and 'slave' as 'reactive force' and 'negative will'.<sup>13</sup> At the point where Nietzsche, however fallaciously, claimed to break out of the realm of speculative philosophy and to turn to the 'real history of morals',<sup>14</sup> Deleuze's purely allegorical reading draws him back in

7. See Rehmann 2005a.

8. Deleuze 1983, p. 9.

9. West 1999, p. 283.

10. See Haug 2005, pp. 241–65.

11. 'The feeling of complete and fundamental superiority of a higher ruling kind in relation to a lower kind, to those "below"' (GM, §2).

12. Nietzsche, GM I, §4.

13. See Deleuze 1983, pp. 55, 57ff, 61 and 86.

14. See Nietzsche, GM, Preface, §7 (KSA 5/254).

this very ideological form. Instead of practicing a subversive reading of Nietzsche, as proclaimed and advertised, he applies what Domenico Losurdo has called a ‘hermeneutics of innocence’<sup>15</sup> that eliminates any social meaning and takes the edge off of Nietzsche’s aristocratic classism-from-above. The analysis helps understand why Deleuze’s interpretation could so easily be co-opted by mainstream Nietzsche scholars, for example Wolfgang Müller-Lauter.

When it comes to Nietzsche’s concept of ‘will to power’, Deleuze defines it as a ‘capacity for being affected’, which goes back to the influence of Spinoza.<sup>16</sup> Rehmann’s deconstruction of this fictitious linearity is one of the most captivating parts of the book. What is overlooked in this all-too-elective affinity is the late Nietzsche’s hostile turn against Spinoza, occurring not coincidentally at the same time as he introduced the concept of will to power, which he opposed to Spinoza’s principle of self-preservation. This was inevitable as his concept of power became the exact opposite of Spinoza’s concept of ‘*potentia agendi*’, best translated as ‘capacity to act’ or ‘power to act’, which Spinoza had never used in the hierarchical sense of domination, but, rather, as a capacity to co-operate with each other in a ‘reasonable’ way. The opposite is true for the late Nietzsche’s ‘will to power’, which is not only defined as overpowering and dominating, but also linked to the perishing of the ‘weak’ and ‘failures’.<sup>17</sup>

According to Rehmann, Deleuze’s equation of Spinoza’s and Nietzsche’s concepts of power comes down to equating social co-operation and a fantasised annihilation of the sick and the weak (p. 59). It is this intellectually scandalous conflation that is the basic operation which opens the way for Nietzsche being shifted to the ‘left’ around and after 1968. Rehmann analyses Deleuze’s and Guattari’s *Anti-Oedipus* (1972) and *A Thousand Plateaus* (1980) as an attempt to integrate the elements of Freudo-Marxism into a vitalistic, partly Bergsonian, partly Nietzschean framework (pp. 60ff). The influence of such an incorporation can still be seen, among others, in some discursive peculiarities of Hardt and Negri’s *Empire* and *Multitude*.<sup>18</sup> Disguised as Spinoza, Nietzsche re-emerges as an anarchistic and nomadic rebel whose aphorisms create a ‘war-machine’ that opposes the administrative machine.<sup>19</sup> From Parisian ‘gauchisme’, Deleuze picks up its most irrational element, its rhetoric of ‘revolutionary’ violence, which can also be appropriated for right-wing and neo-fascist discourses. According to Manfred Frank, Deleuze indulges in a ‘symptomatic tendency to “dangerous thinking”’ as such, questioning ‘everything and everybody, but nothing in particular’, acceptable to those who dominate and ‘ideologically exploitable by the left as well as by the right’.<sup>20</sup> Rehmann refers this ambivalence to an underlying contradiction: on the one hand, ‘leftist Nietzscheanism’, in its Deleuzian version, senses some valuable elements that Nietzsche absorbed, in his middle period, from Spinoza; primarily the anti-teleological and anti-moralistic approach of his *Ethics*. On the other hand, however, because of its refusal to distinguish analytically those elements from the late Nietzsche’s master

15. See Losurdo 2002, pp. 653, 781ff, 798ff.

16. Deleuze 1983, p. 62.

17. See Nietzsche, GM II, §12; BGE, §259; AC, §2

18. The authors of *Empire* also tend to equate Nietzsche’s and Spinoza’s power concept (Hardt and Negri 2000, p. 359) and credit ‘French philosophers’ with having ‘revealed the revolutionary face of Nietzsche’s thought’ (Hardt and Negri 2004, p. 401).

19. Deleuze 1995, p. 149.

20. Frank 1989, p. 343.



perspective, 'it preserves, in the midst of its most radical discourse, the opposite perspective of naturalised domination' (p. 67).

Part Two deals with the particular way in which the early Foucault joins, by way of Nietzsche and Heidegger, the 'anti-humanistic' camp. It has often been observed that Foucault's critique of modernity's 'anthropological sleep' in *The Order of Things* (1966) is heavily influenced by Heidegger's critique of humanism. According to Rehmann, Foucault is so fascinated with Heidegger's critique of modernity's humanistic self (mis)understanding that he turns a blind eye on Heidegger's elevation of 'Being' to a new kind of ideological, otherworldly 'beyond', from which any practical life-world is excluded (p. 80).<sup>21</sup> He thus inherits an 'anti-humanism' that has eliminated human practice from its world view.

This can be seen when he tries to overcome, with the help of Nietzsche's 'over-man', the 'naïve' humanism of Marx, which he describes as a utopian assumption of 'man's anthropological truth to spring forth in its stony immobility' as soon as liberated from social 'alienation'.<sup>22</sup> It suffices to look at the sixth thesis on Feuerbach to see that Marx's description of human 'essence' as residing in the reality of the 'ensemble of social relations' explicitly argues against any 'stony immobility' of a fixed human nature that Foucault imputed to him. But, whereas Foucault indulged in the abstract platitude of a 'death of man' to be overcome by Nietzsche's 'over-man',<sup>23</sup> Marx leaves the realm of philosophical abstractions and turns to what I have called an 'epistemology of praxis'.<sup>24</sup>

Following Bataille and Blanchot, and alongside Deleuze, Klossowski and others, Foucault is part of an influential discursive formation that obscures both the neo-religious dimensions of the late Nietzsche's philosophy and its master-race perspective. The former is demonstrated in the example of Foucault's uncritical embrace of 'eternal return' (p. 94), which Nietzsche himself construed as a new 'religion of religions' capable of bringing out, in opposition to Christianity and to its enlightened critique, the value of 'eternity' inherent in any religion (p. 89).<sup>25</sup> Rehmann opens a new perspective of interpretation by confronting Nietzsche's search for a new philo-religiosity with the young Marx's critique of religion. In its oscillations between vitalistic decisionism and fatalism (*amor fati*), Nietzsche's 'eternal return' contains some traits of a 'sigh of the oppressed creature' (Marx), but with the peculiarity that the impulses of physical and psychic suffering are turned, with élitist idiosyncrasy, against the very downtrodden, weak and suffering themselves. Analysing this tension is important for a theoretical understanding of why Nietzsche's philosophy became attractive not only for parts of the reactionary élites, but also for quite a few coming from rebellious movements and 'plebeian' classes. Nietzsche's violent turn, Rehmann argues, is not only due to a personal story of illness and crisis, but should be analysed as a condensed manifestation of alienated ideological structures and dynamics (p. 93).

Nothing of this contradictory dialectics is to be seen in the uncritical celebrations of Klossowski, Deleuze, and Foucault. Their flirtations with the 'over-man' represses the

21. As Habermas observes, Heidegger's overthrowing of Kant's 'transcendental idealism' consists basically of transposing the characteristics of the 'transcendental' to a concept of 'Being that is withdrawn from beings' (1987, p. 139).

22. Foucault 1994, p. 262.

23. Foucault 1994, p. 263.

24. See Haug 1999a, p. 409.

25. Compare Nietzsche, KSA 9/... pp. 503, 505, 513, 515; KSA 11/488.

exterministic tendency of Nietzsche's concept, that merges more and more with the image of a ruling 'physician', who pushes down and aside the 'degenerating life'.<sup>26</sup> That Nietzsche opposed any notion of a human species-being – for him, there is no 'human species, but only different singular individuals'<sup>27</sup> – is due to his awareness of the potential egalitarian implications of the concept. Postmodernism's 'anti-humanism' is like a repetition of Nietzsche's élitism without giving any thought to its political meaning. And it is by this Nietzschean strand of 'anti-humanism' that postmodernism intersects with a 'neoliberalism', which tends to dissolve communal capacities to act as well as common responsibility for the welfare of all citizens (not without compensating this deconstruction by reconstructing 'communal' values on the ideological level, which is one of the dynamics of neoconservatism).

Part Three looks at the formative period of Foucault's power concept from about 1968 to 1972, which is also the time of his commitment to the radical Left. The reconstruction starts with *The Archaeology of Knowledge* (1969), where Foucault dissolves an early version of Louis Althusser's concept of ideology (the one of *For Marx*, from 1966) into his own categories of 'knowledge' and 'discourse'. What is generally praised in secondary literature as an enlargement of Althusser's concept, is presented here as a positivist endeavour to take off the edge of any critical theory of ideology: instead of analysing how certain types of knowledge function (and others do not) in terms of the way that they organise a 'voluntary' submission under the dominating order, he drops altogether the project of an analytical deciphering and replaces it by a mere description of discursive rules (p. 106ff).

At the same time as Althusser opens the way to a materialistic concept of 'ideological state apparatuses', ideological rituals, practices and effects, Foucault intensifies his studies and teachings on Nietzsche. Rehmann's reconstruction focuses on two methodological consequences: first, to define knowledge and truth as mere 'fictions', by which the deciphering of social perspectives of specific manifestations of knowledge and truth claims is replaced by 'fictionalism', which can be described as a negative ontology of knowledge.<sup>28</sup> If critique has anything to do with 'making differences', as the original meaning of the Greek word *krínein* suggests, it is undermined here and finally destroyed by such over-generalisation (p. 117). As Ernst Bloch observed, fictionalism 'transforms scientific concepts, and even ideal convictions... into share certificates which fluctuate according to the given situation'.<sup>29</sup> Second, Foucault adopts from Nietzsche the idea that knowledge is an invention that covers up the determining forces of 'passions', 'desires', the 'will to appropriation', 'hatred' and 'wickedness'.<sup>30</sup> He is obviously not aware that he employs an essentialist concept of human nature he had (wrongly) imputed to Marx, only that this time it is a pessimistic and ultimately anti-democratic one.

From 'it's all fake' and 'it's all malicious', there is only a short way to 'it's all power', and vice versa. The blending of 'knowledge' and 'power', which remains constant throughout the different periods of Foucault's power concept, was also derived from Nietzsche, who projected to dedicate the first chapter of his planned book *The Will to Power* to the 'will to

26. TI, 'Skirmishes of an Untimely Man', §36.

27. 'Unpublished Writings', Spring to Fall 1881, 11 [178] (KSA 9/508).

28. Haug 1999b.

29. Bloch 1990, p. 258.

30. DE I, Nr. 46, 600; DE I, Nr. 101, 1111f.

truth'.<sup>31</sup> Rehmann argues that Foucault introduces his power concept not as an analytical tool to unveil social relations, but rather as an enigmatic force behind actual relations of power and domination, vaguely attached to truth claims, no matter for whom, of what kind, to what ends, or for doing what (p. 117ff). Before it is claimed for describing the multiform 'micro-physics' of relations, it makes its first appearance, around 1970–1, within an ultra-leftist discourse that can be defined by the combination of Nietzsche's 'will to power' and Mao Zedong's 'power comes from the barrel of a gun'. Far from overcoming 'Marxism's class-reductionism', as is usually assumed, it represented, at the time, one of its most irrational and sectarian strands that fell far behind the contemporary debates about ideology and a Marxist politics of alliances (p. 135).

From about 1972 onwards, Foucault leaves behind the framework of an ultra-leftist class reductionism and applies his power concept first to disciplinary strategies, later to sexual discourses, 'biopolitics', and 'governmentalities'. However, some basic traits of the formative period still find their way into his later works: first, the tendency to turn his polemics one-sidedly against universalistic and humanist ideologies, together with a fascination for direct manifestations of violence as 'naked' relations of power that are supposed to be more honest than those mediated by norms, psychology and 'social education'; second, an ongoing contradiction between Foucault's rhetoric of a multiple 'microphysics' of power and its actual depiction as an all permeating, all penetrating essence, affecting and determining all social phenomena and subjectivities. In this regard, Rehmann's study on this formative period can be seen as a genealogical complement to Nicos Poulantzas's critique that Foucault endowed power with the status of a 'Power-Master [*maître-pouvoir*]', treating it as a 'phagocytic essence' that invades and penetrates both the mechanisms of domination and of resistance, glossing over all social contradictions and struggles.<sup>32</sup>

A similar contradiction is unearthed concerning the 'body'. There is, on the one hand, a promising rhetoric about the "political economy" of the body,<sup>33</sup> which, goes hand in hand with a selection of materials where 'bodies' emerge as mere units of ideological discourses: throughout *Discipline and Punish*, there are neither exploited bodies in the modern prison system nor sick or starving ones (pp. 163–4). What Rehmann diagnoses in the example of Foucault confirms what McNally has found by investigating Derrida's concept of language, namely a postmodernist 'new idealism', in whose glamorous body-talk the body itself 'has been de-materialized, relieved of matter, biology, the stuff of organs, blood, nerves, and sinews'.<sup>34</sup>

Numerous books and essays have been uncritically reproducing the assumption of Foucault's *Nietzsche, Genealogy, History* (1971) that Nietzsche's specific 'genealogy' is marked by the rejection of a (unitarian) '*Ursprung* [origin]' in favour of a (pluralistic) '*Herkunft* [descent]'. Rehmann is not the first to demonstrate that there is no such

31. Cf. 'Unpublished Writings', KSA 13/515f, 537, 543

32. Poulantzas 1978, pp. 149 and 151. As Rehmann points out (p. 138), the term 'relational power', which is often ascribed to Foucault, has actually been coined before him by Poulantzas (1968, 101ff).

33. Foucault 1995, p. 25.

34. McNally 2001, pp. 2, 56ff. Terry Eagleton has summarised these tendencies by the remark: 'If the libidinal body is in, the labouring body is out. There are mutilated bodies galore, but few malnourished ones' (1996, 70f).

opposition to be found in Nietzsche's writings.<sup>35</sup> What is new, however, is his symptomatic reading that shows how Foucault, by means of his invented dichotomy, conceals the real contradictions and ruptures that mark the shift from Nietzsche's middle, 'enlightened' period (marked by his friendship with Paul Rée and influenced by Spinoza's *Ethics*) to his late period: between both lies a turn that Rehmann describes as movement of ideological 'Vertikalisierungsschub [verticalisation]' propelled by the perspective of an unfettered aristocratic rule (p. 131f). The same Foucault who utilises Nietzsche's 'genealogy' for unhinging any linearity in 'history', construes a homogenous linearity that eclipses the most contradictory features of Nietzsche's thoughts – similar to Deleuze's levelling of Nietzsche and Spinoza.

The concluding Part IV confronts Foucault's *Discipline and Punish* with the 'classical' groundwork of socio-historical research on penal systems, Rusche and Kirchheimer's *Punishment and Social Structure*, from 1939, which was also the first publication of the Frankfurt school in the United States. By way of this comparative approach, Rehmann is able to disclose what Foucault's dichotomy between the 'spectacle of the scaffold' in the seventeenth and eighteenth centuries and the 'gentle way' of disciplining from the nineteenth century onwards has made invisible: the importance of forced labour in both periods (pp. 154ff), the intimate correlations between forms of punishment and labour markets (pp. 144ff, 158ff), the differences between democratic prison reforms and fascism's oppression and immiseration of prisoners (pp. 162–3), the economic functions of the prison, which Foucault could have studied in the very example of Bentham's Panopticon writings – it is indeed amazing how he could overlook Bentham's clear statement that, in regards to imprisonment, 'economy ought to be the prevalent consideration' (pp. 168ff).<sup>36</sup> Whereas Rusche and Kirchheimer carefully distinguish between different periods and functions of modern penal systems, Foucault subsumes them to an ever-expanding disciplinary power that proceeds without any hindrance or struggle. Carrying through his fundamental opposition to 'humanism', he directs his criticism one-sidedly to the paedagogical claims of the prison system to 'educate' and 'rehabilitate' the prisoners – in other words, to the very function to which progressive reform movements of the penal system tried to refer in order to push back the repressive functions of deterrence and forced exploitation. A comparison with recent socio-historical research shows that Foucault has no analytical tools for grasping the relations between penal systems and specific modes of regulation of capitalism, especially between the 'prison industrial complex' and disciplinary neoliberalism (p. 180).<sup>37</sup>

Unfortunately, Rehmann's book is limited to Foucault's works up to 1975 (*Discipline and Punish*), including some aspects of Foucault's lectures *Society Must Be Defended* from 1975–6, and thus does not yet consider the transition to the late Foucault's interest in modes of self-government – an analysis of this transition at the example of Foucault's lectures on 'governmentality' could not be integrated in the monograph and has been published separately.<sup>38</sup> It would certainly be worthwhile to trace the Nietzschean elements

35. See Cook 1990 and Pizer 1990.

36. Bentham 1962, p. 123.

37. See Petit 1991 for the French penal system, and Parenti 1999 and Wacquant 2000 for the US.

38. See Rehmann 2005b

in Foucault's *History of Sexuality*, whose first volume has, in its French original, an explicit Nietzschean subtitle, *La Volonté de savoir*, and to evaluate its fortes in comparison to the essentialist tendencies in Freudo-Marxism of the time. Rehmann is aware that his predominantly 'deconstructive' critique is in need of a second, 'reconstructive' part which evaluates the strong points of Deleuze's and Foucault's and re-interprets them in the framework of a renewed theory of ideology.

Such an undertaking could and should however modify the view on Nietzsche. While it is fully plausible that Rehmann's own readings of Nietzsche's focus on what postmodernists have systematically overlooked, namely the élitist and anti-democratic features of Nietzsche's philosophy (p. 25), it should be complemented by an evaluation of his anti-metaphysical and anti-essentialistic fortes that surprisingly intersect with Marx's transformation of the philosophical grammar.<sup>39</sup> Nietzsche's philosophical project can be understood as the answer to Marxism from the standpoint of a rigorously reaffirmed class domination, but, at the same time, as an enterprise parallel to that of Marx, though on bourgeois terrain. In other words, Nietzsche acts as the bourgeois anti-Marx; 'kidnapping' and rearticulating Marxian ideas in order to rejuvenate the bourgeois thought that he found to be decadent. Better than anyone else, Antonio Gramsci has understood the fatal impact of this 'ideological migration' which was matched by a loss of the Marxian philosophical radicalism at first by the Second International and later, in a different form, by the Communist Third International. When Lukács writes his *Destruction of Reason*, quite a few of the 'irrationalisms' which he attacks from a 'humanist' standpoint can be revealed as former Marxian elements kidnapped and turned around by Nietzsche. Gramsci criticises Croce's thought as a 're-translation of the realistic historicism of the [Marxian] philosophy of praxis into speculative language'.<sup>40</sup> Nietzsche however, at least partly, carries on with a 'realistic translation' of speculative concepts parallel to Marx. While thus progressive Marxian impulses were drawn to the political extreme Right, Marxism underwent a regression into pre-Marxian forms of thought. As important as Rehmann's book is in its way to put the real Nietzsche back where postmodernists have erected their 'leftist' pseudo-Nietzsche, the present situation, where a new Marxist take-off seems to be looming, needs an additional effort: to win back the philosophical radicality to which, in my view, a 'rescuing critique' (Benjamin) of Nietzsche's own criticism can contribute.

Rehmann explains in his introduction (p. 6) that he does not claim to deliver an overall critique of postmodernism. This would indeed have been an unviable proposition from the outset, since postmodernism itself is, as David Harvey rightly states, 'a mine-field of conflicting notions', whose underlying social transformations have created an 'explosion of opposed... tendencies'.<sup>41</sup> Furthermore, as Fredric Jameson argues, postmodernism is not just a set of intellectual currents, but rather a shift in the 'structure of feeling' since the 1970s which should be analysed in the context of new forms of production and organisation of global capitalism.<sup>42</sup> Defined in such terms, a comprehensive critique of postmodernism would amount to a historical and social reconstruction of these social transformations and their forms of subjectivity which coincide with the ascendance and

39. See Haug 2006, pp. 143–70.

40. Gramsci 1995, 10.I, §11.

41. Harvey 1990, pp. viii, 292.

42. Jameson 1991, p. xiv.

hegemony of neoliberalism.<sup>43</sup> Rehmann does not pretend to tackle the whole problem, but confines himself to a limited but nevertheless far-reaching dimension of this shift.

If the academic market-place were governed by an ethos of scholarly sincerity, Rehmann's new book might frighten the wits out of the Foucault-industry. By carefully confronting secondary interpretations with the Nietzsche texts to which they refer, he lays bare the very presuppositions of the interpretative matrix itself. He thus puts forward a sort of critique that breaks a paralysing spell, though without giving away the more fruitful impulses of the criticised theories. It is not directed against an open-minded learning from Nietzsche's more astute intuitions, but rather, against the fashionable way postmodernism utilises him as 'symbolic capital' (Bourdieu) without revealing his hierarchical obsessions (p. 18). And the more one proceeds in reading Rehmann's investigation, the more it becomes evident that what first appeared to be a modest confinement to critical philology was in fact an excellent entry point for getting a hold on the theoretical 'mode of production' of postmodernist philosophies.

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43. See my studies on 'High-Tech-Capitalism' in Haug 2003.

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 AC *The Antichrist*  
 BGE *Beyond Good and Evil*  
 GM *On the Genealogy of Morals*  
 KSA *Kritische Studienausgabe*, edited by Giorgio Colli and Mazino Montinari, Munich 1999 (1980);  
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*Marx and Wittgenstein: Knowledge, Morality and Politics*. Edited by Gavin Kitching and Nigel Pleasants. London: Routledge, 2002

We must not advance any kind of *theory*. There must be nothing hypothetical in our considerations. We must do away with all *explanation*, and description alone must take its place.<sup>1</sup>

A great part of Marx's appeal, especially to intellectuals, lies precisely in the theoretical nature of his writing. This was certainly what drew this writer to it. The simple fact, however, was that I had already formed my political views *before* encountering Marx, and Marx only provided *post facto* theoretical justification for them. Even in his most theoretical work, such as *The German Ideology*, or scientific work, such as *Capital*, Marx's discussion of alienation and his description of factory workers read more like condemnations, and were certainly written with the force of someone fighting against capitalism. No wonder he inspired a mass of revolutionary movements fighting with almost religious fervour, rather than an army of social engineers (p. 290).

In the introduction to his contribution to *Marx and Wittgenstein: Knowledge, Morality and Politics*, Nigel Pleasants argues that attempts to relate these two thinkers can be classified into broadly three kinds. Firstly (i), there are

those hypothesizing a possible actual influence of Marx on Wittgenstein, suggesting that Wittgenstein made use of, or developed (not necessarily consciously), some of Marx's ideas or analyses.

This, he explains, 'is a matter mostly of historical interpretation and speculation, in the domain of intellectual history' (ibid.). Secondly (ii), there are

those seeking to discern some hitherto unnoticed similarities in the epistemological, ontological, philosophical or sociological views articulated or insinuated by Marx and Wittgenstein. (ibid.)

This kind of approach, he argues, 'while interesting and provocative', is nevertheless 'a somewhat conventional scholarly exercise in textual interpretation and theoretical construction'. Moreover, 'in both this and the previous approach the aim of the comparative exercise is extrinsic to the aims of Marx and Wittgenstein themselves' (ibid.). In contrast, the third approach (iii) involves

seeking to use methods or ideas derived from Wittgenstein to reconstruct certain aspects of Marx's thought (or vice-versa), or to use ideas and methods from both to inform social and political criticism. (ibid.)

This approach, he says, 'is perfectly encapsulated by the thoroughly Wittgensteinian epigraph' to the earliest published attempt to relate Marx and Wittgenstein, namely

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1. Wittgenstein 2001, §. 109. As is the standard practice with this work, all references are to numbered paragraphs.



Ferruccio Rossi-Landi's 1966 article 'Towards a Marxian Use of Wittgenstein': 'Do not seek for the *meaning* of a philosopher, seek for his use' (p. 186). This epigraph, he believes,

exemplifies the right attitude to both Marx's and Wittgenstein's writings and, moreover, it expresses an attitude which is *intrinsic* to their work (i.e. their hostility to philosophy as a body of doctrine, or 'philosophizing' as a worthwhile activity in and of itself). (p. 161.)

In reference to the development of his own understanding of Marx and Wittgenstein, Pleasants explains that although it 'has been significantly stimulated and shaped by approach (ii)' he now endorses (iii) as 'the one that best exemplifies the "spirit" if not the "letter", of their writings' (ibid.). In the course of this development, he declares, 'I have come to see approach (ii) as an unwitting example of the kind of thinking to which Wittgenstein was implacably opposed and sought to subvert' (ibid.).

The extent to which the third approach can or should be turned against its own 'theoretical' antecedents, as Pleasants clearly believes it must, is a crucial question, and the one that I want principally to explore here, outlining its main insights before drawing out the problems and contradictions involved when it is framed as a reconstruction of – or an alternative to – critical Marxism. This question is significant in terms of how to assess and respond to the arguments in the volume, but it also concerns the critical-Marxist tradition more broadly, which in any meaningful dialogue with Wittgenstein's writing is inevitably faced with having to think, perhaps more deeply than usual, about the relationship between 'theory' as a form of activity, and what is intended by its use of the word 'critical'.

The collection as a whole broadly follows the kind of progression outlined by Pleasants. It begins by clearing the necessary ground for a serious engagement with Wittgenstein, by way of a systematic refutation of Ernest Gellner's highly influential if ill-conceived condemnations of his ostensible 'conservatism' and 'relativism' (pp. 23–46). The volume opens with several papers stressing various substantive commonalities between Marx and the later Wittgenstein. Particular emphasis is given to their parallel 'philosophical anthropology', or their social conception of human beings, and the extent to which this is simultaneously a 'naturalistic' view; to their emphasis on social activity and how this is used to dissolve philosophically pervasive Cartesian dichotomies; to the sociological import of such concepts as 'form of life' and 'language game'; and, finally, to their mutual understanding of language as practice. These are fascinating and imaginative studies, and a wholly necessary starting point, both for Marxists habituated to dismissing Wittgenstein as a linguistic idealist, and for Wittgensteinians accustomed to regarding Marx as a reductive materialist. The arguments put forward here would give ample cause for doubt in the mind of even the most determined proponent of Marx and Wittgenstein's incompatibility, but leave the reader unsure of the subtitle's appropriateness. With the exception of Terrell Carver's contribution, and the partial exception of Ted Benton's paper, their focus is essentially ontological, theoretical, and anthropological, which leaves the juxtaposition of the words 'knowledge, morality and politics' and related questions largely unconsidered. It is only in the later part of the book that the relevance of these words reveals itself, at which point the collection becomes much more than a highly interesting (but rather dry and scholastic) analysis of the many points of convergence between Marx and

Wittgenstein. Stated in terms of Pleasants's tripartite classification, approach (ii) merges gradually into (iii), as the increasing quantity and depth of the arguments ranged under (ii) lead to a qualitative shift of attitude and orientation. Thus, what begins as a predominantly theoretical and ontological exercise leads reflexively to unexpected methodological and ethico-political conclusions. In the latter half of the volume, with articles by Pleasants, Kitching, Read, Fann, but also Carver, the volume grapples with an increasingly self-critical and searching set of dilemmas concerning the kinds of knowledge-claim that can or should legitimately be made about the social world, what their purpose may be, and with the kind of activity we are really involved in when we talk about social life theoretically.

This seems to me to be the central problem around which the most challenging and far-reaching arguments in the volume revolve, and if there is an explicit editorial agenda then this surely underpins it. I am referring to the implications of any Marx-Wittgenstein convergence, whether conceived as synthesis, reconstruction, or cross-reading, for social theory *as an activity* or practice. This set of issues takes various forms, and can be invoked by several questions. What is the philosophical or scientific status of the knowledge that social theory produces, claims to produce, or should produce? What is the nature of social-theoretical language in relation to everyday language? What forms of political, revolutionary, or therapeutic activity is, can, or should social theory be connected with? What is the difference – and the relationship – between theory and description? What is 'critical' about critical theory? Such questions go to the heart of the performative dilemma which arises from any engagement with Marx and Wittgenstein that ventures beyond the confines of a textual analysis towards their practice *as writers*, as real people who thought and wrote, but who also therefore lived, experienced, suffered, believed, condemned, struggled and hoped (pp. 95–110). In other words, when one considers Marx's and Wittgenstein's writings *as active* interventions into the world, rather than in abstraction as passive bodies of doctrine, it is then that the profoundest and most difficult, but also the richest and most powerful reflexive questions come to the fore, questions from which it is impossible to exclude the writers', and indeed the reader's, own life and practice (see p. 248 for Marx's 'activist epistemology'). This is elegantly expressed by Rupert Read, who quotes the following passage from Marx:

The philosophers would only have to dissolve their language into the ordinary language, from which it is abstracted, to recognize it as the distorted language of the actual world, and to realise that neither thoughts nor language in themselves form a realm of their own, that they are only manifestations of actual life. (p. 255.)

Remarking upon the strikingly Wittgensteinian tenor of this quote, Read argues that: '[When] we recognize in this remark an anticipation of Wittgenstein, we can begin to appreciate the depth of the problem of the status of philosophical discourse itself, especially that of Marxians or Wittgensteinians' (ibid.). Or, to put it another way:

What then is the status of their own discourse? Do they stand in some Archimedean position, some place invulnerable to their own criticisms? What justification could they have for excluding their own claims from the criticisms they themselves make of philosophy? (ibid.)

Thus, Marx and Wittgenstein are highly critical of both philosophical discourse and philosophy as a worthwhile activity in its own right, but it is an open question as to what extent social *theory* may be endorsed or rejected on the basis of their respective approaches. The orthodox interpretation would have Marx as a social theorist *par excellence*, whereas Wittgenstein would be seen, through the lens of Peter Winch's *The Idea of A Social Science*, as deeply hostile to social theory. The grounds for this stance lie in the belief that social theory is just another form of reified philosophical language, involving the dislocation of words from the everyday practical contexts in which they are meaningful in order to put them to abstract use in the construction of ontological pictures of the world that are divorced from practice. Just as with the problems of metaphysics, the problems of social theory arise 'when language *goes on holiday*'.<sup>2</sup> This might easily become a key reason for Marxists in the critical-theory tradition to resist any rapprochement with Wittgenstein, since such a rejection of theory might appear to disarm any properly *critical* mode of enquiry. What emerges from the discrepancies between the papers in this volume, however, is that things are not nearly so clear-cut, with different papers taking very divergent views on this central point of interpretation. In fact, both the putative theoreticism of Marx's writing and the ostensibly conservative consequences of Wittgenstein's rejection of theory turn out to be less than unassailable.

Indeed, it might reasonably be argued not only that Wittgenstein's approach stops short of a preclusion of critical analysis, but that it actually constitutes a form of rigorously self-reflexive critical activity. In demonstrating the spuriousness of an ontological, rather than practical understanding of the language we use, Wittgenstein practises a kind of immanent social critique, showing how it is possible for us consistently to reify and therefore misrecognise even the meaningful social processes in which we are immediately involved, without for one moment suggesting that there is some hidden truth beneath the surface of social life requiring special 'theoretical' concepts and methods to be revealed. The misrecognition itself cannot be thought of as simply an illusion then, for it is just as much an instance of language-use as the everyday usage that Wittgenstein points to as exemplary of how language operates in practice. In other words, the very tendency to misunderstand the nature of language must itself be seen as wholly practical and embedded in social activities. Reification is itself actual practice, not merely a failure to understand real practice; It is an 'objective illusion' in Marx's sense (see pp. 86–9, for an interesting discussion of Marx's notions of 'objective illusion', 'phantomlike objectivity', and reification as activity). Thus, Wittgenstein's critique of reification in language is inseparably a critique of reification in social life, of a set of practices and relations in which the consistent misrecognition of social life is implicated. The parallel with Marx's critique of the social reification of commodity fetishism could not be more striking, and David Andrews's paper brings this out very clearly. Where, for Marx, commodity fetishism involves a social relation between people which takes on the appearance of an abstract relation between things, so equally, for Wittgenstein, the relationship between words is actually a social relationship between people, since the meaning of words is established in the use that people make of them in their practical social activities. However, in the conception of language which is involved in theoretico-philosophical activity, the relationship between words assumes the appearance

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2. Wittgenstein 2001, §. 38.

of a relationship between metaphysical objects. In its logical structure then, Wittgenstein's critique of the dominant Cartesian, representationalist conception of language underpinning philosophy parallels Marx's analysis of the reification of social relations comprising capitalist production. It is no surprise, therefore, that time and again the model used by Marx to express the nature of sociality is that of language, communication, or 'social intercourse':

Production by isolated individuals outside society – something which might happen as an exception to a civilised man who by accident got into the wilderness and already potentially possessed within himself the forces of society – is as great an absurdity as the idea of the development of language without individuals living together and talking to one another.<sup>3</sup>

Or, in another important statement: 'The characteristic which objects of utility have of being values is as much men's social product as is their language'.<sup>4</sup>

If Wittgenstein therefore practices a form of social criticism which, whilst eschewing 'theory', manages nevertheless to be surprisingly similar to Marx's critique of commodity fetishism, then where does this leave our understanding of Marx's own discourse? In fact, though the case is more difficult to make, there are surprisingly solid grounds for believing that Marx's 'theory' at its best is not theory as such – in the sense of abstract meta-conceptual thought purporting to use special tools to reveal a hidden reality – but, actually, a form of rigorous analytical *description*. This is in keeping with the dialectical notion that capitalism generates its own critique, which implies that it is simply unnecessary to use some technical or metaphysical language in order to perceive some otherwise invisible social object, since capitalism itself provides all of the tools necessary to understand and oppose it as a highly exploitative set of reified social relationships. It follows that all that needs to be done in the name of any 'critical' project is to provide a precise and concrete description of the actual workings of capitalism, thus helping people to see a reality which they already know, since they live it everyday, and which is invisible to them only because it is so commonplace and taken for granted. In Wittgenstein's words, 'one is unable to see something, because it is always before one's eyes'.<sup>5</sup> On this view, the task of Marxist critique is above all descriptive rather than theoretical, but no less critical for all that. As Marx himself puts it: 'Only the conventions of our everyday life make it appear commonplace and ordinary that our social relations of production should assume the shape of things, so that the relations into which people enter in the course of their work appear as the relations of things to one another and of things to people' (cited by Andrews, p. 91). The corollary is that:

What is needed is description that promotes change in [people's] way of seeing that reality, not explanation that reveals its hidden essence. For the purposes of radical social criticism 'nothing is hidden' (Wittgenstein 1968: §. 435) – that is, not hidden in the way that the molecular, atomic and sub-atomic universe is hidden from scientifically unaided thought and perception. (p. 177.)

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3. McLellan (ed.) 1977, p. 346.

4. Marx 1990, p. 126.

5. Wittgenstein 2001, §. 129.

The relationship between a ‘critical’ and a ‘theoretical’ approach then is by no means beyond question, even from a purely Marxist point of view, as the following passages from Marx tend to confirm:

All social life is essentially practical. All mysteries which lead theory to mysticism find their rational solution in human practice and the comprehension of this practice.<sup>6</sup>

When we conceive things thus, as they really are and happened, every profound philosophical question is resolved, as will be seen more clearly later, quite simply into an empirical fact.<sup>7</sup>

It can be seen how subjectivism and objectivism, spiritualism and materialism, activity and passivity lose their opposition and thus their existence as opposites only in a social situation. It can be seen how the solution of theoretical opposition is only possible in a practical way, only through the practical energy of man, and their solution is thus by no means an exercise in epistemology but a real problem of life that philosophy could not solve precisely because it conceived it as a purely theoretical task.<sup>8</sup>

Men do not in any way begin by finding themselves in a theoretical relationship to the things of the external world.<sup>9</sup>

There is plenty of textual evidence, then, to suggest that Marx and Wittgenstein have a similar critical appreciation of what might be called the pathology of theory, which is to say the distorting and reifying effects of theory as a social practice and a relationship to the world, quite irrespective of its content. With this in mind, it is worth thinking about what is meant by Wittgenstein’s alternative, his ‘therapeutic’ approach, and how this might relate to Marxist critical or revolutionary praxis. At first glance, the ‘therapeutic’ reading of Wittgenstein might appear to be proposing an individualist and introspective solution to a collective social problem, which would clearly be unacceptable to the Marxist tradition. This is rooted in a misinterpretation however, since, according to Crary and Read, the term ‘therapeutic’ is intended to convey the sense of a direct practical intervention into social life and thought. Rather than striving to stand in an ‘objective’ abstract relationship to some unitary ‘object’ of knowledge, Wittgenstein’s *Philosophical Investigations* is aimed at solving the concrete problems of real people, particularly by dissolving the anxiety-inducing ‘muddles’ that people get into when, in the midst of thinking philosophically, they misconstrue the nature of the language they use, thinking they need to view it from an external point of view, which, in turn, leads them to various, seemingly intractable, false problems.<sup>10</sup> Again this is intimately connected to Wittgenstein’s rejection of the theoretical approach, for to *theorise* society is to attempt to step outside of the flow of practice, to stand

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6. McLellan (ed.) 1977, p. 157.

7. McLellan (ed.) 1977, p. 174.

8. McLellan (ed.) 1977, p. 93.

9. McLellan (ed.) 1977, p. 581.

10. Crary 2000, p. 1.

apart from the very ‘stream of thought and life’<sup>11</sup> in which words gain their meaning, which, of course, is impossible. The consequence, therefore, of theory – or better, theoretical language – conceiving of itself as at least partially removed from practice (necessarily an illusion), is likely to be, at worst, an elaboration of sheer nonsense, and at best, an acute lack of reflexivity. In either case, the result is a further instance of the reified mode of thought and life, or what Read calls a ‘parasitism of theory upon practice’ (p. 258), hence a reproduction of reified social relations through the very practice of theory. The same insight can be found in Marx’s remark that ‘[p]hilosophical mind is nothing but the abstract mind of the world conceiving of itself and thinking inside its self-alienation, i.e. abstractly’.<sup>12</sup> It would be a mistake to regard this as a critique of the discipline of philosophy in the narrow sense, for it is surely aimed at the alienated mode of thought, and therefore of life, which, for Marx as for Wittgenstein, philosophy perfectly exemplifies. Thus, Marxist praxis and Wittgenstein’s ‘therapeutic’ approach have a good deal of common ground. Indeed, as Read argues:

It is important to understand that Wittgenstein does not seek for individuals only to work upon themselves in a narrow and introspective way; he hopes rather (though he does not expect) that ‘the darkness of this time’ (*Philosophical Investigations*, p. x) might be altered by people taking up his work and using it to think (and act) with. He hopes that it may make his readers less likely to engage in dangerous forms of thinking (e.g. over-generalization, scientism, the myriad forms of linguistic mesmerization). Putting it more boldly: he thinks, perhaps after Spengler and Freud, that *our culture*, in the deepest sense of those words, needs therapy, not just the individuals in it. It is for that reason that he can be profitably compared with Marx. (p. 277.)

This seems to me to grasp precisely the collectivist spirit of Wittgenstein’s remark that: ‘[T]he sickness of a time is cured by an alternation in the mode of life of human beings, and the sickness of philosophical problems could be changed only through a changed mode of thought *and of life*, not through a medicine invented by an individual’.<sup>13</sup>

There is good reason to believe, then, that Wittgenstein’s ‘therapeutic’ approach is anything but inimical to critical or revolutionary practice. It is more accurately seen as a particularly reflexive, self-critical and interventionist strategy for combating social reification, which is by no means incompatible with the kinds of collective organisation and activity associated with socialist politics.

The same point emerges at a biographical level, with two papers by Sharpe and Davis in the volume directly exploring the possible Marxist influence on Wittgenstein via the economist Piero Sraffa. Fascinatingly, they demonstrate that Sraffa may well have provided a conduit for Wittgenstein to Marx’s ideas at a time when Wittgenstein was beginning seriously to question his earlier logical-positivist approach to philosophy. They also show that Wittgenstein, typically assumed to have been politically conservative, was in fact rather

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11. Wittgenstein 1967, p. 173.

12. McLellan (ed.) 1977, p. 99.

13. In Fann 1969, p. 111. Also cited by Rubinstein in Shanker (ed.) 1986, p. 299.

sympathetic to socialist ideals and – notwithstanding his deep pessimism – to leftist politics in general. This was despite the fact that, as far as the limited evidence on the matter indicates, Wittgenstein was hostile to Marxism as a *theoretical* approach to politics (p. 290). Indeed, this apparent contradiction underlines in practice what is perhaps the profoundest consequence of Pleasants's third approach, and the rejection of theory it entails. That is, with the imperialism of theory rolled back, the inescapably personal aspects of politics loom large, highlighting the irreducibly ethical dimension of political commitment (or lack thereof), the personal responsibility which it attaches to political activity, and the sense in which political choices are inevitably about values, which cannot be elided by the adoption of any quasi-scientific theory. These considerations may seem little more than commonsensical, but it is significant that the condition of their foregrounding is the acknowledgement that ultimately there can be no purely theoretical basis for political positions. Thus, as Fann argues:

There is not a necessary connection between one's philosophy and one's political views, and this is especially true of Wittgenstein and his followers. Marxists are accustomed to think there is a logical connection. If you are a Marxist then you must be a materialist in philosophy, an atheist in religious matters and leftist in politics. Wittgenstein, by contrast, keeps reminding us that he was only destroying castles in the air and clearing the ground on which they stand. After the ground is cleared you can plant different seeds in it or build different structures on it. (p. 289.)

Hence, for Wittgenstein:

There is no need for a philosophical or theoretical justification, definitely not a scientific justification, for your religious beliefs or political orientation. As he [Wittgenstein] put it: 'If you can fight, you fight. If you hope, you hope. You can fight, hope and even believe without believing *scientifically*'. (p. 290.)

This approach to politics is very much in keeping with Wittgenstein's deep sense of intellectual honesty and integrity. Nor is it entirely alien to the Marxist tradition, where I believe it is detectable in the old distinction between a class-in-itself and a class-for-itself. Such distinction similarly hinges upon recognition of the gulf that exists between a supposedly objective theory of social revolution, and the irreducibly voluntaristic, affective and value-laden nature of the political will and action required to effect the transformation envisaged by the theory. What the intractability of this dilemma points to is the fact that, looked at coldly, society and politics do not develop according to anything resembling objective laws of necessity, and that therefore 'theory' cannot be what it purports to be, but is actually a mixture of analytical description of the existing society together with ethical and political condemnation of its inequities and injustices. Thus 'theory' turns out to be just one rhetorical strategy amongst many for persuading people to fight for social change. Jean-Paul Sartre remarked that his own conversion to Marxism was based not upon its veracity as theory, but upon what he called 'the reality of Marxism', by which he meant the *actual* class struggle and the fact that workers all over the world *lived* capitalist exploitation everyday and *believed* in socialism as a desirable alternative; they did not need theory to tell

them any of this.<sup>14</sup> I think this not only captures the subordination of theory to political belief characteristic of many practising Marxist socialists, but also mirrors the actual lived practice of Marx himself, whose condemnation of capitalism and political alignment with the proletariat not only preceded his analysis of capital, but was the sole reason why such an analysis was deemed worthwhile. Though I fear this line of argument will be unfavourably received – perhaps unsurprisingly – by some self-identified Marxist *theorists*, I believe that it will resonate with the attitude and experience of those involved in actual socialist politics. Since many of the latter group are also members of the former, and vice versa, I am hopeful that at least some will agree that it is an issue worth reflecting upon more deeply.

Having outlined the Wittgensteinian case against ‘theory’, and suggested how the ‘therapeutic’ approach may be not merely compatible with but perhaps even complementary to both Marxian critique and Marxist politics, I now want to examine some of the problems and contradictions in the approach, and to begin to suggest how, whilst it may modify and enrich our understanding of critical-Marxist theory, it fails to render such theory redundant, and, in certain respects, is better seen as an immanent moment of Marxian dialectics. Returning to Nigel Pleasants’s outline of the three main approaches to Marx and Wittgenstein then, I want to suggest that the third approach he discusses does not, in fact, undermine the second, but actually depends upon it. Once the ladder has been climbed, it is not kicked out but remains. In other words, whilst it is true that critical theory must go beyond itself if it is to grasp actual practice, it does not cancel itself out in so doing but carries the contradictions of its earlier forms within itself, even as it assumes the new forms necessary to supersede those contradictions. At the heart of dialectical thinking, we find a profound understanding of this predicament. Indeed, given the practical constraints imposed by the nature of a one-volume edited collection, it is perhaps churlish to criticise its lack of engagement with the dialectical tradition beyond Marx, and I do believe it is a valid exercise to compare two thinkers directly without always having to haul in the entire intellectual history of their predecessors and legacy. Nevertheless, certain omissions do strike me as regrettable. Despite several brief but valuable reflections on Feuerbach, for example, and an excellent article looking at Vološinov’s and Bakhtin’s Marxist philosophies of language by Israel, the lack of any sustained discussion of Hegel’s dialectics is inadmissible. Equally disappointing, to my mind, is the absence of any consideration of Adorno, whose *Negative Dialectics* strikes me as a major Marxist contribution to exactly the kinds of questions at the heart of this volume: the relationship between theory and practice; the nature of abstraction and the problem of metaphysical language; and the possibilities of reflexive critical knowledge. For this reason, I believe that no study of the relations between Marx and Wittgenstein can be wholly adequate which fails to address the implications of Adorno’s dialectic for Wittgenstein’s arguments. Indeed, despite huge differences in discursive style and philosophical approach, the two can be seen as sharing a very similar problematic, perhaps best expressed by Marx in *The German Ideology*:

One of the most difficult tasks confronting philosophers is to descend from the world of thought to the actual world. Language is the immediate actuality of thought. Just as philosophers have given thought an independent existence, so

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14. See the chapter on Sartre in McLellan 1979.



they were bound to make thought into an independent realm. This is the secret of philosophical language, in which thoughts in the form of words have their own content. The problem of descending from the world of thoughts to the actual world is turned into the problem of descending from language to life.<sup>15</sup>

The essential difference between Adorno and Wittgenstein is encapsulated in their respective responses to this problem. For Adorno, we are always and necessarily *within* alienated language, *within* a culture that tends towards fetishism and idealism, and *within* reified abstractions and concepts; dialectics must therefore attempt to turn 'thinking against thought itself', in full awareness of the inadequacy of the tools with which it must work.<sup>16</sup> As Adorno himself put it: 'Dialectics appropriates for the power of thought what historically seemed to be a flaw in thinking: its link with language, which nothing can wholly break'.<sup>17</sup> Wittgenstein's arguments, in contrast, appear to be predicated upon a qualitative distinction between two essentially different *kinds* of language, philosophical language and the language of the 'everyday', and propose that the former should be 'brought down to earth' by being dissolved into the latter. This seems to produce a bifurcated view of discourse, in which philosophical language is seen as reified, disconnected from practice and deeply illusory, whereas 'everyday' or 'ordinary' language is regarded as wholly embedded in practice and fully transparent to itself. It is clear, however, that ultimately, Wittgenstein does *not* posit an *a priori* separation of language into two distinct types, for if language is inseparable from the uses made of it in social activities then this is surely true of *all* language, and there can be no grounds for excluding philosophical language from this anthropological condition. The real separation, therefore, which underpins this apparent bifurcation is not a separation within *language* as a discrete realm, but a separation *in practice*. It is philosophy as an *activity* which is ultimately the target of Wittgenstein's critique of philosophical language, since it is the practical basis of this language, and it is this *activity* which is being contrasted with the activities of everyday life or ordinary practice. This is where Wittgenstein's approach is at its most problematic from a Marxian perspective, for, in the course of its critique of philosophy, it cannot avoid adopting what is ultimately a homogenising and uncritical view of everyday life.

The suggestion that the false problems arising from reified philosophical language can be dissolved by a return to normal or everyday language presupposes that everyday life is not itself reified. There is no obvious way to reconcile this with the Marxist point of view, which rightly regards everyday life as anything but unproblematic, and which is deeply and necessarily critical of the social organisation of various forms of practical activity. Nor is this a contingent feature of Wittgenstein's approach, which might be attributed to simple oversight; unfortunately, it is central to the whole argument. If everyday life is itself subject to forms of reification and alienation, then plainly it cannot provide an unproblematic counterpoint to philosophy, for its own language will be similarly prone to systematic misunderstandings and false problems, albeit of a different nature. A further consequence of this is that the grounds for distinguishing between philosophical and everyday language

15. Marx and Engels 1976, p. 446 (cited by Read, p. 273).

16. Adorno 2000, cited in Jameson 1996, p. 17.

17. Adorno 2000, p. 56. For a detailed discussion of Adorno's dialectic see Jameson 1996.

disappear. It transpires that there is only one *kind* of language, and the reification to which it is subject is the result of an overarching historical situation and therefore deeply entrenched and pervasive. It cannot be escaped from by anything so simple as a voluntary return to some fully transparent and unproblematic form of language. The tools of thought may be bent out of shape, but there are simply no others available. The critical-Marxist approach, and particularly Adorno's dialectic, is the only one consistent with this recognition, and with its implication that 'we are all philosophers', given that a return from the language of philosophy to the language of everyday is no solution when, due to capitalist social processes, everyday life is itself deeply reified and alienated. In short, Marxists must reject the notion that practical social life has the kind of transparency which Wittgenstein's arguments assume. The corollary is that description alone will not suffice. There is still a crucial role for critical *theory*, albeit one that is rigorously self-critical in its categories and abstractions, aware of both the treacherousness of its inescapably conceptual form and the historical conditions of its own production, and reflexively conceived not as an objective reflection of an external social object but as an immanent weapon of critical social practice.

With the role of theory in social criticism at least partly vindicated, other cracks in the Wittgensteinian approach begin to become more apparent. Foremost amongst these is its treatment of natural science. In making a powerful case against scientism in philosophy, Wittgenstein draws too sharp and absolute a distinction between natural science and philosophical or social thought. This leads to an uncritical and homogenising view of science, which accepts a naïvely realist philosophy of scientific method and consequently fails almost entirely to problematise the self-image of science. It appears that Wittgenstein himself was highly critical of science's social effects, of modernity's deification of science, and of its notion of 'progress', as Fann points out (p. 291). However, it is not always apparent how this attitude found its way into his work. One pervasive consequence of this is the separation of facts and values which is often noticeable in *Philosophical Investigations*, and which clearly underpins Wittgenstein's voluntaristic view of politics. It plays a still more prominent role however in readings of Wittgenstein influenced by Peter Winch, and I think there is a strong case for arguing that Winch is treated too sympathetically by several of the contributors to this collection, though there are some notable exceptions, Ted Benton being perhaps the most obvious. Indeed I cannot help feeling that the volume fails to fully represent the range of available positions on Winch vis-à-vis Wittgenstein. Thus, those who prefer a reading of Wittgenstein which is amenable to a social science sharing at least some of its methodological principles with natural science are predictably hostile to Winch, whereas those who favour an anti-naturalist reading are just as unsurprisingly sympathetic to Winch. To my mind, this polarisation excludes what is the most interesting possibility, that of a thoroughly non-scientific conception of social analysis which nevertheless utterly rejects Winch's reduction of extra-linguistic social activities to 'expressions of ideas'.<sup>18</sup> This is nothing but a dialectical conception of social practice, which is neither naturalistic nor

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18. Bloor 1983, pp. 170–1. Bloor argues that Winch actually inverts Wittgenstein's prioritisation of being over thought to produce a theory in which thought has priority over being.

hermeneutic in the usual sense. Nigel Pleasants comes perhaps closest to this with his complex and variegated assessment of Winch's divergent attempts to utilise Wittgenstein's 'way of seeing', first in *The Idea of A Social Science*, and then in his later *Understanding a Primitive Society*. His paper notwithstanding, the volume would certainly have benefited enormously from clearer structuring in relation to the different positions on Winch, perhaps even from a section of several papers dedicated explicitly to assessing Winch's argument in relation to Marxism. At the very least it should have looked much more squarely and centrally at Winch's reading of *Philosophical Investigations*, which has surely been as destructive for Marxists' reception of Wittgenstein as has the Gellner critique demolished in the first paper. As it is, different contributors pull in very different directions on Winch, their attitudes often being contained in just a few brief remarks, and it is extremely difficult to separate out the various positions on Winch vis-à-vis Wittgenstein and their different implications for the debates spanning the volume.

By way of a conclusion, I want to touch upon the question of how a vindication of theory, and of dialectics in particular, should impact upon a Marxist assessment of Wittgenstein. If theory is still an indispensable tool of social criticism, then how should Wittgenstein's rejection of theory (and, by extension, this edited volume taken as a whole) be regarded? In my view, it would be a serious mistake to simply dismiss the approach as entirely misconceived. Rather, it is best seen as a particularly vigorous expression of what is a crucial but limited moment of Marxian dialectics. The critique of reified language, the turn to practice, the emphasis on social activity, the conception of meaning as use, the interventionism of the 'therapeutic' orientation, all these aspects in a Wittgensteinian approach might fruitfully be regarded as rigorous workings-through of what is a quintessentially Marxist methodology. Above all, Wittgenstein reminds us how Marxism should treat philosophy, which is to insist upon placing its abstractions in their historical, social, and political context, and especially in the context of the forms of practical activity and social relations within which they are embedded. What this does not do – and it is worth remembering that Wittgenstein did not set out to do it – is to obviate the need for a critical theory of such activities and relations. This follows from the recognition that practical life under conditions of generalised commodity production, like philosophy under conditions of generalised ontology or metaphysics, gives rise ineluctably to systematic misconceptions of itself. Thus capitalism as a form of social production generates real abstractions, reifications not just in thought but in social practice, and it is these collective objectifications above all which justify the deployment of critical abstraction in language, which is to say 'theory', in order to demystify the social processes and relations which give rise to such abstractions in actual life. In this situation, the opposition between theory and description loses much of its coherence, for theory emerges as the necessary mode of description of a form of life which is self-abstracting. The therapeutic approach, far from excluding theoretical activity, turns out to require it. Moreover, if there are no grounds for a qualitative distinction between philosophical and ordinary language, then it must be admitted that there are even less grounds for such a distinction between everyday language and the forms of language involved in social explanation. This really should not even need to be argued; it should be self-evident that we are all social theorists, and that theorising is just as much a part of 'normal' everyday discourse and activity as is any other social practice. So whilst admittedly theory should not be regarded quasi-scientifically as the only legitimate form of

social criticism, neither can it be proscribed as a mode of critical analysis, and its role in the clarification of self-reifying social processes should not be denied.

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*Entfesselter Kapitalismus: Transformation des europäischen Sozialmodells.* Joachim Bischoff. VSA: Hamburg, 2003

*Klassen und soziale Bewegungen: Strukturen im Kapitalismus.* Joachim Bischoff, Paul Boccara, Robert Castel and Klaus Dörre (eds.). VSA: Hamburg, 2003

### Capitalism after Fordism<sup>1</sup>

What comes after Fordism? A chaotic situation – at least if we follow Joachim Bischoff, an important organic intellectual of the German Left.<sup>2</sup> In his book *Entfesselter Kapitalismus* [*Capitalism off the Leash*],<sup>3</sup> he argues that there is no ‘new firmly established capitalist order’ (p. 7) that has succeeded Fordism-Taylorism (p. 54). His assertion is situated in a current debate among German Marxist social scientists as to whether or not capitalism has reached a new stage of development.<sup>4</sup> Bischoff’s book should be seen as the antidote to Mario Candeias’s work on neoliberalism as a new ‘transnational capitalist mode of production and living’.<sup>5</sup>

According to Bischoff, capitalism is going through an intermediate phase between two of its developmental stages; all recent developments are still overshadowed by the crisis of Fordism, which has not yet been overcome. He assumes there to be four aspects to this crisis: (1) the exhaustion of innovation potentials within the Fordist-Taylorist organisation of the labour process, (2) the erosion of support for economic policies centred on the notion of ‘steering’ national economies, (3) the incompatibility of the existing system of social security with the level of productivity achieved (and the individualist forms of subjectivity accompanying the latter), (4) the breakdown of the Bretton Woods system of international finance (p. 137).

Bischoff acknowledges that in reaction to this crisis a new hegemonic ideology has emerged, which is neoliberalism (p. 54), or, more precisely, the reliance on markets as a medium of societal coordination (p. 177). Moreover, he indicates that this dominance causes Rhenish state projects to adapt to Anglo-Saxon ones (p. 13). Nevertheless, he does not renounce his initial claim. According to him, this hegemonic ideology does not result in capitalism reaching a new stage for two reasons. He argues that neoliberal policies lead neither to an overcoming of the blockages in the sphere of production that prevented the advancement of Fordism-Taylorism (p. 154), nor to a new ‘civilisation’ of capitalist society as a whole (p. 158).

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1. I would like to thank Bob Jessop, Jörg Nowak, Andrew Sayer, Myfanwy Williams, Jim Kincaid and the editorial board of *Historical Materialism* for their insightful comments on my review.

2. Bischoff is member of the editorial board of the political journal *Sozialismus* and of the recently constituted Left Party.

3. All translations from German have been produced by the author of this text.

4. Candeias and Deppe 2001.

5. Candeias 2004.

### Periodisation, civilisation and societalisation projects

I suspect that the periodisation of capitalism implied here does not stand up to closer scrutiny. By employing the term ‘civilisation’, Bischoff indicates that the trajectory of the capitalist mode of production passes through different stages marked by inherent social stability and sustainability and messy intermediary, crisis-ridden phases in between. However, Bischoff has to face up to the problem that it would be hard to name any other stable stage of capitalist development than Fordism.<sup>6</sup> Throughout its history, capitalism is accompanied by economic, political and social crises. In light of this, I object to periodising capitalism on the grounds of criteria arrived at by the generalisation of specific features of Fordism. This does little more than to override capitalism’s inherent instability and to confuse an exceptional situation with capitalism’s normality, that is, with its average mode of existence.

In contrast, I suggest the conceptualisation of the development of capitalism as a passage through different ‘societalisation projects’.<sup>7</sup> With this term, I designate the dominance of a way of life grounded in a decisive economic nucleus, whereby social relations are ordered, social cohesion is generated, and the reproduction of the thereby established social order is ensured. Along these lines, I would argue that the incoherence of contemporary capitalism alone is not a sufficient reason for ruling out that there might be a new dominant capitalist societalisation project.

The issue at stake is obviously of high political relevance. The feasibility of strategies that attempt to ‘civilise’ capitalism rests on the possibility of making it socially stable and sustainable. As I will try to demonstrate in this review, there are no reasons to assume that this is a genuine possibility. To support my argument, I have chosen to include another book: *Klassen und soziale Bewegungen* [*Classes and Social Movements*], an edited volume on the relevance of class theory to understanding contemporary capitalism. I have done this for two reasons; first of all, it is an exemplary compilation of the achievements and failures of Marxist conceptions of class in the light of contemporary capitalism; secondly, it is co-edited by Bischoff, and hence can serve as a source of additional material both for reconstructing his line of argument and countering it. This ensures that my critique is not formulated from an external standpoint, but located within his discursive universe.

In the course of this text, I try to demonstrate: firstly, that Bischoff’s line of thought is flawed when it comes to explaining why there is no new project within capitalism; secondly, that these flaws result from looking at social cohesion in a one-dimensional manner; thirdly, that this highlights the need to replace such simplistic perspectives by a multi-dimensional account; and finally, that this multi-dimensional account undermines Bischoff’s political agenda of re-civilising capitalism.

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6. Bischoff himself admits that Fordism had its ‘dark sides’ (p. 82), which he sees in the persistence of inequality on both the national and the international scale and the waste of resources for military purposes (p. 83). Accordingly, it is important not to overlook that stability was limited even then.

7. ‘Societalisation’ translates Marx’s concept of *Vergesellschaftung* (1983: p. 790), which designates processes by which practices are integrated into social formations. In German, a difference is made between *gesellschaftlich* [societal] and *sozial* [social], the former term bearing no normative implications as opposed to the latter.

### The labour process, flexibilisation and social cohesion

Bischoff assumes that ‘the limits of Fordism become apparent in the fact that important potentials of productivity are wasted with the Taylorist requisition of labour-power’ (p. 158). According to him, the existence of a new stage of development of capitalism would presuppose the existence of a strategy of work organisation that succeeds in overcoming these limitations. He then adduces six reasons why he thinks flexibilisation along neoliberal lines does not do so: (i) the exploitation of producers’ knowledge, generally seen as a way of increasing efficiency and cutting costs, does not take place because they are not granted self-determination (pp. 152–3); (ii) the integration of planning into production work is experienced by the workers as an increase in requests for delivery and control, not as an incentive to increase performance; (iii) as management retains a certain degree of bureaucratic organisation in order to retain control of the firm, opportunities for innovation are limited (p. 153); (iv) the development of individual capacities is blocked by neoliberal policies that undermine facilities for continuing education (pp. 153–4); (v) increasing rationalisation threatens employment and hence is no means of reaching agreements with workforces; (vi) the introduction of internal markets within the firm generates conflicts of loyalty on the employees’ side and hence induces their resistance (p. 154).

This line of argument can be criticised in terms of its empirical validity as well as its persuasiveness. On the empirical level, we must ask whether new techniques in work organisation have left labour productivity as stagnant as Bischoff suggests. At least in Germany, which is Bischoff’s frame of reference, statistics do not indicate this. Although productivity is not growing as fast as in the 1970s, it is increasing right now – in contrast to a period from 1980 to 1983, when growth was largely absent.<sup>8</sup> This indicates that a blockage in productivity growth has been overcome.

Another empirical objection concerns whether the effects of flexibilisation can be assessed in such a general manner. Boyer<sup>9</sup> and Leborgne and Lipietz<sup>10</sup> argue that flexibilisation strategies are not uniform, producing highly variable results. Accordingly, one can distinguish between ‘offensive flexibility’, a strategy involving flexible specialisation and based on the production of high-quality and high-price goods, and ‘defensive flexibility’, which is the utilisation of cheap labour-power for low-cost and low-quality production. Thus, each of Bischoff’s points has to be seen in a different light depending on which of the two strategic orientations prevails. The management of a Danish firm which produces high-quality tools and accordingly pays good wages, will probably find it easier to convince workers to share their knowledge about production than the management of a Portuguese textile factory.

When it comes to the persuasiveness of Bischoff’s argument, things also look fairly bleak. Almost all of his points, apart from (iii) and (iv), come down to a single argumentative pattern: making work more flexible does not win over workforces, and is therefore a superfluous activity. This is not convincing, since a simple truism is overlooked – that strategies are successful if their advantages outweigh their disadvantages. If, as Bischoff implies, a strategy causing resistance makes it fail altogether, one wonders why capitalism

8. Bundesbank 2002, p. 50.

9. Boyer 1988.

10. Leborgne and Lipietz 1988, pp. 270–1.

has survived all its contestations. Similarly, the fact that certain aspects of flexibilisation are objected to does not rule out that others will be embraced – meaning that strategies can prove to be durable despite their limitations. Accordingly, it is not far-fetched to suppose that if the alternative is a return to the old Fordist-Taylorist régime, managers might decide to press for flexibilisation. The latter, if not perfect, has at least not (yet) given rise to some of the most radical anticapitalist movements in history.

An analogous argument can be made in relation to points (iii) and (iv). What Bischoff provides us with are some aspects of neoliberal flexibilisation policies that are not conducive to increasing productivity – even though other aspects might still be. Bureaucratic organisation, for example, surely forces people to comply with orders and hence prevents them from following their creative aspirations fully, but this does not rule out the possibility that within a bureaucratically organised firm there is some leeway for innovation.

Nevertheless, Bischoff adduces the alleged failure of flexibilisation in order to make the more far-reaching claim that neoliberalism cannot be civilised. Utilising a term coined by Robert Castel, he accuses neoliberalism of producing ‘negative individualism’ (pp. 154–5) and, hence, of undermining social cohesion, that is, the capacity of a social order to generate an arrangement of social relations conducive to its reproduction. On these grounds he then concludes that there is no new consolidated capitalist social order – or, in my words, no new societalisation project.

Of course, the first part of his argument is correct – the neoliberal vision of a more unequal, yet more affluent society, in which even the poorest are better off, has been shattered by the bursting of the ‘new-economy’ bubble, a large-scale economic and political crisis in Argentina, the ‘jobless recovery’ of the US economy, and a dramatic decrease in the standard of living of the post-‘socialist’ countries. This, however, makes the second part no less contestable. It is symptomatic that Bischoff distorts Castel’s line of argument, which can be found in the latter’s contribution to the volume on class. Here, Castel uses ‘negative individualism’ to capture the claim that, because people can no longer rely on class solidarity and social security, they are forced to tolerate the economic compulsion imposed on them in isolation (p. 15).

Economic compulsion is obviously easier to bear when dealt with collectively. Yet, by speaking in this context of people ‘enduring’ their situation, Castel obviously casts them as bowing to the pressures imposed on them. Therefore, he is not talking about the absence of cohesion (understood in the above broad sense), but about its presence. By his own lights, cohesion is generated through a combination of compulsion and ideology. People see themselves merely as individuals and the circumstances of their life as their personal destiny. This is why they accept these circumstances.<sup>11</sup>

Bischoff’s failure to consider this reveals the one-dimensionality of his account of social cohesion. By implying that capitalist societalisation projects can only be ever formed if they involve procedures which counterbalance social cleavages, he subscribes to there being just one single type of cohesive mechanism in capitalism – the creation of improvements in the living conditions of the population via economic and political strategies. This also means that, in his view, only those strategies prevail in the long run which allow for social stability.

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11. This is surely not the whole story. As another author in the book on class, Stéphane Rozès, demonstrates, there are still political actors with non-individualist orientations, for example the social movements against welfare-state restructuring in France in 1995 and 2003 (compare p. 166).



He thereby overrides the crisis-tendencies inherent in the capitalist mode of production and the impossibility of resolving them once and for all within its limits.

### Marx and the durability of capitalism

This last point merits some elaboration. Bischoff claims that his line of argument is informed by a ‘critical theory of society’ in the Marxist tradition (p. 19) – and yet, it is not backed up by Marx’s critique of political economy. The cause for alarm at this point is not Bischoff’s insistence that ensembles of social relations can form no reproducible socio-economic entity without effecting social cohesion. Undoubtedly, capitalism relies on social cohesion just as any other social order. The problem is rather that Bischoff restricts himself to looking exclusively at the creation of improved living conditions and takes this as the one and only cohesive mechanism in capitalism. As a consequence, I would accuse him of equating social cohesion and social stability.

This is a view that does not do justice to the complexity of Marx’s argument in *Capital*. Marx establishes eight additional sets of cohesive mechanisms, which all play their part in making capitalism a reproducible entity: (1) the forces imposed on individuals by their societal position, that is, their need to survive in a competitive environment, which Marx marked with the phrase the ‘dull compulsion of economic relations’,<sup>12</sup> (2) the fetichisms generated through the ex-post societalisation of labour through the market, or the naturalisation and reification of capitalist social relations through their own mode of operation, (3) the ideological interpellations of the people, in other words, their being subjected to ensembles of thoughts conducive to capitalist domination, (4) techniques of repression, or the use of open violence in order to secure the status quo, (5) the externalisation of internal contradictions of national economies through the world market, (6) the deferral of crisis tendencies into the future through the granting of credits, (7) the deceleration of conflict dynamics through their institutionalisation, and finally (8), the impediment of solidarity between underprivileged individuals through the creation of intersecting cleavages.<sup>13</sup>

This leads me to conclude that the equation of cohesion and social stability is far too simplistic to capture how cohesion is actually achieved. Moreover, I would argue that taking up Marx’s multidimensional approach to cohesion provides us with a criterion for periodising capitalism that does not generalise an exceptional situation illegitimately. This criterion is cohesion, not civilisation – that is, the specific combination of mechanisms that render an ensemble of social relations reproducible. This combination does not necessarily have to result in structured coherence; unity of the social generated through the capacity to muddle through by orchestrating these mechanisms in a manner conducive to reproduction is enough. As a consequence, I propose that societalisation projects be seen as régimes of cohesion that consist in their own distinctive conjuncture of Marx’s nine dimensions.

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12. Marx 1983, p. 765.

13. Of course, Marx refers to these mechanisms on different levels of abstraction of his presentation, which also means that they are not of equal weight in rendering the capitalist mode of production reproducible. I have opted for restricting myself to merely listing them, since an in-depth discussion would exceed the limitations of a review article.

Against this backdrop, neoliberal policies can be seen as an attempt to re-balance different mechanisms of cohesion. The expansion of societal co-ordination via markets at the expense of the welfare state must be understood as an extension of the ‘dull compulsion’ of competition at the expense of integration through the creation of improved living conditions. This is flanked by an increasing resort to repression, namely to policing the population,<sup>14</sup> the production of intersecting cleavages (for instance, strategies that play off unemployed against those who are in employment while at the same time cutting the budgets of welfare institutions), and a general overhaul of the dominant ideological formation. As Bischoff observes (pp. 71–3), the latter is reflected in a spread of interpellations of people as asset holders, which can be interpreted as a rise in individualist orientations at the expense of class identities.

The viability of a neoliberal, ‘non-civilised’ capitalism is illustrated by the successes of the US and the Chinese national economies. They are the number one and the number two-in-waiting world economic powers, and both dispose of immense repressive state apparatuses and lack basic social security.

### **Social cohesion in a class society**

The problem of social cohesion comes down to a question once posed by the institutionalist social scientist Wolfgang Streeck:

How was the system of trade in labour power as a commodity, mediated through the labour contract, so long able to survive the early diagnoses of its inherent instability?<sup>15</sup>

If we re-phrase it according to our topic, we obtain the following question: How does neoliberalism generate social cohesion despite the class divisions it produces? Ironically, the volume on class co-edited by Bischoff provides us with a whole host of information with which to tackle this question.

Let us turn first of all to the second part of my reformulation. It indicates that, under neoliberal capitalism, the existence and reproduction of class differences is evident. Now, both within bourgeois sociology<sup>16</sup> and public discourse in Western societies, this claim is increasingly disputed. Consequently, addressing the question in hand requires that these contestations be countered.

This task first of all presupposes a determination of the concept at stake. On the most abstract, or simple, level of abstraction of Marx’s presentation in *Capital*, class positions result from the ownership or non-ownership of means of production. He argues that one section of the population have another section work for them, since the latter have nothing to live off but selling their own labour-power.<sup>17</sup> Accordingly, the most basic definition of being a member of the working class would be being wage-dependent.

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14. Hirsch 1998, p. 36.

15. Streeck 1992, p. 46.

16. Cf. for example Pakulski and Waters 1995.

17. Marx 1983, p. 183.

On these grounds, it can be easily assessed whether this cleavage persists. The picture revealed is unambiguous: as Leo Panitch points out, on a world scale the number of wage-labourers has doubled over the last thirty years (p. 195). Bischoff himself and Sebastian Herkommer add in their article that in Germany still less than 10% of the population own firms or hold a stake in them (p. 87). They also mention not only that differences in income within Germany have risen over the last twenty years, but also that there is little social mobility when it comes to economic élites. According to them, the latter still recruit most of their members out of upper and upper middle class milieus (p. 91). They conclude, with reference to Richard Sennett, that contemporary capitalism is marked by a ‘highly organised élite’ in its centre and an ‘undefined, amorphous, instable mass’ on the periphery (p. 98).

We have to infer that empirical data demonstrate that class, at least in terms of economic position, still matters. At the same time, this economic position does not translate into support for class-based politics to the same extent as prior to the onset of neoliberalism (p. 160). In the words of Wolfgang Fritz Haug, we are facing the paradox that ‘class boundaries become more prominent’ and at the same time are ‘brought to bear politically... less and less’ (p. 170).

Now, what does this tell us about social cohesion? A whole range of authors from the book in question refer in this context to the problem of intersecting cleavages and their effect on identity. Haug argues that a ‘quantum leap in labour productivity’ has brought about a ‘mode of production whose key force of production [*Leitproduktivkraft*] is the computer’ (p. 171). This is mirrored in the labour process by the introduction of automated labour. The knowledge required to make use of ICT in the workplace undermines existing hierarchies and creates unequally distributed opportunities and threats. According to Haug, this ‘transitory mobility produces not only “winners” and “losers”, but first and foremost the winner and loser within a single person’ (p. 172). As a result, a ‘plural identity’ emerges, which limits people’s attachment to their class (p. 173). Haug asserts that only ‘general attacks’, for example on pensions, lead to a collective mobilisation of the group of people targeted (p. 172).

A similar analytical route is taken by Klaus Dörre, who also points out that recent changes in the organisation of work undermine working-class solidarity, thereby counteracting potentials of resistance against capitalism and hence producing cohesion at a societal level.<sup>18</sup> He argues that flexibilisation entails increases in unemployment and thereby produces and consolidates a cleavage between those with and without employment. This, then, functions to legitimate restructuring along neoliberal lines: ‘[T]he industrial rights of the “owners of jobs” can be attacked as “alleged privileges”’ (p. 27) – different factions within the working class are played off against one another. According to Dörre, this is reinforced through a new ‘régime of legitimation [*Rechtfertigungsregime*]’: flexibility in the workplace is accompanied by the spread of ‘orientations towards advancement [*Aufstiegsorientierungen*]’ (p. 26) within the working class and an affinity to middle-class habitus. The contradictory tendencies towards impoverishment and new opportunities lend some credibility to the virtually empty ‘promise of classlessness’ (p. 29).

We can see here how intersecting lines of cleavage and their interpretation through neoliberal ideology undermine the organisation of the working class and thereby the

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18. For a similar line of argument see Poulantzas 1978, p. 63.

political representation of its interests. This is reinforced by another feature of the dominant ideological formation. As Stéphane Rozès observes, the emergence of social movements against neoliberal policies does not result in a ‘passage from antiliberalism to anticapitalism’ (p. 164), which means that there is no threat of a fundamental opposition to the dominant social order. This elucidates another feature of social cohesion under neoliberalism in ideological terms. Neoliberalism is based on ‘negative’ hegemony, or the consensus that, as Margaret Thatcher put it, there is no alternative. As long as people agree, they will not demand profound change.

The disarticulation of class interests on the political level can also be seen with regard to the workings of political institutions. According to Johanna Klages, neoliberal policies produce educational and economic precariousness. This then results in a ‘crisis of representation’ which marks the ‘antagonism’ between ‘an increasing autonomy of the polity’ and ‘the lay people’ who are ‘excluded from political events [*Geschehen*’]’ (p. 153). We see here an example of how the ‘materiality’ of institutions<sup>19</sup> produces social cohesion. People are deprived of political knowledge and at the same time invited to delegate politics to ‘experts’, whereby any potential for political unrest is effectively undercut.

Last but not least, one must be aware that, under neoliberalism, these cohesive mechanisms are flanked by the state’s increasing resort to repression. Leo Panitch provides a simple, but nevertheless adequate, illustration of this process with respect to the US: ‘[W]hile the institutions of the welfare state are emptied out, the jails burst at the seams’ (p. 207; compare to the argument in Klages, p. 155). Dealing with non-conforming parts of the population in this way is surely one means of conserving the status quo. We can conclude that there is a whole range of mechanisms through which neoliberal policies secure social cohesion without resorting to improving people’s lives: the generation of intersecting cleavages, ideology production, the institutionalisation of politics and repression.

### The state and the economy

Bischoff’s one-dimensional account of social cohesion is mirrored in his perception of the relation between the economy and the political or the state. According to him, changes in Western capitalism are not the product of a uniform strategy grounded on ‘a neoliberal conception of politics’, that is on an active and consistent attempt to establish a new régime of social cohesion. Instead, he sees neoliberals as engaging in a policy of ignorance or ‘laissez aller’ (p. 31), which leaves existing economic contradictions and dynamics be by refraining from political interventions. Accordingly, the state is seen as giving away its regulatory function for the economy (p. 75), which is why it is alleged to no longer produce cohesion (p. 33). Bischoff concludes that this results in a ‘submission of the national state’ (p. 90) to the forces of the world market.

This invocation of a ‘lean’ state separated from the economy is nothing more than a myth created by the highly distorted self-perception of the neoliberals. I would argue that the state remains strong even under the conditions of neoliberal hegemony. This is for two reasons: the existence of statehood on other scales than the national one, and the key importance of the latter even under neoliberalism.

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19. Poulantzas 1978, p. 49.

The first point refers to a dimension of statehood that is overseen by Bischoff. There is obviously a great variety of state institutions which are not located on the level of the national – from city councils to the WTO. This implies that the capitalist state should not exclusively be seen as a national state. If we go along with Poulantzas and conceive it as a material ‘condensation/condenser’ of social relations of forces,<sup>20</sup> then we can account for statehood on whichever scale this mechanism takes effect – be it local, regional, national, transnational or global.

This means that even if neoliberal policies weaken the national state apparatuses, it does not follow that statehood in general is weakened. After all, it is still possible that there are state apparatuses with far-reaching capacities on other scales. The push for free trade, institutionalised in the post-war decades in the General Agreement on Tariffs and Trade (GATT), weakened the capacity of national states to make autonomous decisions over trade policy, but at the same time led to the creation of the WTO. The WTO can be seen as a transnational body with state-like capacities because it disposes of mechanisms by which compliance to the WTO agreements is enforced.<sup>21</sup> Seen in this light, Bischoff’s account of neoliberalism’s effects on the capitalist state displays ‘methodological nationalism’<sup>22</sup> because it neglects any other than the national scale.

My second contention against Bischoff is that the national state retains its importance despite this weakening. In the Western hemisphere, the market mode of co-ordination has certainly spread to areas formerly exclusively controlled by state bureaucracy, and yet we should not mistake this process for a rolling back of the latter. As Panitch points out with reference to Ellen Wood (p. 204), the national state remains the most effective force of intervention when it comes to regulating the global economy. In the process, it does not necessarily act on its own as a single sovereign power, but as one actor among others. However, it keeps hold of distinctive powers that the institutions on the other scales do not dispose over to the same extent (for instance, taxation, legislation and armed forces). The neoliberal global economic order is in fact instituted through national states as can be seen with reference to the WTO and the World Bank being governed by its member states. Since these organisations actively seek to restructure the world economy along neoliberal lines, Bischoff’s description of neoliberalism as a ‘laissez aller’ approach to the economy appears to be absurd.

Moreover, as Jean-Claude Delaunay argues (pp. 184–5), the scale of the national remains the key site for the mobilisation of collective identities. Typical examples of this would be appeals to ‘the national interest’ and the ‘duty to serve one’s country’, which are ideological interpellations still more persuasive than most others. This underscores the fact that national states dispose over mechanisms of ideology production that are rarely to be found on any other scale.

Finally, I would argue that we are mistaken to assume that the state and market are two sides of a zero-sum game in which the advancement of one side is entailed by the retreat of

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20. Poulantzas 1978, pp. 128–9.

21. Compliance to the WTO agreements is enforced by its Dispute Settlement Body (DSB). If a member state of the WTO has not met its obligations towards another member state, the DSB can grant the latter the right to retaliate by imposing limited trade sanctions on the former.

22. Scholte 1999, p. 19.

the other. Let me elucidate with reference to the labour market. Bischoff is certainly right to note an increasing commodification of labour-power (p. 168), but this is not accompanied by decrease in the involvement of the state in the field. Witness the way in which the current restructuring of German welfare institutions (the so-called Hartz laws) consists not only simply in cut-backs in unemployment benefits, but also in the creation of a state-controlled temporary-employment sector. This strategy is part of a general re-orientation from welfare to 'workfare', in other words, the idea to base the provision of benefits on the obligation to work<sup>23</sup> and hence make labour-power in the long run available to the labour market. Thus, the apparatuses of the national state are not increasingly absent from labour markets, but actively redesign them along the lines of the re-orientation from welfare to repression.

In this light, I contest Bischoff's account of the relation between the economy and the polity/statehood. I would argue that, due to the incapacity of capital to sustain itself,<sup>24</sup> a strategy of 'laissez aller' would lead to the immediate breakdown of any capitalist economic order. The presence of the state in the labour market then must be seen as a reflection of the reliance of markets on extra-economic institutions.

### **Countering neoliberalism's passive revolution**

The flaws in Bischoff's accounts of social cohesion and the state lead him to underestimate the subjectivities involved in the emergence of neoliberalism, which is why I contest the political conclusions he draws. This failure can be established with reference to his reception of Antonio Gramsci. He employs Gramsci's concept of 'passive revolution' in order to describe the advent of neoliberalism. I do not object to this proposition as such; rather, I would criticise Bischoff's impoverished understanding of the concept and the resultant simplicity of his analysis.

According to Bischoff, neoliberalism's character as a passive revolution lies in it being a backlash against the strategy of 'civilising' capitalism (pp. 71–2). In his view, this backlash finds its expression in the replacement of strategies of 'steering' the economy globally by ones that enforce the deregulation of markets (p. 72). Accordingly, passive revolution here refers to profound changes in the technologies of economic regulation.

Gramsci, in contrast, introduced the term in order to mark the integration of the workers into the Fordist project. According to him, a passive revolution takes place when the ruling class manages to consolidate its domination by making the subaltern classes consent to the status quo and, in turn, renounce revolutionary political strategies. This is engendered by a successful reinterpretation of the subaltern classes' demands that make them conform to the exigencies of capital accumulation.<sup>25</sup> The term here does not refer to technicalities of economic policy, but to the persuasiveness of the policies involved in setting up a new régime of cohesion.

23. Jessop 2002, pp. 152–62.

24. Note that, according to Marx, the reproducibility of capitalism rests on the existence of a legal restriction of work hours (1983, p. 320).

25. Gramsci 1988, pp. 266–7.

Within Bischoff's framework, the passive revolution of neoliberalism results from the ruthless destructiveness of its adherents.<sup>26</sup> This account – if not wrong – misses the point highlighted by Gramsci, this being that policies of domination are accepted by the subaltern classes. He invites us to see neoliberalism's passive revolution as the re-formulation of the subalterns' demands along the lines of capital and the resultant embracing of the respective policies by a great number of people.

Interpreting neoliberalism in this way is not at all implausible. After all, there was deep discontent with Fordism. In the 1960s and 1970s, workers in Western Europe rebelled against the rigidity of the Taylorist organisation of the labour process, the bureaucratic authoritarianism of the welfare state and the dullness of postwar suburban life. This does not only refute the claim that Fordism was civilised, but also explains the increasing popularity of its critique by neoliberals. The facilitation of flexible arrangements in the workplace, as Bischoff himself admits, has been seen as 'liberation' by the workers submitted to Taylorist discipline (p. 131). This flexibility undoubtedly came at a high price, especially for the white male 'breadwinner'. However, it met the needs of people seeking employment who were structurally excluded from the core workforces of the Fordist/Taylorist firm, e.g. child-rearing mothers. Accordingly, in the volume on class, Frigga Haug argues that the character of neoliberalism as a passive revolution lies in its capacity to integrate two key demands of the second generation of the women's movement – the destruction of breadwinner model<sup>27</sup> and of the prevalent family structure (p. 145).

More generally speaking, I propose that neoliberalism's hegemony be conceived as a result of a passive revolution. Neoliberal governments, especially the ones led by social-democratic parties, have successfully re-interpreted and integrated some of the requests of the new social movements of the 1970s and 1980s – at the expense of the demands of the labour movement. A typical example of a political strategy along these lines can be found in Germany. Here, the formerly ruling 'red and green' coalition attempted to enact a far-reaching anti-discrimination law<sup>28</sup> while, at the very same point in time, enforcing the most massive cutback in welfare in the history of the Federal Republic of Germany.

This then leads us to the problems with Bischoff's politics. He demands the introduction of a tax-funded basic income for everyone (p. 190) as a cornerstone in the reconstruction of the welfare state (p. 188), which, according to him, brought about an 'epoch-making historical achievement' – the 'wage-labouring society' (p. 78). His programme hence can be understood as a call for a 're-Fordisation' of society, but one which goes further than its historical model. He proposes the expansion of the 'global steering' of the economy prevalent under West-German Fordism (p. 72).

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26. An example would be the resort of state authorities to brute repression against the unions during the miners' strike in the UK in 1984.

27. Rosemary Crompton contradicts Haug. She argues that the breadwinner model has survived at least in the working class, albeit in modified form (p. 138). Since working-class mothers cannot afford to 'outsource' childcare to professionals, they are forced to retreat from the labour market at least temporarily and hence remain in a position of dependence. Consequently, it appears to be more adequate to speak of the breadwinner model eroding than being demolished.

28. The enactment failed, however, due to resistance of conservatives and liberals in the upper house of parliament.

This proposal finds support from Jean Lojkin. He argues that there is a growing frustration of management with the exigencies of neoliberal flexibilisation (p. 55). This leads him to conclude that the establishment of a 'rational plural coalition around a common project' (p. 60) for an alternative economic project involving workers, technicians and the lower and middle management is a viable political strategy for the Left.

I would first of all reply that there is no empirical evidence whatsoever for the claim of there being growing disillusionment with neoliberalism within the lower ranks of management.<sup>29</sup> Moreover, I object to the neocorporatism of Bischoff and Lojkin. Neither Fordism in particular nor capitalism in general have ever been civilised. Accordingly, there is no reason to assume that people would want a societalisation project modelled after one they once actively fought against.

What is more, a neocorporatist strategy invites nationalism and thereby invokes an ideological formation highly conducive to class domination. This can be illustrated with reference to Delaunay's work, which not only maintains that the 'national scale' is the 'condition of existence' of 'a relative wealth of the proletariat', but also speaks of 'historically rooted nations that dispose of a collective will' (p. 175) and thereby partakes in right-wing mythology.<sup>30</sup>

Here, corporatism leads to the explicit affirmation of the mechanisms of exclusion inherent in the concept of the 'nation', which relies on a distinction between an in- and an out-group. Thereby, cleavages that undermine solidarity are reinforced within the working class. Moreover, Delaunay overrides opposition to Fordism. Finally, he neglects that the 'relative wealth' he refers to was not only relative in relation to the wealth of the bourgeoisie, but also limited to the 'breadwinners', and hence to the white and male members of the working class.<sup>31</sup> And it should, of course, not be forgotten that their relatively secure status was accompanied by the insecurity of wage-earners on the periphery. In conclusion, it is a myth that Fordism made the working class as a whole relatively wealthy. It was a societalisation project that produced social (and on these grounds ideological) cleavages within the latter.<sup>32</sup>

As a consequence, I would once more concur with Panitch. He stresses that 'a corporatist strategy of class collaboration by the working class has never been more out of date than today' (p. 218). I would add that Bischoff's attempt to revitalise the ugly corpse of corporatism fails because he underestimates his enemy and overestimates his friend. The popular frustration with Fordism reveals that ordinary people have understood better than

29. Witness the fact that one of the last largescale strikes in Germany, organised by the German metal workers union (IG Metall) in 2003, had to be called off because they did not find any support whatsoever in German society outside the trade unions and parts of the far Left.

30. As regards this point, I would like to ask Delaunay the following questions: What is the criterion for being historically rooted and what follows from not being rooted? The denial of a national state's right to exist? And what is this miraculous collective will? Has there ever been any situation in which there have not been contradictory interests and beliefs within the population of a national state?

31. For an account of the poor living conditions of the migrant workers in Fordist West Germany from the standpoint of investigative journalism, see Wallraff 1985.

32. Jessop (2002, p. 49), following Harvey, has coined the concept of 'spatio-temporal fix' in order to describe the temporal and spatial externalisation of the contradictions of capitalism within a given setting, i.e. their being shifted abroad (to the periphery) and into the future.



him how incapable the postwar socio-economic order was of solving the contradictions of capitalism. His blindness as regards neoliberalism's capacity to keep these contradictions moving on the other hand leads him to neglect the fact that they would not want to exchange it for old wine in new bottles. If the Left wants to counter neoliberalism successfully, it has to remember why it went on the offensive against Fordism in the first place.

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*Weltmarkt und Imperialismus: Zur Entstehungsgeschichte der klassischen marxistischen Imperialismustheorie.* Oliver Nachtwey. Cologne: Neuer ISP Verlag, 2005

... In that empire, the art of cartography reached such perfection that the map of one province alone took up the whole of a city, and the map of the empire, the whole of a province. In time, those unconscionable maps did not satisfy, and the colleges of cartographers set up a map of the empire which had the size of the empire itself and coincided with it point by point. Less addicted to the study of cartography, succeeding generations understood that this widespread map was useless, and not without impiety they abandoned it to the inclemencies of the sun and of the winters. In the deserts of the West some mangled ruins of the map last on, inhabited by animals and beggars; in the whole country there are no other relics of the disciplines of geography.<sup>1</sup>

This slim volume (originally a Masters thesis submitted to the University of Hamburg) offers an overview of the classical-Marxist theories of imperialism and attempts to link them with contemporary debates on globalisation. Its chronological framework goes from the revisionist controversy of the late nineteenth century to the debate on economic crises and the prospects of capitalism in the 1920s. The book is a welcome addition to the existing histories of the Marxist theories of imperialism, most of which remain untranslated from the German and have long been out of print.<sup>2</sup>

Nachtwey set himself the daunting task of reviewing the often bulky and highly abstruse works of fourteen major Marxist theoreticians in 107 pages. The book opens with an introductory chapter offering short definitions of the theoretical concepts relevant to the Marxist theory of crises and the world market (declining tendency of the rate of profit, disproportionalities and realisation problems, underconsumption and accumulation, and so on) as well as references to the exegetic literature on these issues. The second chapter gives a synopsis of the expansion of the world market and of the economic development of Germany and Russia during the half century that preceded the outbreak of the First World War. It deals briefly with phenomena such as the Great Depression of 1873–90 and the subsequent period of expansion until the eve of the War, the agrarian crisis of the late nineteenth century, the growth of protectionism and monopolies, and the arms race and militarism of the antebellum period. The third chapter occupies three-fourths of the book (seventy pages) and carries the title 'Marxist Interpretations of the Development of the World Market'. Under this heading, Nachtwey includes four separate subjects:

- 1) The revisionist debate on the theory of collapse [*Zusammenbruchstheorie*] between Eduard Bernstein on the one hand and Heinrich Cunow, Karl Kautsky and Rosa Luxemburg on the other.
- 2) Tugan-Baranovsky's history of economic crises in England and its review by Kautsky; Lenin's polemic with the Narodniks about the prospects of development of a home

1. Borges 1961, p. 103.

2. For instance Mandelbaum 1926 and Schröder 1975. Unfortunately, the contributions of these researchers are not reflected in the anglophone Marxist literature on the subject, for example Kemp 1967.

market for capitalism in Russia; and Parvus's works on the world market and the agrarian crisis, protectionism and free trade, the business cycle and the long waves of capitalist development (it is not clear why these three issues were grouped together).

- 3) The debate on the theory of imperialism in the German and Russian Social-Democratic parties until the Bolshevik Revolution.
- 4) The debate of the 1920s on economic perspectives and the structural transformations of capitalism in Russia (Kondratieff and Varga) and Germany (Hilferding and Grossman).

A concluding chapter of three pages sums up Nachtwey's conclusions from his review of the literature.

Nachtwey covers much ground in few pages, which makes his work both thought-provoking and at times frustrating. He points out, for instance, that the background to the rise of revisionism within the SPD was the boom that capitalism experienced at the turn of the nineteenth century. To counter Bernstein's arguments that the development of the world market, the credit system, modern transportation and communication technologies, the cartels and employer's associations had rendered the Marxist theories of crises obsolete, the orthodox Marxists began to develop a theory of collapse of capitalism, which later served as an inspiration for Rosa Luxemburg's *The Accumulation of Capital*.<sup>3</sup> The first theoretical analyses of imperialism came as a by-product of this debate, the orthodox arguing that capitalism should indeed have experienced a collapse, according to its immanent laws of development, but that the bourgeoisie had found a temporary way out in imperialist foreign policy (as an outlet for surplus commodities and capital, and also a source of jingoism). But Nachtwey fails to mention that, as far back as 1900, Karl Kautsky and Heinrich Cunow published articles on imperialism using the concept of finance-capital, which was later made famous by Hilferding's book on that subject.<sup>4</sup>

Indeed, Kautsky, in his 1900 analysis of the Boer War and the aftermath of the Spanish-American War, employed, for the first time, not only the concept of *Finanzkapital* (although not exactly in Hilferding's sense, but rather opposing the former 'good', free-trade, pacifist and democratic policy of industrial capital to the 'bad', protectionist, militarist and imperialist policy of money-capital) but also the idea of investment imperialism developed two years later by John A. Hobson in his famous book. Kautsky's analysis merits to be quoted at length:

The capital made through trade and commerce finds in the home market and the markets of industrial neighbours no sufficiently good investment; they press forward to fresh countries. It is no longer a question of merely securing a market for an increasing superfluity of goods, but also to provide the increasing accumulations of capital with fields for investment. . . . From this new situation in the world springs the new colonial policy, the hunt for new colonies, the modern American expansion policy, the English imperialism, and, at least partly, the German world-policy. . . .

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3. The usual reference is Cunow 1898, pp. 356–64, 424–30.

4. See Kautsky 1900, and Cunow 1900.

In the meantime, to a much greater extent than industry, finance finds satisfaction in the acquisition of colonies. . . . For the financier, looking for the most profitable investment of his capital, it is of the highest importance that his fields of investment should lie in his own state, which secures them with more or less force. Since the state has to decide over the granting of railway, mining, and other concessions, she can, by means of subsidies, raise the value of industrial undertakings, shipping companies, etc., just as on the other side she can, through legislation, limit or cut off their income altogether. Therefore we find that capital invested in foreign countries, so soon as it becomes a powerful factor, always endeavours to bring these countries under the government of their own State. Examples of this are Egypt, the annexation of the Hawaii Islands by the United States at the instigation of the American planters, the Cuban war in consequence of the agitation of interested capitalists in America, the French expedition to Madagascar to ensure the profits on the loan of the 'Comptoir d'Escompte' and the people behind it, and the South-African war for the purpose of abolishing the Boer peasant régime as a hindrance to the British financiers, and to make the South-African market free as a field for the investment of British capital.

Therefore the newly-awakened passion of capitalistic states for the acquisition of colonies, and therefore the endeavour to create fields for the investment of superfluous capital, and to get grants in foreign countries of districts for exploitation as so-called spheres of interest; therefore also the rise of militarism in democratic countries, such as England and America. In order to force through concessions, and for the protection of the exported capital, a certain application of force is indispensable. England, Russia, and Germany succeeded in leasing territories in China, Italy did not.

From this altered economic situation is explained the spirit of increasing jealousy between German, English, and North American capitalist circles. Just as certain as it is that England's and Germany's industry are mutually dependent, and that an interruption in the commercial relations of the two countries must have the most disastrous effects on their economic development, it is equally certain that the finance-capitalist has frequently other interests than the industrial-capitalist. . . . Finance-capital is by nature thoroughly monopolist; its endeavour is to assure for itself a monopoly in the exploitation of certain districts.

What alone draws profit from the founding of colonies, from the modern expansion policy, is the finance-capital, which draws further advantages from the failures of colonial governments and the consequent expenditure and loans for colonial purposes.

And then the costs of the world-policy, which to England are now being so forcibly demonstrated in South Africa, the reaction on home affairs, the inevitable strengthening of militarism, the breeding of constantly renewed colonial troubles, the increase of warlike entanglements. Like every other policy, so certainly has the imperialistic world-power policy found, besides their poet, Rudyard Kipling, also their philosophers and sophists, who endeavour to prove that imperialism means the strengthening of democracy, a rise in the general well-being, and many other things besides. Hitherto nothing has been seen of these consequences, but only a renewal of colonial crimes and the colonial wars of previous centuries; of these there is a plentiful choice. We only need look at the war of the United States with

the Filipinos, at the last English war with the Indian frontier tribes, at the Matabele war, at the Boer war. These are the most striking triumphs of the imperialist world policy. The prospect of like results for Germany is not enticing.<sup>5</sup>

A subject that Nachtwey does not deal with is how Hobson's book came to influence Lenin.<sup>6</sup> The subject merits further investigation because it is the main 'unorthodox' (i.e. not derived from the German Marxist debate on imperialism) theoretical source used by Lenin. We know that Lenin reviewed favourably the Russian version of one of Hobson's early books on the evolution of modern capitalism in 1899.<sup>7</sup> After an intensive review of the SPD periodicals, Hans-Christoph Schröder could find only a single reference to Hobson's book: a review in *Vorwärts* by the Austro-British Marxist Max Beer in December 1906.<sup>8</sup> Most probably, Hobson's *Imperialism* attracted Lenin's attention during the period of his London exile, which coincided with the publication of the first edition of the book (1902).<sup>9</sup>

Nachtwey correctly argues that the analysis of the Marxist theories of imperialism cannot be separated from that of the theories of the business cycle. He therefore underlines the significance of the Russian legal-Marxist Tugan-Baranovsky's book on the latter issue and of Kautsky's review of it.<sup>10</sup> Tugan-Baranovsky was a neo-Kantian like Bernstein and Konrad Schmidt, who tried to combine the Marxist theory of value with marginal-utility theory. But, despite his eclecticism, his work was theoretically important, because it underlined the significance of Marx's expanded reproduction schemata (which later played a major role in Rosa Luxemburg's theory of imperialism) and criticised the Narodniks' rejection of the possibility of capitalist development in Russia. Tugan-Baranovsky denied the existence of a chronic problem of realisation of surplus-value under capitalism and argued that, since capitalist production creates its own market without necessarily having to resort to non-capitalist third persons, it is capable of endogenous growth. On this issue, he was in agreement with Lenin, who also rejected the Narodniks' underconsumptionist theories and attributed the development of foreign markets to the growth of the division of labour and to the unequal development of the different sectors of the capitalist economy.

In his review of Tugan-Baranovsky's book, Kautsky quoted Marx's dictum in the third volume of *Capital*:

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 as though only the absolute consuming power of society constituted their limit.<sup>11</sup>

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5. Kautsky 1900, pp. 230–6.

6. Hobson 1902.

7. Lenin 1899.

8. Beer 1906.

9. Krupskaja 1959.

10. See Tugan-Baranovsky 1969 and Kautsky 1902, pp. 37–47, 76–81, 110–18, 133–43.

11. Marx 1990, p. 615.

Kautsky foresaw a time in which all the industrial nations would experience chronic overproduction due to the incapacity of the world market to absorb all the commodities resulting from the expansion of the productive forces. Nachtwey favours an explanation of crises based on the declining tendency of the rate of profit rather than one based on disproportionalities and realisation problems, and therefore criticises Kautsky (as well as Cunow) for defending what he sees as an eclectic concession to the underconsumptionist theory of crises. But he notes that Kautsky's review was part of his polemics against the revisionists, and not a foundation stone for his later theory of ultra-imperialism as argued, for instance by M.C. Howard and J.E. King in their *History of Marxian Economics*.

Nachtwey emphasises the significance of Parvus as 'the Marxist theoretician that dealt most fully and systematically with the world market' (p. 46). He finds Parvus's definition of the world market as the 'nodal point of the production relations' (p. 47) that increasingly determines the economic conditions of particular countries, and especially Parvus's stress on the 'disappearance' of the national state, strikingly similar to some contemporary analyses of globalisation. But Nachtwey retains a critical attitude towards his theories and refuses to endorse them *in toto*. He points out, for instance, that Parvus's advocacy of free trade was mistaken, and that Kautsky was closer to the mark when he argued, in his 1901 brochure on commercial policy, that the dispute between free trade and protectionism was a struggle between different sections of the bourgeoisie in which the proletariat must not take sides (which became the official SPD position on this issue).<sup>12</sup> Nachtwey also notes that Hilferding later rejected the demand to return to free trade as a reactionary utopia, and recognises that Parvus built a model based on the assumption of free competition without taking into consideration that the process of concentration and centralisation tends to develop trusts and monopolies. He attributes to both Parvus and Kautsky the belief that colonialism runs against the logic of capitalist accumulation, since the most important markets for industry were the other industrial countries rather than the backward regions. But Nachtwey nevertheless praises Parvus for being 'the only theoretician that systematically included the declining tendency of the rate of profit in his analysis' (p. 50) as well as for laying the foundations of a theory of long waves of capitalist development (i.e. of the changes operated in the business cycle as a result of the structural changes of the world market since the writing of Marx's *Capital*) in his 1901 pamphlet *The Commercial Crisis and the Trade Unions*.<sup>13</sup>

One of the most unsatisfactory sections of Nachtwey's book is his overview of the evolution (or rather involution) of Kautsky's views on imperialism. He barely mentions the 9 January 1907, 'Hottentot Elections' to the Reichstag, in which a wave of imperialist chauvinism led to the loss of 38 Social-Democratic seats and to the creation of a conservative pro-colonialist bloc behind Chancellor von Bülow. The ensuing debate on colonialism provided the trigger for the first book-length analyses of imperialism in Marxist circles: Parvus's *The Colonial Policy and the Collapse of Capitalism*<sup>14</sup> and Kautsky's *Socialism and*

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12. Kautsky 1901.

13. Parvus 1901. Ernest Mandel later included the relevant passages in his anthology. See Parvus et al. 1972.

14. Parvus 1907. See the review of this book by Hilferding 1907.

*Colonial Policy*.<sup>15</sup> Nachtwey fails to analyse Kautsky's important if flawed brochure, as well as to mention the fact that both Kautsky and Parvus's works were written with a view to the forthcoming Stuttgart Congress of the Second International (6–24 August 1907), which adopted a resolution on militarism whose concluding paragraphs, drafted by Rosa Luxemburg and Lenin, advocated the policy later made famous by the slogan: 'turn the imperialist war into a civil war'.<sup>16</sup>

Similarly, Nachtwey fails to place adequately Kautsky's *volte-face* on the issue of disarmament and his later theory of ultra-imperialism in the context of the split between the centre and left factions of the SPD after 1910.<sup>17</sup> Since 1911, Kautsky began to sponsor a United States of Europe without analysing the exploitative and oppressive nature of such a common market of imperialist countries. Nachtwey mentions Rosa Luxemburg's first criticism of Kautsky's positions (called 'Peace Utopias')<sup>18</sup> but not her retort to Kautsky's advocacy of similar positions during the First World War.<sup>19</sup> More importantly, Nachtwey fails to mention Karl Radek's criticism of Kautsky's positions<sup>20</sup> as well as Radek's book on German imperialism and the working class, which preceded by one year the publication of Rosa Luxemburg's book on imperialism.<sup>21</sup> Radek's book is significant because it shows a prominent member of the SPD left wing who, while following Rosa Luxemburg's lead politically, referred to the works of Hilferding, Otto Bauer, Parvus and Kautsky as the theoretical sources for his work, and, in that sense, stood much closer to Lenin's famous analysis of imperialism, published five years later.<sup>22</sup>

Much better than the section on Kautsky is Nachtwey's treatment of Hilferding's work. He points out, for instance, that Hilferding saw the declining tendency of the rate of profit as the driving force behind the trends toward monopolisation and capital exports, and that in an often overlooked article Hilferding described the fall in the rate of profit 'the law of movement of capitalism'.<sup>23</sup>

It is interesting that this article appeared almost forty years before the publication of Marx's *Grundrisse*, which described the declining tendency of the rate of profit as 'in every respect the most important law of modern political economy'.<sup>24</sup> Nachtwey believes that this emphasis makes Hilferding's analysis of imperialism much closer to Parvus's than to Kautsky's or Rosa Luxemburg's. Nachtwey highlights the new theoretical concepts introduced by Hilferding into Marxist political economy, such as the founders' profit,

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15. Kautsky 1975.

16. Resolution 1974.

17. Ratz 1966, pp. 197–227, and Petit 1969, pp. 325–37.

18. Luxemburg 1911, pp. 491–504.

19. Luxemburg 1915, pp. 33–42.

20. Radek 1912a.

21. Radek 1921.

22. Radek 1912b referred to the following books as 'the most exhaustive descriptions of the general driving forces of imperialism': *Finanzkapital* of Hilferding (1910), *Nationalitätenfrage und die Sozialdemokratie* of Bauer (1907), *Kolonialpolitik und Zusammenbruch* of Parvus (1907).

23. Hilferding 1903, pp. 274–81.

24. Marx 1973, p. 748.

accruing to individual capitalists turning their enterprises into joint-stock companies, and his emphasis on the growing dominance of the capitalist economy by finance-capital, i.e. capital in money form at the disposal of the banks, which is made use of by the industrialists and thus converted into industrial capital.

Finance capital signifies the unification of capital. The previously separate spheres of industrial, commercial, and bank capital are now brought under the common direction of high finance, in which the masters of industry and of the banks are united in a close personal association. The basis of this association is the elimination of free competition among individual capitalists by the large monopolistic combines.<sup>25</sup>

Nachtwey mentions the review of Hilferding's *Finance Capital* (1910) by Kautsky, who described it as 'the fourth volume of Capital'.<sup>26</sup> But he fails to review the controversy around Hilferding's theory of money, especially Kautsky's still untranslated article on this issue, which was recommended by Lenin in his article on Marx and Marxism for the *Granat Encyclopaedia*.<sup>27</sup> Hilferding saw disproportionalities as the main cause of crises, and believed that the disturbances in the regulation of prices brought about by the cartels sharpened the disequilibria between different branches of production. He argued, in common with all the 'orthodox' opponents of revisionism, that monopolies cannot eliminate crises, because they can regulate production in certain branches but not in the economy or in the world market as a whole. Nachtwey believes that Hilferding's (a member of the Kautskyist Centre) hypothetical scenario of a general cartel regulating production on an antagonistic basis and his theory of organised capitalism provided the basis for his reconciliation with revisionism in the 1920s.

Rosa Luxemburg's theory of imperialism was developed in her 1913 book *The Accumulation of Capital*, aimed against the centrist positions of Kautsky and Hilferding. Nachtwey, like most Marxist scholars, rejects her postulate of an immanent realisation problem in capitalism and believes that she derived her theory of the capitalists' need to resort to non-capitalist 'third persons' for the realisation of their surplus-value from the works of the legal-Marxist Pytor Struve. But he argues that Rosa Luxemburg shared with Parvus, Trotsky and Bukharin the theoretical premise of taking the transformations of the world market as the starting point for their analyses of imperialism, viewing from this perspective the development of the particular countries, their position in the hierarchy of the global division of labour and their international relations, rather than proceeding from the tendencies of the national economy like Hilferding and Kautsky.

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25. Hilferding 1981.

26. Kautsky 1911, pp. 764–72, 797–804, 838–64, 874–83.

27. 'For the further development of Marx's economic views as applied to recent phenomena in economic life see Hilferding 1911. Outstanding inaccuracies in the author's views on the theory of value have been corrected by Kautsky 1912, pp. 837–47 and 886–93.' Lenin 1974a, pp. 43–91. Kautsky's article was part of a larger polemic including Varga 1912, pp. 212–20; Gelderen 1912, pp. 660–4 and Hilferding 1912, pp. 773–82.



Nachtwey shares with this reviewer the shortcoming of not knowing Russian, and therefore his analysis of the Russian debate on imperialism is less detailed and rich than his analysis of the German one. But he does point out one major difference between both debates: while both had in common the analysis of the factors that eventually led to the outbreak of the First World War, the Russian debate on imperialism had a unique background – namely the debate against the Narodniks' views on the development of capitalism in Russia. This is evident in Lenin's reaction to Rosa Luxemburg's book, in which he immediately saw a repetition of the Narodniks' mistakes. In a letter to Kamenev written before 29 March 1913, Lenin said:

I have read Rosa's new book *Die Akkumulation des Kapital*. She has got into a shocking muddle. She has distorted Marx. I am very glad that Pannekoek and Eckstein and O. Bauer have all with one accord condemned her, and said against her what I said in 1899 against the Narodniks. I intend to write about Rosa for No. 4 of *Proveshcheniye*.<sup>28</sup>

The editors of his *Collected Works* added this note:

In March and April 1913, Lenin was working on an article to be called 'Rosa Luxemburg's Unsuccessful Addition to Marxist Theory'. He drew up a plan of the article, compiled statistical tables and copied quotations from Marx's *Capital*, but the article was never published.

In his article for the Granat Encyclopaedia, Lenin recommended three reviews of Rosa Luxemburg's *The Accumulation of Capital*: Gustav Eckstein's in *Vorwärts*,<sup>29</sup> Anton Pannekoek's in *Bremer Bürger-Zeitung*,<sup>30</sup> and Otto Bauer's in *Die Neue Zeit*, the only one so far translated to English.<sup>31</sup> Lenin's marginal notes to Rosa Luxemburg's book have also been translated to English.<sup>32</sup>

Trotsky's views on imperialism are dealt with briefly by Nachtwey because of their scattered and unsystematic character: unlike the other Marxist theoreticians, Trotsky did not write a book on the economics (as distinguished from the political aspects) of imperialism or deal with the theory of crises besides his criticism of Kondratieff's theory of the long waves.<sup>33</sup> Here, one misses an analysis of Trotsky's (admittedly much later) definition of imperialism as 'the expansionist policy of finance capital'.<sup>34</sup>

Nachtwey attaches special significance to Bukharin's book *The World Economy and Imperialism* (its original title). Bukharin, like Trotsky, followed Hilferding on the growing influence of banks, finance-capital and monopolies, and defined imperialism as 'the policy

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28. Lenin 1974b, p. 94.

29. Eckstein 1913.

30. Pannekoek 1913.

31. Bauer 1913, pp. 831–8, 862–74.

32. Lenin 2000, pp. 225–38.

33. Trotsky 1941, pp. 111–14. See also Day 1976a.

34. Trotsky 1973, p. 26.

of finance capital'.<sup>35</sup> Like Hilferding, Bukharin saw in the falling tendency of the rate of profit the driving force of capitalism and therefore of imperialism. But, just like the Austrian theoretician, Bukharin confined this law to the background in his analysis of crises and saw as their immediate motive the disproportionalities caused by the anarchy of capitalist production, among which they included the realisation problem. Bukharin distinguished between two contradictory processes – the tendency towards the organisation of capitalism in national trusts and the internationalisation of the economy – and saw the drive for foreign markets as the result of the conflict between the growth of the productive forces and the national narrowness of the organisation of production. Bukharin developed Hilferding's idea of a tendency towards a general cartel but reached a different hypothetical scenario: huge national state-capitalist trusts competing in the world market for the annexation of economic areas, especially agricultural ones in the colonies and semi-colonies. Competition, annulled in the home market, thus reappeared (according to Bukharin) in a sharper form in the world market, leading to militarism and world wars.

Unlike Bukharin and Trotsky, Lenin did not define imperialism as the policy of finance-capital but as the monopoly stage of capitalism, even though both definitions arguably amount to the same thing. Lenin emphasised much more than Bukharin the unevenness of capitalist development, from which he deduced the impossibility not only of a world cartel (Hilferding) and ultra-imperialism (Kautsky) but also of the progressive regulation of production at the national level by state-capitalist trusts (Bukharin). Lenin did not share Bukharin's views on the regulatory possibilities of state capitalism. He argued with Marx that monopoly can never completely replace competition and that therefore the regulation of the national economies by monopolies exists only as a tendency which can never reach complete fulfilment.

Nachtwey considers Lenin's work on imperialism empirical-inductive rather than deductive, meaning that the unravelling of the actual tendencies of capitalist development from statistical and empirical data receives more emphasis than their logical deduction from the categories and laws of Marx's *Capital*. He correctly points out that Lenin's *Imperialism* deals neither with the falling tendency of the rate of profit nor with the theory of crises, but it could be argued that Lenin was not seeking to develop new theoretical concepts (which he took from Hilferding) or to investigate the relationship between imperialism and the business cycle. Rather, he was trying to explain to the workers the reasons for the outbreak of the First World War and the capitulation of the Second International before a murderous national chauvinism. Less to the point, Nachtwey argues that Lenin's *Imperialism* is 'descriptive and inconsistent' (p. 94) and that its reference to capitalism's 'rotteness' or 'decay' is 'an inaccurate concept with little analytical content' (p. 94). In his cavalier treatment of a book without which, in the opinion of this reviewer, it is impossible to understand either the history or the twentieth century of contemporary politics, Nachtwey seems to have been influenced by a certain academic trend which tends to dismiss Lenin's book as of scant theoretical value.<sup>36</sup> He overlooks Lenin's superior use of the dialectical method vis-à-vis Bukharin in the handling of contradictions such as the unevenness of capitalist development (both between production branches and between

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35. Bukharin 1972.

36. See, for instance, Brewer 1990.

countries), monopoly vs. competition, market relations vs. state control, and so forth.<sup>37</sup> Nachtwey also fails to mention Lenin's and the Communist International's development of the political aspects of the theory of imperialism, such as the policies of revolutionary defeatism in the imperialist countries and the anti-imperialist united front in the colonies and semi-colonies.<sup>38</sup>

Nachtwey then moves on to the debate on stabilisation and the perspectives for a collapse of capitalism in the 1920s. He offers very short analyses of Eugen Varga's *Die Niedergangsperiode des Kapitalismus* (1922) and Nikolai Kondratieff's *The Long Wave Cycle* (1925) (one page each), mainly taken from Richard Day's major work on the Soviet theories of crises, for instance in his statement that Varga's theory of crises was essentially Luxemburgist in content if not in form.<sup>39</sup> He correctly points out that Varga's catastrophism provided a pseudo-theoretical background for Stalin's ultra-left 'Third-Period' policies, and that Varga collaborated with Stalin in his fight against Bukharin, but does not trace the stages of his degeneration or mention that Varga and Trotsky submitted a joint report to the Third Congress of the Comintern.<sup>40</sup>

Nachtwey provides more detailed analyses of the works of the two major 'theorists of collapse' who came out against the optimistic analyses of capitalist development of the mid-1920s and saw in the relative stability of the world economy a temporary phenomenon: Fritz Sternberg (1926) and Henryk Grossmann (1929). Grossmann's book *The Law of Accumulation and Breakdown of the Capitalist System; Being also a Theory of Crises* was, according to Nachtwey, the first Marxist theory of collapse to put the declining tendency of the rate of profit (rather than the realisation of surplus-value like Rosa Luxemburg) at the centre of its analysis. Grossmann believed that overaccumulation rather than underconsumption would bring about the collapse of capitalism. His law of accumulation was conceived as a logical development of Otto Bauer's criticism of Rosa Luxemburg's book, carrying the analysis of the reproduction schemata from their 4th period to their 36th period. Nachtwey argues that, in his analysis of unequal exchange between nations, Grossmann anticipated the central tenets of the dependency theories developed after the Second World War. But his overall judgment of Grossmann's work is negative (he finds it fundamentally marred by a mechanical conception of collapse) and the same holds for his assessment of the neo-Luxemburgist work of Sternberg. Nachtwey does not mention the interesting fact that Trotsky invited Sternberg to write a joint work on the world economy in 1934:

In the first days of September Trotsky had long conversations with Fritz Sternberg, a German economist who Trotsky hoped could be persuaded to write the section on the world economic situation in the program of the new International. But nothing came of this idea, because Sternberg drifted away from Trotskyism.<sup>41</sup>

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37. Day 1976b, pp. 244–60.

38. See Joubert 1988 and Fourth Congress of the Communist International 1983.

39. Day 1981.

40. Trotsky and Varga 1921. The joint authorship with Eugen Varga is not mentioned in Trotsky's *The First Five Years of the Communist International*, from which the online edition was taken.

41. Heijenoort 1978, p. 56.

In the conclusion, Nachtwey argues that the debate on imperialism brought about an ‘internationalisation’ of Marxist political economy, in other words, the analysis went beyond the development tendencies within the framework of the national states to analyse the contradictions of the world market as a superior entity determining the dynamics of the individual national markets, as Trotsky later insisted in his polemics with Bukharin and Stalin.<sup>42</sup> But Nachtwey also believes that ‘an inconsistent and superficial theory of crises, especially as regards the declining tendency of the rate of profit, is common to all the classical-Marxist theories of imperialism’ (p. 101).

Given the large scope of Nachtwey’s book and its small size, this detailed review of its contributions and omissions fatally put us in the position of Borges’s insane cartographers: the review of the book is almost as long as the book itself. But we think this extravagance is justified by the significance and topical interest of Nachtwey’s little book.

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42. See Trotsky 1957.

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## Earth

A: arđ. – G: Erde. – F: terre. – R: zemlja,  
Zemlja. – S: tierra. – C: diqu 地球

1. In classical political economy the concept of earth (or soil) was identified with what Adam **Smith** called 'the powers of nature, the use of which the landlord lends to the farmer.' Rent, **Smith** contended, was 'greater or smaller according to the extent of those powers, or in other words, according to the supposed natural or improved fertility of the land' (**Smith** 1937, 344–5). David **Ricardo** defined rent as 'that portion of the produce of the earth, which is paid to the landlord for the use of the original and indestructible powers of the soil' (**Ricardo** 1951, 67). Land – the fertility of which could be attributed to the natural powers of the earth or soil – was distinguished, in the writings of Ricardo and other classical political economists such as J.B. **Say** and John Stuart **Mill**, by the fact that it was the only 'natural aid' to production that entered into the formation of prices. This was due to its scarcity and the fact that it could be appropriated. Although air and water, **Ricardo** argued, are indispensable for the production of commodities, their supply 'is boundless' and 'inexhaustible,' hence 'they bear no price.... It is only... because land is not unlimited in quantity and uniform in quality, and because in the progress of population, land of an inferior quality, or less advantageously situated, is called into cultivation, that rent is ever paid for the use of it' (**Ricardo** 1951, 69–70).

Rent, the classical political economists stressed, was not a payment for agricultural product itself, but a payment for the *use* of the land – of the 'original and indestructible powers' of the earth. The Ricardian theory of rent argued that rent was a payment occasioned by the cultivation of successively inferior plots of land as population increased and land became scarcer. As more inferior land came into cultivation, rents would be charged for the land

that had previously been deemed most inferior (and for which no rent had been charged previously), and the rent of all of the more fertile lands would rise as well in proportion to their fertility (abstracting from the question of location which also has an influence on the level of rent). Hence, behind the entire Ricardian theory of rent lay an assumption that rent was governed by a supposed natural 'law of diminishing returns' which claimed that, as population expanded, land of more and more inferior quality – that is, less fertile – would be brought into cultivation, thereby reducing the productivity of labour applied to the land; while the application of capital for 'improvement' on the more fertile lands would also fall prey to diminishing marginal productivity. Inflated corn prices, which made it more expensive for industrialists to meet the subsistence needs of industrial workers, were the result. This general analysis was closely related to (and in many ways led to) the notion of a tendential law of the falling rate of profit, characteristic of classical political economy (**Lebowitz**, 1982). It also fed into Malthusian concerns regarding the overpopulation of the earth. It was because of this general orientation that Thomas **Carlyle** branded economics 'the dismal science' (**Carlyle** 1904, 29, 354).

Despite the 'law of diminishing returns', the classical liberal political economists did not deny all possibility of improvement of the productivity of soil. 'Improvements in agriculture', **Ricardo** wrote, were 'of two kinds: those which increase the productive powers of the land, and those which enable us, by improving our machinery, to produce with less labour' (**Ricardo** 1951, 80). The former type of improvement was mainly associated with 'more skilful rotation of crops, or better choice of manure' (ibid.). Hence it was a key assumption of the Ricardian rent theory that such improvements could only have limited impact on fertility. John Stuart **Mill**, in formulating the 'law of diminishing returns' within agriculture, specifically designated it as valid 'for

any given state of agricultural knowledge' (Mill 1965, 174). He thereby acknowledged, while largely avoiding, the issue of improvements due to scientific advance. Mill was pessimistic about the capacity of new agricultural knowledge to materially improve the situation. New forms of machinery within agriculture, he suggested, do not generally 'counteract or retard the diminution of the proportional return to labour from the soil... yet, [they] in some degree compensate' for it (Mill 1965, 181–2). Hence, for Mill the law of diminishing returns to the land remained a question '... more important and fundamental than any other'. The productivity of the soil, while elastic, was not susceptible to indefinite improvement: 'The limitation to production from the properties of the soil, is not like the obstacle opposed by a wall, which stands immovable in one particular spot, and offers no hindrance to motion short of stopping it entirely. We may rather compare it to a highly elastic and extensible band, which is hardly ever so violently stretched that it could not possibly be stretched any more, yet the pressure of which is felt long before the final limit is reached, and felt more severely the nearer that limit is approached' (Mill 1965, 173–4).

Classical liberal political economy thus relied heavily on a simple model of diminishing returns to agriculture in which it was assumed that: (1) land was the scarce factor of production; (2) the productivity of the soil was quite limited; (3) population and hence the demand for food was ever increasing; (4) the movement in agriculture was toward the successive cultivation of ever less fertile land; and (5) the possibilities of improvements in productivity as a result of increases in agricultural knowledge were very limited.

2. The classical-Marxist approach to the question of the earth's productivity was, from the start, much more complex, since it rested not on an abstract conception of the 'original and indestructible powers of the earth', but focused explicitly on the capacity of humanity through its interaction with nature to improve or undermine the fertility of the soil. In his 1843 *Outlines of a Critique of Political Economy* (which

was to influence Marx in the writing of the *Economic and Philosophical Manuscripts* of 1844) a young Friedrich Engels argued that, 'to make the land an object of huckstering – the land which is our one and all, the first condition of our existence – was the last step towards making oneself an object of huckstering' (MECW 3, 429). For Engels, the 'natural side' of the rent question (determining supply), embraced both 'natural fertility and human cultivation – labour applied to effect improvement'; whereas this natural side was counterposed – in the formation of rent – to the 'human side of competition' (determining demand). The tendency of classical liberal political economists to see 'natural fertility' – 'the original and indestructible powers of the earth' – as virtually the only factor affecting supply of fertile soil and to treat human actions as minor influences (and of diminishing effect) was therefore decried by Engels from the beginning.

Malthusianism raised the assumption of diminishing fertility of the earth to the level of a natural law. In the last version of his model, Malthus even argued that when the earth was fully occupied the productivity of agriculture 'would have a greater resemblance to a decreasing geometrical ratio than an increasing one' (Malthus 1953, 123, 138). In opposition, Engels argued that the tendency toward human improvement of the productivity of the earth, resting as it does on the powers of science, must be taken into consideration directly (Foster 1994, 60–5). 'Science', Engels contended, 'increases at least as much as population. The latter increases in proportion to the size of the previous generation, science advances in proportion to the knowledge bequeathed to it by the previous generation, and thus under the most ordinary conditions also in a geometrical progression' (MECW 3, 440). Significantly, Engels – in this pioneering attempt to provide the *Outlines of a Critique of Political Economy* – twice invoked the name of the great German soil chemist Justus von Liebig as one of the living embodiments of increasing scientific knowledge, affecting the human improvement of the productivity of the soil. Hence, in the Marxist approach, fertility was not – as in Ricardo for example – an



original and, for the most part, inalterable property of the soil but was affected in major ways by human intervention. Any theory of agricultural productivity must therefore take into account much more explicitly the effects of human action, social organisation, and the science of agronomy itself.

Some critics have taken **Engels's** position on the possibility of improvements in agricultural productivity through the advancement of science as evidence that the founders of classical Marxism were 'Promethean' in their approach to nature, emphasising the unlimited role of technology in the mastery of the earth, and denying the existence of 'natural limits' to human production altogether (**Benton** 1989; **Giddens** 1981, 59–60). Such interpretations, however, miss the dialectical character of **Marx** and **Engels's** approach, which refused to accept 'a simple either/or choice between the social relations of production (people-people relations) and the relations of material appropriation (people-nature relations) as alternative analytical points of departure' (**Burkett** 1996, 62). Rather, the founders of historical materialism were concerned with what **Marx** termed the 'metabolic' relation between human beings – as social, productive beings – and nature (**Marx** 1976, 290; Chapter 7, Section 1). Hence, in their analysis of agricultural development and also in their treatment of the consequences of the division of labour between town and country, they focused on the way in which natural limits were mediated by historically specific social relations. Such an approach – far from ignoring natural limits or ecological crisis tendencies – generated a conception of a crisis in the human appropriation of the earth that was rooted – not in some transhistorical 'natural law' operating as an external force on human society – but in historically specific forms of development that severed the metabolic relation between human beings and the earth, thereby undermining the conditions of production.

From this standpoint, what was required was an empirical assessment of the way in which in the appropriation of elements of nature occurred in any given mode of produc-

tion, and of the nature-imposed limits on such appropriation, rather than the simplistic propagation of suprahistorical, natural dilemmas as a means of justifying the social status quo – as was the case, for example, in the Malthusian doctrine. 'Even though fertility is an objective property of the soil', **Marx** wrote in *Capital* 'it... always involves an economic relation, a relation to the given chemical and mechanical level of agricultural development, and changes with this level of development' (Marx 1981, 790; Chapter 39); or, as he stated much earlier in *The Poverty of Philosophy*, 'fertility is not so natural a quality as might be thought; it is closely bound up with the social relations of the time' (MECW 6, 204). This dialectical conception of human-nature relations that characterised **Marx's** approach throughout his life was already apparent in his earliest writings. In the *Economic and Philosophic Manuscripts* of 1844, **Marx** insisted that the fact that 'Man lives on nature means that nature is his body, with which he must remain in continuous interchange if he is not to die. That man's physical and spiritual life is linked to nature means simply that nature is linked to itself, for man is a part of nature' (MECW 3, 276).

By the time he wrote *Capital*, however, this dialectic had taken a less speculative form, reflecting his developing 'Critique of Political Economy'. There he designated the labour process as 'an appropriation of what exists in nature for the requirements of man. It is the universal condition for the metabolic interaction [*Stoffwechsel*] between man and nature, the everlasting nature-imposed condition of human existence, and it is therefore independent of every form of that existence, or rather it is common to all forms of society in which human beings live' (**Marx** 1976, 290; Chapter 7, Section 1).

For **Marx**, the earth, which from an economic standpoint also encompassed water, was the 'original larder' and the 'original tool house'. Nature supplies not only the object of labour (to which labour is directed, and upon which it acts) but also the instruments of labour. Hence, the earth is 'the universal material for human labour' (**Marx** 1976, 284–5; Chapter 7, Section 1). Even with the advent

of the Industrial Revolution, **Marx** argued, nature's direct contribution to production was considerable: 'Just as the labour process originally took place only between man and the earth (which was available independently of any human action), so even now we still employ in the process many means of production which are provided directly by nature and do not represent any combination of natural substances with human labour' (**Marx** 1976, 290; Chapter 7, Section 1).

Moreover, for **Marx**, it was essential to understand that the contribution of the earth to the production of use-values was systematically downplayed by capitalist value relations, which treated nature's contributions as a 'free natural force of capital' ('a free natural productive power of labour, but one which... presents itself as a productive power of capital') (**Marx** 1981, 879; Chapter 44; **Marx** 1976, 510; Chapter 15, Section 2). In contradistinction to this, 'Labour,' **Marx** insisted, both in *Capital* and the *Critique of the Gotha Programme*, 'is... not the only source of material wealth, i.e. of the use-values it produces. As William **Petty** says, labour is the father of material wealth, the earth is its mother' (**Marx** 1976, 134; Chapter 1, Section 2; *MECW* 24, 81). Against those who would argue that nature made no contribution to wealth, **Marx** argued to the contrary that all wealth was ultimately a product of nature: 'What Lucretius says is self-evident: *'nil posse creari de nihilo'*, out of nothing, nothing can be created. 'Creation of value' is the transposition of labour-power into labour. Labour-power itself is, above all else, the material of nature transposed into a human organism' (**Marx** 1976, 323; Chapter 9, Section 1).

In line with this, **Marx** argued that 'the property in the soil is the original source of all wealth, and has become the great problem upon the solution of which depends the future of the working class' (*MECW* 23, 131). Under capitalism however this property of the earth is alienated. Capitalism 'presupposes the domination of man over nature' (**Marx** 1976, 648). One manifestation of this is that the development of capitalism itself is not a 'nature-imposed necessity'. It does not develop

first where the soil is most fertile, where nature is 'too prodigal with her gifts'. The mother country of capital is not the tropical region, with its luxuriant vegetation, but the temperate zone' (**Marx** 1976, 49).

Until the early 1860s, **Marx** thought that the progress of capitalist agriculture might be so rapid that it would outpace industry. Indeed, he tended to emphasise permanent improvements in the quality of the soil, referring to the 'general increase in fertility that accompanies the development of society' (*MECW* 38, 262). By the time he wrote *Capital*, however, his studies of the work of **Liebig** and other agronomists (such as the Scottish chemist J.F.W. **Johnston**, whom **Marx** called 'the English **Liebig**') had convinced him otherwise (*MECW* 38, 476; **Marx** 1981, 617; Chapter 37). 'Large landed property', **Marx** explained at the very end of his discussion of capitalist ground rent in Volume 3 of *Capital*, reduces 'the agricultural population to an ever decreasing minimum and confronts it with an ever growing industrial population crowded together in large towns; in this way it produces conditions that provoke an irreparable rift in the interdependent process of social metabolism, a metabolism prescribed by the natural laws of life itself. The result of this is a squandering of the vitality of the soil, which is carried by trade far beyond the bounds of a single country (**Liebig**)' (**Marx** 1981, 949; Chapter 47, Section 5).

In **Marx's** view it was this rift in the metabolic relation between humanity and the soil, which went hand in hand with the promotion on a capitalist basis of large scale agriculture, which was the main reason for 'the declining productivity of the soil when successive capital investments are made' – a phenomenon that **Ricardo** had merely attributed to a 'natural law' removed from society (**Marx** 1981, 878). **Marx** also questioned the Ricardian theory of rent as deriving from the cultivation of less and less fertile land, arguing that to explain rent it was merely necessary to recognise that land was of differing fertility, not that the new land cultivated was always of inferior character (cf. **Marx** 1981, 798; **Lenin** *LCW* 5, 116).

Capitalism, **Marx** argued, transforms agriculture from 'a merely empirical set of procedures, mechanically handed down and practiced by the most undeveloped portion of society, into a conscious scientific application of agronomy' (**Marx** 1981, 754; Chapter 37). But at the same time the narrow capitalist form of landed property, which gives over 'particular portions of the globe as exclusive spheres' of private interests, undermines capitalist agriculture itself. (**Marx** 1981, 752; Chapter 37). In particular, the transportation of the products of the soil over long distances – from rural to urban centres – and the wholly inadequate measures taken for the reproduction of the soil's fertility undertaken by capitalist enterprise, leads to the long-term decline in the productivity of the earth. 'The moral of the tale', **Marx** wrote, '... is that the capitalist system runs counter to a rational agriculture, or that a rational agriculture is incompatible with the capitalist system (even if the latter promotes technical development in agriculture) and needs either small farmers working for themselves or the control of the associated producers' (**Marx** 1981, 216; Chapter 6, Section 2).

The concept of a 'rational agriculture' was taken over and adapted by **Marx** from the work of **Liebig** who had contrasted the 'empirical agriculture' of the trader who sells the constituents of the land to a 'rational agriculture' that reproduces rather than robs the soil's fertility (**Liebig** 1859, 171, 179). In his later works, **Liebig** had pointed to the rise of a 'spoliation system' of agriculture, where the 'conditions of reproduction' of the soil were violated – 'carried away in produce, year after year, rotation after rotation' (**Liebig** 1859, 177–8). 'A field from which something is permanently taken away', he wrote, cannot possibly increase or even continue equal in its productive power.' Indeed, 'every system of farming based on the spoliation of the land leads to poverty' (**Liebig** 1859, 175, 178). 'Rational agriculture, in contradiction to the spoliation system of farming, is based on the principle of restitution; by giving back to the fields the conditions of their fertility, the farmer insures the permanence of the latter.'

For **Liebig**, European 'high farming' was 'not the open system of robbery of the American farmer... but is a more refined species of spoliation which at first glance does not look like robbery' (**Liebig** 1859, 183). **Liebig** pointed out that there were hundreds, sometimes thousands of miles in the United States between the centres of grain production and their markets. The constituent elements of the soil were thus removed to locations far removed from their points of origin, making the reproduction of soil fertility that more difficult (**Liebig** 1859, 40).

For **Marx**, this analysis of **Liebig's** was the key to the problem of agriculture. Thus, in 1866, he wrote to **Engels** that in preparing his analysis of capitalist ground rent: 'I had to plough through the new agricultural chemistry in Germany, in particular **Liebig** and **Schonbein**, which is more important for this matter than all the economists put together' (*MECW* 42, 227). Indeed, 'to have developed from the point of view of natural science the negative, i.e., destructive side of modern agriculture, is one of **Liebig's** immortal merits' (**Marx** 1976, 638; Chapter 15, Section 10). The irrationality of capitalist agriculture, **Marx** argued building on **Liebig**, was tied to the development of large-scale, mechanised agriculture which was, in turn, linked to the development of large-scale industry under machine capitalism: 'Large-scale industry and industrially pursued large-scale agriculture have the same effect. If they are originally distinguished by the fact that the former lays waste and ruins labour-power and thus the natural power of man, whereas the latter does the same to the natural power of the soil, they link up in the later course of development, since the industrial system applied to agriculture also enervates the workers there, while industry and trade for their part provide agriculture with the means of exhausting the soil' (**Marx** 1981, 950).

**Marx** made the same point in a different way in his discussion of 'Large-scale agriculture' at the end of the Chapter on 'Machinery and Large-Scale Industry' in Volume I of *Capital*: 'Capitalist production collects the population together in great centres, and causes the

urban population to achieve an ever-greater preponderance. This has two results. On the one hand it concentrates the historical motive power of society; on the other hand, it disturbs the metabolic interaction between man and the earth, i.e. it prevents the return to the soil of its constituent elements consumed by man in the form of food and clothing; hence it hinders the operation of the eternal natural condition for the lasting fertility of the soil... Moreover all progress in capitalist agriculture is a progress in the art, not only of robbing the worker, but of robbing the soil; all progress in increasing the fertility of the soil for a given time is a progress towards ruining the more long-lasting sources of fertility. The more a country proceeds from large-scale industry as the background of its development, as in the case of the United States, the more rapid is this progress of destruction. Capitalist production, therefore, only develops the techniques and the degree of combination of the social process of production by simultaneously undermining the original sources of all wealth – the soil and the worker' (Marx 1976, 637–8; Chapter 15, Section 10).

These developments were related in Marx's and Engels's conception of what was the chief source of ecological contradiction in capitalism, the extreme antagonism of town and country, since this in itself represented a break in the metabolic relation between human beings and the soil. As Engels wrote in *The Housing Question*: 'The abolition of the antithesis between town and country is no more and no less utopian than the abolition of the antithesis between capitalists and wage-workers. From day to day it is becoming more and more a practical demand of both industry and agricultural production. No one has demanded this more energetically than Liebig in his writings on the chemistry of agriculture, in which his first demand has always been that man shall give back to the land what he receives from it, and in which he proves that only the existence of the towns, and in particular the big towns, prevents this. When one observes how here in London alone a greater quantity of manure than is produced in the kingdom of Saxony is poured away every day

into the sea with an expenditure of enormous sums, and what colossal structures are necessary in order to prevent this manure from poisoning the whole of London, then the utopia of abolishing the antithesis between town and country is given a remarkably practical basis' (MECW 23, 384).

Marx gave concrete significance to his observations on the limits of capitalist agriculture in some of his reflections on the Russian commune. He hoped that the archaic commune might be transformed into a developed system of agriculture 'organized on a vast scale and managed by cooperative labour', through the introduction of modern 'agronomic methods.' It was he argued 'in a position to incorporate all the positive acquisitions devised by the capitalist system' without falling prey to the contradictions associated with the fragmentation of private property, and the narrow ends to which capitalist agriculture was principally directed (MECW 24, 356).

3. Marx's general approach to the question of soil fertility was to exert an important influence on later socialist theorists such as Karl Kautsky and Lenin. Kautsky argued that artificial 'fertilizers allow the reduction in soil fertility to be avoided, but the necessity of using them in larger and larger amounts simply adds a further burden to agriculture – not one unavoidably imposed by nature, but a direct result of current social organization' (Kautsky 1988, vol. 2, 215). For Lenin all of this demonstrated the necessity of the 'abolition of the antithesis between town and country' (Lenin LCW 5, 154–56).

Kozo Mayumi, a Japanese ecological economist and student of Nicholas Georgescu-Roegen, the founder of modern ecological economics, has argued that Liebig and Marx both had 'prophetic visions' of land deterioration, that pointed toward a combined economic and thermodynamic analysis of the kind that was to later characterise ecological economics (Mayumi 1991, 35–36; Georgescu-Roegen 1971). One implication of this analysis was that the introduction of fertilisers and other chemicals could at best provide only 'temporary emancipation from the land', which would

require ever increasing material inputs to compensate for the impoverishment of the soil, a characteristic of modern agribusiness dramatically documented by Barry **Commoner**. Thus, between 1949 and 1968, US agricultural production increased by 45%, while the annual use of fertilizer nitrogen increased by 648% (**Commoner** 1971, 149).

4. What is certain is that where **Marx** himself was concerned, the analysis of the crisis of the earth (or soil), and his reflections on the necessary bases of agriculture in a society of freely associated producers, led to a larger notion of sustainability that prefigured much of modern ecological thought (**Foster** 1995). The key insight here was **Marx's** tendency to see the crisis of the soil in capitalist agriculture as a crisis of ecological sustainability related to the ecological conditions that future generations can expect to inherit as a result of today's actions. Thus **Marx** wrote: 'The way that the cultivation of particular crops depends on fluctuations in market prices and the constant changes in cultivation with these price fluctuations – the entire spirit of capitalist production, which is oriented towards the most immediate monetary profit – stands in contradiction to agriculture, which has to concern itself with the whole gamut of permanent conditions of life required by the chain of human generations' (**Marx** 1981, 754; Chapter 37).

For **Marx**, who understood that transcending the contradictions of capitalist agriculture was an absolute necessity for communist society, the question of sustainability stood out quite sharply. The 'conscious and rational treatment of the land as permanent communal property', he wrote in the conclusion to his discussion of capitalist ground rent, was 'the inalienable condition for the existence and reproduction of the chain of human generations' and stood in sharp contrast to capital's 'exploitation and squandering of the powers of the earth' (**Marx** 1981, 948–9; Chapter 47). This way of thinking led **Marx** to a notion of global sustainability: 'From the standpoint of a higher socio-economic formation, the private property of particular individuals in the earth will appear just as absurd

as the private property of one man in other men. Even an entire society, a nation, or all simultaneously existing societies taken together, are not the owners of the earth. They are simply its possessors, its beneficiaries, and have to bequeath it in an improved state to succeeding generations, as *boni patres familias* [good heads of the household]' (**Marx** 1981, 911; Chapter 46).

**Marx's** critique of capitalist agriculture, and of the squandering of the fertility of the soil, therefore led him to a classic statement of what has become known in recent times as the notion of 'sustainable development', which the Brundtland Commission was to define, in terms not much different than those adopted by **Marx**, as 'development that meets the needs of the present without compromising the ability of future generations to meet their needs' (**World Commission** 1987). For **Marx**, it was already clear by the late 1860s that capitalism, by undermining the conditions of the reproduction of the earth, presented a threat to future generations, and must for this reason if no other be replaced by a society that could apply a more rational approach to the cultivation of the earth. At the dawn of the twenty-first century, there can be little doubt that this warning is more important than ever.

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Agriculture, agrobusiness, capitalism, city/country, classical bourgeois economy, destructive forces, disembedding, ecobalances, ecologisation of production, ecology, ecosocialism, electrification, energy, entropy, environment, excrements of pro-

duction, exhaustive cultivation, expropriation, green new deal, green revolution, historical materialism, industrial pathology, industrial revolution, labour, labour-power, limits to growth, Malthusianism, mastery of nature, metabolism, poverty/wealth, productivity, relation of humans and nature, rent, social costs, sustainable development, transport, use-value, waste

Agrobusiness, Arbeit, Arbeitskraft, Armut/Reichtum, Destruktivkräfte, Elektrifizierung, Energie, Entbettung, Enteignung, Entropie, Exkremente der Produktion, Gebrauchswert, Grenzen des Wachstums, Grüne Revolution, Grüner New Deal, historischer Materialismus, industrielle Pathologie, industrielle Revolution, Kapitalismus, klassische bürgerliche Ökonomie, Landwirtschaft, Malthusianismus, Mensch-Natur-Verhältnis, nachhaltige Entwicklung, Naturbeherrschung, Ökobilanzen, Ökologie, Ökologisierung der Produktion, Ökosozialismus, Produktivität, Raubbau, Rente, soziale Kosten, Stadt/Land, Stoffwechsel, Transport, Umwelt, Vergeudung.

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